

A Report for Consolidated Technology Services (WaTech)

Final Report: Zero-Based Budget Review

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Executive Summary

Executive Summary

This report was commissioned to document an inventory of WaTech's current services that provides descriptions in sufficient detail to enable an expert review of each service and, considering the current state and trajectory of that service along with industry and technology trends, developments and best practices, answer the following questions:

1. Is the current service (or program) funded appropriately and does WaTech have adequate staffing to support the service?
2. Should WaTech continue to offer this service?
 - If so, what is the affirmative rationale as to why this is the case, including a description of the expected benefits customers should receive?
 - If not, what are the reasonable service delivery alternatives and associated transition costs and impacts?

Gartner Consulting leveraged a project approach and analysis methodology that was designed to encompass the full portfolio, collect data needed for evaluation, and develop unbiased third party recommendations leveraging Gartner benchmarking data, and its industry research insights.

During the course of the analysis, Gartner found that WaTech's services are imbalanced from a staffing and financial perspective. Several services are inadequately resourced with single-person dependencies and skill gaps in some instances, while other services are staffed at or above peer staffing levels and delivered at the same cost or greater than peers. Gartner also found that the current portfolio of services are poorly documented, with many legacy one-off fee-for-service offerings that at times overlap, and have limited agency adoption (i.e., WaTech is the primary consumer via an internal sales process). Several of WaTech's services are inadequately resourced financially, and some services have been moved between allocations with changes in the chargeback mechanism that has reduced alignment to actual usage and makes it likely that alignment of funding to cost will drift over time.

While WaTech anticipates returning to recoverability as of this fiscal year, Gartner believes that unless WaTech refocuses on maturing key enabling capabilities, and invests in some degree of transformation, WaTech will likely lose more customers across multiple services and will struggle with recoverability in the near future.

In this report, Gartner provides a set of service-specific recommendations that answers the two questions posed above, and also provides additional macro-level enabling and transformational recommendations.

Enabling recommendations span four categories:

- **Service Management** – recommendations include overhauling the service catalog and transitioning away from siloed service offerings, maturing IT service management processes and establishing a continual service improvement culture driven initially by simple metrics, and automating delivery processes where feasible.
- **Workforce Management/ Organizational Structure** – recommendations focus on consolidating the organizational structure to enable multidisciplinary teaming aligned to services, establishing a flexible workforce, improving performance management, and preparing employees for transformational change.

- Financial Management/Procurement – recommendations focus on maturing financial management, budgeting, demand management, cost modeling and estimation practices in ways that enable effective service management and improve transparency/fairness.
- Leadership/Culture/Governance – recommendations focus on elevating key roles (e.g., service owners, technology architecture) as top level functions, and empowering leadership to refocus on a customer service-orientation.

Transformational recommendations focus on divestment of several services to enable WaTech to slim down and focus, and investment in several key focus areas. Gartner recommends that WaTech make the following transformational changes:

- Divest Enterprise Applications services to enable improved alignment to One Washington.
- Divest Desktop services to allow transformation efforts to be focused in other areas.
- Invest in Collaboration with the creation of a customer driven, WaTech led, and centrally funded migration project to move to Office 365.
- Invest in Telephony with the creation of a customer driven, WaTech led, and centrally funded assessment and strategy project that explores a more focused, comprehensive and rapid statewide Voice over Internet Protocol (VoIP) implementation.
- Invest in Security starting with an assessment of the maturity of both the enterprise and WaTech security programs, identify gaps, and clarify future role alignment and investment needed to close gaps, and create and fund a comprehensive 3 to 5 year strategic security roadmap.
- Invest in Private Cloud with the creation of a customer driven, WaTech led, and centrally funded migration project to retire the legacy environments and consolidate workload on a more robust Private Cloud service.

Gartner acknowledges these recommended changes are substantial, and WaTech will not be able to execute on these recommendations alone. WaTech's success will be dependent on establishing independent transformation governance, through an independent body (Program Office/Board) to control the transformation, including proviso spending authority (internal organizational governance will not be enough). Agency buy-in and active participation, as well as strong executive sponsorship out of Office of Financial Management and the Governor's Office, will be prerequisites for success. WaTech should also engage an external party with industry perspective and objectivity to develop the transformation strategy and oversee its execution.

As WaTech moves forward with action planning, Gartner recommends that WaTech conduct the following activities:

- Secure additional funding for development of a WaTech Transformation Governance Board and a comprehensive WaTech Transformation Plan.
- Establish an independent governance board to include representatives from key stakeholders across the State of Washington, including the Governor's Office, OFM, WaTech, Washington Legislature, Large Agencies, Small Agencies and an external oversight firm. A charter would need to be established, approved and funded.
- Once the governance board has been established the external party would be responsible for driving the development of a multi-year comprehensive Transformation plan. The plan will address key decision points from the Zero-Based Budget Report and

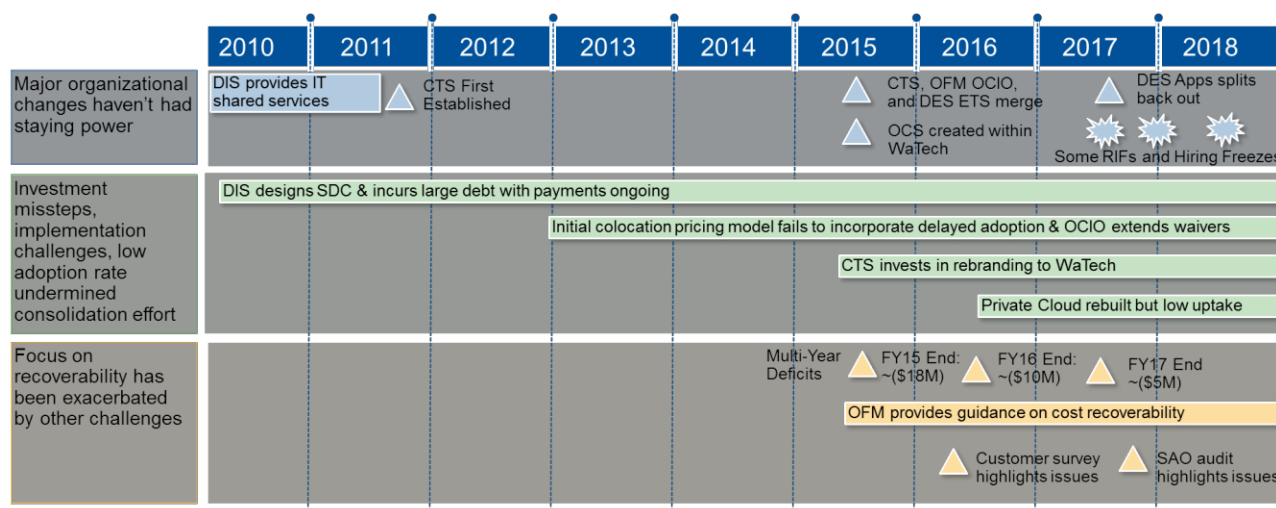
outline a phase by phase transformation roadmap, to include details relating to budgeting, resourcing, dependencies and timelines.

Report Introduction and Overview

Background

The State of Washington has been working to drive IT service delivery consolidation for many years starting from the establishment of Department of Information Services (DIS) in 1987. On several occasions since then, Washington has combined organizations in an effort to drive cost savings through increased economies of scale and efficiency. This drive for greater IT centralization has ultimately resulted in the creation of the Consolidated Technology Services (CTS) Agency, or WaTech as the organization has been unofficially rebranded.

Figure 1. An abbreviated timeline of WaTech history



However, the drive toward centralization has not been without its challenges. WaTech has been unable to deliver all of the benefits originally envisioned, which has been due in part to investment missteps such as the decision to build the State Data Center, implementation challenges such as those encountered during the initial build out of the Private Cloud, and poor management decisions such as the decision to focus on agency rebranding rather than investing in the substantial changes required to drive benefits expected from organizational mergers.

WaTech has overspent its planned budgets and under-recovered its costs for many years which necessitated the recent focus on fiscal responsibility. However, the budget squeeze has exacerbated its service delivery and customer satisfaction issues, which in turn has driven further service adoption challenges in a reinforcing cycle.

In spite of working directly with the Office of Financial Management (OFM) on a multi-year “get-well plan,” WaTech continues to experience service-specific losses. Given ongoing recoverability challenges as well as other concerns highlighted in the State Auditor’s Report released in December of 2017, the State Legislature has demanded change to address deficiencies through Section 150(7) within 17-19 Operating Budget which requires WaTech to conduct a zero-based budget review of all services offered to customers.

