



Ensuring transparent pricing and customer-focused IT services at WaTech

Joint Legislative Audit and Review Committee

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Audit questions



1. How well does WaTech provide IT services to customers?
2. How well does WaTech serve customers in providing price transparency?
3. Is WaTech monitoring costs for IT services and identifying strategies for balancing costs with quality?

Key findings

1. WaTech has multiple venues for soliciting customer input, but some customers do not think they are used effectively or at all.
2. WaTech does not offer its customers transparent information about how it sets prices for its services.
3. Half of WaTech's business centers are not fully recovering costs.

WaTech does not regularly compare the prices of its services to the private sector.

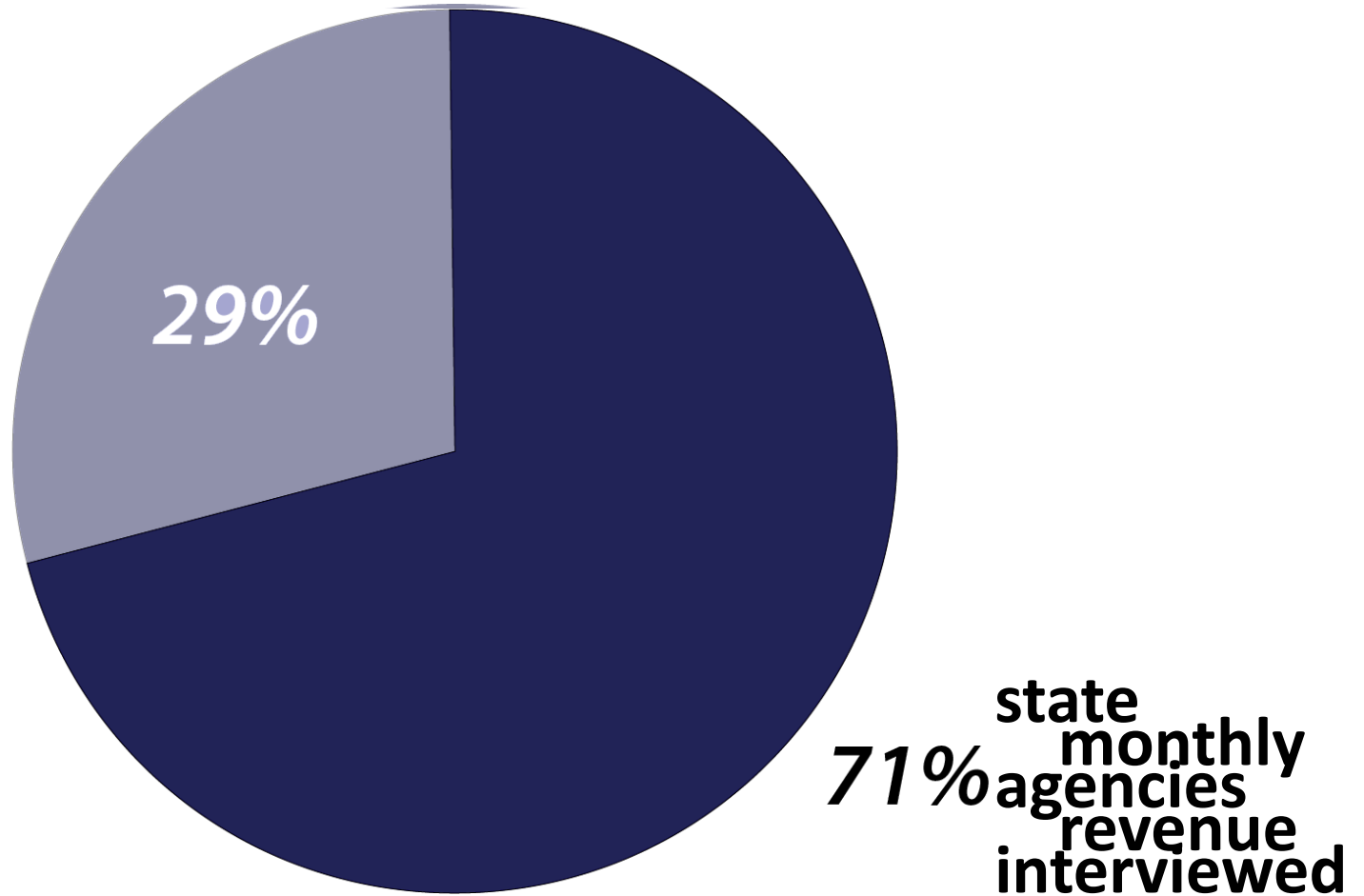
WaTech is the state's central IT provider

The Legislature consolidated three entities to form Washington Technology Solutions (WaTech). The agency must offer high quality services that:

- Meet agency needs
- Are self-sustaining
- Are competitive with the private sector

