

# Technology in the Public Sector: What's the Value/What's the Cost?

*Understanding the IT Budget and How Changing Technology Affects How,  
When, and Where Money is Spent and How to Fund It*

Dennis Vlasich, MISAC Representative  
Former IT Director, Fontana, CA - Retired

Municipal Finance Institute, Monterey, CA  
December 2016

# Agenda

- Introduction
- What is “Technology”
  - What is your definition of technology?
  - Where can it be found in your agency and how did it get there?
- Project valuation – predicting technology costs
- Cloud Computing
- Terms and Concepts You Need to Know
- The “IT Department” Today and Tomorrow
- Funding Strategies
- The Internet

# Introduction

- Recently retired, I've spent 40 years in or serving the Public Sector
- After serving as a Programmer then DP Manger in public agencies, became a vendor developing and marketing products for public sector
- Then became a management consultant for 20 years with the goal to help vendors develop better products for public sector and make public agencies better buyers of technology
- Spent the last 10 years as IT Director for the City of Fontana with the daunting task of actually following my own advice!



# What is “Technology?”

Examples

Definition

# Where is your technology?

Departments

Systems/Technologies

# Project Valuation

- Public agencies have a poor track record with technology projects
  - Large SoCal agency Peoplesoft project circa 2000
  - California DMV Registration project circa 1995
  - CA municipality Oracle Finance project circa 2006
  - LAUSD SAP Payroll project circa 2010
- Why are costs so often underestimated?
  - Who are you listening to?
  - What questions are you asking?

<b>Project Code:</b> MISAC-2014-CIOBC	
<b>Background:</b> <i>(What precipitated the request for this project?)</i>	
<b>Outcome:</b> <i>(What are the expected outcomes/results from this project? )</i>	
<b>Justification:</b> <i>(Why are we doing this, what are the benefits and for whom?)</i>	
<b>Description:</b> <i>(Explain the approach—make/buy, in-house/external, etc.)</i>	
<b>Funding Source(s):</b> <i>(Where is the money coming from?)</i>	
<b>Estimated Initial Cost:</b>	\$ - <b>Scope Score (out of 100):</b> -
<b>Estimated On-going Cost:</b>	\$ -

Preliminary Cost Estimates				
Category	Description	Supplier	Estimated Initial Cost	Estimated On-going Costs
Hardware				
Application Software				
Platform Software (OS/DB)				
Database Requirements				
Services				
Data Conversion				
Configuration & Setup				
Training				
Interface & Integration				
<b>Totals</b>			\$ -	\$ -

## Scoping Worksheet

Category	Description	Scoring Comments				Estimated Value
<b>IT Resource Requirement</b>	Reflects the overall requirements of IT Resources to complete the project.					
<b>Team(s) Impacted</b>	Which IT support teams will be impacted with this project?	<i>Infra- structure</i>	<i>Develop- ment</i>	<i>GIS</i>	<i>Analysts</i>	0
<b>Department Resource Requirement</b>	Reflects the requirement of departmental staff to be involved in the project.					
<b>Hardware/Software addition</b>	Reflects the amount of technology to be added to the City's computing environment.					
<b>Initial Cost</b>	This is the level of initial costs associated with this project.					
<b>On-going costs</b>	Reflects the level of on-going costs once the project is completed.					
<b>Calendar time</b>	This is the estimated relative length of project.					
<b>Effort</b>	This is the relative intensity of effort required for the project.					
<b>Scored by:</b>				<b>Scope Score (out of 33)</b>	0	



# Cloud Computing

- Historically we have looked at computer system as a large capital expenditure every 8 to 15 years with small annual maintenance costs
- Agencies did not build in appropriate depreciation or obsolescence funding for those big CapEx hits
- Moore's Law (paraphrased): Computer power will double every 2 years
- Why do IT budgets keep growing?
- Cloud computing takes the platform and maintenance issues together and builds it into the subscription pricing
- Subscribing to a service is very different than installing a "premise-based" system

# Terms and Concepts You Should Know

- Open Data
  - Data Analytics
  - Geo-spatial Analytics (GIS)
  - Video Analytics
  - Chief Data Officer
  - SB 272/CPRA/FOIA
- Cloud Computing
  - IAM
  - Federated Identity
  - SLA
  - API
  - Data ownership/exit strategy
- Security
  - Cyber security
  - Physical security
  - Chief Security Officer
- Project Governance
  - Project Charter
  - Change Management
  - Vendor/Contract Management
  - Project Management Office/Officer

# The “I’s” Have It

- Everyone assumes that the “I” in “IT” stands for “INFORMATION”
- The new IT Department will have to focus on the 4 I’s:
  - Innovation
  - Integrity
  - Integration
  - Interoperability

# The “IT Department” Today and Tomorrow

- Technology is not a department, it's a resource
- There are almost no “standalone” computer systems
- Security
  - Must be priority one
  - Integrate cyber, physical, and video security technologies
- Organizational options:
  - In-house vs. Outsource
  - Centralized vs. Decentralized
  - Management is critical
- The Internet is your new technology platform

# Technology Funding Models

- Total Cost of Ownership
- Internal Service Funds/Chargeback
- Developer fees
- Cooperative Infrastructure Projects
  - Vendor Sponsored
  - Public partnerships

# The Internet as a Public Utility

- The Google Fiber to the Community Project
  - If you build it, they will come?
- Ontario Fiber to Home/Business Project
  - Leverage city assets for GB Internet (and more)
  - Provide infrastructure as a revenue source with long-term ROI
- Fresno Fiber Project
  - Dig once
  - RFP for city-wide WiFi
- FirstNet



# Questions and Discussion