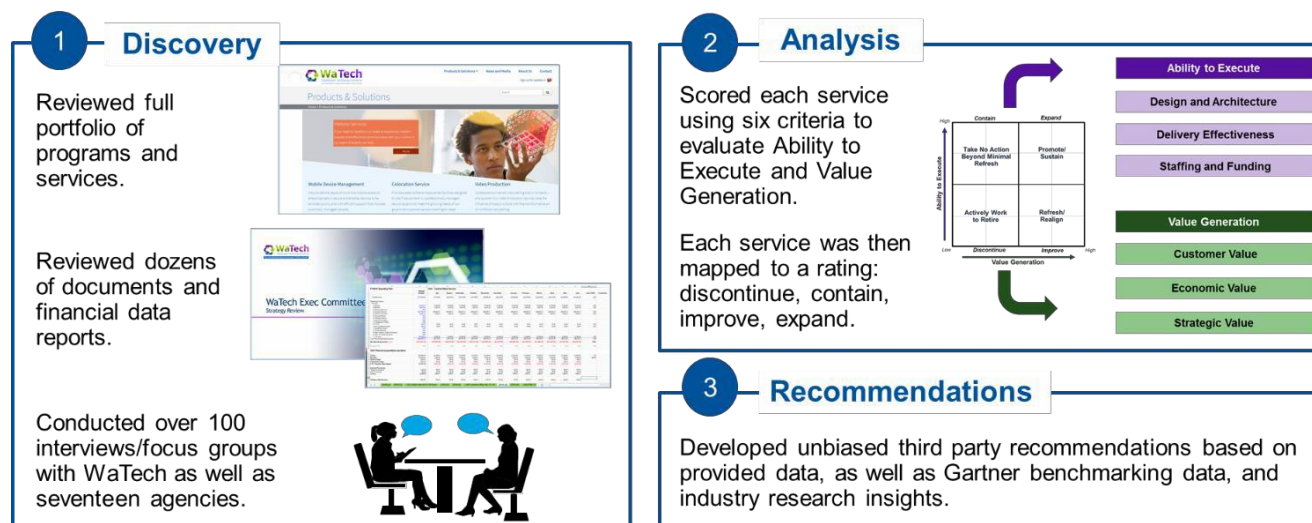
In order to address the Legislature’s concerns, WaTech needed to reassess its portfolio of services, make plans to course correct as appropriate, and define action plans to transition away from some services and to strengthen the remaining portfolio.

WaTech selected Gartner to assess the current state and make recommendations given its positioning as an industry leader in IT research and benchmarking.

In order to develop unbiased recommendations, Gartner followed a comprehensive and rigorous methodology. The discovery phase included review of WaTech's full portfolio of programs and services, a review of dozens of documents and financial data reports, and over 100 interviews and focus groups with WaTech as well as seventeen agencies.

Once the discovery phase was completed, Gartner scored each service using six criteria to evaluate Ability to Execute and Value Generation. Each service was then mapped to a rating: discontinue, contain, improve, or expand.

Figure 2. Gartner's Project Approach



Findings

In addition to the service-by-service current state inventory documentation in the body of this report, Gartner also developed a set of high level findings based on an analysis of the data collected through the discovery process. These findings include an external/customer perspective of WaTech and an internal perspective of WaTech in the lists below.

Gartner Review of Customer/External Perspective (Key Findings)

- Generally, service quality is not meeting customer expectations or industry standards, some but not all of this is due to WaTech's choice to defer refreshes/upgrades and reduce or not replace front-line staff.
- WaTech has not modernized or consolidated many legacy services (network is an exception) or partnered effectively with agencies to develop new ones (WiFi is an exception).
- WaTech has attempted to be all things to all agencies rather than focusing on a few key customers or improving the quality of critical high volume services that account for most of its revenue/value add.
- WaTech's leadership and culture are laser-focused on cost recovery which leaves little energy for focus or concern regarding customer needs or the quality of the services being delivered.

- Washington has a loosely federated IT ecosystem where agencies control their budgets and there are few mandates for the use of centralized, shared services. WaTech should not expect this to change.
- Change is needed in WaTech leadership, service offerings and delivery quality to gain trust and credibility with state agencies who are looking at outside options for technology solutions.
- There is a broadly held customer perception that there is a conflict of interest between WaTech's policy making roles within the Office of the Chief Information Officer (OCIO) and its service provider role and believe many policies are driven directly or unconsciously by WaTech financial interests.
- WaTech's actions to improve cost recovery by raising rates, changing cost recovery models or charging for previously included services (often perceived to be without adequate notice or any justification) have damaged relationships with customers.

Gartner Review of Internal Perspective (Key Findings)

- WaTech as an organization lacks a clear business and organizational strategy. This has enabled different leaders and managers to pursue their own, sometimes competing agendas and objectives.
- The OCIO has not focused on defining Enterprise Architecture and providing statewide technology leadership and guidance, effectively outsourcing this function to large agencies and technical resources within the service provider organization.
- Most individual services lack clearly defined technology/feature roadmaps that are bought into by the customers using the services. Roadmaps that do exist focus mostly on refresh and cost containment.
- Some key roles (Customer Relationship Management, Service Owners, technology leadership) are pushed too far down in the organization to be effective or too dispersed/blurred with tactical operations/delivery roles to be effective.
- Many parts of WaTech's organization are needlessly siloed based on technology, historical pre-merger groupings, random manager assignments and other factors, when they should be aligned with the services delivered.
- An inconsistent approach to performance management coupled with potential union barriers and lack of flexible contracting models make a high performance, flexible and accountable workforce difficult to achieve.
- A majority of WaTech costs are recovered through a small number of enterprise level allocations which makes it difficult to understand what services are included, for what purpose and at what service level/cost.
- WaTech has too many granular and overlapping services, with service definitions poorly documented.

Recommendations: Overview

Gartner developed two sets of recommendations for WaTech: service recommendations and enabling recommendations.

The service recommendations section includes:

- A summary of each service-specific recommendation.

- A summary of key transformational investment opportunities and associated considerations for discontinuing related legacy services where relevant.

The enabling recommendations section includes:

- Recommendations organized by key capabilities that WaTech will need to mature. WaTech is unlikely to be successful by simply making changes to the existing portfolio of services without addressing many of its capability gaps.

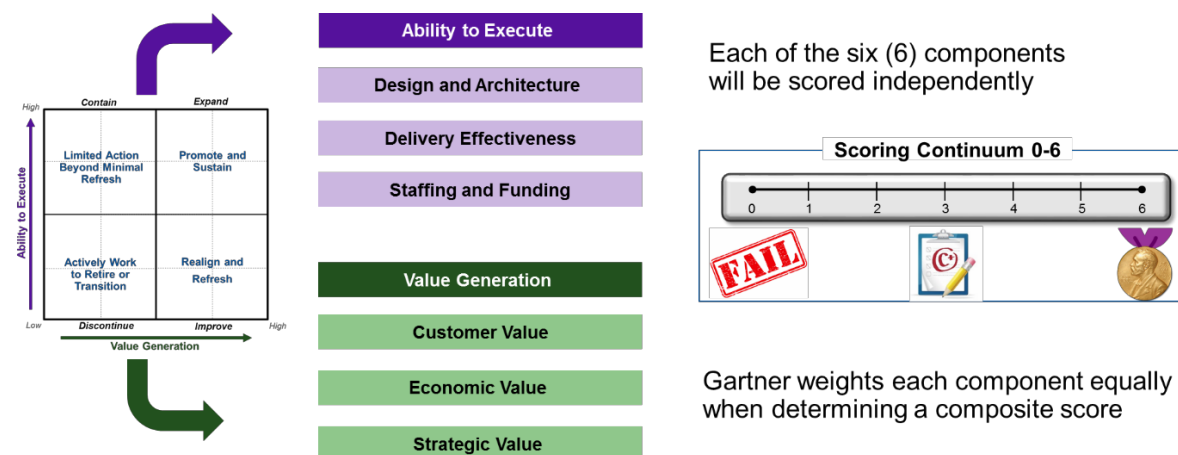
Recommendations: Service-by-Service

For each service and program delivered, Gartner was asked to complete an analysis to answer the questions posed by WaTech:

1. Is the current service funded appropriately and does WaTech have adequate staffing to support the service?
2. Should WaTech continue to offer this service?
 - If so, what is the affirmative rationale as to why this is the case, including a description of the expected benefits customers should receive?
 - If not, what are the reasonable service delivery alternatives and associated transition costs and impacts?

Once all of the required data was collected, Gartner leveraged its service scoring and rating methodology to develop a set of service-specific recommendations. Each service was scored against the three components that combine to yield an “Ability to Execute” score, and the three components that combine to yield a “Value Generation” score. Then each service was mapped to a quadrant in a two-by-two matrix with “Ability to Execute” on the Y-Axis and “Value Generation” on the X-Axis to yield the service rating: Expand, Improve, Contain and Discontinue (defined in the rating key below).

Table 1. Scoring Detail and Rating Key



Rating Key	Definition	Ability to Execute	Value Generation
Expand	Promote and Sustain	High	High
Improve	Realign and Refresh	Low	High
Contain	Limited Action Beyond Minimal Refresh	High	Low
Discontinue*	Actively Work to Retire or Transition	Low	Low

A summary of the service recommendations are provided in the tables below. The detailed analysis write-up is provided in the Future State section of this document.

Gartner also introduced a service categorization framework to enable a more effective review of the services with the intention of beginning to break down delivery silos, rather than reviewing services in the largely service-owner siloed format that was leveraged in the current state inventory portion of the project.

Figure 3. Gartner Service Categorization Framework for the Analysis

IT Programs	Applications	Security & Identity	Workspace	Platform	Network & Telecom
Statewide programs	App dev and support	Security operations and oversight	Desktop computing and messaging	Server, Storage, and DC Hosting	Telephony, data network access and support

The service recommendations provided below have been aligned to this categorization.

