



Oregon

Department of Administrative Services

Ways & Means Subcommittee on General Government

February 2013

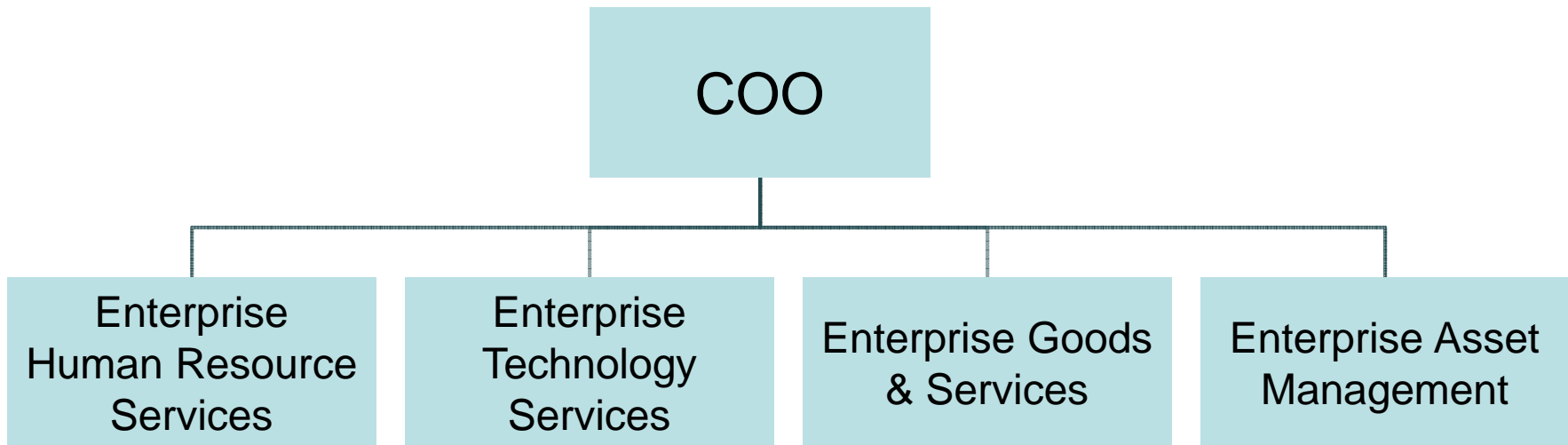


Day 5: Outline

- Statewide DAS Service Functions
- Customer Utility Boards
- Enterprise Human Resource Services
 - Budget Drivers
 - Environmental Factors
 - Future Opportunities
 - Customers

