

Category: State Planning & Management Initiatives (including Outsourcing)

Nomination: PA Data PowerHouse Project

Executive Summary

Under a directive from Pennsylvania Gov. Tom Ridge to improve the delivery of public services through the strategic use of information technology, the Governor's Office of Administration announced the Commonwealth's Data PowerHouse Project in July 1997. This project was initiated because data center operations and maintenance were identified in earlier research as support services that are not part of the core business functions to be provided by government. It had been determined that these particular services might best be contracted to private industry, as this would produce the greatest operational efficiencies and service enhancements.

Through this initiative, the Commonwealth has planned and implemented the consolidation and outsourcing of the operations and technical support functions for 17 formerly separate state agency data centers. Sixteen of the 17 participating data centers had been located within an 8-mile radius of Harrisburg, the state capital.

Unisys was selected to be the Data PowerHouse prime outsource vendor following a competitive procurement. After a federal review, in August 1999, the Commonwealth finalized its contract with Unisys to consolidate and manage the Unisys and IBM platforms of participating agencies' data centers. The seven-year contract is valued at \$527 million.

A national pioneer

The full transition of all 17 agency data centers to the consolidated and outsourced data center – the "Data PowerHouse" – was completed in October 2000. The entire migration took 14 months to complete. The Data PowerHouse has been in full production since that time. *As a result of this pioneering effort, Pennsylvania became the first state in the nation to consolidate and outsource its agency data centers across the enterprise.*

The Data PowerHouse provides a variety of features and services that most state agencies never could have attained individually:

- n Obsolete computer hardware has been replaced with new technology that is more fault-tolerant and provides greater reliability to agencies.
- t Increased automation capabilities and faster computers have shrunk processing times to provide more hours of online availability.
- p The Data PowerHouse is a "hardened facility," offering redundant power supplies and extensive battery back-up and diesel generators for delivering uninterrupted power.
- e Access to "hot site" disaster recovery capabilities is now readily available – something many agencies did not have before.
- m Unisys is contractually committed to delivering 99.9 percent availability of mainframe processing for most agencies.
- p Participating agencies now have access to 24-hour data center operations, something many lacked previously.

Extensive Data PowerHouse security is provided to safeguard mainframe data files.

Category: State Planning & Management Initiatives (including Outsourcing)**Nomination: PA Data PowerHouse Project****a) Description of project, including length of time in operation.**

Under a directive from Pennsylvania Gov. Tom Ridge to improve the delivery of public services through the strategic use of information technology, the Governor's Office of Administration announced the Commonwealth's Data PowerHouse Project in July 1997. Through this initiative, the Commonwealth has planned and implemented the consolidation and outsourcing of the operations and technical support functions for 17 formerly separate state agency data centers. These 17 data centers previously were operated by 14 state agencies. Sixteen of the 17 data centers had been located within an 8-mile radius of Harrisburg, the state capital; the additional data center was located in Scranton, Pennsylvania.

Services outsourced to the selected vendor include program management, mainframe and midrange operations, systems management, tier-two helpdesk, related technical support, and disaster recovery. Application development and maintenance, desktop management, printing and LAN/WAN administration services still are provided directly by the Commonwealth.

State agencies participating in the Data PowerHouse include the departments of Public Welfare, Revenue, Aging, Corrections, Labor and Industry, Health, Transportation, and Education, as well as the Civil Service Commission, the Pennsylvania State Police, the Public School Employees' Retirement System, the Public Utility Commission, the Pennsylvania Game Commission, and the Liquor Control Board.

Unisys was selected to be the Data PowerHouse prime outsource vendor following a competitive procurement. Interested federal agencies reviewed the proposed project contract during the summer of 1999. Those agencies that have received federal concurrence to participate in this project include the departments of Public Welfare, Corrections, Labor & Industry, Revenue, and Health, and the Pennsylvania State Police.

Following the federal review process, in August 1999, the Commonwealth finalized its contract with Unisys to consolidate and manage the Unisys and IBM platforms of participating agencies' data centers. The seven-year contract is valued at \$527 million.

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The Data PowerHouse, located in Harrisburg, houses mainframe and midrange computers used by participating state agencies to process data for providing public services like driver's license renewals, property tax and rent rebates for senior citizens, unemployment compensation claims, and many of Gov. Ridge's electronic-government initiatives.

The Bureau of Consolidated Computer Services (BCCS) has been created to oversee the outsourcing contract. BCCS is ensuring high levels of agency satisfaction, the readiness of disaster recovery capabilities, and the complete security of all public records.

