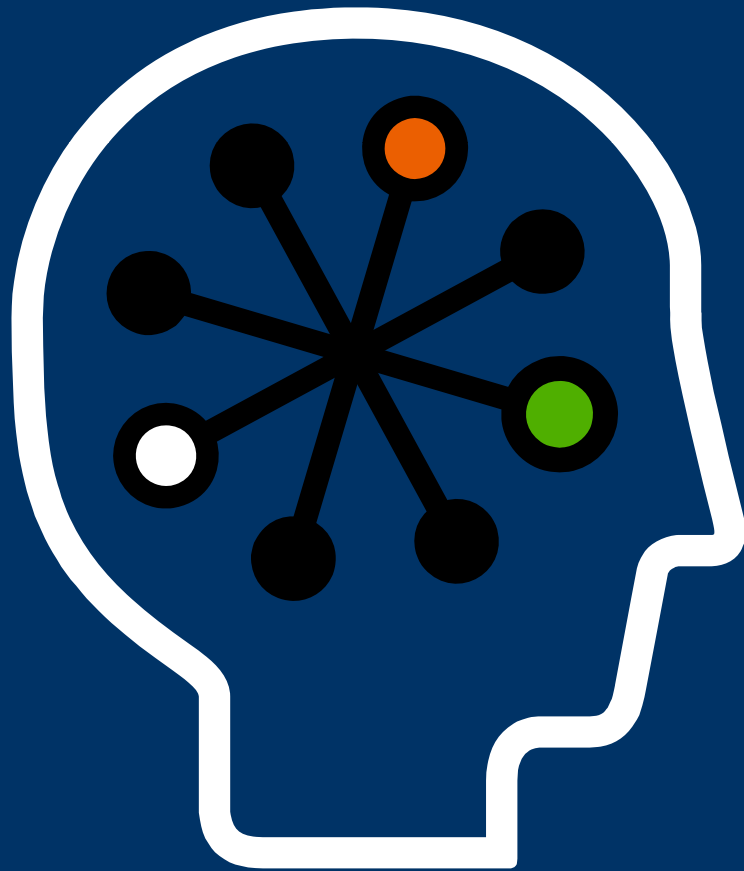


State of California



The Budget Trifecta: Improving your odds through a New Way of Managing

Contributions by HP, CA, IBM,
Office of Systems Integration

Brad Ahlf

Carlos Ramos

Mark Anthony

Jamie Mangrum

Steven Romero

Optimize the business outcome of IT

State of California

Agenda

CIO Challenges

CIO Solutions

Moderated Panel Debate



Optimize the business outcome of IT

State of California



CIO Challenges

Optimize the business outcome of IT

Sound Familiar?

Time to end budget feuds, governor says

By Kevin Yamamura and Steve Wiegand | Published: Sacramento Bee Friday, Jan. 09, 2009 | Page 4A

He likened his plan to "a sturdy four-legged stool":

- **Reduce spending** by \$16.5 billion, with most of the cuts coming in education programs; prisons; and services to the elderly, poor and disabled.
- Increase revenue by \$14.8 billion, most of it coming from a 1.5-cent hike in the sales tax for three years, and borrow \$10.3 billion.
- Create jobs by relaxing environmental regulations to accelerate public works projects.
- **Make state government more efficient by eliminating or consolidating redundant or unnecessary programs**

Sound Familiar?