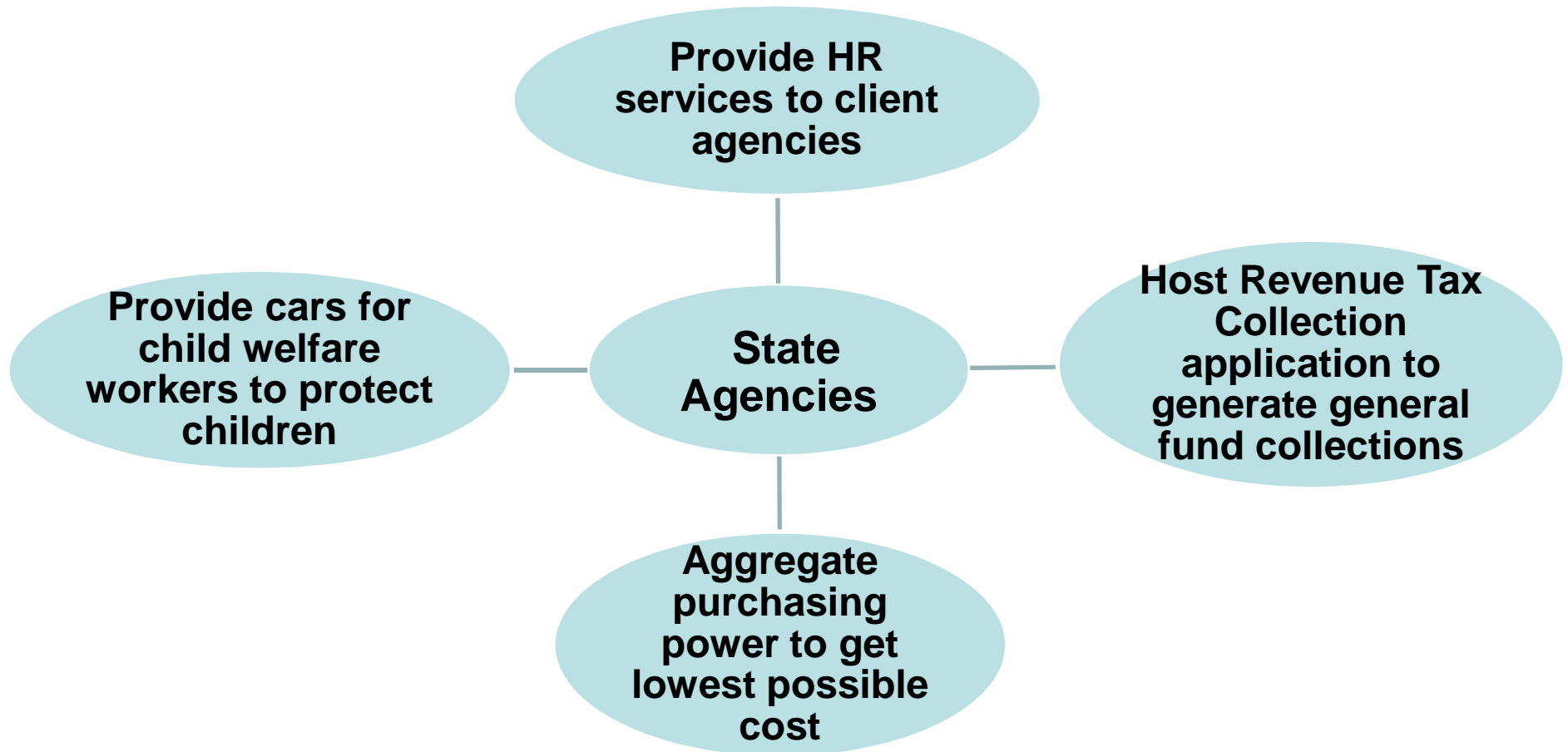


Statewide Service Functions



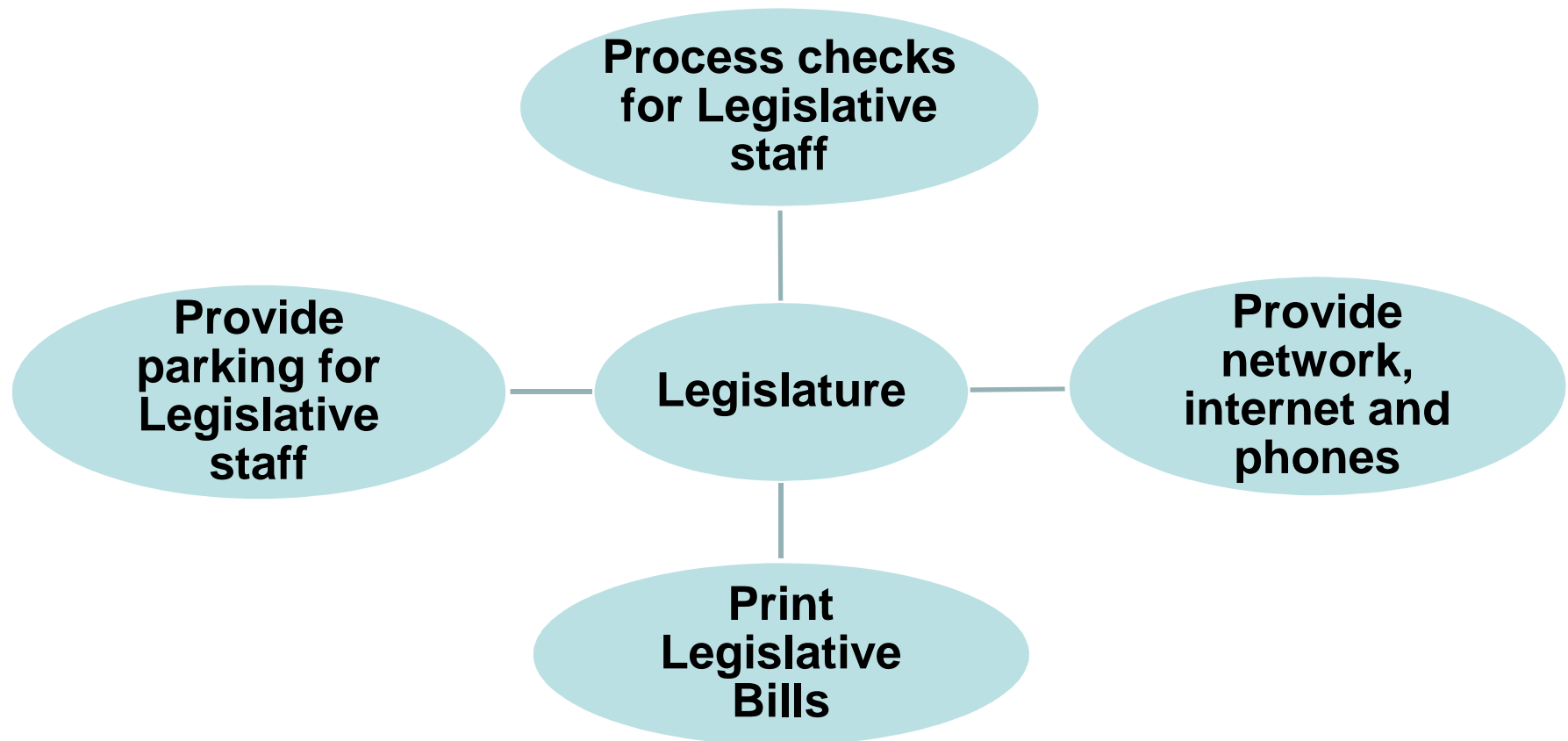


DAS Service to State Agencies



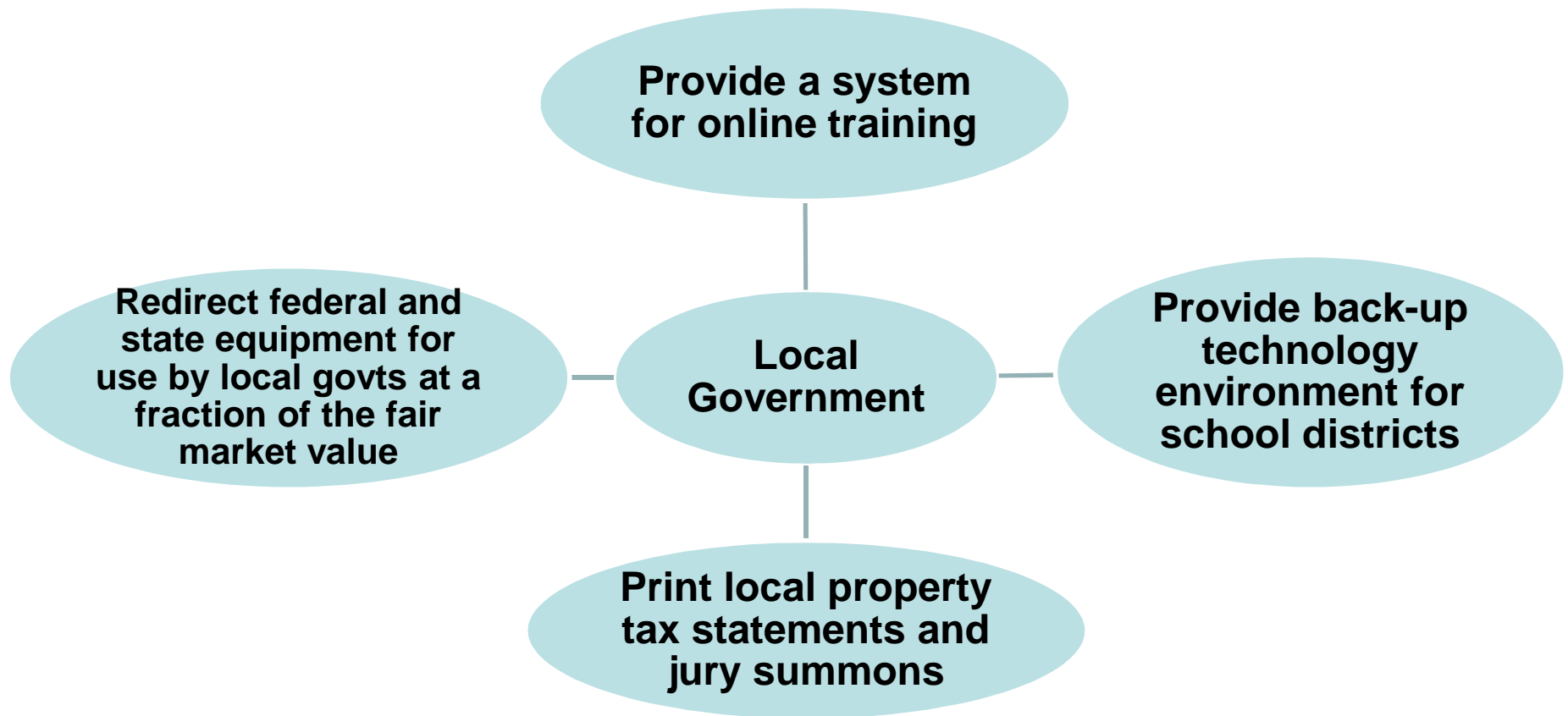


DAS Service to Legislature





DAS Service to Local Government





Meeting Customer Needs

1. Understand their business needs
2. Evaluate available solutions
3. Offer options
 - DAS provides service
 - DAS brokers service
 - Agencies get service themselves



Customer Results

State agencies get to focus on delivering service directly to Oregonians

- Pasteurize: Avoid redundant, wasteful duplication of services
- Homogenize: Consistent, reliable service delivery for results
- Fortify: Increase buying leverage through coordination across agency lines



Customer Utility Boards (CUB)

- DAS customers govern the cost, type, quality and quantity of services delivered
- Membership provides a statewide perspective; chaired by customers
- Recognize and respond to customer needs
- Provide a two-way communication channel



