

# ***FY2013 DTS Rate Analysis***

Prepared for:  
**State of Utah**  
**Department of Technology Services**

Prepared by:

***SAIC***<sup>®</sup>

***8/9/13***

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# Study Objectives

- Analyze DTS rates in support/fulfillment of legislative mandates:
  - Chief Information Officer (CIO) and Executive Director of the Department of Technology Services (DTS) is required to---
    - provide information technology (IT) and telecom services to all Executive Branch Agencies and other customers at the lowest practical cost,
    - prescribe a schedule of fees for all services rendered,
    - ensure all fees are equitable,
    - base rates on a zero-based full cost accounting of activities,
    - establish cost-based service rates and fees, and
    - “conduct a market analysis...periodically thereafter...of proposed rates and fees, and the analysis shall include a comparison of the Department’s (DTS) rates with the fees of other public or private sector providers where comparable services and rates are reasonably available.”

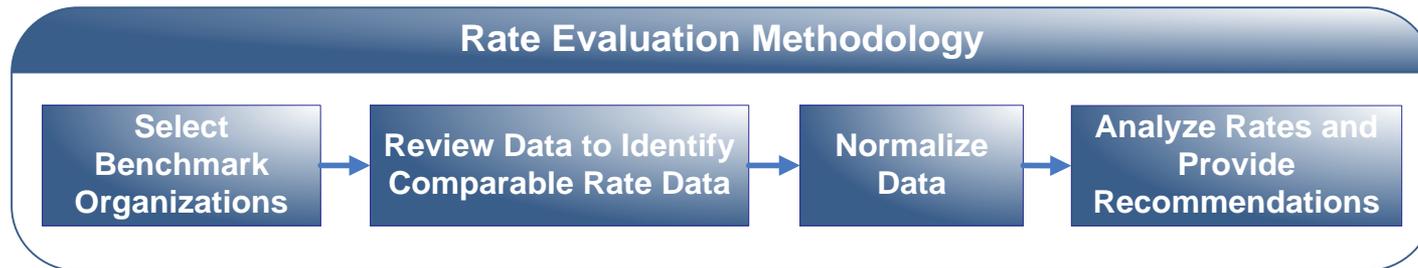
# Study Objectives cont'd

- Evaluate DTS FY2014 rates against:
  - Rate data from 21 state government technology organizations
  - Commercial rate data:
    - Internal\* service center IT rate data from private organizations in the west, mid-west, southwest, southeast and Atlantic coast regions representative:
      - Various mid-sized, Fortune 500 North American Companies;
      - Large multi-industry geographically dispersed North America Corporations; and,
      - North American geographically dispersed [multi-state] utility/oil and gas companies.
    - External\*\* rate data from private sector DTS direct “competitor” organizations as designated by Utah’s MC1015, private industry General Services Administration (GSA) schedules (i.e., GSA IT Schedule 70 132-51 IT Services), a private sector Fortune 500 North American state and local provider, and a third party, nation-wide benchmarking service
- Comment on DTS’ rate and service description changes since the FY2013 study and provide any relevant recommendations

\* Internal = rates charged by IT service delivery organizations who provide support to their company's various business units (similar to how DTS supports the Agencies); these companies are similar to Utah relative to size, complexity, disaster recovery, security, etc.

\*\* External = hourly rates proposed by vendors for services or individuals to external customers.

# Study Approach



- 1. Selected benchmark organizations with approval of DTS based on:**
  - reasonable availability of rate data,
  - organizational similarities to DTS,
  - specific DTS requests
- 2. Reviewed benchmark data to identify comparable services.** Normalized benchmark rates, where necessary (e.g., when benchmark data was provided in more finite units than DTS rates, benchmark rates were averaged to allow a closer comparison).
- 3. Analyzed DTS rates using benchmark data.** DTS service was benchmarked if at least two other comparable rates were identified.
- 4. Categorized relative position of the DTS rates versus benchmark rates.**

# Study Approach cont'd

5. **Assigned “value” (Note: Value assessment is not a statement regarding the quality of services delivered).**
  - Assessed value definitions:
    -  **Best Value** – considering the services offered, Utah’s rate is significantly lower than the majority of benchmarked rates.
    -  **Very Reasonable Value** – considering the services offered, Utah’s rate is slightly lower than most benchmarked rates.
    -  **Reasonable Value** – considering the services offered, Utah’s rate is comparable to most benchmarked rates.
    -  **Less Reasonable Value** - considering the services offered, Utah’s rate is higher than most benchmarked rates and the cost basis should be analyzed to see if a reduction is possible.
  - Assessed values basis:
    - DTS ranking among comparable rates,
    - number and breadth of services included in the rate description/explanation, and
    - quartile for where the DTS rate fell (i.e., lowest, average, highest) among the other comparable rates.
6. **Compared assigned “values” against FY2008, FY2009, FY2010, FY2011, FY2012, and FY2013 “values”.**
7. **Developed observations and recommendations.**

# Rate Study

# Benchmark Organizations

Twenty-one state IT organizations [representing all geographic regions of the nation, multiple population levels & geographic dispersion patterns (i.e., rural versus urban-based on population:square mile ratio)] and multiple private IT service providers.

## Benchmark States

Utah point of comparison		State employee count: 24,219*		Pop: 2,855,287		Sq. miles: 84,898.83	
North				South			
State	Employee Count*	Population	Square miles	State	Employee Count	Population	Square Miles
Alaska	16,341	731,449	663,267.26	Kentucky	36,678	4,380,415	40,409.02
Wisconsin	29,460	5,726,398	65,497.82	Florida	105,301	19,317,568	65,754.59
North Dakota	8,711	699,628	70,699.79	Arkansas	34,576	2,949,131	53,178.62
South Dakota	7,999	833,354	77,116.49	Alabama	44,973	4,822,023	52,419.02
Kansas	20,904	2,885,905	82,276.84	Missouri	53,054	6,021,988	69704.31
Michigan	67,193	9,883,360	96,716.11				
East				West			
State	Employee Count	Population	Square Miles	State	Employee Count	Population	Square Miles
Virginia	62,964	8,185,867	42,774.20	Montana	12,426	1,005,141	147,042.40
West Virginia	23,496	1,855,413	24,229.76	Colorado	28,759	5,187,582	104093.57
North Carolina	79,371	9,752,073	53,818.51	Arizona	33,457	6,553,255	113998.3
Maine	13,087	1,329,192	35,384.65	Oregon	38,306	3,899,353	98,386
Indiana	29,203	6,537,334	36,417.73	Washington	62,519	6,897,021	71299.64