Figure 4. Service-by-Service Rating Overview (Review of Services as Currently Delivered)

	IT Programs	Applications	Security & Identity	Workspace	Platform	Network & Telephony
Expand	<ul style="list-style-type: none"> Geospatial Governance Open Data 	<ul style="list-style-type: none"> Web Platform/Design 	<ul style="list-style-type: none"> Active Directory/IAM Secure FTP 	<ul style="list-style-type: none"> WebEx Video Conferencing Wireless (WiFi) 	<ul style="list-style-type: none"> SDC/QDC Colocation 	<ul style="list-style-type: none"> Network – Core/ Transport/ Firewall
	<ul style="list-style-type: none"> OCIO Policy & EA OCIO Oversight TBM Program Geospatial Portal & Imagery WAMAS 	<ul style="list-style-type: none"> ESF – Finance ESF – Budget ESF – HR/Payroll ESF – Enterprise Reporting 	<ul style="list-style-type: none"> Security Leadership in Gov Security Design Review CERT Assessments SOC/Incident Response Vulnerability Assessment SIEM (L&M) Security Gateway/F5 Certification Authority SAW/SEAP 	<ul style="list-style-type: none"> Teleconferencing Mobile Device Mgmt Desktop/LAN 	<ul style="list-style-type: none"> Private Cloud Waserv/ Email Vault 	<ul style="list-style-type: none"> PBX/IVR/VoIP DNS/DHCP SSL VPN (Remote Access) Cloud and Office VPN
Improve		<ul style="list-style-type: none"> Governor’s App Support (OFM Enterprise) E-Time 	<ul style="list-style-type: none"> Security Education/Awareness Training 	<ul style="list-style-type: none"> Directory Assistance (citizens) 	<ul style="list-style-type: none"> Mainframe 	<ul style="list-style-type: none"> Switched Long Distance
Contain	<ul style="list-style-type: none"> Video Production Services OneNet 	<ul style="list-style-type: none"> BPaaS (ServiceNow Dev) UX & Accessibility Usability Lab Access Washington JINDEX Project Management Agile Business Analysts 		<ul style="list-style-type: none"> Office 365 Activation Skype Shared Email Enterprise SharePoint 	<ul style="list-style-type: none"> Managed Server Hosting (Legacy) Platform & Connectivity DB Management Services Server Support Services Storage Backup 	<ul style="list-style-type: none"> Centrex Citrix Edge
Discontinue*						

Rating Key	Definition	Ability to Execute	Value Generation
Expand	Promote and Sustain	High	High
Improve	Realign and Refresh	Low	High
Contain	Limited Action Beyond Minimal Refresh	High	Low
Discontinue*	Actively Work to Retire or Transition	Low	Low

* The discontinued category includes some services where Gartner recommends shifting the resources, e.g., discontinuing external delivery of Project Management as a Service and refocusing effort as an internal delivery capability, transitioning resources and responsibilities for JINDEX and OneNet to other agencies that support the primary business capabilities, etc. Summary details for each service are provided on the following pages.

Services and Programs WaTech Should Continue to Offer

This section includes the services that Gartner recommends WaTech continue to offer. Gartner has provided recommendations on how WaTech should proceed with implementing needed investments for services that were rated as improve, these investments are intended to increase the benefits that customer agencies receive from WaTech's services. Gartner has also provided smaller enhancement recommendations for services rated as expand and contain as well.

Table 2. Services/Programs WaTech Should Continue to Offer

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
IT Programs	Open Data	Expand	<ul style="list-style-type: none"> Open data is a high value government initiative that is in line with WaTech's legislative charter. WaTech's OCIO Privacy Office should continue to expand agency participation in this critical initiative that enhances open government and accountability.
	Geospatial Governance	Expand	<ul style="list-style-type: none"> Geospatial data is an enabler of open government and the OCIO plays an important role in enabling statewide geospatial governance. The OCIO should continue to lead a group of committed agencies and reach out to additional agencies to expand agency interest in participating in statewide GIS governance and programs.
	Geospatial Portal & Imagery	Improve	<ul style="list-style-type: none"> Widespread adoption of the shared Geospatial Portal improves the value to all participants and to the State. Recommendation is to complete the migration to the cloud to stabilize the performance of this service (current expected completion of migration to Private Cloud slated for August 2018).
	Washington Master Addressing Services (WAMAS)	Improve	<ul style="list-style-type: none"> Widespread adoption of WAMAS improves the value to all participants and to the State. Recommendation is to complete the migration to the cloud to stabilize the performance of this service (current expected completion of migration to Private Cloud slated for August 2018).

