Oregon State Chief Information Office & DAS Procurement

IT Supply Chain Management

Report on HB 3099 Implementation

12 February 2016

A Changing IT Landscape

Challenges

- **Old Models.** Existing IT service models lack flexibility and fail to meet agency needs
- **High Cost.** The state can no longer afford to own or maintain the entirety of its IT portfolio
- **Fragmentation & Duplication**. Ad hoc and decentralized IT procurements undermines interoperability and results in duplicative investments
- **Complexity.** Increasing sophistication of long-term IT vendor relationships

A Changing IT Landscape

Opportunities

- **Scalability.** Elastic IT capabilities available on demand as a service
- **Market Entry.** Low barriers to entry for new service lines—transition from capital to operating expenses
- **Standards & Master Agreements.** Interoperability and purchasing power
- **Enterprise Approach.** Procurement of shared services.
- **Vendor Management.** Building capacity to manage IT vendors

Vendor Management

"Vendor management is increasingly important as a distinct discipline because newer cloud delivery models and niche vendors can generate a lot of value for a business, while also introducing a high degree of risk that requires management"

-- Gartner

Vendor Management.

*What we should be doing**

Create VM Program	Acquire + Divest Vendors	Manage Vendors	Develop + Articulate Value
Establish VM Mission + Objectives	Evaluate and Select Vendors	Manage Contracts and Finances	Create + Manage Communication Plan
Develop Organization and Staffing Model	Negotiate and Contract Vendors	Manage Performance	Establish Vendor Ecosystem Op. Model
Define VM Metrics	Onboard Vendors	Manage Relationships	Define + Manage Cont. Improvement
Classify and Optimize Vendor Portfolio	Manage Transitions	Link Demand + Supply	Drive Innovation
Create Strategic VM Program	Vendor Disposition	Manage Vendor Risk	Develop Dashboards + Analytics
Vendor Governance Models + Rules			
Assess VM Maturity			

***Gartner.** *Comprehensive Framework for Effective IT Vendor Management*

Vendor Management.

