



State of Montana

Agency IT Plan

Montana State Fund

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Introduction

The Montana Information Technology Act (MITA) requires each State agency to develop and maintain an agency information technology plan that establishes agency mission, goals and objectives for the development and use of information technology, and provides a description about how each agency intends to participate in meeting the goals of the 2014 State of Montana Strategic Plan for IT. MITA defines an agency as any entity of the executive branch, including the university system.

Each Agency IT Plan belongs to the individual agency that develops the plan, but MITA does require some specific content and format. MITA also requires that new investments in information technology can only be included in the governor's budget if the proposed investment is included in an approved agency plan. Section 11 of the Template instructions and your agency IT plan are based on this requirement.

Agency IT Plans are also related the State's Biennial IT Report. Every two years DOA must produce a performance report based on agencies' evaluation of their progress in implementing their IT plans from the previous biennium. This report provides an analysis of the State's IT infrastructure (value, condition, and capacity), an evaluation of the performance of the State's IT capabilities, and an assessment of progress made toward implementing the State Strategic Plan for IT during the previous biennium. Because strategic planning and reporting are closely related, and because each Agency IT Plan and biennial report are updates to existing plans and activities, agencies will provide detailed information on their IT environment in this planning cycle.

Reference Information

The following information may be relevant to development of your updated Agency IT Plan:

- Your current agency strategic business plan and previous Agency IT Plan updates;
- Information Technology Act (2-17-501 through 527, MCA)
<http://www.leg.mt.gov/css/Services%20Division/default.asp>;
- A draft copy of the 2014 State of Montana Strategic Plan for IT is located at:
<http://itsd.mt.gov/stratplan/statewide/default.mcpX>;
- Both the SITSD-supplied Agency IT Plan template and the instruction manual for filling out the Template can be found on the following web page: <http://itsd.mt.gov/stratplan/default.mcpX>.

Template Assistance

During the second week of February SITSD will offer two sessions for agency questions and guidance on the Template and Supplements. Please call Kyle Hilmer (444-5476) if you would like assistance, additional information, or an external editor to review your draft Template.

Agency Template Submission

Submit the completed Template to SITSD (itpolicy@mt.gov). You may submit your agency IT Plan before the deadline. Include a transmittal letter from your agency head containing the following wording:

Pursuant to the Information Technology Act of 2001, the [entity name] presents its plan for information technology for the period July 2014 through June 2019. This plan represents the Information Technology goals, objectives, and strategies of the [entity name] and has been reviewed and approved by _____, agency head.

Strategic Planning Timetable

January 2016	SITSD publishes a draft of the state-wide strategic IT plan and distributes agency plans instructions and Template.
March 1, 2016	SITSD submits the 2016 State Strategic Plan to the Governor and Legislative Finance Committee
March 15, 2016	SITSD publishes Agency IT Initiative Supplement documents and instructions.
April 1, 2016	2016 State Strategic Plan for IT published
April 15, 2016	Agency IT Plans due to SITSD.
May 31, 2016	SITSD recommendation to the CIO for approval of Agency IT Plans. (This is the deadline; each recommendation is due no later than 60 days after receipt of an Agency IT Plan.)
June 30, 2016	Final day for SITSD to approve Agency IT Plans (pending receipt of IT Initiative Supplements)
June - August 2016	The Agency IT Initiative Supplements will be reviewed by SITSD in coordination with OBPP. The Agency IT Initiative Supplements will be appended to the Agency IT Plan upon approval by OBPP.
November 15 2016	Office of Budget and Programming Planning and SITSD submit a summary of major new IT projects to Governor's Office, and for legislators' consideration.

Template Instructions

Montana's Template for Agency IT Plans follows Gartner's framework for strategic planning. Although the Gartner framework recommends separate documents for outlining strategy and IT projects or initiatives, this Template is a single document as described in MITA. MITA requirements are found at the end of the Template in sections 10-14.

10. IT Goals and Objectives
11. IT Projects
12. Security and Business Continuity Programs
13. Planned IT Expenditures
14. Administrative Information

Developing an IT Plan is not a massive research and writing project. Plans are normally only about a dozen pages. MITA requirements will add to the overall page length. What a plan does require is a lot of thought. It is first and foremost a method to communicate how the agency's IT organization will support the agency's business strategies and deliver value to the agency and the agency's constituents. Plans can also announce and advertise new approaches and methods within the IT organization.