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	OCIO Policy & Enterprise Architecture (EA)	Improve	<ul style="list-style-type: none"> ▪ Policy development and forward looking enterprise architecture development are critical central functions that OCIO must continue to provide. ▪ However, OCIO needs to simplify the policymaking process and improve transparency, increase opportunities for agencies to weigh in and gain buy-in, without paralyzing the process. ▪ OCIO needs to invest additional resources and staff in Enterprise Architecture development and statewide IT strategy development as the capability is currently limited with only a couple staff executing these functions.
	OCIO Oversight	Improve	<ul style="list-style-type: none"> ▪ OCIO enterprise-level oversight of major projects is a strategic offering. ▪ The OCIO needs to increase staffing levels and expand skillsets in order to provide valuable oversight beyond a basic “check the box” effort. ▪ Given current workload and staffing, OCIO is only able to support each project on average a couple hours a week. ▪ Additionally, OCIO should work with customers to refine the methodology and processes used for project oversight initiatives, and consider establishing an independent oversight budget as a percentage of project cost.
	Technology Business Management (TBM) Program	Improve	<ul style="list-style-type: none"> ▪ The business value of the TBM information to the ultimate consumers of the information (legislature, OFM, open government advocates) is unclear. ▪ The TBM program provides OFM and Legislative Staff with an additional lens through which to compare IT spending across agencies but it does not appear that the original vision of making direct comparisons and benchmarking – internally and externally has been achieved. ▪ The TBM program currently consumes at least \$1.2M in good/services and labor costs per year, and when agency compliance costs are factored in the actual cost may be three to four times this cost. ▪ A deeper dive assessment that calculates return on investment would help illuminate value and appropriateness of continuing to fund the next phase of the TBM roadmap.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
Applications	Web Platform/ Design	Expand	<ul style="list-style-type: none"> Economies of scale are gained from developing common website templates, and by incorporating both implementation and support into a shared service. In order to accommodate expansion, WaTech should look to create flexible staffing agreements to augment staff when required. WaTech should also consider incorporating elements of the User Experience (UX) design and accessibility support services as a value-added feature of this service (while being cautious not to burden ongoing support rates in order to add new features).
	Governor's App Support (OFM Enterprise)	Contain	<ul style="list-style-type: none"> This is a dedicated service that WaTech provides due to the fact that WaTech is currently acting as the Governor's Office IT group. This Service Level Agreement (SLA)-based service historically included website support but that was recently standardized under the Web Platform service leaving only the support of a handful of largely commercial off-the-shelf (COTS) applications. WaTech should minimize investment in this service and continue executing as agreed under the terms of the SLA, or consider transitioning this service to OFM along with the ESF applications.
	E-Time	Contain	<ul style="list-style-type: none"> WaTech's support of this service is limited to brokering licenses and vendor management for a Software as a Service (SaaS) time & attendance application used by two agencies. WaTech should continue supporting roll out of the current project and revisit at a later time to assess alignment with One Washington and potential opportunity for expansion.
Security & Identity	Active Directory (AD)/ Identity and Access Management (IAM)	Expand	<ul style="list-style-type: none"> Agencies are mandated to use this service given strategic value to the state. WaTech should continue to evaluate and identify initiatives to clean up the existing premise-based AD in preparation for cloud-based initiatives. WaTech should formalize a customer driven, WaTech led and centrally funded Office 365 migration project, which includes developing the state strategy for synchronizing existing on premise AD with Azure Active Directory. Consolidate Office 365 related WaTech subgroups under focused common leadership.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Secure File Transfer Protocol (SFTP)	Expand	<ul style="list-style-type: none"> ▪ SFTP is embedded deeply in many customer data sharing jobs and workflow. Consequently, replacing SFTP with any alternative file transfer solution would be a long, large, complex undertaking requiring significant coordination with many agencies. ▪ While One Washington will ultimately replace many of the legacy mainframe applications that this service primarily supports and WaTech will need to plan to accommodate a more modern approach to integration that will be driven by that project, WaTech will still need to support this service for many more years (at least 5 to 10 more years). ▪ WaTech should sustain the existing solution at the current delivery levels and expand to accommodate natural growth as customer integration needs require.
	Security Leadership in Government	Improve	<ul style="list-style-type: none"> ▪ Providing centralized leadership for cybersecurity across the state is seen by customer agencies as a key strategic capability. ▪ The State's first State Chief Information Security Officer (CISO) recently retired so it will be important for WaTech to identify a new CISO with strong leadership skills and experience in public sector to continue Washington's leadership with partners inside and outside the state. ▪ Going forward the largest opportunity for Office of Cybersecurity (OCS) will be enhancing its leadership position within governance, risk and compliance activities. ▪ OCS should look to create a security governance and risk dashboard that tracks the posture of agencies and aggregates this into an overall score that can be communicated to State leaders and tracked over time, and should also organize the security governance and decision making process in a way that maximizes business leadership's engagement in risk management, and continue to work on security community building within the state that focuses on establishing stronger two-way communication and more effective security policy-making and enforcement.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Security Design Review	Improve	<ul style="list-style-type: none"> ▪ Service has been mandated by the state as an essential service given that it helps to standardize risk management across the state agencies and minimize the State’s exposure to risk. ▪ However, the backlog of design reviews introduces additional risk to the State by causing project delays. OCS should develop process improvements to ensure consistency and expediency (e.g., additional review tiers, provide additional support materials to customers like checklists and process directions and advice), establish prioritization of reviews and define SLAs for time to respond. ▪ Another approach could include reducing workload on experts by breaking down the process to identify additional pieces that can be completed by customers or junior staff.
	SOC/ Incident Response	Improve	<ul style="list-style-type: none"> ▪ Standing up OCS to lead enterprise security efforts was an important step (separating Policy/Compliance control function), however, it exposed as many gaps as it closed. Funding and resources for WaTech’s internal security team were unintentionally shifted to the Office of Cybersecurity and need to be resourced to meet customer needs. ▪ Roles and responsibilities for OCS, WaTech and agencies as it pertains to Security Operations statewide (including monitoring, notification, threat detection and analysis, change management and control, Host-based IDS/IPS and ongoing vulnerability management, etc.) are not well defined and gaps (acknowledged and unacknowledged) clearly exist, and the lack of clarity is further complicated by increasing use of the public cloud. ▪ The current model and operations of OCS SOC should be reevaluated to better address the needs of WaTech and other agencies to enable the most effective statewide security posture. WaTech should clarify the separation of duties/accountability between WaTech and OCS in order to make certain that operational/technical roles are clear and that the policy making and compliance role of OCS is not compromised. ▪ WaTech should assess the maturity of both the enterprise and WaTech security program, identify gaps, investment needed to close gaps, and create a comprehensive 3 to 5 year strategic security roadmap.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	CERT Assessments	Improve	<ul style="list-style-type: none"> ▪ The CERT Assessment provides OCS with insight into agencies' security postures and is an opportunity for OCS to better understand security gaps at agencies. ▪ However, the current CERT Assessment team is heavily backlogged (they are only able to take on agencies of a certain size with a wait time over six months and no circling back for compliance checks). ▪ OCS should create a more comprehensive method of measuring the effectiveness of all security programs and identifying and prioritizing gaps.
	Vulnerability Assessment	Improve	<ul style="list-style-type: none"> ▪ This service as defined today is of limited value (i.e., "host your own tool as a service" where the tool doesn't meet all the requirements). ▪ Ultimately agencies will need to implement and mature their own Vulnerability Management programs. ▪ This service should be realigned as a broader offering in conjunction with an OCS compliance program that is not limited to license provisioning/hosting and instead rolls out a more comprehensive service built around a WaTech Center of Excellence. ▪ Once WaTech builds up their own internal Vulnerability Management capabilities they will be able to expand the service to include more emphasis on training agencies to establish their own sustainable Vulnerability Management programs.
	SIEM (L&M)	Improve	<ul style="list-style-type: none"> ▪ This service as defined today is of limited value (i.e., "host your own tool as a service" where the tool doesn't meet all the requirements). ▪ WaTech should work with the vendor to evaluate the possibility of developing a "multi-tenant" solution for packets, in order to segment customer data, similar to the way the vendor did this for logs, which would enable a more effective partnership between the statewide "Command SOC" and agency SOCs/incident responders. ▪ At a minimum WaTech should separate out the cost management (from DNS and Vulnerability Assessment) for more effective forecasting of long-term needs, and separate out Chargeback from the network allocation.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Security Gateway/F5	Improve	<ul style="list-style-type: none"> ▪ Security gateway services (forward and reverse proxy, etc.) typically have fairly common requirements across customers that can be satisfied through shared security appliances but WaTech has neglected this area for many years. ▪ The interim leadership consolidated legacy gateway services onto the F5 platform as a cost saving measure, but the decision was made without completing a functional requirements analysis. WaTech should work with customers to define the functional requirements for gateway services and refine the service offering definitions. ▪ Once requirements are more clearly defined, WaTech should conduct a gap assessment of the tools, process and staffing used to deliver the service offerings, and develop a roadmap for addressing the identified gaps (which may include new solutions, governance, processes, etc.)
	Secure Access Washington (SAW)/SEAP	Improve	<ul style="list-style-type: none"> ▪ If the state chooses to mandate a single citizen identity solution through a centralized application such as SAW, there needs to be more flexibility with the customer login interface. ▪ Beyond the standard interface, SAW should also enable greater implementation flexibility via APIs. ▪ WaTech should assess the long-term viability of the SAW solution and determine whether it makes sense to keep investing in the current platform, and develop a customer-driven and WaTech led strategy for citizen identity and authentication services.
	Certification Authority	Improve	<ul style="list-style-type: none"> ▪ Certification Authority services typically have common requirements across customers that can be satisfied through shared Private Key Infrastructure (PKI). ▪ WaTech should finish moving certificate requests to self-service function for customers and evaluate opportunities to incorporate certificates into the Mobile Device Management processes. WaTech should also move costs into its own cost center for better transparency.
	Security Ed/ Awareness Training	Contain	<ul style="list-style-type: none"> ▪ Security education and training are strategically aligned to the State’s priorities, though OCS is one provider among many. ▪ OCS should continue to focus on delivering third party services that provide maximum value to the agencies and continue to survey customers to validate fit of current training portfolio to customer needs and tailor as appropriate.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
Workspace	Wireless (WiFi)	Expand	<ul style="list-style-type: none"> Service offers key functionality for roaming users that is valuable (standardized platform) and generally well perceived by customers. WaTech should develop a marketing program to expand the service, and establish a technology refresh strategy to make sure they are deploying the appropriate generation of access points and budgeting for regular lifecycle refresh.
	WebEx Video Conferencing	Expand	<ul style="list-style-type: none"> This is a brokered service with additional value-added services offered by WaTech (account creation/management, vendor management). WaTech has been able to charge a premium for this service, resulting in an annual surplus but as this service expands to a larger user base, thus offering economies of scale, WaTech should explore ways to pass cost reductions to customers via reduced rates. As a first step WaTech should break out costs of WebEx and Teleconferencing services separately to better understand viability of each service. Additionally, WaTech offers multiple competing collaboration and communications services and needs to define a go-to-market strategy for each of its offerings in the near term and in the longer term as a part of a more comprehensive Unified Communications and Collaboration (UCC) strategy.
	Teleconferencing	Improve	<ul style="list-style-type: none"> WaTech has been able to charge a premium for this service, resulting in an annual surplus, WaTech should explore ways to pass cost reductions to customers via reduced rates (e.g., Rollout self-scheduling and call management capabilities). As a first step WaTech should break out costs of WebEx and Teleconferencing services separately to better understand viability of each service. Additionally, WaTech offers multiple competing collaboration and communications services and needs to define a go-to-market strategy for each of its offerings in the near term and in the longer term as a part of a more comprehensive Unified Communications and Collaboration (UCC) strategy.
	Mobile Device Mgmt	Improve	<ul style="list-style-type: none"> Security of mobile devices is a key strategic consideration for the state in protecting mobile data. Establishing a common shared Mobile Device Management (MDM) solution across all agencies helps to reduce inefficiencies and protects data. However, the current service is not meeting customer requirements. WaTech needs to develop a customer driven, WaTech led and centrally funded Mobile Device management strategy, including involvement from OCS for security policy considerations.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Directory Assistance (citizens)	Contain	<ul style="list-style-type: none"> The directory assistance service is an important statewide service that connects citizens to state resources. However, it is delivered at a high cost (\$13 per call) and WaTech should explore ways to contain or even reduce costs.
Platform	State Data Center (SDC) Colocation/ Quincy Data Center (QDC) Colocation	Expand	<ul style="list-style-type: none"> Due to heavy prior investment (and no ability to divest), the state is bound to subsidizing delivery in order to incentivize agency behavior that maximizes the value in state investment. Although the service is priced competitively, agency adoption is too low to enable operational cost recovery at current price point (building debt service is recovered through a separate allocation). WaTech should expand marketing of service and aggressively follow up on waivers to ensure maximum use of facility. WaTech should also explore other action(s) to enable recoverability (e.g., small price increase, adjusted rate model with cabling as a separate fee-for-service offering, additional state subsidy).

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Private Cloud	Improve	<ul style="list-style-type: none"> ▪ WaTech recently implemented a new Private Cloud offering intended to replace legacy compute services. Performance and reliability issues early in the rollout stalled adoption, and ongoing support of other environments limits staff/resources. ▪ WaTech should invest in expanded features/ more robust private cloud offering, and discontinue point solutions (Data Mgmt, Platform & Connectivity, Managed Server, Storage, Backup) as individual services – i.e., reconsider service as an expanded offering more in line with industry. ▪ However, given positioning as an optional service, and late market introduction, WaTech may not be able to drive the kind of volume needed to prove the solution is cheaper/better than agency solutions, and may struggle to achieve significant agency adoption. ▪ A critical success factor will be to avoid overinvestment in new feature rollouts, and keeping close coordination with customers to ensure any investments are in line with expressed needs. ▪ Successful discontinuance of legacy solutions will be dependent on dedicating staff/funding to focused customer migration teams, and in purchasing additional capacity in the Private Cloud in advance of when major workloads are slated to migrate. ▪ Once legacy services are discontinued, a combined and streamlined multi-disciplinary team should be able to manage the equivalent workload that was previously managed by three teams.
	WaServ/ Email Vault	Improve	<ul style="list-style-type: none"> ▪ Based on Gartner’s understanding there is a strong business case for email archival to be delivered centrally across all agencies. ▪ WaTech should conduct a gap analysis between the functionality that vault provides versus what’s available either from Microsoft directly as a part of the cloud-based subscription or some other cloud toolset. ▪ WaTech needs to define the architecture for O365 and develop a strategy for modernization of email archival.