## Commercial Benchmark Data – Internal IT Rates

Company AA – North American Geographically Dispersed (multi-state) Utility/Oil and Gas Companies

Company BB – Large Geographically Dispersed North America Corporation – Multi-Industry

Company CC – Various mid-sized, Fortune 500 North American Companies

## Commercial Benchmark Data – Service Provider Rates

Private Industry GSA Labor Rate and IT Service Schedules

External rate data from a private sector North American state and local IT provider

State of Utah MC 1015 Labor Rate Schedules

Rate data from a third party, nation-wide benchmarking service

\* State employee census data from <http://www.census.gov/govs/apes/>. Judicial/Legal/Education counts excluded.



# Benchmark Services by Category

Benchmark Services*					
Service Category [1]	Specific Service Element	Service Category	Specific Service Element	Service Category	Specific Service Element
Network and Desktop Computing	Enterprise Network Services	Telephony	<b>Basic Phone (per line)</b>	Printing	File and Print (server/month)
	Desktop Management		Credit Card Calling (per minute)	Labor	<b>Laser (per image)</b>
	WAN Rate		<b>Voice Mail</b>		Wiring Design and Consulting
	WAN/Desktop/LAN Packaged		<b>800 Service (per minute)</b>		<b>Phone Tech Labor Telephony</b>
	Email (mailbox/mth)		Audio Conferencing		<b>Database Consulting</b>
	Virtual Private Network (VPN)		<b>Long Distance</b>		Application Development/Maintenance
	WAN Remote Access (Dial-up)		System Administration		<b>Project Management</b>
	WAN Remote Access (DSL)		Processing (CPU core per mth)		DTS Consulting Charge
	Wireless (PC/Laptop) (per access point)		<b>Data Center Rack Space – Full Rack (month)</b>		Web Development and Graphic Design
	T1 Data Circuit Installation		Data Center Rack Space – Rack Unit (month)		GIT Professional Labor
T1 Data Circuit	<b>Web Hosting – Static (month)</b>				
Storage	SAN (MB/mth) (Open System)	Hosting	Shared SQL per GB mth		
	<b>Backup &amp; Restore Services</b>		Application Hosting – Shared (server/month)		
	<b>Mainframe Disk (MB/month)</b>		Enterprise Hosting Services		
	<b>Mainframe Tape (MB/month)</b>		Shared Oracle Hosting (Linux) per GB mth		
Mainframe	Mainframe Services (per second)				

\* Defined with a focus on industry best practice categories for service elements. Services highlighted in gray were similar to services included in the FY08, FY09, FY10, FY11, FY12, FY13 rate analyses. These services were used to develop the year-to-year comparisons on slides 21 and 22.

# Synopsis of Results

DTS labor rates were analyzed against 21 peer State organizations and against internal IT rates for multiple private organizations.

Service Category	Service	Low Rate	High Rate	Median	Average All Rates	DTS FY2014 Rate	DTS Change FY13 – FY14	DTS Position*	Assessed Value of DTS Rate
Network and Desktop Computing	Enterprise Network Services	39.27	43.00	42.32	41.53	42.32	↑.0075%	2/3	Reasonable
	Desktop Management	30.00	93.34	51.25	54.04	62.85	↓.0024%	7/10	Reasonable
	Email (mailbox/month)**	3.60	14.66	4.57	5.71	4.25	N/A	6/14	Very Reasonable
	WAN Rate	12.05	77.03	43.56	41.72	N/A	N/A	N/A	
	WAN/Desktop/LAN Packaged	45.00	273.00	123.21	133.32	123.21	↑4%	4/7	Reasonable
	Virtual Private Network (VPN)	2.28	27.50	16.00	13.42	N/A	N/A	Included in WAN/Desktop/LAN Packaged rate	
	WAN Remote Access (Dial-up)	2.28	47.00	15.00	18.35	N/A	N/A	N/A	
	WAN Remote Access (DSL)***	93.33	109.00	100.00	101.17	104.50	↑14%	4/5	Reasonable
	Wireless (PC/Laptop) (per access point per month)	12.65	64.80	40.50	38.89	N/A	N/A	N/A	
	T1 Data Circuit Installation	352.00	1500.00	723.74	824.87	947.48	Same	3/4	Reasonable
	T1 Data Circuit	182.00	1500.00	833.75	831.02	N/A	N/A	N/A	N/A
Mainframe	Mainframe Services (per second)	0.017	3.190	0.495	0.647	.08	↓10%	5/16	Very Reasonable

Value Legend			
	Best Value		Very Reasonable Value
	Reasonable Value		Less Reasonable Value

\*DTS Position ranking moves from lowest rate (i.e., "1") to the highest rate benchmarked.

\*\*While email services are positioned as 6 of 14 among benchmark rates, it is considered a Very Reasonable value given that it includes a wide breadth of services (e.g., includes PDA synchronization, etc.; Alabama for example charges a separate rate for PDA synchronization).

\*\*\*While DTS' DSL rate is positioned at 4 of 5 among the benchmark rates, DTS' rate is only slightly higher than the average rate and thus is rated a 'Reasonable' value.

# Synopsis of Results (cont'd)

DTS labor rates were analyzed against 21 peer State organizations and against internal IT rates for multiple private organizations.

Service Category	Service	Low Rate	High Rate	Median	Average All Rates	DTS FY2014 Rate	DTS Change FY13 – FY14	DTS Position*	Assessed Value of DTS Rate
Telephony	Basic Phone (per line)	6.73	39.50	22.00	21.23	28.00	Same	17/23	Reasonable
	Voice Mail	1.00	6.60	4.35	4.22	3.50	Same	5/12	Very Reasonable
	Credit Card Calling (per minute)	0.03	0.42	0.12	.15	N/A	N/A		N/A
	Long Distance (per minute)	0.03	0.12	0.05	.06	.05	Same	8/18	Reasonable
	800 Service (per minute)	0.03	4.96	0.05	0.35	.04	Same	7/16	Very Reasonable
	Audio Conferencing	0.01	0.37	0.05	0.07	.02	Same	2/15	Best Value
Storage	SAN (GB/mth) (Open System)	0.2048	8.8064	0.7168	1.4967	.2446	↘50%	1/12	Best Value
	Backup & Restore Services (GB/mth)	0.1024	2.97	0.9216	1.0269	.2446	↘50%	2/16	Best Value
	Mainframe Disk (MB/mth)	0.0001	0.3460	0.0038	0.0342	.0060	↗17%	12/17	Very Reasonable
	Mainframe Tape (MB/mth)	0.0001	3.1000	0.0009	0.2081	.0009	↗11%	8/15	Reasonable

Value Legend							
	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value

\*DTS Position ranking moves from lowest rate (i.e., "1") to the highest rate benchmarked.

