

FY2015 DTS Rate Analysis

Prepared for:
State of Utah
Department of Technology Services

Prepared by:

SAIC[®]

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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.”

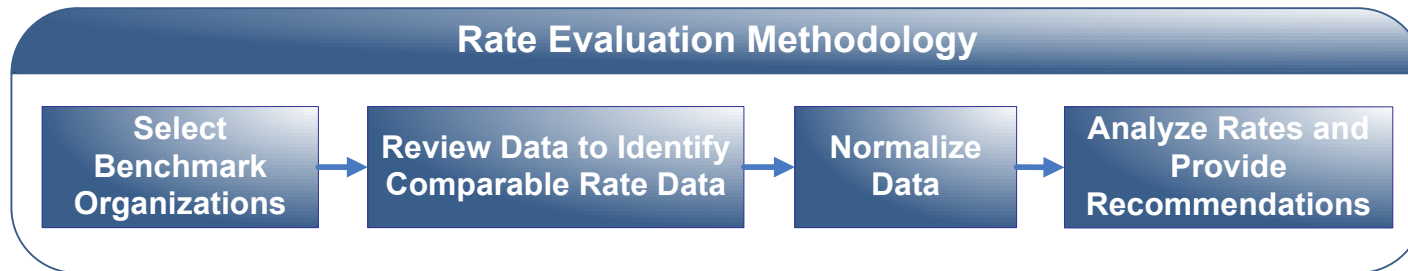
Study Objectives cont'd

- Evaluate DTS FY2015 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 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 FY2014 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, FY2013, and FY2014 “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: 24,349*		Pop: 2,900,872		Sq. miles: 84,898.83	
North				South			
State	Employee Count*	Population	Square miles	State	Employee Count	Population	Square Miles
Alaska	16,720	735,132	663,267.26	Kentucky	40,040	4,395,295	40,409.02
Wisconsin	28,432	5,742,713	65,497.82	Florida	100,173	19,552,860	65,754.59
North Dakota	8,188	723,393	70,699.79	Arkansas	35,286	2,959,373	53,178.62
South Dakota	8,314	844,877	77,116.49	Alabama	42,515	4,833,722	52,419.02
Kansas	25,057	2,893,957	82,276.84	Missouri	52,940	6,044,171	69,704.31
				Tennessee	46,317	6,495,978	42,144.25
East				West			
State	Employee Count	Population	Square Miles	State	Employee Count	Population	Square Miles
Virginia	61,651	8,260,405	42,774.20	Montana	11,471	1,015,165	147,042.40
West Virginia	23,987	1,854,304	24,229.76	Colorado	27,079	1,854,304	104093.57
North Carolina	79,627	9,848,060	53,818.51	Arizona	35,014	6,626,624	113998.3
Maine	12,668	1,328,302	35,384.65	Oregon	36,772	3,930,065	98,386
Indiana	29,811	12,882,135	36,417.73	Washington	62,014	6,971,406	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			
Rate data from a third party, nation-wide benchmarking service							

* State employee census data from <http://www.census.gov/govs/apcs/>. 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	Storage	SAN (MB/mth) (Open System)	Printing	File and Print (server/month)
	Desktop Management		Backup & Restore Services		Laser (per image)
	WAN Rate		Mainframe Disk (MB/month)	Labor	Wiring Design and Consulting
	WAN/Desktop/LAN Packaged		Mainframe Tape (MB/month)		DTS Consulting Charge
	Email (mailbox/mth)	Data Center Rack Space – Full Rack (month)	Phone Tech Labor Telephony		
	Virtual Private Network (VPN)	Data Center Rack Space – Rack Unit (month)	Project Management		
	Wireless (PC/Laptop) (per access point)	System Administration	Database Consulting		
Mainframe	Mainframe Services (per second)	Hosting	Processing (CPU core per mth)	GIT Professional Labor	
	Basic Phone (per line)		Web Hosting – Static (month)	Web Development and Graphic Design	
Telephony	Credit Card Calling (per minute)		Shared SQL per GB mth		Application Development/Maintenance
	Audio Conferencing		Application Hosting – Shared (server/month)		
	Voice Mail		Enterprise Hosting Services		
	800 Service (per minute)		Shared Oracle Hosting (Linux) per GB mth		
	Long Distance				