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Mainframe	Contain	<ul style="list-style-type: none"> ▪ Customers are wary of the implications of being one of the last mainframe users. ▪ They have plans to migrate off the platform, though many of these plans are not well-defined or funded. ▪ WaTech should develop a Statewide Mainframe migration strategy/roadmap which includes buy-in and commitment from mainframe stakeholders (WaTech, One Washington, WaTech Mainframe customer agencies) and agencies that operate their own mainframes. ▪ Develop a sourcing strategy that will provide best value to the state (leverage the RFP process to identify most effective way for containing mainframe costs as agencies exit the service).
Network and Telephony	Network – Core/ Transport/ Firewall	Expand	<ul style="list-style-type: none"> ▪ WAN services (particularly the SMON, campus fiber network, and the data center LAN) must be delivered as a shared service. It does not make sense strategically to take any other approach. ▪ However, agencies expressed some frustrations, particularly around inflexibility of the new allocation, circuit procurement timelines, reliability of remote office network connectivity and communication/customer service. ▪ WaTech should assess customer requirements (e.g., enabling greater flexibility in adding removing office locations, better reliability at remote locations, etc.), develop a customer driven strategy and long-term investment plan/ product features roadmap. ▪ Assess needed adjustments to chargeback approach that enables agencies to execute business at best value for the state (e.g., move to a simplified FFS model, or if remaining with allocation, move to an all-inclusive model that enables more agile site reduction, work with agencies to add networking considerations early in site evaluation processes to ensure agencies pick locations compatible with best value to state). ▪ Establish a plan for periodic benchmark to ensure costs remain appropriate over time (particularly critical if remaining with allocation approach for chargeback).

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Cloud and Office VPN	Improve	<ul style="list-style-type: none"> ▪ The service is an important shared service given WaTech’s responsibility for network security. WaTech should assess customer requirements for future use of service and conduct a gap analysis to ensure architecture will meet needs. ▪ WaTech should plan to better integrate cloud and office VPN services into broader set of network services. ▪ As the cloud highway is implemented identify ideal use cases for how this offering fits in the portfolio and develop customer communication materials that educates them on best ways to leverage the available offerings.
	Secure Sockets Layer Virtual Private Network (SSL VPN Remote Access)	Improve	<ul style="list-style-type: none"> ▪ SSL VPN is commonly provided as a shared service by state shared services organizations and WaTech is able to deliver it at pricing that is in line with peers. WaTech should complete configuration of Disaster Recovery capability (critical priority given importance of remote access service during a disaster situation). ▪ Document processes and define metrics for reporting (e.g., comparative availability of soft and hard tokens, and certificates underpinning the SSL VPN service). Develop a strategy for encouraging greater and more rapid adoption of soft tokens (e.g., potentially passing back some additional savings to the customer to encourage further adoption).
	Domain Name System (DNS)/ Dynamic Host Control Protocol (DHCP)	Improve	<ul style="list-style-type: none"> ▪ WaTech leverages a key agreement with another state along with a shared set of appliances to deliver what is typically provided as a leveraged shared service. ▪ WaTech should develop a long-term cost model that incorporates potential improvements, like self-service and automation, and update cost tracking and chargeback in order to drive better transparency and ensure appropriate availability of staffing and funding.
	Private Branch Exchange (PBX)/ Interactive Voice Response (IVR)/ Voice over Internet Protocol (VoIP)	Improve	<ul style="list-style-type: none"> ▪ A statewide strategy is needed to avoid spending millions in redundant technology as agencies implement their own solutions. WaTech should partner with key customers to conduct an architectural assessment, develop a statewide IP Telephony Transformation strategy and obtain buy-in and funding from state leadership, establish a customer-driven strategy for moving forward with VoIP implementation. ▪ The comprehensive statewide plan should clearly delineate responsibility for obtaining funding. WaTech should simplify the rate model and get down to a “per phone per month” charge (possibly metro versus non-metro rates).

	Service/Program	Rating	Rationale for Continued Delivery and Recommended Enhancements
	Switched Long Distance	Contain	<ul style="list-style-type: none"> ▪ Customers view the service as expensive due to 100% long distance markup over carrier rates, as customers move off other telephony services they have stated an intention to move away from Long Distance as well. ▪ WaTech should assess ROI of pin code and billing management, and evaluate opportunities to reduce delivery costs, including impact of elimination of pin code and billing management on pricing.

Services and Programs WaTech Should No Longer Offer

For each of the services Gartner recommends that WaTech stop providing to customer agencies, Gartner developed high level transition cost estimates. Transition cost estimates are intended to reflect WaTech's full cost to stop providing the service, and therefore incorporates the estimated labor cost of planning; labor cost of transition/transformation execution; selling or destroying assets no longer required, and any lost value of discarded assets (unsaleable); communication, coordination and handoff to other agencies, as required; removal from service catalog. Transition costs are estimated for WaTech only. Agencies may incur additional costs.

Size of Transition Investment	Limited Cost	Small Cost	Medium Cost	Significant Cost
Dollar Estimate	\$0 to \$10,000	\$10,000 to \$250,000	\$250,001 to \$1,000,000	\$1,000,001 or greater
Summary View of Service Transition Costs	<ul style="list-style-type: none"> ▪ Video Production Services ▪ Agile Business Analysts ▪ Access Washington ▪ Project Management 	<ul style="list-style-type: none"> ▪ ESF – Finance ▪ ESF – Budget ▪ ESF – HR/Payroll ▪ ESF – Enterprise Reporting ▪ JINDEX ▪ OneNet ▪ UX & Accessibility ▪ Usability Lab ▪ BPaaS (ServiceNow Dev) ▪ Centrex ▪ Citrix Edge 	<ul style="list-style-type: none"> ▪ Managed Server Hosting (Legacy) ▪ Platform & Connectivity ▪ DB Management Services ▪ Server Support Services ▪ Storage ▪ Backup ▪ Desktop/LAN 	<ul style="list-style-type: none"> ▪ Skype ▪ Shared Email ▪ Enterprise SharePoint ▪ Office 365 Activation

Table 3. Services/Programs WaTech Should **No Longer Offer**

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
IT Programs	OneNet	Discontinue	<ul style="list-style-type: none"> Service is dedicated to one agency (does not align with shared delivery model). Recommendation is to work with Washington Military Department to transition service with minimal impact. Smooth transition will require negotiation with the Washington Military Department on timing and terms of handoff (e.g., assignment of resources, sourcing efforts, etc.). 	Small Cost
	Video Production Services	Discontinue	<ul style="list-style-type: none"> Service is non-strategic (does not align with shared delivery model and legislative charter) and is difficult to consistently recover (dependent on a single resource, short-term consulting work). Recommendation is to find a new home for the service (outside of WaTech) or shut it down. WaTech is under contract to begin a large project and may want to complete that project while looking for a better aligned government organization to take over this service, and/or to allow sufficient lead time for service discontinuance to minimize impact to agencies. 	Limited Cost
Applications	ESF – Finance, Budget, HR/Payroll, Reporting	Improve*	<ul style="list-style-type: none"> Legacy application development and support team should be merged with One Washington. Ultimately this could be a future investment area for WaTech (if One Washington were to come under WaTech) otherwise WaTech should look to discontinue the service by hiving it off and transitioning it to OFM to manage. At a minimum, WaTech should improve the service by realigning resources under streamlined management structure in order to better align with customer objectives. *Strategic Advice – while this service was rated as “Improve” and could be improved through realignment of resources, Gartner is making the strategic recommendation for WaTech to divest this service and transition responsibility to OFM 	Small Cost

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
	JINDEX	Discontinue	<ul style="list-style-type: none"> ▪ Service is dedicated to a handful of agencies (does not align with shared delivery model). ▪ Recommendation is to work with customers to identify appropriate service owner (likely Washington State Patrol) to transition service with minimal impact. ▪ Smooth transition will require negotiation with the customer agencies on timing and terms of management responsibility handoff (e.g., assignment of resources, sourcing efforts, etc.). 	Small Cost
	Access Washington	Discontinue	<ul style="list-style-type: none"> ▪ WaTech should not make additional investments in this service based on lack of business sponsorship and funding. ▪ The Governor’s office needs to make the decision on whether to fund it or to shut it down/replace it with some type of landing page, or point the URL “www.wa.gov” at another State website. 	Limited Cost
	BPaaS (ServiceNow Development)	Discontinue	<ul style="list-style-type: none"> ▪ Service is non-strategic (not aligned to legislative charter and does not seem to have buy in or general agreement from agencies that this should be a priority) and it would be difficult to effectively scale and manage a portfolio of small one-off unintegrated applications given available staffing and funding. ▪ Recommendation is to plan shut down of service and work with the one existing customer (OFM HR) to develop a plan to transition responsibility for maintaining the one customer application currently supported. 	Small Cost

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
	User Experience (UX) & Accessibility	Discontinue	<ul style="list-style-type: none"> ▪ WaTech has a small portfolio of successful UX and Accessibility projects but workload is episodic and the parameters of the “consulting practice” are not well defined (e.g., goals for billability, lead development, resourcing strategy, etc.). ▪ WaTech should consider incorporating elements of the UX design and accessibility support services as a value-added feature of the Web Platform/ Design service (while being cautious not to burden ongoing support rates in order to add new features). ▪ WaTech should look to transition away from providing this as a stand-alone service. ▪ Agencies will be able to contract for third party support in line with rates currently paid to WaTech and transition risks are minimal given low service adoption. 	Small Cost
	Usability Lab	Discontinue	<ul style="list-style-type: none"> ▪ Service is included in an allocation making it “free” for agencies paying for the Enterprise Systems Fee but historical usage is only 30%. ▪ In general, there are a limited number of agencies performing high volume custom development work which would call for high-end usability testing. ▪ WaTech should repurpose the physical space and discontinue the service. 	Small Cost