Serves close to 100 state agencies, as well as more than 200 other government and non-profit organizations, including counties, cities and tribes

Methodology

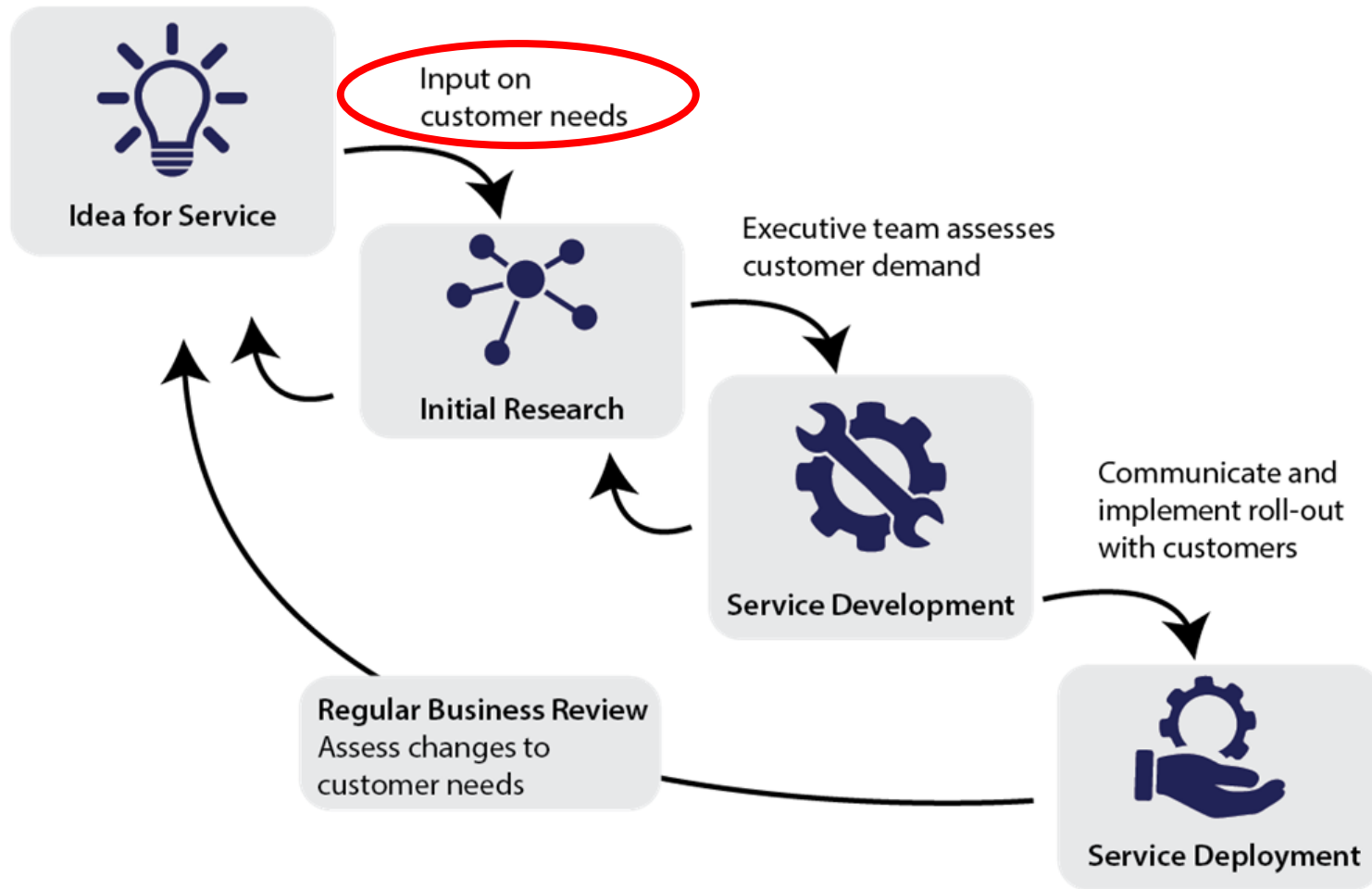


Question 1



- 1. How well does WaTech provide IT services to customers?**
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WaTech has a formal process for customer input



WaTech's customer feedback opportunities

- Quarterly customer meetings
- Customer advisory council
- Executive board
- Customer account managers
- Customer surveys



WaTech's Surveys

- **Transactional**

- completed after service tickets

- **New Service**

- done after service implementation

- **Customer Satisfaction**

- plan to complete annually



Some services do not meet agency needs

- Agencies told us that WaTech's services do not meet their needs
- For example, WaTech's vulnerability scanner was missing critical functions



Question 2



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Customers find WaTech bills confusing

For billing WaTech Support Center Remit to: Consolidated Technology Services
 and phone: (360) 586-1000 CTS Finance
 payment email: PO Box 41504
 questions: support@watech.wa.gov