Information tech offices for state may be merged

Published: Sacramento Bee Saturday, Jan. 17, 2009 | Page 7B | Andrew McIntosh

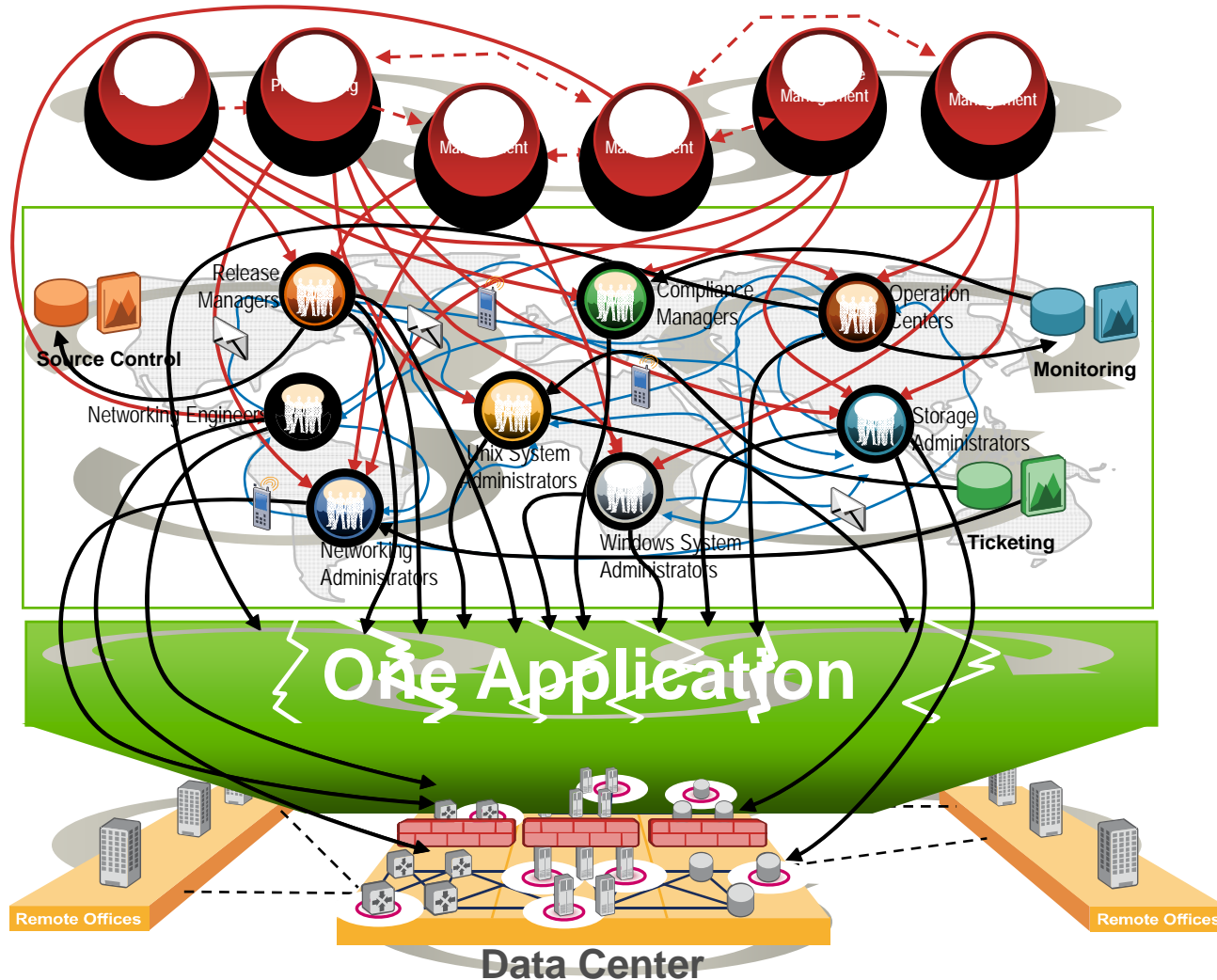
The state's four key **information technology agencies** may be **consolidated** under a newly expanded Office of the Chief Information Officer under a proposal unveiled Friday by Gov. Arnold Schwarzenegger.

The governor said he hopes his plan – based on recommendations from the Little Hoover Commission – will help **save taxpayers \$1.5 billion** by 2014.

The agencies affected include: the Office of the State Chief Information Officer, the Office of Information Security and Privacy Protection's information security operations, the Department of Technology Services and the Department of General Services' telecommunications division.

IT today – highly complex, slow and costly

Complex infrastructure, many applications, systems and stakeholders



Constant Cycle of Change

- Manual
- Error prone
- Inconsistent

Complex Hand-offs

- Between Groups
- Between Systems
- No process control

Fragmented App View

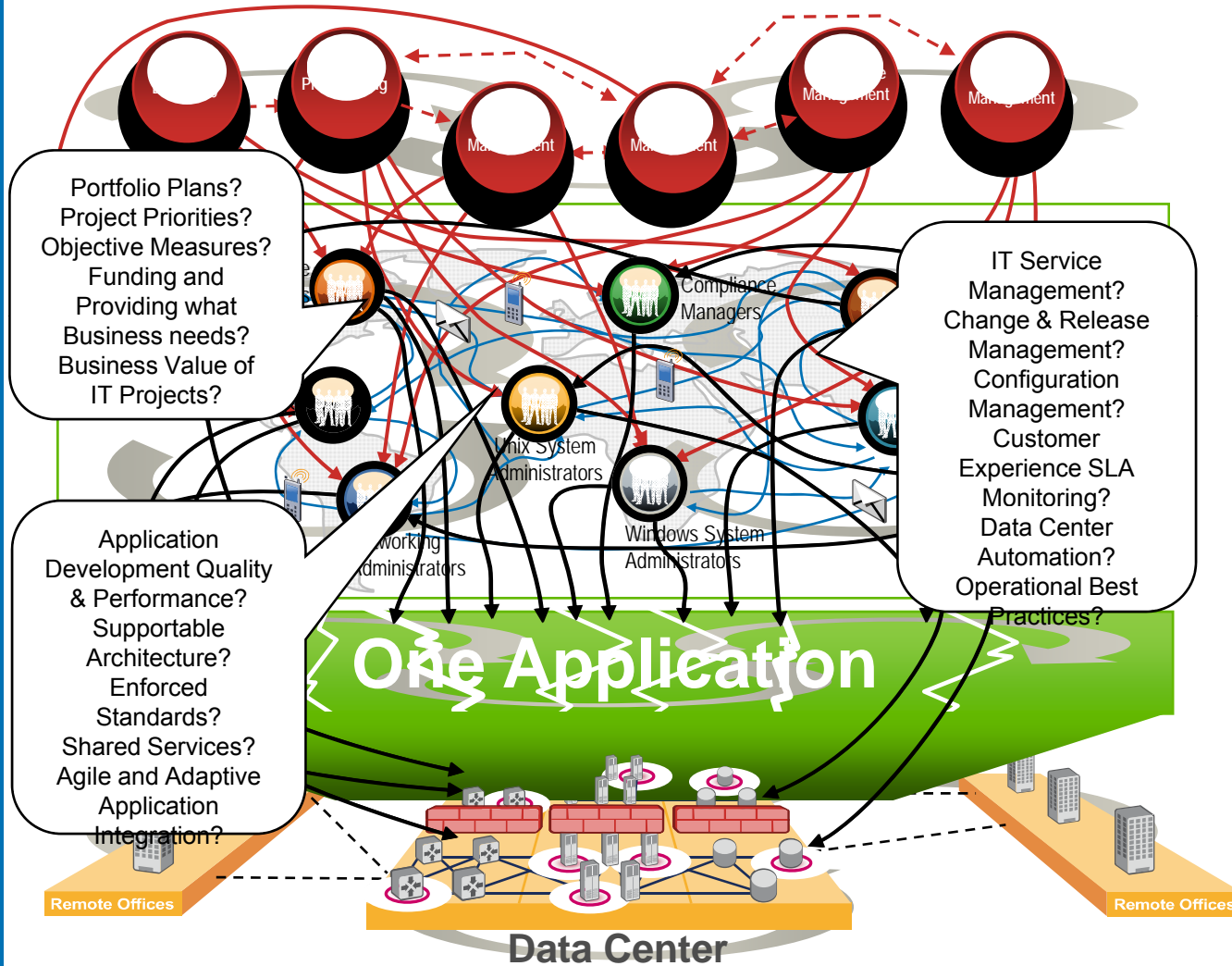
- Splintered visibility
- Disparate management of infrastructure silos

