MONTANA DEPARTMENT OF ADMINISTRATION

STATE INFORMATION TECHNOLOGY SERVICES DIVISION

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Quick Summary

Becoming Transparent and Accountable

- Customer Success Program
- CIO Strategic Collaboration
- SAFe (Improved completion rate from approximately 20% to over 80%)

Modernizing Technology

- Mainframe
- Nortel
- 100% Digital (Commerce)

Saving Money

- Unemployment Insurance System
- Desktop Centralization

Optimizing the Workforce

- Get folks on the right seat on the bus
- Eliminate duplication where possible

COST DRIVERS

- Next generation security software costs more than traditional solutions

- Rapidly evolving threat landscape

- The threat environment is more sophisticated and challenging than ever before

- Unpredictable costs for software licenses from large vendors like Microsoft and Oracle

- Modern IT systems require additional network bandwidth that can be challenging to acquire in Montana

- Digital Transformation
    - IT Costs Increase
    - Overall Business Costs Decrease

EFFICIENCY DRIVERS

The **Montana Information Technology Act** permits the CIO to direct the state toward more efficient use of information technology capabilities while ensuring cost effectiveness.

SITSD is increasing efficiency through:

- Customer Success Program

- Organizational Change Management

- Enterprise Architecture Program

- Portfolio Management

- Cross-Agency Governance

State Information Technology Services Division (SITSD)
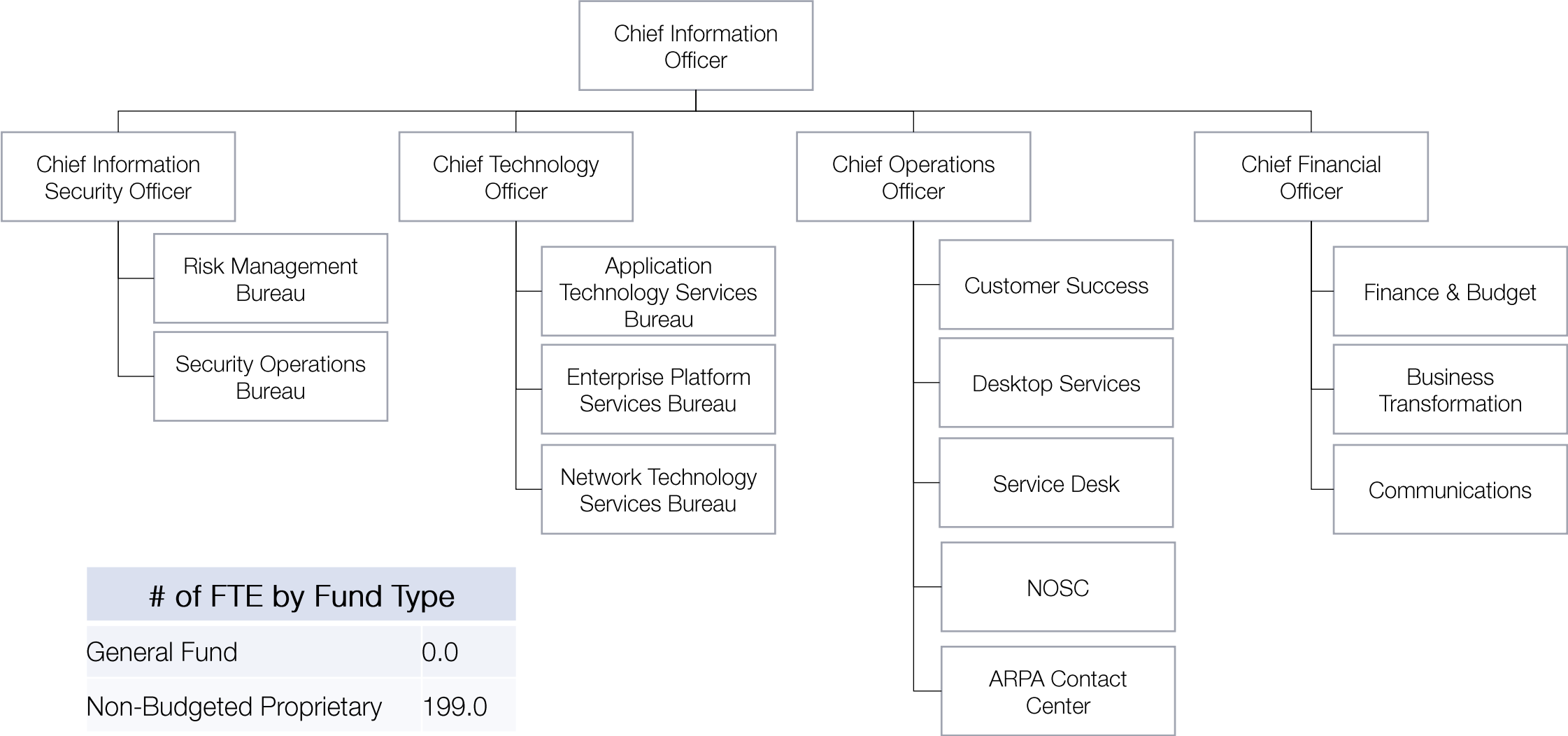
Overview