Customer Utility Boards (CUB)

- Authority includes:
 - Approving rate-setting methodologies and resulting rates
 - Approving general service level agreements
 - Reviewing business plans and annual financial statements
 - Resolving service complaints



Customer Utility Boards

Report from:

Suzanne Hoffman, Chair

Enterprise Technology Services CUB

*Chief Operating Officer,
Oregon Health Authority*

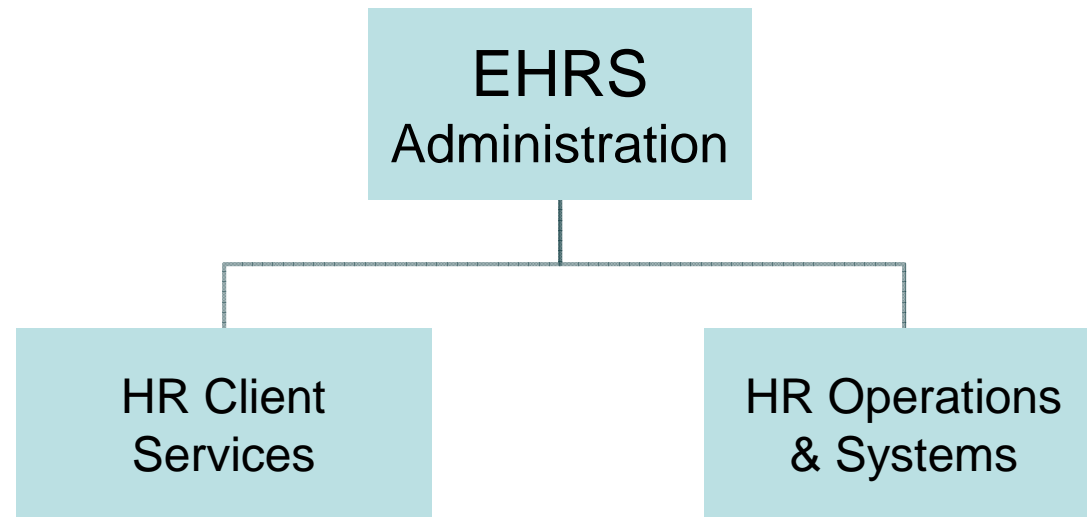
Kerri Nelson, Vice-Chair

Enterprise Human Resource Services CUB

*Management Services Division Administrator,
Department of Environmental Quality*



Enterprise Human Resource Services (EHRS)



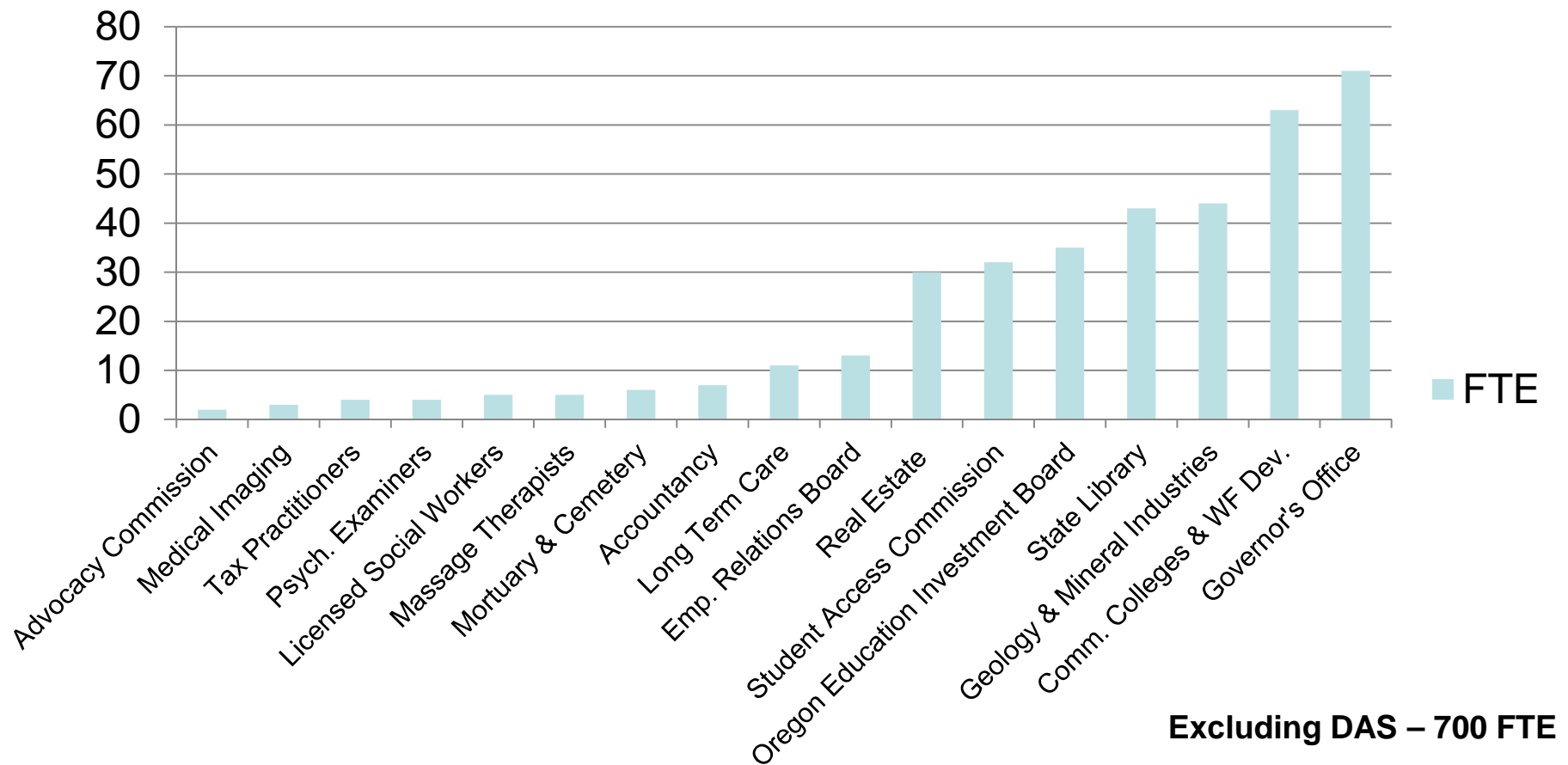


EHRIS Benefits to Customers

- Allows customers to focus on delivering service directly to Oregonians
- HR problems require diverse skills; team approach maximizes expertise
- Allows customers to meet budget reductions
- Opens up DAS HR training opportunities to customers for free



EHR Client Agencies





EHRIS Budget Drivers

- Funded through charges to client agencies and users of specific HR systems and services
- The EHRIS Customer Utility Board will approve the rates and rate methodology for all EHRIS services
- Costs for each service are paid for by the users of that service



EHRIS Environmental Factors

- Increasing complexity of employment issues
- Retirement-eligible workforce
- Limitations of existing HR data systems
- Budget reductions and layoffs increase workload



EHRIS Future Opportunities

- Implementing an integrated HR information system
- Leveraging current HR systems
- Expanding client agency program



Topics for Tomorrow

- Enterprise Technology Services
 - Budget Drivers
 - Environmental Factors
 - Future Opportunities
 - Customers