Complex Infrastructure

- Servers, network, storage
- 1000s of dependencies
- Many locations

IT today – highly complex, slow and costly

Complex infrastructure, many applications, systems and stakeholders



Constant Cycle of Change

- Manual
- Error prone
- Inconsistent

Complex Hand-offs

- Between Groups
- Between Systems
- No process control

Fragmented App View

- Splintered visibility
- Disparate management of infrastructure silos

Complex Infrastructure

- Servers, network, storage
- 1000s of dependencies
- Many locations

Some Inspirational Thoughts on Change

- From Mark Allen's inspirational speech today
 - **To “do more with less” you need to change** what you've always been doing
 - “If you keep doing what you've always been doing, you'll get more of what you already have” – Mark Allen
 - (alternative) “The definition of insanity is doing the same thing over and over again and expecting different results” – Albert Einstein
 - Approach to Change:
 - Clarify
 - Adjust
 - Complete

State of California

CIO Solutions

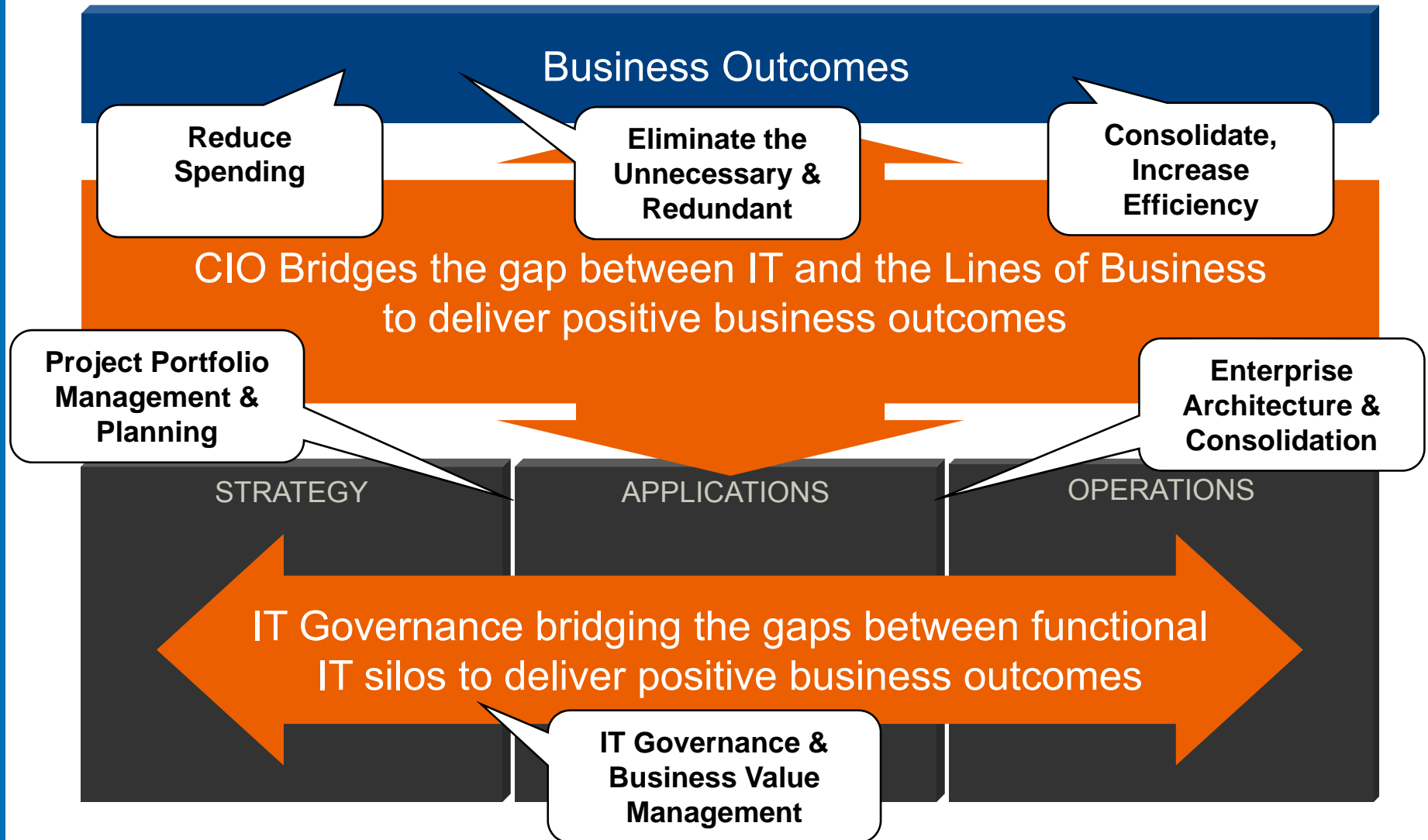
Context for
Business
Solution Initiatives



