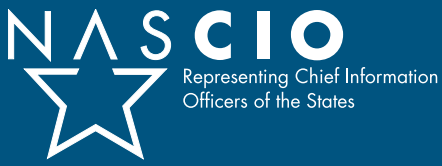
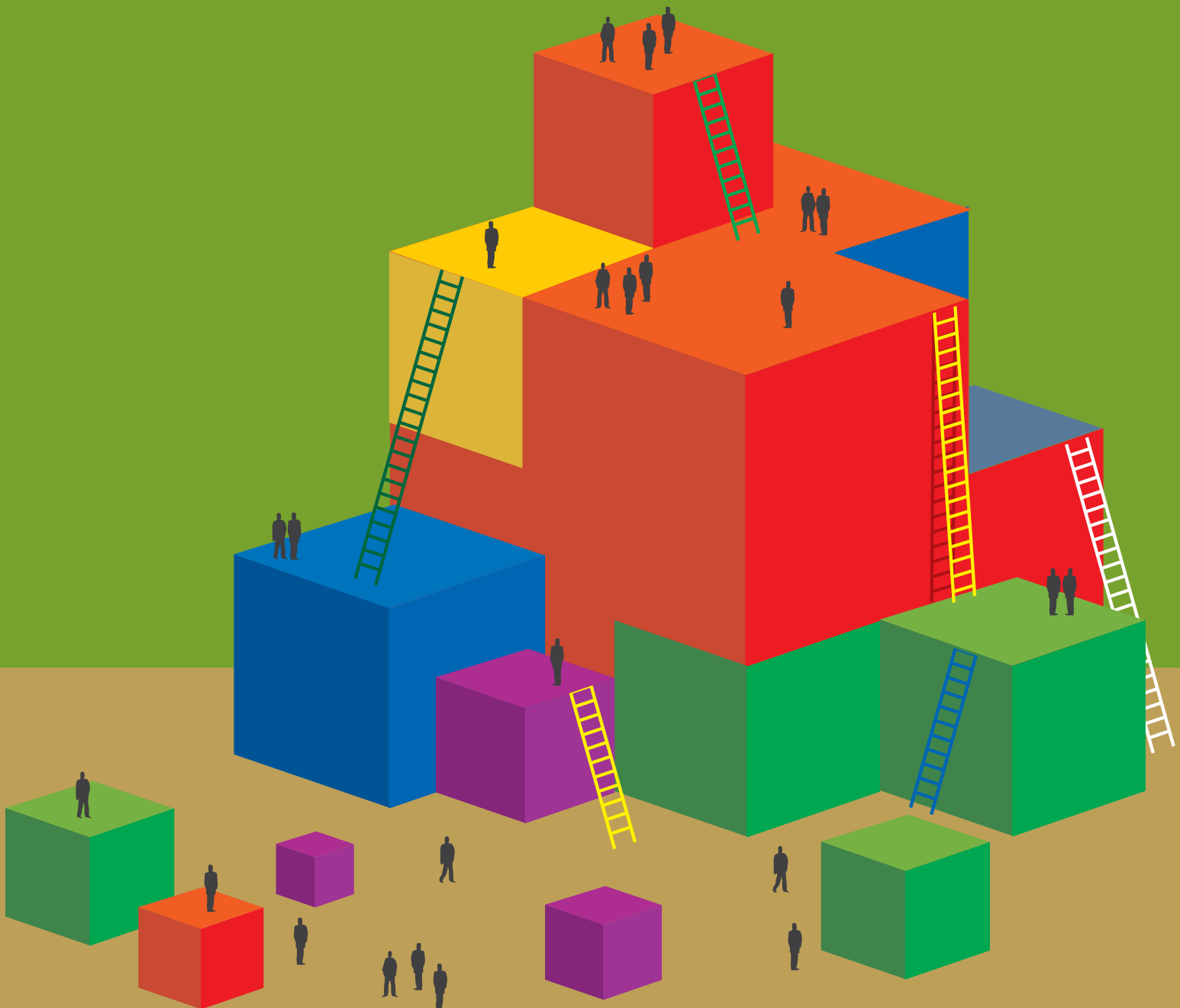


May 2006



NASCIO's Survey on
IT CONSOLIDATION
SHARED SERVICES IN THE STATES
A National Assessment



NASCIO represents the state chief information officers from the 50 states, six U.S. territories and the District of Columbia. Members include cabinet and senior level state officials responsible for information resource management. Other IT officials participate as associate members and private sector representatives may become corporate members.

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Please direct any questions or comments about *NASCIO's Survey on IT Consolidation and Shared Services in the States: A National Assessment* to Drew Leatherby at dleatherby@amrms.com or (859) 514-9178.

Background & Approach

In 2005, NASCIO asked state CIOs to participate in a web-based survey regarding their IT consolidation and shared services initiatives. The results of this survey serve as the baseline for this **summary brief** and are listed in aggregate here. The online survey was completed by the state CIO or other member of the state IT function.

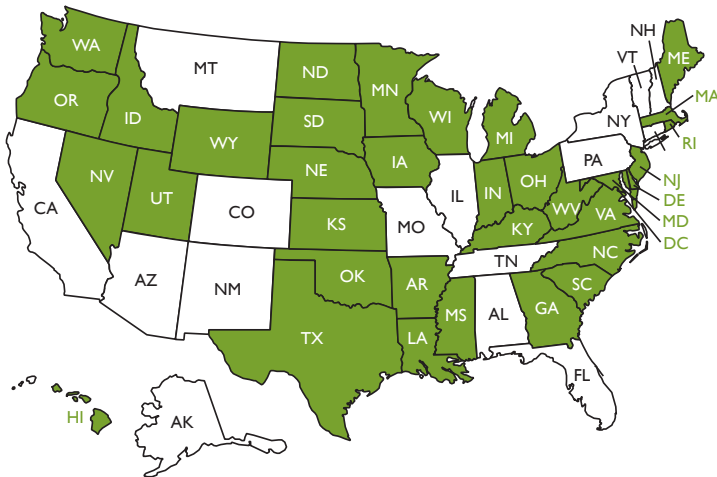
NASCIO does not rank states, but individual responses are available to state members so they may better assess their respective consolidation and shared services initiatives. Through this brief, NASCIO hopes to identify practices of effective consolidation and shared services efforts in the states.

Survey Participants

Thirty-four states plus the District of Columbia responded to the survey through November 30, 2005, representing approximately *54.68 percent of the nations' population. Participation included a wide distribution in geography, population, and budget representing approximately *54.68 percent of the nations' population.

*Source: Annual Estimates of the Population for the United States and States, and for Puerto Rico: April 1, 2000 to July 1, 2004 (NST-EST2004-01) <<http://www.census.gov/popest/states/NST-ann-est.html>>

The following states responded (*listed alphabetically*):



1. Arkansas	13. Maryland	25. Oregon
2. Delaware	14. Massachusetts	26. Rhode Island
3. District of Columbia	15. Michigan	27. South Carolina
4. Georgia	16. Minnesota	28. South Dakota
5. Hawaii	17. Mississippi	29. Texas
6. Idaho	18. Nebraska	30. Utah
7. Indiana	19. Nevada	31. Virginia
8. Iowa	20. New Jersey	32. Washington
9. Kansas	21. North Carolina	33. West Virginia
10. Kentucky	22. North Dakota	34. Wisconsin
11. Louisiana	23. Ohio	35. Wyoming
12. Maine	24. Oklahoma	

Executive Summary

Despite the remarkable transformation of the state IT enterprise over the past decade, states can be even more responsive and more capable in delivering services. That capacity rests critically on the task of reengineering business process and eliminating redundancies wherever possible. State CIOs have seized on the potential for galvanizing the state IT enterprise to produce better results and reduce costs by utilizing consolidation and shared service models for infrastructure optimization and to streamline IT functions.

Key Survey Findings

The National Association of State Chief Information Officers (NASCIO) surveyed state CIOs concerning their IT consolidation and shared services efforts. The trends discovered in responses from 34 states in 2005 reveal a strong trend towards states consolidating key IT functions and utilizing the shared services model whenever applicable.

For purposes of this survey, NASCIO defined consolidation and shared services as follows:

Consolidation focuses on how state's organize the delivery of IT services – taking existing organizations, services or applications and combining them into a single operation; typically mandated by executive order or statute.

Shared services focuses on the delivery of a particular service or services in the most efficient and effective way, as a way of gaining economies of scale and other benefits. The centralization of specific IT activities that function as everyone's vendor of choice; usually implies voluntary participation involving service level agreements (SLAs).

Current Trends in State IT Consolidation and Shared Services

When NASCIO asked state CIOs to share their top priorities for 2006, it was their consensus view that consolidation and shared services models were at the top of the list. It is also clear from NASCIO's recent national survey on IT consolidation and shared services in the states that there has been significant progress in several primary technical areas, with respondents reporting they have initiatives completed or in progress in the following areas, see *table 1 below*.

Table 1. State IT Consolidation and Shared Services Initiatives Reported as Completed or In Progress

Initiatives Reported as Completed or In Progress		
Initiative	Consolidation	Shared Service
Payment Engine	71.4 percent	78.6 percent
Communications Services/ Telephony	91.4 percent	85.2 percent
Data Center	77.1 percent	84.7 percent
Disaster Recovery	68.6 percent	86.2 percent
E-mail Services	71.5 percent	61.5 percent

NASCIO's Survey on IT Consolidation and Shared Services in the States: A National Assessment

ERP/ Financial/ HR	73.5 percent	71.5 percent
GIS	58.8 percent	79.3 percent
Network	85.7 percent	70.3 percent
Portals	77.2 percent	93.1 percent
Procurement	80 percent	82.1 percent
Security Services	65.7 percent	79.3 percent
Servers	65.7 percent	77.8 percent

Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Detailed Survey Results

Survey results are presented in the same order as the survey instrument (see Appendix. II). This section highlights particular areas of interest from the survey results, along with selected samples of state or national trends as well as observations on those trends and their implications for NASCIO.

Survey Section 2. Assessment of State Consolidation Activities

2.1 Please indicate your state's level of activity in the following consolidation initiatives.

States were asked to gauge their level of activity in a series of consolidation initiatives as either being Completed; In Progress/ Partial; Proposed; or, No Activity. Table 2 below highlights the top five consolidation initiatives reported as being completed, and the top five consolidation initiatives reported as being proposed. (See Appendix I for detailed responses.)