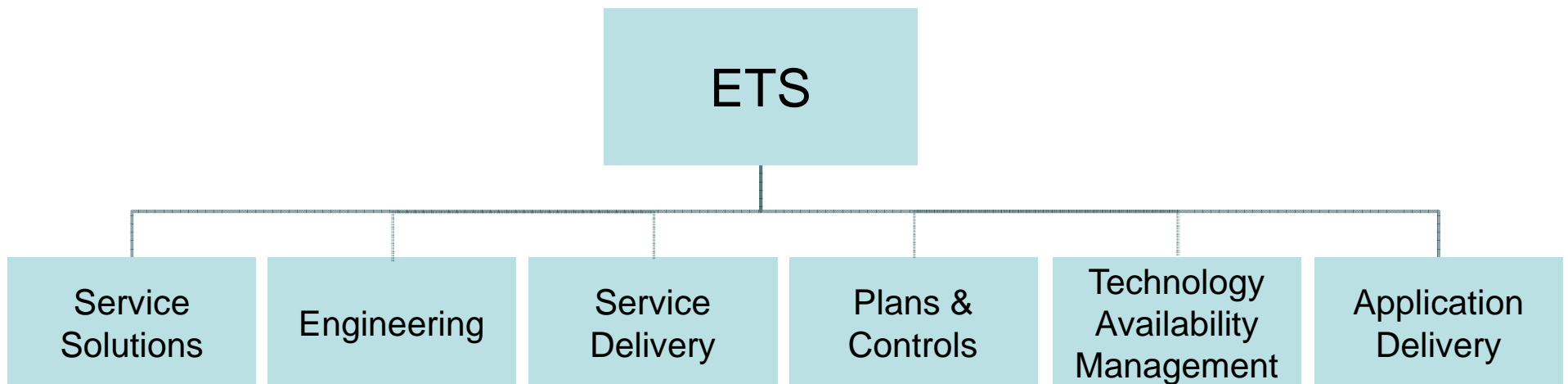


Day 6: Outline

- Enterprise Technology Services
 - Budget Drivers
 - Environmental Factors
 - Future Opportunities
 - Customers

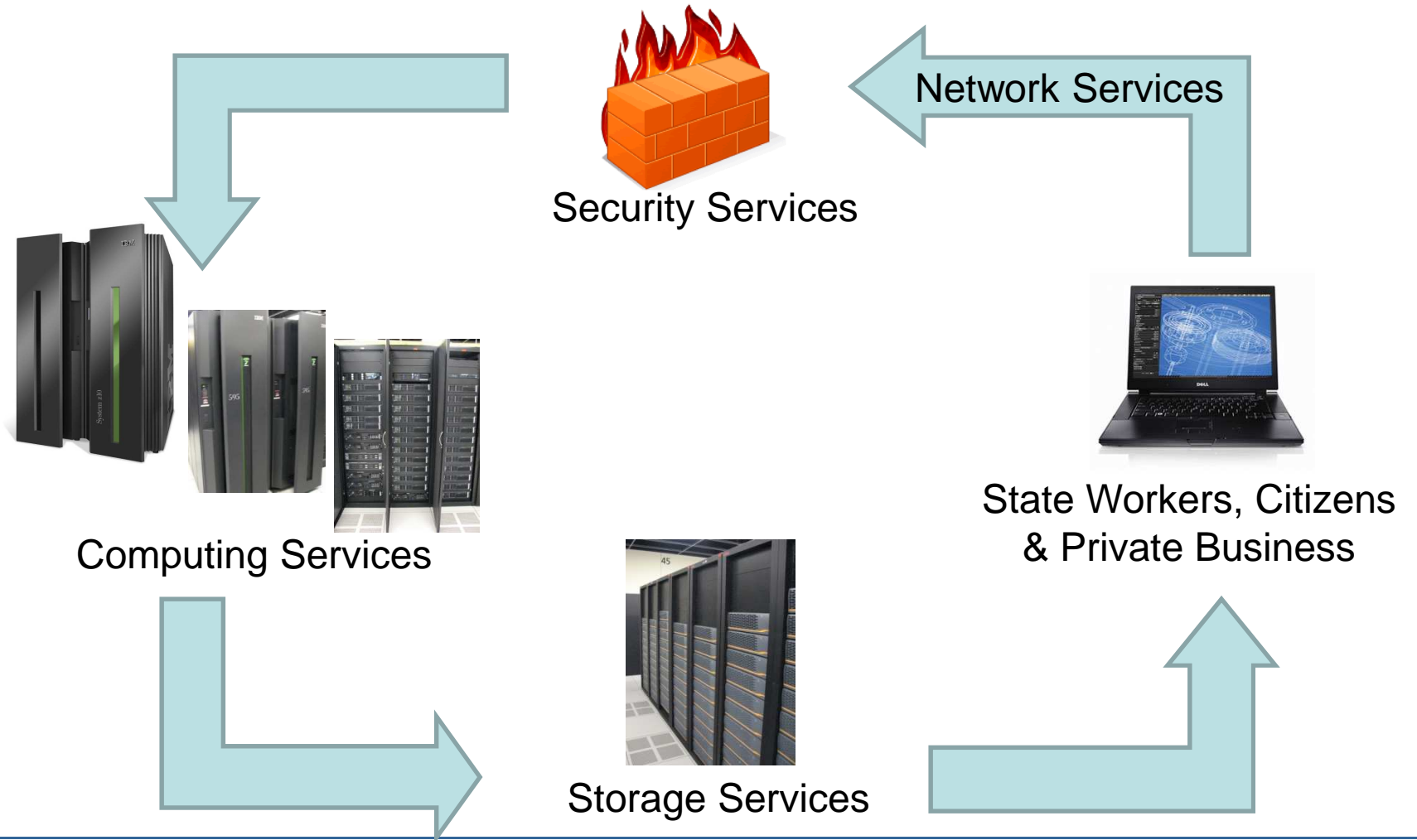


Enterprise Technology Services (ETS)





ETS Services





ETS Supports State Business

Health Care

- Oregon Health Alert Network
- Oregon State Hospital System
- Food Benefits System (Oregon Trail Cards)

Public Safety

- Drivers License System
- Criminal Records Check Application
- DOC's Criminal Information System
- Juvenile Justice System

Revenue Generating

- State Income Tax System
- Corporate Tax System
- Child Support Enforcement System



ETS Benefits to Customers

- Agency IT resources can focus on applications rather than infrastructure
- Increased security of applications
- 24 X 7 monitoring of equipment
- Disaster Recovery & Business Continuity Support

SDC Technology Growth is Driven by Agency Demand

Technology	Measure	1/1/07	6/30/10	6/30/13*	Capacity Growth %
Mainframe	MIPS	888	1675	2025	228% (Increase)
Mid Range	CPUs	1220	2704	3418	280% (Increase)
Servers	Server Capacity	1749	3059	3473	199% (Increase)
Disk Storage	Terabytes	69	460	800	1159% (Increase)
Network	MBPS	10,402	19,974	22,776	219% (Increase)