Optimize the business outcome of IT

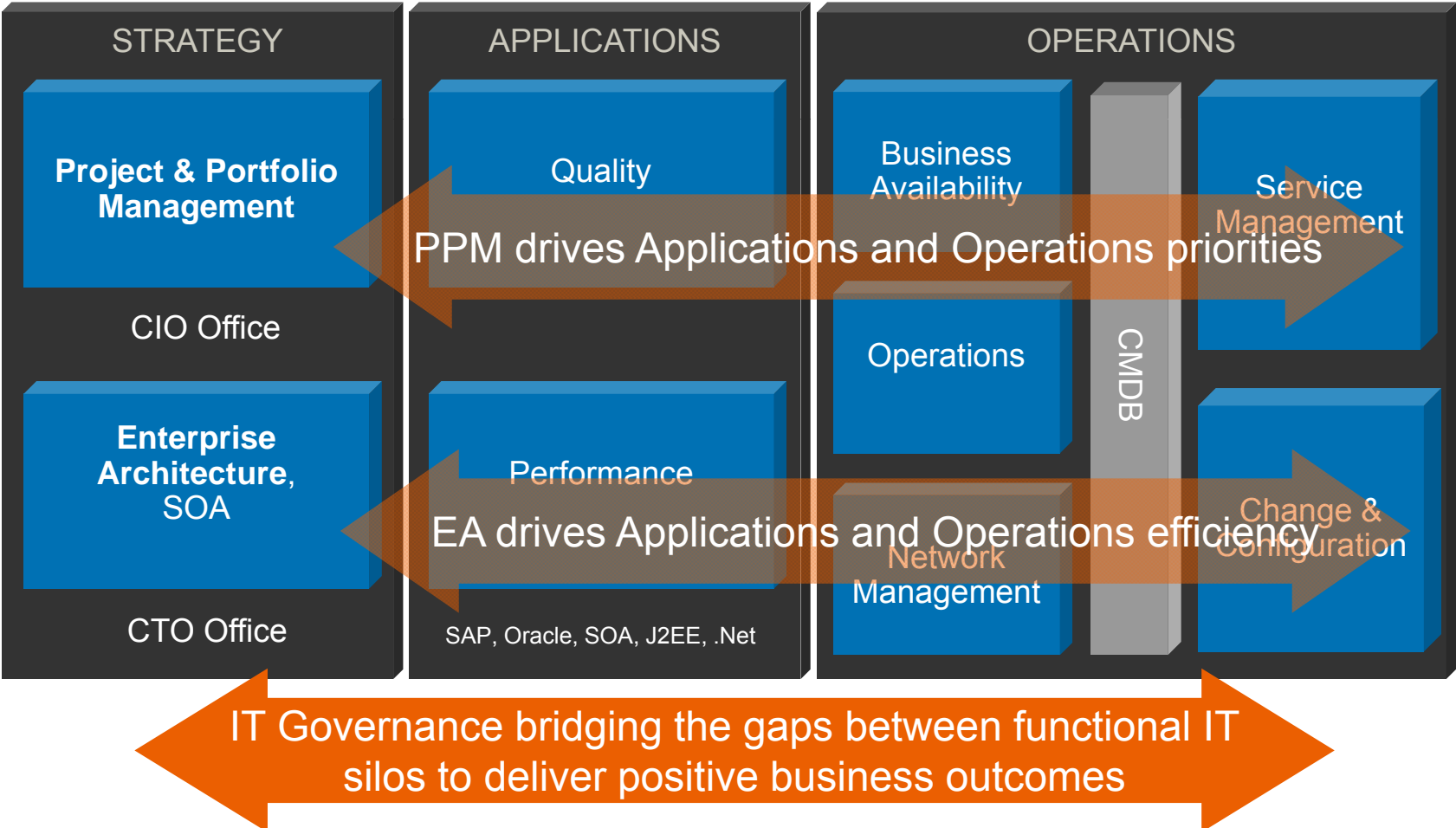
Business Technology Optimization (CIO) view

Optimize the business outcomes of IT



Solutions and Initiatives within a BTO view

IT management solutions for improving key processes within critical IT functions aligns into different business areas of IT