Table 2. Top Five Consolidation Initiatives Reported as Completed or Proposed

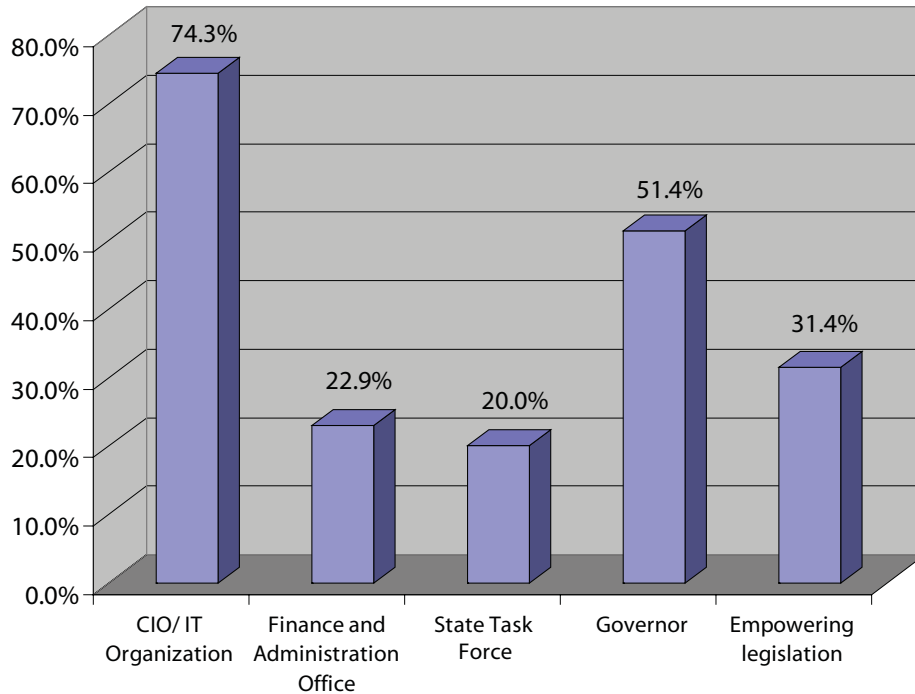
Initiatives Completed	Initiatives Proposed
(1) Communications Services/ Telephony	(1) Enterprise Single Sign On (SSO)
(2) Payment Engine	(2) Identity Authentication Management
(3) Portals	(3) Imaging
(4) Procurement	(4) Desktop Management
(5) Governance Structure	(5) Project Management

Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

2.2 Who initiated the consolidation process in your state (who was the change agent for consolidation)? [In this question, states were allowed to choose all that apply.]

It is clear from the responses below that most consolidation initiatives were begun in the state CIO's offices in tandem with either the governor's office or the state legislature.

Figure 1 *Who Initiated the Consolidation Process in your State*



Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Links to empowering legislation provided by survey respondents:

Arkansas (Act 1722)

<<http://www.arkleg.state.ar.us/ftproot/acts/2001/htm/act1722.pdf>>

Indiana

<<http://www.in.gov/legislative/ic/code/title4/ar13.1/ch2.html>>

Kentucky

<<http://cot.ky.gov/NR/rdonlyres/F9FD702E-CDD4-4CA2-BCC4-4BC11C500AAD/0/ExecutiveOrderJune2005.pdf>>

Louisiana (2001 Regular Session Act 772)

<http://www.legis.state.la.us/leg_docs/01RS/CVT10/OUT/0000J1QG.PDF>

Minnesota

<<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H1481.4&session=ls84>>

North Carolina

<<http://www.ncleg.net/Sessions/2003/Bills/Senate/PDF/S991v5.pdf>>

North Dakota

<<http://www.legis.nd.gov/cencode/t54c59.pdf>>

South Carolina – “Data Center Consolidation was authorized by budget proviso. Attached are copies of all the budget provisos that address this consolidation from FY 1996-97 through FY 2002-03.”

Texas

<<http://www.capitol.state.tx.us/cgi-bin/tlo/textframe.cmd?LEG=79&SESS=R&CHAMBER=H&BILLTYPE=B&BILLSUFFIX=01516&VERSION=5&TYPE=B>>

Utah

<<http://www.le.state.ut.us/~2005/bills/hbillenr/hb0109.htm>>

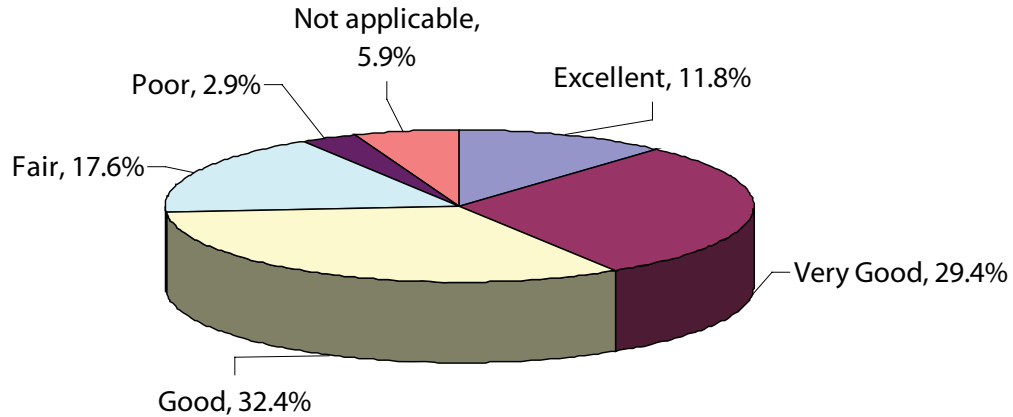
Virginia

<<http://www.vita.virginia.gov/about/vitaleg.cfm>>

2.3 In general, how would you assess the progress of your state's consolidation efforts?

States in general seem to perceive their consolidation efforts are mainly in the Very Good to Good range, with a smaller percentage signifying Excellent to Fair.

Figure 2 State's Assessment of their Progress in Consolidation

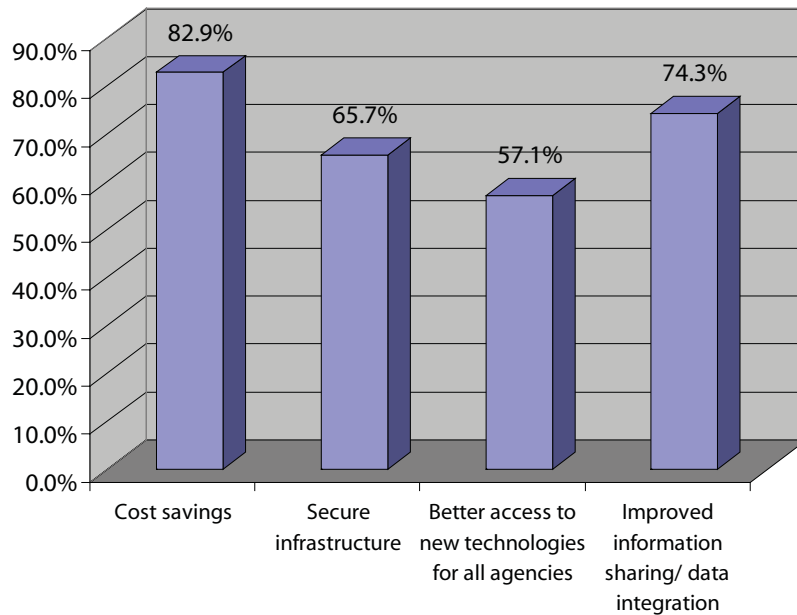


Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

2.4 Which of the following potential benefits compelled your state to consider consolidation? [In this question, states were allowed to choose all that apply.]

Based on survey results cost savings along with improved information sharing and data integration seem to be the driving force behind states' decisions to consolidate. Secure infrastructure and better access to new technologies run a close second as reasons for states consolidation efforts.

Figure 3 *Potential Benefits that Compelled your State to Consider Consolidation*



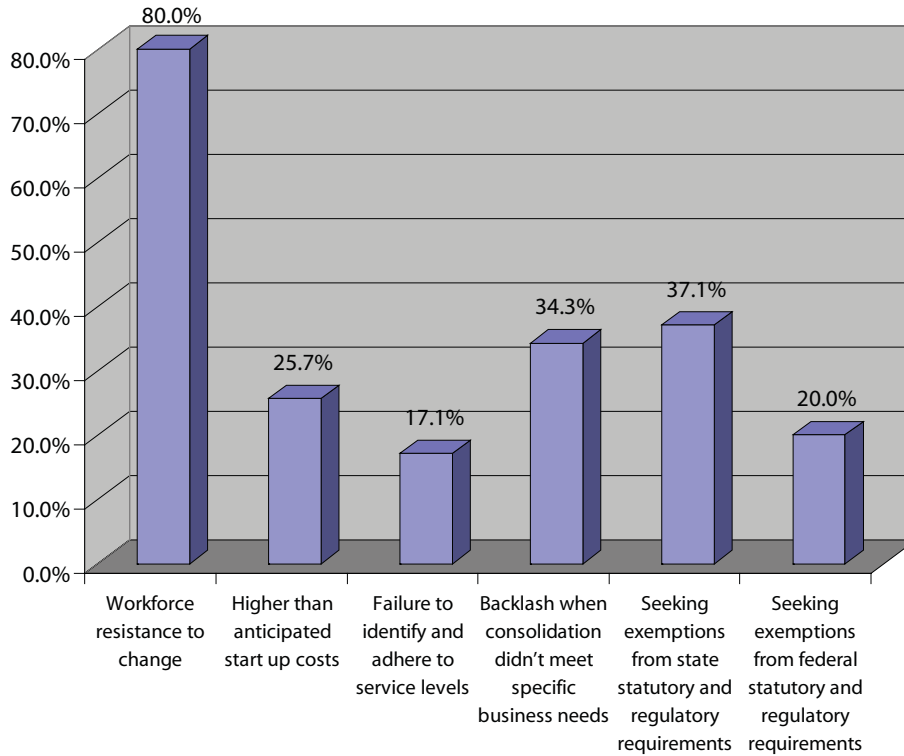
Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other benefits identified by states included: Unified direction; Succession planning; Elimination of duplication of effort; Project management improvements; Better IT alignment with gubernatorial policies and priorities; Central control of IT spending/costs; Reduce duplications; Focus of agencies on core missions; Improved availability and reliability; and, Improved services overall.

2.5 What obstacles or challenges have you experienced as a result of your state's consolidation initiatives? [In this question, states were allowed to choose all that apply.]

Workforce resistance to change was the overwhelming obstacle or challenge states have experienced as a result of consolidation initiatives. Seeking exemptions from state statutory and regulatory requirements and backlash when consolidation didn't meet specific business needs were a distant second in challenges states experienced as a result of consolidation initiatives.

Figure 4 *Obstacles or Challenges States Experienced as a Result of Consolidation Efforts*



Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other obstacles or challenges identified by states as a result of consolidation initiatives included: Meeting the wide range of agency requirements; Other agencies resistance to change; Agencies' need to control; Management capacity to integrate functions; Competing priorities, costs, legislatively directed agency autonomies; Developing and documenting the business case; Politics - power, ego, and control issues; Private sector view of unfair competitive advantage; Threatens authority of agencies/ elect officials; Existing business models; Labor unions; Lack of capital from general funds; and, Agency desire to remain autonomous.

2.6 Please describe any strategies or tactics your state has employed to overcome the obstacles or challenges indicated in question 2.5.