* 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, FY14 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 FY2015 Rate	DTS Change FY14 – FY15	DTS Position*	Assessed Value of DTS Rate
Network and Desktop Computing	Enterprise Network Services	39.27	45.15	44.00	42.81	44.00	↑.04%	2/3	Reasonable
	Desktop Management	30.00	93.34	59.71	60.63	63.50	↑.01%	7/12	Reasonable
	Email (mailbox/month)**	1.95	14.66	4.25	5.44	4.25	Same	7/13	Very Reasonable
	WAN Rate	12.05	76.09	41.16	38.01	N/A	N/A	N/A	
	WAN/Desktop/LAN Packaged	47.25	286.65	122.50	141.84	122.50	↓.01%	3/5	Reasonable
	Virtual Private Network (VPN)	2.28	27.50	8.33	11.27	N/A	N/A	Included in WAN/Desktop/LAN Packaged rate	
	Wireless (PC/Laptop) (per access point per month)	12.65	76.78	34.95	38.43	N/A	N/A	Included in Enterprise Network Services	
Mainframe	Mainframe Services (per second)	0.015	1.53	0.106	0.393	.07	↓12%	7/15	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 7 of 13 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.).

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 FY2015 Rate	DTS Change FY14 – FY15	DTS Position*	Assessed Value of DTS Rate
Telephony	Basic Phone (per line)	6.50	41.48	20.15	22.54	28.00	Same	16/22	Reasonable
	Voice Mail	1.03	6.60	5.17	4.57	3.00	↓16%	2/12	Best Value
	Credit Card Calling (per minute)	0.03	0.30	0.10	.13	N/A	N/A		N/A
	Long Distance (per minute)	0.02	0.12	0.04	.05	.03	↓40%	3/18	Best Value
	800 Service (per minute)	0.03	0.10	0.04	0.05	.03	↓25%	2/14	Best Value
	Audio Conferencing	0.01	0.12	0.04	0.05	.02	Same	2/14	Best Value
Storage	SAN (GB/mth) (Open System)	0.2000	9.25	0.6300	1.4715	.2386	↓.02%	3/13	Best Value
	Backup & Restore Services (GB/mth)	0.06	8.21	0.3219	1.319	.2386	↓.02%	5/15	Best Value
	Mainframe Disk (MB/mth)	0.0005	0.045	0.006	0.0115	.006	Same	10/19	Reasonable
	Mainframe Tape (MB/mth)	0.0001	1.155	0.0014	0.1165	.0008	↓11%	4/10	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 FY2015 Rate	DTS Change FY14 – FY15	DTS Position*	Assessed Value of DTS Rate
Hosting	System Administration	109.00	898.80	391.72	418.30	391.72	↑.05%	3/5	Reasonable
	Processing (CPU core per mth)	73.12	175.00	171.77	139.96	73.12	↓.06%	1/3	Best Value
	Data Center Rack Space – Full Rack (mth)	458.00	1338.75	928.48	922.42	458.00	↑.06%	1/8	Best Value
	Data Center Rack Space – Rack Unit (mth)	14.67	60.00	30.00	31.73	14.67	Same	1/5	Best Value
	Web Hosting – Static (mth)	10.00	236.25	41.00	95.54	41.00	Same	5/9	Very Reasonable
	Shared Oracle Hosting (Linux) GB mth	68.00	327.16	267.46	220.87	68.00	↓.06%	1/3	Best Value
	Shared SQL GB mth	16.50	50.00	32.00	31.95	32.00	↓.06%	3/5	Reasonable
	Application Hosting – Shared (server/month)	92.00	450.00	224.58	244.81	92.00	Same	1/5	Best Value
	Enterprise Hosting Services	150.00	1,025.00	396.17	431.86	N/A	N/A	N/A	N/A
Printing	File and Print (server/month)	391.93	545.00	468.47	468.47	N/A	N/A	Included in Enterprise Hosting	
	Laser (per image)	0.02	0.10	0.05	.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 FY2015 Rate	FY2015 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)	458.00	761.25	3/12	3/5	Best Value
	Shared Oracle Hosting (Linux) per GB (month)	68.00	528.74	1/8	1/6	Best Value
	Shared SQL per GB (month)	32.00	134.98	3/9	1/5	Best Value
Network and Desktop Computing	Enterprise Network Services	44.00	104.67	2/6	1/4	Best Value
	Desktop Management***	63.50	51.06	13/19	7/8	Reasonable
	Email (mailbox per month)	4.25	7.54	9/19	3/7	Best Value
Storage	Mainframe Disk (MB/month)	.0060	.0013	17/26	8/8	Reasonable
Mainframe	Mainframe (per CPU second)	.07	.09	8/19	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 FY2015 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)	458.00	922.42	Best Value	761.25	Best Value	3/12	Best Value
Shared Oracle Hosting (Linux) per GB (month)	68.00	220.87	Best Value	528.74	Best Value	1/8	Best Value
Shared SQL per GB (month)	32.00	31.95	Reasonable	134.98	Best Value	3/9	Very Reasonable
Enterprise Network Services	44.00	42.81	Reasonable	104.67	Best Value	2/6	Very Reasonable
Desktop Management	63.50	60.63	Reasonable	51.06	Reasonable	13/19	Reasonable
Email (mailbox per month)	4.25	5.44	Very Reasonable	7.54	Best Value	9/19	Very Reasonable
Mainframe Storage (MB/month)	.0060	0.0115	Reasonable	.0013	Reasonable	17/26	Reasonable
Mainframe (per CPU second)	.07	0.396	Very Reasonable	.09	Very Reasonable	8/19	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.

