



Information Technology Sourcing Strategy - Update

San Diego City Council

Rules, Open Government, &
Intergovernmental Relations Committee

Meeting of January 12, 2011

● Introductions

- Wally Hill, Assistant Chief Operating Officer
- Alan Watkins, IT Operations & Security Manager
- Kevin Parikh, CEO, Avasant LLC
- George Clark, Principal, Avasant LLC



- Background – City Council Request
- Updated IT Sourcing Strategy Report
- Conclusions & Recommendations
- Transaction & Transition Timeline



● Background – City Council Request

– Dec. 6th Council Resolution (R-316418)

- Update IT Sourcing Strategy Report

- Use fixed-price, performance-based service contracting models

- Address incumbent worker retention

- Local, small business utilization, where economical

- Additional IT services, where cost savings are timely

- Review of net transition costs by Auditor & IBA



● Updated IT Sourcing Strategy Report

- Addresses Items Contained in City Council Resolution
- Provides Clarification of Several Areas where City Council Members had Questions
 - Stakeholder interview topics & questions
 - Additional data related to the risk analysis for the different scenarios
 - Pre-Qualification of New Providers
 - Early Termination Conditions



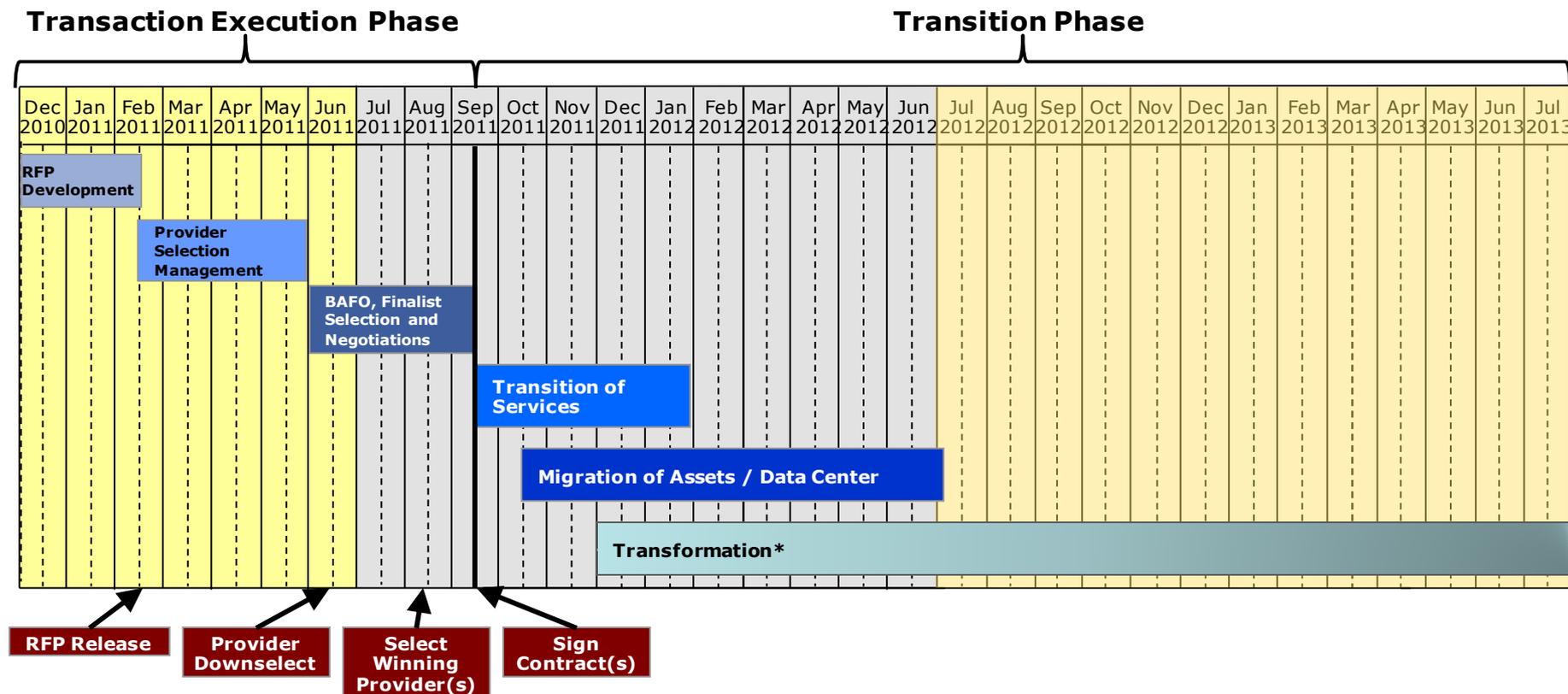
- **Under the existing relationship between the SDDPC and the City of San Diego, the City retains many of the risks associated with an Insourced IT environment without achieving the benefits of cost reduction and industry standard practices associated with strategic sourcing (managed services)**
 - If the City continues to receive services from the SDDPC, the services should be delivered under a Managed Services model
- **Based on the City's requirements, in scope services, the financial model, and the risk profile, the City of San Diego should move forward with a fixed priced performance-based managed services RFP (competitively bid)**
 - A single RFP should be structured in a modular fashion to allow for a Single Provider or Multiple Providers by Service Tower (e.g., Data Center, Network, Applications Development and Maintenance)
 - Service Providers will be required to propose an option where all services will be provided by onshore resources
- **In Scope Service for the RFP**
 - Data Center Services
 - Including Departmental Data Center / Server Rooms
 - Voice and Data Network
 - Applications Development and Maintenance
 - Other Optional Services
 - ERP Technical Support (external contracts)
 - Help Desk / Deskside Support (for consideration after Year 3)



Transaction & Transition Timeline



The chart below shows the approximate timing of transaction activities once provider contract(s) have been executed



*** Timing of Transformation is dependent on the criticality of getting off legacy equipment. Transformation planning can occur during Transition with actual Transformation activities occurring immediately after Transition.**



Questions?

