



CITY OF EVANSVILLE

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OFFICE OF THE MAYOR
JONATHAN WEINZAPFEL

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John Friend
Evansville City Council
C/O Office of the City Clerk
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Civic Center Room 314
Evansville, IN 47708

John,

I am responding to the numerous questions you raised about the City/County IT Department in a recent email to Matt Arvay. I am providing a very detailed response to address the many inaccuracies and misinformation contained in your letter. I want to make sure that City Council members are dealing with facts as we begin budget hearings for this department.

Regarding **Cisco vs. Juniper** (I assume that is what you meant by “Junnifer”), please first recall that the City purchases off the Indiana State QPA, which is 49% off on voice equipment and 45-47% off of list price on data equipment. On large projects, discounts can be even more aggressive and up to 55%.

The City purchases Cisco equipment because it is less expensive, better technology and has better support options than Juniper.

It is my understanding that USI was apparently overpaying by about \$1 million because of unnecessary maintenance agreements. These sources indicate that USI would probably have been better served and would have saved more money by just dropping the unnecessary maintenance agreements and not replacing Cisco with Juniper. Unfortunately, they were very upset with the situation and just decided to remove and replace everything; and that the former USI CIO who spearheaded the initiative did not allow Cisco to participate in the bid process against Juniper. (Incidentally, many sources have said that most of the USI IT department feels it was a mistake to have switched to Juniper not only technically but operationally, as staff struggle to get the new products to perform adequately.)

The City's previous service provider had the City in a similar situation and the CIO made the appropriate adjustments to eliminate unnecessary maintenance costs. The City does not have unnecessary hardware maintenance agreements on equipment such as switches, phones, etc. that are less expensive to simply replace. The City keeps a small amount of replacement equipment on hand. Not only does this enable us to replace equipment instantly instead of waiting several

hours under a maintenance agreement, it has saved the City hundreds of thousands of dollars over the past few years.

Here are some business facts that support our direction to go with Cisco vs. Juniper:

- Juniper has a 2% market share, does not have an end-to-end solution (phones, wireless, core, firewalls, etc.), and only has one employee in Indiana.
- Cisco has 71% market share, has more than 70 employees in Indiana, 15 systems engineers, a dedicated Public Sector region, state-of-the-art Cisco lab for customer and partner use, highly certified, integrated partner community, and 57 Cisco Network Academies.
- Cisco customers in Evansville include Deaconess Hospital, Old National Bank, Vectren, University of Evansville, EVSC, and many others.
- Dedication to education in Indiana includes Indiana Cisco Networking Academies in ALL 9 Congressional Districts, including Evansville North High School, Ivy Tech State College – Evansville, Ivy Tech State College - Terre Haute, Loogootee High School, Terre Haute South Vigo High School, and Vincennes University.

As you can see many large organizations use Cisco. It's also nice to see Cisco being taught in our local schools, which helps local businesses and government with IT needs find new talent. I hear all the time about providing opportunities for our youth to stay in the Evansville area and I hope you would agree that this is an example that helps that cause.

We cannot find any unbiased opinions that recommend Juniper over Cisco in an enterprise environment such as ours.

Lastly, I would like to show you the "real" cost of Juniper vs. Cisco and how it would financially affect the City/County if we went with this suggestion. A cost comparison was put together when you raised this same concern last year. Based on actual quotes from local and national resellers using the lowest prices that we were able to obtain at that time, Juniper equipment is much more expensive than Cisco equipment.

The cost of the Juniper switch based on the lowest quote received would be \$1,331.60 higher per device. When you multiply that by the 165 switches the City and County currently have, it would be a cost increase of \$219,714. If we were to remove and replace what we have like USI did, it would be at a cost of \$735,900 and this only accounts for the cost of the hardware. There would also be costs associated with installation, configuration and management software.

The **Computer Services** department has no control over where its **budget** resides within the City and County budgets. It is not hidden in another department's budget. The CIO provides a very detailed budget submittal yearly for review which breaks down the budget into business sectors that brings a level of transparency that was not seen before. The **Computer Services budget** also has not grown by 8% compounded annually when you acknowledge the savings to other departments' budgets and how this affects the overall City budget.