Synopsis of Results (cont'd)

Desktop Services is one of the most frequently purchased DTS services. DTS' service was compared against several private providers in the Utah market by hours invested by DTS against vendor hourly rate.

- DTS Desktop Services are a Best Value compared to private vendors:
 - \$1.8 to 12.6 million per year less; travel costs included
 - Faster response times; upper tier of service levels
 - Technicians with institutional knowledge of Utah state technical environment
 - Technicians dedicated to Utah employees

Provider	Utah devices	Avg hours per device per year*	Travel include?	Response or resolution time	Price by device per year	Price by hour	Total Costs	Difference against DTS cost
DTS	20,682	11	Yes (except for telecommute)	Avg time to resolution: 42 minutes	\$762	N/A	\$15,759,684	
Private vendors in Utah market								
Utah Support	20,682	11	No. \$20 fee (assumed for local travel only)	Unknown	N/A	\$95	\$21,612,690	> \$5,853,006
Invisolutions	20,682	11	No.	24-48 hours	N/A	\$95	\$21,612,690	> \$5,853,006
Best Buy Geek Squad	20,682	11	Yes (local travel only).	Unknown	\$850	N/A	\$17,579,700	> \$1,820,016
Computer Assistant	20,682	11	No	24 hours	N/A	\$125	\$28,437,750	> \$12,678,066

* DTS does not track all desktop support activities via incidents/tickets and thus total costs are not based on incident counts/average time to resolution; rather, total costs are based on DTS staff time spent on desktop support tasks (80% of DTS desktop technician time and 78% of help desk staff time for remote log-in support).

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 FY2015 Rate	DTS Change FY14- FY15	DTS Position*	Assessed Value of DTS Rate
Labor	Wiring Design and Consulting	45.00	101.36	75.00	75.80	85.00	Same	8/9	Reasonable
	Phone Tech Labor Telephony	45.00	75.00	65.00	63.90	70.00	Same	9/13	Reasonable
	Database Consulting	60.00	175.00	87.58	91.25	74.00	↑.06%	4/17	Very Reasonable
	Application Development/Maintenance	58.00	126.30	84.55	85.41	74.00	↑.06%	4/16	Very Reasonable
	Project Management	66.45	200.00	95.00	102.84	74.00	↓.19%	2/17	Best Value
	DTS Consulting Charge	50.40	200.00	78.00	87.02	75.00	Same	6/15	Reasonable
	Web Development and Graphic Design	54.59	105.00	86.38	83.76	74.00	↑.06%	3/12	Very Reasonable
	GIT Professional	64.09	75.00	73.00	70.70	73.00	Same	2/3	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	CSC	Century Link	Verizon
Wiring Design & Consulting	85.00	87.36	Reasonable	70.34	96.77	97.62	74.38	---	110.48	87.55	74.39
Phone Tech Labor Telephony	70.00	73.10	Reasonable	60.69	68.03	92.46	---	---	---	71.94	72.40
Database Consulting	74.00	90.68	Best Value	92.70	80.49	79.66	86.02	99.01	116.01	64.24	107.30
Application Development/Maintenance	74.00	84.62	Best Value	92.70	84.12	87.70	64.59	---	58.05	97.86	107.30
Project Mgmt.	91.00	121.32	Best Value	133.69	119.76	111.05	109.25	96.13	113.92	140.86	145.93
DTS Consulting	75.00	129.74	Best Value	160.34	110.19	169.69	122.88	119.10	88.42	148.47	118.86
Web Dev.& Graphic Design	74.00	90.22	Best Value	87.51	89.99	90.02	74.04	---	72.82	109.87	107.30
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								
Labor Rate	DTS Rate	21 States and Internal Organizations			GSA		Overall Assessment	
		DTS Position	Avg.	Assessed Value of DTS Rate	Avg.	Assessed Value of DTS Rate	DTS Position	Assessed Value of DTS Rate
Wiring Design & Consulting	85.00	8/9	75.80	Reasonable	87.36	Reasonable	11/16	Reasonable
Phone Tech Labor Tele	70.00	9/13	63.90	Reasonable	73.10	Reasonable	11/19	Reasonable
Database Consulting	74.00	4/17	91.25	Very Reasonable	90.68	Best Value	5/25	Best Value
Application Development/Maintenance	74.00	4/16	85.41	Very Reasonable	84.62	Best Value	6/24	Very Reasonable
Project Management	74.00	2/17	102.84	Best Value	121.32	Best Value	2/25	Best Value
DTS Consulting Charge	75.00	6/15	87.02	Reasonable	129.74	Best Value	6/24	Very Reasonable
Web Development and Graphic Design	74.00	3/12	83.76	Very Reasonable	90.22	Best Value	4/21	Very Reasonable
GIT Professional	73.00	2/3	70.70	Reasonable	---	N/A	2/3	Reasonable