Reference Number	Unit	Total
SCAN00	MINUTE	\$26.62
SCAN00	MINUTE	\$8.60
SCAN00	MINUTE	\$0.40
CENT00	DETAIL	\$35.00
CENT00	DETAIL	\$24.00

Tax Id:

Vendor #	Amount
	\$10,497.07

Please Indicate Invoice/Credit

	Item Code	
1	3321	SWITCHED LD C
2	3321	SWITCHED LD I
3	3321	SWITCHED LD CANADIAN
4	3331	WEB MEETING CENTER CONFERENCE
5	3341	CENTRAL OFFICE - OLYMPIA

Turn Top Portion With Payment

Reference Number	Unit	Total
SCAN00	MINUTE	\$26.62
SCAN00	MINUTE	\$8.60
SCAN00	MINUTE	\$0.40
CENT00	DETAIL	\$35.00
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Other states provide more informative bills



Office of
Information Technology

Intrastate Invoice

Payable to:

OAKS Vendor ID: DAS01

Treasurer of State
DAS Finance – Room 4060
30 E Broad Street,
Columbus, Ohio 43215-3414

ISTV Cross Reference: DASB

DAS - Custom Invoice with Job Number - Detail

Invoice Number: 14

Date Range: 3/1/201

Computer Usage
MARCS billing q

OH.DIR.DAS01.0000

Department of A
Attn: [REDACTED]
30 E Broad St., 3
Columbus, OH 4

ITS END-USER SUP

ITS END-USER LIMI

INFORMATION

Total for: OH.DIR.DAS01.00000000.0000.C390.777347

Invoice Total

<u>Units</u>	<u>Rate</u>	<u>Charge</u>
59.00	210.0000	12,390.00
434.00	135.0000	58,590.00
		70,980.00
		70,980.00
		70,980.00

Charge

12,390.00

58,590.00

70,980.00

70,980.00

70,980.00

State	Type	Agency	Non-Agency Client	Aggregation	Customer ID	Job Number
OH	DIR	DAS01	0000000	0000	C390	777347

WaTech has strategies to improve service

- Ask customers what billing information is useful to them
- Train employees on answering questions about invoices
- Teach customers how to use Apptio reports



Question 3

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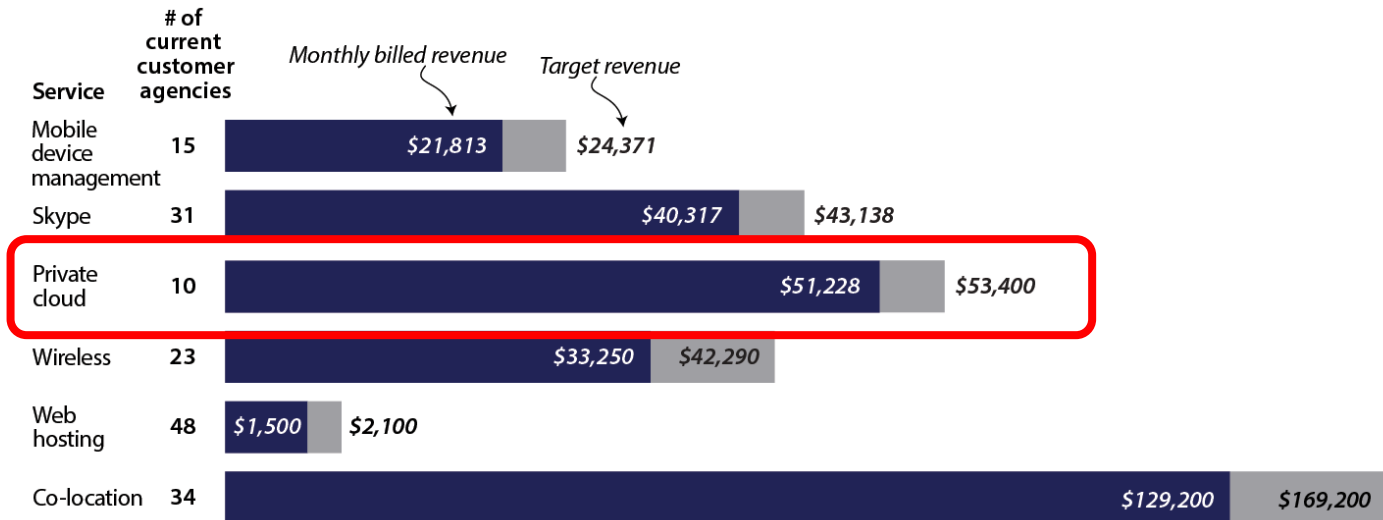