# Synopsis of Results (cont'd)

DTS labor rates were analyzed against 21 peer State organizations and against internal IT rates for multiple private organizations.

Service Category	Service	Low Rate	High Rate	Median	Average All Rates	DTS FY2014 Rate	DTS Change FY13 – FY14	DTS Position*	Assessed Value of DTS Rate
Hosting	System Administration	97.70	856.00	371.61	343.15	371.61	N/A	5/9	Reasonable
	Processing (CPU core per mth)	35.00	198.09	92.56	119.70	78.00	N/A	2/7	Very Reasonable
	Data Center Rack Space – Full Rack (mth)	420.00	1800.00	891.97	970.54	440.00	↑.048%	1/8	Best Value
	Data Center Rack Space – Rack Unit (mth)	14.67	50.00	29.18	31.59	14.67	↑.0764%	1/6	Best Value
	Web Hosting – Static (mth)	10.00	225.00	41.00	92.80	41.00	↑156%	5/9	Very Reasonable
	Shared Oracle Hosting (Linux) GB mth	72.00	327.16	267.46	222.21	72.00	N/A	1/3	Best Value
	Shared SQL GB mth	16.50	50.00	34.00	32.34	34.00	N/A	3/5	Reasonable
	Application Hosting – Shared (server/month)	92.00	450.00	170.00	224.89	92.00	↑54%	1/5	Best Value
	Enterprise Hosting Services	150.00	1,012.50	465.00	443.22	N/A	N/A	N/A	N/A
Printing	File and Print (server/month)	391.93	475.00	433.47	433.47	N/A	N/A	Included in Enterprise Hosting	
	Laser (per image)	0.01	0.10	0.04	.05	.03	Same	3/10	Best Value

Value Legend							
	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value

\* DTS Position ranking moves from lowest rate (i.e., “1”) to the highest rate benchmarked.

# Synopsis of Results (cont'd)

Six DTS service rates were analyzed against services offered to state/local governments by a Fortune 500 company and against private 'open market' provider data from a third party, nation-wide benchmarking service.\*

Service Category	Service	DTS FY2014 Rate	FY2014 External Rate Avg	DTS Position Against All Rates**	DTS Position Against External Rates	Assessed Value of DTS Rate
Hosting	Data Center Rack Space – Full Rack (month)	440.00	761.25	3/12	3/5	Best Value
	Shared Oracle Hosting (Linux) per GB (month)	72.00	531.21	1/8	1/6	Best Value
	Shared SQL per GB (month)	34.00	135.63	3/9	1/5	Best Value
Network and Desktop Computing	Enterprise Network Services	42.32	105.00	2/6	1/5	Best Value
	Desktop Management***	62.85	50.55	13/17	9/11	Reasonable
	Email (mailbox per month)	4.25	7.59	8/20	3/7	Reasonable
Storage	Mainframe Disk (MB/month)	.0050	.0013	19/24	8/8	Reasonable
Mainframe	Mainframe (per CPU second)	.08	.09	5/20	2/5	Very Reasonable

Value Legend							
	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value

\*Services were included on this slide if at least two private vendor benchmark rates were identified.

\*\* DTS position against *all* benchmarked rates; DTS Position ranking moves from lowest rate (i.e., "1") to the highest rate benchmarked.

\*\*\*Due to breadth of services, Desktop Management still positioned as a "Reasonable" value.

# Synopsis of Results (cont'd)

Assessed values were assigned against each category of benchmark data for these six service rates and then an **Overall Assessed Value** was assigned considering all benchmark data.

DTS Service Rate Assessment Against All Benchmark Data*							
Service Rate	DTS FY2014 Rate	21 States and Internal Organizations		External Rate Avg		Overall Assessment	
		Avg.	Assessed Value of DTS Rate	Avg.	Assessed Value of DTS Rate	DTS Position	Assessed Value of DTS Rate
Data Center Rack Space – Full Rack (month)	440.00	970.54	Best Value	761.25	Best Value	3/12	Best Value
Shared Oracle Hosting (Linux) per GB (month)	72.00	222.21	Best Value	531.21	Best Value	1/8	Best Value
Shared SQL per GB (month)	34.00	32.34	Reasonable	135.63	Best Value	3/9	Very Reasonable
Enterprise Network Services	42.32	41.53	Reasonable	105.00	Best Value	2/6	Very Reasonable
Desktop Management**	62.85	54.04	Reasonable	50.55	Reasonable	13/17	Reasonable
Email (mailbox per month)	4.25	5.71	Very Reasonable	7.59	Reasonable	8/20	Reasonable
Mainframe Storage (MB/month)	.0060	0.0342	Very Reasonable	.0013	Reasonable	19/24	Reasonable
Mainframe (per CPU second)	.08	0.647	Very Reasonable	.09	Very Reasonable	5/20	Very Reasonable

Value Legend							
	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value

\*Services were included on this slide if at least two private vendor benchmark rates were identified.

\*\* While DTS' Desktop Management rate is higher than the average of all benchmarked rates, it is ranked "Reasonable" due to being ranked 13/17 among all benchmarked rates and falling within the middle (50%, average cost) quartile.

# Synopsis of Results (cont'd)

DTS labor rates were analyzed against 21 peer State organizations and the internal IT rates for multiple private organizations.