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

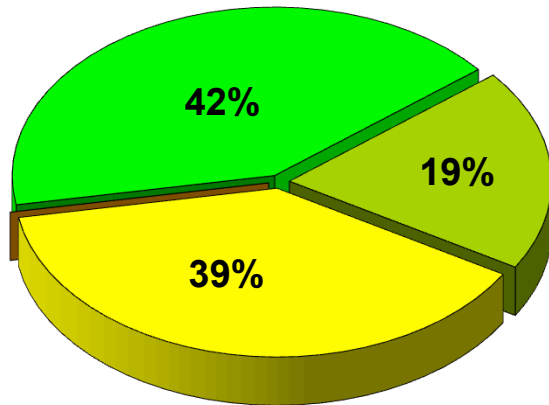
No external rate data from a private sector Fortune 500 North American company for state and local contracts/proposals or rate data from a third party, nation-wide benchmarking service was identified for labor rates.

Synopsis of Results (cont'd)

100% of all services studied in FY2015 were judged as "Reasonable Value" to "Best Value".

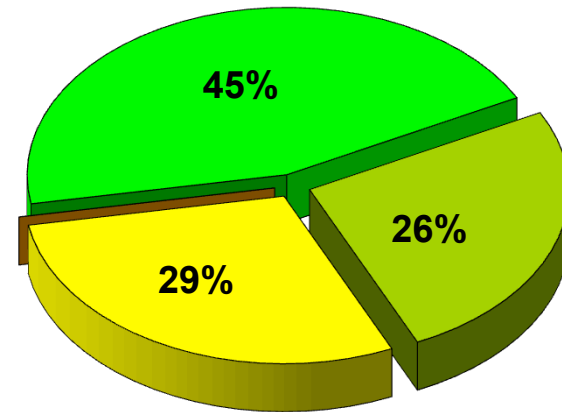
Benchmarked state and commercial internal

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



Benchmarked state, commercial internal, private vendor, and GSA 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



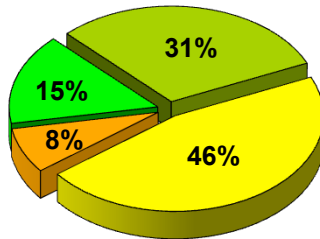
Observations

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, FY2014, and FY2015 studies were found to be "Reasonable" to "Best Value" for FY2015**.

