

Agenda

- Introduction – Melissa Matsuura
- Opening Remarks – Davood Ghods
- Proposed Rate Package – Bill & Natividad
- Closing Remarks – Rolundia Mitchell

Introduction

- Davood Ghods – Director of OTech
- Jeff Uyeda – Chief Deputy Director of OTech
- Rolundia Mitchell – Deputy Director of Customer Delivery
- Melissa Matsuura – Deputy Director of Administration
- Kevin Piombo – Deputy Director of Engineering
- Steve Rushing – Deputy Director of STND
- Mike Baker – Deputy Director of Operations

Opening Remarks

Davood Ghods – Director of Office of Technology Services

Proposed Mid-Year Rate Package

Bill Liu, Financial Management Branch
Natividad Nevarez, Rates & Cost Recovery Section

Fiscal Year 2013/14 Mid-Year Rate Package

Purpose of Rate Changes

- Bring the services close to breakeven in accordance with Office of Management and Budget (OMB) A-87 guidelines and State Administrative Manual Section 6780.
- Reduce current year over-collections in some services by implementing retroactive rate adjustments.
- Introduce new technologies to customers.

Fiscal Year 2013/14 Mid-Year Rate Package

Timeframe

This rate package includes rate adjustments effective:

- July 2013 (retroactive) for Mainframe Services
- January 2014 for new services and other rate decreases
- March 2014 for most services with a rate increase
- July 2014 for Tenant Managed Service and Administrative Fee

Reasons for multiple effective dates

- The retroactive rate adjustments will absorb the over-collections to avoid refunding the Federal Government in accordance with OMB A-87.
- The March effective date allows for a 30-day customer notification on rate increases as stipulated.

Customer Impact

Overall Net Savings to Customers = \$22.5 million for FY2013/14
\$16.7 million for FY2014/15

65 customers will experience a net increase to their FY 2013/14 OTech costs.

Fiscal Year 2013/14 Mid-Year Rate Package

Contributing Factors - Rate Decreases

- The major factors of the overall savings are lower expenses for Mainframe services and increase in utilization for Mainframe CPU, DASD and Virtual Tape Storage.

Contributing Factors – Rate Increases

- Projected utilization did not materialize as originally projected
- Improved redundancy to prevent a single point of failure
- Enhanced security management practices
- Realignment of rates based on the way a service is delivered
- Rates for some of the services have not been adjusted for many years
- An overall increase in operating expenses due to:
 - ✓ Elimination of furloughs
 - ✓ Increased in salary
 - ✓ Increased health benefit contribution

Fiscal Year 2013/14 Mid-Year Rate Package

Proposed Rate Changes

1. Mainframe CPU (decrease)
2. Mainframe Disk Storage (decrease)
3. Mainframe Virtual Tape Storage (decrease)
4. Mainframe Disaster Recovery (realignment)
5. Print Services (increase)
6. CA Statewide Government Network (CSGNet) Retirement Fee (decrease)
7. iHUB/Internet Access (realignment)
8. OTech Support Fee (increase)
9. CGEN OpteMAN/OpteWAN Transport Fee (new)
10. Dedicated/Shared Firewall (decrease)
11. Server Load Balancing (decrease)
12. Remote LAN Dial-Up (RLD) (increase)
13. Virtual Private Network (VPN) (increase)

Fiscal Year 2013/14 Mid-Year Rate Package

Proposed Rate Changes (continued)

14. Data Center to Data Center Connectivity (new)
15. Enhanced Server Application Delivery Service (new)
16. Windows/Linux Application Hosting (increase)
17. Unix/Solaris Application Hosting (increase)
18. Database Support (increase)
19. Tenant Managed Services (increase)
20. Server Based Computing (increase)
21. CA.mail E-Discovery (new)
22. Statewide E-mail (CA.mail for Exchange 2007 only) (increase)
23. Administrative Fee (increase)