DIVISION DIRECTION

2025 Biennial Strategic Plan Goals:

- An innovative workforce dedicated to reshaping the way we deliver IT Services

- Strategic IT investment empowering delivery of citizen services

- Citizen one-stop shop anywhere, anytime, any device

- All enterprise products and services are widely used, provide maximum value for all agencies, and are supported by stakeholders

- The State's information assets and citizens' data are protected

DIVISION STRUCTURE

Chief Information Officer

Chief Information Security Officer
- Risk Management Bureau
- Security Operations Bureau

Chief Technology Officer
- Application Technology Services Bureau
- Enterprise Platform Services Bureau
- Network Technology Services Bureau

Chief Operations Officer
- Customer Success
- Desktop Services
- Service Desk
- NOSC
- ARPA Contact Center

Chief Financial Officer
- Finance & Budget
- Business Transformation
- Communications

# of FTE by Fund Type	
General Fund	0.0
Non-Budgeted Proprietary	199.0

STATE DATA CENTERS

State of Montana Data Center (SMDC) – Helena

Miles City Data Center (MCDC) – To be eliminated

- Rack space and hosted services for Montana and out-of-state government entities

- All equipment resides on platforms to reduce risk in the event of an earthquake

- Both facilities monitored 24 x 7 x 365

- Meet critical Department of Defense (DOD) infrastructure security standards

- Transitioning Disaster Recovery to the Cloud
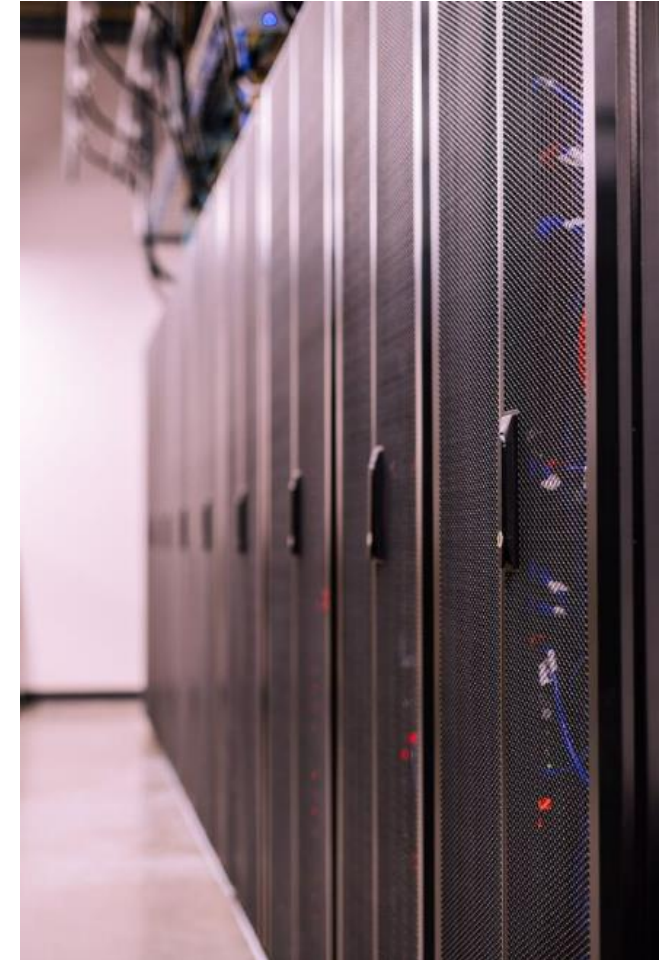
DIVISION DATA NETWORK SERVICES

SITSD is committed to providing optimal bandwidth access to customers across the state.