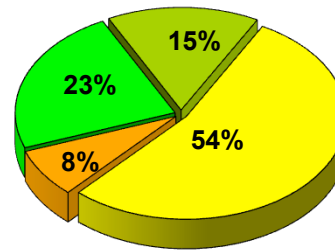
FY08 & 09

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



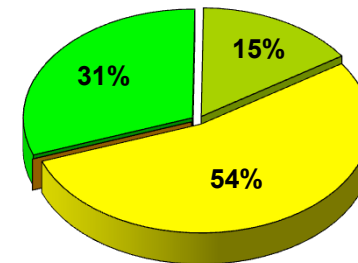
FY10

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



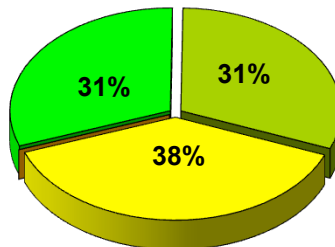
FY11 & 12

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



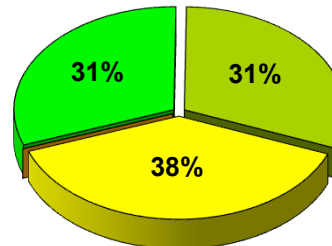
FY13

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



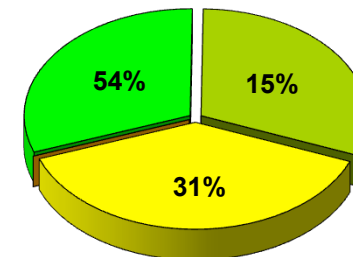
FY14

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

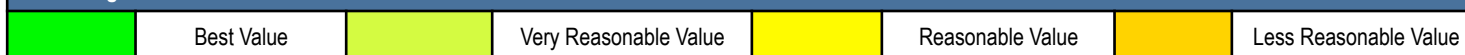


FY15

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



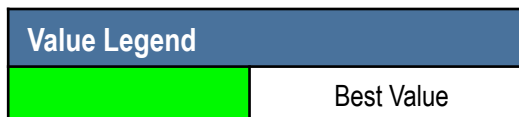
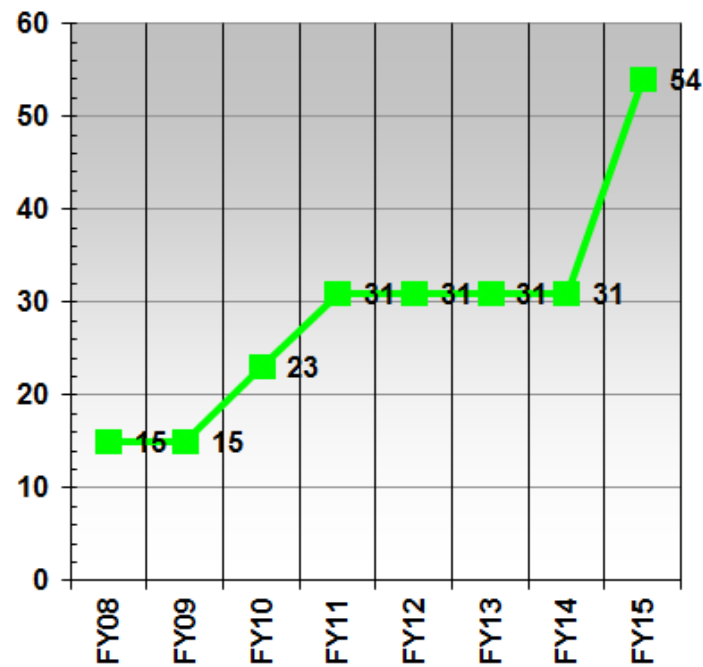
Value Legend



** 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 FY2015 – Fifty-four% of the 13 services studied in FY08, FY09, FY10, FY11, FY12, FY13, FY14 and FY15 were found to be “Best Value” in FY2015.

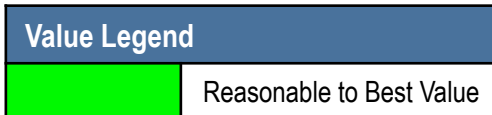
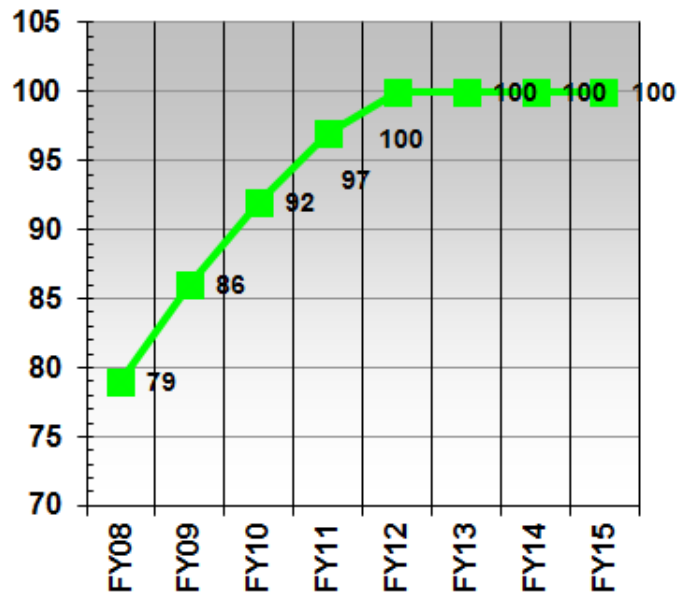


** Assessed values were based upon benchmarked state and commercial internal rates to allow for a year-to-year comparison. Assessed values that include GSA and MC1015 analysis (labor rates only) are available on page 19.

