

# State of the States: CIO Priorities, IT Trends and Public Policy Issues

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DIGITAL GOVERNMENT SUMMIT

GOVERNMENT TECHNOLOGY  
EXECUTIVE EVENTS

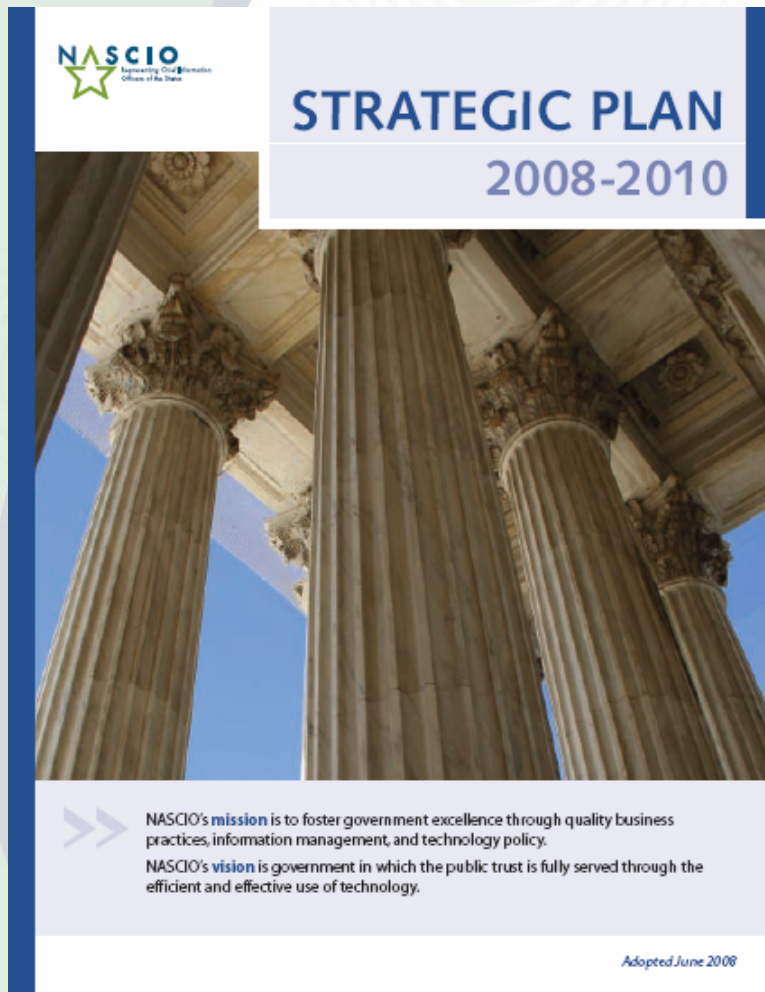
OCTOBER 20 & 21, 2008

## About NASCIO

- ❖ NASCIO represents state chief information officers and information technology executives from the states, territories and D.C.
- ❖ NASCIO's mission is to foster government excellence through quality business practices, information management, and technology policy.



# NASCIO's Goals



- ❖ NASCIO is the premier network and resource for State CIOs
- ❖ Advance state CIOs as key members of the leadership team
- ❖ NASCIO is an effective advocate for IT policy at all levels of government

# State IT Landscape Today

- ❖ IT security and risk impact!
  - Critical infrastructure protection
  - Risk from insider threats
  - Cyber preparedness – uneven state investments
- ❖ Continued consolidation - IT infrastructure and more
- ❖ State IT workforce: retirement wave, skills needed, challenge of recruiting
- ❖ Data management: quality and sharing
- ❖ Impact from federal laws, cost allocation, changing programs and unfunded mandates

# Major Challenges of State CIOs

- ❖ Bringing the focus to the “enterprise”
- ❖ Cross functional collaboration - across and beyond state government
- ❖ State IT workforce – skills and demands
- ❖ Facilitating efficient, safe exchange of data
- ❖ Managing risks – projects, data loss
- ❖ IT investment management
- ❖ Managing and cultivating funding