DTS Labor Rates Versus Peer State and Commercial Internal IT Labor Rates									
Service Category	Labor Rate	Low Rate	High Rate	Median	Average All Rates	DTS FY2014 Rate	DTS Change FY13- FY14	DTS Position*	Assessed Value of DTS Rate
Labor	Wiring Design and Consulting	60.00	134.00	77.11	85.27	85.00	Same	6/8	Reasonable
	Phone Tech Labor Telephony	45.00	90.00	65.00	63.77	70.00	Same	9/13	Reasonable
	Database Consulting	60.00	111.84	85.00	84.83	70.90	↑.013%	2/15	Best Value
	Application Development/Maintenance	48.00	105.00	84.10	79.40	70.90	↑.013%	4/15	Very Reasonable
	Project Management	66.45	135.00	92.68	95.50	91.00	Same	7/15	Reasonable
	DTS Consulting Charge	48.00	105.00	75.00	75.77	75.00	Same	7/14	Reasonable
	Web Development and Graphic Design	54.59	105.00	83.50	80.49	70.90	↑.013%	4/13	Best Value
	GIT Professional	49.90	121.94	65.00	74.79	73.00	N/A	4/5	Reasonable

Value Legend							
	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value

\* DTS Position ranking moves from lowest rate (i.e., "1") to the highest rate benchmarked.

# Synopsis of Results (cont'd)

DTS labor rates were also analyzed against local 'competitors' listed GSA schedules (mainly DTS requested companies). Note: GSA rates are discounted 15% to account for price negotiations typically applied via the competitive procurement process.

Labor Rate	DTS Rates	GSA Avg	Assessed Value of DTS Rate*	American Systems	BAH	Gen. Dyn.	CACI	HP	Deloitte	CSC	Century Link	Verizon
Wiring Design & Consulting	85.00	107.00	Best Value	68.03	96.77	97.62	70.25	84.13	167.43	123.47	85.00	170.27
Phone Tech Labor Telephony	70.00	67.57	Reasonable	58.92	68.03	92.46	---	59.17	---	58.36	67.52	68.54
Database Consulting	70.90	84.07	Best Value	90.00	80.49	79.66	81.25	87.03	113.52	68.04	62.37	94.27
Application Development/Maintenance	70.90	84.18	Best Value	90.00	84.12	87.70	61.65	73.68	113.52	57.67	95.05	94.27
Project Mgmt.	91.00	137.37	Best Value	129.80	119.76	111.05	103.18	110.11	212.42	109.60	136.77	203.67
DTS Consulting	75.00	132.35	Best Value	146.60	110.19	169.69	116.05	103.36	126.62	90.54	144.14	183.98
Web Dev.& Graphic Design	70.90	97.29	Best Value	84.96	89.99	90.02	73.91	---	153.69	90.06	106.67	89.05
GIT Professional	73.00	---	---	---	---	---	---	---	---	---	---	---

Value Legend			
	Best Value		Very Reasonable Value
	Reasonable Value		Less Reasonable Value

# Synopsis of Results (cont'd)

Labor rates were benchmarked against local 'competitors' listed on the State of Utah MC1015 schedule, specifically the three companies with labor categories and rates closely corresponding to DTS' (i.e., Software Technology Group, Tek Systems, Experis).

DTS Labor Rates Versus MC1015 Schedule Labor Rates											
Labor Rate	Assessed Value of DTS Rate	DTS Rates	MC1015			Software Technology Group		Tek Systems		Experis	
			Overall Avg.	Inter. Avg.	Expert Avg.	Inter.	Expert	Inter.	Expert	Inter.	Expert
Wiring Design and Consulting	Reasonable	85.00	83.12	66.73	99.51	65.00	115.00	65.00	90.00	70.18	93.52
Phone Tech Labor Telephony	Very Reasonable	70.00	79.64	58.26	101.03	65.00	115.00	40.00	90.00	69.77	98.08
Database Consulting	Best Value	70.90	84.09	63.55	104.63	65.00	115.00	60.00	100.00	65.64	98.89
Application Development/Maintenance	Very Reasonable	70.90	81.11	66.80	95.42	65.00	105.00	65.00	85.00	70.39	96.25
Project Management	Reasonable	91.00	91.16	72.93	109.39	70.00	120.00	70.00	100.00	78.80	108.17
DTS Consulting Charge	Best Value	75.00	92.27	69.90	114.64	65.00	120.00	65.00	110.00	79.69	113.91
Web Development and Graphic Design	Best Value	70.90	82.81	67.60	98.02	65.00	105.00	65.00	90.00	72.79	99.07
GIT Professional	---	73.00	---	---	---	---	---	---	---	---	---

Value Legend			
	Best Value		Very Reasonable Value
	Reasonable Value		Less Reasonable Value

# Synopsis of Results (cont'd)

Assessed values were assigned against each category of benchmark data and then an **Overall Assessed Value** was assigned considering all benchmark data.

DTS Labor Rate Assessment Against All Benchmark Data										
		21 States and Internal Organizations			GSA		MC1015		Overall Assessment	
Labor Rate	DTS Rate	DTS Position	Avg.	Assessed Value of DTS Rate	Avg.	Assessed Value of DTS Rate	Avg.	Assessed Value of DTS Rate	DTS Position	Assessed Value of DTS Rate
Wiring Design & Consulting	85.00	6/8	85.27	Reasonable	107.00	Best Value	83.12	Reasonable	12/23	Reasonable
Phone Tech Labor Tele	70.00	9/13	63.77	Reasonable	67.57	Reasonable	79.64	Very Reasonable	18/26	Reasonable
Database Consulting	70.90	2/15	84.83	Best Value	84.07	Best Value	84.09	Best Value	8/30	Best Value
Application Development/Maintenance	70.90	4/15	79.40	Very Reasonable	84.18	Best Value	81.11	Very Reasonable	9/31	Very Reasonable
Project Management	91.00	7/15	95.50	Reasonable	137.37	Best Value	91.16	Reasonable	9/30	Very Reasonable
DTS Consulting Charge	75.00	7/14	75.77	Reasonable	132.35	Best Value	92.27	Best Value	9/30	Very Reasonable
Web Development and Graphic Design	70.90	4/13	80.49	Best Value	97.29	Best Value	82.81	Best Value	6/28	Best Value
GIT Professional	73.00	4/5	74.79	Reasonable	---	N/A	---	N/A	4/5	Reasonable

Value Legend							
	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value

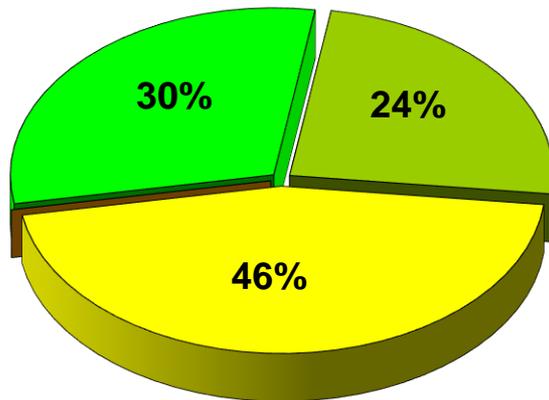
No external rate data from a private sector Fortune 500 North American company for state and local contracts/proposals or rate data from a third party, nation-wide benchmarking service was identified for labor rates.

