



Presentation to the Legislative Finance Committee

New Mexico Department of Information
Technology

Darryl Ackley

Secretary / State CIO

17 August 2017



Agenda

- Quick Department Update
- Overview of DOIT Rates
- Review of IT Project Portfolio
- Questions

Quick Department Update

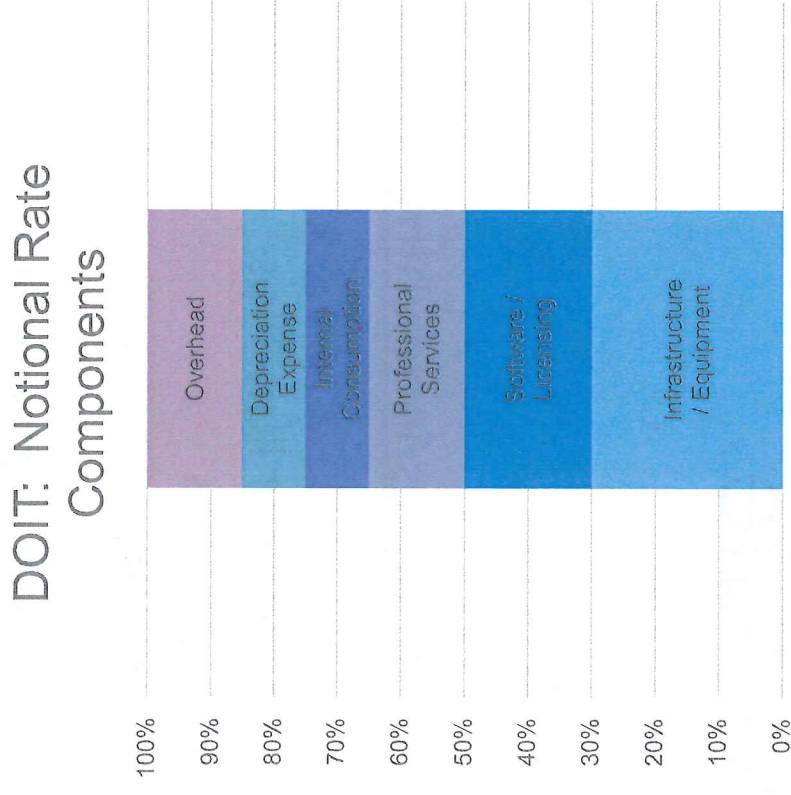
- SHARE Upgrade!
 - HCM successfully upgraded in April 2017
 - FIN upgrade set for October 2017
 - For more information: <http://share.state.nm.us/index.html>
- Budget Status
 - FY17 closed without any substantial prior-year liabilities
 - Significant cost saving / avoidance measures
 - **\$760K** in annual cost-savings through deep-dive reviews
 - **\$100K** in service credits from providers
 - **\$500K** (estimated) annual savings by moving to SIP trunking
 - Third-party cost audit underway
- Updated Enterprise Architecture under development
- Incremental improvements to Project Oversight
- Working on structural improvements to Enterprise Services operations (more to come)