State of California

CIO Solutions

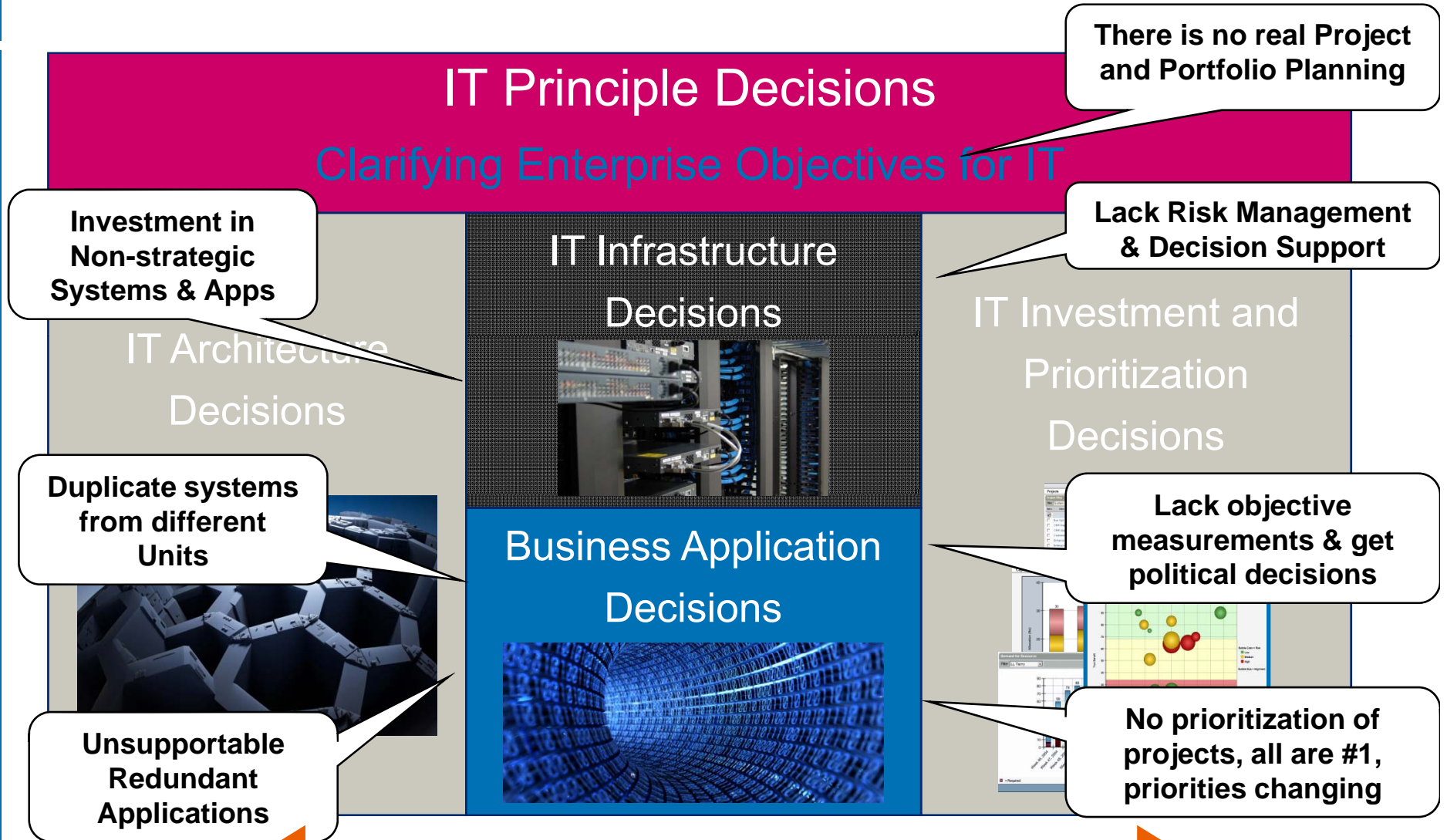
Business Solution Initiatives:

