

Consolidation in Action: The Michigan IT Journey

**Ken Theis, Chief Deputy Director
Michigan Department of
Information Technology**

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Today's Agenda

- ◆ Thank you for inviting us
- ◆ The Michigan journey
 - Statewide IT strategy
 - Governance: Approval and oversight
 - Purchasing power
 - Utilization of services
 - Cost-efficient and equitable access
- ◆ Top 5 lessons learned



The Michigan journey

- ◆ In 2001, all IT services consolidated into single department
- ◆ Support 19 state agencies with \$378 million annual budget
- ◆ 1,700 employees
- ◆ Support and maintain the state's:
 - Over 800 critical business applications
 - Over 55,000 desktop computers
 - Over 1,300 telecom locations



We have a common theme with the other states...

A drive for efficiency

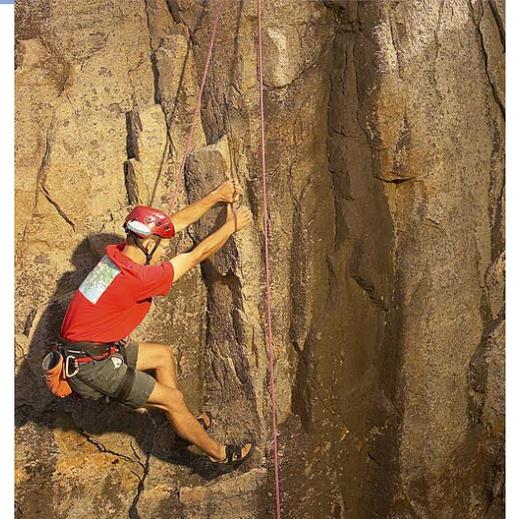
- ◆ Consolidation and shared services
- ◆ IT spending control
- ◆ Directed resources on enterprise security
- ◆ Legacy replacement
- ◆ Succession planning
- ◆ Utilization of IT to improve state and state services
- ◆ Business process improvements



All while maintaining citizen-centered services!

We encountered tough terrain

- ◆ Consolidated IT organizations into one by “decree of the king” (a.k.a., the governor)
 - Largest departmental transformation in known Michigan history
 - Done between administrations
 - Staff reduced by 15%
- ◆ Overcame agency, staff and vendor resistance
 - Hoped new governor would call a “do-over”
 - No one loves their IT staff – until they’re taken away



The secret to our success?

We went all-in!

In Michigan consolidated IT means:

- ◆ Managing the staff
- ◆ Handling the applications and the projects
- ◆ Controlling the purchasing
- ◆ Running the network
- ◆ Operating the servers



Strategy

Planning the work

- ◆ Goal 1 – MDIT Citizen Services
- ◆ Goal 2 – Transforming State Services
- ◆ Goal 3 – IT Infrastructure
- ◆ Goal 4 – People
- ◆ Goal 5 – Partnerships



It's not about planning for the sake of planning...

Strategy

Promises made, promises kept Transforming citizen service

- ◆ Michigan.gov hits up from 14.9 million in 2002 to 29.3 million in 2007
- ◆ Our one-stop 24x7 Michigan Timely Application & Permit Service (MiTAPS) is a success: 4,236 permit applications, up from 3,366 in last quarter
- ◆ Michigan's hunters & anglers 24-hour fishing licenses are now available via PDA
- ◆ E-tax filing adoption rate has doubled; benefiting citizens and the state
- ◆ Up from 31% in 2003 to 65% in 2005



Strategy

Promises made, promises kept Faster, more efficient delivery

- ◆ Closing data centers: 23 closed to date
 - Not one hour of downtime!
- ◆ Consolidating email:
700 email servers reduced to 70
 - Improving service reducing costs
- ◆ Migrating data: Nearly a Petabyte of data—equivalent to 40 million, 4-drawer filing cabinets—moved into enterprise storage
 - Facilitating data exchange, fraud detection, greater security and new partnerships
- ◆ Addressing food stamp error rates