DOIT Rates: Methodology

Requirements of DOIT Rates

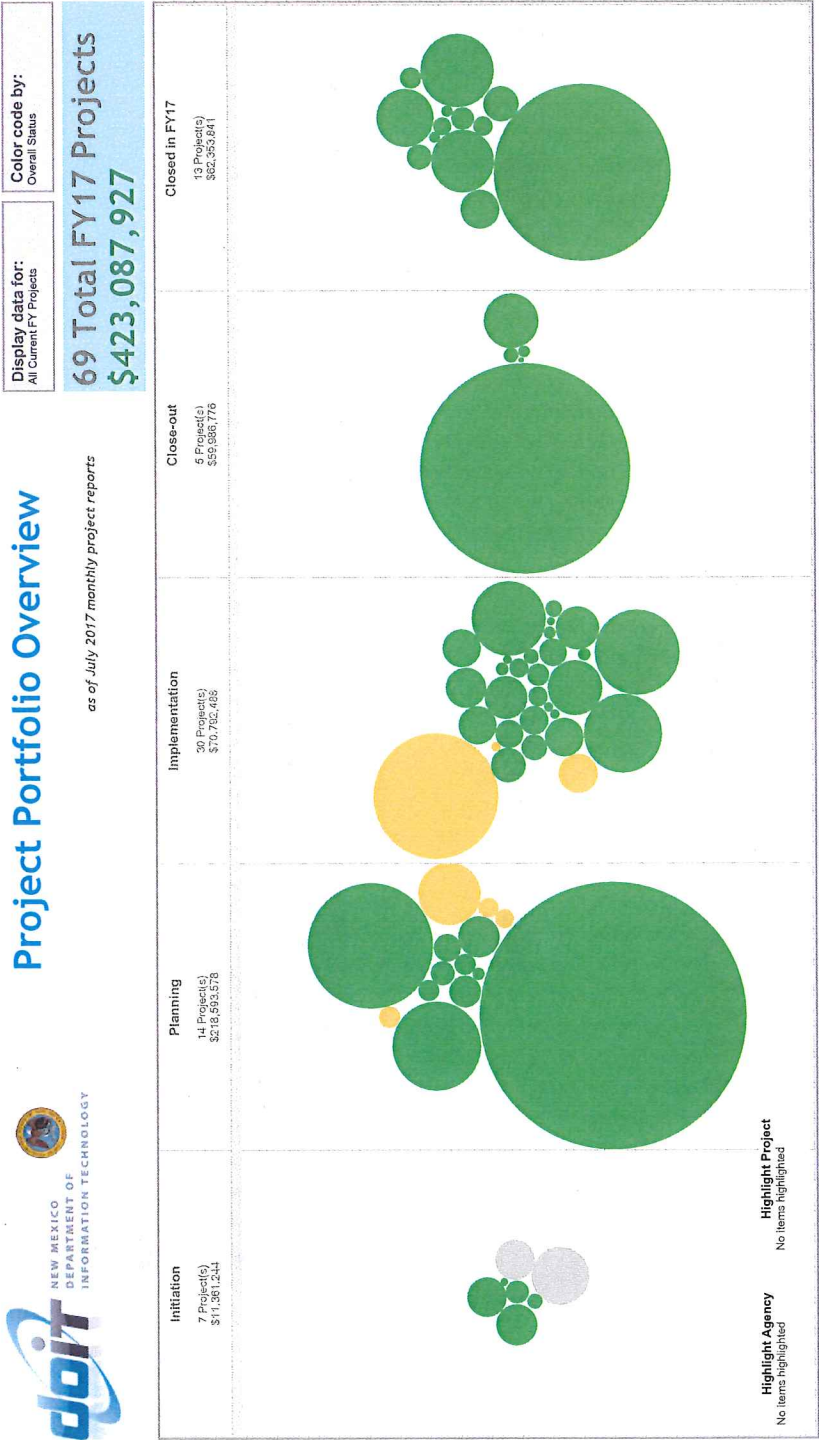
- Must be uniform across all customers
- Depreciation expense booked
 - Though not always recovered!
 - Equipment replacement fund
- Must 'break even'
- 60-day limit
- *Additional handouts*

Notional Rate Construction



IT Project Portfolio Review

- **This quarter's dashboard:** http://www.doit.state.nm.us/dashboards/FY-2017-Q4/project_dashboards.html
- **Project portfolio homepage:** http://www.doit.state.nm.us/pocd_portfolio.html