Focused improvement on:

- Agencies with less than adequate bandwidth

- Agencies using legacy technology that is no longer supported

Leased Circuit Partners – Hub Primary and Diverse Carrier Connections
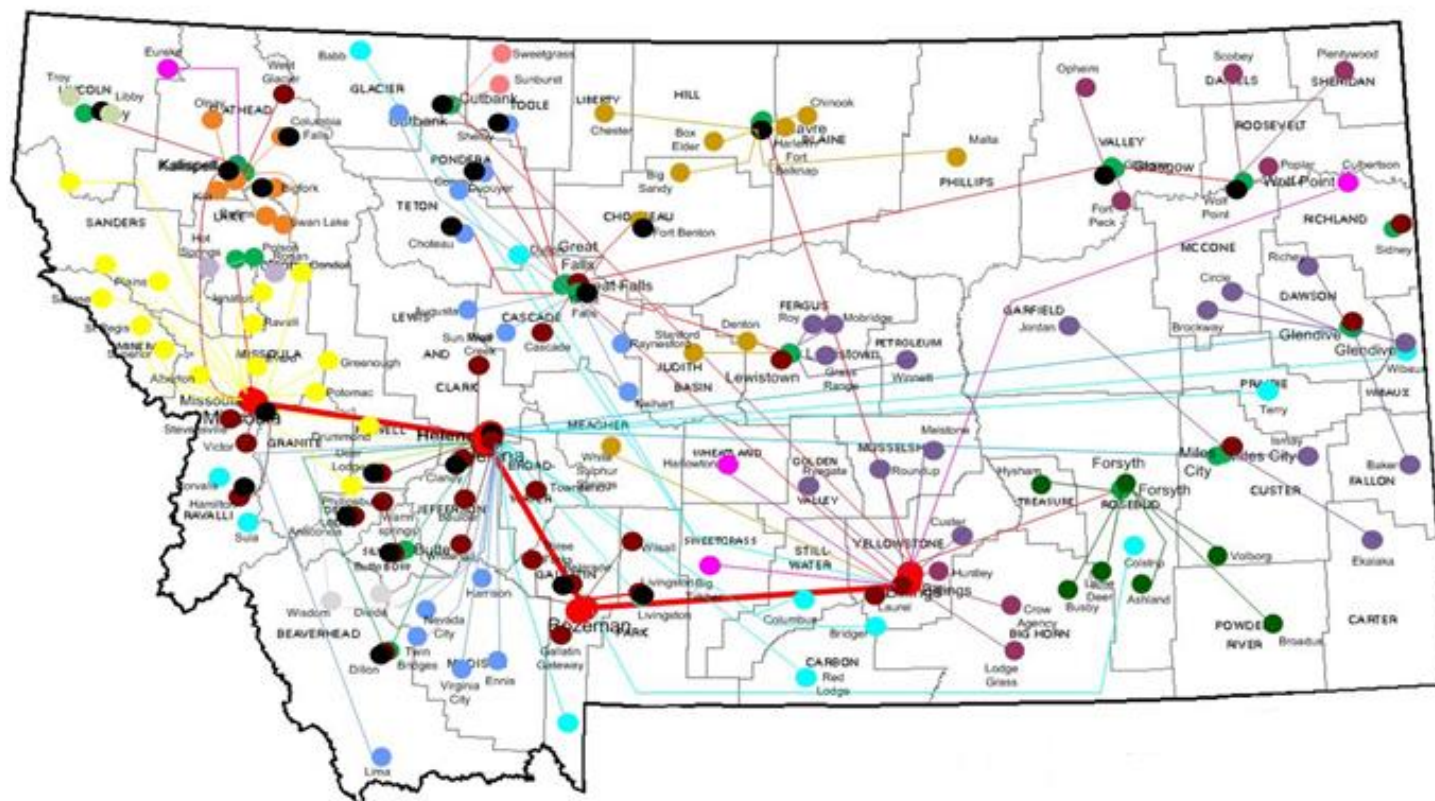
- Agency Customer Service Improvements

