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## Background

### **Joint Informational Hearing:**

### **“CalCloud Procurement: State and Vendor Participation”**

Wednesday, March 9, 2016  
10:00 a.m., Room 437

### Hearing Objectives

The California Department of Technology (CDT) falls within the oversight jurisdiction of both the Accountability and Administrative Review (AAR) Committee, as to information technology procurement, and the Privacy and Consumer Protection (PCP) Committee as to CDT oversight generally. The purpose of this oversight hearing is to receive an update from CDT on its progress in bringing CalCloud services to state agencies.

At the hearing, CDT will present information on its recently renegotiated Infrastructure as a Service (IaaS) contract with IBM, which has sharply reduced the cost of IaaS to state agencies. CDT will also present information on new security features recently added to CalCloud as well as its recently launched Vendor Hosted Subscription Service (VHSS), which now offers to state and local agencies numerous cloud-based, vendor-hosted software services, such as email and office productivity software.

### California Department of Technology’s Role, Responsibilities, and Leadership

CDT, formerly known as the California Technology Agency, is responsible for both *approval* and *oversight* of the state’s large information technology (IT) projects. CDT’s current annual budget is \$379 million (\$379,000,000) and the agency has 902.7 full-time employees. CDT also has eight separate divisions and offices within it.<sup>1</sup> Bringing these responsibilities under one state agency is new for California. Until 2012, the Department of General Services had procurement authority over IT projects, but this authority was shifted to CDT as part of Governor Jerry Brown’s 2012 Government Reorganization Plan. CDT is now housed under the Government Operations Agency.

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<sup>1</sup> Broadband and Digital Literacy Office; California Information Security Office; Consulting and Planning Division; Enterprise Architecture Office; IT Project Oversight and Consulting Division; Office of Professional Development; Office of Technology Services; and Statewide Technology Procurement Division.

### **CDT Current Leadership**

Carlos Ramos	Director and State CIO
Chris Cruz	Chief Deputy Director, Operations
Andrea Wallin-Rohmann	Chief Deputy Director, Policy
Melissa Matsuura	Deputy Director, Administration
Adelina Zendejas	Deputy Director, Broadband and Digital Literacy
Michele Robinson	California State Chief Information Security Officer
Tamara Armstrong	Executive Director, Project Management Office
Rolundia Mitchell	Deputy Director, Customer Delivery Division
Keith Parker	Information Security Officer, Information Security Office
Ben Word	Chief State Enterprise Architect
Scott Paterson	Deputy Director, Enterprise Solutions
Janice Campbell	Manager, Equal Employment Opportunity
Teala Schaff	Deputy Director, External Affairs, Communications
Scott Gregory	Deputy Director, Geospatial Information Systems (GIS)
Rebecca Stilling	Deputy Director, IT Project Oversight and Consulting
Michael Deraya	Chief Information Officer, IT Services
Anthony Lewis	Chief Counsel
Shanda Chaudhry	Assistant Deputy Director - Legislation
Robert Schmidt	Chief, Office of Technology Services
Manveer Bola	DPM III, Policy
Christie Borchin	Deputy Director, Professional Development
Marnell Voss	Deputy Director, Statewide Technology Procurement

By centralizing IT procurement and oversight under CDT, the State of California can more readily apply lessons learned from prior IT procurements, create better IT project bid requirements and contracts, and shorten the overall IT procurement process, which should ultimately improve the chances of success for the state's major IT projects (i.e., on time and within budget).

In addition to its role as the centralized agency for IT procurement, CDT also manages the state's IT infrastructure and provides training services to the ranks of in-house IT professionals who work at state agencies and departments. CDT's Office of Information Security bears much of the responsibility for the state's cybersecurity and privacy programs.

### **CalCloud**

"Cloud computing" is a term that describes the use of remotely deployed groups of computer servers and software networks that permit users to centralize data storage and access computer services and resources online. In theory, by moving data storage, software operation and other functions from individual computers or local networks to a remote network somewhere else (i.e., the 'cloud'), users can reduce costs and improve

performance through greater economies of scale and more efficient use of computing resources. By focusing more on the service and less on the hardware, cloud computing is intended to lower upfront infrastructure investments, usually in favor of a utilization-based, pay-as-you-go pricing model.

In 2014, CDT launched CalCloud-Infrastructure (CalCloud), a public-private partnership designed to leverage the efficiency and flexibility of cloud computing while maintaining state control over the provision of cloud-based services. CalCloud was provided by IBM through CDT's Office of Technology Services (OTS). OTS offers a range of cloud computing services to state agencies on a subscription basis.

### **Progress since March 2015 Oversight Hearing**

Below is a brief summary of CDT's progress since the March 2015 oversight hearing:

In August 2015, CDT renegotiated its contract with IBM to drastically reduce rates for CalCloud services to state and local agencies. According to CDT, the state incurred no front end or back end costs for the project, and government agency customers pay a subscription rate based on the CalCloud services they actually use.