*What still needs to be done**

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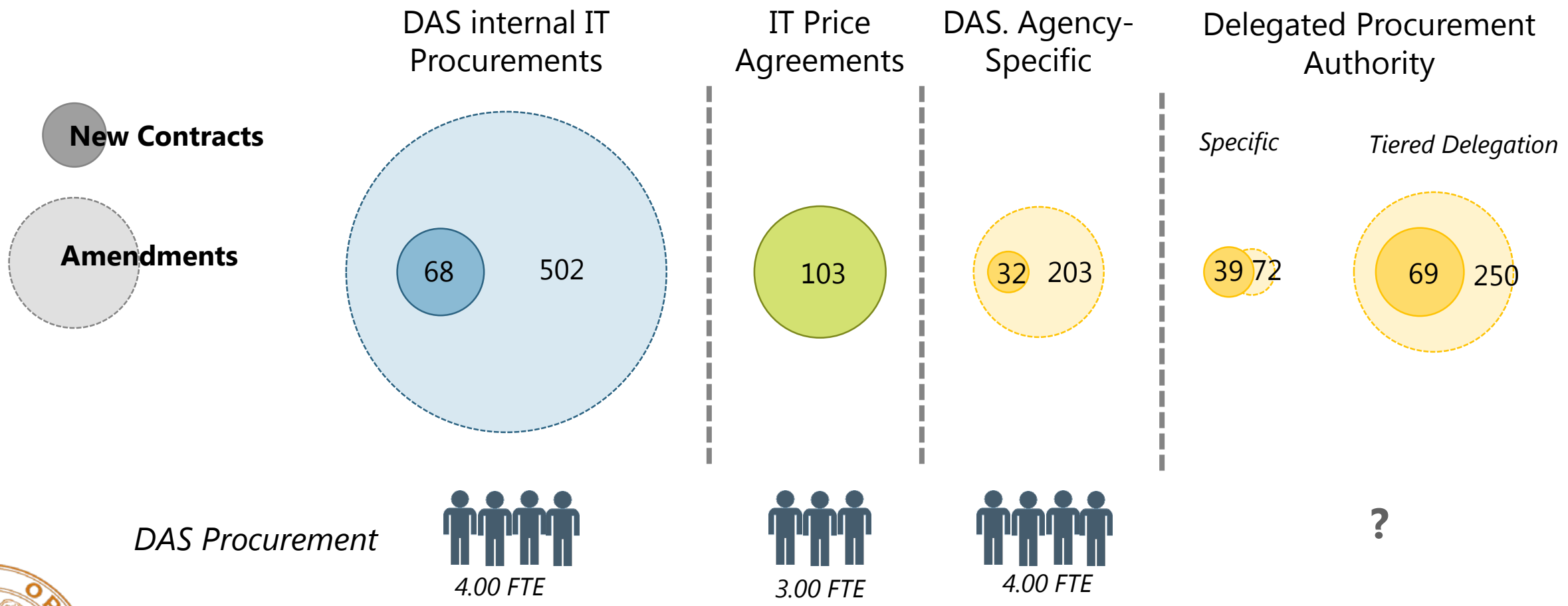
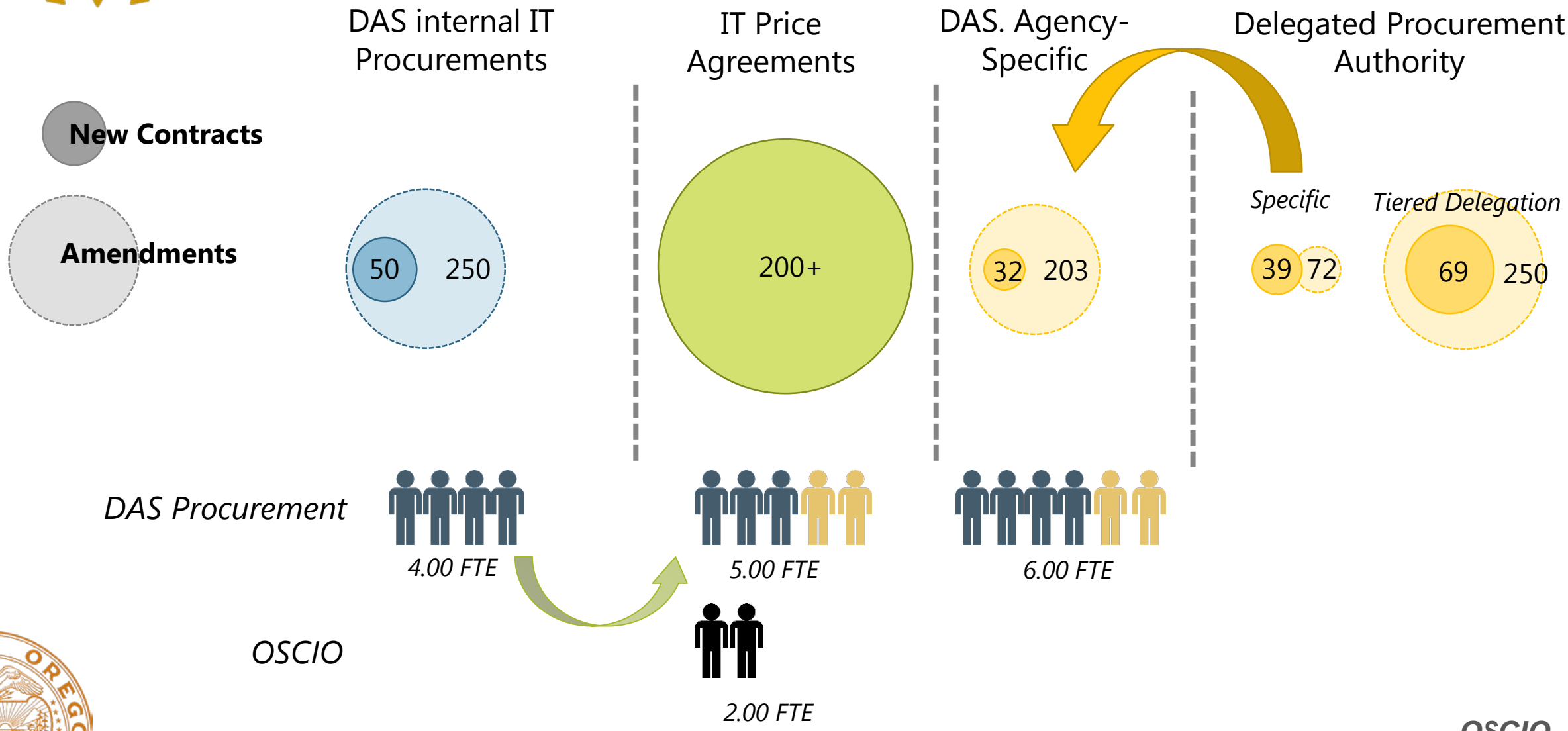
***Gartner.** *Comprehensive Framework for Effective IT Vendor Management*