There have been three major additions to the Computer Services budget since 2008. In 2009, approximately \$90,000 of the \$168,507 budget increase was necessary to implement a five-year

network refresh program. To provide a little background, network communications are vital for the 1,500+ governmental computer users, 60+ off-site locations, hundreds of servers, etc. that provide the communication conduit for government employees to manage the information and provide the services to the public that is expected. In order to run an efficient government you absolutely must have a solid foundation for communications. When the City and County changed from a vendor-led model to a strong CIO model, the network infrastructure was in a failing state and could not properly handle many of the new technologies we wanted to implement that would ultimately save more money than we spent. In 2007 the enterprise still had multiple computer systems. The foundation was broken down and failing and we had inefficiencies everywhere. The expense of the network refresh program has enabled this enterprise to take advantage of many new cost-saving technologies that have more than paid for the cost. One example that clearly depicts how new technology can save money is to take a look at our new phone system. By the end of 2012 the new phone system will have saved the City approximately \$400,000 by the elimination of the majority of legacy phones and fax lines.

Two major projects were contained within the 2010 budget request. The first was a fiber optic project with AT&T that connected 60+ government locations via fiber, replacing the costly, inadequate and unreliable copper wires that were in place. While several individual City offices paid their own monthly copper bill, it was decided that, for ease of management and transparency, the funding for this project and its yearly recurring costs would be centralized within the Computer Services budget. This project increased the 2010 budget request by approximately \$80,000, but the combined savings to the other departments' budgets was slightly more than the cost that was added to the Computer Services budget. Most importantly, this new dependable connectivity allowed us to start saving more money by putting cost-saving technologies in place at our remote locations. The phone system is again one such example.

The second major project was a centralized printing program with Xerox which eliminated over 350 individual printers, saving on consumables and cost per page. Over 70 multi-functional devices (MFD's) have been installed and serve the purpose of an all-in-one device for printing/scanning/copying and faxing. This project has saved \$250,000 to date, with another \$200,000 savings expected next year. In total, this project is expected to save over \$850,000 over five years (contract end). Once again, the savings to other departments' budgets is much more than the increase to the Computer Services budget. Centralizing the printing budget under Computer Services was a smart move because it allows us to see the true cost of our printing and use our bulk purchase power to keep our costs as low as possible.

The 2011 Computer Services budget was reduced by .96% or \$21,717.

Furthermore, we have moved all individual departments' IT expenses into a centralized IT budget under the CIO. Centralization makes sense as it pertains to Information Technology because it touches every department in some way. We gain cost savings, efficiencies and transparency while showing the true cost of City-wide projects. It must be understood that with consolidation, the savings realized are not always directly reflected within the Computer Services budget. Printer consolidation is a great example of where all departments had a printing expense line item for purchasing things like ink. This has all been consolidated in the Computer Services budget and we save large sums of money that can be proven. The savings will not show in the Computer Services budget because the original expense was dispersed throughout individual office budgets.

We need to continue this direction of thinking about the greater good and overall vision and not allow short sightedness to lead us back into multiple solutions and networks that lead to wasteful spending/complex budgeting and inadequate support as it did previously for many years.

Regarding the installation of a **Cisco 7613 switch in the Arena**, this was never mentioned in any specifications for the Arena by Ross and Barruzini (R&B) or Computer Services. This is a carrier-grade product that would not even make sense in a design for the Arena. The original bid package from R&B did include a Cisco 6513. Specifications from the original bid package were reviewed and totally reworked by Computer Services to extend City network services so that no 6513 or 7613 will be deployed in the new Arena.

Computer Services does involve other departments, the Information Technology Advisory Committee (ITAC), and ITAC sub-committees and ad-hoc committees **in the planning process**, as they have made extremely valuable recommendations to the CIO. Below is a list of existing sub-committees, their focus and some of their achievements:

Standards: This committee worked with Computer Services to create a standard PC configuration and Microsoft licensing compliancy strategy that has been implemented on the City side and will begin in the County in 2011.

Addressing: This committee worked to create a uniform address that should try to be adhered to within the various computer applications within the various departments. An ordinance was even created (2.160.080) that standardized addressing for official records for all City and County agencies, departments and elected offices. In addition, offices that are responsible for the assignment of addresses now work closer with Public Safety to ensure proper assignment. There were times in years past that a public safety respondent couldn't find an address because it was on an adjacent corner. Communication now exists between the groups and everyone is on the same page.

