

## Legislative Directive

SECTION 7.4.(b) Section 7.4.(c) of S.L. 2013 360 reads as rewritten:

"SECTION 7.4.(c) Restructuring Plan. – The State CIO shall update the plan to restructure the State's IT operations for the most effective and efficient utilization of resources and capabilities. The plan shall include identifying, documenting, and providing a framework for developing and implementing the education and training required for all State information technology personnel, including information technology contracting professionals. Each State agency, department, and institution, and The University of North Carolina, shall (i) cooperate fully with the Office of the State CIO during the review and assessment phase of restructuring plan development and (ii) provide to the State CIO all information needed to carry out the purposes of this subsection. By December 1, 2014, the State CIO shall present the plan to the Joint Legislative Oversight Committee on Information Technology, along with any recommended legislative proposals to the 2015 General Assembly."

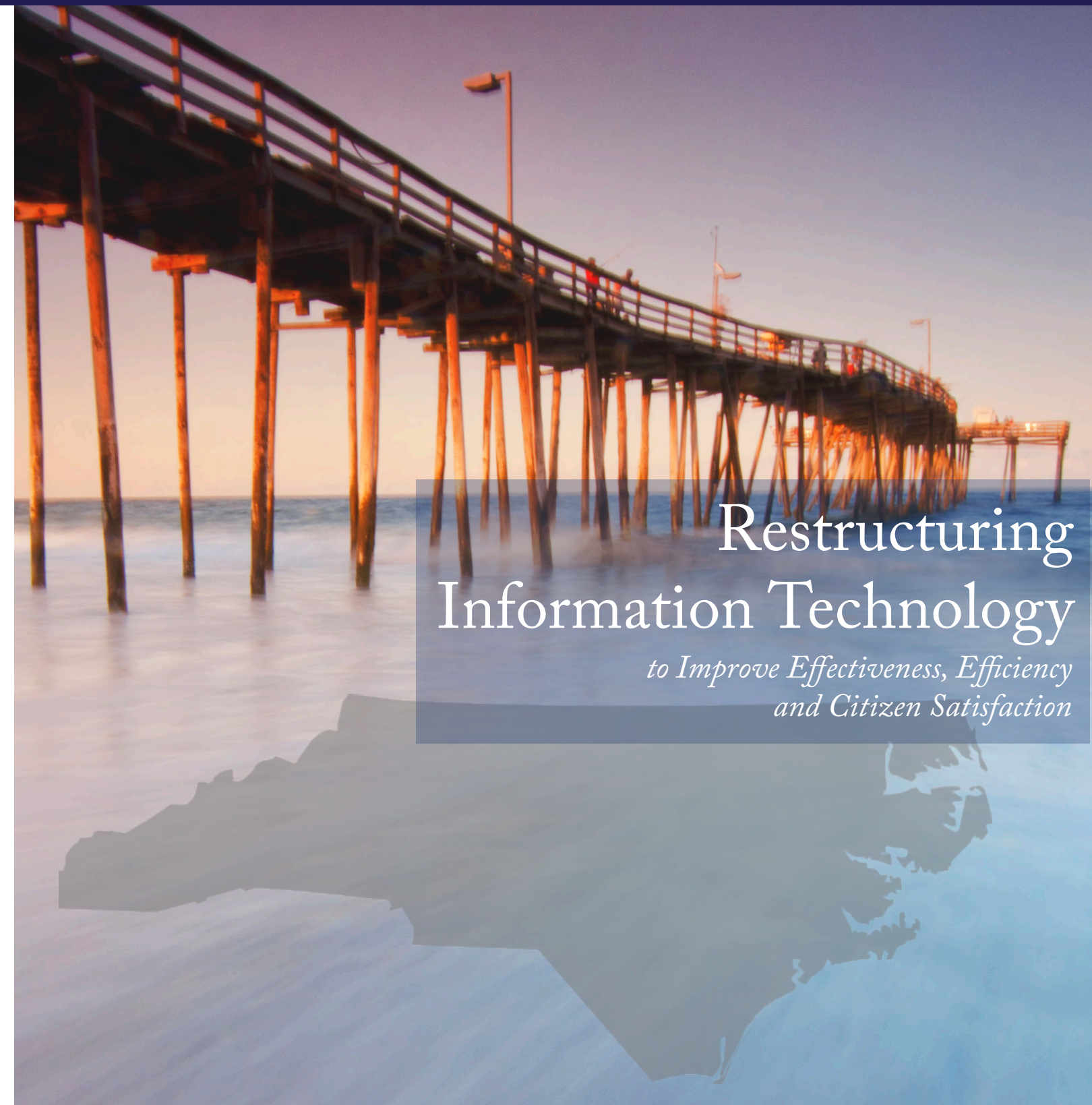
- Session Law 2014-100



*"Combining the state's resources under a Department of Information Technology will make government more efficient, effective and user-friendly for the citizens we serve."*

*- Governor Pat McCrory*

Governor Pat McCrory and members of the General Assembly dedicate the Innovation Center, a "try before you buy" working lab where the state tests technology solutions before it commits to investing in them. - October 2013