# Synopsis of Results (cont'd)

100% of all services studied in FY2014 were judged as "Reasonable Value" to "Best Value".

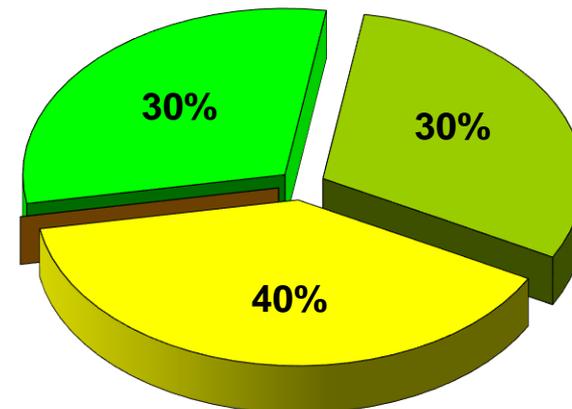
## Benchmarked state and commercial internal

One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"



## Benchmarked state, commercial internal, private vendor, GSA, and MC1015 rates

One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"



Value Legend			
	Best Value		Very Reasonable Value
	Reasonable Value		Less Reasonable Value

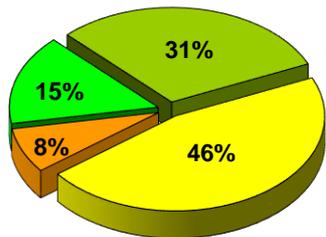
# Observations

# Observations

**Year-over-year comparison for 13 services that remained similar:** 100% of the 13 services which remained similar in the FY2008, FY2009, FY2010, FY2011, FY2012, FY2013 and FY2014 studies were found to be "Reasonable" to "Best Value" for FY2014.

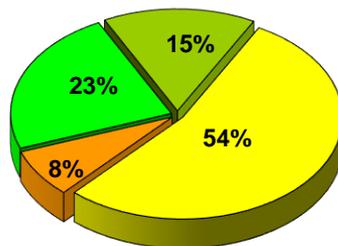
## FY08 & FY09

*Ninety-two percent (92%) of the DTS Rates were found to be "Reasonable" to "Best Value"*



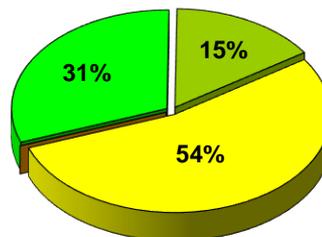
## FY10

*Ninety-two percent (92%) of the DTS Rates were found to be "Reasonable" to "Best Value"*



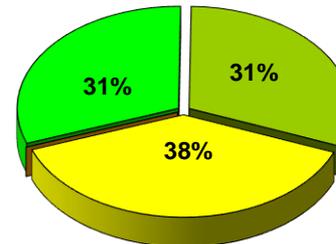
## FY11 & 12

*One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"*



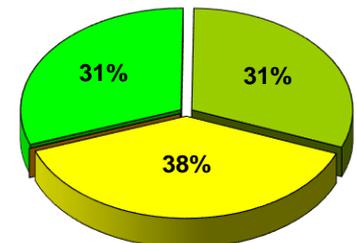
## FY13

*One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"*



## FY14

*One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"*

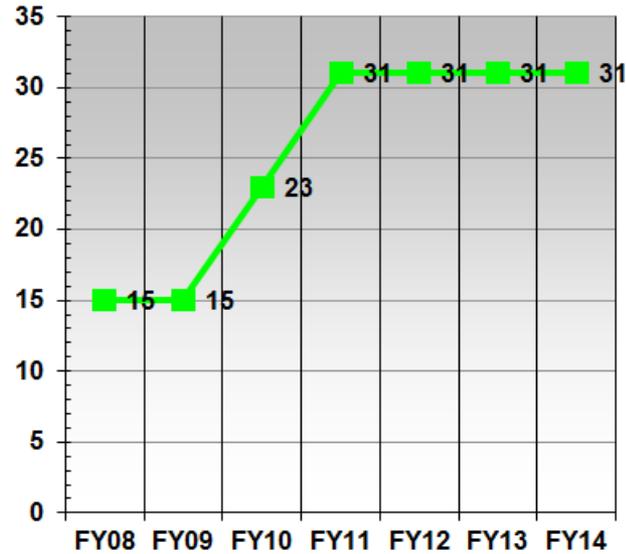


Value Legend							
	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value

- 13 of the services assessed in FY2008, FY2009, FY2010, FY2011, FY2012 and FY2013 were similar; these were used to generate the comparison graphs above.
- \*\* Assessed values were based upon benchmarked state and commercial internal rates to allow for a year-to-year comparison.

# Observations (cont'd)

**Changes between FY2008 and FY2014** – 31% of the 13 services studied in FY08, FY09, FY10, FY11, FY12, FY13 and FY14 were found to be “Best Value” in FY2014.