State respondents had a variety of strategies or tactics they employed to overcome the obstacles or challenges indicated in question 2.5; such as workforce resistance to change; seeking exemptions from state statutory and regulatory requirements; and, backlash when consolidation didn't meet specific business needs. These strategies included:

Communications Emphasized

No less than fourteen states indicated that they have some form of inclusive participative process that emphasizes communications and includes participants and stakeholders at all levels. These included regular meetings through oversight and advisory boards, governance committees, joint councils, executive councils, cross organizational user groups, task forces, and development of communications plans. Comments included: **Arkansas**, "Professional meeting and process facilitation is imperative. Ongoing, multi-level and level-appropriate communications are critical." **Delaware**, "Give agencies a voice in affecting change." **Iowa**, "The economic power represented

in our joint council provides the catalyst to operationalize the decisions of this group." **Ohio** indicated they established a "Management Advisory Council" of agencies to work with the state CIO to plan for consolidation projects, and provided this link for more information: <<http://www.oit.ohio.gov/projects/EnterpriseProjectsDashboard.aspx>>

Business Case Important

Seven states touted the importance of a good business case, and emphasized quality and price sensitivity as ways to help overcome obstacles such as resistance to change. Comments included: **Minnesota**, "We're looking at cost on a life cycle basis versus on a one-time basis." **Nebraska**, "Documentation of a complete and thorough business case for consolidation has been useful for discussion with agencies from which existing services might be consolidated." **North Carolina** indicated an emphasis on quality and price-sensitivity of services provided." **South Carolina**, "We conducted a study to develop a business case including expected outcomes." **Texas**, "We worked closely with leadership offices and developed a strong business case that was used by the legislature as the likely cost savings from the consolidation project." **Michigan**, "Use of accountability mechanisms, SLA's, metrics, asset management, and cost allocation mechanisms."

Employee Compensation/ Workforce Concerns

Seven states had innovative ways of dealing with workforce resistance to change. These included new pay structures, communication and exception processes, transformation management, phased transitions, and proving benefits without taking total control. Comments included: **Delaware**, "A new pay structure was developed that allowed employees to be paid higher rates than the typical state employee." **North Dakota**, "We analyzed and communicated workforce changes well in advance of actual changes to give impacted employees a chance to accept and adjust to the change. We have an exception process in place to allow for unique business requirements. We worked closely with agencies to plan and migrate to the consolidated environment to minimize the impact on their business processes." **South Dakota**, "Time healed most of the resentment at loss of control." Utah, "A transformation management effort has been initiated to assist in the existing and anticipated culture changes that result from our consolidation efforts. Our intent is to address the cultural changes in a way that brings the workforce along by identifying and promoting the value of the consolidation initiative from their perspective." **Virginia** stated, "To meet change issues, we have employed a phased transition to a consolidated staffing and service provision, as well as building in stakeholder involvement in all aspects of transition planning and execution." **West Virginia**, "We have developed a communication plan to keep customers and employees informed. We also developed a plan to consolidate infrastructure related areas first, keeping applications development distributed. This allows us to prove the benefits of consolidation without taking total control." **Kentucky**, "We are still early in the consolidation of functions affecting agency staff. Phase I of the project involves staff remaining where they are and performing the same tasks. As the project moves forward and regional support centers develop, the staff will be offered opportunities according to job skills. Issues are reviewed on a case by case basis. Issues reviewed with federal authorities so far have had resolutions and have not been the road blocks they were thought to be. To date all objections have been resolved with no compromising of our goals."

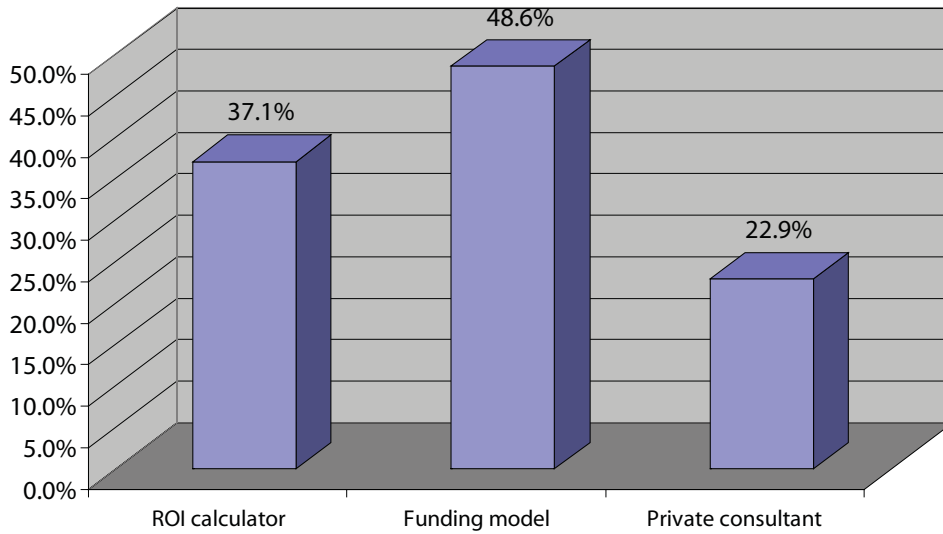
Other comments

Rhode Island indicated they utilize executive sponsorship with a specific unit called 'Fiscal Fitness' leading and monitoring the process." **Wisconsin** stated, "We are using a highly collaborative approach between the consulting firm helping to guide the SIS Initiative, agency resources and DOA/ DET resources in order to design and build the new environment together. We are finding this helps to increase buy-in regarding the new environment."

2.7 What method(s) is (are) your state utilizing to project the cost savings for its consolidation initiatives? [In this question, states were allowed to choose all that apply.]

States main methods they're utilizing to project the cost savings for their consolidation initiatives are a strong funding model and ROI calculator.

Figure 5 *Methods Utilized to Project Cost Savings in Consolidation*



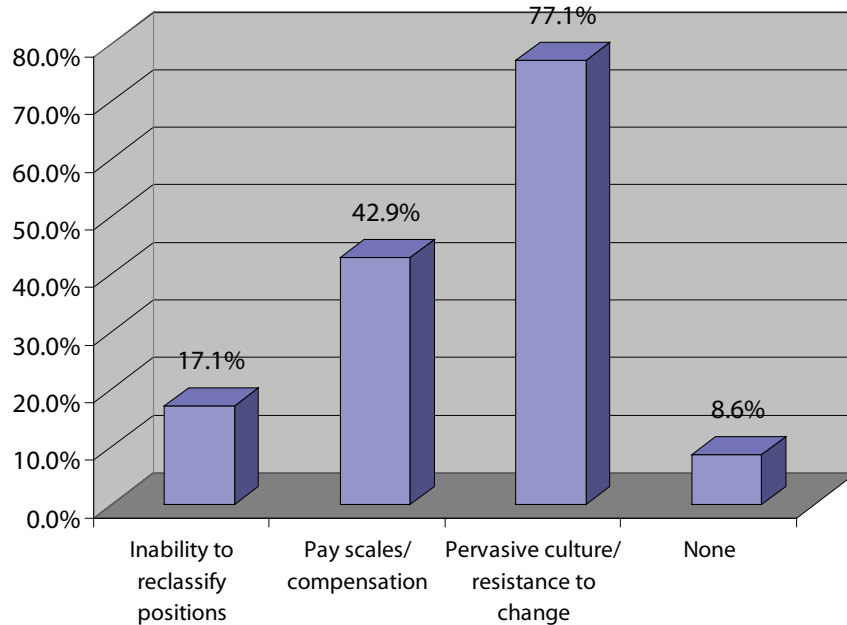
Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other methods states reported utilizing to project cost savings for their consolidation initiatives included: Savings monitoring; Internal study; Formal scorecard identifying specific people, contracts and other savings; Best practices; Internal Service Fund Rate/Cost Savings versus Budget Value; Funding model via the business case, which measures savings in all forms; Savings models constructed by the State Budget Office in consultation with the SIS management team; Comparing consolidated versus non-consolidated costs; Each consolidation initiative utilizes effort-appropriate mechanisms for determining cost savings; Internal staff analysis; Strong cost baseline, comparisons against peer groups to determine likely savings; State budget process; Good business practices that improve service to citizens while holding or reducing costs.

2.8 Which human resources barriers has your state experienced as a result of its consolidation initiatives? [In this question, states were allowed to choose all that apply.]

States overwhelmingly responded that pervasive culture and resistance to change is the primary human resources barrier they experienced as a result of their consolidation initiatives. Pay scales and compensation came in a distant second with 42.9 percent reporting this as a significant barrier.

Figure 6 Human Resources Barriers Experienced as a Result of Consolidation Initiatives



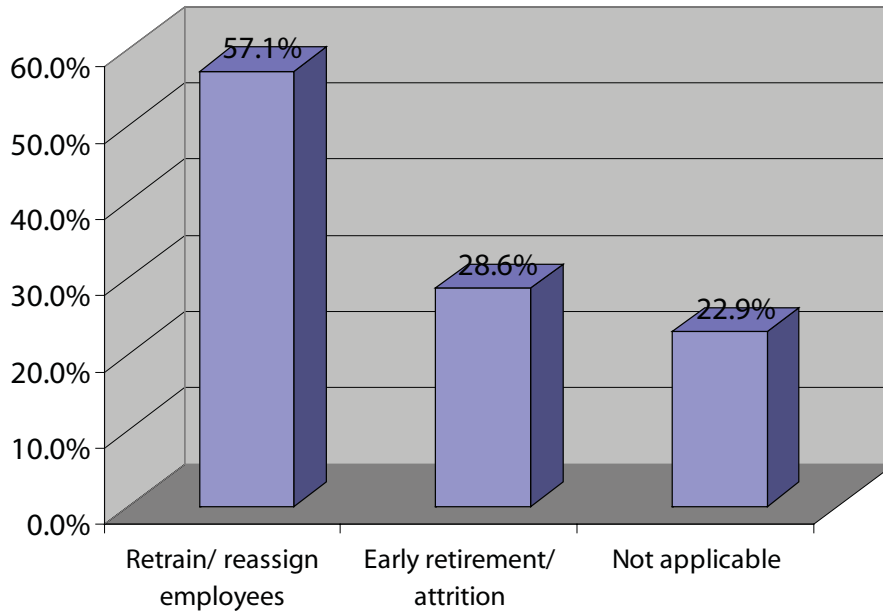
Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other human resources barriers reported included: Job descriptions; Statutory inability to force transfer; Budget cuts; Proliferation of IT classifications, high number of inappropriate staff with IT titles; Sharing staffing resources across agency boundaries.

2.9 What strategies has your state used to handle the human resources side of consolidation? [In this question, states were allowed to choose all that apply.]

It's clear that the main strategy used by states to handle the human resources side of consolidation is to retrain or reassign affected employees. Early retirement is the second most used strategy.

