



## IT service transition puts state on road to technology transformation

April 1, 2009, is a significant date for the state of Georgia. It is the date when IBM became responsible for providing IT infrastructure services to 12 state agencies as part of the state's technology transformation initiative. On the same date, 291 state employees who previously worked in those agencies to provide IT infrastructure services became employees of IBM or one of its subcontractors, Dell and Xerox.

Another significant transition will take place on May 1 when AT&T begins providing managed network services to all state agencies. An additional 33 state employees will become AT&T employees.

With the transition of technology services, these agencies are becoming consumers instead of providers of technology services, and they can better focus on their core competencies. It also means state government is moving forward to provide these agencies with a more dependable, up-to-date and secure technology foundation for delivering services to Georgians. As Governor Perdue said when he announced the state's technology transformation initiative in December 2007, "Technology is the underpinning of a well-run, modern-day enterprise."

At the same time, the state employees who transition to our technology service providers will benefit from opportunities for training and career development not available through the state.

### Georgia's approach to technology reflects a national trend

Georgia's move toward consolidation of technology services – including data centers, servers, local area networks, end-user computing, service desks, security and disaster recovery – reflects a national trend. State agencies in Georgia are no different from state and local governments throughout the country in the challenges they face with technology. The Georgia Technology Authority (GTA) led a comprehensive assessment of IT operations in the 12 agencies in 2007 and found them all struggling with the same issues:

- aging equipment,
- an inability to meet minimum industry operating standards,
- difficulty recruiting skilled IT workers,
- duplicate spending, and
- underfunding of critical initiatives like security and disaster recovery.

As a result, state agencies have experienced significant security breaches and service outages.

- Over four million notification letters have been sent to citizens whose private information was exposed from state computers since 2005. In FY 2008 alone, 81,742 records containing private information were exposed in 137 security incidents.
- Service outages have occurred because of a lack of backup systems when agencies lost electrical power or air conditioning. In other incidents, water leaked into a room housing servers for essential state operations, and rats gnawed on power cables.

Private sector companies began turning to other companies specializing in technology services years ago, and governments are finally beginning to follow their lead.

Governor Perdue's decision to seek help from the private sector to solve our technology problems led to one of the most transparent and competitive procurements in the state's history. The involvement of state agencies was a key reason for its success.

More than 100 people from the 12 agencies took part in developing the bid documents, which included business requirements, a Request for Qualified Contractors (RFQC) to prequalify service providers to bid on the contracts, and separate Requests for Proposal (RFPs) for IT infrastructure services and managed network services. A total of 31 companies sought to bid for the contracts, and state agencies also helped to evaluate vendor responses to the RFQC and RFPs.

The service providers will significantly advance the maturity of the state IT enterprise through:

- consolidation of the state's IT infrastructure,
- more robust and efficient network design,
- centralized operational management, including technology tools to diagnose problems,
- standardized service levels,
- improved disaster recovery capabilities,
- consistent information security, and

- regular equipment refreshes and upgrades, including desktop PCs and laptops.

Both IBM and AT&T will also make investments in the state's IT infrastructure totaling \$283 million over the life of the contracts.

#### **Ready to manage the state's technology providers**

Another important success factor is GTA's Service Management Organization (SMO), which oversees the new technology service providers. GTA began staffing the SMO last summer, well before contracts were awarded in November 2008. To make sure the state has the skills needed to properly manage the service providers, private-sector professionals with extensive vendor management experience were brought onto the SMO team. Among them is GTA Chief Operating Officer Derek Reynolds, who leads the SMO.

"This is a new model for state management of technology," Mr. Reynolds said. "We believe it will improve customer service and ensure that providers are meeting the needs of agencies."

The SMO team includes service delivery consultants (SDCs), who have been assigned to work on a day-to-day basis with specific state agencies to make sure their service delivery needs are met. The SDCs are led by long-time state employee Dean Johnson, and several formerly worked for their assigned agency and have extensive knowledge of its operations and business needs.

#### **Long-term employment opportunities for state IT workers**

Since agencies took part in developing bid documents, it means they also played a large role in deciding on the human resource provisions for employees who transition to the service providers. All employees who provided IT infrastructure services in the 12 in-scope agencies received offers of regular, long-term employment from IBM or its subcontractors. A total of 33 employees who provided managed network services received job offers from AT&T.

The state negotiated a compensation package comparable to what the employees received from the state. In addition, the service providers:

- recognized employees' years of state service for participation in company benefits programs, vacation and vesting in 401(k) retirement plans,
- waived pre-existing conditions for health insurance coverage, and
- waived pre-employment testing and background checks.

State CIO and GTA Executive Director Patrick Moore recognizes how difficult the outsourcing can be for employees. "We made it a priority to ensure that staff who will transition to one of the service providers receive comparable compensation," he said. "At the same time, we are doing all that we can to help those who are not transitioning find another job."

#### **State's technology transformation is poised for success**

"Technology must be managed well, and for too long the state lacked the proper resources and skills to do so," said Mr. Moore. "Although we still have a long way to go, we are well-positioned to tackle the challenges ahead. The state's technology transformation will build a strong foundation for making Georgia an even better place to grow a business, raise a family and prosper."

**To learn more about the state's technology transformation**, visit the Georgia Technology Authority website at [www.gta.georgia.gov](http://www.gta.georgia.gov).