Governance

Approval and oversight

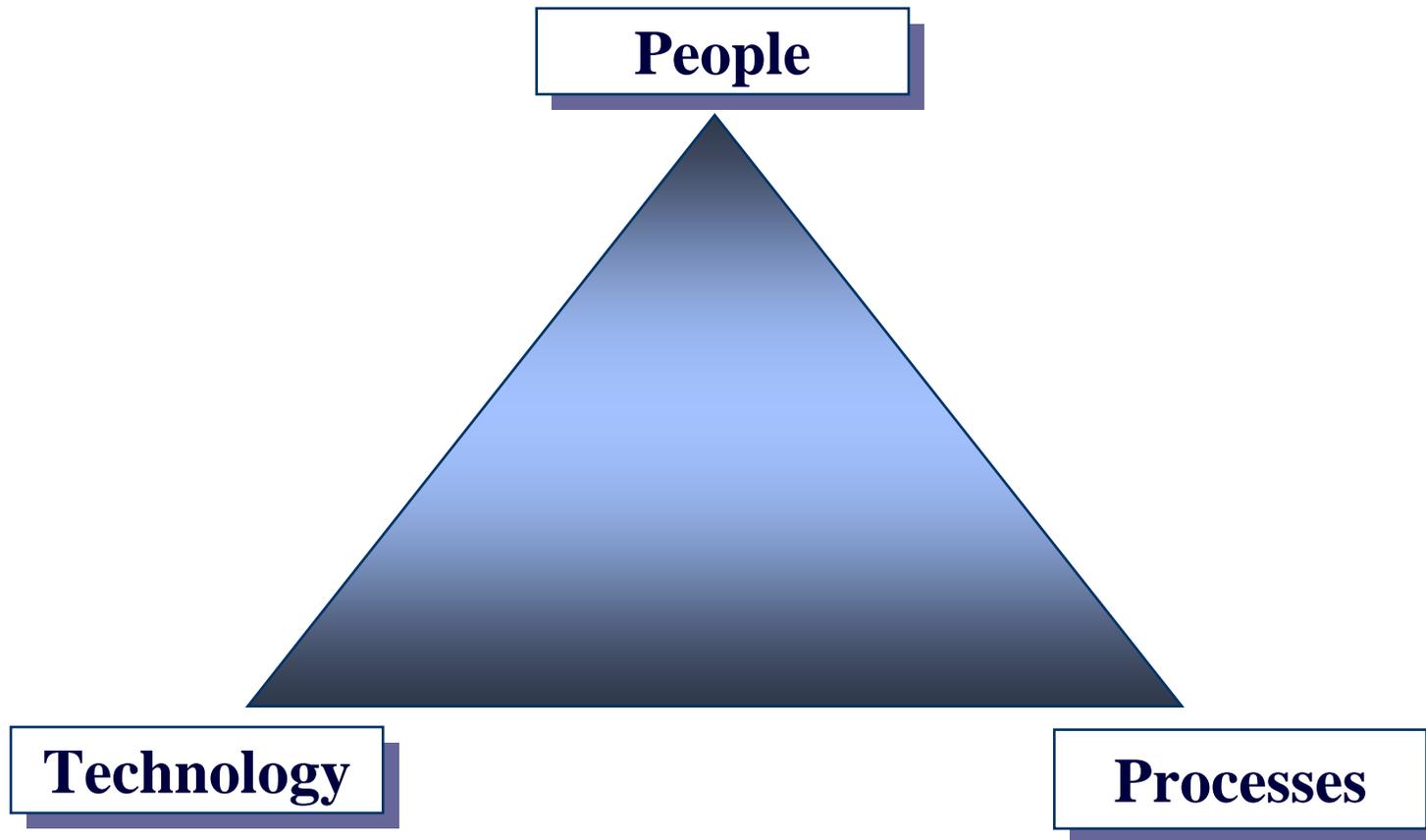
- ◆ Managing applications and projects, we drive and set expectations for clients and vendors
- ◆ In the beginning we had some challenges
- ◆ Our stalled child support enforcement system helped form our approach
- ◆ *In consolidating IT projects, we had to:*
 - Create buy-in for enterprise-wide IT
 - Handle organizational transformation



Our governance approach...