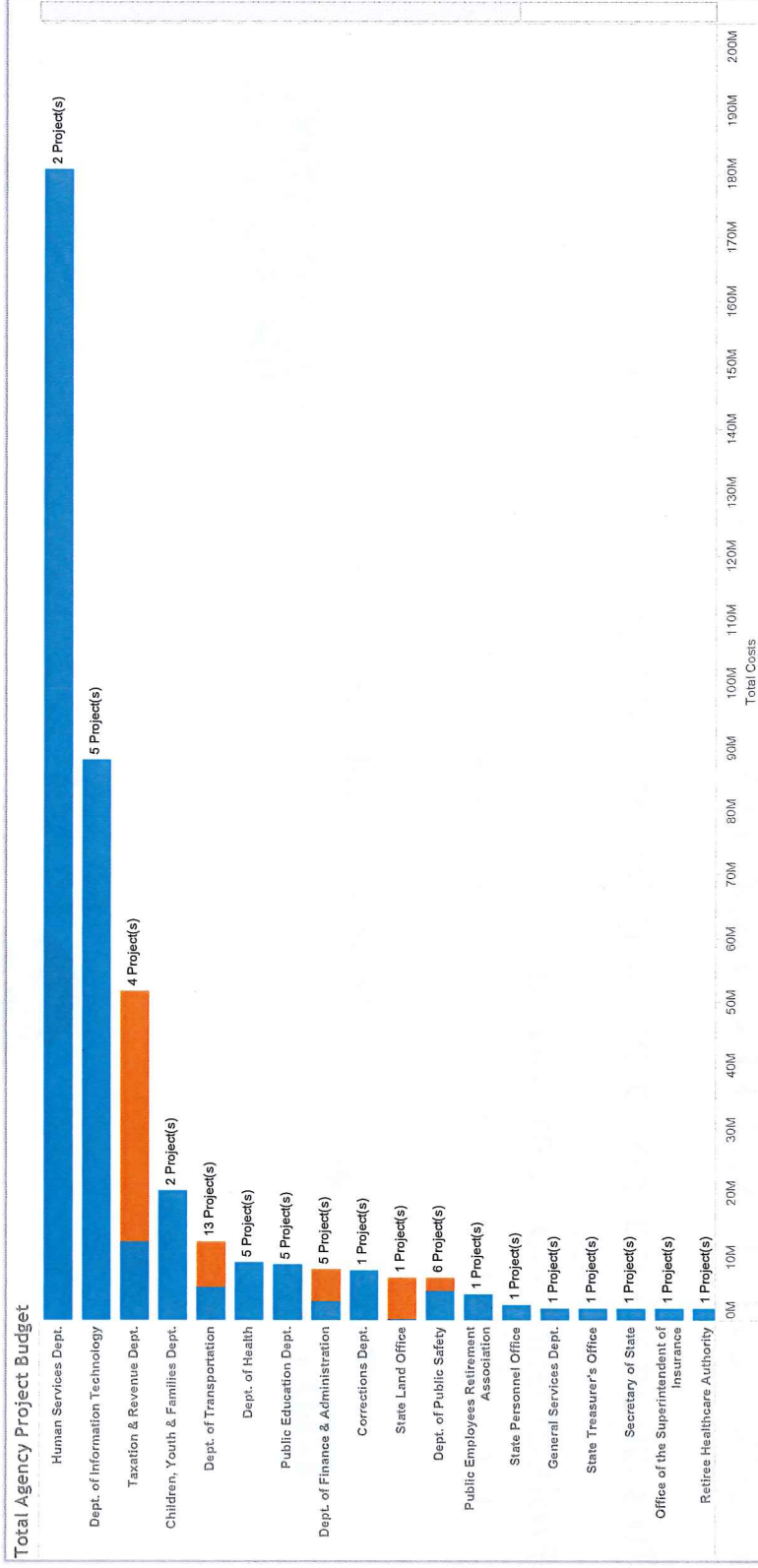
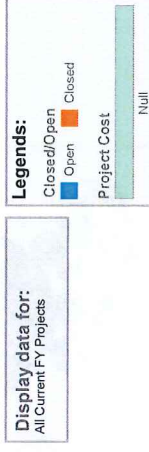
IT Project Portfolio Review



NEW MEXICO
DEPARTMENT OF
INFORMATION TECHNOLOGY



Agency Portfolio



IT Project Portfolio Review



The Corrections Dept.

Project Details

Active Project

Offender Management System (OMS) Replacement Project

Navigate to:

Project Overview Top 10 Portfolio Agency Portfolio

Select Project to View Detail

CD Offender Management System (OMS) Replacement

Project Information

Current Phase: Implementation
Project Type: Off-the-Shelf
Project Impact: Agency Wide

Executive Sponsor: David Jablonski
Project Manager: Darlene Fitzpatrick

Project Description:

The purpose of this project is to replace the internally developed legacy client-server with a new, Commercial Off-the-Shelf (COTS) OMS application along with the installation and setup of the necessary hardware and software infrastructure to support the OMS application.