- IT Governance
- Portfolio Management
- Enterprise Architecture & Consolidation

Optimize the business outcome of IT



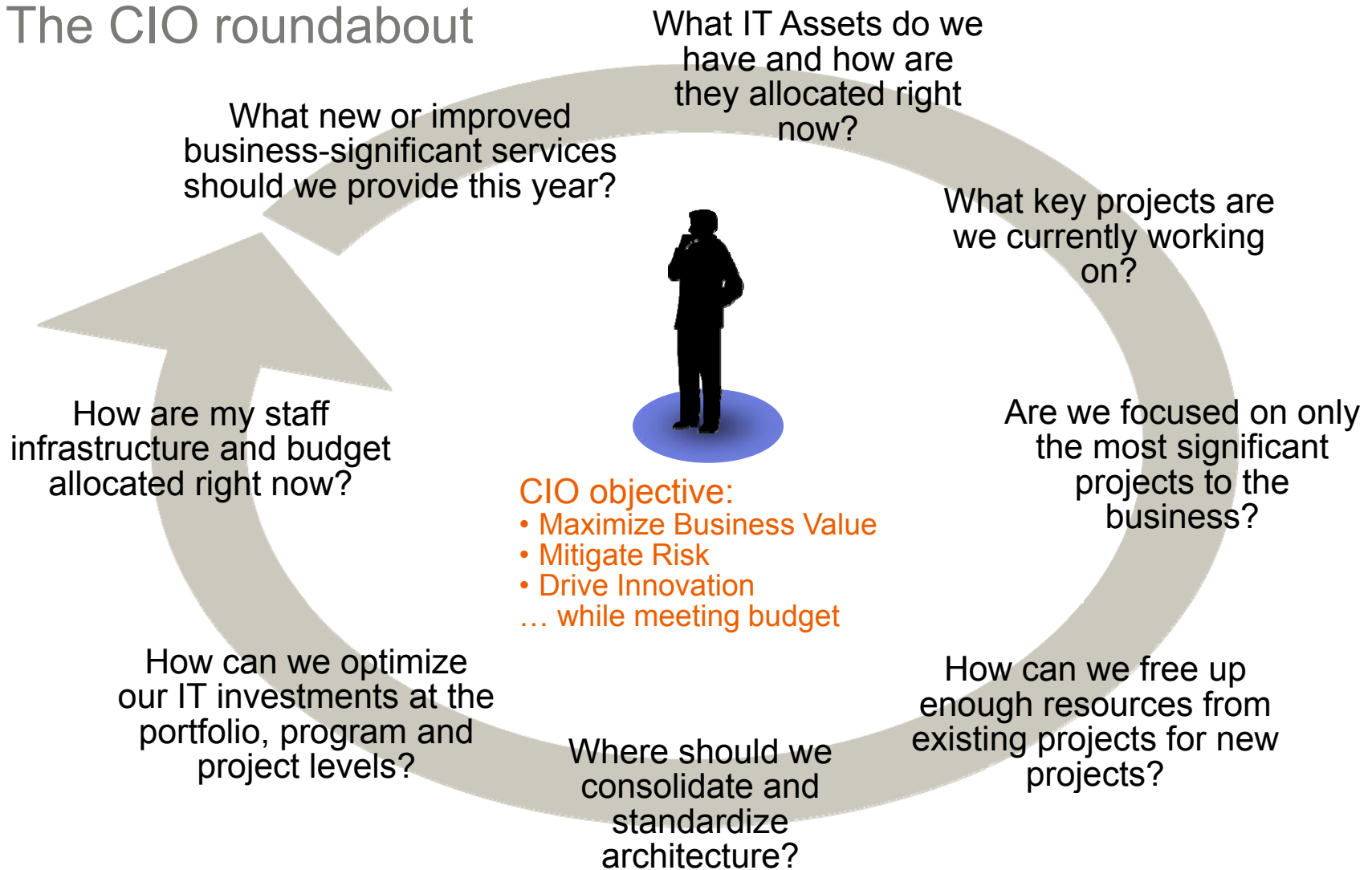
Five Key IT Governance Decisions



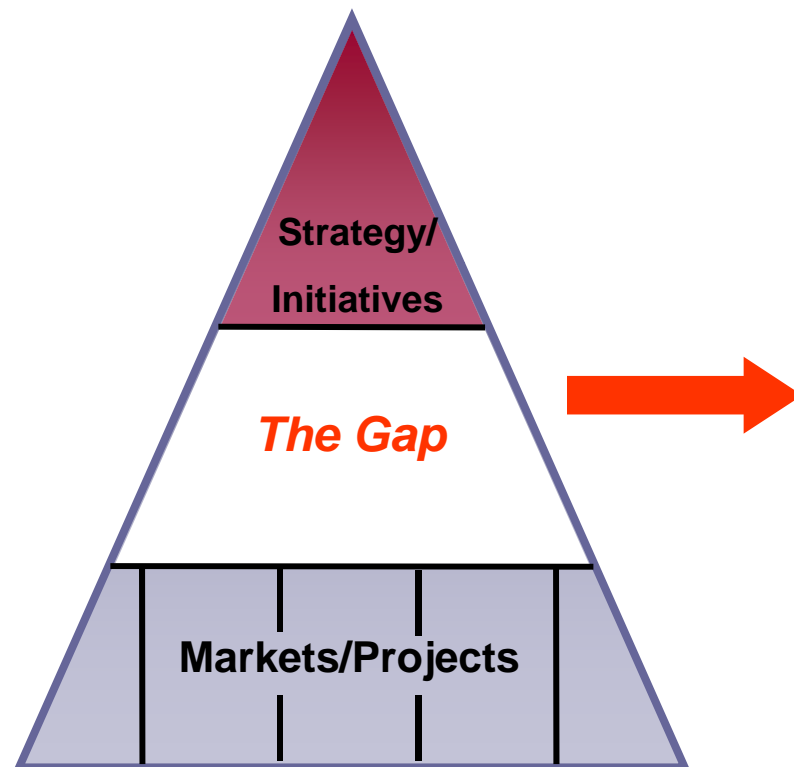
IT Governance bridging the gaps between functional IT silos to deliver positive business outcomes

IT Governance - Defining IT priorities around Business Value

The CIO roundabout



Aligning The IT Requirements to the Business Value



- ✓ Need to invest in **IT Business Value** with highest business importance and IT needs to align IT requirements to that business value direction
- ✓ Need for a structured **IT Governance** process between IT and the business to review a common set of criteria to select and prioritize **IT project portfolio**
- ✓ Need IT Value Evaluation Process to match the planning process to help in decision making for projects and technologies

IT Governance guides the process
IT Portfolio Management bridges the Gap
Enterprise Architecture & Consolidation supports the process