Unit Cost Decrease

Technology	Measure	1/1/07	6/30/13	Unit Cost % Decrease
Mainframe	MIPS	\$1,098.45	\$665.30	-39% (Decrease)
Mid Range	CPUs	\$420.42	\$170.80	-59% (Decrease)
Servers	Server Capacity	\$369.01	\$293.32	-21% (Decrease)
Disk Storage	Terabytes	\$9.77	\$1.63	-83% (Decrease)
Network	MBPS	\$133.64	\$77.85	-42% (Decrease)



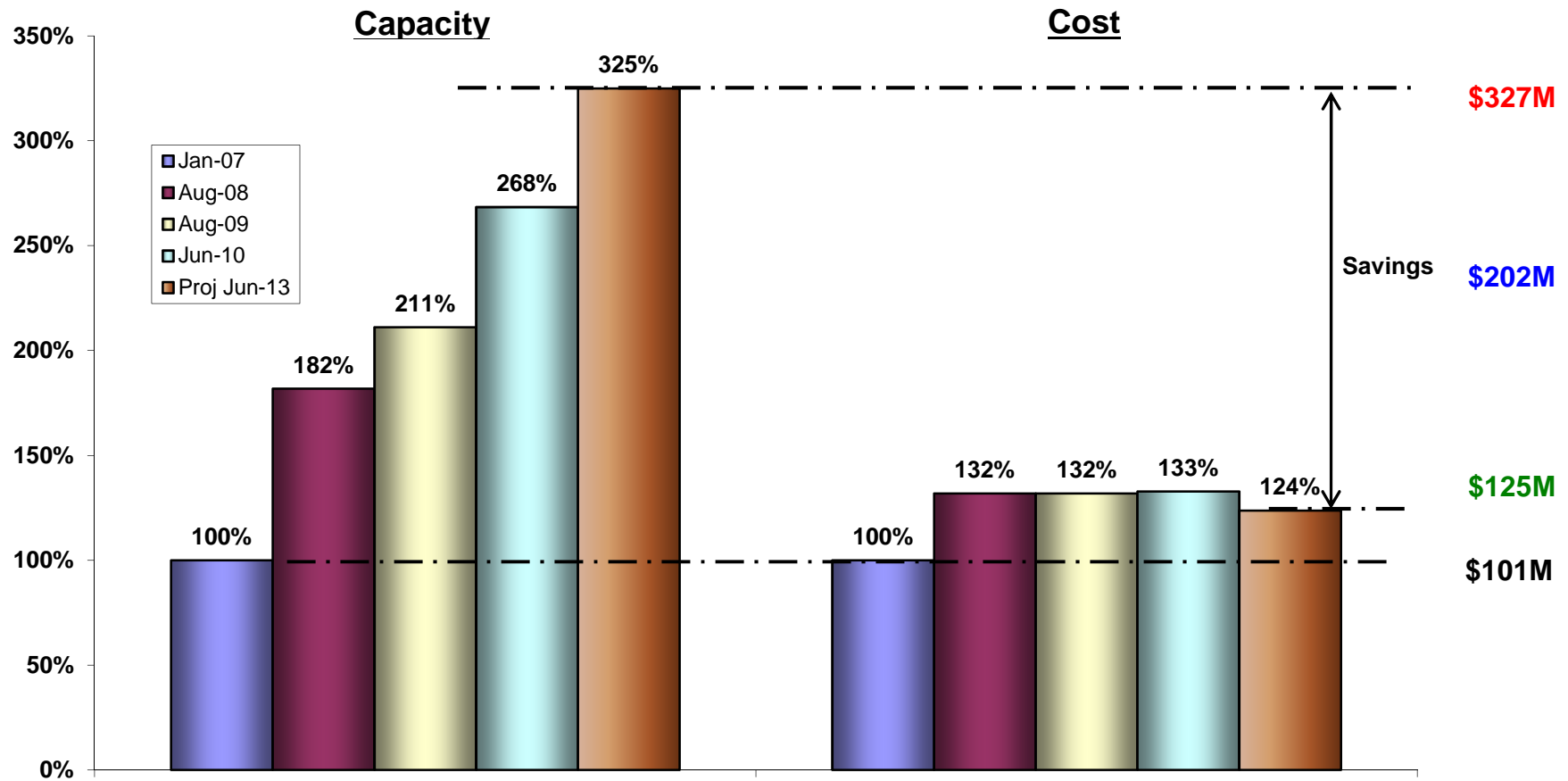
ETS Budget Drivers

- Setting technology service rates based on what each customer uses or requests
- Shared responsibility for state technology spend
- Aggressive economizing to create shared services and negotiation of pricing based on economies of scale
- Cost containment of 325% growth, equivalent to \$202M in agency technology usage needed to serve their customers