Figure 7 Strategies Used to handle the Human Resources Side of Consolidation



Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other strategies states reported using to handle the human resources side of consolidation included: Enforced terminations; Special pay scales; Recruiting leadership from agencies; Changing hiring practices; Creating new classifications, reviewing career paths, conducting skills assessments; Skills Inventory and skills re-tooling; Using advice and assistance of central HR department in adapting current rules and policies; Moving positions to the central IT organization, affected staff have to re-compete; Including IT staff in analyzing the business case for consolidation; Substantial collaboration with agencies to develop scope of project; Attrition only; Union representation on consolidation work groups; Team building exercises; and, Pay increase for those willing to leave merit status.

2.10 HIPAA requirements, Department of Justice requirements, restrictions on access to juvenile data, and other federal and state laws and regulations can impose barriers to consolidation of systems, especially those that affect access to data. Please describe strategies your state has developed to address these issues as part of its consolidation initiatives.

State respondents identified a variety of strategies they are utilizing to address federal and state laws and regulations that can impose barriers to consolidation of systems. Four states indicated they have adopted strict internal security policies including security clearances, finger printing and background checks on employees. Three states reported that they are writing HIPAA standard into their state IT plans. There are a variety of other steps states indicated they are taking, including data classification studies, memorandums of understanding (MOUs) and letters of agreement, interagency agreements and employee confidentiality agreements, internal auditing, policies and common standards, ongoing use of disclosure statements, statewide online training programs, and a pilot project whereby the state's Department of Health will act as a clearing house to provide comparative relational data to the non-covered entities. Five states reported that the issue has not yet come up or that they have no plans to commingle data at this point.

Other comments

Arkansas stated, "The primary obstacle for future consolidation is collaboration communication, e.g. e-mail, due to the hazards and risks for violating HIPAA rules and other privacy rules. This is not a technical barrier that can not be overcome. With the right resources, special programming, and third party software, these systems can consolidate maintaining the integrity and privacy of this sensitive data." **Maryland** reports that have completed cross-boundary security measures. **Minnesota** is using tiered management of application access management, web authentication management, and identity management to overcome restrictions. **North Carolina** reports that their experience is that these arguments are often raised as a resistance movement or distraction element to consolidation efforts. They further feel that when the facts are accurately and thoroughly researched, none of these considerations prove to be valid reasons for delaying or impeding consolidations. "In fact, in most instances, if handled right, consolidation improves cost-effectiveness, security, reliability, access, and privacy/ confidentiality." **Wisconsin** reports that DOA/ DET are currently rewriting their security policies, standards, guidelines, procedures and best practices. The purpose is to establish a minimum and consistent security posture for all of Wisconsin state government. As a part of that process they will be reviewing the additional security business requirements for the various agencies, the additional security requirements passed on to them by entities such as DOJ, federal and state laws, and the additional security requirements passed on to them via legal regulations such as HIPAA. Where necessary they will place amendments in the policies, standards and procedures for compliance by the appropriate agencies. For example, Wisconsin would not require all state agencies to comply with HIPAA policies and standards; only those agencies where it is necessary.

2.11 Please describe your experience with consolidation initiatives that could benefit other state CIOs. For example, keys to success, challenges, etc.

State respondents have developed a variety of strategies to address consolidation initiatives and shared their experiences in this survey. These include:

Gubernatorial and Legislative Support

Ten states specifically mentioned a clear executive mandate or gubernatorial support as a key factor for success and of those four states included political support and sponsorship from the legislative branch as well.

Agency Involvement/ Stakeholder Participation

Sixteen states indicated that some form of agency involvement and/ or stakeholder participation are key to communicate the goals of consolidation efforts, to establish buy-in, manage expectations, and to keep the channels of communications open. Five states went on to say that ongoing communications with the agencies and continuing to promote service offerings were equally as important. Comments included: **Delaware**, "Giving other agencies a forum for discussion of issues provides a sense of buy-in and helps get past difficult issues when vetted through this group initially." **Iowa**, "The IT community in government is made responsive to the business requirements through oversight provided by a Technology Governance Board." **Maryland** stated that "Our agencies have adapted to a culture of collaboration." **Wisconsin** considers one critical success factors to be achieving interagency cooperation and collaboration and getting buy-in from individuals who will be a part of implementing and delivering services under the state's new model."

Business Case/ Funding

Ten states stated that a strong business case, dedicated funding and budget support are integral to making consolidation efforts a success. **Comments included:** **Maryland**, "Substantial budget deficits for three consecutive years meant agencies had to conserve limited resources to continue to provide agency core services. When consolidation efforts, on a state-level, created opportunities for agencies to save funds for re-use in other areas, they were willing to accept the changes." **South Carolina**, "Upfront savings are seen in hardware maintenance and human resource costs; the true substantial savings will be seen in software costs." **South Dakota**, "If one does not cut back staffing and the capitol budget at the point of consolidation, then only cost avoidance is possible, not true cost savings."

Management Strategies/ Models

Three states offered management strategies and business models as keys to their consolidation success. These included: **Maryland**, "An intentional and clearly articulated strategy through enterprise architecture (EA) that some services would be centralized while others would remain agency specific." **Massachusetts**, "Keys to success center on server consolidation, service oriented architecture (SOA), an enterprise technology reference model, reusability, and an ITIL-driven workflow model." **Oregon**, "The lifecycle model we utilized is available at <http://www.das.state.or.us/DAS/IRMD/cnic_welcome.shtml>. We also created a new, neutral entity (state data center) with a shared service governing model, and hired a state data center manager with private sector data center experience."

Workforce Implications

Five states had comments that were directed at workforce concerns related to statewide consolidation efforts. These included: **North Dakota**, "Acknowledge the 'human' stress factor on people whose jobs are impacted or eliminated." **South Carolina**, "A major obstacle is the consolidated agency retaining their best technical resources and giving up less skilled technicians. Agencies should work together up front to distribute necessary personnel to support the new systems." **Utah**, "Involving the workforce has been very beneficial. A transition team was formed from members of the workforce and each team member has been given authority and responsibility in designing and executing the consolidation. Also, each team member has established sub-teams, involving even more of the workforce in the effort. This has resulted in valuable input for a successful transition, as well as generating enthusiasm and participation among the workforce." **Virginia**, "Employees need to be kept apprised at every step. While answers to their questions may not always be available at the time they are posed, it is important to let them know when they will be forthcoming." **Wisconsin**, "Be firm on the fundamental goals and flexible on the means to achieve them. Within an enterprise as large and complex as state government, there will be some resistance to change."

Other comments

Arkansas, "Challenges include: executive and legislative term limits; unclear mandates; overcoming institutional momentum; inaccuracy of supporting data; and inadequate fiscal and human resources. Keys to success include: adhering to a strong project management methodology and training that is timely, targeted, and tested for effectiveness." **Michigan** refers to the state's 2005 NASCIO Award for Implementation of Consolidated IT Services: Digital Government Management. See details on pages 4 and 5: <<http://www.nascio.org/scoring/files/2005Michigan8.rtf>>. **North Carolina**, "An independent outside study was instrumental in our case." **Texas**, "We specifically segmented to focus primarily on data center consolidation while leaving agencies with flexibility on individual applications, which are managed as appropriations projects. This segmentation substantially reduced the angst of agencies." **West Virginia**, "The state CTO lead a large scale consolidation of the

infrastructure of a fortune 250 company. His keys to success were: communicate goals, set milestones and measure results." Additional comments included: Accepting responsibility for successes and problems and provide clear accountability for actions and follow up on issues immediately; and recruit and assign a management team committed to the success of the new organization versus accepting legacy managers who may or may not be committed to the vision. Tackle small consolidation efforts with a high probability for success first.

2.12 Please describe any questions or concerns that you would like addressed in future NASCIO efforts as they relate to consolidation efforts.

State respondents have given us a window into their concerns and questions regarding consolidation by sharing what they would like to see addressed in future NASCIO products. **These included:**

A focus on quantitative benefits; examples of business cases or a template for estimating cost savings; information security and privacy issues; technological solutions (XML perhaps); strategies that address "co-mingling" of funding sources when consolidating; information on how to address federal programs that require CIOs to follow inefficient or redundant processes; examples of how to get increased business involvement and how to gain increased business-side support; clarify the distinction between consolidation and shared services relative to the scope of authority; The "NASCIO Compendium of Digital Government in the States" has the information for conducting such an analysis, and should be used in the interpretation of the findings of this survey, particularly in the juncture of consolidated versus shared services.

Also mentioned were examples of keys to success; examples of things that should not be centralized; examples of total cost of ownership models or processes; NASCIO's open conference call on e-mail consolidation was informative, and similar open conference calls on other topics regarding consolidation and shared services would be useful as well; experiences of other states and best practices; examples of new or optimized strategic capabilities enabled by consolidation; example of a maturity path through the various stages of consolidation; examples of a shared service cost allocation model; examples of an IT budget design and leadership style changes needed to accommodate a larger organization; and, create a success mailbox for state CIOs and IT leaders where one could deposit and withdrawal ideas related to IT consolidation.

Survey Section 3. Assessment of State Shared Services Activities

3.1 Please indicate your state's level of activity in the following *shared services* initiatives.

States were asked to gauge their level of activity in a series of shared service initiatives as either being Completed; In Progress/ Partial; Proposed; or, No Activity. Table 2 below highlights the top five shared service initiatives reported as being completed, and the top five shared service initiatives reported as being proposed. (See Appendix I for detailed responses.)

Table 3. Top Five Shared Service Initiatives Reported as Completed or Proposed

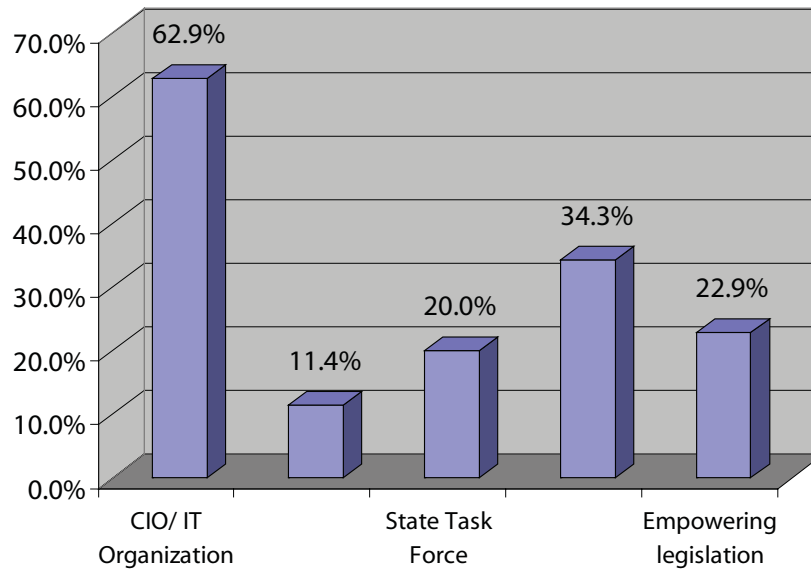
Initiatives Completed	Initiatives Proposed
(1) Communications Services/ Telephony	(1) Enterprise Single Sign On (SSO)
(2) Payment Engine	(2) Identity Authentication Management
(3) Portals	(3) E-mail Services
(4) Network	(4) Directory Services
(5) Procurement	(5) Help Desk

Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

3.2 Who initiated the shared services process in your state (who was the change agent for shared services)? [In this question, states were allowed to choose all that apply.]