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
	Project Management	Discontinue	<ul style="list-style-type: none"> ▪ Project Management (PM) as a Service is a non-strategic service for WaTech to deliver. ▪ It is a commodity service that is widely available from third parties, and WaTech does not have a well-established “consulting practice” to ensure alignment of supply and demand of PM as a professional services offering. ▪ WaTech should stop selling PM services as a service and embed costs as a part of ongoing WaTech operations (eliminate disincentive to leverage project managers in key operational projects, but still track billed time for showback purposes, and discontinue efforts to sell PM services to other agencies). ▪ WaTech needs to establish Project Management Office (PMO) governance for ongoing needs evaluation and prioritization, to ensure appropriate pipeline management and rightsizing of staff to meet requirements. ▪ WaTech should also establish flexible contracts to utilize third party project managers to meet short-term demand as needed. WaTech only has one external customer today and should complete the terms of the existing agreement to eliminate transition impact, but WaTech should immediately discontinue marketing this service externally. 	Limited Cost
	Agile Business Analysts	Discontinue	<ul style="list-style-type: none"> ▪ Service is dependent on episodic capacity (i.e., “spare time”) from staff who are committed to supporting enterprise systems on a full-time basis. ▪ Staff are fully funded to support OFM applications necessitating system for reimbursing the Enterprise Systems Fee for time spent. ▪ WaTech should discontinue this as a stand-alone service and refocus on the enterprise application portfolios where there may be an opportunity to improve delivery effectiveness. ▪ Resources should be realigned to best meet the needs of the enterprise application business owners (realigned to focus only on Enterprise Systems). Given service is still in the experimental stage (2-3 projects), transition impacts will be limited. 	Limited Cost

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
Workspace	Desktop/LAN	Improve*	<ul style="list-style-type: none"> ▪ The Revised Code of Washington explicitly defines WaTech’s mission as encompassing responsibility of desktop services but WaTech has not been able to successfully drive sufficient standardization and automation to gain efficiencies and drive service adoption. ▪ WaTech only supports a handful of small agencies with about 50% of supported desktops within two large agencies (OFM or DES) and most of the rest internal within WaTech. ▪ The service stability is at risk if either large customer decides to move away from WaTech’s service. DES has expressed the desire to move away within the next year. ▪ WaTech needs to develop a customer driven, WaTech led strategy for modernizing the service and minimizing costs going forward (e.g., automation, virtualization, remote support, etc.) and maturing processes (e.g., performance management), or handoff responsibility to DES, OFM and possibly another provider for small agency support. ▪ *Strategic Advice – while this service was rated as “Improve” and could be improved through a transformational modernization effort led by WaTech, Gartner is making the strategic recommendation for WaTech to divest this service and transition responsibility 	Medium Cost

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
	Office 365 Activation, Skype, Shared Email, and Enterprise SharePoint	Discontinue	<ul style="list-style-type: none"> ▪ WaTech collaboration services are currently centered on hosting as much of the administrative responsibilities have been pushed to the agencies. ▪ In line with industry direction to move to cloud-based collaboration tools, WaTech is currently pursuing an effectively unfunded migration to Office 365 with a selected architecture that is a major point of customer contention. ▪ WaTech needs to establish a customer driven, WaTech led and centrally funded Office 365 migration project, consolidate Office 365 related WaTech subgroups under focused common leadership, and define a longer term comprehensive UCC strategy, including Audio/Web conferencing, telephony and collaboration services. ▪ WaTech has a key role to play in migration to O365 but its future service provider role will be limited as the hosted services are retired. ▪ WaTech should prioritize the development of replacement/upgrade strategy for vault storage to avoid functional degradation after the move to O365. ▪ Successful discontinuance of legacy solutions will be dependent on dedicating investment dollars on focused customer migration teams. ▪ Following through on architecture assessment to validate the ability to support a multi-tenant architecture will help reestablish customer confidence in WaTech. 	Significant Cost
Platform	Managed Server Hosting (Legacy)	Discontinue	<ul style="list-style-type: none"> ▪ WaTech should improve the Private Cloud offering and form a focused workload migration planning and execution team to create painless, value-added migration path and migrate existing workloads to Private Cloud at no incremental cost to current customers. 	Medium Cost
	Platform & Connectivity	Discontinue	<ul style="list-style-type: none"> ▪ WaTech should improve the Private Cloud offering and form a focused workload migration planning and execution team to create painless, value-added migration path and migrate existing workloads to Private Cloud at no incremental cost to current customers. Address additional migration issues around SharePoint, file sharing and Core LAN infrastructure. 	Medium Cost

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
	DB Management Services	Discontinue	<ul style="list-style-type: none"> ▪ Database administration services are a mainstream offering that is typically offered as a part of cloud service, WaTech should reconfigure service to be a value-added feature of the private cloud service, and should align staff, tools and technologies under common leadership with Private Cloud. 	Medium Cost
	Server Support Services	Discontinue	<ul style="list-style-type: none"> ▪ Server support services is a mainstream offering that is typically offered as a part of a cloud service. WaTech should realign this service as a value-added (patch-management, monitoring, and troubleshooting) service sold on top of an improved Private Cloud service. Align staff, tools and technologies under common leadership with Private Cloud. 	Medium Cost
	Storage	Discontinue	<ul style="list-style-type: none"> ▪ WaTech should form a focused customer migration team. ▪ Develop a customer driven, WaTech-led migration plan for eliminating mainframe and distributed customer usage by mid-FY19. ▪ Identify, architect and price viable alternatives for customers to consider (e.g., Private Cloud, Public Cloud, agency solutions, etc.) 	Medium Cost
	Backup	Discontinue	<ul style="list-style-type: none"> ▪ Evaluate best approach for re-architecting service as a feature of the Private Cloud service rather than a separate service that is independently tracked and managed. ▪ WaTech needs to modernize the capability, add self-service restoral capabilities and align to the requirements of other services. 	Medium Cost

	Service/Program	Rating	Delivery Alternatives and Transition Considerations	Transition Cost
Network and Telephony	Centrex	Discontinue	<ul style="list-style-type: none"> ▪ As the line counts are reduced, the cost per line will increase, and it will be difficult for WaTech to continue delivering this service. ▪ WaTech should discontinue this service by transitioning vendor and provisioning management responsibilities to the agencies or encourage agencies to use more modern telephony services (e.g., VoIP/PBX) where feasible. WaTech should ensure that DES negotiates a master agreement that is available to agencies for direct purchase. ▪ WaTech should either develop a smooth transition process or continue raising the price and offer the alternative to transition the contract to the agencies, rather than, or in addition to, establishing a service cutoff date. ▪ Agencies will lose some self-service features as WaTech supports a CenturyLink tool that is managed on behalf of agencies. 	Small Cost
	Citrix Edge	Discontinue	<ul style="list-style-type: none"> ▪ The last Citrix Subject Matter Expert left WaTech in May 2014, the service is provided on infrastructure that is due for a refresh, there is no disaster recovery solution and WaTech does not track or report on performance. ▪ While this service is commonly provided as a shared service by state shared services organizations, WaTech has already announced an end of service date and all but four customers have migrated off. ▪ WaTech should collaborate with remaining customers to define a migration plan to meets their requirements and while minimizing risk associated with ending the service offering. ▪ WaTech reports that the SSL VPN service is sufficient to meet customer's remote access requirements, and those that require Citrix Edge will need to self-support or contract for third party support after WaTech discontinues its service offering. 	Small Cost

Recommendations: Transformational Opportunities

While Gartner has provided recommendations specific to each service delivered, many of these service-specific recommendations roll up to five major transformational efforts. The five tables below highlight these high priority transformation opportunities: collaboration, enterprise applications, private cloud, telephony and security.

Successful execution of each of these efforts will likely require realignment of staff, a dedicated project budget, a customer driven approach, independent oversight and control of the transformation budget, as well as a concerted effort by WaTech to mature capabilities and establish a customer and service-delivery driven culture. This section discusses the transformational opportunities, while the next two sections address the required focus on maturing enabling capabilities, and additional strategic advice related to the governance and oversight approach.

Table 4. Transformational Project Opportunity – Collaboration

Background	WaTech is currently pursuing an effectively unfunded migration to Office 365 with a selected architecture that is a major point of customer contention.
Decision Point	Whether to formally invest in a statewide project to migrate to Office 365, and discontinue premise-based services (Skype, Shared Email, and SharePoint) and the O365 Activation service as it is currently provided.
Recommended Actions	<ul style="list-style-type: none"> ▪ Create a customer driven, WaTech led and centrally funded Office 365 migration project. ▪ Consolidate Office 365 related WaTech sub-groups under focused common leadership. ▪ Integrate with a comprehensive UCC strategy, including Audio/Web conferencing, telephony and collaboration services.
Risk Associated with Inaction	<ul style="list-style-type: none"> ▪ Greater likelihood of project failure or delay, given staffing and funding challenges. ▪ Lower probability of resolving architectural issues related to active directory and global address replication, and vault storage replacement. ▪ Continued source of friction between WaTech and agency technical resources resulting in uncoordinated agency migrations.
Further Guidance and Recommendations	<ul style="list-style-type: none"> ▪ WaTech has a key role to play in migration to O365 but its future service provider role will be limited as the hosted services are retired. ▪ WaTech should prioritize the development of replacement/upgrade strategy for vault storage to avoid functional degradation after the move to O365. ▪ Following through on architecture assessment to validate the ability to support a multi-tenant architecture will help reestablish customer confidence in WaTech. ▪ Successful discontinuance of legacy solutions will be dependent on dedicating investment dollars on focused customer migration teams.