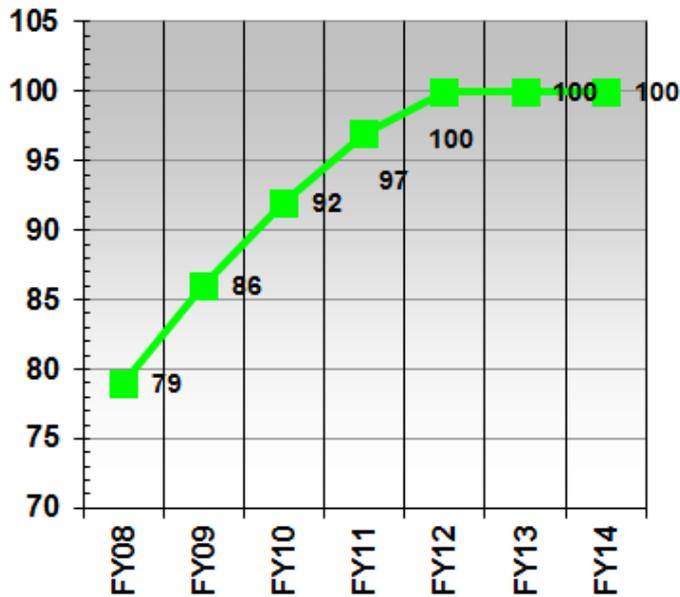
Value Legend	
	Best Value

\*\* Assessed values were based upon benchmarked state and commercial internal rates to allow for a year-to-year comparison. Assessed values that include GSA and MC1015 analysis (labor rates only) are available on page 19.

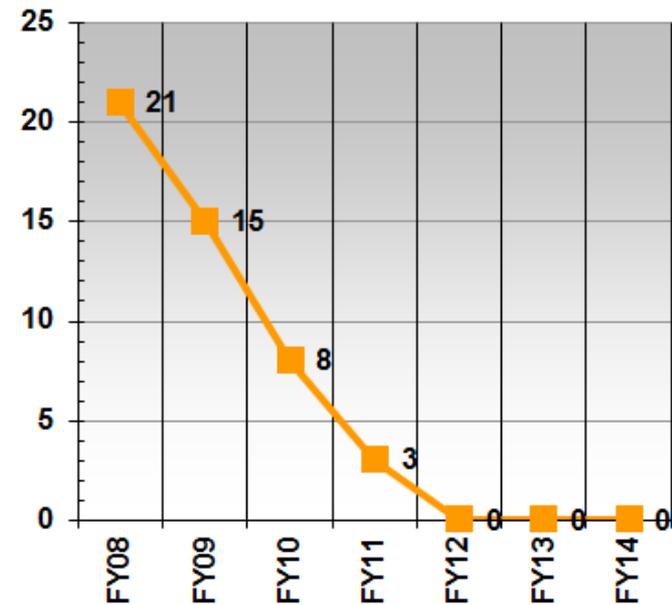
# Observations (cont'd)

**Changes since FY2008** – The percentage of *all* services that were found to be “Reasonable” to “Best Value”\*\* have increased while the percentage found to be “Less Reasonable” has decreased, reflecting DTS service increase in value and cost stability.

*Services found to be "Reasonable" to "Best Value" 100%*



*Services found to be "Less Reasonable" 0%*



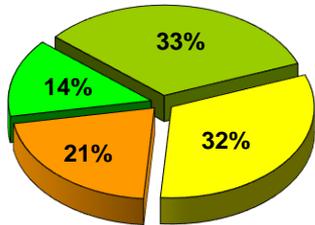
\*\* Assessed values were based upon benchmarked state and commercial internal rates to allow for a year-to-year comparison. Assessed values that include GSA and MC1015 analysis (labor rates only) are available on page 19.

# Observations

**Changes since FY2008** – The percentage of *all* services against benchmarked State and commercial internal rates.

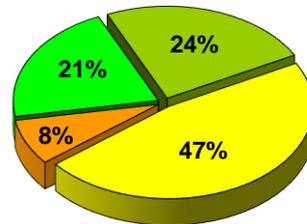
## FY08

Seventy-nine percent (79%) of DTS Rates were found to be "Reasonable" to "Best Value"



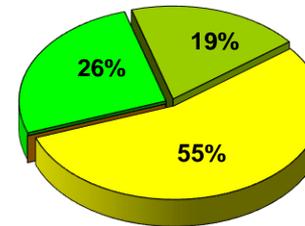
## FY10

Ninety-two percent (92%) of DTS Rates were found to be "Reasonable" to "Best Value"



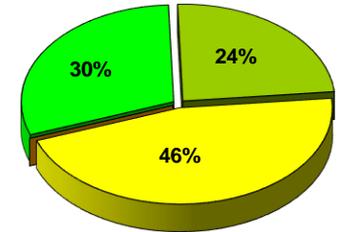
## FY12

One hundred percent (100%) of DTS Rates were found to be "Reasonable" to "Best Value"



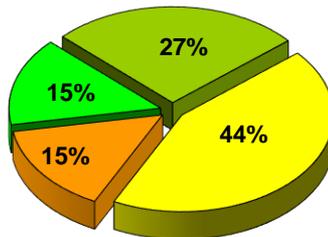
## FY14

One hundred percent (100%) of DTS Rates were found to be "Reasonable" to "Best Value"



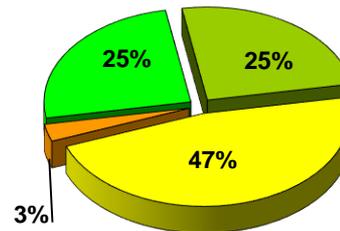
## FY09

Eighty-six percent (86%) of DTS Rates were found to be "Reasonable" to "Best Value"



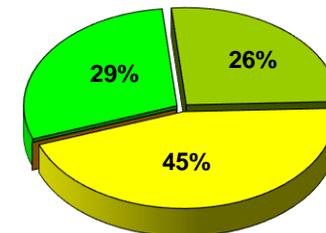
## FY11

Ninety-seven percent (97%) of DTS Rates were found to be "Reasonable" to "Best Value"



## FY13

One hundred percent (100%) of DTS Rates were found to be "Reasonable" to "Best Value"



### Value Legend

	Best Value		Very Reasonable Value		Reasonable Value		Less Reasonable Value
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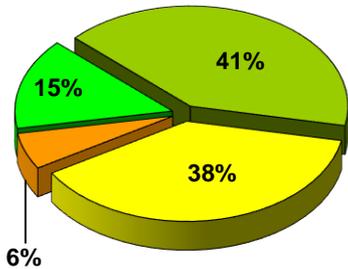
\* Assessed values were based upon benchmarked state and commercial internal rates to allow for a year-to-year comparison.