It is clear from the responses below that most shared services initiatives were begun by the states' CIO's offices almost exclusively, compared to consolidation efforts that are initiated in tandem with executive orders or empowering legislation.

Figure 8 Who Initiated the Shared Services Process in Your State?



Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other benefits states identified as prompting their shared services initiatives included: State IT plan; Agency interest, and mutual incentive; and, Constituent agencies.

Links to empowering shared services legislation provided by survey respondents:

Arkansas, Act 1722

<<http://www.arkleg.state.ar.us/ftproot/acts/2001/htm/act1722.pdf>>

Louisiana

2001 Regular Session Act 772 <<http://www.legis.state.la.us/>>

Mississippi (25-53-1)

<<http://198.187.128.12/mississippi/lpext.dll?f=templates&fn=fs-main.htm&2.0>>

New Jersey

<<http://www.state.nj.us/infobank/circular/eow87.htm>>

North Carolina

<<http://www.ncleg.net/Sessions/2003/Bills/Senate/PDF/S991v5.pdf>>

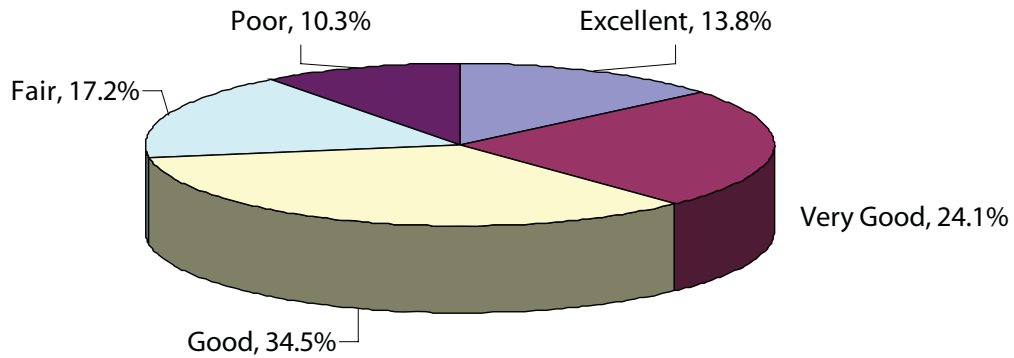
North Dakota

<<http://www.legis.nd.gov/cencode/t54c59.pdf>>

3.3 In general, how would you assess the progress of your state's shared services efforts?

States in general seem to feel their shared services efforts are mainly in the good to very good range, with a smaller percentage signifying excellent to fair.

Figure 9 State's Assessment of their Progress in Shared Services Efforts

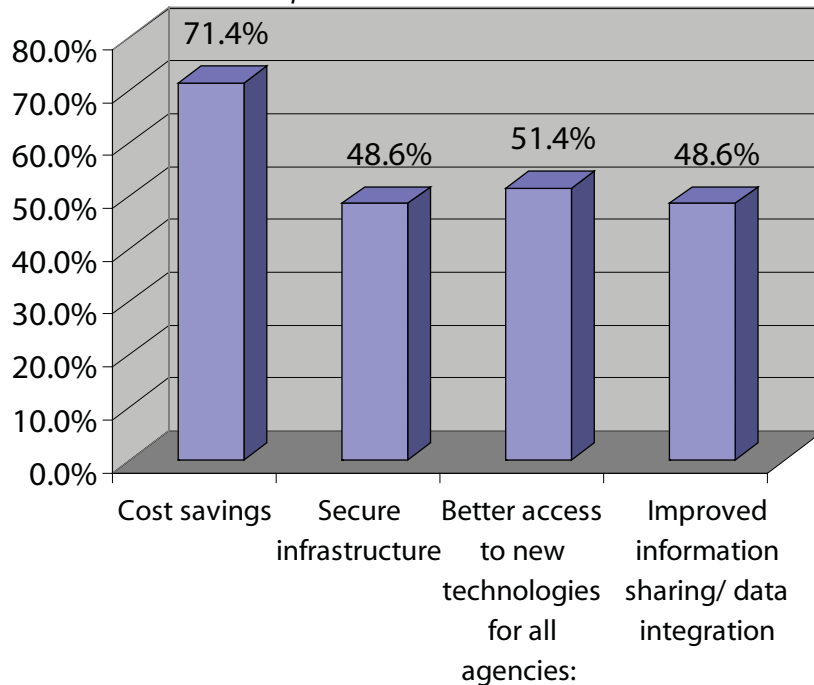


Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

3.4 Which of the following potential benefits compelled your state to consider shared services? [In this question, states were allowed to choose all that apply.]

Based on survey results cost savings was the top ranked potential benefit that compelled states to consider shared services. Better access to new technologies for all agencies; Secure infrastructure and Improved information sharing/ data run a close second as reasons for states shared services initiatives.

Figure 10 Potential Benefits that Compelled States to Consider Shared Services



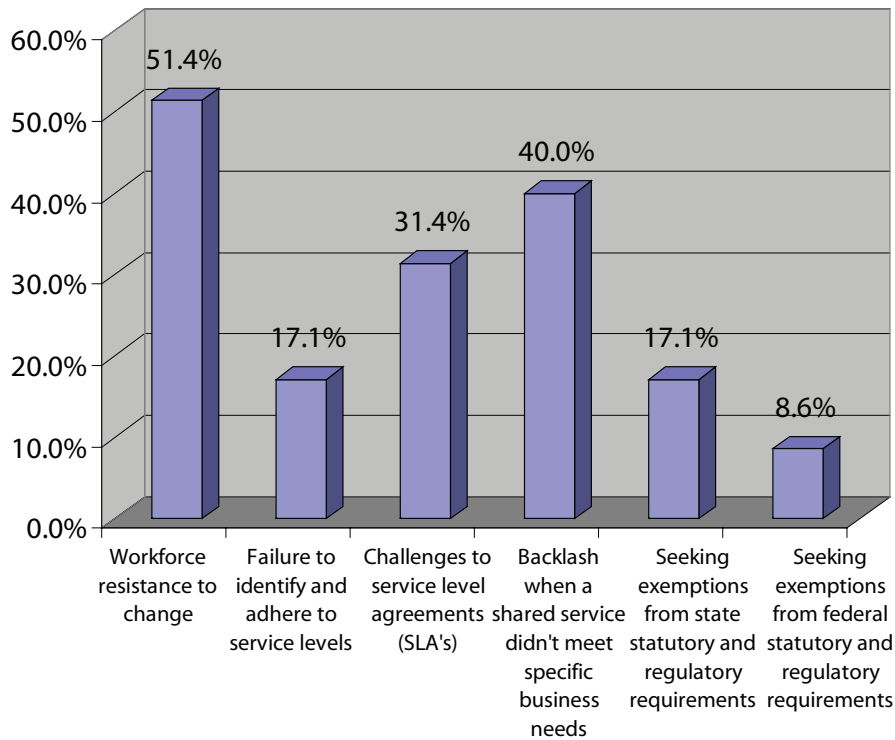
Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other benefits identified by states included: Improved services to citizens/ businesses; Central control of IT spending/ costs; Efficiency and alignment with core competencies; Consistent IT infrastructure; Interoperability; and, an antidote to a highly decentralized state government model.

3.5 What obstacles or challenges have you experienced as a result of your state's shared services initiatives? [In this question, states were allowed to choose all that apply.]

Workforce resistance to change was the dominant obstacle or challenge states have experienced as a result of consolidation initiatives. Backlash when a shared service didn't meet specific business needs and challenges to service level agreements (SLA's) were a close second obstacle states have experienced as a result of consolidation initiatives.

Figure 11 *Obstacles or Challenges States have Experienced as a Result of Shared Services Initiatives*



Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other obstacles or challenges identified by states as a result of shared services initiatives included: Joint budget planning; Private sector view of unfair competitive advantage; usurps authority of agency if no choice; Complexity, exotic legacy system design; Achieving consistent definitions of business requirements; Agencies losing administrative control of the shared service.

3.6 Please describe any strategies or tactics your state has employed to overcome the obstacles or challenges indicated in question 3.5.

State respondents had a variety of strategies or tactics they employed to overcome the obstacles or challenges indicated in question 3.5; such as workforce resistance to change. **South Dakota** indicated that time healed most of the resentment at loss of control. Other strategies included:

Business Models

Backlash when a shared service didn't meet specific business needs was another top rated obstacles states perceived. Comments included: **Massachusetts** indicated the use of an Enterprise Technical Reference Model. **Minnesota** reported they're looking at cost on a life cycle basis versus on a one-time basis. **Ohio**, "Our business model imposes significant costs on first adopter customers. Also, OIT has pursued capital funds to build out project architectures and grant funding where we can find them." **Oregon**, "The state utilizes facts-based review/ metrics." **Wyoming**, "A draft was issued for state statutory changes to provide for cross-agency funding and cooperation."

Executive Support

Three states indicated that executive orders or gubernatorial support were necessary to overcome typical roadblocks associated with shared service offerings, and one state indicated senior management commitment as an important element to overcoming various obstacles.

Maintaining Communications

No less than twelve states indicated that a participative process or workgroups that include agency and stakeholder involvement are important for communications, information sharing and continuing education. Oversight, governance and advisory boards were indicated as being critical to this communications process and to explore opportunities for shared services. Comments included: **Minnesota**, "A major task force made up of state agencies and assisted by an outside consultant resulted in the 'Drive to Excellence Transformation Roadmap,' an outline for new governance and responsibilities."

Service Offerings

Challenges to service level agreements (SLA's) were a top rated challenge states indicated. Comments included: **Iowa**, "Shared services in state government in Iowa are designated as 'utility' services. The makeup and extent of these utility services and the rates charged for such services are reviewed and approved by designated customer councils. This provides customers with input to the services available and associated costs. If a service is designated as a utility, state agencies must use the service offered internally; they do not have the discretion to obtain it from outside sources. This provides a sufficient customer base to keep costs down and allows customers to review and modify (or eliminate) utility services as needs and business requirements change." **New Jersey**, "The state chief technology officer (CTO) has strengthened the memorandum of agreement (MOU) and service level agreement (SLA) process." **North Carolina**, "An emphasis on quality and price-sensitivity of services provided is key." **North Dakota**, "The state focuses on service delivery, benchmarking costs against private industry, providing performance measures, and tracking IT costs at the enterprise level." **Ohio**, "The Ohio office of Information technology (OIT) works closely with agencies to draft SLAs that are reasonable and agreeable for service providers and customers."