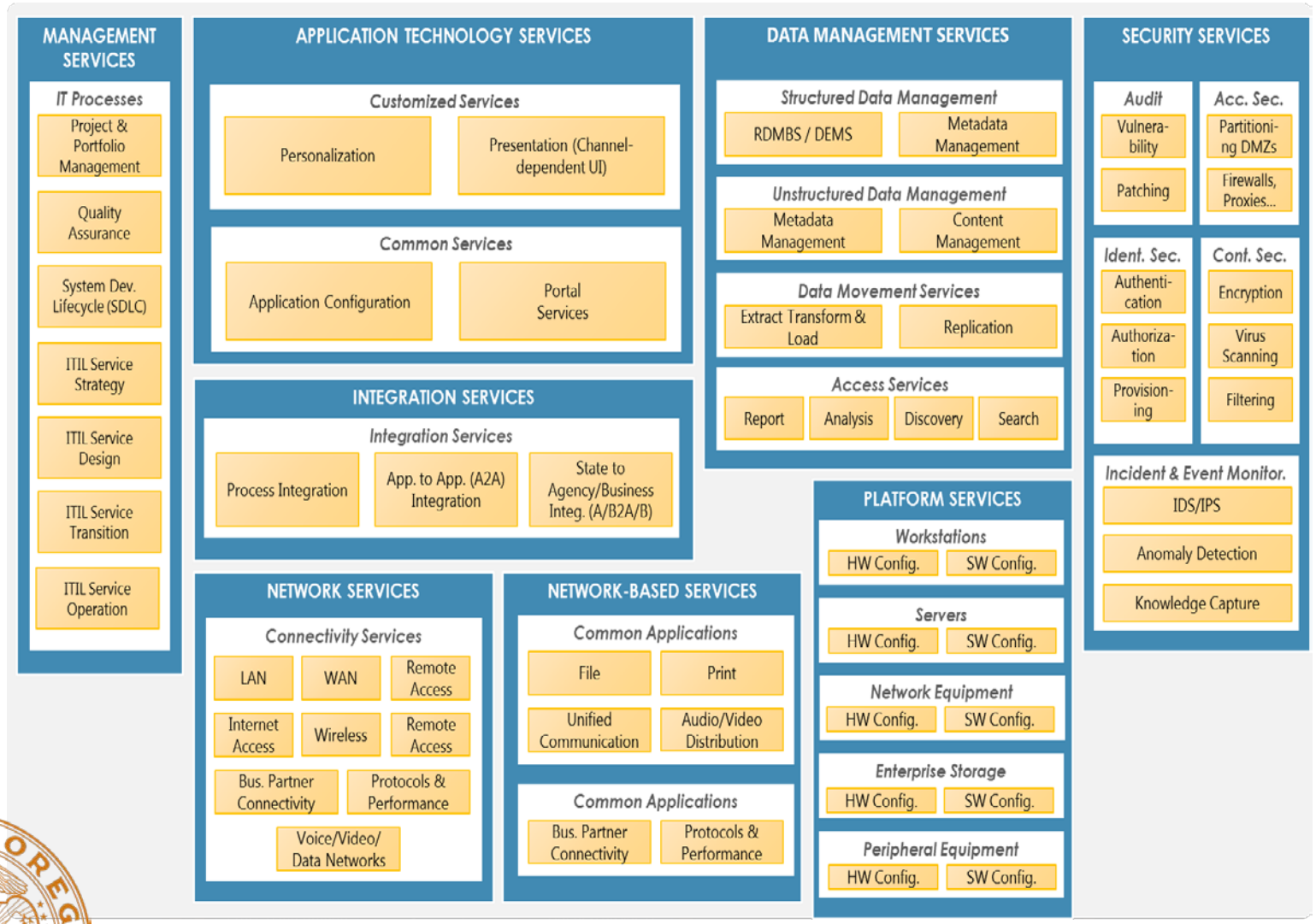
IT Procurement. 2013-15 Portfolio & Workload