As of March 2016, 28 state agencies were receiving CalCloud IaaS services with 105 servers and 120 applications provided. One year ago, CDT had 14 CalCloud IaaS customers, with only 27 servers. State agencies currently using CalCloud now include:

- Board of Equalization
- Board of State and Community Corrections
- California Bar Association
- California Board of Accountancy
- California Correctional Health Care Services
- California Department of Technology
- California Health Benefit Exchange
- California Public Utilities Commission
- City of Rohnert Park
- Department of Aging
- Department of Child Support Services
- Department of Corrections & Rehabilitation
- Department of Food and Agriculture
- Department of Health Care Services
- Department of Motor Vehicles
- Department of Public Health
- Department of Rehabilitation
- Department of Social Services
- Emergency Medical Services Authority
- Employment Development Department
- Environmental Protection Agency
- Financial Information System for California (FI\$Cal)
- Governor's Office of Business & Economic Development

- High-Speed Rail Authority
- Office of Environmental Health and Hazards Assessment
- Office of Systems Integration - CWS
- Secretary of State
- State Controller's Office

CDT is currently in the assessment/planning phase with the following agencies, for new or additional CalCloud servers, and anticipates more servers will be built in CalCloud to host customer applications, in 2016:

- Board of Equalization (8 servers)
- Department of Child Support Services (139 servers)
- Department of Corrections & Rehabilitation (83 servers)
- Department of Education (35 servers)
- Department of Transportation (servers TBD)
- Department of Motor Vehicles (servers TBD)

As of March 2016, for VHSS services specifically, the following 48 agencies have subscribed or are in the process of subscribing to the five newly launched VHSS services, including web conferencing, timekeeping software, electronic signatures, training management, and case management systems. Some departments have multiple VHSS services:

#### Customer Relationship Management (CRM) – 13 Agencies

- Alcoholic Beverage Control
- California Conservation Corps
- California Department of Technology
- California Environmental Protection Agency
- California Health Benefit Exchange
- Department of Health Care Services
- Department of Industrial Relations
- Department of Motor Vehicles
- Department of Toxic Substance Control
- Department of Transportation
- Fair Political Practices Commission
- Governor's Office of Business & Economic Development
- Office of Systems Integration

#### Project and Portfolio Management (Clarity) – 4 Agencies

- California Department of Technology
- California State Teachers' Retirement System
- Department of Health Care Services
- Ventura County

IT Services Management (Remedy on Demand) – 3 Agencies

- California Department of Corrections and Rehabilitation
- California Department of Technology
- Department of Motor Vehicles

Office Productivity (Microsoft Office 365) – 40 Agencies

- Agriculture Labor Relations Board
- California Air Resources Board
- California Conservation Corps
- California Department of Aging
- California Department of Business Oversight
- California Department of Child Support Services
- California Department of Developmental Services
- California Department of Forestry & Fire Protection
- California Department of Public Health
- California Department of Social Services
- California Department of Technology
- California Environmental Protection Agency
- California State Library
- California State Transportation Agency
- California Tahoe Conservancy
- City of San Rafael
- Department of Community Services
- Department of Fair Employment Planning and Housing
- Department of Fish and Wildlife
- Department of Food and Agriculture
- Department of General Services
- Department of Health Care Services
- Department of Industrial Relations
- Department of Managed Health Care
- Department of Motor Vehicles
- Department of Rehabilitation
- Department of State Hospitals
- Department of Toxic Substance Control
- Department of Transportation
- Department of Veteran Affairs
- Department of Water Resources
- FISCAL
- High Speed Rail Authority
- Medical Board of California
- Office of Health Information Integrity

- Office of Statewide Health Planning and Development
- Office of Traffic Safety
- State Coastal Conservancy
- State Lands Commission
- Victims Compensation & Government Claims Board

Government Cloud Email – 4 Agencies

- Agriculture Labor Relations Board
- California Department of Social Services
- California Environmental Protection Agency
- Department of Toxic Substance Control

As of March 2016, the following vendors provide products or services in CalCloud IaaS:

- AT&T
- AT&T Security on Demand
- CISCO
- Fortinet
- IBM
- Intel
- Microsoft
- NetApp
- Oracle
- Red Hat
- VMWare

In addition, the following vendors provide products or services in CalCloud VHSS:

- BMC
- CA Technologies
- Microsoft
- Salesforce

In April 2016, CDT plans to award contracts (under a nearly finished RFP process) to vendors who can assist CDT with helping state agencies assess readiness to switch over to CalCloud. Once contracts are awarded CDT will have the capacity to visit the numerous agencies that have signed up for a CalCloud readiness assessment, which will in turn expedite bringing additional state agencies over to CalCloud.

## **Potential Questions for CDT**

- 1) How did the pricing structure of CalCloud change and how much money was saved when CDT renegotiated the IBM contract?
- 2) Is CalCloud more secure, from a cybersecurity standpoint, than the networks and databases that are still maintained by individual state agencies? If so, how?
- 3) Roughly what percentage of the state's overall storage, networking, application and computing capacity is currently held in CalCloud?
- 4) How much time will CDT need to onboard *all* state agencies into CalCloud?
- 5) Has CDT created a detailed set of interim goals or targets for the next two to five years for CalCloud?
- 6) How many vendors provide services through CalCloud – either as part of Infrastructure as a Service (IaaS) or Vendor Hosted Subscription Service (VHSS)?
- 7) Can you give us some specific examples of the benefits and cost savings achieved through the new VHSS offerings at CalCloud?

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