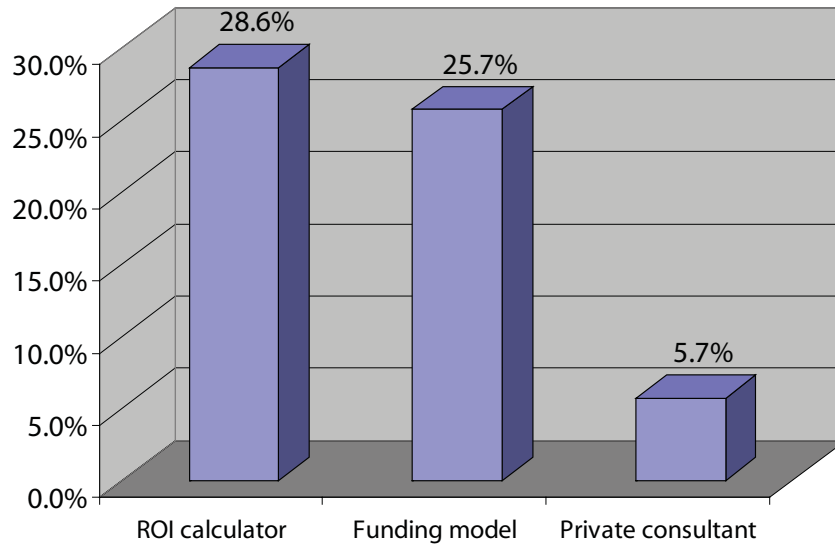
Other comments

Washington stated, "Central shared IT services are provisioned by the Department of Information Services (DIS). To date, state agencies have not been required to acquire shared services from DIS. DIS is generally considered the 'preferred provider' for the shared services it offers. Shared services offered by DIS tend to be 'Tier 1' common architecture, (wide area networking, telephony, data center, server hosting and management, enterprise web portals, etc.). DIS operates on a cost recovery basis setting service rates that are extremely competitive with private vendors. DIS also provides a 'technology brokering service' for hardware, software, and IT professional services that promote 'best price' acquisition." "Perhaps the biggest challenge is getting individual agencies to recognize that 'enterprise economies' require broad participation and that certain solutions that benefit individual organizations sometimes undermine the larger statewide enterprise. The State of Washington is also aggressively developing a Statewide Enterprise Architecture to guide future decision making around enterprise initiatives."

3.7 What method(s) is (are) your state utilizing to project the cost savings for its shared services initiatives? [In this question, states were allowed to choose all that apply.]

States main methods they're utilizing to project the cost savings for their shared services initiatives are ROI calculators and funding models.

Figure 12 *Methods Utilized to Project Cost Savings in Shared Services*



Source: NASCIO's 2005 survey of state IT consolidation and shared services initiatives.

Other methods states reported utilizing to project cost savings for their shared services initiatives included: Building baselines for infrastructure costs to measure savings over time; Price benchmarks; Specific numbers were obtained where savings were clearly measurable; Funding model is via the business case, which measures savings in all forms; Compare shared versus non-shared costs; Each consolidation initiative utilized a different mechanism for determining cost savings; Internal staff analysis.

3.8 HIPAA requirements, Department of Justice requirements, restrictions on access to juvenile data, and other federal and state laws and regulations can impose barriers to shared services, especially those that affect access to data. Please describe strategies your state has developed to address these issues as part of its shared services initiatives.

State respondents have developed a variety of strategies to address federal and state laws and regulations that can impose barriers to sharing of systems. These included: a data classification study that will enable specific information to be included or withheld from data sharing; addressing sharing conflicts with internal audits, policies and common standards; tiered management of application access management, web authentication management, and identity management to overcome restrictions;

Security Measures

Two states indicated they utilize interagency agreements and employee confidentiality agreements to address security and privacy issues. **North Dakota** indicated they utilize strict internal security policies and processes at the data center. "We fingerprint and conduct background checks on all employees. Also, the criminal justice systems have a separate infrastructure within the data center." **Ohio**, indicated the secure partitioning of databases and that service providers insure data security under contract.

Other comments

South Dakota reported that none of these state or federal regulations imposed any barriers to shared services initiatives. **Idaho**, "The Information Technology Resource Management Council (ITRMC), with statutory authority over IT, sponsors five committees to address the five goals of the strategic State IT Plan. One of those committees deals directly with security and privacy issues raised by regulations, laws, and citizen concerns. This committee will provide the focal point for resolving these issues as the state moves to consolidate common services into an enterprise shared service infrastructure." **Kansas**, "The Kansas Criminal Justice Information System (KCJIS) has incorporated Department of Justice (DOJ) requirements and can provide more information in this area." **Wyoming**, "Each participant is given the opportunity to either "opt-in" or "opt-out" of the shared services. Each participant is provided with a notice explaining how their information may be shared. The state obtains documentation that the notice was provided to the individual, and the individual either authorizes shared services or denies them. Also, in Wyoming shared services are only required for immunization. This must be done with strict adherence to the HIPAA and FERPA federal regulations. As such, shared data is limited to treatment, payment, operation and educational needs."

3.9 Please describe your experience with shared services initiatives that could benefit other state CIOs. For example, keys to success, challenges, etc.

State respondents have developed a variety of strategies to address shared services initiatives and shared their experiences in this survey. These included:

Gubernatorial and Legislative Support

Arkansas' keys to success include a clear executive and legislative mandate. **Nebraska** also indicated that strong gubernatorial support is important.

Agency Involvement/ Stakeholder Participation

Arkansas' keys to success include ongoing, multi-level and level-appropriate communications; identifying effective sponsors and managing sponsor expectations, and comprehensive stakeholder participation in early decision making. **Iowa**, "The customer council approach provides the customers with a choice in the make-up and cost of the designated 'shared services'." **Kansas**, "We have found great value in focusing initial efforts on organizing and including large cabinet agencies who are responsible for most of the State's IT spending and staff resources in crafting the state's IT direction. By bringing the agencies to the table in regular meetings and promoting mutual ownership of enterprise issues, problems, and their resolution, we came up with better solutions that are more 'implementable', and gain much greater buy-in to their execution." **Nebraska** indicated that good communication with agencies is important. **North Carolina**, "Include the agencies (customers) in identifying needs and opportunities and in making key decisions." **Wyoming**, "We recommend states pursue strong agency/ user buy-in and tackle small consolidation efforts with high probability for success." **Oregon** touts the power of strategic communications.

Business Case/ Funding

Arkansas' keys to success include adequate and dedicated funding. **Nebraska** indicated that strong business cases are important to the shared services process. **North Dakota**, "Involve agencies in rate setting and when implementing a new service, treat it as a project and include rate setting and costing activities in the project plan. Individual agencies have very different business needs, levels of funding, and require different levels of service. It has been difficult to keep costs low by providing a single standard level of service to everyone and still meet the unique needs and price points of agencies. We have evolved into tiered service levels and pricing for some services. **Ohio**, "The challenge is to create a flexible rate structure that demonstrates to customer agencies that their IT dollars are spent in a cost-effective manner." **South Dakota**, "Make clear the return on an agency's IT investment and show comparisons to other public sector and private sector organizations." **Washington**, "The key to effective shared service development and delivery lies in a states' budgeting, acquisition, personnel, and technology management processes."

Management Strategies/ Models

Arkansas' keys to success include adhering to a strong project management methodology. **Idaho**, "Idaho's IT governance model of an IT Council with statutory authority, works towards building consensus with central coordination and local control of IT resources. Under this philosophy, we will develop common IT processes into an enterprise infrastructure of shared services supporting agency developed applications and services." **Massachusetts** indicated that their shared services initiatives were driven by service oriented architecture (SOA); that they

utilized an Enterprise Technology Reference Model, reusability, and an ITIL-driven workflow model in their shared services initiatives.

3.10 Please describe any questions or concerns you would like addressed in future NASCIO efforts as they relate to shared services efforts.

State respondents have given us a window into their concerns and questions regarding shared services by sharing what they would like to see addressed in future NASCIO products. These include a reference to a recent NASCIO Open conference call dealing with e-mail consolidation which drew a great deal of interest and participation. "Additional topics of a similar nature will surely garner high levels of interest. NASCIO can provide the forum for these discussions and facilitate the distribution of 'best practice' information from successful state shared service efforts to all interested states." Also included were a desire to know about relationships between shared services and consolidation, costs and ROI; examples from states that have documented service levels; a complete inventory of shared service opportunities; and sharing success stories with CIOs and IT leaders via a NASCIO dedicated electronic mailbox.

Survey Section 4

4.1 Please provide any additional comments or resources that you feel would benefit other state CIOs, including links to governance models, funding models, consolidation and/or shared services plans, etc.

States had a variety of additional comments and resources that they felt would benefit other state CIOs, including:

Idaho, "Idaho is working to identify common IT processes so we can determine the feasibility of consolidating selected processes into a shared or utility-like service supporting all agencies. Obviously, having access to information concerning these issues from other states is very valuable and NASCIO has a key role in promoting this sharing.

Kansas offered information on the state's governance model, available online at: <<http://da.state.ks.us/kito/admin.htm>> They also provided information on innovations in the state's three year IT Management and Budget plan reporting process, available online at: <<http://da.state.ks.us/kito/ITMBP.htm>>

North Carolina offered the state CIO's IT Plan, available online at <http://www.scio.state.nc.us/Statewide_IT_Plan/Statewide_IT_Plan.pdf>

North Dakota's provided links to their:

Office of Technology Policy & Planning: Enterprise Initiatives page, available online at: <<http://www.state.nd.us/itd/planning/initiatives/>>

IT Organization and Management Study, February 2004, available online at: <<http://www.legis.nd.gov/assembly/58-2003/docs/pdf/ndoandmstudy.pdf>>

Virginia provided a link to the VITA web site, <<http://www.vita.virginia.gov/>> which contains extensive information on the organization, policies, procedures and activities.

The state of **Wisconsin's** server and local area network consolidation initiative, the Shared Information Services (SIS) initiative, is part of an even larger consolidation effort initiated by Governor Doyle; the Accountability, Consolidation and Efficiency Initiative (ACE). The ACE website can be accessed at <<http://ace.wi.gov/>>. SIS also has its own extensive website, but currently it is only accessible by state of Wisconsin employees. Any other state **CIO offices that are interested in learning more about and possibly obtaining information posted to the SIS Web site can contact:**

John Pribek by e-mail at <john.pribek@doa.state.wi.us>, or by phone at (608) 261-8405; or, **Molly Pursian** by e-mail at <molly.pursian@doa.state.wi.us>, or by phone at (608) 264-8260.

Wyoming offered the following links and a note to see *state's response to question 3.10*.