ETS Budget Drivers

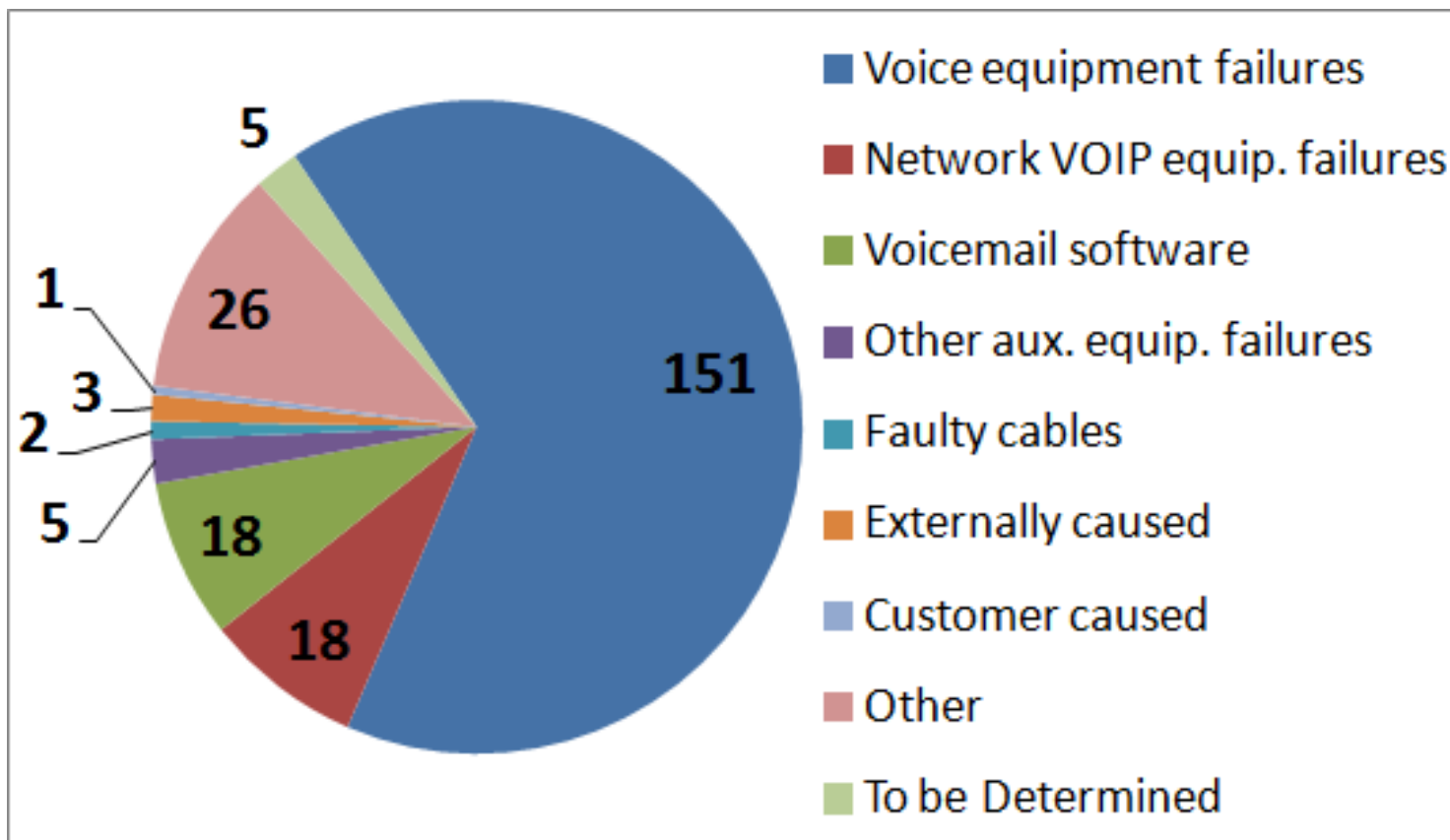
Growth Cost Avoidance Savings





Understanding Aging Infrastructure

Priority 1 & 2 Outage by Type : June – December 2012





Understanding Aging Infrastructure

- Limited life-cycle replacement funds result in out-of-date technology
- Some customers have funds to replace critical infrastructure but ETS does not have limitation to provide service
- Increasing failures cause significant customer service implications affecting agencies serving Oregonians



ETS Environmental Factors

- Technology usage is driven by how much businesses and citizens, use agency services
- Fast pace of technology advancements
- Keeping pace with citizen expectations of state government's use of technology
- Increasing desire for mobility of technology



ETS Future Opportunities

- Expand statewide IT services
- Optimize and protect IT resources
- Maintain competitive business model
- Provide proactive customer service
- Leverage multi-sourcing



ETS Future Opportunities

- POP #106 – Equipment Lifecycle Replacement
- POP #107 – Support IT Infrastructure Growth
- POP #108 – Leverage Technology
- POP #109 – Security
- POP #110 – E-Government Systems Support
- POP #111 – Agency Companion POPs



Topics for Tomorrow

- Enterprise Goods & Services
- Enterprise Asset Management Services
 - Budget Drivers
 - Environmental Factors
 - Future Opportunities
 - Customers

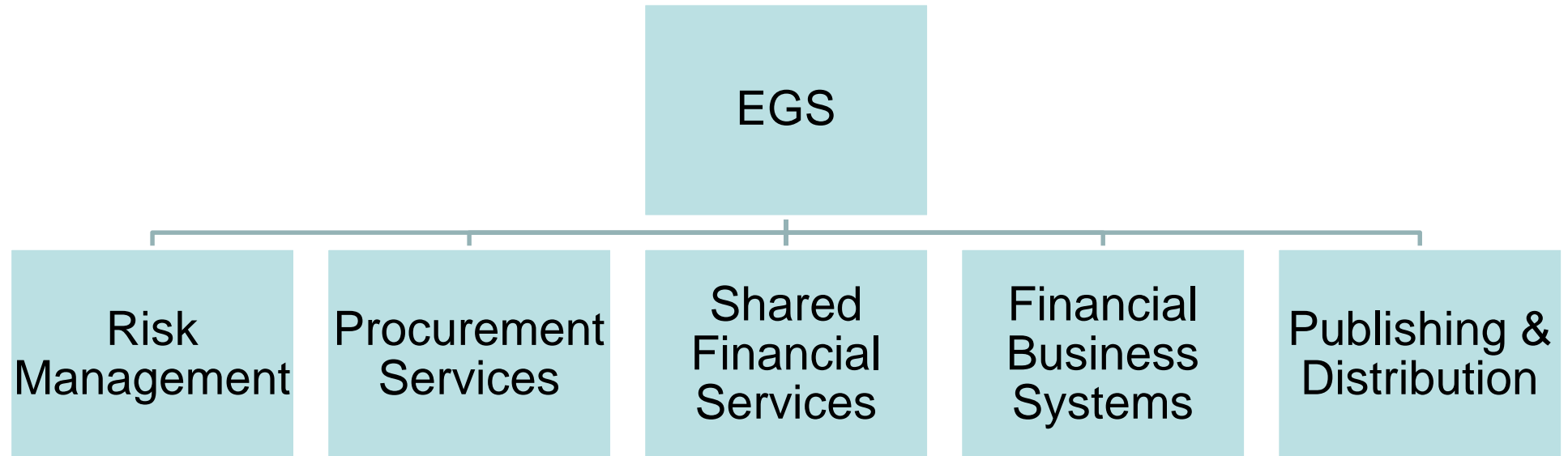


Day 7: Outline

- Enterprise Goods & Services
- Enterprise Asset Management Services
 - Budget Drivers
 - Environmental Factors
 - Future Opportunities
 - Customers



Enterprise Goods & Services (EGS)