Guiding principles for writing a good IT plan:

- Use business language and avoid technical terms. If a glossary is necessary, put it in an appendix.
- Be brief. 10-12 pages should be adequate for the first 9 sections.
- Reference more detailed documents such as budgets, organization charts, etc.
- Avoid generic and obvious statements such as, "IT is a critical input to the business."

During the development stages of the Template there were discussions about potentially making some sections of the Template optional. The final version of the Template has no optional sections; all sections are required.

1. Executive Summary

Montana State Fund prepares an annual Board of Directors approved Business Plan and annual supporting budget as required by law. Major insurance infrastructure projects are forecasted based on the Business Plan's one to three year outlook. The Montana State Fund CY16 Business Plan was approved by the Board of Directors at the December, 2015 Board meeting.

As Montana State Fund continues to successfully fulfill its mission, MSF IT expects to support insurance business projects with an IT component, as well as continue to support existing applications and infrastructure to meet the service demands of MSF stakeholders. Montana State Fund may also be compelled to complete projects in order to comply with regulatory/court/legislative/federal mandates. As an insurance carrier MSF maintains a strict focus on security practices and safeguards with this major theme running through all IT projects and support work.

Potential focus areas for Montana State Fund include business process and systems transition to regulation under Title 33 Montana Insurance Code, customer service, workplace safety, and claim management/injured employee outcomes improvements.

In support of these areas IT goals are:

- Develop and allocate IT staff for efficiency and cost effectiveness.
- Provide an operational and competitive edge to MSF insurance service delivery.
- Ensure MSF infrastructure and non-insurance applications support existing operational requirements and are positioned for flexibility.
- Provide leadership in MSF governance for effective planning and decisions as well as improved project success.

A number of insurance projects with an IT component have already been approved or will be within the next few years by the Montana State Fund Board of Directors or Executive Team to support MSF areas of focus.

2. Environment, Success, and Capabilities

Montana State Fund is a self-sufficient, not for profit workers' compensation insurance carrier. Our statutory purpose is to act as a competitive insurance carrier, providing an available market and thereby guaranteeing coverage to all employers in Montana. We receive no taxpayer or general fund money, operating solely on the premium dollars paid by the insured employers and the net proceeds from our investments. We function like a private insurance carrier in a competitive marketplace and, as provided by law, perform all the functions and exercise all the powers of a private insurance carrier that are necessary, appropriate or convenient for the administration of the Montana State Fund.

The 2015 legislature passed legislation to move Montana State Fund under regulation by the State Auditor's Office and Title 33, Montana Insurance Code. We see this as the latest evolution in our oversight as continued opportunity to preserve our financial strength and remain a stable

partner with Montana business. With this change Montana State Fund now operates on a January – December calendar year reporting basis. The budget information in the Planned IT Expenditures section is based on the Board approved calendar year budget.

Montana State Fund is Montana’s insurance carrier of choice and industry leader in service. Key principles that allow our continued fulfillment of this mission include integrity and ethical conduct, customer focus, financial strength, quality and competitive insurance products, employee growth and development, and continuous improvement.

Strategic and annual planning completed by State Fund leadership sets the critical initiatives MSF will undertake to ensure we accomplish our goals.

3. IT Contributions and Strategies

Montana State Fund Information Technology is committed to Montana State Fund’s mission, vision, and guiding principles, and, to providing the best appropriate workers’ compensation insurance IT services, support, leadership, and reliability.

Insurance requires a highly specific and unique mix of IT software and services. MSF will invest IT resources on appropriate projects as approved by the Board of Directors or prioritized by the MSF governance committees for market, service, and operating efficiency.

4. IT Principles

1. Montana State Fund’s customer service mission is supported by information technology – not driven by it.
2. MSF information technology will advise and channel investment in appropriate technology.
3. MSF information technology will invest to increase business flexibility and decrease switching costs.
4. Information technology project decisions are driven, approved, supported, and known by all MSF business functions.

5. IT Governance

MSF makes initiative decisions using a 5-tier governance model (for all initiatives including IT).