Office of the state chief information officer (CIO) webpage: <<http://cio.state.wy.us>>

State IT Governance Model Overview: <http://cio.state.wy.us/gov_model.pdf>

Appendix I – States' Level of Activity in Various Consolidation and Shared Services Areas

Survey Section 2. Assessment of State Consolidation Activities

2.1 Please indicate your state's level of activity in the following *consolidation* initiatives.

Consolidation Area	Count	Level of Activity			
		Completed	In Progress/ Partial	Proposed	No Activity
Application Development	35/35	5.7%	37.1%	14.3%	42.9%
Asset Management	35/35	8.6%	54.3%	14.3%	22.9%
Billing/ Pricing Models	35/35	28.6%	31.4%	11.4%	28.6%
Payment Engine	35/35	45.7%	25.7%	2.9%	25.7%
Communications Services/ Telephony	35/35	57.1%	34.3%	0.0%	8.6%
Data Center	35/35	31.4%	45.7%	8.6%	14.3%
Desktop Management	35/35	8.6%	25.7%	20.0%	45.7%
Directory Services	35/35	17.6%	52.9%	14.7%	14.7%
Disaster Recovery	35/35	5.7%	62.9%	8.6%	22.9%
E-mail Services	35/35	8.6%	62.9%	14.3%	14.3%
Enterprise Architecture	34/34	14.7%	55.9%	14.7%	14.7%
Enterprise Single Sign On (SSO)	35/35	2.9%	22.9%	37.1%	37.1%
ERP/ Financial/ HR	34/34	20.6%	52.9%	8.8%	17.6%
Governance Structure	35/35	37.1%	42.9%	8.6%	11.4%
GIS	34/34	8.8%	50.0%	5.9%	35.3%
Help Desk	35/35	5.7%	51.4%	17.1%	25.7%
Identity Authentication Management	35/35	5.7%	40.0%	25.7%	28.6%
Imaging	34/34	2.9%	29.4%	20.6%	47.1%
Network	35/35	34.3%	51.4%	5.7%	8.6%
Portals	35/35	42.9%	34.3%	5.7%	17.1%
Procurement	35/35	42.9%	37.1%	8.6%	11.4%
Project Management	35/35	11.4%	40.0%	20.0%	28.6%
Security Services	35/35	14.3%	51.4%	14.3%	20.0%
Servers	35/35	8.6%	57.1%	17.1%	17.1%
Wireless	35/35	14.3%	34.3%	20.0%	31.4%

Survey Section 3. Assessment of State Shared Services Activities

3.1 Please indicate your state's level of activity in the following *shared services* initiatives.

Shared Services Area	Count	Level of Activity			
		Completed	In Progress/ Partial	Proposed	No Activity
Application Development	28/28	17.9%	32.1%	21.4%	28.6%
Asset Management	29/29	10.3%	41.4%	10.3%	37.9%
Billing/ Pricing Models	29/29	34.5%	20.7%	6.9%	37.9%
Payment Engine	28/28	53.6%	25.0%	10.7%	10.7%
Communications Services/ Telephony	27/27	59.3%	25.9%	3.7%	11.1%
Data Center	26/26	38.5%	46.2%	11.5%	3.8%
Desktop Management	28/28	17.9%	32.1%	21.4%	28.6%
Directory Services	28/28	28.6%	32.1%	25.0%	14.3%
Disaster Recovery	29/29	17.2%	69.0%	10.3%	3.4%
E-mail Services	26/26	7.7%	53.8%	26.9%	11.5%
Enterprise Architecture	27/27	22.2%	44.4%	18.5%	14.8%
Enterprise Single Sign On (SSO)	28/28	7.1%	17.9%	35.7%	39.3%
ERP/ Financial/ HR	28/28	28.6%	42.9%	10.7%	17.9%
Governance Structure	28/28	28.6%	39.3%	14.3%	17.9%
GIS	29/29	20.7%	58.6%	3.4%	17.2%
Help Desk	28/28	14.3%	35.7%	25.0%	25.0%
Identity Authentication Management	28/28	14.3%	25.0%	32.1%	28.6%
Imaging	27/27	14.8%	25.9%	7.4%	51.9%
Network	27/27	48.1%	22.2%	18.5%	11.1%
Portals	29/29	48.3%	44.8%	0.0%	6.9%
Procurement	28/28	46.4%	35.7%	10.7%	7.1%
Project Management	28/28	17.9%	35.7%	17.9%	28.6%
Security Services	29/29	20.7%	58.6%	17.2%	3.4%
Servers	27/27	22.2%	55.6%	7.4%	14.8%
Wireless	29/29	6.9%	34.5%	24.1%	34.5%

Appendix II - Additional Resources

Delaware's Consolidation Initiatives

Delaware has consolidated much of its infrastructure, particularly network infrastructure. The Department of Technology and Information (DTI) was formed by Delaware's current governor, Ruth Ann Minner. Her Executive Order No. 2 created the Task Force that provided the report that influenced the legislation that created DTI in Delaware. Both the Executive Order and the Code itself are linked herein.

Executive Order No. 2 creating the Governor's Information Task Force
<http://www.state.de.us/governor/orders/eo_2.shtml#TopOfPage>

State Code establishing the Department of Technology and Information
<<http://www.delcode.state.de.us/title29/c090c/sc01/index.htm#TopOfPage>>

Delaware has also embraced Peoplesoft as their ERP provider and are currently up with HR, Benefits, eBenefits, Time and Labor, and Payroll, and their Financials project is well underway. The Technology Investment Council (TIC) – a body that contains representation from all technical disciplines within DTI – has taken a significant role in the oversight and governance areas, as recommended by the Task Force.

Kansas' IT Governance Model

Information on the State's IT governance model is available online at:
<<http://da.state.ks.us/kito/admin.htm>>

Information on innovations in the State's 3yr IT Management and Budget plan reporting process are available online at: <<http://da.state.ks.us/kito/ITMBP.htm>>

Maine's 2005 Annual Report on IT

Maine recently published their 2005 Annual Report on Information Technology in Maine State Government, "The New Enterprise." <<http://www.maine.gov/oit/reports/index.htm>>.

Maine's Office of Program Evaluation and Government Accountability (OPEGA), a new organization directed by a legislative committee to conduct audits of government programs, conducted an audit of Maine's OIT this past fall. The findings of the OIT audit are published at <<http://www.maine.gov/legis/opega/reports.htm>> under the heading: State-wide Information Services Planning and Management.

Michigan Consolidation and Shared Services Links

2006-08 Michigan IT Strategic Plan; emphasizes consolidation and shared services, at <<http://www.michigan.gov/dit/0,1607,7-139-30637-135173--,00.html>>

Michigan/1 is the flagship infrastructure consolidation initiative for the state; available at <http://www.michigan.gov/itstrategicplan/0,1607,7-222-39813_39844---,00.html>

Seven Technologies: Pushing Innovation through Technology (Michigan 1 is among them) <http://www.michigan.gov/itstrategicplan/0,1607,7-222-39813_39837---,00.html>

Appendix K – Technology Solutions,
<http://www.michigan.gov/documents/AppendixK_149552_7.pdf>

Appendix 1 – Statewide Consolidated Communications (Michigan has established a task force to develop a consolidation strategy for Michigan's communication systems)
<http://www.michigan.gov/documents/AppendixI_149550_7.pdf>

Appendix J – Agency Services Plan (Agency Services (AS) is an MDIT organization, liaison between MDIT and the individual Executive Branch agencies, was created in order maintain business relationships and ensure delivery of agreed upon services.)
<http://www.michigan.gov/documents/AppendixJ_149551_7.pdf>

NASCIO 2005 IT Management Award – Michigan's Implementation of Consolidated IT Services: Digital Government Management:
<<http://www.nascio.org/scoring/files/2005Michigan8.rtf>>
<<http://www.nascio.org/awards/2005awards/stateITinitiatives.cfm>>

Gartner Publication's on Michigan's Consolidation Efforts:
Note: Subscription required

"Michigan's Successful Experience with Centralizing Government IT"

Publication Date: 12 January 2006 ID Number: G00136603

"Michigan Shows How to Consolidate IT Infrastructure"

Publication Date: 21 December 2005 ID Number: G00136757

Nebraska Shared Services Links

Shared services information from the State Government Council of the Nebraska Information Technology Commission (NITC), available at:
<<http://www.nitc.state.ne.us/sgc/workgroups/sharedservices/index.html>>

Nebraska's Statewide Technology Plan 2005-2006 v2, "Digital Nebraska: Envisioning our Future," prepared by the Nebraska Information Technology Commission, available at:
<<http://www.nitc.state.ne.us/stp/stp.pdf>>

North Carolina State IT Plan, February 2005

North Carolina has created its first State Information Technology Plan prepared as required by the State Information Technology Management law. This document contains key information regarding the state's current resources devoted to information technology. (See sections on consolidation and shared services.) <<http://www.scio.state.nc.us/sitPlan.asp>>

State CIO's IT Plan, "An Action Plan for Managing Information Technology," at
<http://www.scio.state.nc.us/Statewide_IT_Plan/Statewide_IT_Plan.pdf>

A report on consolidation prepared by North Carolina's Office of Budget and Management; available at <http://www.osbm.state.nc.us/files/pdf_files/SB991Report.pdf>

North Dakota Information Technology Department

Policy & Planning Enterprise Initiatives <<http://www.state.nd.us/itd/planning/initiatives/>>

IT Organization and Management Study, February 2004
<<http://www.state.nd.us/lr/assembly/58-2003/docs/pdf/ndoandmstudy.pdf>>

Oregon Enterprise Infrastructure Links

"Connecting Oregon Government Services: Enterprise Information Resources Management Strategy" – 2005, v1.0

<http://www.das.state.or.us/DAS/IRMD/cioc_index.shtml#Enterprise_IRM_Strategy>

Direct PDF link:

<http://www.das.state.or.us/DAS/IRMD/CIO/docs/strategic_plan/2005_to_2009/full_plan.pdf>

Oregon – State IT Governance Policy:

<http://www.das.state.or.us/DAS/IRMD/CIO/docs/State_IT_Governance_Policy_107_004_04_0.doc>

Oregon – Computing and Networking Infrastructure Consolidation (CNIC) Project Website:
<http://www.das.state.or.us/DAS/IRMD/cnic_welcome.shtml>

Texas' 2005 Strategic Plan for Information Resources Management

"Shared Success: Building a Better Texas through Shared Responsibilities," is the 2005 State Strategic Plan for Information Resources Management. It offers a vision for Texas government that maximizes the value of its investment in technology to best serve Texans by working together in areas of common interest, using technology to advance agency-specific missions while preserving flexibility to innovate.
<<http://www.dir.state.tx.us/pubs/ssp2005/index.htm>>

Texas data center consolidation initiative. The 79th Texas Legislature passed landmark legislation - HB1516, which directed DIR to lead the effort to accelerate consolidation of the states data center and disaster recovery services. A full description of consolidation efforts in Texas is available at: <<http://www.dir.state.tx.us/datacenter/index.htm>>

Virginia Information Technologies Agency (VITA)

The VITA Web site <<http://www.vita.virginia.gov/>> contains extensive information on their organization, policies, procedures, and activities.