Synchronizing IT Portfolio with the Business Portfolio

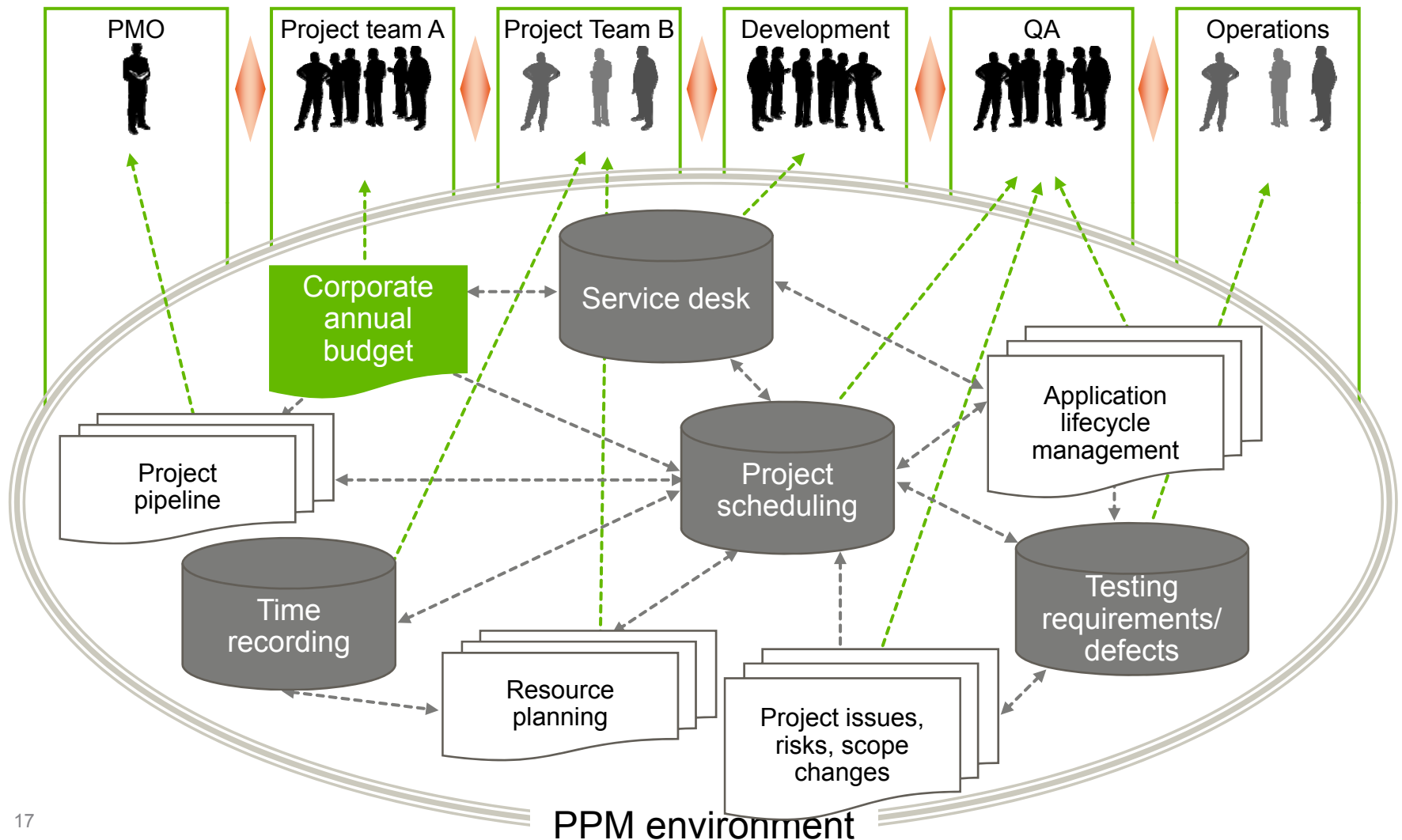
How will we **balance Business Value and Risk with IT Value and Risk** if we cannot see the difference?

How will we make **choices in a cross functional situation** or do we wish to evaluate opportunity by Business Portfolio and that specific Business IT Portfolio?

- Centralized IT must consider this and communicate it's best methodology using **strong IT Governance**
- The Opportunity to provide **additional value to the business** is enormous
- Requirement is to **understand the IT and Business Value and Risk, measure them at the portfolio level, and then use a standardized IT Governance process for planning and executing projects**
- **Business Value decisions must then be executed within IT according to these business requirements including tough decisions in Enterprise Architecture and Consolidation**