- Cost Controls (>$21MM)

- Modernization

- Digital Transformation

- Security

Retired Technology

KEY ACCOMPLISHMENTS (In Progress)

Agency Customer Service Improvements

- ServiceNow Governance (cross-agency IT governance POC)
- Organization Change Management Function/Team

Cost Control

- Centralization of Desktop Purchasing (Estimated $500K/year savings)
- Enterprise Architecture Program (standardization fulfilling statutory responsibility to reduce duplication of systems)

Digital Transformation & Modernization

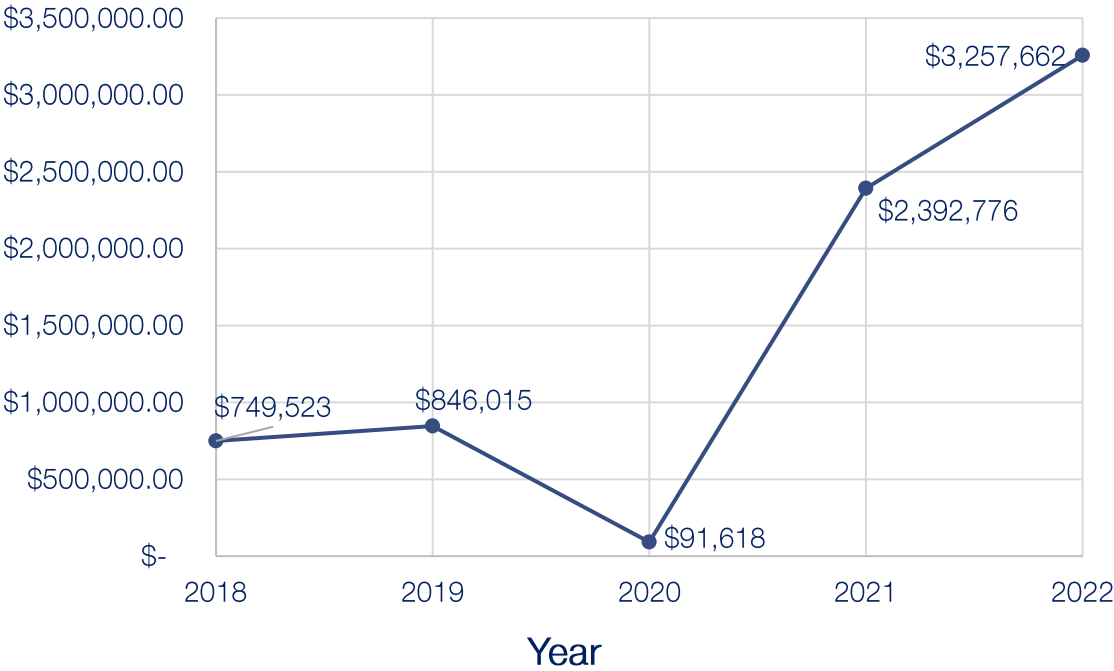- Five9s Call Center Centralization (Technology)