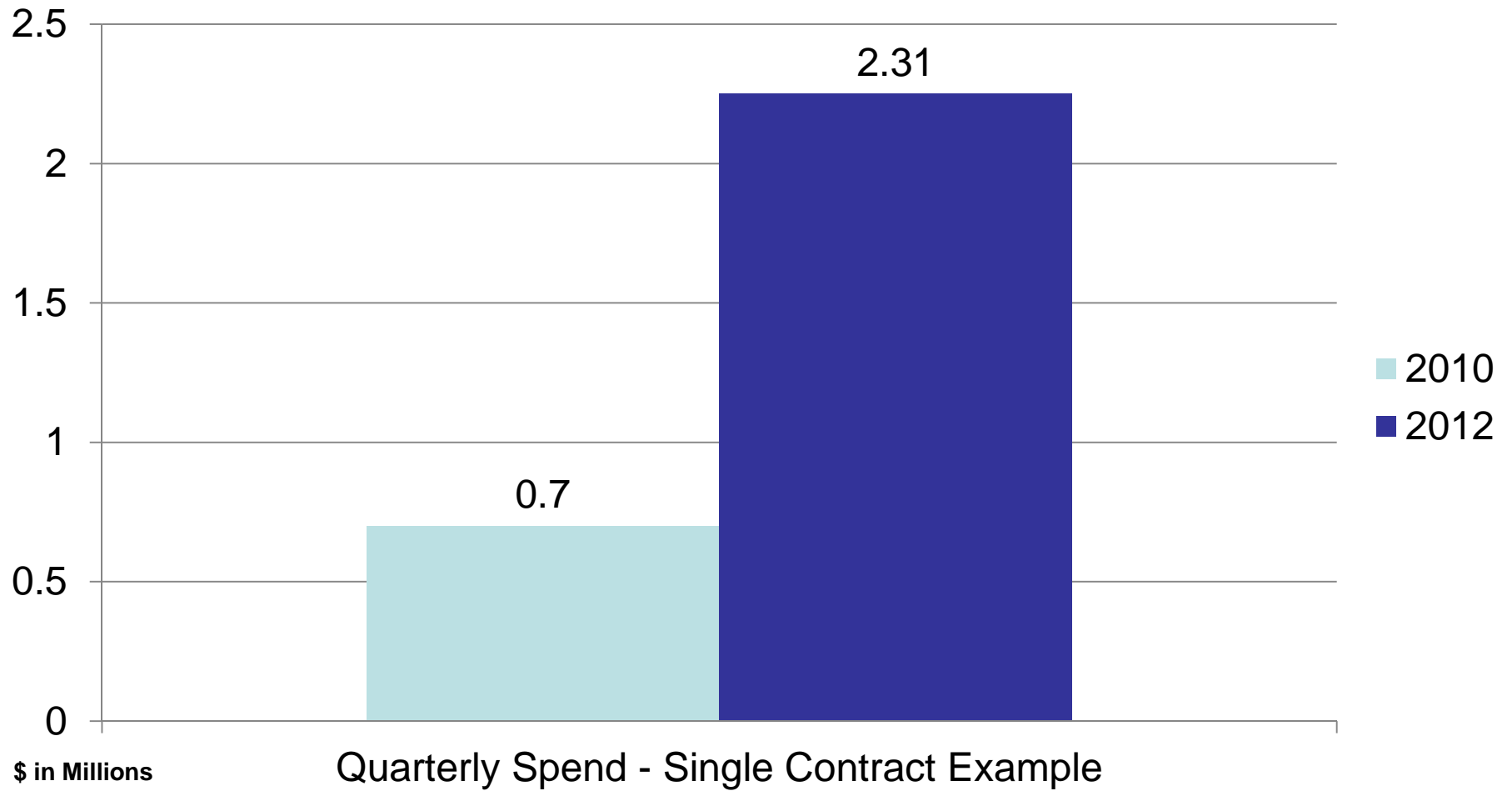


EGS Benefits to Customers

- Advice on smart risk-taking strategies
- Aggregate spend to get better price on purchases
- Stable, reliable financial systems
- Provision of timely and accurate financial services
- Broker service delivery solutions on behalf of customer when that is a better option
- Customers can focus on service delivery directly to Oregonians



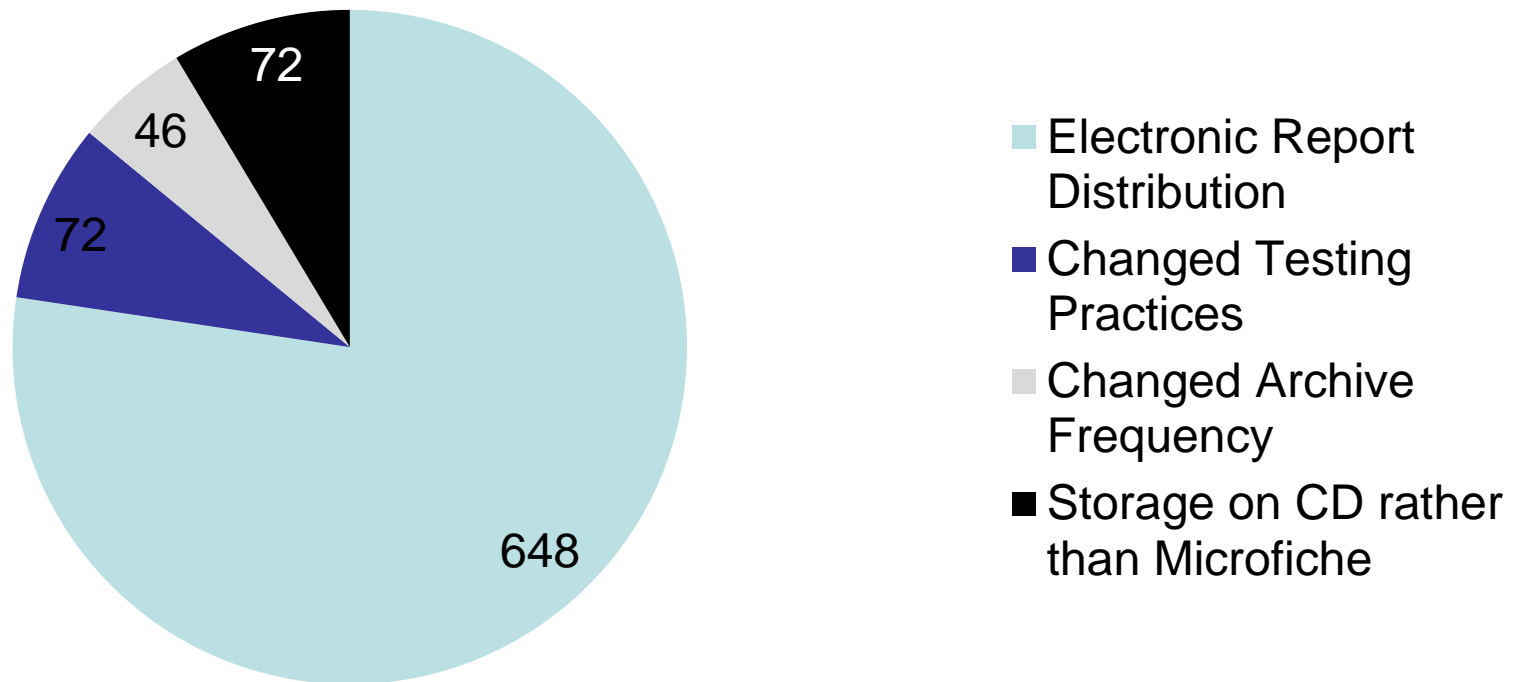
Procurement Services





Cost Savings for State Financial Business Systems

Dollars Saved in Thousands





EGS Budget Drivers

- Customer demand
- Cost of processing transactions
- Legal and claims costs for Risk Management
- Total number of documents distributed by Publishing & Distribution



EGS Environmental Factors

- Increasing tort limits are expected to increase the number of claims Risk Management receives
- Staffing needs may change as shared services are increased, but DAS may not be the only provider

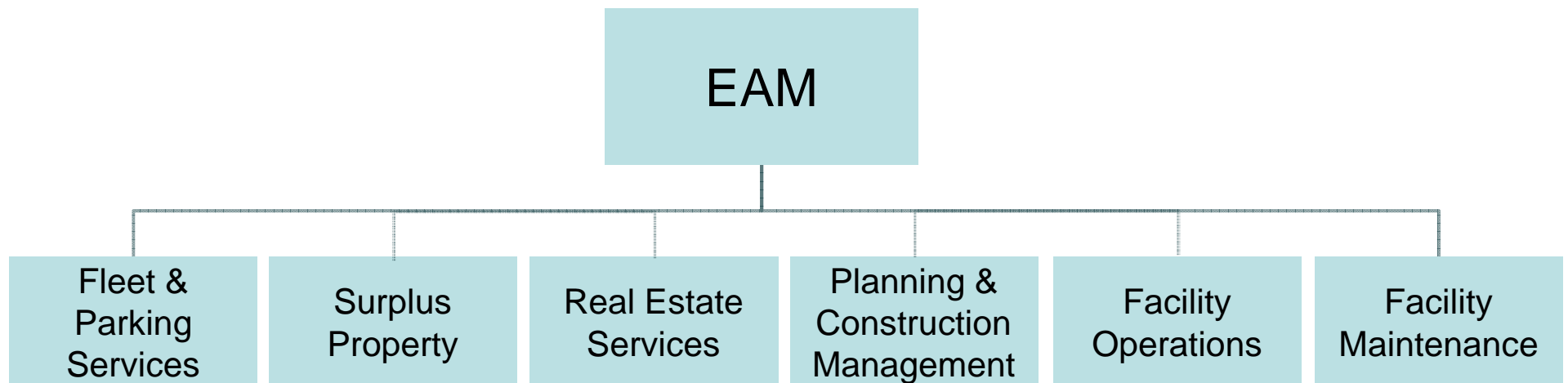


EGS Future Opportunities

- Expanding Oregon Cooperative Procurement Program (ORCPP) membership
- Increasing the number of client agencies using our procurement, financial and payroll services
- Proactively work with agencies to help them reduce their insurance costs, especially those related to Workers' Compensation