# Observations

**Changes since FY2009** – The percentage of all services against *all* benchmarked values analyzed.

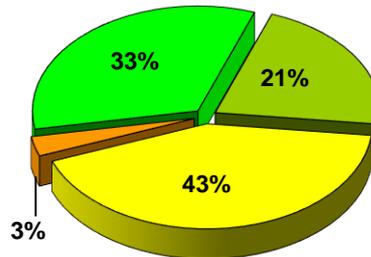
**FY09**

Ninety-four percent (94%) of the DTS Rates were found to be "Reasonable" to "Best Value"



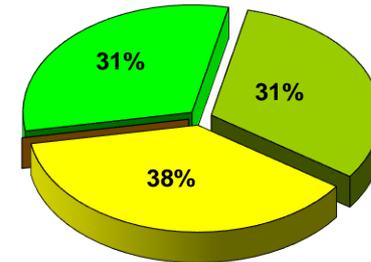
**FY11**

Ninety-seven percent (97%) of the DTS Rates were found to be "Reasonable" to "Best Value"



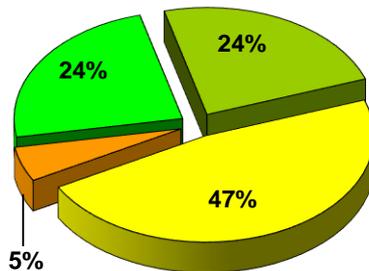
**FY13**

One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"



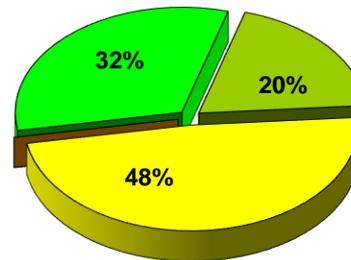
**FY10**

Ninety-two percent (92%) of the DTS Rates were found to be "Reasonable" to "Best Value"



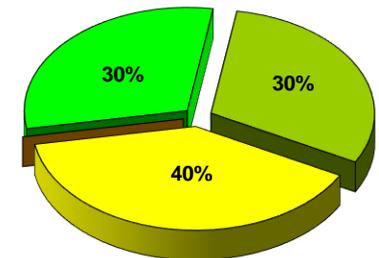
**FY12**

One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"



**FY14**

One hundred percent (100%) of the DTS Rates were found to be "Reasonable" to "Best Value"



**Value Legend**



## Observations (cont'd)

- DTS' continuing rate stability demonstrates organizational maturity and an industry-wide stability in costs. DTS' numerous rate reductions since FY2008 and rate stability evident in FY2014 demonstrate alignment with DTS' customer base.

Utah State Employee Counts by Year\*

2007	2008	2009	2010	2011
23,998	25,180	25,134	24,257	24,291

- Movement to Service Catalog 'bundling' (i.e., listing associated services together on website)
- Changes since FY2013: (Note: Services highlighted if either the rate or the assessed value changed from FY2013.)
  - WAN/Desktop/LAN Packaged** – While the FY2014 rate represents a 4% increase, the rate is still below the average benchmark rate and equal with the median rate. Given this, the service rate remains a "Reasonable" value.

		FY2013 Rates			DTS Change from FY2013	FY2014 Rates		
Service Category	Service	DTS FY2013 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate*
Network and Desktop Computing	WAN/Desktop/LAN Packaged	118.09	9/12	Reasonable	↑4%	123.21	4/7	Reasonable

\* State employee census data from <http://www.census.gov/govs/apes/>. Judicial/Legal/Education counts excluded.

# Observations (cont'd)

- Changes since FY2013: cont'd

- **Enterprise Network Services** – While the FY2014 rate increased, the increase was minimal (.0075%). The service rate remains a “Reasonable” value.
- **Desktop Management** – While the FY2014 rate decreased, the decrease was minimal (.0024%). The service rate remains a “Reasonable” value.
- **WAN/Desktop/LAN Packaged** – While the FY2014 rate increased 4%, DTS’ rate was equal to the median and lower the average benchmark rates. The service rate remains a “Reasonable” value.
- **WAN Remote Access (DSL)** – As the DTS’ DSL rate increased 14% and moved above the median and average benchmark rates. Positioned at 4 of 5 among the benchmark rates, DTS’ rate moved from a “Very Reasonable” to “Reasonable” value.

		FY2013 Rates			DTS Change from FY2012	FY2014 Rates		
Service Category	Service	DTS FY2013 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate*
Network and Desktop Computing	Enterprise Network Services	42.00	3/4	Reasonable	↑.0075%	42.32	2/3	Reasonable
	Desktop Management	63.00	10/14	Reasonable	↓.0024%	62.85	7/10	Reasonable
	WAN/Desktop/LAN Packaged	118.09	9/12	Reasonable	↑4%	123.21	4/7	Reasonable
	WAN Remote Access (DSL)***	90.00	3/7	Very Reasonable	↑14%	104.50	4/5	Reasonable

# Observations (cont'd)

- Changes since FY2013: cont'd
  - **Data Center Rack Space: Full Rack** – While the FY2014 rate increased, the increase was minimal (.048%). The service rate remains a “Best Value” given the position of 1 of 8 among benchmark rates.
  - **Data Center Rack Space: Rack Unit** – While the FY2014 rate increased (.0764%), the rate remains a “Best Value” given the position of 1 of 6 among benchmark rates.
  - **Web Hosting** – The FY2014 rate increased (156%), moving from “Best Value” to “Very Reasonable”.
  - **Application Hosting: Shared** – While the FY2014 rate increased (54%), the service rate remains a “Best Value” given its position of 1 of 5 among benchmark rates.
  - **Mainframe Services** – The DSL rate increased 14%. As 4 of 5 among the benchmark rates and positioned above the median and average benchmark rates, DTS’ rate moved from a “Very Reasonable” to “Reasonable” value.