# State CIO Priorities: 2009

1. **Consolidation:** infrastructure, services, operations, resources,
2. **Shared Services:** sharing resources, services, infrastructure
3. **Budget and Cost Control:** managing budget reduction, cost savings
4. **Security:** Tightening security safeguards, enterprise policies,
5. **E-Records Management/Digital Preservation/E-discovery**
6. **ERP Strategy:** acquisition, implementation, expansion, upgrade
7. **Green IT:** policies, energy efficiency, power management, green procurement, e-waste
8. **Transparency:** open government, accountability, performance
9. **Health Information Technology:** Assessment, partnering, implementation
10. **Governance:** improving governance, data

# Why Consolidation? The Reality of State IT



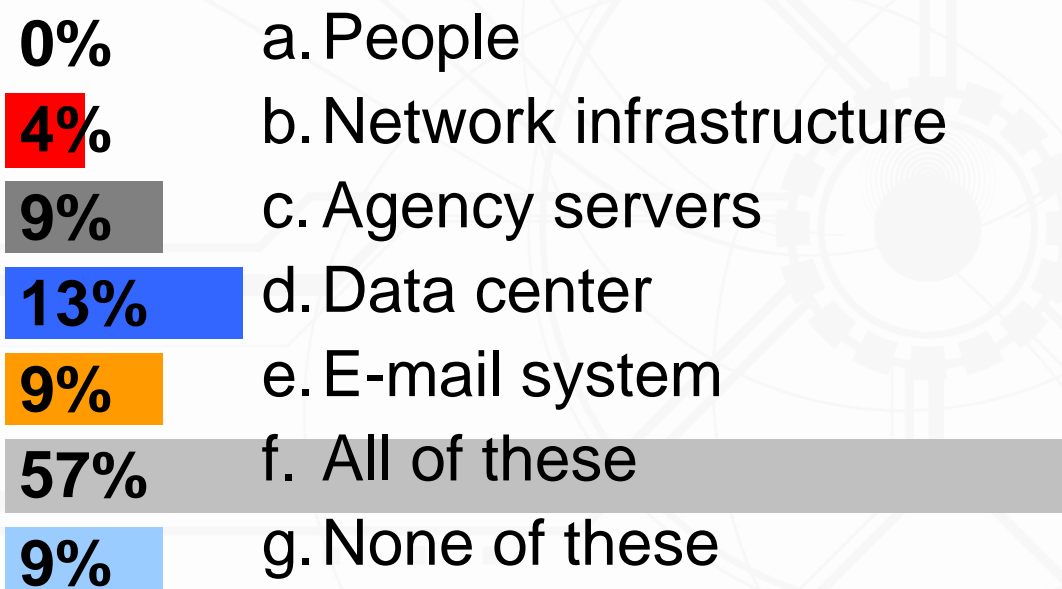
## 4. Your FY 2009 spending will be focused on: (State Attendees Only – *Select your TOP priority*)

- |            |                                 |
|------------|---------------------------------|
| <b>46%</b> | a. Infrastructure consolidation |
| <b>5%</b>  | b. Data security                |
| <b>5%</b>  | c. Document management          |
| <b>27%</b> | d. Replacing legacy software    |
| <b>0%</b>  | e. Boosting storage capacity    |
| <b>17%</b> | f. New Harley's for IT staff    |

## 10. What is the #1 business driver for consolidation?

- 2% a. Disaster Recovery
- 8% b. Service Level Management
- 3% c. Energy Savings
- 6% d. Improved security
- 81% e. Operational cost reduction

## 9. (State Attendees Only) Where is the focus of your state's consolidation initiative?



## 11. (State CIOs Only) My biggest obstacle to realizing a consolidated technology infrastructure in 2009 is:

- 25%** a. A lack of internal IT resources to dedicate to planning and implementing the project
- 46%** b. Resistance from departmental/agency stakeholders that want to “control” their own networks
- 4%** c. Funding to implement the new design
- 4%** d. Higher priority projects
- 21%** e. Cultural resistance to change

## 8. (State Attendees Only) Consolidation in my state is:

**27%** a. Still in the planning stages

**29%** b. A project just now underway

**31%** c. About 50% complete

**12%** d. "Virtually" finished

# IT and Solution Priorities

1. Virtualization: servers, storage, computing
2. Document/Content/E-mail management
3. Legacy application modernization and upgrades
4. Networking, voice and data communications
5. **Web 2.0: services, collaboration, social computing**
6. **Green IT: technologies and solutions**
7. Identity Access and Management (IAM)
8. Geospatial Analysis and GIS
9. **Business intelligence and analytics**
10. Mobile workforce enablement