Table 5. Transformational Project Opportunity – Enterprise Applications

Background	WaTech is currently providing enterprise support for legacy applications that will largely be replaced by the One Washington ERP transformation program.
Decision Point	Whether to realign the Enterprise Application support team to ensure smooth operations until One Washington project is completed while also directly supporting the One Washington program.
Recommended Actions	<ul style="list-style-type: none"> ▪ Tactical Next Steps: Minimize further customization and further investment in anticipation of One Washington. Assess opportunity to realign resources under streamlined management structure in order in order to better align with customer objectives. ▪ Strategic Next Steps: Merge this application development and support team under One Washington. Ultimately this could be a future investment area for WaTech (if One Washington were to come under WaTech as a critical service) otherwise WaTech should look to transfer the service to OFM to manage.
Risk Associated with Inaction	<ul style="list-style-type: none"> ▪ Allowing organizational boundaries to inhibit effective collaboration with OFM could create an unhealthy overdependence on the Strategic Partner vendor for expertise and execution capability.
Further Guidance and Recommendations	<ul style="list-style-type: none"> ▪ Stay in close coordination with One Washington as the legacy application hosting service provider to understand future impacts to hosting service cost/revenue (e.g., future fit gap of functional requirements will clarify the functionality that will remain, project planning will clarify timelines for replacement, etc.). ▪ WaTech should consolidate all of the enterprise application support functions (including systems analysts, reporting, and business analysts) and move them organizationally to OFM, where they could be aligned with the One Washington transformation program. ▪ The readiness of OFM and/or One Washington to absorb and support the enterprise applications functions should be assessed. It is likely that some level of additional IT leadership and support will be required within OFM to enable success. ▪ Responsibility for providing technical infrastructure (mainframe, hosting), operations and related support services should remain with WaTech.

Table 6. Transformational Project Opportunity – Private Cloud

Background	WaTech recently implemented a new private cloud offering intended to replace legacy compute services. Performance and reliability issues early in the rollout stalled adoption, and ongoing support of other environments limits staff/resources.
Decision Point	Whether to formally invest in expanded features/ more robust private cloud offering, and discontinue point solutions (Data Management, Platform & Connectivity, Managed Server, Storage, Backup) as individual services – i.e., reconsider service as an expanded offering more in line with industry.
Recommended Actions	<ul style="list-style-type: none"> ▪ Re-envision a more holistic service that is inclusive of all customer needs (e.g., security, Disaster Recovery, network, backup, archiving, database/SQL, monitoring/performance reporting).

	<ul style="list-style-type: none"> ▪ Hire a cloud architect and evaluate re-platforming the private cloud onto some type of appliance-based hyper-converged infrastructure (i.e., evaluate transitioning to a simplified architecture that would reduce time required to test, troubleshoot and optimize compared to the reference architecture approach). ▪ Create a private cloud team that includes all of the disciplines and skills necessary to create the holistic service envisioned above.
Risk Associated with Inaction	<ul style="list-style-type: none"> ▪ Continued overspending to support a multitude of similar disconnected offerings.
Further Guidance and Recommendations	<ul style="list-style-type: none"> ▪ Given positioning as an optional service, and late market introduction, WaTech may not be able to drive the kind of volume needed to prove the solution is cheaper/better than agency solutions, and may struggle to achieve significant agency adoption. ▪ A critical success factor will be to avoid overinvestment in new feature rollouts, and keeping close coordination with customers to ensure any investments are in line with expressed needs. ▪ Successful discontinuance of legacy solutions will be dependent on dedicating staff/funding to focused customer migration teams, and in purchasing additional capacity in the Private Cloud in advance of when major workloads are slated to migrate. ▪ Once legacy services are discontinued, a combined and streamlined multi-disciplinary team should be able to manage the equivalent workload that was previously managed by three teams.

Table 7. Transformational Project Opportunity – Telephony

Background	WaTech is currently pursuing TDM to VoIP migration as resources are available and as customers are interested (long planning horizon/phased approach).
Decision Point	Whether to invest in developing and implementing a more focused, comprehensive and rapid statewide VoIP implementation migration.
Recommended Actions	<ul style="list-style-type: none"> ▪ Partner with key customers to develop a statewide IP Telephony Transformation strategy and obtain buy-in and funding from state leadership. ▪ Focus on UCC/contact center enablement and cost reduction. ▪ Even without a statewide investment, WaTech still needs to establish a customer-driven strategy for moving forward with VoIP implementations. ▪ Simplify rate model and get down to a per-phone-per-month charge (possibly metro versus non-metro rates).
Risk Associated with Inaction	<ul style="list-style-type: none"> ▪ A statewide strategy is needed to avoid spending millions in redundant technology as agencies implement their own solutions. ▪ The longer the timeline for conversion the greater the probability of losing part of the customer base to alternative providers/solutions making cost recovery difficult. ▪ Aging equipment will lead to higher maintenance cost/increasing failures with a longer phased transformation.

Further Guidance and Recommendations	<ul style="list-style-type: none"> ▪ Architectural assessment and strategy development is a critical first step. ▪ Comprehensive statewide plan should clearly delineate responsibility for obtaining funding. ▪ Replacement of building wiring (where needed) may represent millions of dollars in investment decisions – may be best to leave responsibility with specific agencies to reduce risk to a statewide project. ▪ VoIP phone replacement is a major expense associated with conversion. This is best negotiated centrally/collectively for volume-based pricing.
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Table 8. Transformational Project Opportunity – Security

Background	<p>Standing up OCS to lead enterprise security efforts was an important step (separating Policy/Compliance control function), however, it exposed as many gaps as it closed. Funding and resources for WaTech’s internal security team were unintentionally shifted to the Office of Cybersecurity and need to be resourced to meet customer needs, and the responsibilities across OCS versus WaTech versus the agencies are not well defined and gaps (acknowledged and unacknowledged) clearly exist.</p>
Decision Point	<p>Whether to fund an effort to clarify WaTech and the State’s security gaps/exposures, refine roles and responsibilities and close the gaps.</p>
Recommended Actions	<ul style="list-style-type: none"> ▪ Identify a new State CISO with strong leadership skills, security credibility and experience in public sector to enable partnerships inside and outside the State. ▪ Create a comprehensive method of measuring the effectiveness of all security programs and identifying and prioritizing gaps. ▪ Assess the maturity of both the enterprise and WaTech security program, identify gaps, investment needed to close gaps, and create a comprehensive 3 to 5 year strategic security roadmap.
Risk Associated with Inaction	<ul style="list-style-type: none"> ▪ Loss of momentum improving the State’s Cybersecurity awareness and posture. ▪ Significant WaTech internal security gaps that could compromise systems/data.

<p>Further Guidance and Recommendations</p>	<ul style="list-style-type: none"> ▪ Continue to work on security community building within the state that focuses on establishing stronger two-way communication and more effective security policy-making and enforcement. ▪ Do not limit Vulnerability Assessment and Log Event Processing to license provisioning/hosting. Instead roll out more comprehensive services built around a Center of Excellence. ▪ Do not try to build internal security capabilities where external options are available, particularly for 7/24 functions requiring highly skilled analysts. ▪ Create a security governance and risk dashboard that tracks the posture of agencies and aggregates this into an overall score that can be communicated to State leaders and tracked over time. ▪ Organize the security governance and decision making process in a way that maximizes business leadership’s engagement in risk management. ▪ Clarify the separation of duties/accountability between WaTech and OCS in order to make certain that operational/technical roles are clear and that the policy making and compliance role of OCS is not compromised.
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Recommendations: Enabling Capabilities

WaTech has been through multiple organizational changes and transformation efforts – but has yet to find lasting success. Gartner has made many service specific recommendations, but given WaTech’s current state, simply transitioning out of a few services will be insufficient to ensure long-term ROI on centralized IT services. WaTech must focus on maturing key enabling capabilities in order to achieve desired results from transformational change.

Figure 5. Key Enabling Capabilities



Recommendations for each of these areas is provided below.



Service Management Enabling Recommendations:

- Replace the existing service catalog with one which describes services in detail (features, service levels, performance metrics and customer versus WaTech responsibilities). This should be a living document which evolves with the services.
- Establish a clear separation between service owner and technical engineering/operational roles. Align service owner role with revitalized customer relationship management and technology architecture functions.

- Establish clear, forward looking, lifecycle oriented product roadmaps and funding models.
- Consolidate services around clear customer acknowledged value propositions. Transition away from services that are siloed by technology, product, historical factors/workgroups and other irrelevant factors.
- Mature IT Service Management processes (focusing first on – request, incident, change, problem, and service performance management).
- Establish a continual service improvement culture driven initially by simple metrics.
- Align IT Service Management tools to processes and measurement and reporting needs.
- Automate technical service delivery where feasible.



Workforce Management/ Organizational Structure Recommendations:

- Consolidate and simplify the organizational structure so that it's better aligned to the services delivered and enables multidisciplinary teaming.
- Create a more flexible workforce model to the extent feasible by removing contractual and procurement barriers to engaging contract resources when required. Negotiate with the unions to identify ways to enable the transformational change that needs to occur.
- Accelerate overhaul and realignment of employee performance management (rationalizing position descriptions, completing a baseline skills assessment, standardizing/maturing performance management processes, identifying critical staff for retention, as well as staff who require coaching or other action).
- Assess the readiness of the staff for the planned changes and create an empowered organizational change management team that is focused specifically on enabling the transformation by continually engaging and informing the team in the process.