Wisconsin's ACE Initiative

The State of Wisconsin's server and local area network consolidation initiative, the Shared Information Services (SIS) Initiative, is part of an even larger consolidation effort initiated by Governor Doyle; the Accountability, Consolidation, and Efficiency Initiative (ACE). The ACE Web site can be accessed at <<http://ace.wi.gov/>>. SIS also has its own extensive Web site, but currently it is only accessible by State of Wisconsin employees. Any other state **CIO offices that are interested in learning more about and possibly obtaining information posted to the SIS Web site can contact:**

John Pribek <john.pribek@doa.state.wi.us>, (608) 261-8405, or
Molly Pursian <molly.pursian@doa.state.wi.us>, (608) 264-8260. (WI)

Wyoming IT Governance Model

<http://cio.state.wy.us/gov_model.pdf>

GARTNER Reports on Consolidation and Shared Services

Note: Subscription required

"How to Manage the Consolidation of Government IT Infrastructure"

Publication Date: 13 February 2006 ID Number: G00137407

"There's No Single, Right Answer for Organizing IT"

Publication Date: 7 December 2005 ID Number: G00129886

"What Every IT Leader Should Know about Shared Services"

Publication Date: 5 August 2005 ID Number: G00130122

"IT Infrastructure Consolidations Raise Questions about Shared Services"

Publication Date: 5 August 2005 ID Number: G00129685

"Shared Services Differ from Centralization"

Publication Date: 2 August 2005 ID Number: G00127212

"Strike a Balance between Centralization and Decentralization of Government IT Management"

Publication Date: 3 June 2005 ID Number: G00127435

National Governors Association (NGA)

The NGA is a bipartisan organization of the nation's governors. Search site using key word "consolidation" to view several articles on state consolidation efforts.

<<http://www.nga.org/>>

Issue Brief – "*Review of State Information Technology Consolidation Efforts*," December 2005

<<http://www.nga.org/Files/pdf/0512Consolidationissuebrief.pdf>>

Paul W. Taylor

The New Consolidation

Becoming a public-sector IT community, finally, November 2004

<<http://govtech.public-cio.com/story.php?id=2004.11.11-92120>>

Dean Meyer

CIO Magazine

Beneath the Buzz: Shared Services, April 27, 2005

<<http://www.cio.com/leadership/buzz/column.html?ID=5217>>

Appendix III - Survey Instrument

A National Survey on IT Consolidation and Shared Services in the States



A National Survey on IT Consolidation and Shared Services Strategies in the States

National Association of State Chief Information Officers (NASCIO)

Background

This national survey is being conducted by NASCIO's IT Governance and Service Reform Committee to assess the current environment of IT consolidation and shared services initiatives in the states.

Results

The results of this survey will be made available to state CIOs only as a tool to help gauge their own IT consolidation and shared services efforts. Additionally, a summary of the data will be featured in a forthcoming NASCIO publication that will examine consolidation and shared services initiatives in the states. Those states that provide NASCIO permission to use their experiences will be featured in case studies within the publication. There will be no grading or ranking of states based on survey results.

Completion Time

NASCIO estimates that it will take between 20-30 minutes to complete the survey.

Instructions

Below are a series of questions relating to IT consolidation and shared services efforts that states have completed, planned, or currently have underway, and the progress of those efforts. Please complete your response by no later than **Wednesday, October 12, 2005**.

Need Help?

If you have any questions or concerns about this survey, please feel free to contact **Drew Leatherby**, NASCIO Issues Coordinator, by phone at 859-514-9187 or by e-mail at dleatherby@AMRms.com.

NASCIO's Definitions of Consolidation and Shared Services for the Purposes of this Survey:

Consolidation focuses on how state's organize the delivery of IT services - taking existing organizations, services or applications and combining them into a single operation; typically mandated by executive or legislative order or statute.

Shared services focuses on the delivery of a particular service or services in the most efficient and effective way, as a means of gaining economies of scale and other benefits. The centralization of specific IT activities

that function as everyone's vendor of choice; usually implies voluntary participation involving service level agreements (SLAs).

Section 1. Contact Information

1.1. Please provide your contact information.

[For survey administration purposes only]

Your Name: *

Title: *

Organization: *

State: *

Phone: *

Email: *

Section 2. Assessment of State Consolidation Activities

2.1. Please indicate your state's level of activity in the following *consolidation* initiatives. If there are *consolidation* initiatives not listed here that your state is involved in, please provide those responses in the spaces marked "Other."

Consolidation focuses on how state's organize the delivery of IT services - taking existing organizations, services or applications and combining them into a single operation; typically mandated by executive or legislative order or statute.

	Level of Activity				Comments
	Completed	In Progress/ Partial	Proposed	No Activity	
Application Development					
Asset Management					
Billing/ Pricing Models					
Payment Engine					
Communications Services/ Telephony					

Data Center					
Desktop Management					
Directory Service					
Disaster Recovery					
E-mail Services					
Enterprise Architecture					
Enterprise Single Sign On (SSO)					
ERP/ Financial/ HR					
Governance Structure					
GIS					
Help Desk					
Identity Authentication Management					
Imaging					
Network					
Portals					
Procurement					
Project Management					
Security Services					
Servers					

Wireless					
Other, please specify					
Other, please specify					
Other, please specify					

2.2. Who initiated the consolidation process in your state (who was the change agent for consolidation)?

(Please check all that apply)

- CIO/ IT Organization
- Finance and Administration Office
- State Task Force
- Governor
- Empowering legislation, please provide link to document
- Other, please specify
- Not applicable

2.3. In general, how would you assess the progress of your state's consolidation efforts?

- Excellent
- Very Good
- Good
- Fair
- Poor
- Not applicable

2.4. Which of the following potential benefits compelled your state to consider consolidation?

(Please check all that apply)

- Cost savings
- Secure infrastructure
- Better access to new technologies for all agencies
- Improved information sharing/ data integration
- Other, please specify
- Not applicable

2.5. What obstacles or challenges have you experienced as a result of your state's consolidation initiatives?

(Please check all that apply)

Workforce resistance to change

Higher than anticipated start up costs

Failure to identify and adhere to service levels

Backlash when consolidation didn't meet specific business needs

Seeking exemptions from state statutory and regulatory requirements

Seeking exemptions from federal statutory and regulatory requirements

Other, please specify

Not applicable

2.6. Please describe any strategies or tactics your state has employed to overcome the obstacles or challenges indicated in question 2.5.

2.7. What method(s) is(are) your state utilizing to project the cost savings for its consolidation initiatives?

(Please check all that apply)

ROI calculator

Funding model

Private consultant

Other, please specify

Other, please specify

Not applicable

2.8. Which human resources barriers has your state experienced as a result of its consolidation initiatives?

(Please check all that apply)

- Inability to reclassify positions
- Pay scales/ compensation
- Pervasive culture/ resistance to change
- Other, please specify
- None
- Not applicable

2.9. What strategies has your state used to handle the human resources side of consolidation?

(Please check all that apply)

- Retrain/ reassign employees
- Early retirement/ attrition
- Other, please specify
- Other, please specify
- Not applicable

2.10. HIPAA requirements, Department of Justice requirements, restrictions on access to juvenile data, and other federal and state laws and regulations can impose barriers to consolidation of systems, especially those that affect access to data. Please describe strategies your state has developed to address these issues as part of its consolidation initiatives.

2.11. Please describe your experience with consolidation initiatives that could benefit other state CIOs. For example, keys to success, challenges, etc.

2.12. Please describe any questions or concerns that you would like addressed in future NASCIO efforts as they relate to consolidation efforts.

Section 3. Assessment of State Shared Services Activities

3.1. Please indicate your state's level of activity in the following *shared services* initiatives. If there are *shared services* initiatives not listed here that your state is involved in, please provide those responses in the spaces marked "Other."

Shared services focuses on the delivery of a particular service or services in the most efficient and effective way, as a means of gaining economies of scale and other benefits. The centralization of specific IT activities that function as everyone's vendor of choice; usually implies voluntary participation involving service level agreements (SLAs).

	Level of Activity				Comments
	Completed	In Progress/ Partial	Proposed	No Activity	
Application Development					
Asset Management					
Billing/ Pricing Models					
Payment Engine					
Communications Services/ Telephony					
Data Center					
Desktop Management					
Directory Service					
Disaster Recovery					
E-mail Services					
Enterprise Architecture					
Enterprise Single Sign On (SSO)					
ERP/ Financial/ HR					
Governance Structure					
GIS					
Help Desk					
Identity Authentication Management					
Imaging					

Network					
Portals					
Procurement					
Project Management					
Security Services					
Servers					
Wireless					
Other, please specify					
Other, please specify					
Other, please specify					

3.2. Who initiated the shared services process in your state (who was the change agent for shared services)?

(Please check all that apply)

- CIO/ IT Organization
- Finance and Administration Office
- State Task Force
- Governor
- Empowering legislation, please provide link to document
- Other, please specify
- Not applicable

3.3. In general, how would you assess the progress of your state's shared services efforts?

- Excellent
- Very Good
- Good
- Fair
- Poor
- Not applicable

3.4. Which of the following potential benefits compelled your state to consider shared services?

(Please check all that apply)

- Cost savings
- Secure infrastructure
- Better access to new technologies for all agencies
- Improved information sharing/ data integration
- Other, please specify
- Not applicable

3.5. What obstacles or challenges have you experienced as a result of your state's shared services initiatives?

(Please check all that apply)

- Workforce resistance to change
- Failure to identify and adhere to service levels
- Challenges to service level agreements (SLA's)
- Backlash when a shared service didn't meet specific business needs
- Seeking exemptions from state statutory and regulatory requirements
- Seeking exemptions from federal statutory and regulatory requirements
- Other, please specify
- Not applicable

3.6. Please describe any strategies or tactics your state has employed to overcome the obstacles or challenges indicated in question 3.5.

3.7. What method(s) is(are) your state utilizing to project the cost savings for its shared services initiatives?

(Please check all that apply)

ROI calculator

Funding model

Private consultant

Other, please specify

Other, please specify

Not applicable

3.8. HIPAA requirements, Department of Justice requirements, restrictions on access to juvenile data, and other federal and state laws and regulations can impose barriers to shared services, especially those that affect access to data. Please describe strategies your state has developed to address these issues as part of its shared services initiatives.

3.9. Please describe your experience with shared services initiatives that could benefit other state CIOs. For example, keys to success, challenges, etc.

3.10. Please describe any questions or concerns you would like addressed in future NASCIO efforts as they relate to shared services efforts.

Section 4. Additional Resources

4.1. Please provide any additional comments or resources that you feel would benefit other state CIOs, including links to governance models, funding models, consolidation and/or shared services plans, etc.

Section 5. Use of Information

5.1. Would your state be willing to share your experiences for NASCIO's forthcoming publication on state IT consolidation and shared services?

Yes, you may profile our state's experience. No, thanks.

NOTICE TO RESPONDENTS

This survey is hosted at NASCIO headquarters. Your response will be logged into a database that is accessible only to NASCIO staff. No permanent Internet-based record of your response will be kept. Your data will be downloaded into a spreadsheet for compilation. The survey instrument will be deleted once the survey is completed.

If you have any questions or concerns, please contact Drew Leatherby, NASCIO Issues Coordinator by phone at (859) 514-9187 or by e-mail at dleatherby@AMRms.com.

InfoPoll survey hosting services provided by [AMR Management Services, Inc.](#)