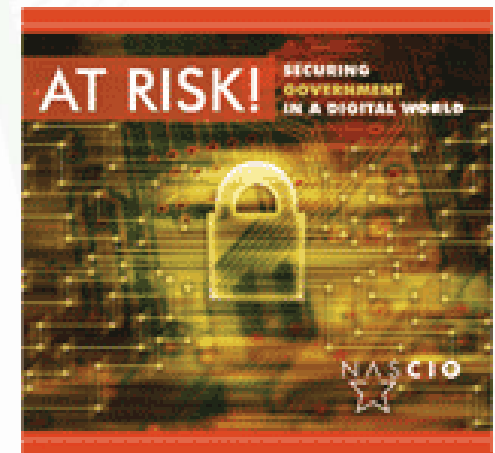
# States Adopting More Business Disciplines in IT to Manage Risk

- ❖ Enterprise Governance
- ❖ Enterprise Architecture: blueprint for better government
- ❖ Organizational Transformation & Change Management
- ❖ Project and Portfolio Management
- ❖ Service Management
- ❖ Performance metrics



# Cyber Security and the States

- ❖ Critical infrastructure protection
- ❖ Spam, hacking, spyware, malware, phishing and network probes up!
- ❖ More aggressive threats – organized crime, geopolitical attacks
- ❖ Growing role of state CISO
- ❖ Investments by state CIOs
- ❖ Challenges of data protection



# The Insider Threat is REAL!

- ❖ IT security incidents:  
61% caused by  
insiders
- ❖ Employee awareness  
and education is  
critical – best ROI
- ❖ Asset management  
and data protection



# Disaster Recovery & Business Continuity

- ❖ *Government at Risk*: critical infrastructure protection
- ❖ Aging state data centers
- ❖ Critical business recovery
- ❖ State ready for pandemic?
- ❖ IT resiliency and the continuity of government
- ❖ CIO challenge: making the business case for the investment



# Facing the IT Workforce Challenge

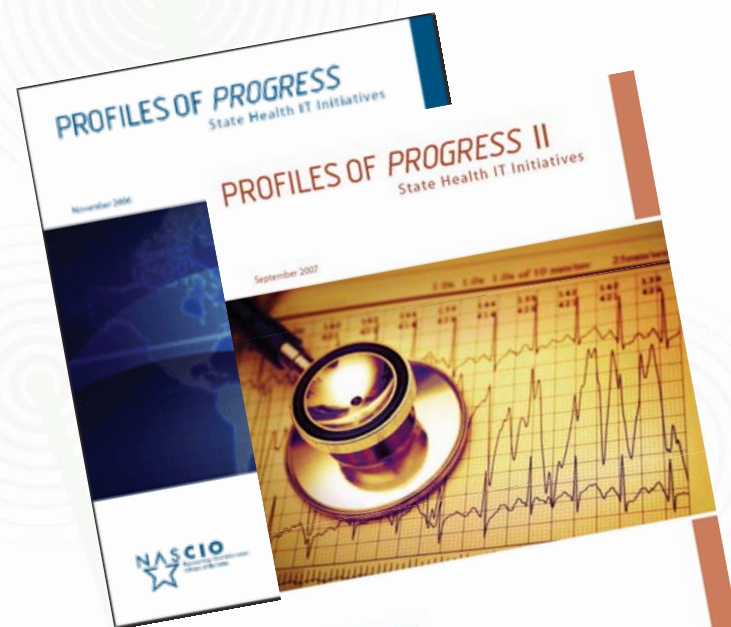


- ❖ Over 27% of state IT workforce will be eligible to retire in 5 years
- ❖ Who will actually retire and when? Changing?
- ❖ How best to address the skills gap?
- ❖ Best practices for recruiting and retaining IT workforce

# The States and Health IT

- ❖ Significant role of state in healthcare as ...
- ❖ Payer – Medicaid, SCHIPs, other programs
- ❖ Provider – increased emphasis on quality of service
- ❖ Purchaser – over 5 million employees nationwide