Several services continue operating at deficits

Business Centers	Beginning 2016 cash balance	Ending 2017 cash balance
Data Center	(\$2,770,068)	(\$8,195,335)
Data Network	(\$12,311,999)	(\$7,136,718)
Server Hosting	(\$1,315,224)	(\$6,187,354)
Mainframe	(\$2,517,043)	(\$3,072,280)
Cyber Security		(\$2,883,297)
Messaging	(\$1,018,604)	(\$2,232,175)
Enterprise Storage Management	(\$2,665,604)	(\$1,478,671)
Phone	(\$336,834)	(\$1,467,869)
CSD Other (includes Wireless, Remote Access)	(\$801,429)	(\$1,346,486)
Other E-Gov		(\$1,156,056)
Desktop & Network, Applications	(\$1,861,856)	(\$686,498)
Disaster Recovery	\$50,067	(\$305,569)
Forensics		(\$33,914)
Content Management	\$363,472	\$26,000
Jindex, TLA	(\$12,912)	\$48,186
Geospatial Portal, WAMAS	(\$63,252)	\$87,897
Web Platform		\$215,083
WABOS/Access WA	\$375,028	\$272,687
CSD Security		\$1,131,414
Enterprise Solutions, SWV Unit, Warrants	\$5,849,468	\$6,138,893

WaTech has strategies to balance its budget

- Reviewed and implemented options to recover costs for some of the services that operate at deficits
- Cut spending
- Developed targets for increased revenue and a balanced budget

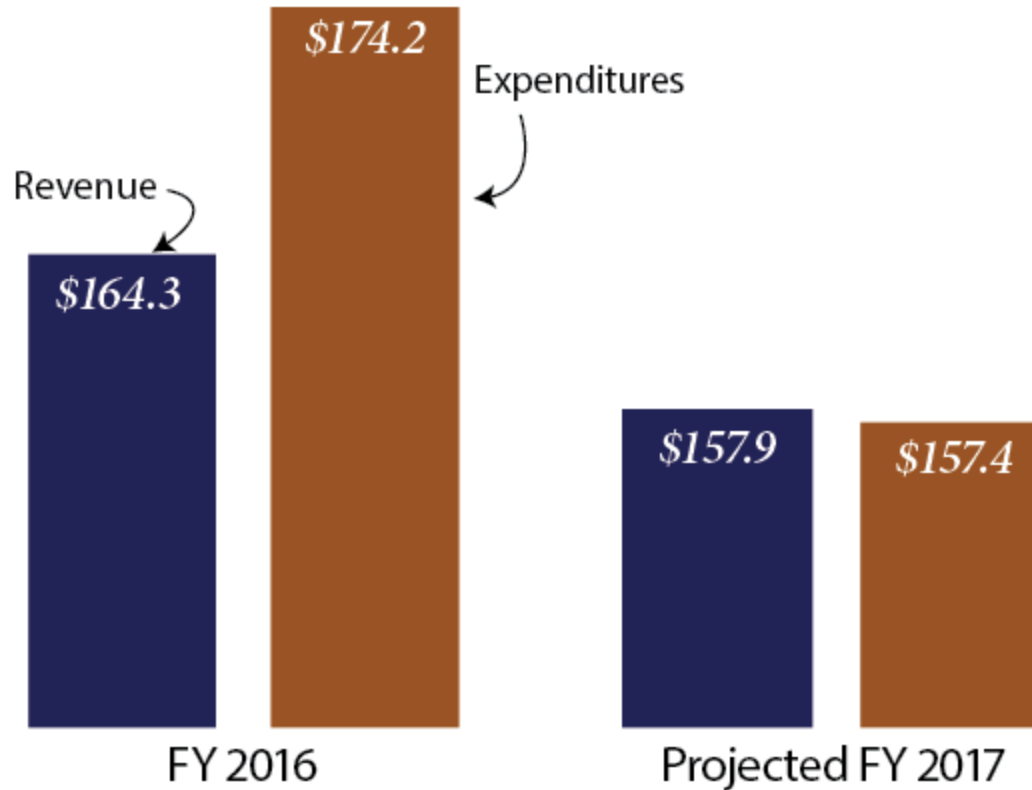


Source: WaTech's 2017 Quarter 2 Dashboard.

WaTech has decreased its deficit

WaTech projected it will balance its budget in fiscal year 2017

Dollars in millions







Source: Auditor prepared using data from WaTech.

WaTech could not demonstrate competitive pricing

- WaTech policies require it to offer competitive pricing
- WaTech has completed some price comparisons but not for all of its services
- Seven of the nine agencies interviewed think WaTech's prices are too high

Recommendations in brief

-  Work with customers to better incorporate their feedback into IT service decisions
-  Continue to develop plans to fully recover costs
-  Provide customers clearer information on cost components for IT service rates and other billing information
-  Periodically review IT services for competitiveness, sustainability and customer need

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