

**DRAFT  
INFORMATION TECHNOLOGY BOARD (ITB)  
MINUTES**

**September 4, 2014**

**Members or Designees present:**

**Shelia Hogan**, Chairperson, Department of Administration; **Ron Baldwin**, State of Montana CIO, Department of Administration; **Joe Chapman**, Department of Justice; George Parisot for **George Parisot**, Department of Labor and Industry; **Jennie Stapp**, Montana State Library; Stuart Fuller for **Richard Opper**, Department of Public Health and Human Services; Kerry Davant for **John Tubbs**, Department of Natural Resources; **Mike Kadas**, Department of Revenue; **Beth McLaughlin**, Supreme Court; **David Moore**, House District **91** and **Edward Buttrey**, Senate District, 13.

**Members/Member Designee not present:**

**Susan Fox**, Legislative Fiscal Division; **Tyler Trevor**, Higher Education; **Johnathan Anderson**, Local Government; **Julia Dilly**, Office of Public Instruction; **Jim Reno**, Yellowstone County Commissioner; **Linda McCulloch**, Secretary of State; **Dan Villa**, Office of Budget and Planning; Alex Phillip, Private Sector;

**Guests present:**

**Larry Krause**, Department of Corrections

**SITSD Attendees:**

Tammy LaVigne, Lynne Pizzini, Kyle Hilmer, Warren Dupuis, Anita Bangert, Penne Cross, Lesli Brassfield and Maura Fleetwood

**Call to Order - Shelia Hogan**

Chairperson Hogan called the meeting to order at 10:02 a.m., welcomed the Board and audience to the September Information Technology Board meeting.

**\*\*Action Items\*\***

**Minutes Adoption – September Meeting Minutes – Sheila Hogan**

Chairperson Hogan informed the Board that the June 12, 2014 meeting minutes have been approved. The motion passed unanimously.

**Electronic Government Advisory Council – Sheila Hogan**

Chairperson Hogan discussed the eGovernment Council and the possibility of eliminating the council.

- The Electronic Government Advisory Council established by statute is represented by agency heads, as is the ITB Board, and has advisory responsibilities related to the management and administration of electronic government services.
- Some of the Council members are also members of this board.
- At their August meeting, members discussed eliminating the council and transferring its advisory responsibilities to this board.

Discussion:

- CIO Baldwin thinks this is a good suggestion and stated the function of eGovernment is now fully incorporated with IT at the enterprise level.
- Ms. Stapp, as a statutory member of the council, is in agreement with incorporating this Council into ITB. One of the concerns of the council is maintaining transparency and if those responsibilities can fall to this board, that could relieve those concerns.
- Senator Buttrey asked if this additional workload was going to require additional meetings, members or staff. CIO Baldwin responded that it would likely be an added agenda item to this meeting.
- There were no objections to moving through the process to eliminate the council.
  - Senator Buttrey and Representative Moore requested copies of the Bill, once drafted, to eliminate the council so they may sponsor it.

**December IT Conference – Penne Cross**

Ms. Cross would like to welcome ITB to the 2014 Montana Governance IT Conference. There will be a CIO breakfast open to ITB members, December 9, from 7:30 – 9:30 a.m. followed by the ITB meeting from 10:00 – 11:30 a.m. at the Red Lion Colonial Inn in Helena, MT. Keynote speakers include Kristen Russell, Director of Deloitte Digital and former CIO of the State of Colorado, Don Friesen, a comedian, and John Sileo, of The Sileo Group.

Discussion:

None

**SITSD/Customer Collaborations and Services Memorandum – Ron Baldwin**

CIO Baldwin introduced a memorandum to the board as a brief quarterly update of observations from the State CIO, which will include a list of high-level accomplishments that will affect the State of Montana and some of the accomplishments of the agencies.

- Becoming a Cloud Provider
  - We now have an innovative agreement with NetApp to provide “on demand” storage service, allowing us to pay on an as-needed basis.
  - This will result in an estimated \$300,000 savings over three years to SITSD customers.
- E-mail Archive Service
  - In January SITSD launched an email archive service for customers that gives the State network email users the ability to store their Outlook email in a 20 gigabyte archive folder and to access this folder when using Outlook Web Access.
  - This service is more efficient and for only \$2.59 per user/per month. This cost is projected to decrease by as much as 63 percent.
- Microsoft Enterprise Agreement – Office 365 Service
  - The state recently signed a three-year enterprise agreement with Microsoft to implement Office 365, which is Microsoft’s cloud-based service for their Office Suite.
  - The agreement has enabled SITSD to avoid approximately \$550,000 in over-usage fees.
- Enterprise Funding Group

- In an effort to involve customers in the process of funding enterprise IT services, this advisory group was created. The group is comprised of agency IT and finance managers to discuss what makes sense from a funding perspective.
- The Department of Corrections and SITSD recently partnered to install a fiber optic broadband connection between the Montana State Prison and Deer Lodge. This connection stabilized the connection of IT systems for the prison, which provides a faster internet speed and enhanced connectivity.
- The Department of Labor and Industry successfully rolled out its Status, Tax Accounting, Audit and Rating System (STAARS) in February. The purpose was to replace the unemployment tax system with a modern system.