**A top public policy issue for  
the Governors**

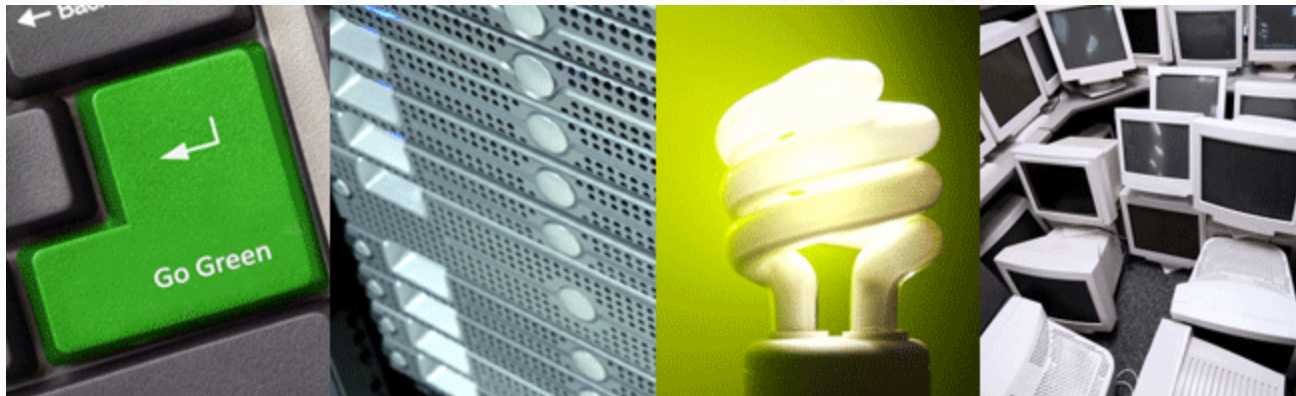


# Health IT: Complex State Issues

- ❖ Appropriate federal role?
- ❖ Interoperability – information exchange
- ❖ Data standards and formats
- ❖ Medicaid coverage, waivers, innovations
- ❖ Legal, regulatory and administrative barriers
- ❖ Lack of funding and incentives to accelerate deployment
- ❖ RHIOs – formation and sustainability
- ❖ Security and privacy concerns

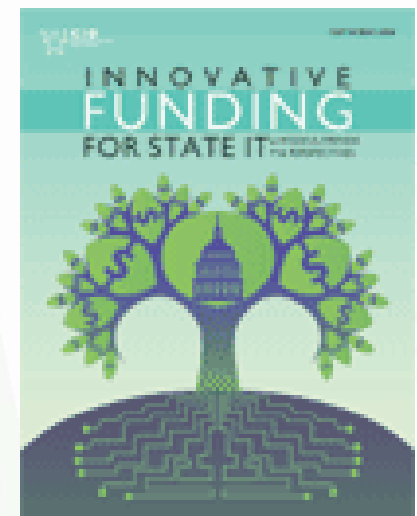
# Going Green in State IT

- ❖ Response to climate change, energy costs and directives by Governors
- ❖ IT Asset Management (ITAM) business practices
- ❖ Data center design and operation
- ❖ Power management, policies, e-waste



## State Issues to Monitor in 2009

- ❖ Response to growing fiscal stress: budget cuts, bunker mentality OR opportunities for state CIOs to advance the enterprise agenda?
- ❖ Legacy system renovation/replacement - aging
- ❖ E-records, digital preservation & e-discovery – new risks and management concerns
- ❖ Innovative funding, financing & options
- ❖ Statewide broadband initiatives