Portfolio Management: The reality in today's IT environment

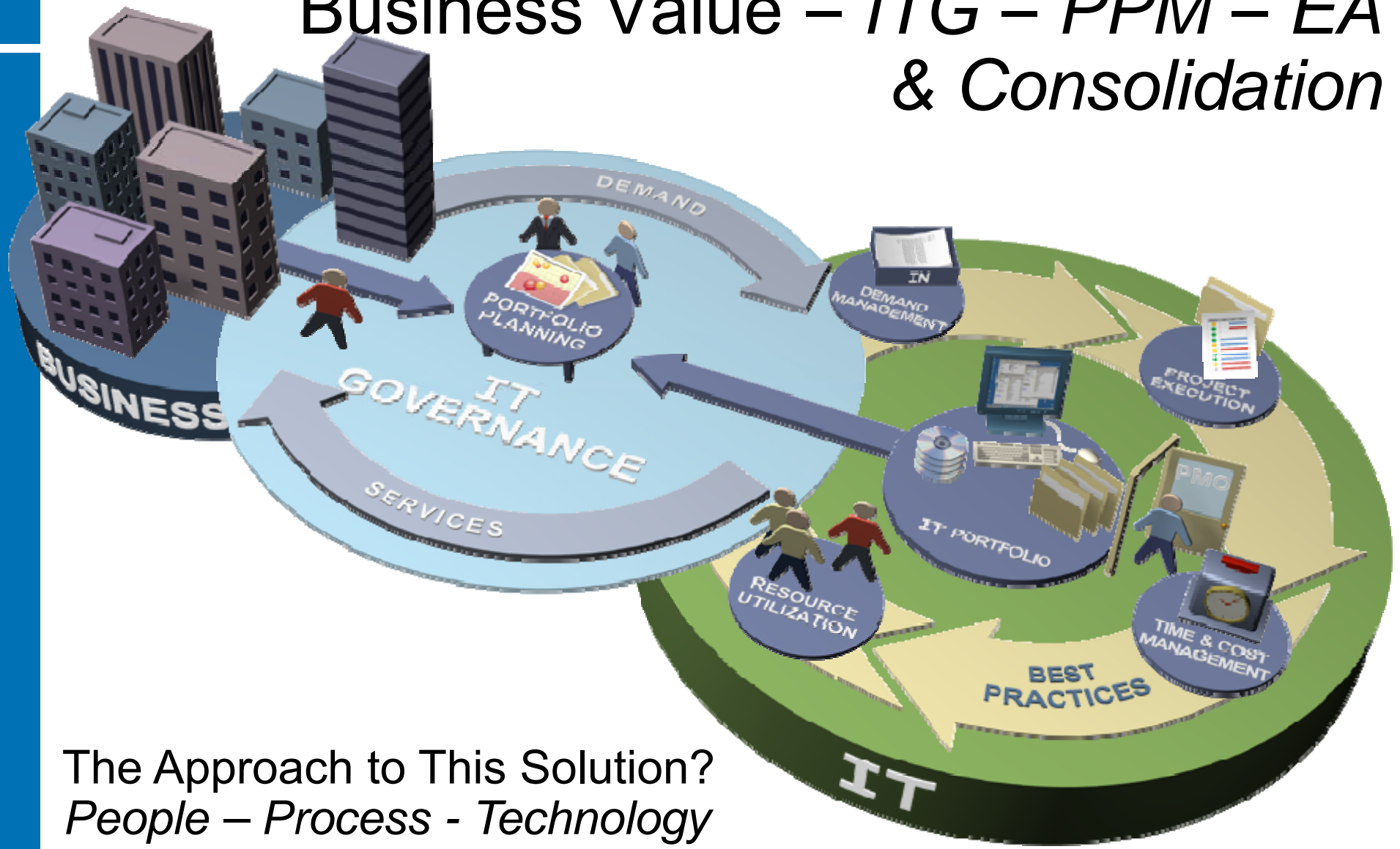
Manual reports or data extracts passed between teams



Enterprise Architecture & Consolidation Business Value Benefits Summary

Top Benefits	Cumulative Benefits 2009 - 2011	Benefit Type	Benefit Class	Project Name	Contribution to Top Benefits
End User Outage Effect - Risk Mitigation (@10% DDM)	\$3,055,050	Operating Expense (Allocated)	Indirect Benefit	Customer Experience SLA monitoring & CMDB correlation	39.1%
Configuration Management Process Efficiency	\$1,129,167	Operating Expense (Allocated)	Direct Benefit	CMDB and Discovery	14.5%
Incident Management Process Efficiency	\$993,122	Operating Expense (Allocated)	Direct Benefit	ITSM	12.7%
Automated Relationship Mapping Process Efficiency	\$730,288	Operating Expense (Allocated)	Direct Benefit	CMDB and Discovery	9.3%
Change Management Process Efficiency	\$431,452	Operating Expense (Allocated)	Direct Benefit	ITSM and PPM and ITG	5.5%
Change Management Process Efficiency	\$426,680	Operating Expense (Allocated)	Direct Benefit	Data Center Automation	5.5%
Availability Management Process Efficiency	\$265,510	Operating Expense (Allocated)	Direct Benefit	Customer Experience SLA monitoring	3.4%
Release Management Process Efficiency	\$219,490	Operating Expense (Allocated)	Direct Benefit	ITSM and Data Center Automation	2.8%
End User Outage Effect - Risk Mitigation (CCM)	\$208,614	Operating Expense (Allocated)	Indirect Benefit	ITSM and PPM and ITG	2.7%
Problem Management Process Efficiency	\$145,402	Operating Expense (Allocated)	Direct Benefit	ITSM	1.9%
All other Included Benefits	\$206,079				2.6%
Total	\$7,810,852				100.0%

The Solution to This Problem? Business Value – *ITG* – *PPM* – *EA* & *Consolidation*



The Approach to This Solution?
People – Process - Technology

State of California

The Budget Trifecta: Improving your odds through a New Way of Managing

Panel Debate

Carlos Ramos - Moderator

Mark Anthony

Jamie Mangrum

Steven Romero

Optimize the business outcome of IT