Fiscal Year 2013/14 Mid-Year Rate Package

Mainframe CPU – Reduce Rates

		July 2013	
Service	Current Rate	Proposed Rate	Change
z/OS CPU, per normalized CPU hour	\$770	\$625	-18.8%
zIIP CPU, per normalized CPU hour	\$77	\$63	-18.2%

- **Savings to Customers = \$18.8 million annually beginning with FY2013/14.**
- **Rate reduction is the result of increased utilization and lower than expected software expenses. Additionally, realignment of costs resulted in decreased costs to Mainframe CPU services.**

Fiscal Year 2013/14 Mid-Year Rate Package

Mainframe Disk Storage – Reduce Rates

Service	Current Rate	July 2013	
		Proposed Rate	Change
Disk Storage Shared, per GB/month	\$8.70	\$6.30	-27.6%
Disk Storage Dedicated, per GB/month	\$8.70	\$6.30	-27.6%
Disk Storage ADABAS, per GB/month	\$8.70	\$6.30	-27.6%
Disk Storage HSM Level 2, per GB/month	\$5.00	\$3.65	-27.0%

- **Savings to Customers = \$2.5 million annually starting with FY2013/14.**
- **Rate reduction is the result of an increase in On-Line Disk and HSM (Archive Disk Storage) utilization and significant decrease in hardware expenses. Additionally, realignment of costs resulted in decreased costs to Mainframe services.**

Fiscal Year 2013/14 Mid-Year Rate Package

Mainframe Virtual Tape Storage – Reduce Rates

		July 2013	
Service	Current Rate	Proposed Rate	Change
Virtual Tape Storage, per GB/month	\$1.15	\$0.70	-39.1%

- **Savings to Customers = \$2.6 million annually starting in FY2013/14.**
- **Rate reduction is the result of an increase in virtual tape utilization and a significant decrease in hardware expenses. Additionally, realignment of costs resulted in decreased costs for this service.**

Fiscal Year 2013/14 Mid-Year Rate Package

Mainframe Disaster Recovery – Realignment

		January 2014	
Service	Current Rate	Proposed Rate	Change
Mainframe Disaster Recovery Support, per customer, per month	\$5,000	\$5,000	No change
Tier I – Up to 500 MIPS	\$60	Eliminate	
Tier II – Over 500 MIPS	\$75	Eliminate	

- **Savings to Customers = \$1.2 million for FY2013/14; \$2.4 million for FY2014/15.**
- **The Mainframe Disaster Recovery service has been realigned to be included as part of the Mainframe Services rates. Customer will still incur a cost for the coordination of the DR exercises for customers that subscribe to the service.**

Fiscal Year 2013/14 Mid-Year Rate Package

Print Services – Increase Rates

Service	Current Rate	March 2014	
		Proposed Rate	Change
Continuous Forms, per page	\$0.14	\$0.36	157.0%
Cut Sheet Paper, per page	\$0.16	\$0.42	163.0%
Labels, per page	\$0.19	\$0.49	158.0%

- **Increased cost to Customers = \$225 thousand for FY2013/14; \$676 thousand for FY2014/15.**
- **Rate increase is due to a combination of falling print volumes with the implementation of the Go-Online print viewing services in 2010 and an increase in personal services costs, indirect and overhead costs.**

Fiscal Year 2013/14 Mid-Year Rate Package

California Statewide Government Network (CSGNet) Retirement Fee – Reduce Rates

Service	Current Rate	January 2014	
		Proposed Rate	Change
64 Kbps T-1	\$143	\$76	-47.0%
128 Kbps T-1	\$360	\$192	-47.0%
256 Kbps T-1	\$368	\$196	-47.0%
384 Kbps T-1	\$375	\$200	-47.0%
512 Kbps T-1	\$383	\$204	-47.0%
768 Kbps T-1	\$390	\$208	-47.0%
1024 Kbps T-1	\$398	\$212	-47.0%
1536 Kbps T-1	\$405	\$216	-47.0%
2 bonded T-1s	\$424	\$226	-47.0%
3 bonded T-1s	\$432	\$230	-47.0%
4 bonded T-1s	\$443	\$236	-47.0%
5 bonded T-1s	\$525	\$280	-47.0%
6 bonded T-1s	\$608	\$324	-47.0%
7 bonded T-1s	\$623	\$332	-47.0%
DS3 under 20 Mb	\$544	\$290	-47.0%
DS3 over 20 Mb	\$1,257	\$670	-47.0%
2 Mb Opt-E-Man	\$420	\$224	-47.0%
4 Mb Opt-E-Man	\$428	\$228	-47.0%
5 Mb Opt-E-Man	\$435	\$232	-47.0%
8 Mb Opt-E-Man	\$600	\$320	-47.0%
10 Mb Opt-E-Man	\$615	\$328	-47.0%