# State IT: A View Forward

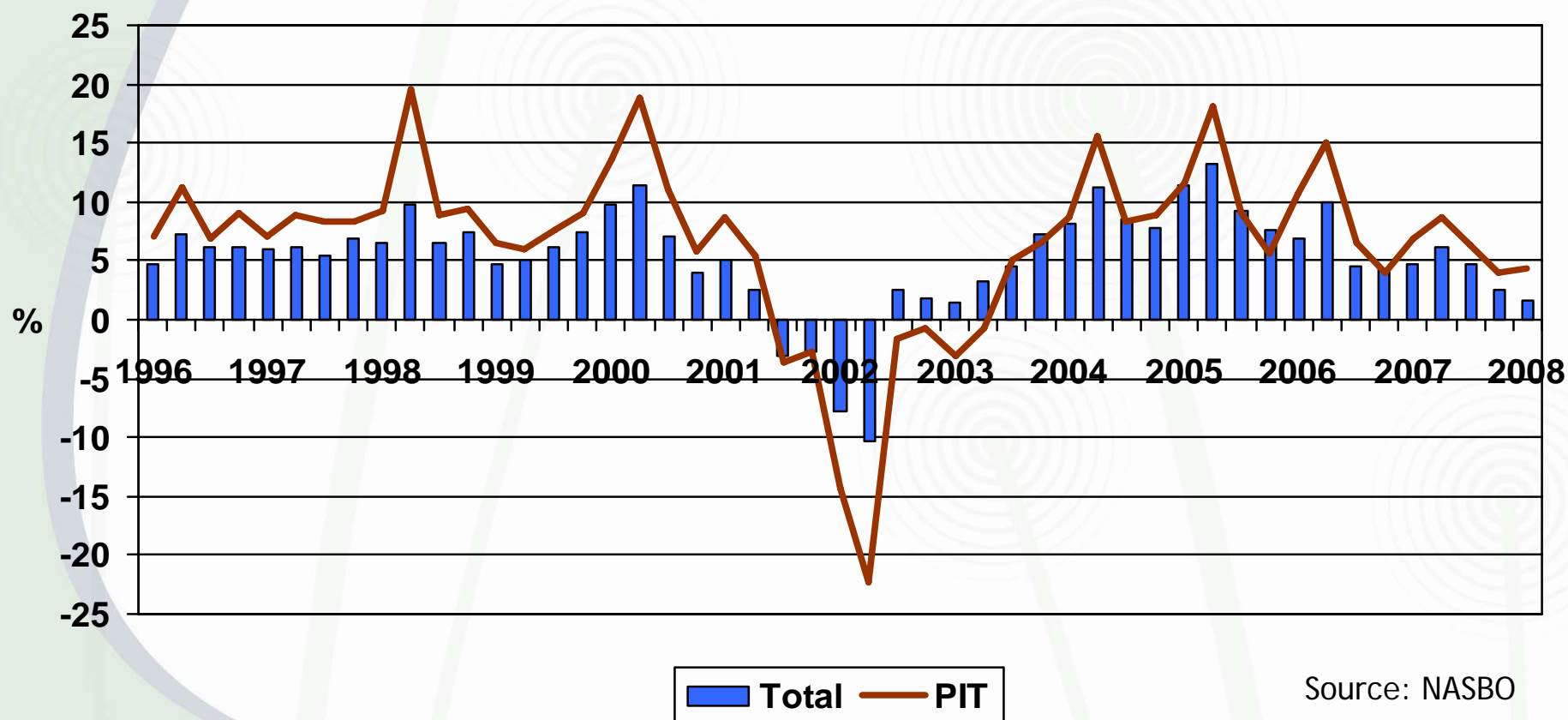
- ❖ Driving consolidation, shared services and new IT business models
- ❖ Managing “born digital” content explosion
- ❖ Converged communications
- ❖ Services from the cloud – viable?
- ❖ More demands for transparency
- ❖ Millennials as workers and citizens
- ❖ Shifting federalism: States and the new administration?