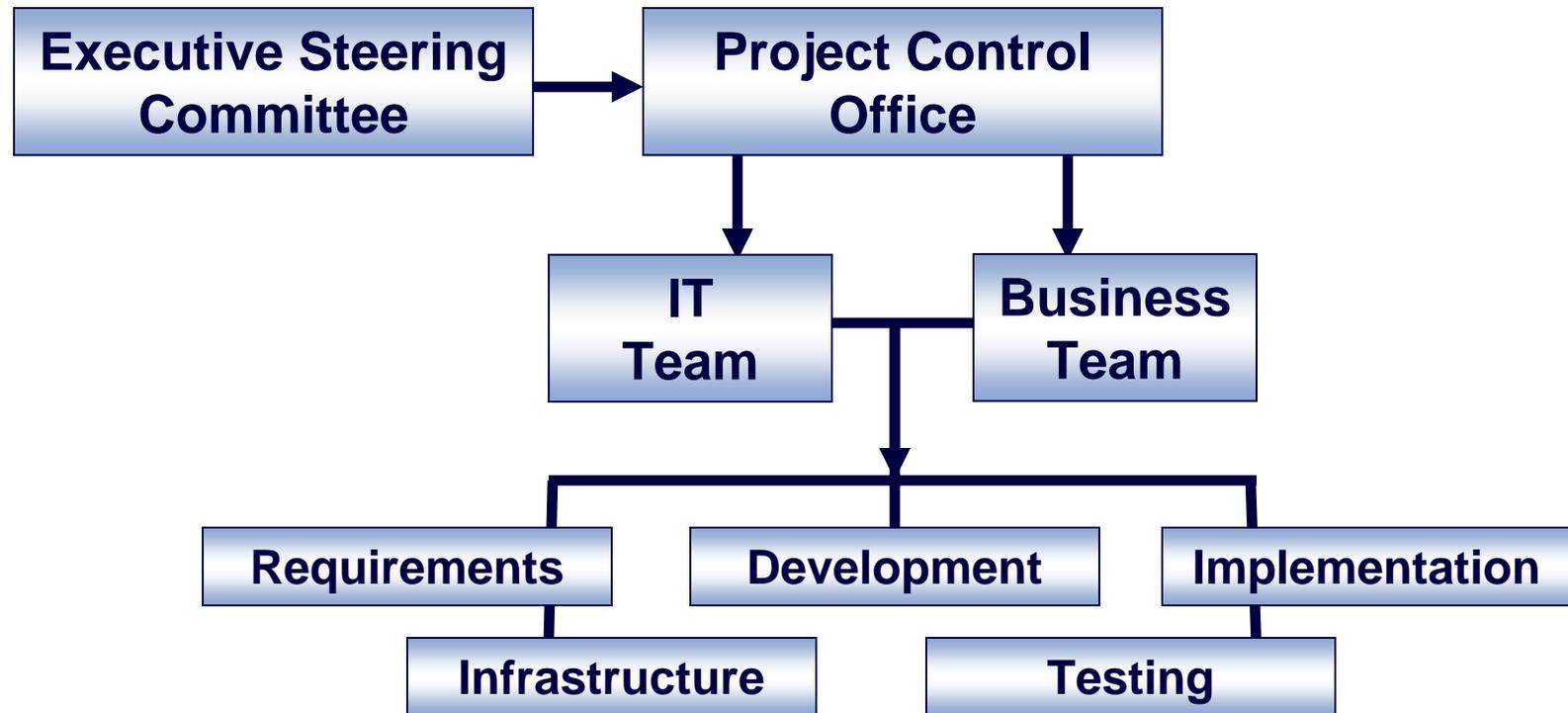
Governance

Our new standard for projects



Governance

Our project management office



The power of the purse...

Procurement

In the beginning

***With thousands of disparate contracts,
State IT procurement was all over the map:***

- ◆ Inconsistent terms and conditions
- ◆ Unpredictable service
- ◆ Different rates and pricing
- ◆ Unacceptable levels of accountability



***Like it or not, savvy systems integrators
tune into the individual who signs the invoice!***

The beauty of enterprise purchasing:

- ◆ Fewer, larger contracts and better vendor relationships
 - Contracts across agencies: email, storage, telecom
- ◆ Consolidated maintenance agreements
- ◆ Enforceable technology standards
- ◆ Centralized control of spending and new initiatives
- ◆ State sponsored programs on vendor entry, interaction
- ◆ Increased competitive bidding

