

To: Chief Information Officers  
Chief Financial Officers

From: Stu Davis, State Chief Information Officer, DAS Assistant Director *SED*

Subject: FY16 Service Rates

Date: September 27, 2015

Dear Colleagues:

Fiscal Year 2016 Office of Information Technology service rates have been finalized. As discussed in the February preliminary rate guidance, there were two services under development, Office 365 and Ohio One Network. Ohio One Network is a grouping of Enterprise network services, common to all agencies that will provide consistent and uniform statewide connectivity. Microsoft Licensing will replace Office 365 covering all agencies under the Microsoft Enterprise agreement, assuring license compliance and standardized applications.

Ohio One Network	2.55% of FY15 (Q1-Q3) agency total IT state level <i>operational</i> spend
Microsoft Licensing	Office 365 - Percent of an agency's employees & contractors compared to all state employees & contractors. Using March 2015 HCM data, this rate would equal:
	(G3) \$13.00
	(Educational G3) \$5.93
	(K1) \$9.43
Microsoft License Administration	\$6.65 per employee & contractor

There has been a change in the cost structure of server rates to better align with state infrastructure direction. The objective is to drive toward a virtual environment. Virtual managed servers using current hardware and operating systems are the most cost efficient and secure method of delivering service. This also allows for the greatest value derived from our substantial economy of scale.

For FY16, the server costs, as a group, remain at the level detailed in the February 2015 preliminary rate guidance. Individual server rates however, have been modified. The rate for virtual managed services will decrease. The costs for physical servers will increase. This is to better align cost to revenue and as an incentive to migrate to the most cost effective solution, where feasible. The method of calculating the rate for each service is unchanged. FY16 server rates are:

AIX Systems - Memory Expansion	\$10.00
AIX Systems – CPU Expansion	\$155.00
AIX Systems	\$315.00

Server Virtualization	\$110.50
Server Virtualization-Managed	\$182.00
Server Virtualization-Memory Expansion	\$5.00
Server Virtualization-CPU Expansion	\$10.50
Windows Support Services	\$1,215.00

Beginning in FY16, there will also be a cost supplement for maintaining AIX and Windows servers with operating systems that are end of life and no longer supported. Lack of support for these servers create security concerns for the Enterprise.

AIX System Legacy Support	\$640.00/server/month
Windows Legacy Support	\$1,000.00/server/month

### e-Payment Business Solutions

DAS/OIT's e-Payment Business Solution allows state agencies to accept electronic credit card and ACH payments from customers. Based on changes in contract cost and associated volume, the fee for this service will change from a preliminary rate of .11/transaction to .17/transaction.

### Centrex Support Service

The Centrex Support service, as well as the state's Centrex service overall including voicemail, will be discontinued during FY16. Thus far, over 23,000 phones across state government have been transitioned to our hosted VoIP service accounting for approximately 5.3 million dollars in savings over the first 18 months. In order to encourage the transition to VoIP and to balance declining revenue with residual cost, the rate for the support service component will increase to \$8.50 per line beginning January 1, 2016. If you need assistance in migrating to VoIP, please contact Eric Schmidt at 614-466-2741 [Eric.Schmidt@das.ohio.gov](mailto:Eric.Schmidt@das.ohio.gov), or contact Vonda Dilley of CBTS at [614-674-1023](tel:614-674-1023)/[Vonda.Dilley@cbts.net](mailto:Vonda.Dilley@cbts.net)

### Ohio One Network

The State of Ohio's One Network is a unified solution that brings together design, engineering, operations, service delivery, security, mobility, management, and network infrastructure to target and solve key government challenges by focusing on processes, procedures, consistency and accountability across all aspects of state, city and local government.

Previous services that have been combined to provide this unified solution include: Ohio.Gov Backbone, OARNet, Connection Management, Firewall, Client VPN, Internet Bandwidth, Dedicated Network, Aggregate Port Management, Aggregated Port Pass-through, Virtual Connectivity, Virtual Connection Bandwidth. This service provides circuit and network installation and monitoring, incident resolution and change management via the Customer Service Center, routine maintenance, service monitoring and alerting, service provisioning and implementation, and quality of service (QoS) support.

- **Cost-savings** - The customer will benefit from economies of scale by statewide consolidation of network personnel; requiring fewer resources to support agencies networks. Additional network saving will be realized by enterprise network monitoring instead of individual agency procurement of hardware and software.

- **Efficiency** - This service is delivered in a manner that requires fewer resources (i.e. network personnel, equipment and connectivity) to meet the operational demands of the customer. Agencies will benefit from statewide volume buying of network connectivity services that support multiple agencies and locations.
- **Support** – DAS/OIT provided network services support 24x365 with a single state team to cover all contingencies. Experienced DAS/OIT staff will be available for all planning, provisioning and maintaining network services.

