

MEMORANDUM

April 16, 2015

TO: Government Operations and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser
SUBJECT: NDA: Device Client Management (DCM)

Expected to attend:

Sonny Segal, Chief Information Officer, DTS
Dieter Klinger, Chief Operating Officer, DTS
Representative from Office of Management and Budget

Staff recommendation:

1. The Committee should affirm their support for 4 rather than 6 year replacement cycles for desk top computers and encourage the restoration of full funding that would reverse this worrisome trend.
2. Staff recommends the **adoption of the Executive's recommended FY16 budget for Device Client Management for \$5,800,200.**

Discussion

The Device Client Management program (DCM) is part of the Non-Departmental Accounts budget; the FY16 recommendations for DCM are on ©1. The budget request is a 2.5% increase from the FY15 level of \$5,661,200 to \$5,800,200.

The major change is a reduction in desktop computer replacements by \$800,000 to fund an increase in a new Help Desk contract. The impact is an undesirable increase in average life of desktop computers from 4 to 6 years.

To gauge progress made and ensure that the FY16 DCM program can address current challenges, a series of questions was posed. These questions, DTS answers and, where appropriate, Council staff comments, are provided below.

POLICY

1. On 67-9, the Executive claims that DCM “reduces Total Cost of Ownership (TCO) of PCs and Laptops”. Please provide historical data that substantiates this claim.

DCM helps reduce the Total Cost of Ownership (TCO) of personal computers in several ways:

- a. *Hardware prices are competed yearly among major manufacturers to obtain the best pricing and quality available*
- b. *Hardware pricing has historically been 10%-20% lower than listed Small Business and State of Maryland prices*
- c. *According to Gartner research, Tier 1 and Tier 2 support in an environment similar to the County would cost \$1M more than the County's current contract pricing. Further, the County's contract includes additional services beyond traditional Tier 1 and Tier 2 support, including:*
 - *Product Acquisition services*
 - *Asset Management services*
 - *Installation/Moves/Adds/Changes/Disposals*
 - *Image Development, Testing, and Deployment Services*
 - *Desk side support, Warranty, and Break-fix Support*
 - *Website Development, Provisioning*
 - *User Training and Mobile IT Help Desk Services*
 - *Program Dashboards*

MANAGEMENT

1. There is an \$800,000 increase for “help desk contract” being added to the base. How was it funded in prior years? Is there expectation that it will be reversed next year?

The \$800,000 increase for the “help desk contract” was already included in the DCM program base budget. Within the overall DCM program budget, DTS re-apportioned funds from the PC/Laptop acquisition budget to the help desk services budget. The net effect is an \$800,000 reduction in the PC/Laptop acquisition budget, which alters the DCM PC replacement cycle from an estimated 4-year cycle to an estimated 6-year cycle and results in an estimated 800 fewer replacements per year. Going forward, DTS will work with OMB to identify opportunities to restore funding for PC acquisitions. Note that the new DCM contract includes support for multiple devices per user (which replaces the pre-existing “primary seat” help desk support model) as well as new and enhanced services and contract service level agreements. The current contract cost is lower than it was prior to the “great recession” during which time DTS reduced contract services and service level agreements to meet prescribed budget reduction targets.

Council Staff Comment: The increase in replacement cycles from 4 to 6 years should be reversed as OMB and DTS find ways to reverse the funding shift. The shift from primary seat help desk support to multiple devices per user is a progressive step forward that reflects the increasing use of technology by County employees and their increased availability throughout the day.

2. Who is the current contract holder for the outsourced DCM program? What are their high level Service Level Agreements? When will this contract be re-bid to ensure strong competitive pricing?

The current contract holder is L3 National Security Solutions Inc. ("L3"). Section 3.3.17 of the Contract identifies the Service Level Agreements, which include, but are not limited to, the following: Mean Time to Answer (Help Desk Calls); First Call Resolution (on Help Desk Calls); Rate of PC Installations; Customer Satisfaction; Warranty Repair Timeliness; and others. The County issued a Request for Proposal in October 2013. L3 (and other vendors) submitted a proposal and was ultimately awarded the contract in August, 2014 in accordance with the RFP. The contract term is three years with three one year renewal options.