Discussion:

Senator Buttrey asked what the cost of the NetApp storage service was and the cost of Office 365. CIO Baldwin responded that there was little to no increase in prior cost with Office 365 and that we saved \$300,000 with NetApp which lead to a decrease in cost. CIO Baldwin will provide the actual figures to Senator Buttrey, as requested.

### **Digital States Survey – Anita Bangert**

Ms. Banger explained that the Digital States Survey is conducted on a bi-annual basis, and evaluates the state government's ability to improve and serve citizens. They look for best practices, actions taken by the states to improve services and operation, savings and benefits, and progress made since the last survey. The State of Montana saw an increase from a C+ to a B. What the survey found was that state IT is now aligning with governor Bullock's goals of providing mobile access and increasing security.

Handout Distributed

Discussion:

None

### **Security – Ron Baldwin**

CIO Baldwin discussed the Home Depot breach, pointing out the challenges we face.

- It's vital we spend what we need to do to protect our assets which are contained in our technology. CIO Baldwin discussed this with the ITMC and requested they please make sure all their systems are protected, they review their security policies, that all servers have operational anti-virus and that all users are behind a firewall called WebDefend.
- SITSD is doing everything we can to make all services through security office as available and affordable as possible. We are changing the way we price these services in order to make it more affordable to our agencies, while emphasizing the mission
- Senator Buttrey pointed out that we also need to remember the Apple breach with cloud-based system. As we look at moving more towards cloud-based services it is important we look into protecting this information. CIO Baldwin responded that anytime we look to anything cloud-based we do a thorough review. We are approaching this very slowly and cautiously and looking to create our own cloud-based data storage.
- Lynne Pizzini stated it's always scary housing things outside of our own data center. SITSD does a complete risk assessment on any system housed outside our network.

There are on average 500 million attempts to come into our systems monthly, which has almost doubled in the recent months. The State of Montana had 989 million attempts in month of August. We are denying that access.

Discussion:

None

### **Enterprise Information Technology Expenditures – Ron Baldwin**

CIO Baldwin said when he was appointed to the position of State CIO, one of the many questions asked is “what does IT cost in Montana?” Kyle Hilmer was able to gather data to help create an enterprise IT expenditures report looking at peer states and states with similar structure, as well as Gartner statistics.

- CIO Baldwin has walked through this with the legislative fiscal division. This will be a topic in front of the fiscal committee September 25.
  - This report shows what we are currently spending, as well as per capita spending and how much of the operating budget is spent on IT.
  - This report does include all three branches of government, but not the University system.
  - Mr. Hilmer iterated we cannot compare ourselves fiscally to states that are 3 times our size. The economy scale in the industry is very different.
- CIO Baldwin addressed charts on pages 16 and 17 of the report that show the stages and history of IT organization structure. When looking back ten years, the structure was predominantly decentralized. Five years ago things were starting to move towards centralization. Presently it is predominantly centralized, with zero states lacking a State CIO.

Discussion:

- Ms. Stapp expressed concerns over the data used to compile the report. She has examples of inaccuracies of data compared to State Library information. Ms. Stapp would like to recommend coming to agencies to confirm the data so there is no contradiction between agency data and what we report.
  - CIO Baldwin acknowledges this and will make an effort that all information is fully described and annotated and believes the fiscal analysts will understand the discrepancies and have a credible voice to provide this information to the legislative branch.
  - There will be an opportunity for the agencies to provide clarification so that it can be included in the information provided to the legislature.
- Chairperson Hogan asked to clarify whether the IT services examined are based on services in our catalog.
  - Mr. Hilmer advised there is some interpretation, for example, we offer e-mail services, and have 6-7 individual rates. This is counted as one service in the report as providing e-mail.
  - There are services offered for some states, such as K-12 services, which are included in this spending as a specialty services. Each state has a separate cost universe, but it would be difficult to pull out specifics due to other compounding factors. Chairperson Hogan recommended we expand the narrative to reflect this.

- CIO Baldwin recommended we collectively, as a board, file a comment on this report, taking observations from this board and combining it as a follow-up paper that is authorized by this board and represents the board as a whole.
- Senator Buttrey suggested Montana would be more towards centralization, than not. Mr. Hilmer stated Montana would fit somewhere right in the middle of the chart.
- Senator Buttrey asked whether Montana’s geography plays into the figures. Mr. Hilmer responded that it does have a slight affect. Ms. McLaughlin suggested the county structure in Montana would also be a factor in the data due to the number of counties Montana has compared to neighboring states with similar geography.

