

State Information Technology Advisory Committee

July 21, 2014
1:00 PM – 3:00 PM
Brynhild Haugland Room

Members Present:

Mike Ressler – Chair, Sparb Collins, Cheri Giesen, Joe Herslip for Eric Hardmeyer, Alvin A. Jaeger, Bryan Klipfel, Grant Levi, Jenny Witham for Maggie Anderson, Senator Larry Robinson, Ryan Rauschenberger, Arvy Smith, and Cher Thomas for Tom Trenbeath

Members Absent: Sally Holewa, Peggy Link and Representative Mark Owens

Others Present:

Jeff Quast, Dan Sipes, Russ Buchholz, Mark Molesworth, Darin Meschke, Andrew Chellinsky, Molly Howell, Mary Woinarowicz, Tom Harris, and Tim Schenfisch

Scribe:

Jeff Quast

Mr. Ressler called the meeting to order at 1:04 PM, a quorum was present

Agenda / Topics discussed

Welcome – Mike Ressler

- Mr. Ressler reviewed the agenda and welcomed the participants
- Mr. Ressler also welcomed two new members, Cheri Giesen and Ryan Rauschenberger

EA Waivers and Standards – Jeff Quast

- Mr. Quast gave an overview of EA activities since the last SITAC meeting
 - Regarding a granted waiver to an agency to receive file attachments with a .zip extension, Mr. Collins asked why .zip files posed a security risk. Mr. Quast answered that .zip files can contain malicious payloads embedded in them that are otherwise blocked, so blocking .zip files prevents those payloads from being executed. ITD is installing more sophisticated network security appliances that can scan for and block malicious payloads even if they are embedded in other files, and the standard will likely be changed to allow those attachments when the new security tools are fully in place.

General Update – Mike Ressler

- Cyber Insurance
 - ITD has begun planning for the procurement of cyber security insurance
 - When Montana was recently breached, they were fortunate to have insurance
 - Premiums are increasing quickly since the inception of the insurance
 - State of MT had a \$50K policy for \$3M of coverage
 - Now costs \$500K and includes a \$2M deductible
 - The intention would be to have a forensics contract in place in case of a breach
 - Would be difficult to procure a vendor in a timely fashion if one was needed

- Would include a Hotline service so the state or agency wouldn't be flooded with calls and unable to handle the load
 - Mr. Collins asked who takes the lead or becomes the primary facilitator
 - Mr. Ressler answered that some agencies have internal protocols defined already, and that ITD would always address the technology questions and responsibility if the application or system was hosted at ITD. The agency would address the questions pertaining to the business implications.
 - Senator Robinson asked about the agencies that are not consolidated, and expressed concern that ITD should be the coordinating agency for any agency in case of a breach
 - Senator Robinson asked if other states have cyber insurance. Mr. Ressler answered that NASCIO is currently polling states to gather that information, but early results appear to indicate that very few have it but most are looking at it
 - When South Carolina's Tax system was breached, it resulted in nearly \$100M of claims
 - The disclosure laws regarding breaches have become much more stringent
 - Federal dollars received by agencies often define the criteria for disclosure
 - Senator Robinson expressed concern that today, it is a matter of when not if a breach occurs
 - Ms. Thomas commented that ITD provides network connectivity for all agencies and has firewalls at the agency level to keep other state traffic out, and has confidence that the network that ITD provides is secure
 - Mr. Klipfel commented that WSI has re-insurance to get more coverage with lower premiums but must be willing to have no coverage for smaller initial claims in exchange for full coverage for the larger claims
- Interim Studies
 - Desktop Study
 - Eide Bailly was procured to provide the study
 - Recommended that agencies with 100 or fewer FTEs (with a few exceptions) should utilize desktop support provided by ITD
 - The Governor's Office has indicated it would support ITD offering it as an optional service
 - Digital Archive Study
 - Tournesol Consulting was procured to provide the study
 - Addressing the archival of electronic records vs. paper based records
 - Recommended a phased approach, starting with 1 FTE at ITD and 1 at Historical Society, along with some equipment
 - Data Center consolidation
 - OMB procured The Ummel Group to do the study
 - Recommended Attorney General's Office remain exempt and the 3 remaining agencies be consolidated
 - Governor's position is to let the legislature make an initial recommendation based on the proceedings during session
 - DPI/ITD tech employee review
 - Eide Bailly was procured to provide the study
 - Recommended there be one help desk for k12 support calls
 - This has already been implemented by moving them to one call center at EduTech
 - DPI has not yet finalized the remaining findings or recommendations
- Legislative Bill Drafts
 - Produced 3 Bill Drafts based on the 4 studies previously discussed
 - 1st Bill Draft - Implement the desktop study recommendations
 - 2nd Bill Draft - Implement the Data Center Consolidation recommendations
 - 3rd Bill Draft - Implement the Data Center Consolidation recommendation and include the Attorney General's Office as well
- Mr. Ressler reviewed the move-in process to ITD's new building

- Senator Robinson asked if the CIO's office would be moving to the new location. Mr. Ressler answered that yes it would, but there is also a requirement for the CIO to maintain an office in the Capital building during Legislative Sessions.