Fiscal Year 2013/14 Mid-Year Rate Package

CSGNet Retirement Fee – Reduce Rates (continued)

Service	Current Rate	January 2014	
		Proposed Rate	Change
20 Mb Opt-E-Man	\$1,125	\$600	-47.0%
50 Mb Opt-E-Man	\$1,313	\$700	-47.0%
100 Mb Opt-E-Man	\$1,500	\$800	-47.0%
100 Mb/G Opt-E-Man	\$1,688	\$900	-47.0%
150 Mb Opt-E-Man	\$1,763	\$940	-47.0%
250 Mb Opt-E-Man	\$1,875	\$1,000	-47.0%
500 Mb Opt-E-Man	\$2,063	\$1,100	-47.0%
600 Mb Opt-E-Man	\$2,138	\$1,140	-47.0%
1 Gb Opt-E-Man	\$2,250	\$1,200	-47.0%

- **Savings to Customers = \$656 thousand for FY2013/14; \$1.3 million for FY2014/15.**
- **Rate decrease is due to decreasing CSGNet infrastructure costs as more customers migrate to CGEN. At the same time, the number of CGEN circuits that the Retirement Fee is applied to is increasing. In some cases, a customer's network rate increase will be slightly off-set by the reduction in the CSGNet retirement fee. However, this will not be true for new network customers that did not previously use the CSGNet service.**

Fiscal Year 2013/14 Mid-Year Rate Package

CGEN iHUB/Internet Access – Realignment

Service	Current Rate	March 2014	
		Proposed Rate	Change
56K Connection	\$60	\$42	-30.0%
Up to T-1 Connection	\$110	\$105	-4.6%
Up to 2 MB Connection	\$250	\$126	-49.6%
Up to 5 MB Connection	\$250	\$302	21.0%
Up to 10 MB Connection	\$250	\$588	135.2%
Up to 20 MB Connection	\$250	\$924	269.6%
Up to 50 MB Connection	\$250	\$1,680	572.0%
Up to 100 MB Connection	\$250	\$2,520	908.0%
Up to 500 MB Connection	\$250	\$3,360	1244.0%
Up to 1 G Connection	\$250	\$4,200	1580.0%
Up to 5 G Connection	\$250	\$5,880	2252.0%
Up to 10 G Connection	\$250	\$6,720	2588.0%

- **Increased cost to Customers = \$919 thousand for FY2013/14; \$2.8 million for FY2014/15.**
- **The rate methodology was changed to align the rates with the way the service is delivered – the iHUB infrastructure is used more as bandwidth increases.**
- **In addition, the network infrastructure was enhanced to include a third iHUB in Southern California and added security with managed firewall service at each iHUB.**
- **The projected total number of CGEN circuits were less than originally anticipated.**

Fiscal Year 2013/14 Mid-Year Rate Package

CGEN OTech Support Fee – Increase Rate

		March 2014	
Service	Current Rate	Proposed Rate	Change
OTech Support Fee, per CGEN circuit , per month	\$150	\$248	65.3%

- Increased cost to Customers = \$233 thousand for FY2013/14; \$698 thousand for FY2014/15.
- Realignment of costs for this service.
- The projected total number of CGEN circuits were less than originally anticipated.