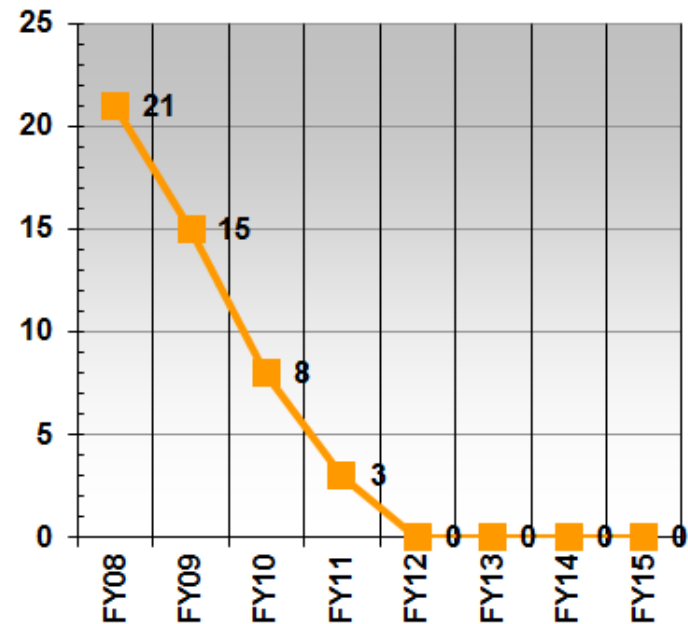
Observations (cont'd)

Changes since FY2008 – The percentage of *all* services 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%



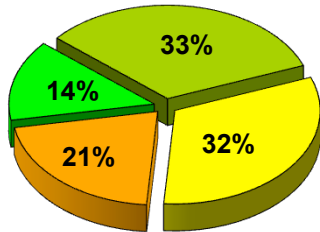
** Assessed values were based upon benchmarked state and commercial internal rates to allow for a year-to-year comparison. Assessed values that include GSA and MC1015 analysis (labor rates only) are available on page 19.

Observations

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

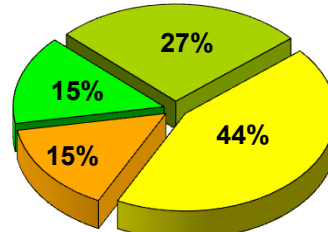
FY08

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



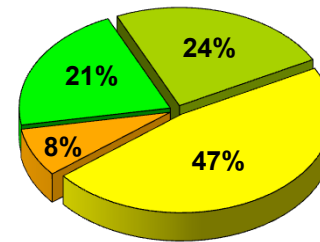
FY09

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



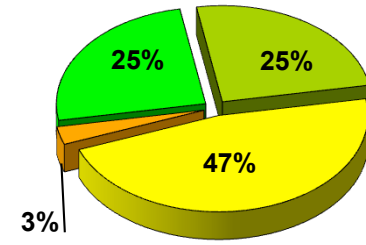
FY10

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



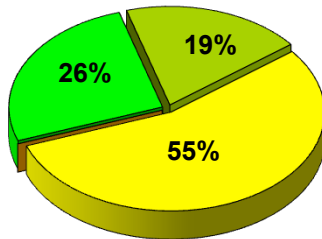
FY11

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



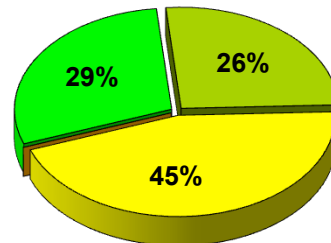
FY12

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



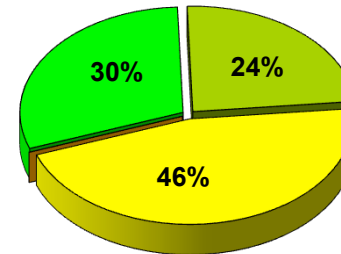
FY13

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



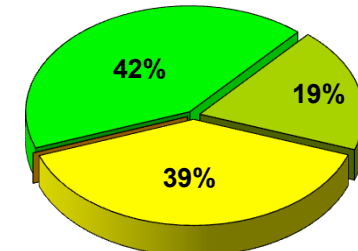
FY14

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



FY15

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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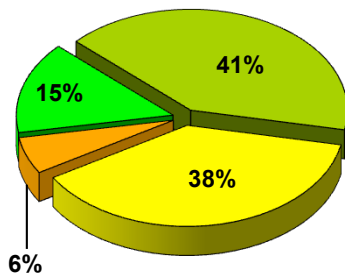
* Assessed values were based upon benchmarked state and commercial internal rates to allow for a year-to-year comparison.

