



CREATING PARTNERSHIPS THAT PROMOTE SMARTER BUSINESS

Governor Gregoire asked a group of business, nonprofit and government leaders to help her transform Washington's government. She posed eight questions to guide the committee's deliberations. With advice and input from the committee and from citizens across the state, the Governor recommends the following actions to address the question "Does state government have to perform the activity, or can it be provided by others?"

One of the lessons these tough times have underscored is that state government can't conduct business as usual. State government must focus its limited resources to deliver essential government services in the most efficient ways, and explore other, more competitive and cost-effective means to provide non-core services.



State government spends nearly \$1 billion each year on information technology, much of it on maintenance. The sheer scale of this operation offers opportunities to find savings with consolidation, centralization and standardization of technology and the system that supports it, much like what is done in the private sector.

Today's businesses expect basic IT services to operate in much the same way they expect their other utilities to operate — the lights go on with the flip of a switch or heat is available when the thermostat is turned up. Instead of spending the resources to provide basic IT in-house, many businesses are beginning to purchase these services from external providers. Governor Gregoire is proposing that state government adopt this private-sector model as a way to remain nimble and ensure state agencies operate the most appropriate, cost-effective technology.

SMARTER DELIVERY OF INFORMATION SERVICES

The Governor has already started to centralize these utility-type technology services. Rather than have each agency develop and maintain its own email systems, and desktop and helpdesk services, she is implementing an enterprise-wide approach to IT. This uniformity and economy of scale drive down costs and increase efficiency of the system's operations and maintenance. This consolidation and focus on cost reduction are expected to save \$22 million over the next four years. Now she proposes to go a step further with changes that will modernize the state's approach to IT and save an additional \$10 million over the next four years.

The Governor's proposal would create a charter agency, Consolidated Technology Services (CTS) that merges and privatizes some of the state's basic IT operations. The agency will be authorized to competitively procure services that all agencies need, such as desktop and helpdesk support and data center operations. This driving principle — "provide or procure" — will boost competition and lower costs regardless of who delivers the service.

To be successful, CTS must be agile and take advantage of efficiencies available in the private sector. Accordingly, CTS would be free from many of the requirements other state agencies follow with more flexibility to hire, contract and procure than other departments. In exchange for flexibility, CTS would be subject to greater accountability.

A board of directors comprising the executive managers from customer agencies would be responsible for approving the agency's spending plan, rate structure and service catalog. The Governor would also have the board monitor agency performance on behalf of its customers and submit annual performance evaluations to her office.

The Governor also proposes to appoint a Cabinet-level chief information officer to create an enterprise-wide business plan, set uniform standards for all agencies, establish a framework of common technology and provide oversight of major IT projects.