Fiscal Year 2013/14 Mid-Year Rate Package

CGEN OpteMAN/OpteWAN Transport Fee – New Rates

Service	Current Rate	March 2014	
		Proposed Rate	Change
Up to 2 MB OEM/OEW Port Connection		\$16	New
Up to 4 MB OEM/OEW Port Connection		\$32	New
Up to 5 MB OEM/OEW Port Connection		\$38	New
Up to 10 MB OEM/OEW Port Connection		\$75	New
Up to 20 MB OEM/OEW Port Connection		\$117	New
Up to 50 MB OEM/OEW Port Connection		\$213	New
Up to 100 MB OEM/OEW Port Connection		\$320	New
Up to 500 MB OEM/OEW Port Connection		\$427	New
Up to 1 G OEM/OEW Port Connection		\$533	New
Up to 5 G OEM/OEW Port Connection		\$747	New
Up to 10 G OEM/OEW Port Connection		\$853	New

- **Increased cost to Customers = \$119 thousand for FY2013/14; \$356 thousand for FY2014/15**
- **This fee recovers the vendor costs associated with OTech’s infrastructure that provides transport circuits to connect to both data centers which reduces the risk of service disruption. The fee is a monthly add-on cost to each CGEN OpteMAN/OpteWAN connections.**

Fiscal Year 2013/14 Mid-Year Rate Package

Dedicated Firewall – Reduce Rate

Service	Current Rate	January 2014	
		Proposed Rate	Change
Dedicated Shared Firewall, per DMZ, per month	\$285	\$165	-42.1%

- **Savings to Customers = \$266 thousand for FY2013/14; \$533 thousand for FY2014/15.**
- **Rate reduction is the result of an increase in utilization and a decrease in hardware expenses.**

Fiscal Year 2013/14 Mid-Year Rate Package

Server Load Balancing – Reduce Rate

		January 2014	
Service	Current Rate	Proposed Rate	Change
Server Load Balancing, per server, per month	\$175	\$150	-14.3%

- **Savings to Customers = \$35 thousand for FY2013/14; \$70 thousand for FY2014/15.**
- **Rate reduction is the result of an increase in utilization and a decrease in hardware expenses.**

Fiscal Year 2013/14 Mid-Year Rate Package

Remote LAN Dial-up – Increase Rate

		March 2014	
Service	Current Rate	Proposed Rate	Change
Remote LAN Dial Service, per hour	\$3.85	\$7.85	103.9%

- **Increased cost to Customers = \$48 thousand for FY2013/14; \$143 thousand for FY2014/15.**
- **Rate increase is due to a significant decrease in utilization (considered legacy technology) and an increase in personal services costs and hardware expenses.**

Fiscal Year 2013/14 Mid-Year Rate Package

Virtual Private Network (VPN) – Increase Rate

		March 2014	
Service	Current Rate	Proposed Rate	Change
Remote Access VPN, per assigned user id, per month	\$4.40	\$7.00	59.1%

- Increased cost to Customers = \$25 thousand for FY2013/14; \$74 thousand for FY2014/15.
- Rate increase is due to a significant decrease in utilization and an increase in personal services costs and hardware expenses.

Fiscal Year 2013/14 Mid-Year Rate Package

Data Center to Data Center Connectivity – New Rates

		January 2014	
Service	Current Rate	Proposed Rate	Change
1 Gbps DC-DC Fiber Connection		\$1,600	New
5 Gbps DC-DC Fiber Connection		\$2,400	New
10 Gbps DC-DC Fiber Connection		\$3,200	New

- **The DC to DC service provides connectivity for customer applications and production data between the Rancho Cordova and Vacaville data centers.**
- **No customer impact.**

Fiscal Year 2013/14 Mid-Year Rate Package

Enhanced Server Application Delivery Service – New Rates

Service	Current Rate	January 2014	
		Proposed Rate	Change
Enhanced Server Application Delivery Service – SSL Offload, per server, per month		\$325	New
Enhanced Server Application Delivery Service - ASM, per server, per month		\$325	New