### **Agency IT Plans – Summary Reports – Kyle Hilmer**

Mr. Hilmer explained the initial phase of agency IT planning is final after reviewing and approving the plans. This information can be found on the ITB website.

- The enterprise IT strategies were defined. Agency strategies did not focus heavily on these strategies and only about one third of the agencies adopted them.
- The enterprise IT principles were generally adopted. Only four agencies selected completely new principles.
- Agency Risks were identified as:
  1. Security breach
  2. IT staff retention
  3. Difficult hiring qualified IT staff
- We noticed a significant amount of duplication of server and storage infrastructure, desktops and desktop support and business process automation.
- Recommendations made for future plans would be to adapt tactical plans for some of the smaller agencies, providing both a short form supplement and if it is selected to be within the Governor’s budget that we move it to a second stage with a long form, and having a single set of enterprise principles.
- IT projects and initiatives identified the largest focus as updating and upgrading existing enterprise systems. Custom applications, upgrading equipment and new applications were a major focus and the lowest focuses were on SaaS (cloud-based services), security and GIS projects.

Discussion:

- Senator Buttrey commented that it may not be a high priority on their list, but that SITSD would be responsible for these issues, so the agencies can focus more on their projects.
- Mr. Chapman and Mr. Parisot responded that security is more a process that is embedded in every project.

Handout Distributed

### **Enterprise Funding Workgroup – Tammy LaVigne**

Mr. Volesky and Ms. LaVigne brought forward the issue of revenue shortfalls to the ITB at the June meeting. At the suggestion of the board, Mr. Volesky and Ms. LaVigne met with IT and financial professionals on a weekly basis to come up with recommendations to shore up the shortfall. The recommendation was presented to Budget Director Villa to add a surcharge to some of the enterprise service rates. This would allow the state to take advantage of newer

technologies. The group as a whole endorsed the recommendation and the budget office approved a three percent surcharge to move forward to the legislature. At the request of CIO Baldwin, we have created an enterprise group made up of IT and financial professionals to discuss these kinds of issues and they plan to meet monthly.

### **Updates from CISO – Lynne Pizzini**

Ms. Pizzini reported that last session we began moving forward with our data protection initiative, HB10.

- Three items we are currently following under the data protection initiative include:
  1. Multi-factor authentication, which includes something that you have and something you know. We have implemented multi-factor authentication within our division and the Department of Revenue and are working with other agencies to put this into motion.
  2. In addition, we are working on the access control and verification project, which is moving forward, and we anticipate moving SITSD into production around the sometime in October, and will continue to roll out to other agencies.
  3. The enterprise risk assessment has been contracted with a third party group. Right now we are in the middle of the process, and are currently completing some vulnerability scans, asking questions about security, performing phishing attacks and physical security reviews, and attempting to gain access to secured buildings. The assessment will be completed shortly and they will be providing a report to us that will be brought to the December meeting.
- October is Cyber Security month and our theme for this year is “Keep Calm and Enhance Security”
- Ms. Pizzini recommended that if you purchased anything from Home Depot since April you look at your card usage over the last few days as they have experienced a significant data breach.

Discussion:

None

### **Future Agenda Items:**

- Please send comments and observations to Tammy LaVigne by September 17. She will put together a draft paper representing the board’s views on Enterprise IT Spending.
- Review major funding requests at the December meeting, as mandated in statute.

### **Board Members/Open Forum**

- Senator Buttrey requested an update from Mr. Fuller regarding the DPHHS security incident. Mr. Fuller advised they completed their mailings which included letters to 1.3 million people who may be affected. There were several systems potentially affected with out of state citizens, which includes anyone requesting death/birth certificates, and the new-hire system which includes CSED. They are close to releasing an RFP to have a full security review and an architectural review of DPHHS.
  - CIO Baldwin would like to commend the Department on what they have done collectively and with the Governor’s office.

- Senator Buttrey requested an update on the ECM HB10 money. CIO Baldwin responded that the RFP is on the street. We had a conference showing significant interest with over 100 attendants. Ms. Bangert advised that responses are due October 1. We will be requesting a demo in mid-November and are hoping to have a contract signed by December 22. We have planned a pilot with DLI, which is built into the requirements of the RFP. This could be in process by the end of February. At this time three agencies have informally committed funds for their participation in the project.

### **Adjournment**

- Next Meeting – December 9, 2014
- Public Comment – none

If you have any future agenda items, please contact Tammy LaVigne at (406) 444-2589.

- Meeting adjourned at 12:02 p.m.