Mainframe Retirement: This committee has been working with Computer Services toward the systematic retirement of a 30+ year old VAX mainframe piece of hardware. Numerous applications needed to be migrated and/or replaced over time. We look to have this hardware decommissioned in the next few months. Below are examples of systems that have been replaced and/or are being migrated:

- FASBE – City/County
- Inheritance Tax – Treasurer's Office
- Quietus Program – Auditor's Office
- Payroll – PDS – City/ County
- County Payroll Weekly Processing of Kronos Interface – Auditor's Office (Megan)
- Sales Disclosure Receipt Program – Auditor's Office (Transfer Dept.)
- Veterans Exemptions – Auditor's Office

Security: This subcommittee has worked with Computer Services on the following policies:

- Acceptable Use Policy
- Remote Access Policy
- Wireless Security Policy (Public and Governmental)

- Network Authorization Form
- Internet Use Policy
- Remote Access/VPN Policy

Disaster Recovery: This committee is led by Sherman Greer of EMA and looks at ways to improve our Disaster Recovery posture. We have explored options of working with EVSC and are currently looking at other government facilities and how that may assist moving forward. Computer Services has also participated in several Disaster Recovery and Response exercises sponsored by EMA and the State.

MRC has a contract with the City and County that is based on a service level agreement (SLA) which dictates the level of service they are required to provide depending on the severity of the call. They are on call 365 days a year, 24 hours a day and 7 days a week. They were chosen by a selection committee of City and County business leaders in 2006 with the CIO acting as a NON-VOTING member. To reiterate, the City/County CIO had no vote in deciding our service provider nor does he have any authority to sign and approve any contract.

To put the Computer Services support costs into perspective, I will compare them to the previous support contractor. To provide an unbiased perspective, I will start with 2002 computer support costs as outlined in an independent study performed by Gartner that said “The City/County currently spends approximately \$2,500,000 annually with ACS, half of which is fees for services, with the rest being pass-through for other City/County IT expenditures.” This means that roughly \$1,200,000 was for out-of-contract expenditures.

We do not conduct business that way today. MRC is not permitted, per contract, to bid on any other projects without prior approval of the City and County executives (has not been granted to date) and has never resold any product to the City/County, thus truly acting as an agnostic product consultant. Within this SLA contract we also have an added-value aspect that allows the City/County to utilize MRC as an in-house highly-skilled consultant. We do not get charged for consulting fees as we did in the past with the last service provider or see any implementation costs for new solutions that we have standardized on (Cisco, Microsoft, etc.).

One significant example is when the City/County and a similarly-sized local organization moved forward with similar upgrades to their network, wireless and email systems in 2009. Since the other group did not have the in-house expertise to implement and configure the new systems themselves, it cost them more than \$800,000 in third-party consulting fees and they had to hire a new employee to maintain it long term. The City/County did not have any such expense or any administration fees moving forward. That is just one of many great examples of getting real value from the dollars expended on an advanced level computer services support provider and how we leverage that contract for the betterment of government. It continues to provide real cost avoidance for the City/County. There are many more examples of such savings over the past 4.5 years that easily surpasses \$1 million.

Lastly, I wanted to put together a realistic cost comparison based on the independent third-party Gartner report (used as a unbiased starting point) and the annual 3% COLA that existed within the previous computer support contract and which exists within our current agreement today:

<u>Previous Contractor</u>	<u>Current Contractor</u>	<u>Yearly Savings</u>
2002: \$2,500,000	N/A	
2003: \$2,575,000	N/A	
2004: \$2,650,000	N/A	
2005: \$2,725,000	N/A	
2006: \$2,800,000	N/A	
2007: \$2,875,000	\$2,050,000	\$825,000
2008: \$2,950,000	\$2,111,500	\$838,500
2009: \$3,025,000	\$2,174,845	\$850,155
2010: \$3,100,000	\$2,240,090	\$859,909
2011: \$3,175,000	\$2,307,293	\$867,706
Total Savings to Date:		\$4,241,270

To summarize, we are spending much less today as a City/County government on our computer support contract than we did in 2002; and we have saved hundreds of thousands of dollars in projects.

On the topic of the **MRC contract**, both the County Commissioners and I spent an extended period of time reviewing our options. This is a very critical resource to the enterprise and was not taken lightly. The end decision to retain MRC as our computer services support provider was a joint decision. If anyone wishes to question our decision, they may do so by contacting us.

As mentioned before, the CIO is not authorized to sign and/or award any governmental contract, as this is an executive decision with appropriate Boards in place to serve this function. In this case, the County Commissioners unanimously approved a five-year contract extension with MRC, with the Board of Public Works (BPW) unanimously approving thereafter.