Financial Management/ Procurement Recommendations:

- Improve baseline financial management capabilities and focus them on enabling service management and meeting customer needs (improving transparency/fairness) rather than focusing on reducing administrative burden through over simplification.
- Target the “right number” of allocations/cost codes that effectively enables appropriate chargeback, internal accountability and effective portfolio planning.
- Overhaul the chart of accounts to align with the “to be” service portfolio/catalog.

- Mature budgeting, cost modeling and estimation practices, eliminate siloed and error-prone manual processes wherever feasible.
- Formalize demand management and align it with customer budget projections to reduce the risk of overinvestment when budgeting for future needs (align supply).
- Overhaul time tracking practices by realigning them to the updated chart of accounts, ensuring consistency, and expanding them more broadly in the organization.
- Simplify technology procurement (use of MSA and common procurement vehicles).
- Expand WaTech authority to negotiate/procure on behalf of agencies in key focus areas (e.g., network, security).



Leadership/ Culture/ Governance Recommendations:

- Establish an empowered leadership team that can refocus the organization on customer needs while still ensuring recoverability (the “basic table stakes” that maturation of financial management capabilities will help to address).
- Establish customer relationship management, service ownership and technology architecture as top level functions within the organization (e.g., Chief Technology Officer/Chief Customer Officer).
- Establish a transparency-oriented culture (both internally and with customers) that is rooted in doing the right things for the right customers for the right reasons at the right times. Reward those who exhibit these behaviors.
- Ensure that new leaders have the right combination of government, technology and operational skills to have clear credibility with both staff and customers.

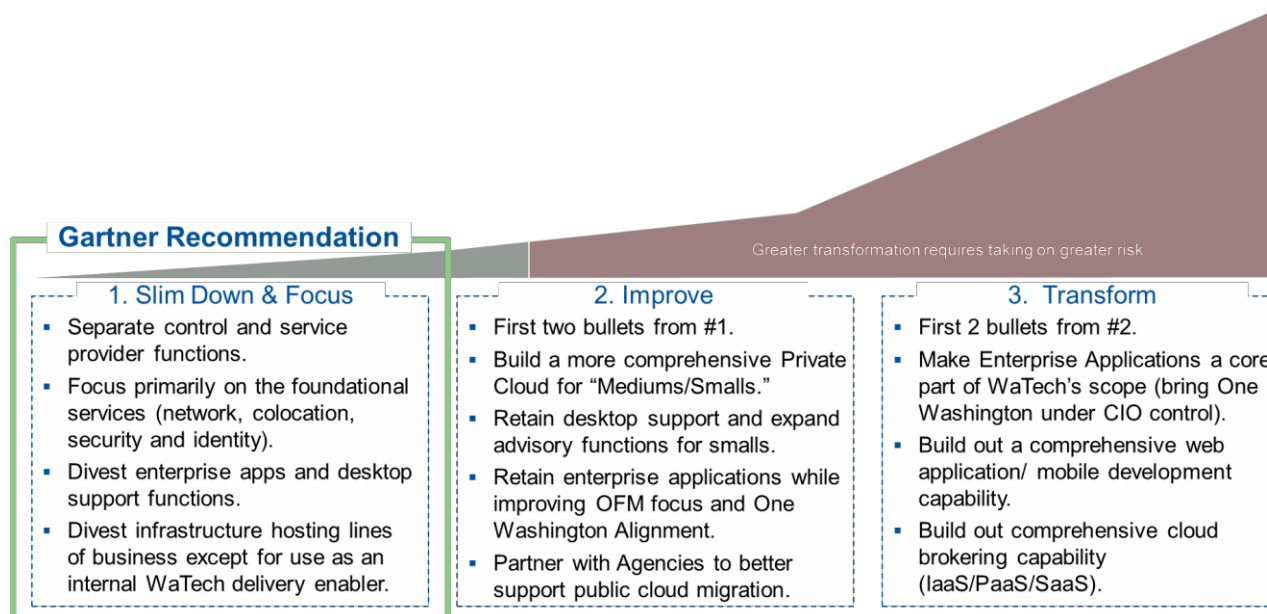
Strategic Advice

Taking on multiple large scale projects and transformational efforts at the same time is risky. State stakeholders must determine the risk appetite and willingness to invest further in WaTech when ROI is ultimately dependent on broad agency adoption.

Stakeholders including WaTech, customer agencies, Office of Financial Management and the legislature need to answer collectively the question as to whether WaTech should only provide critical centralized services, or play a bigger role in supporting the “small” agencies, or an even bigger and more strategic role with application development and cloud enablement.

Given the greater risk associated with high degrees of transformation, Gartner recommends that WaTech slim down and focus on a smaller number of services.

Figure 6. Strategic Recommendation Summary



To successfully transform, Gartner recommends that WaTech prioritize investments that enable it to improve its focus on its foundational services. This prioritization includes divesting a couple large services (as well as a couple smaller services called out in the service-specific recommendations) that will enable WaTech to slim down and focus.

Divest Enterprise Applications:

- Providing support for the legacy enterprise and OFM applications provides no clear benefit to either WaTech or OFM and has become a pain-point as WaTech has lost customer focus and OFM must execute One Washington without the direct support of these resources.
- Gartner recommends that WaTech consolidate all of the enterprise application support functions (including systems analysts, reporting, and business analysts) and move them organizationally to OFM, where they should be aligned with the One Washington transformation program. Responsibility to provide technical infrastructure (mainframe, hosting), operations and related support services should remain with WaTech.

Divest Desktop and LAN Support Services:

- WaTech's capitol complex desktop and IT workspace services have not met basic expectations for many years. With DES's desire to bring their environment in-house, this is now essentially a dedicated service for OFM that lacks economies of scale and requires downsizing and transformation.
- Gartner recommends the State reevaluate the business case for WaTech to provide this service and consider tasking OFM with supporting itself and the Governor's office. A solution for a handful of small agencies may also be needed.

Some transformation investments may be warranted. However, they must be carefully planned and externally governed. Gartner recommends WaTech invest in maturing security, the migration to Office 365, the migration to modern IP-based telephony, and consolidating legacy environments onto the Private Cloud.

Invest in Maturing Security:

- Cybersecurity will be increasingly important – and expensive – as agencies become more networked and move services to the cloud. While standing up OCS was an important step (establishing statewide policy/compliance as a separate group), it exposed more problems than it solved. Funding and resources for WaTech’s internal security team were unintentionally shifted to the Office of Cybersecurity and need to be resourced to meet customer needs. The State lacks an overall Cybersecurity strategy and capability framework that clearly defines Agency versus OCS versus WaTech roles – or an effective method of measuring maturity and effectiveness.
- Gartner recommends that WaTech assess the maturity of both the enterprise and WaTech security program, identify gaps, and clarify future roles and investment needed to close gaps, and create and fund a comprehensive 3 to 5 year strategic security roadmap.

Invest in Migration to Office 365 (and establishing more limited role for WaTech post migration):

- While many agencies appear to have made a strategic decision to move email and other key WaTech services to Microsoft’s Office 365 cloud offering, no formal enterprise migration project has been chartered or funded.
- Gartner recommends that the State task WaTech with developing a migration plan and executing it on behalf of its customers. WaTech should not be expected to fund this migration out of its current services and rates. Gartner recommends that the migration planning and funding should be overseen by the independent body (PMO / Board).

Invest in Migration to IP-based Telephony:

- WaTech has been trying to incrementally rollout more modern IP-based telephony and contact center capabilities. Without centralized funding this could take a decade to complete and some customers may not be willing to wait for it to happen.
- Gartner recommends that the State fund a Customer-driven, WaTech led enterprise telephony transformation project which is clearly focused on modernization and cost reduction. Gartner recommends that the migration planning and funding should be overseen by an independent body (PMO / Board).

Invest in Consolidating Legacy Environment onto a more robust Private Cloud:

- WaTech’s hosting services (specifically the Private Cloud) requires transformation and investment to remain viable, however any investment must be calibrated against the fact that many agencies have already created their own “cloud” and convincing others to use WaTech will be a hard sell.
- Gartner recommends that WaTech focus investments and transformation activities on improvements necessary to support WaTech driven workloads and complete the migration of all workloads from the two other environments, reduce costs and improve customer service through automation. Any transformation funding should be overseen by the independent body (PMO / Board) and WaTech should avoid purchases of capacity or investment in features that are not immediately needed.

No matter the level of transformational change selected, it’s important to consider the broader political environment to address key risk factors. Combining the State CIO and WaTech Director roles compromises the effectiveness of both roles and complicates WaTech’s ability to regain customer trust and successfully transform itself. The State should consider moving back toward a model with clear separation of duties, accountability, staff and funding. There are many ways to accomplish this (e.g., could include both positions appointed with separated reporting structure or in-line reporting structure), though separate organizations would be ideal.

Executing this transformation would be difficult, if not impossible, for WaTech to do on its own. Establishing independent transformation governance and gaining agency buy-in and active participation will be key. WaTech should establish an independent body (Program Office/Board) to control the transformation as internal organizational governance will not be enough and the function must be independent of WaTech. The independent body should receive proviso control of spending authority.

WaTech should also engage an external party with industry perspective and objectivity to develop the transformation strategy and oversee its execution. WaTech should not proceed with transformation effort without strong executive sponsorship out of OFM and the Governor's Office.