- **OTech proposes to provide security for the web applications via: Secure Socket Layer (SSL) Offload and Application Security Manager (ASM).**
 - SSL offload relieves a Web server of the processing burden of encrypting and/or decrypting traffic sent via SSL. The processing is offloaded to a separate device designed specifically to perform SSL acceleration or SSL termination.
 - ASM is a web application firewall which controls input, output, and/or access from, to, or by an application or service. ASM is typically built to control all network traffic on any OSI layer up to the application layer.
- **No customer impact**

Fiscal Year 2013/14 Mid-Year Rate Package

Windows and Linux Application Hosting – Increase Rates

Service	Current Rate	March 2014	
		Proposed Rate	Change
Tier I Windows/Linux, per server, per month	\$1,630	\$2,100	28.8%
Tier II Windows/Linux, per server, per month	\$2,070	\$3,200	54.6%
Windows/Linux Additional RAM, per GB, per month	\$15	Eliminate	
Windows/Linux First 16GB additional RAM, per month		\$8	New
Windows/Linux Additional RAM per 32GB, per month		\$16	New

- **Increased cost to customers = \$810 thousand for FY2013/14; \$2.4 million for FY2014/15.**
- **Rate was realigned for the base server rate, and the rates were reduced for server memory to align the expenses with the way services are delivered.**
- **Hosting rate has not been adjusted since early 2000.**

Fiscal Year 2013/14 Mid-Year Rate Package

Unix/Solaris Application Hosting – Increase Rates

Service	Current Rate	March 2014	
		Proposed Rate	Change
Tier I Solaris Server per server, per month	\$1,690	\$2,610	54.4%
Tier II Solaris Server per server, per month	\$3,240	\$5,000	54.3%
Tier III Solaris Server per server, per month	\$4,165	\$6,425	54.3%
Tier IV Solaris Server per server, per month	\$6,990	\$10,790	54.4%
Additional Memory, per GB, per month	\$100	\$30	-70.0%

- **Increased cost to customers = \$82 thousand for FY2013/14; \$246 thousand for FY2014/15.**
- **Hosting rate has not been adjusted since early 2000.**
- **Rate was increased for the base server rates, and the rates were reduced for server memory to align the expenses with the way services are delivered.**
- **Rate change should bring the service to breakeven.**
- **Unix/Solaris Application Hosting Service is an end of life service offering.**

Fiscal Year 2013/14 Mid-Year Rate Package

Database Support – Increase Rates

Service	Current Rate	March 2014	
		Proposed Rate	Change
SQL Server Support, per instance, per month	\$450	\$600	33.3%
SQL Set-up Fee, one-time, per database instance	\$230	\$390	69.6%
Oracle Database Support, per instance, per month	\$975	\$1,170	20.0%
Oracle Set-up Fee, one-time, per instance	\$690	\$690	No Change

- **Increased cost to customers = \$185 thousand for FY2013/14; \$555 thousand for FY2014/15.**
- **Service is under collecting. The rate increase is needed to bring this service closer to breakeven.**

Fiscal Year 2013/14 Mid-Year Rate Package

Tenant Managed Services (TMS) – Increase Rates

Service	Current Rate	July 2014	
		Proposed Rate	Change
Tenant Managed Services Cabinet Gold Camp (3.5 kW included), per cabinet, per month	\$1,350	\$1,709	26.6%
Tenant Managed Services Cabinet Vacaville (3.5 kW included), per cabinet, per month	\$1,875	\$2,374	26.6%
TMS Managed LAN	\$1,900	\$1,936	1.9%
TMS SAN Fabric	\$698	\$711	1.9%
TMS Additional 10 GIG Connection	\$200	\$204	2.0%
Power Exceeding 3.5kW	\$115	\$117	1.7%
TMS Data Backups	\$3	Eliminate	
Power with Cooling Door	\$70	Eliminate	
Cooling Door	\$151	Eliminate	
Cooling Door Set-up Fee	\$2,500	Eliminate	

- **Increased cost to customers = \$1.4 million for FY2014/15.**
- **The rate increase is due to reallocation of facility costs which had not been adjusted for the past 2 years (the use of floor space for TMS has increased to 30% from the previous allocation of 15%).**
- **Changes in indirect costs for the Service Desk, Change Management, and IT Security were updated to reflect current expenses and staffing allocation.**
- **Personal services costs have increased due to elimination of furloughs, restoration to full salaries, increased pay range, and increased health benefit costs.**