Enterprise Asset Management Services (EAM)





EAM Benefits to Customers

- Central oversight of necessary services so agencies can focus on their mission critical work
- Leverage expert knowledge for strategic sustainable solutions
- Reduce costs for agencies
- Special projects to test cross-agency collaboration



A Day in the Life of a Fleet Car...





EAM Budget Drivers

- **Parking & Fleet**
 - Rental of parking spaces, meters, and citation funds
 - Rental of vehicles
 - Fees for vehicle-related services
- **Surplus**
 - Commissions on sales and sale service fees



EAM Budget Drivers

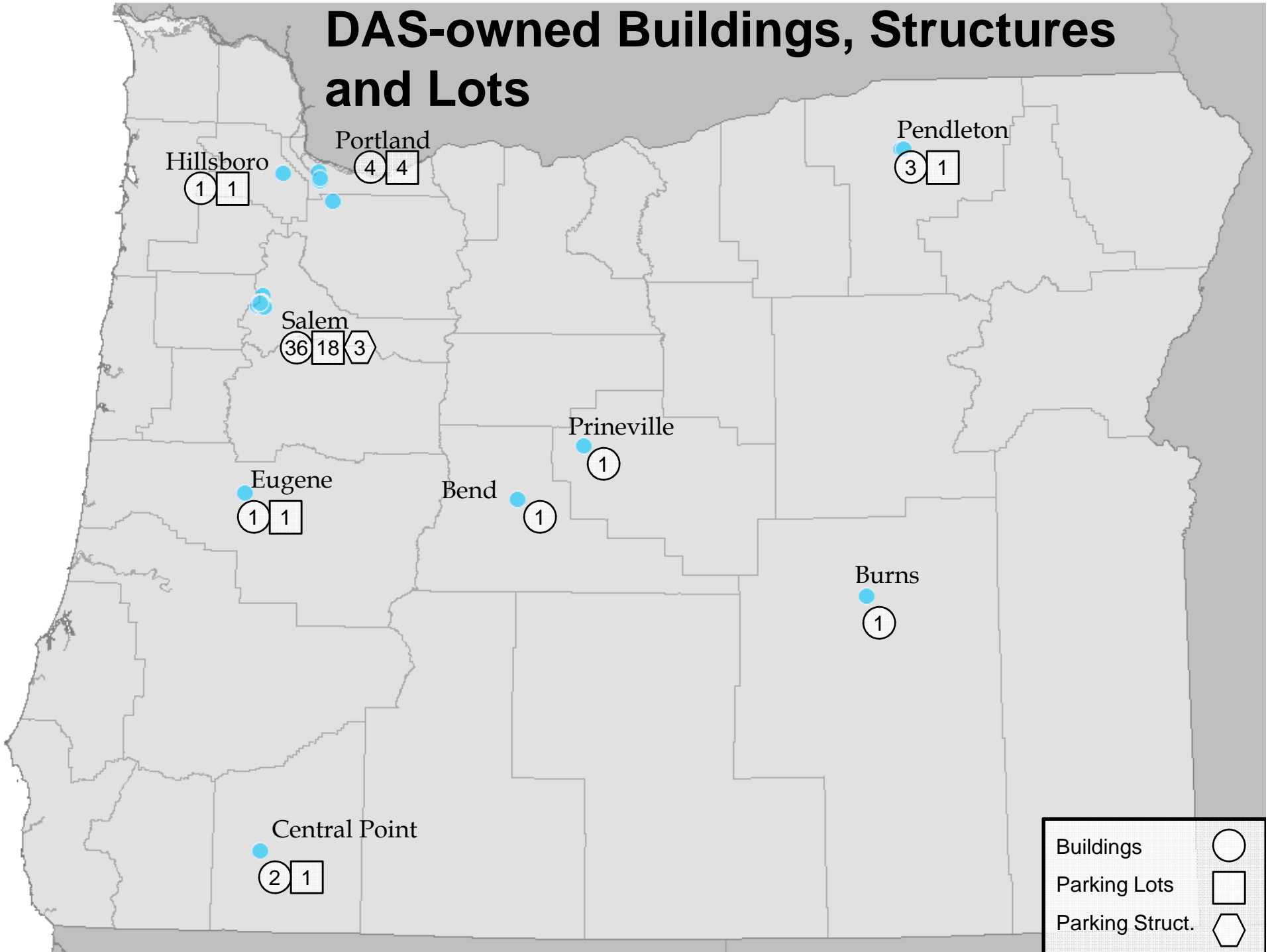
- Real Estate Services
 - Leasing – Percentage of the first two years net rent
 - Property Management – funded by assessment
 - Land Sales – Fee-for-service (hourly rate) plus direct costs associated with transactions



EAM Budget Drivers

- Planning & Construction Management
 - Fee-for-Service hourly rates
- Operations & Maintenance
 - Uniform Rent – tenants pay a fixed amount per square foot
 - Self-Support – tenants pay actual costs of buildings they occupy
 - Service Agreement – tenants contract with DAS for services they want

DAS-owned Buildings, Structures and Lots





EAM Environmental Factors

- Changing customer needs
- Aging buildings and equipment and deferred maintenance
- New environmental regulations
- Fuel and utility cost volatility
- Longer asset life cycles and alternative service providers impact Surplus



EAM Future Opportunities

- POP # 102 – Facilities Assessment & Planning Software
- POP #113 – Fleet Vehicle Purchases
- POP #116 – Supreme Court Building Renovation
- New Service: Leasing Administration
- Meaningful partnership with City of Salem in disposition of Oregon State Hospital North Campus

North Campus – Existing Site Map



Dome Building
Office
70,052 SF
1912, Bldg #36

Yaquina Hall
Office
51,720 SF
1948, Bldg #33

McKenzie Hall
Health / Hospital / Clinic
68,706 SF
1948, Bldg #40

Breitenbush Hall
Health / Hospital / Clinic
110,301 SF
1948, Bldg #35

Eola Hall
Health / Hospital / Clinic
149,048 SF
1955, Bldg #50 and #77

Santiam Hall
Health / Hospital / Clinic
57,348 SF
1951, Bldg #34



Closing Remarks

Government can no longer
operate “business as usual.”

The business has changed
and so has the usual.



Topics for Tomorrow

- Public Testimony
- Remaining Q&A



Day 8: Outline

- Public Testimony
- Remaining Q&A