**And...**



# State Tax Revenue Growth Declining

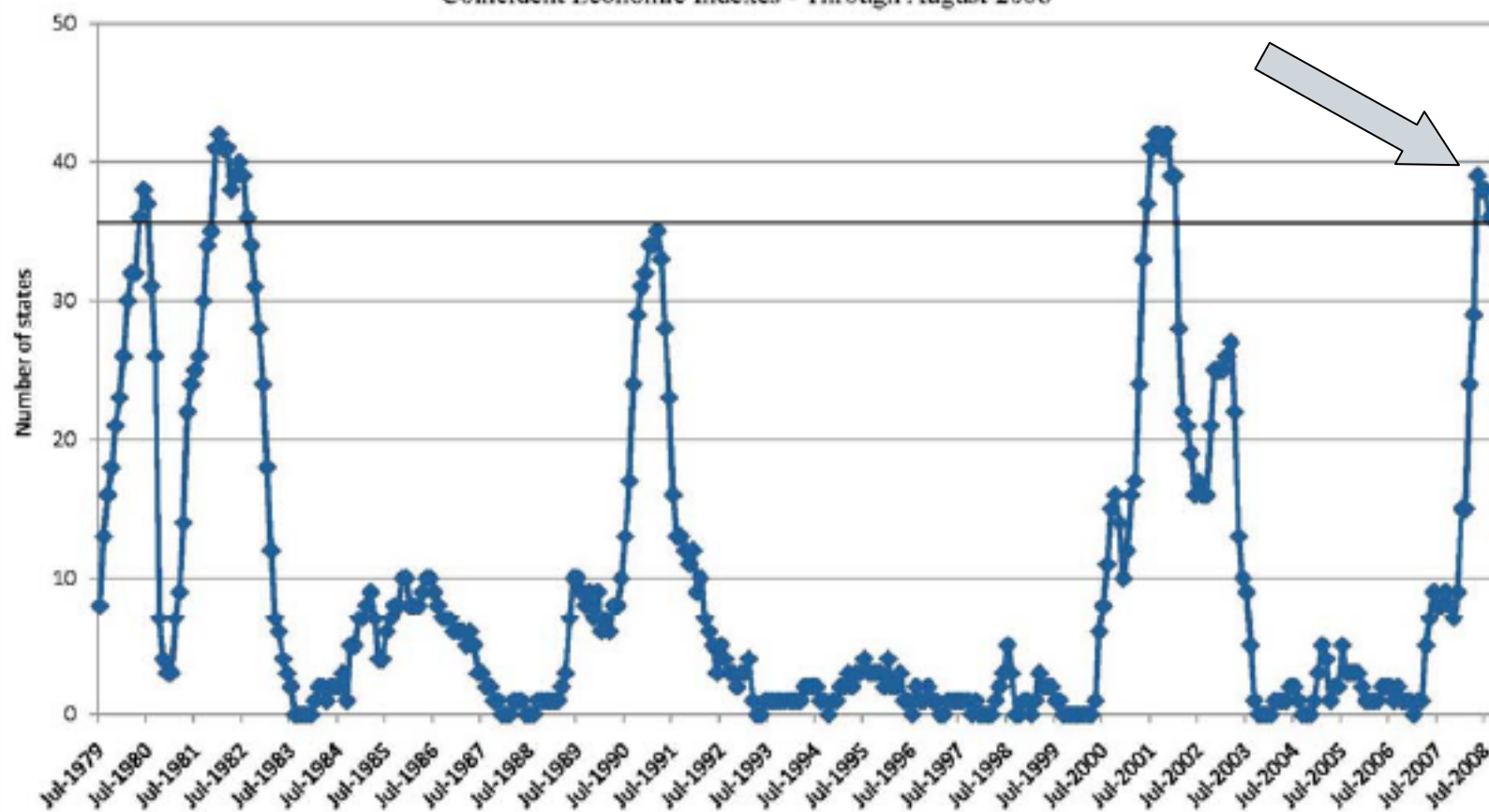
Year-Over-Year Real Change in  
 Quarterly State Tax Revenue



Source: NASBO

# Economies Declining in 36 States

**Figure 7**  
**Most States' Economies are Declining**  
 Number of States With Economy Declining Compared to Three Months Earlier  
 Coincident Economic Indexes - Through August 2008



Source: Federal Reserve Bank of Philadelphia.

# FY 2009 Budgetary Issues

- ❖ **Slowing Economy and Revenues for many:**
  - States closely monitoring condition of national economy
  - Many economic reports are negative
  - States recover slower because of the “lag”
  
- ❖ **Concerns over High Expenditure Areas:**
  - K-12 Education
  - Medicaid & Health Care Costs
  
- ❖ **Other High Cost Needs:**
  - Infrastructure/Transportation
  - Corrections



# Thank You!

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2008 Best Practices in the Use of  
Information Technology in State  
Government