Systems and operational facts

Total processing power

- 2,395 million instructions-per-second
- 6,581 terabytes of online storage

Tape library

- 282,000 cartridge tapes
- 30,000 round-reel tapes

Data PowerHouse facility facts

- 20,446 sq. ft. of Data PowerHouse floor space
- 16,000 sq. ft. for Program Management Office

Power capacity: full redundancy

- Two 12,470 volt utility feeds
- Two 500 KW UPS modules
- Installed 1,000 feet of pipe and 50,000 pounds of wire to reach and maintain full power redundancy
- PP&L dual sub-stations

of

Safety

- 240 smoke detectors above and below the raised floor
- Fire suppression: halon and sprinkler systems

Hardware and software

The 17 computer systems that have been outsourced represent an even split between Unisys Clearpath mainframes and IBM System 390 and AS/400 systems. Operating systems software includes OS/390, HMP 6.1, and the AS/400. Virtually hundreds of third-party software products are in use in the Data PowerHouse.

b) Significance to the improvement of the operation of government.

Leading private sector companies, like Heinz and PPG Industries, have proven the value of data center consolidation and outsourcing over the past decade. ***However, in the public sector, Pennsylvania is the first state to consolidate and outsource the operations and maintenance of its data centers on this scale.***

According to Bob Evans, president of Unisys Global Outsourcing, "This project is a validation that large-scale public sector outsourcing can work, and that government and industry can work productively together."

The Data PowerHouse Project was initiated because data center operations and maintenance were identified in earlier studies as support services that are not part of the core business functions to be provided by government. It had been determined that these particular services were best contracted to private industry because this would produce the greatest operational efficiencies and service enhancements. It was surmised that these services could be outsourced without detracting from government's performance and, in fact, could actually deliver a higher level of performance for the same or lower cost. The experience of the Data PowerHouse Project is confirming those early assumptions.

“The processing power and redundancy contained in Pennsylvania’s Data PowerHouse rivals anything we’ve seen in the private sector,” says Bob Evans of Unisys.

“I’ve heard from numerous technology managers within state agencies who tell me how this project has freed them from having to worry about overseeing their own data center,” says Curt Haines, who manages the Data PowerHouse Project. “Now they can focus on the development of software applications that directly benefit their customers.”

“For many of these folks, managing a data center was a distraction – it kept them from delivering services that truly added value for their customers. Plus, they’ve now gained access to features like automation and disaster recovery that they simply couldn’t provide on their own. Agencies have been very supportive of the project.”

Money saved through the Data PowerHouse Project is being reinvested by providing more networked PC’s to Commonwealth employees. By putting the power of desktop technologies in the hands of frontline workers, the Commonwealth is gaining improvements in workplace productivity and opportunities for providing better customer service.

d) Return on investment, short-term/long-term payback.

The Commonwealth’s initial business case study for this project estimated a total savings of \$127 million over the five-year life of the Data PowerHouse contract. After contract negotiations and a better definition of exactly what functions would be outsourced, that estimate was revised to \$111 million.

It must be noted, however, that the Commonwealth will realize the bulk of these savings through “cost avoidance.” That is, a large part of the savings estimate was for personnel costs, assuming the Commonwealth would elect to furlough the employees who had been running the former data centers. Working constructively with the unions, the Commonwealth, instead, decided to retrain and redeploy those employees into other areas of IT responsibility (e-government applications, desktop management, application development, etc.). As a result, the estimated cost savings were transformed into cost avoidance for the services now being performed by the affected employees, as opposed to delivering true hard dollar savings.

The Data PowerHouse initiative never was initiated primarily for its cost savings potential. As private sector experience has demonstrated, the main benefits to be gained from data center outsourcing are the tremendous service enhancements that can be achieved. The early results of the Data PowerHouse Project echo this emphasis on practical service benefits.

Service benefits are immediately apparent

Some of the more prominent service improvements that already have been achieved by this initiative include:

- Unisys is contractually committed to delivering 99.9 percent availability of mainframe processing for most agencies, which is critical for agencies such as the Pennsylvania State Police, Penn DOT, and the departments of Labor & Industry and Public Welfare. Unisys has been able to consistently deliver 100 percent mainframe availability in most cases.
- Obsolete computer hardware has been replaced with new technology that is more fault-tolerant and provides greater reliability to agencies.
- Increased automation capabilities and faster computers have shrunk processing times to provide more hours of online availability, critical for deploying e-government systems over the Internet.

- The lack of adequate disaster recovery capabilities previously had led to audit findings against the Commonwealth. That situation now will be greatly improved. To date, successful off-site disaster recovery tests have been performed for nine of the 14 participating agencies.
- Redundant electrical and safety systems have been deployed to make sure computer systems and critical services are available 24X7. Many agencies did not have these safeguards in their separate facilities.
- Round-the-clock staffing by Unisys personnel enables the Commonwealth to provide better service to support agency programs and better serve the public, particularly for web-based online systems that access mainframe data.
- Enhanced security provides better protection for Commonwealth data and equipment. An independent security audit has been performed on the project with very favorable results.
- ***The Bureau of Consolidated Computer Services recently completed the second year of agency satisfaction surveys. All respondents described the quality of mainframe services as “very good” to “excellent.”***
- Interagency data sharing, which previously was hampered by the use of different computing technologies, now is being promoted. Cooperation between agencies is bringing new efficiencies and providing program improvements as synergies between agencies overcome previous barriers to effective public service delivery.