1. MSF Board of Directors makes corporate initiative decisions during board meetings.
2. MSF President/CEO makes immediate timeframe initiative decisions based on regulatory or other mandates.
3. MSF Executive Team makes decisions on all project level work.
 - a. Decisions made during annual strategy and business planning
 - b. Decisions made during the year based on business needs

- c. Decisions are formalized through written and signed documentation
4. MSF release planning team (cross-section of leaders) makes decisions bi-weekly on completion and timing of application system changes.
5. MSF application specific user groups make decisions on a regular basis on system changes to request.

At all five levels decisions are documented in meeting notes, publicly communicated to departments and teams via the responsible Executive or Leader, and communicated electronically on the MSF intranet.

6. IT Financial Management

Montana State Fund's annual IT budget is approved by the President/CEO and MSF Board of Directors. All IT expenditures are approved in writing by the director making the purchase.

MSF IT does not charge back work to requesting departments.

7. IT Services and Processes

IT Operations Team:

- MSF data center
- Help desk support
- Server administration
- Network engineering
- Business continuity
- Mobile technology

IT Architecture Team:

- Protect the data and environment through integrated layers of security
- Design environment to meet current and future needs of the business
- Develop and enforce standards to deliver lower total cost support with greater business flexibility
- Database administration

IT Applications Teams:

- Maintain and enhance core insurance and business applications - claim, policy, documents, medical bill payment, business intelligence, general ledger/budget/financial-reporting system, and our human resource information system.
- Vendor management of strategic infrastructure vendors (IBM, GuideWire) and tactically outsourced business functions (pharmacy program, med bill payment)

Enterprise Strategy and Program Management:

- Governance – ensure all project decisions are driven, approved, supported, and known by business functions
- Facilitate corporate strategy, planning, communication, and project management
- Ensure project success through regular decision meetings, progress tracking, and metrics
- Development of job skills, leadership skills, and staffing continuity
- IT budget planning, forecasting, and metrics
- Management reporting: asset allocation, project budgets, corporate key success measures
- Project management

8. IT Infrastructure, Staffing and Resources

MSF maintains a data center onsite at 855 Front Street with Sunguard and State of Montana Data Center providing disaster recovery services. MSF's data center is energy efficient and classified as a tier three data center (based on the four-tier rating system). Requirements of tier three include redundant capacity components, multiple independent distribution paths serving the equipment, and dual-powered equipment.

The MSF CIO Executive leads, MSF IT planning, MSF annual business planning, and PMO governance functions for the CEO. Montana State Fund currently has 53 fulltime IT personnel who support 304 employees at the Helena location and field staff in offices located in Great Falls, Billings, Missoula, and Butte.

MSF thoroughly researches available options for any new system investments including variations on writing our own, subscription services, and COTS packages.

9. Risks and Issues

Primary Risk	Probability	*Impact	Mitigation Strategy
Retirements	Medium	Medium	MSF IT has a list of staff eligible to retire. Cross training and knowledge transfer occurs regularly to develop depth. MSF has a succession planning program that provides appropriate tactics to mitigate retirement impact.
Security breach	Medium	Medium	Our agency has an active security program including, but not limited to, staff training and awareness, data encryption, and security policies.
Difficult to find powerbuilder	Medium	Medium	We invest in on the job training and knowledge transfer for powerbuilder skillset with current software engineers.

developer skillset used in core insurance policy application			We are beginning a Board level project to replace our legacy policy and billing application with a more modern system.
Competitive market for IT professional positions creating negative retention and recruitment trends.	High	Medium	We have historically experienced normal issues with retention and recruitment, but generally retain good employees and eventually attract quality candidates. In the last several months, however, we have experienced more aggressive poaching of existing employees and received limited to no response to job postings. Currently mitigating with staff augmentation until longer term tactics are approved and implemented.

*Impact assessment is post-mitigation and as identified in MSF's risk management information.

IT Goals and Objectives

1. Develop and allocate IT staff for efficiency and cost effectiveness.
 - a. Manage IT staff and assets to support governance approved and prioritized business insurance goals.
 - b. Architect for flexible and low-cost system changes and reduced vendor lock in at the application level.
2. Provide an operational and competitive edge to MSF insurance service delivery.
 - a. MSF employees receive insurance functionality and system support that enables value-added and personalized customer service.
 - b. MSF stakeholders receive timely, anticipatory, and accurate insurance information.
3. Ensure MSF infrastructure and non-insurance applications support existing operational requirements and are positioned for flexibility.
 - a. Develop and reinforce practices to secure data and minimize risk of exposure to non-authorized parties.
 - b. Provides MSF employees and stakeholders with efficient systems and reliable operations environment.
4. Provide leadership in MSF governance for effective planning and decisions, as well as improved project success. Plan and direct development of the MSF Annual Business Plan and communication to MSF Board of Directors.
 - a. Business driven and approved decisions with regular review and tracking of projects and operational metrics.