Project Status

Overall Trend Overall Status Budget Status Schedule Status Issue/Risk Status

⬆️ ⬆️ ⬆️ ⬆️ ⬆️

Select Status to View Detail

Overall Status

Status Detail for Green Overall Status:

Contract negotiations are complete and the OMS contract is at DFA for final approval. The contract with the vendor and the project implementation phase will begin upon execution of the contract, and as of 07/01/2017.

Project Budget

Total Budget: \$7,835,000

\$1,825,099 has been spent to date, comprising 23.29% of the project budget

Legend: \$ Remaining \$ Spent to Date

Project Timeline

5/1/2015 6/30/2021

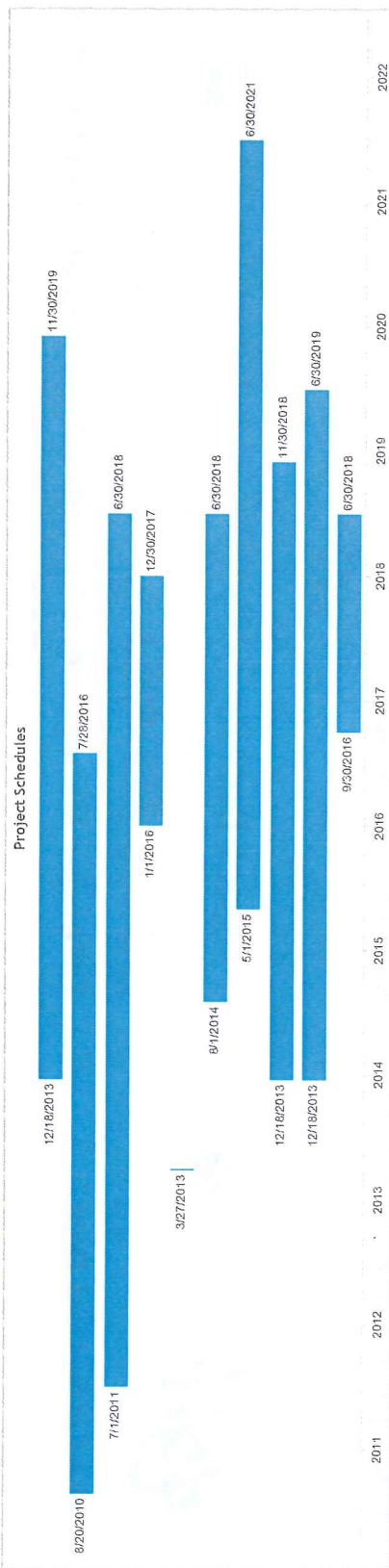
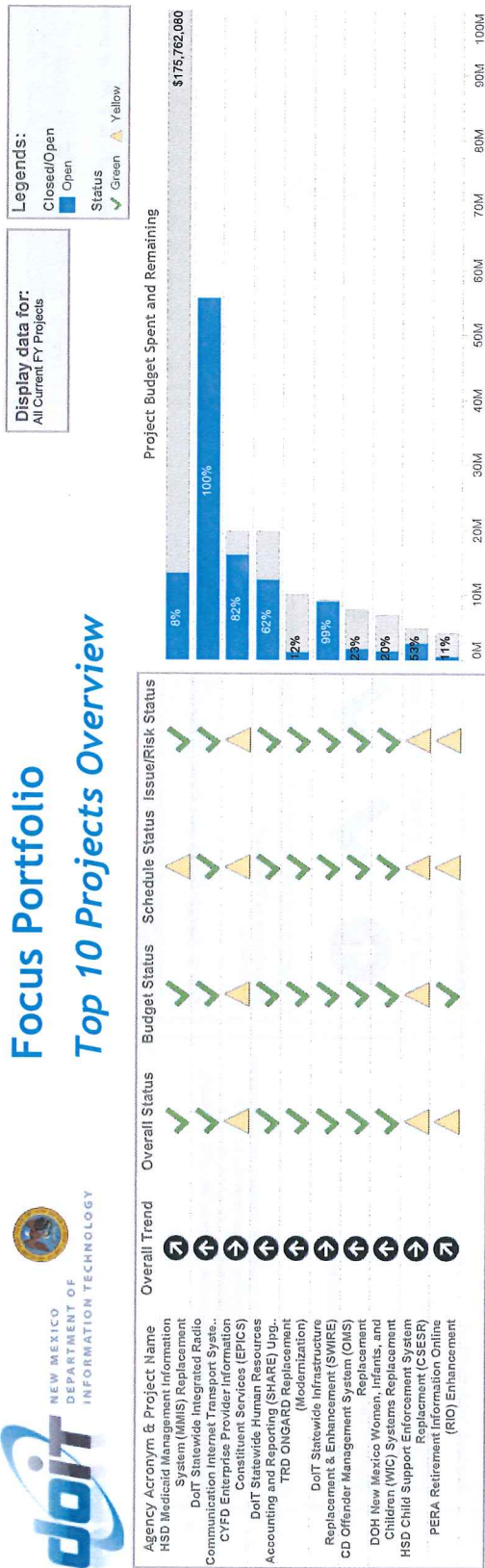
1/1/15 1/1/17 1/1/19 1/1/21 1/1/23