Observations

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

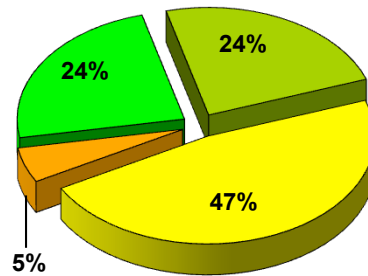
FY09

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



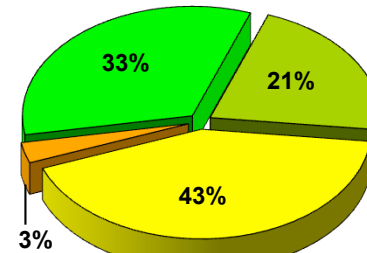
FY10

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



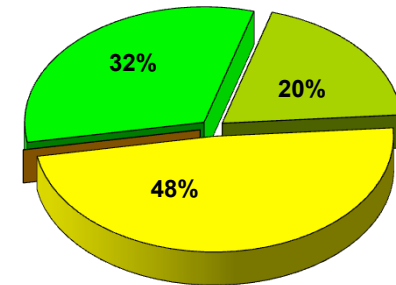
FY11

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



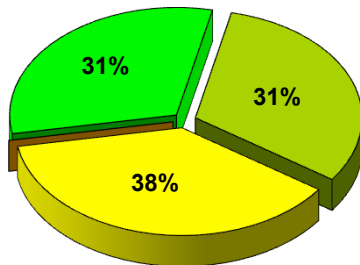
FY12

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



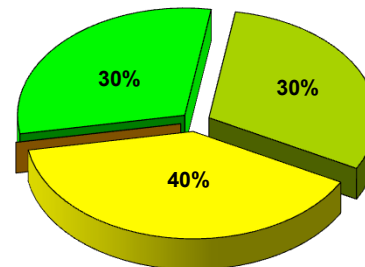
FY13

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



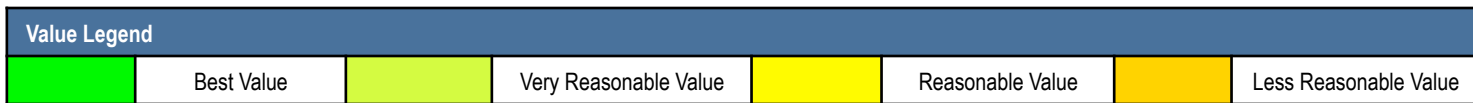
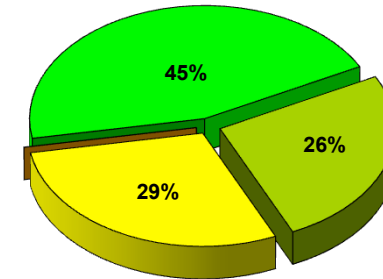
FY14

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



FY15

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



Observations (cont' d)

- DTS' continuing strong rate valuation with a variable customer base demonstrates organizational maturity.

Utah State Employee Counts by Year*					
2007	2008	2009	2010	2011	2012
23,998	25,180	25,134	24,257	24,291	23,542

- DTS' institutional knowledge of the DTS environment serves as a 'value add'.

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

Observations (cont' d)

- **Changes since FY2014:** (Note: Service highlighted if either the rate or the assessed value changed from FY2014.)
 - **Enterprise Network Services** – While the FY2014 rate represents a 4% increase, the rate is equal with the median rate and remains a “Reasonable” value.
 - **Desktop Management** – The 1% increase is so slight that the rate remains a “Reasonable” value.
 - **WAN/Desktop/LAN Packaged** – The 1% decrease is so slight that the rate remains a “Reasonable” value.
 - **Mainframe Services** – While a 12% rate decrease is significant, it is still aligned with the mid-range of benchmark values and thus still considered a “Very Reasonable” value.

		FY2014 Rates			DTS Change from FY2014	FY2015 Rates		
Service Category	Service	DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2015 Rate	DTS Position	Assessed Value of DTS Rate*
Network and Desktop Computing	Enterprise Network Services	42.32	2/3	Reasonable	↑ 4%	44.00	2/3	Reasonable
	Desktop Management	62.85	7/10	Reasonable	↑ 1%	63.50	7/12	Reasonable
	WAN/Desktop/LAN Packaged	123.21	4/17	Reasonable	↓ 1%	122.50	3/5	Reasonable
Mainframe	Mainframe (per second)	.08	5/16	Very Reasonable	↓ 12%	.07	7/16	Very Reasonable

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

Observations (cont' d)

- Changes since FY2014: (cont' d)

- **Data Center Rack Space: Full Rack** – While the FY2015 rate increased, the increase was minimal and the service rate remains a “Best Value” given the position of 1 of 8 among benchmark rates.
- **System Administration** – While the FY2015 rate increased 5%, the rate remains a “Reasonable” given the position of 3 of 5 among benchmark rates.
- **Processing** – With a reduction of 6% and a position of 1 of 3 among benchmark rates, this rate moved from “Very Reasonable” to “Best Value”.
- **Shared Oracle Hosting** – The FY2015 rate decreased 6% and remained a “Best Value”.
- **Shared SQL** – While the rate decreased 6%, the rate remains a “Reasonable” value with a position of 3 of 5 among benchmark rates.