The cost of this service is recovered through an annual allocation of network costs to all cabinet agencies, boards and commissions based on the agency's state level IT operating expenditures, quarters one through three. The service will be available to elected offices and other state entities on a case by case basis.

#### **Microsoft Licensing (Pass-Through):**

Beginning July 1<sup>st</sup>, there will be no separate Microsoft Exchange invoice costs. All agencies will participate in the Microsoft Office 365 licensing service regardless of their migration status. The contract with Microsoft includes three distinct license types:

- **Microsoft Licensing – G3** includes complete licensing through Microsoft for cloud and client usage of the Office product suite.
- **Microsoft Licensing – Educational G3** includes the same licensing at Microsoft's educational discounted pricing. Only agencies that qualify and have been certified to consume academic licensing can use this service type.
- **Microsoft Licensing – K1** includes licensing through Microsoft for cloud usage only. This license type cannot be installed on a P.C. and must be accessed through a web browser.

The cost of this contract is recovered through a quarterly allocation of contract costs to all agencies, boards and commissions based on the percentage of employees and contractors for each license subscription type. A quarterly count of employees and contractors of all cabinet agencies, boards, and commissions is obtained from OAKS HCM.

During the FY16 4<sup>th</sup> quarter, DAS will request that each agency revalidate the number of users by license type. License types determined by agencies during this validation cannot be changed for the duration of the fiscal year. This is to assure agencies are allocated accurate contract costs and that the assigned license types meet agency requirements.

#### **Microsoft License Administration**

Microsoft License Administration provides the resources necessary to create, maintain, and manage the licensing structure for agencies and users to ensure appropriate licensure level of all agencies. This service is now inclusive of Microsoft Exchange Mail services providing integrated e-mail and information management either through on premise exchange services or the Microsoft cloud solution of Office 365.

The cost of this service is recovered on a quarterly basis through a rate per employee or contractor. The quarterly count of employees and contractors of all cabinet agencies, boards, and commissions is obtained from OAKS HCM.

**AIX Systems Legacy Support:**

This new rate covers the increased support costs experienced by DAS/OIT in the attempt to maintain legacy AIX servers beyond the manufacturers support life cycle for operating systems and hardware (e.g. AIX 5.3, extended software support contracts, or older than Power 7 hardware). In addition, many of the standard support tools used for centralized management do not operate on the legacy systems requiring manual processes adding to increases to support staff time to adequately support.

To assist with minimizing the number of legacy systems, DAS/OIT staff will assist agencies with all migration efforts in relocating systems from the legacy environment to newer, more cost effective, hardware and operating systems.

The cost of this service is recovered through a monthly rate per server based on the inventory of servers that are not operating within the current operating standards.

**Windows Legacy Support:**

This new rate covers the increased support costs experienced by OIT in the attempt to maintain legacy Windows servers beyond the manufacturers support life cycle for operating systems such as Windows 2000 or 2003. These older operating systems require specialized support contracts with the manufactures to ensure DAS/OIT staff have the ability to obtain support and security patches past their life cycle. In addition, many of the standard support tools used for centralized management do not operate on the legacy systems requiring manual processes adding to increases to support staff time to adequately support.

To assist with minimizing the number of legacy systems, DAS/OIT staff will assist agencies with all migration efforts in relocating systems from the legacy environment to newer, more cost effective, hardware and operating systems.

The cost of this service is recovered through a monthly rate per server based on the inventory of servers that are not operating within the current operating standards.

**Other Potential Services**

As OIT proceeds with the IT Optimization project, there are numerous additional services that have been identified to meet the needs of Ohio's agencies. Within FY 2016, we anticipate developing rates for the following services:

- **Hosted Document Management**, a service that will include document management software hosted in the OIT environment.
- **Metro Site Facility Charge** which will provide second site server and storage redundancy at a private site within the Metro-Columbus area.
- **Application Performance Monitoring** will allow consumer agencies and OIT to track application, database, server, and network performance to assist in triage of application performance issues for mission critical applications.
- **Database as a Service** provides customers an enterprise database solution that is easy to use and simple to update without incurring the cost of setting up and maintaining an enterprise database environment through which scaling, load balancing, failover and backup can all be managed.

In order to be consistent across all applications that contain service descriptions, we have updated several service names. The goal is to have the same description in the service catalog, the invoice and any other material published that includes a service rate component. A service name cross walk with the FY16 rate sheet will be posted on the DAS OIT Business Office web page in the next few days.

<http://das.ohio.gov/Divisions/InformationTechnology/ITBusinessOffice>

Please feel free to contact me or any of the DAS team if you have questions. The DAS/OIT Business Manager, Stephen Boudinot is the primary contact for invoicing issues and cost analysis. He can be reached at 614-466-9389 or [stephen.p.boudinot@das.ohio.gov](mailto:stephen.p.boudinot@das.ohio.gov).