In December 2003, a **strategic plan** was delivered to the City/County by the then Computer Services support provider after a series of meetings with City and County officials. From 2003 to 2007 very little progress was made on this plan due to capital cost estimates (see below), the numerous support groups in place, an inefficient support contract, and the duplicate systems that were present throughout City/County government.

After receiving direction from the IT selection committee in 2006 and having a new contract in place that provided City/County government the flexibility necessary to embark on the consolidation of systems directive and start achieving strategic initiatives developed many years earlier, many of the items from the 2003 plan began to be aggressively implemented in 2007 and continue to be worked on today. We are at a point today where we could start developing a new long-term plan, the cost of which can range from \$30,000 - \$100,000+ depending on the experience of the company and scope of work.

Below is a cost comparison on the budgetary estimates of capital costs associated with the 2003 long-term plan and the approximate expenditures to date to meet these initiatives:

Strategic Initiative	Estimated Capital Expenditures – 2003	Approximate Expenditures 2007-2011	Comments
Organization & Governance	\$100,000	\$0	Executives followed one of Gartner's recommendation of putting a CIO in place and following a strong CIO-Model where day-to-day decision could be made by a government employee
IT Infrastructure	\$4,900,000	\$1,000,000	
Internet/Intranet-e-Government	\$1,550,000	\$250,000	Vision Internet application
GIS/GPS	\$1,100,000	\$250,000	
Business Applications & Systems	\$3,750,000	\$1,460,000	Note: Tyler ERP - City: \$1,000,000; Tyler ERP - County: \$460,000
Document Management/Imaging	\$800,000	\$80,000	Note: Tyler ERP - City: \$40,000; Tyler ERP - County: \$40,000
Mobile/Wireless Systems	\$1,000,000	\$0	Note: Initial Wireless Purchase was through EMA grant monies
IT Training	\$420,000	\$0	Note: Within MRC contract
Managed Security & Surveillance Systems	\$500,000	N/A	Note: Managed within Building Authority and not in calculations
Totals:	\$13,620,000	\$3,040,000	

That is a total of \$13,620,000 in estimated expenses. There is no way the City/County could have implemented that plan at those prices and with the expertise on hand prior to 2007.

Due to a new contractor and contract in place, we were able to start fulfilling this plan in 2007 and will continue through 2011 and 2012. The implementation of these systems has come at no extra charge to the City and County by MRC. These types of services are added-value and help the City/County avoid third-party expenditures for implementation services. As a reminder, in

2002 the then-contractor was paid \$1.2 million above its contract for out-of-scope services. That does not happen today under our current contract.

Regarding a **satisfaction survey**, it is important to note that, starting in 2007 under a new computer support agreement, the City/County finally had the technical expertise at its disposal to consolidate identical systems that were costing the City/County hundreds of thousands of dollars unnecessarily. The CIO was tasked to eliminate wasteful spending and consolidate these disparate systems into one enterprise-wide system that would be capable of serving everyone. This allowed the CIO to leverage the purchasing power of the entire government organization and save hundreds of thousands yearly. This consolidation had been ongoing through the middle of last year.

It would not have been a fair assessment to conduct a survey to judge the support contractor when a lot of change was occurring under the new direction of consolidation and being cost effective. Computer Services conducted a survey last August that went to every City and County employee. They had almost six weeks to respond. Computer Services received an 8.42 overall out of a 10. A similar survey will be sent out once again in the near future.

As an analogy, if we are conducting a road widening project that will tear up the sidewalks and trees over a 2.5-year period, would we conduct a survey as the disruption is taking place or wait until the changes have been implemented and the citizens have a chance to use the new streets, wheelchair accessible sidewalks and view the new trees? Would a survey conducted while the project was in progress give a fair assessment of the project?

On a similar note, every City department head has been contacted and **NONE** agreed with your accusations that they are unhappy with **overall service levels and procedural issues**. As a matter of fact, they were very supportive of everything that Computer Services has been tasked with. As also indicated previously, MRC is on call 24 hours a day, 7 days a week and 365 days a year. If the call is of a high priority, MRC comes in and address the issue. MRC provides many documented hours every month for both after-hours support and maintenance tasks, all of which are done without charge.

With budget hearing approaching, I hope this information helps clear up the issues pertaining to Computer Services you raised in your email to Matt Arvay. If you or any members of Council have additional questions, please call me or the CIO to set up a meeting.

Sincerely,



Jonathan Weinzapfel
Mayor

cc: City Council
Matt Arvay