Security

- Security Centralization (improve risk management capabilities across the state)
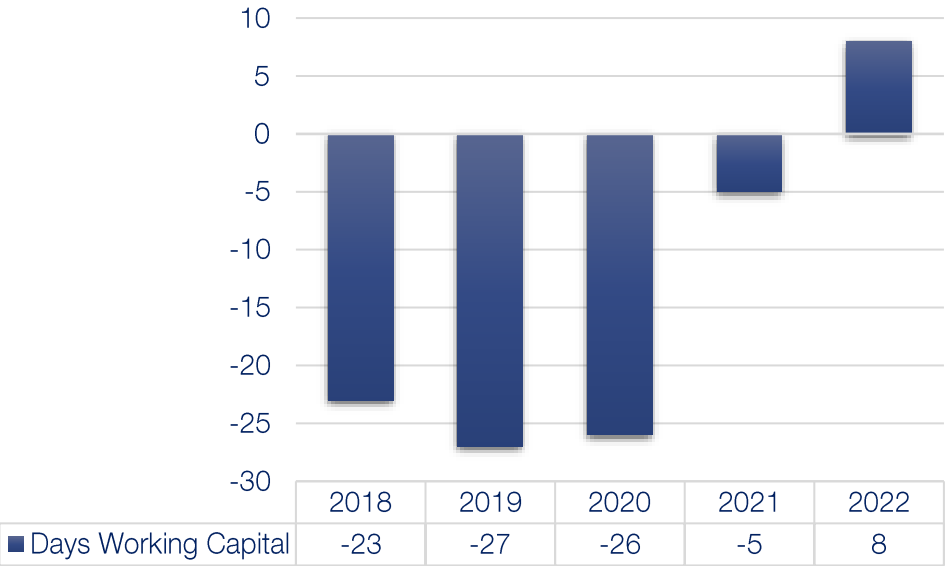- IIJA Grant Application

IT Budget

BUDGET

SITSD Cash at FYE

Year	Cash at FYE
2018	$749,523
2019	$846,015
2020	$91,618
2021	$2,392,776
2022	$3,257,662

FYE Days Working Capital

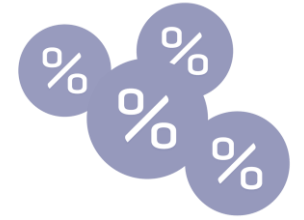|	2018	2019	2020	2021	2022
Days Working Capital	-23	-27	-26	-5	8

30 Days Working Capital Allowed

SITSD RATES

Rate Setting

- Legislature approves SITSD rates charged to other state agencies for services
- Legislature appropriates service costs in the purchasing agencies' budgets

Rates

- Personal Services + External OpEx + Internal OpEx + Overhead / Total Units Sold

Working Capital

- Amount of cash remaining if all the current assets were converted to cash at their book value and all current liabilities were paid at their book value
- 30-day working capital prohibits SITSD from over-collecting and accumulating an excess fund balance
- If agencies opt to not use SITSD services for which they were appropriated, SITSD must reduce expenditures to offset loss

Changes to Rates

- All changes to rates are reviewed by the enterprise IT financial workgroup and reported to LFC

SITSD O365 RATE CALCULATION

$$\frac{\text{Personal Services (PS)} + \text{Operational Expenses (OE)} + \text{Internal Sales (IS)} + \text{Overhead (OH)}}{\text{Total Units Sold (US)}}$$

$$=$$

Service Rate

O365 Rate Example

$$\frac{\$652,238 \text{ (PS)} + \$285,064 \text{ (OE)} + \$37,658 \text{ (IS)} + 351,915}{17,322}$$

$$=$$

$76.82 Annually per mailbox

SITSD VoIP PHONE CALCULATION

Personal Services (PS) + Operational Expenses (OE) + Internal Sales (IS) + Overhead (OH)

Total Units Sold (US)

=

Service Rate

VoIP Phone Service Example

$449,334 (PS) + $1,455,592 (OE) + $271,969 (IS) + 273,449

10,822

=

$226.86 Annually per Phone

PROPOSED BUDGET

Program Proposed Budget Budget Item	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
FTE	199.00	14.00	213.00	14.00	213.00	
Personal Services	18,716,595	1,891,051	20,607,646	2,003,195	20,719,790	41,327,436
Operating Expenses	35,509,613	11,766,411	47,276,024	11,662,834	47,172,447	94,448,471
Equipment & Intangible Assets	370,861	0	370,861	0	370,861	741,722
Debt Service	1,170,000	0	1,170,000	0	1,170,000	2,340,000
Total Costs	**$55,767,069**	**$13,657,462**	**$69,424,531**	**$13,666,029**	**$69,433,098**	**$138,857,629**
Proprietary Funds	55,767,069	13,657,462	69,424,531	13,666,029	69,433,098	138,857,629
Total Funds	**$55,767,069**	**$13,657,462**	**$69,424,531**	**$13,666,029**	**$69,433,098**	**$138,857,629**

eGOV FUND

- Transaction Fund
  - $1 per Transaction (MI Charged from $1 - $10 per transaction)
  - Calculated to Pay Loan in Biennium

