

MEMORANDUM

April 26, 2022

TO: Government Operations and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser
SUBJECT: FY23 Operating Budget for Device Client Management Non Departmental Account

Expected to attend:

Gail Roper, Chief Information Officer, Department of Technology and Enterprise Business Solutions (TEBS)
Allison Dollar, Chief Budget Officer, TEBS
Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

Documents for Committee review:

1. Budget submission detail (©1)

**Device Client Management NDA
FY23 COUNTY EXECUTIVE RECOMMENDATION**

DCM NDA	FY22 Approved	FY23 CE Recommended	Change from FY22 Approved
Total Expenditures (General Fund)	\$12,225,751	\$12,999,985	6.3 %
Personnel Costs	\$0 0 FTEs	\$0 0 FTEs	0% 0 FTEs
Operating Costs	\$12,225,751	\$12,999,985	6.3 %

Council staff *recommends the acceptance of the Device Client Management NDA budget at the level of \$12,999,985* that the County Executive has submitted.

Introduction

The Device Client Management (DCM) program oversees “...the annual replacement of personal computers (PCs); manages software patching, distribution and enterprise anti-malware systems which collectively help to secure the County's technology infrastructure; and, includes funding for Enterprise office productivity software. The program provides general IT support directly to departments and employees through the County's IT Help Desk, which receives over 70,000 requests for service annually. DCM is based on a best-practices approach to maintaining a modern and cost-effective computing environment...”.

Given the intense use of existing and new equipment due to the pandemic, and the importance of maintaining a safe and secure platform for government operations in the hybrid environment the County and its services are operating, the equipment and software processes must be well maintained. This is reflected in the DCM efforts to date, and built into the requested FY23 budget.

There are two major increases in the NDA budget:

\$439,800 for Microsoft Enterprise Agreement annual renewal and \$137,771 for ServiceNow Incident management licenses.

Detailed answers are provided on p4 of the packet. Both are related to increased use of IT resources by more County personnel. Council staff agrees with the rationale and supports these increases as necessary to the support of the County's digital environment.

In order to better understand the activities and changes within the recommended budget, Council staff raised a number of questions to understand the expenditures and increases included in the budget and received the following responses from the Executive branch. It might be helpful for the Committee to review each answer and provide suggestions and direction during the worksession.

POLICY QUESTIONS

1. Is a 5-year replacement policy reflective of similar jurisdictions in the region?

The industry best practice PC refresh cycle ranges from 4 to 6 years¹. The primary policy determinants are funding availability and device type. Desktop computers tend to be replaced less frequently than laptops and/or tablets.

As recently as FY21, DTS reached out to the several local jurisdictions (*note: some did not respond to the inquiry*). Their PC replacement policies – which generally don't change from year to year - are as follows:

- | | |
|----------------------------|------------------------------------|
| 1. Fairfax County: | 5-years (primary device: desktops) |
| 2. Arlington County: | 3-Years (primary device: laptops) |
| 3. Prince George's County: | No Response |
| 4. Frederick County: | No Response |
| 5. D.C. Government: | No Response |
| 6. Howard County: | No Response |

MANAGEMENT QUESTIONS

1. Please provide a current table of devices by age:

Please see the table below for projected age at the end of FY22:

Age	PC-DESKTOP	PC-LAPTOP	PC-TABLET	PC-WORKSTATION	TOTAL
1 Year	336	1084	0	1	1421
2 Years	178	1552	60	1	1791
3 Years	820	330	186	16	1352
4 Years	749	233	214	1	1197
5 years	658	530	78	9	1275
6+	2298	185	102	16	2601
TOTAL	5039	3914	640	44	9637

2. When is the current DCM contract up for rebid? What is the TEBS experience today with the current contract?

The DCM contract is scheduled to expire in August 2022. In March, TEBS transmitted a Request for Proposal (RFP) to the Office of Procurement. TEBS anticipates that the RFP will be released during the summer and that a new contract will be awarded during FY23. TEBS intends to request a 1-year contract extension, through August 2023, to provide time for a new contract to be negotiated and awarded. The contract extension request must be approved by the County’s Contracts Review Committee (CRC).

The current contractor is a reliable, accountable and high-performing business partner. The contractor regularly meets or exceeds all contract Service Level Agreements (SLAs) and helps to drive continuous innovation. Examples of recent innovations include the implementation of the ServiceNow platform for Systems Change Management, for PC replacement self-scheduling, and as a replacement for a legacy Telecommunications Service Request system.

OPERATIONS QUESTIONS

1. How is the current remote work environment and expectations for a mix of remote and in-office future work changing the mix of equipment that are replacing existing desktops and laptops?

TEBS adopted a new equipment policy beginning in FY22; this policy states that employees may have only one *Full Seat* device (*note – Full Seat devices are entitled to receive the full suite of DCM provided services*). Further, Laptops or Business Class Tablets are the **required** Full Seat device for Telework eligible employees / positions. Last, laptops are considered the preferred Full Seat device moving forward.