IT Procurement. Proposed Realignment



Oregon. *Future Shared Services IT Catalog*



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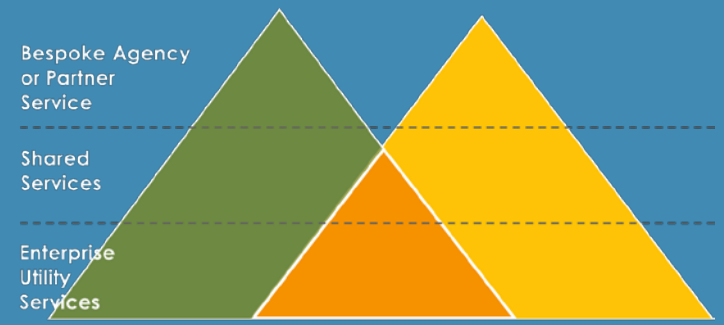
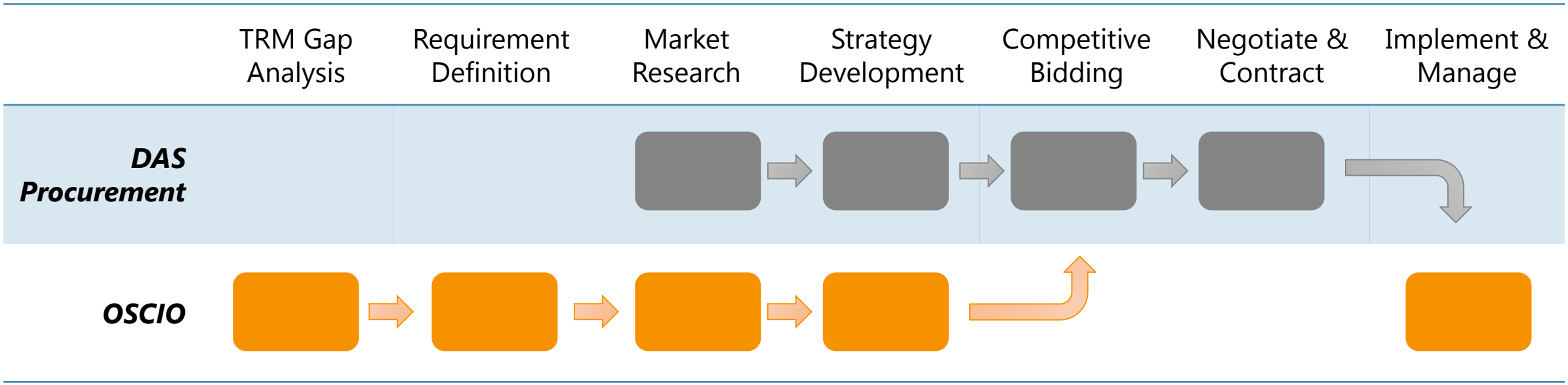
Enterprise Shared Services

The IT catalog (technology reference model) provides a single point of reference for legacy, core and leading technology services—aggregating purchasing power across the state, reducing application and infrastructure complexity and deepening the IT talent pool.



Strategic Sourcing. *Shared Service IT Supply Chain Management*



HB 3099 Implementation. *Challenges & Opportunities*

Summary

- **IT Landscape.** The IT landscape has fundamentally shifted with the maturation of cloud service offerings—*i.e., SaaS, PaaS and IaaS*
- **Current State.** Ad hoc and uncoordinated IT procurements fragment the business of the state, create duplication and put the state at risk
- **Vendor Management.** Successful cloud deployment will require strategic partnerships and vendor management
- **Capacity & Coordination.** New capacity will enable the development of an IT catalog of shared services—*leveraging purchasing power of the state for the benefit of state agencies, partner jurisdictions and school districts*