TECHNOLOGY

1. Please provide a Countywide snapshot of laptops and other portable devices across the County and indicate the replacement cycle and average age for each class of devices; especially document the impact of the \$800,000 proposed reduction in Desktop and PC replacements on replacement cycles and age of equipment by major department.
 - a) *The three tables below provide a snapshot of projected inventory for desktops and laptops eligible for replacement under the DCM program, and average age for each for fiscal years 2016 through 2018. Department inventory generally mirrors the aging reflected in the tables below. In years where the number of systems eligible for replacement exceeds available funding, DCM applies three primary criteria to determine which systems get replaced first:*
 - *Age of the unit (i.e. FIFO)*
 - *Criticality to ongoing business operations*
 - *Special requirements (ex: operating system obsolescence etc.)*
 - b) *DTS does not maintain a County wide inventory of portable devices such as smart phones and therefore is unable to provide aging for these devices.*

c) *The impact of the \$800,000 proposed reduction in Desktop and PC replacements is a move from an estimated 4-year replacement cycle to an estimated 6-year replacement cycle. The result is a decrease in an estimated 800 PC/laptop replacements per year.*

Projected Count of Age at start of FY16					
Description	1	2	3	4+	Total
PC-DESKTOP	1338	2640	2139	1717	7834
PC-LAPTOP	621	425	340	119	1505
Total	1959	3065	2479	1836	9339
	21%	33%	27%	20%	100%

Projected Count of Age at start of FY17					
Description	1	2	3	4+	Total
PC-DESKTOP	1050	1338	2640	2806	7834
PC-LAPTOP	350	621	425	109	1505
Total	1400	1959	3065	2915	9339
	15%	21%	33%	31%	100%

Projected Count of Age at start of FY18					
Description	1	2	3	4+	Total
PC-DESKTOP	1291	1050	1338	4155	7834
PC-LAPTOP	109	350	621	425	1505
Total	1400	1400	1959	4580	9339
	15%	15%	21%	49%	100%

Consolidated Retiree Health Benefits Trust (Montgomery College)

This NDA provides consolidated funding for Montgomery College's contribution to the Retiree Health Benefits Trust.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	1,428,000	0.00
Decrease Cost: County Contribution Based on Actuarial Valuation	-546,000	0.00
FY16 CE Recommended	1,428,000	0.00

Council of Governments

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington Metropolitan Area. COG seeks to provide regional answers to, and coordination of, area-wide issues such as air and water pollution, day care, housing, crime, water supply, land use, and transportation.

This NDA reflects Montgomery County's share of the organization's operation plus special COG initiatives. Additionally, the contribution supports the Cooperative Purchasing Program; the Anacostia Restoration Fund; and the Regional Environmental Fund.

As in previous years, the Washington Suburban Sanitary Commission will provide Montgomery County's contribution to support the Water Resources Management Planning Program and the Blue Plains User Program.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	816,409	0.00
Increase Cost: General Membership Dues and Assessments	2,079	0.00
FY16 CE Recommended	818,488	0.00

County Associations

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo).

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	74,728	0.00
FY16 CE Recommended	74,728	0.00

Device Client Management

The Device Client Management (DCM) program is based on a best practices approach to maintaining a modern and cost effective computing environment in the County. The program reduces the Total Cost of Ownership (TCO) of personal computers (PCs) and laptops through standardization, asset management, and maintenance services. DCM includes the centralized management, support, and maintenance of PCs and targets the annual replacement of approximately one-fourth of managed PCs. The program also includes PC-related training and software. This NDA includes funding for Help Desk support, management, maintenance, and replacement of PCs.

Replacement of the remaining Windows XP machines is completed as of mid-FY15.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	5,661,200	0.00
Increase Cost: Help Desk Contract	800,000	0.00
Add: Mobile Device Management	99,000	0.00
Increase Cost: Windows 7 Licenses	40,000	0.00
Decrease Cost: Desktop Personal Computer Replacements	-800,000	0.00
FY16 CE Recommended	5,800,200	0.00

Future Federal/State/Other Grants

This NDA enables the County to implement new grant-funded programs up to \$200,000 each and provides funds for grant continuations and enhancements without having to process individual supplemental appropriations through the County Council. Upon approval by the County Executive, funds in this program are transferred to the receiving department's grant account.