TEBS is on track to replace 3,000 Full Seat devices during FY22, most of which were 6-years old or older prior to replacement. Notably, this is the highest number of PC replacements conducted in any one fiscal year since the inception of the DCM program 20+ years ago.

2. Please add information on the FY23 projected MSoft, ServiceNow and Power Platform significant cost increases
- **Microsoft:** During FY22, TEBS conducted a contractually obligated “annual true-up” of the Microsoft agreement. The true-up process identified increased utilization of various Microsoft software licenses and services. As a result of the increased usage, annual contract costs increased commensurately.
 - **ServiceNow:**
 - During FY22, TEBS absorbed costs associated with the use of the ServiceNow platform for Enterprise Incident Management (IT Help Desk). Absorbing these costs resulted in approximately 100 fewer PC replacements completed during FY22. Funding is recommended to fully fund ServiceNow Incident Management licensing costs moving forward based on current licensing levels.
 - TEBS’ strategy anticipates increased utilization of ServiceNow for Change Management, Asset Management and potentially other functional areas moving forward. The requested funding would allow TEBS to acquire additional ServiceNow licenses to support this expanded use.
 - **Power Platform:** \$161,303. Shift from TEBS to DCM. These are Microsoft power platform licensing costs and we want to keep all Microsoft EA costs budgeted and tracked in one place.

ServiceNow Modules

Incident Management: TEBS uses this module as the County IT Help Desk (ITHD) ticketing system. Each time a County employee engages with the ITHD, via a phone call or an e-mail, an incident is created. The incident is then assigned to the appropriate person or group – within or outside of TEBS - for resolution. The ITHD generates over 70,000 incidents annually.

Change Management: TEBS uses this module to manage changes to the County’s Office 365 and Enterprise Architecture programs. Each time a change to either of these programs is proposed, a Change Request is created. The CR is assigned to the appropriate person or group for review, analysis, approval, and implementation. TEBS has implemented a Change Control Board (CCB) governance framework to support the Change Management process. Effective Change Management reduces risk and improves operations and communications within the organization.

Asset Management: TEBS uses this module to track and manage approximately 15,000 assets under the purview of the DCM program. DCM managed assets are recorded in the ServiceNow database; each database record consists of meta data associated with the asset such as the DCM number (a unique identifier), the name of the employee the asset is assigned to, the employee’s Department, the asset location and other critical attributes.

ⁱ Per Gartner, a leading IT research and advisory services firm.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	73,048,269	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(15,623,592)	0.00
FY23 Recommended	57,424,677	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).

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	74,728	0.00
FY23 Recommended	74,728	0.00

☼ Device Client Management

The Device Client Management (DCM) program oversees the annual replacement of personal computers (PCs); manages software patching, distribution and enterprise anti-malware systems which collectively help to secure the County's technology infrastructure; and, includes funding for Enterprise office productivity software. The program provides general IT support directly to departments and employees through the County's IT Help Desk, which receives over 70,000 requests for service annually. DCM is based on a best-practices approach to maintaining a modern and cost-effective computing environment.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	12,225,751	0.00
Increase Cost: Microsoft Enterprise Agreement Annual Renewal	439,800	0.00
Technical Adj: Shift Funds for Power Platform Licenses	161,303	0.00
Add: ServiceNow Change Management and Asset Management Modules	156,000	0.00
Increase Cost: ServiceNow Incident Management Licenses	137,771	0.00
Technical Adj: Transfer of EndPoint Management Contractor from DCM to CIO/SCCM	(120,640)	0.00
FY23 Recommended	12,999,985	0.00

☼ Early Care and Education

In March 2019, the County Executive, County Council President and County Council members, the Montgomery County Department of Health and Human Services (HHS), Montgomery County Public Schools (MCPS), and Montgomery College (MC) joined together in an initiative to increase the number of quality Early Care and Education (ECE) seats in a mixed-delivery system by registering additional Family Child Care (FCC) providers, increasing resources to providers and families, and identifying existing unused or underutilized classroom space in high need areas, making quality early care and education accessible to more families. The Initiative is a concerted effort for strengthening the early care and education system in Montgomery County. Year One goals focused on increasing seats in Family Child Care and center-based settings, increasing access to quality ECE to more children through increased utilization of Working Parents Assistance Program (WPA), ensuring sustainability of existing family and center-based programs to reduce provider attrition and loss of available seats, and monitoring the Kirwan Commission recommendations to ensure alignment and possible coordination with partners at the State level. Year Two focused on making significant changes to the Child Care Subsidy program but the ECE Initiative Steering Committee quickly pivoted to recovery work during the COVID-19 pandemic, developing supports for sustainability of early childhood programs and support for families.

In the fall of 2020, the County Executive released a 4-year action plan that was developed by the Interagency Workgroup and the Stakeholder group with recommendations across the Initiative's priorities of sustainability, access & affordability, alignment, and expansion including, but not limited to financing, services alignment, workforce supports, and community engagement. As the Initiative moves into year 4, there is a focus on increasing the supply of child care, reducing costs for early educators, increasing quality programming, and subsidizing the costs of child care for families.

FY23 Recommended Changes	Expenditures	FTEs
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