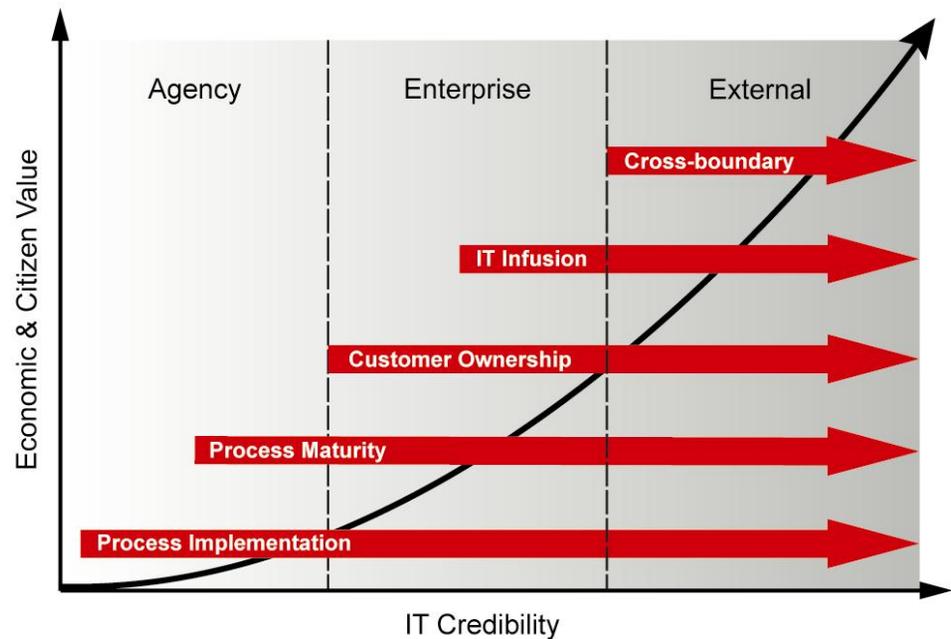
Significant savings!

If you build it, they will come...

Service Utilization of services

Our IT executive council (MITEC) brings agency stakeholders to the table:

- ◆ Business sponsorship
- ◆ Active engagement
- ◆ Moving from order fulfillment to transformational IT



Moving into agency, enterprise and then external-focused IT delivery...

Access Equitable access to data resources

- ◆ Our forward-thinking seven technology solutions are a case-in-point
- ◆ Our Office of Technology Partnerships organizes our outreach efforts
 - Formal Local & State Cross-boundary Collaboration Steering Committee
 - \$4.5 Million in HIT Grants (MDCH & MDIT)
 - Web sites created for over 70 local governments with universities and the Michigan Township Association
 - Sharing high-resolution GIS imagery with 24 counties thus far, reducing costs, increasing availability

A look at our top lessons learned...



Consolidation Tips: #5



Go for the money

- ◆ Get the customers (agencies) on your side
- ◆ Establish a customer-service mentality
- ◆ Establish credibility
- ◆ Control IT spend

Consolidation Tips: # 4



***Engage the politicians early and
Make sure the boss likes you***

- ◆ Expect legislative resistance
- ◆ Navigate the budget cycle
- ◆ Hire legislative liaison
- ◆ Build relationship with the legislators and Governor/CEO's office
- ◆ Recognize who's who

Consolidation Tips: #3



Find ways to deliver tomorrow's solutions with today's people and maintain momentum

- ◆ Expect employee resistance
- ◆ Everybody likes “common” – as long as you do it *their* way
- ◆ Lead instead of doing
- ◆ Being stubborn and persistent helps

Consolidation Tips: #2



Cabinet Action Plan

***Take brave pills – stand up
and be counted***

- ◆ Become a player – position self and organization as major force
- ◆ Develop strategic plan
- ◆ Take on Governor/CEO's initiatives



Consolidation Tips: #1

***It's not a popularity contest –
they'll never love you***

- ◆ IT transformation of government is a journey – not an end point
- ◆ Keep the faith



What have we gained from all of this?

New Perspective

- ◆ See IT as transformational
- ◆ Transformation means efficient, effective, collaborative, citizen centric
- ◆ New leadership model is evolving
 - Focus on innovation and adaptation
 - Focus externally
 - Focus on partner management
 - Command and control doesn't fit anymore
- ◆ Cross-Boundary Asset Management



The challenge is not technology

The challenge isn't about technology and how we can use it to improve service. It's about overcoming the real and complex cultural, administrative, funding and jurisdictional challenges, to put the interests of citizens, communities and clients ahead of everything else.





Teri Takai, Director, MDIT
Ken Theis, Chief Deputy Director, MDIT
www.michigan.gov/dit
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