Service Category	Service	FY2014 Rates			DTS Change from FY2014	FY2015 Rates		
		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2015 Rate	DTS Position	Assessed Value of DTS Rate*
Hosting	Data Center Rack Space – Full Rack (month)	440.00	1/8	Best Value	↑ 6%	458.00	1/8	Best Value
	System Administration	371.61	5/9	Reasonable	↑ 5%	391.72	3/5	Reasonable
	Processing (CPU core per mth)	78.00	2/7	Very Reasonable	↓ 6%	73.12	1/3	Best Value
	Shared Oracle Hosting (Linux) GB mth	72.00	1/3	Best Value	↓ 6%	68.00	1/3	Best Value
	Shared SQL GB mth	34.00	3/5	Reasonable	↓ 6%	32.00	3/5	Reasonable

Observations (cont' d)

- Changes since FY2014: cont' d

- **Storage: SAN** – The FY2015 rate decreased slightly, remaining a “Best Value”.
- **Storage: Backup & Restore** – The FY2014 rate decreased slightly, remaining a “Best Value”.
- **Storage: Mainframe Disk** – While the FY2014 rate decreased (11%); however, the rate remained a “Reasonable” value with a benchmark position of 4 of 10.
- **Voice Mail** – The FY2014 rate increased (16%), moving the service from “Best Value” to “Very Reasonable”.
- **Long Distance** – The FY2014 rate decreased significantly (40%), moving the service from “Reasonable” to “Best Value”.
- **800 Service** – The FY2014 rate decreased 25%, moving the service from “Very Reasonable” to “Best Value”.

Service Category	Service	FY2014 Rates			DTS Change from FY2014	FY2015 Rates		
		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2015 Rate	DTS Position	Assessed Value of DTS Rate*
Storage	SAN Storage (MB/month) (Open System)*	.2446	1/12	Best Value	↓ 2%	.2386	3/13	Best Value
	Backup & Restore Services*	.2446	2/16	Best Value	↓ 2%	.2386	5/15	Best Value
	Mainframe Tape (MB/month)	.0009	8/15	Reasonable	↓ 11%	.0008	4/10	Reasonable
Telephony	Voice Mail	3.00	2/12	Best Value	↑ 16%	3.50	5/12	Very Reasonable
	Long Distance (per minute)	.05	8/18	Reasonable	↓ 40%	.03	3/18	Best Value
	800 Service (per minute)	.04	7/16	Very Reasonable	↓ 25%	.03	2/14	Best Value

Observations (cont' d)

- Changes since FY2014: cont' d

- **Database Consulting** – The FY2014 rate increased and the position among benchmark values moved to 4 of 17, moving it from a “Best Value” to a “Very Reasonable” value.
- **Application Development/Maintenance** – While the FY2014 rate increased, the position among benchmark rates stayed relatively the same. The DTS rate retains a position of “Very Reasonable”.
- **Web Development and Graphic Design** – The FY2014 rate increased, moving it from a “Best Value” to a “Very Reasonable” value.
- **Project Management** – The FY2014 rate decreased significantly (19%), moving the service from “Reasonable” to “Best Value”.

Service Category	Service	FY2014 Rates			DTS Change from FY2014	FY2015 Rates		
		DTS FY2014 Rate	DTS Position	Assessed Value of DTS Rate		DTS FY2015 Rate	DTS Position	Assessed Value of DTS Rate*
Labor	Database Consulting	70.90	2/15	Best Value	↑ 6%	74.00	4/17	Very Reasonable
	Application Development/ Maintenance	70.90	4/15	Very Reasonable	↑ 6%	74.00	4/16	Very Reasonable
	Web Development and Graphic Design	70.90	4/13	Best Value	↑ 6%	74.00	3/13	Very Reasonable
	Project Management	91.00	7/15	Reasonable	↓ 19%	74.00	2/17	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.
- Bundle ‘common’ rates into a ‘seat rate’ for ease in ordering (under consideration by DTS)

Recommendations (cont' d)

Recommendation 2: Service-specific recommendations

- Telephony:
 - Consider migrating to a “package” pricing model.
- File and Print: (note this recommendation is already under consideration by DTS)
 - Consider offering as a stand alone service.