- Loss of Revenue (not transitioned to Payzang)
  - DOJ – Stayed with MI
  - DOR – Extended with MI for 6 Months

- Current Cash Balance: $1,033,459

- Projected Year End: $321,710

- Loan Balance: (~$2,500,000)

- Potential Solution
  - Increase Transaction Charges

HB 10 FY24-25

House Bill 10 Summary

Agency	HB 10 Request
Department of Administration	$23,513,774.00
Department of Agriculture	$630,000.00
Department of Livestock	$1,000,000.00
Public Service Commission	$1,496,436.00
Department of Natural Resources & Conservation	$4,555,000.00
Office of Public Defender	$350,000.00
Department of Corrections	$18,000,000.00
Department of Public Health & Human Services	$138,910,196.00
Department of Justice	$50,511,000.00
Supreme Court	$850,000.00

Department of Administration - SITSD

PROJECT	LRITP	STATE SPECIAL REVENUE	FEDERAL SPECIAL REVENUE	PROPRIETARY	TOTAL
Montana Cybersecurity Enhancement Project	21,513,774				21,513,774
E-Discovery/Public Information Request Software	2,000,000				2,000,000

Montana Cybersecurity Enhancement Project

Title	Description	Personnel Services:	Contracted Services:	Hardware:	Other:	Biennium Cost:	Annual On-going Costs:	Total FY24/25 Bienn Requested Funding:
Enterprise Password Manager	Provides a central and secure password management solutions to protect accounts accessing the State's information systems.		$1,254,000			$1,254,000	$312,000	$1,566,000
Identity Panel	Improves automation, integration, and security of the State's identity and access management solutions.		$50,000		$131,040	$181,040	$131,040	$312,080
Network Forensic Packet Capture Capacity Upgrade	Increases the network packet capture capacity and supports modern datacenter traffic throughput ingestion for network forensics inspection.		$100,000	$1,694,237	$869,867	$2,664,104		$2,664,104
Zero Trust Maturity Assessment	Assesses the State's cybersecurity program maturity based on 128 criteria, provides expert analysis, and Zero Trust roadmap recommendations.		$200,000		$50,000	$250,000		$250,000
Zero Trust for Endpoint Management	Performs cyber hygiene assessments of applications, data, and users according to access policies, automating intelligent risk-based access based on data classification and device health.		$1,500,000		$50,000	$1,550,000	$1,500,000	$3,050,000
Zero Trust for Endpoint Segmentation	Reduces the cyberattack surface by implementing Zero Trust Endpoint Segmentation between workstations on the network.		$100,000	$1,528,842	$750,000	$2,378,842		$2,378,842
Zero Trust for Firewall Segmentation	Reduces the cyberattack surface by establishing separate Layer 7 firewall zones per State agency and data types.		$100,000	$1,648,300	$1,544,448	$3,292,748		$3,292,748
IT Modernization (100% Digital)			$3,000,000		$1,000,000	$4,000,000		$4,000,000
Network Improvements	Network improvements across the state to enable agencies to deliver digital services to citizens (Wide Area Network – Not in Helena). Currently, 150 sites do not meet the definition of broadband (20 up/20 down). To be spent with telecom commercial partners in the state.		$2,145,000	$375,000		$3,520,000	$1,480,000	$4,000,000

The Value of Investing in Information Technology

Transparency and Accountability

- Data Driven Decision Making (Snowflake)

Modern Technology

- Citizen Portal with No Wrong Door
- Improved Security
- Eliminate Technical Debt

Long Term Return on Investment (ROI)

- Reduce Possibility of Financial Risk
- Montana can lower operational costs (e.g., phone calls, field office visits) with enhanced digital services

Workforce Optimization

- Automate Redundant Work
- Enhances Ability to Provide Services

THANK YOU