**Restructuring  
Information Technology**  
*to Improve Effectiveness, Efficiency  
and Citizen Satisfaction*

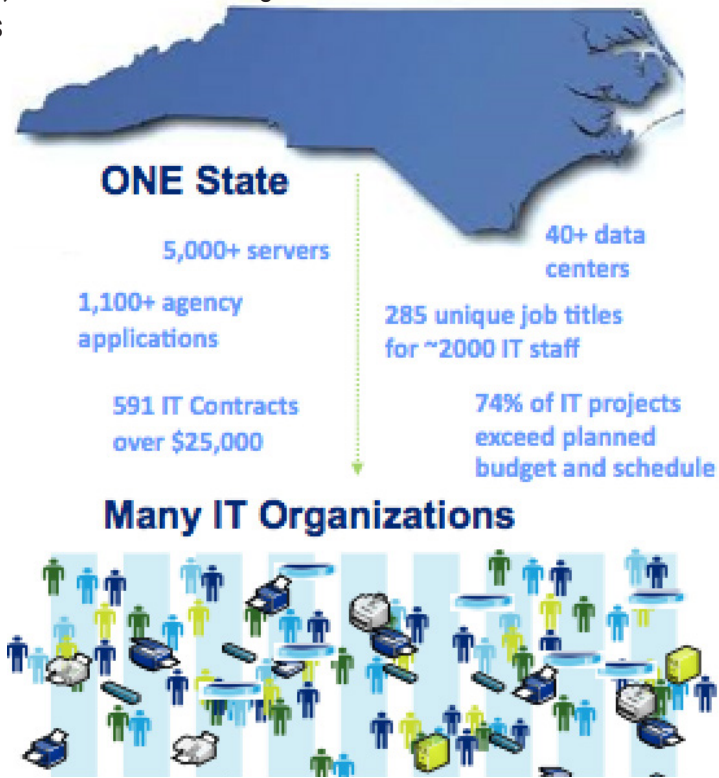




# Introduction:

Since 2003, the North Carolina General Assembly has directed many changes toward improving and standardizing the delivery of information technology (IT) services in State government. A decade later, the General Assembly recognized that those improvements cannot be achieved through incremental change. Over the last two legislative sessions, unprecedented emphasis has been placed on establishing and sustaining an efficient and secure IT practice. The Governor and the General Assembly, through the Appropriations Act of 2013, directed the State Chief Information Officer (SCIO) to conduct a comprehensive review of the State's overall information technology operations and "develop a plan to restructure the State's IT operations for the most effective and efficient utilization of resources and capabilities." Goals of the restructuring effort include:

- Enhanced citizen interactions and satisfaction
- Increased efficiency and reduced complexity
- Clear accountability and authority
- Improved ability to attract, retain and reward IT talent



*"By reducing technology complexity and realigning talent, among other things, world-class IT organizations deliver services at 22% lower cost with greater effectiveness..."*  
 – The Hackett Group August 2014

# Potential Models:

Accelerating and sustaining reform over time will require formal organizational changes in the areas of IT Governance, Funding & Budget, Talent Management, Operations, and Security. There are three potential options for restructuring IT:

- **Decentralized** – The current model, agencies operate independently
- **Federated** – Shared authority and accountability between the agencies and the State CIO
- **Unified** – The State CIO has full authority and accountability

	Decentralized		Federated		Unified	
	Agency	Enterprise	Agency	Enterprise	Agency	Enterprise
<b>Governance</b>	●			●		●
<b>Funding</b>	●			●		●
<b>Talent</b>	●			●		●
<b>Operations</b>	●		◐	◐		●
<b>Security</b>	●		◐	◐		●

\*Outsourcing is a sourcing strategy, not an operating model

# Recommendation:

The expectations of the General Assembly, the goals of the administration, and the needs of citizens can only be met by establishing one statewide authority over IT, including budgeting and personnel. Based on the State's previous efforts, a comprehensive review of its IT operations, and successful restructuring experiences in other states, **North Carolina should implement a unified model for IT.** In order to improve operations, management, and governance, we recommend that the State form a Department of Information Technology (DIT) as an agency in the Governor's Cabinet. The new department will be accountable for all aspects of information technology across the State. The University System, Local Education Agencies (LEAs), and community college campuses will retain their existing exemptions.

*"States with effective unified IT models have continuously demonstrated the most advanced IT capabilities, are considered innovators, and are typically the first movers when it comes to eGovernment."*  
 - Deloitte

# Benefits:

A unified model most effectively meets the objectives of restructuring IT by providing clear accountability and authority for the governance and management of IT across the State. This recommended model has been proven to improve efficiency and realize benefits and savings more quickly. The benefits that can be expected through unifying funding, talent, IT systems and management practices include:

- Enhanced Citizen Interactions and Satisfaction
- Streamlined and Effective Sourcing Practices
- Enhanced Data and Analytics Capabilities
- More Efficient Information Technology Operations
- Institutionalized Businesses and IT Planning
- Integrated Risk and Security Management
- Quality-Driven Project Performance
- Clear Accountability with Transparency
- Effective IT Talent Management

Historical attempts to achieve these benefits over the past decade have fallen short because they were focused on solving symptoms of the problem, such as duplication, sourcing shortcomings, and project delivery challenges. A unified model addresses the root cause of these symptoms, drives organizational change, and assigns ownership to one statewide authority.

# Next Steps:

With support from the Administration:

- Realign Cabinet Agency IT Professionals under Executive Order 30
- Establish a new funding model for Cabinet Agencies in collaboration with OSBM
- Partner with OSHR on new methods of cultivating IT talent and implementing the new Human Resources provision

With support from the General Assembly:

- Establish the new Department of Information Technology (DIT) as a Cabinet Agency in the 2015 long session