IT Projects – Successful Processes – Mark Molesworth / Mary Woinarowicz

- Mr. Molesworth explained that this was in response to a request from the last meeting to present an example of a complex IT project that was successful and demonstrated valuable lessons learned
- The Department of Health's Immunization Registry Interoperability project was a very complex project including the vendor, Meridian Mutual Insurance, a partnership with the ND Health Information Network, and interoperability with private/corporate hospitals and clinics.
- Ms. Woinarowicz gave an overview of the processes that led to a successful project
 - See presentation for detailed success points and lessons learned
- Mr. Klipfel asked if the developers were onsite. Ms. Woinarowicz answered that many of the developers were in Fargo and many of the vendor employees were located all over the world. Most of the communication was done with remote tools.
- Mr. Klipfel commented that it is hard to develop relationships with some vendors when they are in remote locations
 - Ms. Woinarowicz agreed that when working with a vendor that had significantly different hours of work, it makes things much more difficult
- The Health Department had incentive payments to finish on time, but the amount available was not substantial enough to make a big motivator.
- Mr. Molesworth mentioned that state law requires minors be entered so there was incentive to not continue to do double data entry
- Mr. Klipfel commented that it was good that they did the project in stages, vs. the all or nothing approach with some less successful projects
- An IT Project Manager was very helpful despite some employees being reluctant to make that investment

IT Vendor Pool Results – Pam Schafer

- Ms. Schafer reviewed the Vendor Pool process and results
- Ms. Schafer all of the agencies that participated in the process
- Work orders over \$250K still require the agency to get 3 bids and vendors can compete with lower costs than are agreed on in the contract
- Ms. Thomas thanked ITD and OMB for producing the Vendor Pool and feels the agencies get tremendous value from it
- Mr. Klipfel agreed it has been very helpful

Break

Cloud Strategy – Dan Sipes

- Dan reviewed the various layers of Cloud offerings and ITD's strategy
 - SaaS – Software as a Service
 - PaaS – Platform as a Service
 - Managed IaaS – Managed Infrastructure as a Service
 - IaaS – Infrastructure as a Service
 - Underlying structure
- ITD has functioned as a Cloud Provider for state agencies since IT consolidation
- For external Cloud computing, ITD fills the role of a Cloud Broker
- ITD has the option of moving some of the state's applications to the cloud, but wouldn't do that without notification and agreement from agencies

- A big obstacle is the exposure of Active Directory
- A Hybrid approach is for ITD to host apps where it makes sense and move to the cloud where that makes sense
- ITD is piloting some cloud offerings to determine the license and cost variables
- ITD will need to develop a brokerage cost to recoup costs that come along with Cloud computing like Architecture time and Bandwidth costs
- ITD is working on criteria that will help determine if Cloud providers meet needed service levels for approving or denying waivers
- Mr. Levi asked what tools are being used to manage data collection and storage, and what kind of timelines would ITD have to address things like Storage on Demand. Mr. Sipes answered that ITD intends to address the Active Directory initiative by the end of the year but has not set timelines for other initiatives.
- Ms. Thomas asked if there would be standards and guidelines from ITD on what to look for from cloud providers. Mr. Sipes answered that he would expect the policy to be partly defined by ITD and partly by Enterprise Architecture.

DHS Fields Application – Mark Molesworth / DHS

- Commerce Department and Health Department had over-variance projects but are not reporting in person today
 - Commerce Department was over 20% schedule variance but got below 20% during the quarter and successfully closed the project
 - Health Department's WIC EBT project was over variance because they waited for another state's data to be released and included and the final federal review took longer than normal. The ownership variance was approximately 11%.
- Jenny Witham provided a report on DHS Eligibility Modernization Project
- Combines 4 determination programs into 1 application for all eligibility determination in conjunction with changes to the affordable healthcare revisions
- Project is expected to be 3 years, 1st phase is running behind
 - Federal requirements were changing as DHS was trying to establish their own requirements
 - ITD had difficulty finding needed developers
 - ITD QA team identified some needed revisions
- Lessons Learned
 - Cost and Time estimates needed adjustments after detail requirements were finalized
 - Contingency solution was anticipated to be short term
- Recovery Structure
 - Added contract and temporary staff
 - Transition from assessment state to determination state
 - Federal exchange is more robust now
 - Online app will be ACA compliant
 - ITD added project management staff

ITD 2015-2017 Budget Rates – Mike Ressler / Dan Sipes

- Mr. Sipes reviewed ITD's 15-17 rates and how agencies might be affected
- Mr. Sipes also reviewed initial monthly rates for the planned desktop support services
- Mr. Klipfel asked what the cost projections per agency included. Mr. Sipes answered that it included all the services from ITD for the agency, with the biggest variable being development costs since the projections were based on a snapshot of one month.
- Mr. Levi asked what the status of hardware procurement was based on the results of the desktop support study. Mr. Ressler answered that it was included in the Bill draft that ITD would procure and own all hardware, but ITD would expect to own the hardware only for the agencies using the

service. Mr. Sipes added that it would be one of the details we would need to work through during session.

- Ms. Giesen asked if the monthly desktop support cost will differ based on number of calls from an agency. Mr. Ressler answered no, it is based on a flat monthly cost regardless of service calls.
- Ms. Giesen also asked if the study recommendations included moving staff from agencies to ITD for the support service. Mr. Ressler answered that the Eide Bailly report did not recommend that agencies should lose or transfer staff.

Wrap-up

Open Discussion / Closing Comments – Mike Ressler

- Mr. Ressler asked if the content was what the members expected to be included, no comments were received.
- The next meeting will be in the middle of September and will include ranking of large projects.

Adjournment – Mike Ressler

- Mr. Ressler adjourned the meeting at 3:02 PM