



NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE CHAMBERS
HONOLULU

**HOUSE COMMITTEE ON
ECONOMIC REVITALIZATION AND BUSINESS**

**Representative Angus McKelvey, Chair
Representative Isaac Choy, Vice Chair**

**February 9, 2012
8:30 am Room 312**

**Testimony in SUPPORT on HB2518
Relating to the Department of Accounting and General Services**

Chair McKelvey, Vice-Chair Choy, members of the Economic Revitalization and Business Committee:

The Office of the Governor is in strong support of House Bill 2518, Relating to the Department of Accounting and General Services. This measure appropriates funds for the business and technology transformation initiative to prepare the state for the larger transformation activities in the near future.

The funds for this measure are appropriated in the budget bill, and as such, the appropriation amounts are blank in this bill.

The Chief Information Officer and the Office of Information Technology and Management may answer any technical questions you may have.

Thank you for this opportunity to testify.

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TESTIMONY OF
SANJEEV "SONNY" BHAGOWALIA, CHIEF INFORMATION OFFICER

TO THE HOUSE COMMITTEE ON
ECONOMIC REVITALIZATION AND BUSINESS
February 9, 2012, 8:30 a.m.
State Capitol Conference Room 312

H.B. 2518

RELATING TO THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Chair McKelvey, Vice Chair Choy, and members of the committee, thank you for the opportunity to testify on H.B. 2518.

The Office of Information Management and Technology (OIMT) strongly supports and recommends passage of H.B. 2518, which appropriates funds for the business and technology transformation initiative for fiscal year 2012-2013.

OIMT has been developing the statewide business transformation and information technology (IT) strategic plan, which is anticipated to be delivered in July 2012. The plan will provide the roadmap for the transformation journey and will prioritize projects over a 10-year span for implementation in two-year increments to coincide with the biennium budget timeline. The end goal of the strategic plan is to leverage the power of technology to assist agencies in the effective, efficient and convenient delivery of program and services to the public. Initiatives in the plan will include upgrades to the physical technology infrastructure, business process reengineering projects, an integrated statewide financial and human resource management system, development of policy standards and requirements, IT procurement and acquisition management, disaster recovery and data center consolidation, web-enabled solutions, mobile applications using geospatial information, information assurance and privacy, and open data.

None of these projects can be funded until the 2013-2014 fiscal year, but more importantly they cannot be initiated without having critical, foundational elements in place. S.B. 2780 proposes to appropriate funds to allow the State to prepare for the larger transformation

activities during fiscal year 2013 and thus allow the IT modernization initiative move more rapidly.

To set a context for the appropriation, OIMT would like to highlight the following key activities the funding would allow during the supplemental budget year.

Triage Projects - \$3.4 Million

The years of neglect to support IT infrastructure prior to the appointment of a full-time chief information officer (CIO) requires the funding of triage projects to ensure continuity of day-to-day critical business operations for government services in the following areas: physical and cyber security, emergency responder communications, data backup and storage, electronic file transfer, and critical systems redundancy. Funding will also position the State of Hawaii data center infrastructure to support enterprise applications and a consolidated framework that will become the foundation for business process reengineering efforts and web enabled workflow to improve statewide collaboration.

Business and Information Technology Reengineering - \$5 Million

Equally important to the transformation initiative are the following projects that relate to business process and IT reengineering, as well as management and oversight of IT acquisitions:

1. Expand and enhance the scope and capabilities of an IT portfolio and acquisition management tool, which will provide the CIO visibility into all IT related projects and purchases allowing the State to find cost-savings through shared service agreements, indefinite delivery indefinite quantity contracts (IDIQ), enterprise licensing agreements for software, and blanket purchase agreements for hardware.
2. Begin select reengineering front-end business processes used the multiple departments and agencies and develop the appropriate IT solutions to eliminate duplication of efforts, redundant processes, and replace aging legacy systems.
3. Transform State's IT and Information Resource Management (IRM) policies and processes to enable Hawaii to more effectively take advantage of modern technology's capacity to transform and improve lives. OIMT will develop an IT/IRM framework that includes strategies, policies, processes, standards, and methodologies for identifying, designing, procuring, implementing, and managing new technologies, such as cloud hosting, web services, and collaborative environments.

Pilot Integration Projects - \$1.8 Million

Implementing pilot integration projects that take advantage of new technologies to increase operational capabilities or enhance current processes will result in reduced costs, increased employee productivity and process efficiencies, improved information assurance and cyber security standards, and enhanced capabilities and capacity. These projects will be expanded upon in the larger transformation plan and include:

1. Improving information assurance and cyber security functionality to provide an in-depth strategy to protect the State's information assets that secures confidentiality, integrity, and availability of data both at-rest (e.g. stored on a server) and while in-motion (e.g. sent via email or accessed from a website) – **\$1,000,000**
2. Deployment of web-enabled collaborative work environments where stakeholders share resources, solutions and ideas online and conduct online meetings and conferences – **\$225,000**
3. Implementation of Voice Over Internet Protocol (VoIP) solution to enhance the capabilities of telephone operations, which will improve efficiency while reducing expenses – **\$225,000**
4. Upgrade the State's geographic information system (GIS) from its current seven-year-old server, which currently uses outdated data formats. The upgrade will allow more efficient delivery of data to both State agency stakeholders and the public and will be the foundational step to developing an enterprise-wide GIS solution – **\$375,000**

Statewide Financial, Acquisition, and Human Resource Management System - \$15 Million (CIP)

Additionally, issuing general obligation bonds in fiscal year 2013 will provide the funding needed to gather the requirements necessary to develop an integrated statewide financial, acquisition, and human resources management system that will be used by all departments and agencies. The system would replace the legacy systems for accounting, payroll, and budgeting, as well as upgrade the system used for human resource management and integrate with the procurement and taxation systems. Furthermore, the integrated system will preserve information integrity with data entered by an authoritative source, facilitate information sharing, improve reporting requirements with near-real time accounting, and streamline workflow for increased efficiencies. The detailed requirements gathering across the Departments of Accounting and General Services, Budget and Finance, Taxation, and Human Resource Development, as well as

with department administrative service offices (including the Department of Education), will ensure that the selected solution will best suit the needs of the State.

The funding proposed in H.B. 2518 is crucial and critical for the business and IT transformation initiative to continue to move forward. We respectfully request that this Committee move this bill forward.

Thank you for the opportunity to testify on this matter.