Data recorded as of 7/10/2017.
This project is currently up to date with its monthly reports.

IT Project Portfolio Review



Focus Portfolio Top 10 Projects Overview



New Mexico Department of Information Technology

IT Rate Development – July 2017

Overview

The Department of Information Technology (DoIT) provides IT and communication services to state agencies and other government entities. The purpose of the DoIT is to consolidate enterprise information technology services duplicated within agencies and provide additional information technology services. The IT Rate Committee (Rate Committee, 9-27-7 NMSA 1978) reviews the rate calculation for consistency and compliance with federal regulations annually. The rates are published by July 15 to be included in agency budget request for the next fiscal year.

Establishing Rates

The rates include billed (direct) service costs and allocated (indirect) service costs. Direct costs can be directly linked to services and to benefitting agencies based on usage. The allocated costs are assigned to each billed service based on a step-down expense allocation. DoIT identifies costs as billed or allocated by using reporting categories in SHARE. Depreciation expense is an allowable cost by Title 2 Part 200 of the Code of Federal Regulations (2CFR200) and is included in the rate calculation. Including depreciation expense provides DoIT with a means to replace or upgrade equipment. After expenses for billed and allocated costs are gathered for the fiscal year 2017 the usage total is applied to determine the rate by service. The current fiscal year data is used to set the 2019 rates.

Cost Recovery and Federal Requirements

Several agencies recover central service costs, such as those from DoIT, through federal awards. Federal regulations in 2CFR200 Uniform Grant Guidance (UGG) require a process that central service costs be identified and assigned to activities on a reasonable and consistent basis. The DoIT submits to Department of Finance and Administration (DFA) each year a schedule of billed service expenses and revenues for inclusion in the Statewide Cost Allocation Plan (SWCAP). DoIT is identified as an internal service fund and is allowed by 2CFR200 to maintain a working capital reserve up to 60 calendar days. The reserve is needed for DoIT to cover operating costs from one billing cycle to the next. DoIT billing is allowed to charge internal service activity for a reasonable level of working capital reserve and to fully recover costs.

Enterprise Funding

DoIT is able to deliver and manage value added shared services and commodity services more cost effectively by leveraging economies of scale and improved infrastructure management following these primary tenets:

- Aggregate commodity service purchases through negotiated volume pricing agreements
- Develop cost effective service delivery models that eliminate technology obsolescence
- Consolidate value added services more cost effectively than costly distributed models
- Chargeback model allows agencies to properly allocate federal dollars
- Establish enterprise architecture to provide predictable costs, technological advancement and process maturity.

Email and network services are good examples where savings are being realized.

Successful services are developed cooperatively with agency involvement to align IT investment with the business goals and objectives of the agencies.