10. IT Projects

Item	Description
Project name	Application and infrastructure lifecycle support
Project/program purpose and objectives	Ongoing support and maintenance for existing core business and business support applications.
Estimated start date	Ongoing
Estimated cost	\$8,547,744
Funding source - 1	President/CEO and Board of Directors approved annual budget
Annual costs upon completion	N/A
Item	Description
Project name	Data centric initiatives
Project/program purpose and objectives	Potential projects approved by MSF Board of Directors or governance committees to leverage volume of insurance business data.
Estimated start date	Unknown at this time
Estimated cost	Unknown at this time
Funding source - 1	President/CEO and Board of Directors approved annual budget
Annual costs upon completion	Unknown at this time
Item	Description
Project name	Policy and billing system replacement
Project/program purpose and objectives	Multi-phase project to replace legacy policy and billing system with a modern system. Phase 1 currently approved by Board of Directors.
Estimated start date	7/1/2015
Estimated cost	Phase 1 – requirements and RFP planning: \$333,000 (project budget separate from IT Department budget) Next phase cost unknown at this time
Funding source - 1	President/CEO and Board of Directors approved annual budget
Annual costs upon completion	Unknown at this time

11. Security and Business Continuity Programs

Information Security Management (ISM) Program General Description

MSF IT has been moving toward adopting a security framework based on ISO-27002. The ISO framework fits with MSF's core insurance business focus and we have cross-walked each ISO

policy to the corresponding NIST policy. A structural framework for policies has been established and as of this writing 91 out of 128 currently existing policies have been approved by MSF's Executive Team. The policies will continue to be reviewed until 100 percent of existing are approved. Moving forward the policy framework will be filled out in a methodical manner with Executive approval of new policies as they are developed. As the State of Montana issues security policies, they will be reviewed and implemented within this "right-sized" framework.

Montana State Fund resides under State of Montana enterprise security programs such as antivirus, web filtering, and email protection systems and is currently in compliance with all specified policies. As an insurance carrier MSF has a number of incremental security requirements driven by insurance business processes, the distribution of insurance product through independent third parties (insurance agencies), and the sensitive nature of the detail information collected. Additional mechanisms are in place to help safeguard our policy and operational data and future plans will improve the infrastructure with more granular access control and host-level security.

Montana State Fund continues to work on security policy and plan infrastructure in accordance with SITSD's security policies. It is MSF's intention to meet all deadlines for security policy implementation.

Future Security Program Plans

MSF's viability as a company revolves around the accuracy and protection of its customer data. To this end, MSF will continue to reinforce efforts to secure and protect data, including data integrity, minimizing risk of data exposure to non-authorized parties, and ensuring that application and services evolution does not adversely affect MSF data integrity.

Projects to support the compliance with SITSD's security policies as well as MSF specific projects:

- 1) Additional security policies surrounding data and risk classification as well as protection of data disclosure via internet facing applications
- 2) Enforcing data encryption for external communications
- 3) Expanding vulnerability scanning to reduce risk and exposure in both internal and DMZ networks
- 4) Automate database audit logging
- 5) Upgrade to PowerBroker password vault software

Continuity of Operations (COOP) Capability Program Description

MSF established a Business Resumption Plan in 1999. This plan includes a Crisis Management Organization, Business Resumption Plans for all departments and an IT Systems Recovery Plan. MSF IT Department currently completes a full recovery test every year. The IT Systems Recovery Plan has been successfully tested each time. In 2009 the Legislative Audit Division performed an audit of MSF's recovery plan and identified no audit issues.

The IT Systems Recovery Plan is reviewed annually and updated as necessary.

13. Planned IT Expenditures

	CY2016	CY2017	CY2018	CY2019
IT personal services	\$5,908,771	TBD	TBD	TBD
IT operating expenses	\$2,476,697	TBD	TBD	TBD
Other	\$162,276	TBD	TBD	TBD
Total	\$8,547,744			

14. Administrative Information

IT strategy and plan owner: Name: Al Parisian, CIO
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