Fiscal Year 2013/14 Mid-Year Rate Package

Server Based Computing – Increase Rates

Service	Current Rate	March 2014	
		Proposed Rate	Change
Base Application Bundle Below 50% Concurrency, per user, per month	\$14.50	\$17.40	20.0%
Base Application Bundle 50% - 74% Concurrency, per user, per month	\$21.00	\$25.20	20.0%
Base Application Bundle 75% - 100% Concurrency, per user, per month	\$26.50	\$31.80	20.0%
Office Productivity Bundle Below 50% Concurrency, per user, per month	\$31.50	\$37.80	20.0%
Office Productivity Bundle 50% - 74% Concurrency, per user, per month	\$38.00	\$45.60	20.0%
Office Productivity Bundle 75% - 100% Concurrency, per user, per month	\$43.50	\$52.20	20.0%
Adobe Acrobat Pro, per license, per month	\$2.78	\$6.50	133.8%
Microsoft Visio Standard Win32 w/Software Assurance, per license, per month	\$5.40	\$6.50	20.4%
Microsoft Project Standard Win32 w/Software Assurance	\$16.25	\$19.50	20.0%
Secure ID Physical Token (Monthly Payment Option)		\$3.30	New
Secure ID Software-based Token (Monthly Payment Option)		\$1.80	New
Secure ID Physical Token (One-time Payment Option)	\$70.00	Eliminate	
Microsoft Visio Pro Win32 w/Software Assurance, per license, per month	\$13.59	Eliminate	
Microsoft Project Pro Win32 w/Software Assurance, per license, per month	\$27.06	Eliminate	
Microsoft Exchange Client Access License, per license, per month	\$2.11	Eliminate	

- **Increased cost to customers = \$39 thousand for FY2013/14; \$116 thousand for FY2014/15.**
- **Service is under collecting. The rate increase is needed to bring this service closer to breakeven.**

Fiscal Year 2013/14 Mid-Year Rate Package

CA.mail E-Discovery – New Rates

		January 2014	
Service	Current Rate	Proposed Rate	Change
Compliance Archiving E-Discovery 2 yrs or Less, per seat, per month		\$2.05	New
Compliance Archiving E-Discovery 2-3 yrs, per seat, per month		\$2.20	New
Compliance Archiving E-Discovery 3-7 yrs, per seat, per month		\$2.35	New
Compliance Archiving E-Discovery 7-10 yrs, per seat, per month		\$2.35	New

- **The CA.mail compliance archiving/e-discovery is an add-on service for CA.mail customers. This service provides for archiving and discovery of e-mail in civil litigation cases.**
- **No customer impact.**

Fiscal Year 2013/14 Mid-Year Rate Package

Statewide E-mail – Increase Rate for Exchange 2007 Only

		March 2014	
Service	Current Rate	Proposed Rate	Change
Base Mailbox, per mailbox, per month (Exchange 2007 Only)	\$6	\$10	66.7%

- **Increased cost to customers = \$488 thousand for FY2013/14; \$1.5 million for FY2014/15.**
- **Service is under collecting. Service area is taking steps to reduce expenses by sun-setting Exchange 2007 service.**
- **Customers migrating to 2010 can avoid the rate increase.**

Fiscal Year 2013/14 Mid-Year Rate Package

Administrative Fee – Increase Rate

		July 2014	
Service	Current Rate	Proposed Rate	Change
Dept. of Technology - Administrative Service Fee	2.52%	4.88%	93.7%

- Increased cost to customers = \$723 thousand FY2014/15.
- Realignment of costs resulted from increased personal services costs.
- This rate was last adjusted in FY 2004/05.

For those Departments that will have an increase due to these rate adjustments, please contact your OTech Account Lead to discuss alternatives to possibly mitigate the increase for your department.

Thank you!

Closing Remarks