		FY2013 Rates			DTS Change from FY2012	FY2014 Rates		
Service Category	Service	DTS FY2013 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate*
Hosting	Data Center Rack Space – Full Rack (month)	420.00	2/9	Best Value	↑.048%	440.00	1/8	Best Value
	Data Center Rack Space – Rack Unit (month)	13.55	1/6	Best Value	↑.0764%	14.67	1/6	Best Value
	Web Hosting – Static (month)	16.00	2/10	Best Value	↑156%	41.00	5/9	Very Reasonable
	Application Hosting – Shared (server/month)	32.00	1/4	Best Value	↑54%	92.00	1/5	Best Value
Mainframe	Mainframe Services (per second)	.09	7/17	Very Reasonable	↓10%	.08	5/16	Very Reasonable

# Observations (cont'd)

- Changes since FY2013: cont'd

- **Storage: SAN** – The FY2014 rate decreased significantly (50%), moving the DTS position to 1 of 12 among benchmark rates. The DTS rate retains a position of “Best Value”.
- **Storage: Backup & Restore** – The FY2014 rate decreased significantly (50%), moving the DTS position to 2 of 16 among benchmark rates. The DTS rate moved to a position of “Best Value”.
- **Storage: Mainframe Disk** – While the FY2014 rate increased (17%); however, the rate remained a “Very Reasonable” value.
- **Storage: Mainframe Tape** – The FY2014 rate increased (11%). The rate moved from “Very Reasonable” to “Reasonable”.

		FY2013 Rates			DTS Change from FY2012	FY2014 Rates		
Service Category	Service	DTS FY2013 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate*
Storage	SAN Storage (MB/month) (Open System)*	.4096*	3/12	Best Value	↓50%	.2446	1/12	Best Value
	Backup & Restore Services*	.4096*	6/16	Very Reasonable	↓50%	.2446	2/16	Best Value
	Disk Storage (MB/month)	.0050	6/16	Very Reasonable	↑17%	.0060	12/17	Very Reasonable
	Mainframe Tape (MB/month)	.0008	7/13	Very Reasonable	↑11%	.0009	8/15	Reasonable

- FY13 SAN Storage and Backup/Restore Services were calculated on this table as GB per month to illustrate year over year comparison.

# Observations (cont'd)

- Changes since FY2013: cont'd

- **Database Consulting** – While the FY2014 rate increased, the increase was minimal (.013%). The DTS rate retains a position of “Best Value”.
- **Application Development/Maintenance** – While the FY2014 rate increased, the increase was minimal (.013%). The DTS rate retains a position of “Very Reasonable”.
- **Web Development and Graphic Design** – While the FY2014 rate increased, the increase was minimal (.013%). The DTS rate retains a position of “Best Value”.

		FY2013 Rates			DTS Change from FY2012	FY2014 Rates		
Service Category	Service	DTS FY2013 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate*
Labor	Database Consulting	70.00	3/14	Best Value	↑.013%	70.90	2/15	Best Value
	Application Development/ Maintenance	70.00	4/12	Very Reasonable	↑.013%	70.90	4/15	Very Reasonable
	Web Development and Graphic Design	70.00	2/12	Best Value	↑.013%	70.90	4/13	Best Value

- FY13 SAN Storage and Backup/Restore Services were calculated on this table as GB per month to illustrate year over year comparison.

# Recommendations

# Recommendations

## Recommendation 1: Continue to increase rate values incrementally

- Cost optimization
  - Continue to pursue emerging technologies with cost optimization potential such as desktop virtualization, Cloud technology, etc.
- Service scope enhancement
  - Continue to keep rates stable while adding services (additional scope) within defined rates to increase value.
  - Assess pass thru rates and negotiate rate reduction where possible.
- Analyze IT staff-to-customer ratios against industry benchmarks to expose areas of potential cost savings and associate rate impacts

# Recommendations (cont'd)

## Recommendation 2: Service-specific recommendations

- Hosting (Mainframe Storage Hosting):
  - Consider converting to Gigabyte charging. Data sizes have grown to the point where the majority (95% +) of providers are charging by the Gigabyte.
- Telephony:
  - Consider migrating to a “package” pricing model.
- Storage:
  - Consider including a ROI calculator for Department use. Many vendor websites provide a ROI calculator for storage that aid customers in making informed purchase decisions. Samples below:
    - [http://eval.veritas.com/flashdemos/roi/commandcentral\\_storage/](http://eval.veritas.com/flashdemos/roi/commandcentral_storage/)
    - [https://roianalyst.alinean.com/ent\\_02/AutoLogin.do?d=11840239389855150](https://roianalyst.alinean.com/ent_02/AutoLogin.do?d=11840239389855150)
    - [http://www.rootcellar.ca/roi/#roi\\_calculator](http://www.rootcellar.ca/roi/#roi_calculator)
    - <http://www.acronis.com/backup-recovery/deduplication-roi-calculator.html>

# Other

# MS 365 Government Rates

	Exchange Online (Plan 1)	Exchange Online (Plan 2)	Office 365 (Plan E1) for Government	Office 365 (Plan E3) for Government
	<b>\$3.50</b>	<b>\$7.00</b>	<b>\$6.00</b>	<b>\$17.00</b>
	<b>user/month</b>	<b>user/month</b>	<b>user/month</b>	<b>user/month</b>
Hosted email; Get business-class email, shared calendars, 25 GB of storage space per user, and the ability to use your own domain name.	●	●	●	●
Spam and malware protection; Premium anti-malware protection and anti-spam filtering.	●	●	●	●
Active Directory integration; Manage user credentials and permissions. Single sign-on and synchronization with Active Directory.	●	●	●	●
Community and phone support; IT-level web support and 24/7 phone support for critical issues.	●	●	●	●
Guaranteed 99.9% uptime; Get peace of mind knowing that your services are available with a guaranteed 99.9% uptime, financially backed service level agreement (SLA).	●	●	●	●
Advanced email; Archiving and legal hold capabilities, plus unlimited storage.		●		●
Web conferencing; Conduct meetings over the web with HD video conferencing, screen sharing, and instant messaging.			●	●
Office Web Apps; Create and edit Word, Excel, PowerPoint, and OneNote files via a web browser.			●	●
Intranet sites for your teams; SharePoint sites provide workspaces with customizable security settings for individual teams within the organization.			●	●
Public website; Use your own domain name. No additional hosting fees.			●	●
Office applications; Subscription to Office for up to 5 PCs/Macs per user.				
Advanced voice; Hosted voicemail support with auto attendant capabilities.				●
eDiscovery Center; Tools to support compliance. Search across SharePoint sites and Exchange mailboxes.				●

Desktop versions of:



Plans that do not include the desktop version of Office work with the latest version of Office, Office 2010, Office 2007 (with slight limited functionality), Office 2011 for Mac, and Office 2008 for Mac.