

**DEPARTMENT OF INFORMATION RESOURCES
OPEN BOARD MEETING**

Thursday, October 23, 2014 9:30 a.m.

300 West 15th Street, Clements Building, Room 103 Austin, Texas 78701

MINUTES

PRESENT Charles Bacarisse (Board Chair)
Richard Moore
Keith Morrow
Robert Pickering
Arthur Troilo
Cindy Villa
Brad Livingston, ex-officio
Melody Parrish, ex-officio
George Rios, ex-officio

ACTION *Mr. Bacarisse* called the meeting to order at 9:30 a.m. with a quorum present.

TOPIC **2. Approve Minutes from the August 21, 2014, Board meeting**

MOTION A motion was made to approve the previous meeting minutes by *Mr. Morrow* and seconded by *Mr. Moore*.

ACTION The minutes were unanimously approved.

TOPIC **3. Executive Session**

Mr. Bacarisse recessed the open part of the meeting so the Board could meet in executive session according to the Texas Open Meetings Act, to consider personnel matters pursuant to Section 551.074, Government Code, specifically to deliberate the compensation and job responsibilities of the interim executive director and to deliberate the selection process to be followed in selecting an executive director, and pursuant to Section 551.071, Government Code, to consult with its attorney. No action will be taken. All members of the public and non-designated staff were requested to leave.

At the end of executive session, *Mr. Bacarisse* will call the meeting back to order. The meeting was called into executive session at 9:31 am.

The meeting was called back to order at 10:10 am. No action was taken during the executive session.

TOPIC **4. Agency Management**

MOTION A motion was made to appoint Todd Kimbriel as DIR's Interim Executive Director and to set the salary and job responsibilities of the position.

Mr. Pickering moved to appoint Todd Kimbriel as Interim Executive Director of the department, at a salary equivalent to the current salary level of the executive director. He further moved that the Board delegate Todd the responsibilities that are listed in the delegation of authority. The appointment, delegation, and salary are effective January 1, 2015. *Mr. Troilo* seconded the motion.

ACTION The motion was unanimously approved.

TOPIC **5. Executive Director's Report on Agency Performance**

DISCUSSION Ms. Karen Robinson, Executive Director, updated the board on highlights of the agency since the last meeting in August.

Ms. Robinson said how proud she was of the work that DIR has accomplished over the last 5 years. She highlighted some of those accomplishments: 2 Sunset reviews and implemented many improvements as a result of those recommendations; development of a DCS Governance model and greatly matured the program; Re-bid TEX-AN communications services saving \$1M a month in communications expenses statewide; matured the Chief Information Security Office and grew the cybersecurity program; rebranded and grew the Texas.gov program contributing nearly \$200M to general revenue since inception; in Cooperative Contracts, our customers, both state and local governments realized approximately \$300M in cost savings in FY13; worked with Cloud first legislation; completed the Legacy Systems Study and report; completed the Tablet Study; initiated the State of Oklahoma pilot project naming Texas as their preferred technology vendor; saw legislation pass to allow non-state entities to participate in data center; completed the first Bulk purchasing project resulting in significant savings to the state, and as a result of national collaboration and a lot of hard work, Texas was recognized as a leader in technology.

Karen said that Lissette Nadal-Hogan, Director of Internal Audit, would have 4 board actions for consideration. She also commended Lissette on her swift actions to get the annual audit plan, as well as the finance and audit subcommittee and internal audit charters, ready for this meeting.

Ms. Robinson explained that Martin Zelinsky, General Counsel, had 2 proposed rules and 1 notice of rule review for consideration. Eddie Block would also join Martin for the TAC 202 updates.

Karen said that Todd Kimbriel, Deputy Executive Director, would introduce his team of program directors (and staff) to present their updates. John Van Hoorn, Director of Enterprise Architecture, will present his update on the Legacy Systems Study and discuss 6 recommendations as a result of the report. Deborah Hujar, Director of Planning, Policy, and Technology, will present the Biennial Performance Report (BPR), which is due to Leadership in November. This report provides an update on technology priorities, as well as legislative recommendations. Janet Gilmore, Director of Digital Government, will provide updates and process on Texas.gov. Mary Cheryl Dorwart, Director of Technology Sourcing Office, will present one action item for consideration regarding a technology donation agreement. She has good news to share on HUB numbers and their aggressive outreach program results. Ms. Dorwart will also present a final summary of the Coordinated Bulk IT Purchases and the accomplishments with that effort.

Ms. Robinson said that Priscilla Piphon, Chief Customer Officer, would present an action item for consideration to approve the customer advisory charter. She also said that Ms. Piphon would provide an update for the Chief Customer Office.

From the Chief Information Security Office, Ms. Robinson said that Eddie Block would represent Brian Engle and provide a brief update on security activities.

Ms. Robinson said that Dale Richardson would provide an update on the continued growth and satisfaction in the data center services program. He will also show a video that was submitted to the National Association of State Chief Information Officers (NASCIO) for recognition.

Karen announced that the meeting would wrap up with John Hoffman in Communications Technology Services and Leah Folgate in the Program Portfolio and Management Office.

Ms. Robinson introduced the new DIR employees to the Board.

Mr. Bacarisse recognized Ms. Robinson's 19 years of service to the people of Texas and 5 years of service to DIR.

Mr. Bacarisse thanked Karen for making his job not only easy, but a joy. He noted that they had been through some amazing experiences together with the Legislature and other agencies. She led with class and grace. Her calm demeanor and style has absolutely changed the culture of DIR. Mr. Bacarisse thanked her again and told her that serving with her had truly been a blessing.

TOPIC

6. Finance Update

DISCUSSION

Mr. Nick Villalpando, Chief Financial Officer, shared a finance update.

Mr. Villalpando presented operating results for FY14 and pointed out that we had budgeted for a \$1.1M net revenue for the agency, but we are ending with an approximate \$811K loss. This continued the trend that we saw last quarter with the agency's investment in infrastructure items for the data center services and telecommunications programs, which added to some of the expenditures that the agency incurred. These were covered by fund balances. We had a slight underrun, and our gross revenue was a \$3.7M negative variance; typically, you would see a positive variance in cost of services of the same amount, but that is where you see the impact of those infrastructure costs that the agency incurred. The result is covered by the positive operating budget (budgeted-\$29.5M; actual-\$28M; positive variance \$1.4M). We had some underruns in our operating expenses in costs to run the agency. When those are combined, we ended the year with an \$800K loss.

We started the year with \$3.2M fund balance, then we included the effect of current year operating revenue or net revenue, and some benefits payments that we have to make. We are ending the FY with a \$1.6M fund balance agency-wide, certainly within our \$3.8M maximum allowable fund balance that we can maintain. In terms of operations and how we manage this, we do have a strict cap on our allowable fund balance. If you look, at the Appropriations bill, any dollars that come in that exceed our allowable fund balance amounts would require rebates back to customers. Technically, if we had \$100-\$200K in excess fund balance in a given year, it may cost more to actually distribute those funds than the value of those rebates. From our customer agencies' perspective, they have to go through some mechanics of receiving those funds and trying to determine what funds were used to pay those bills. The Legislative Budget Board (LBB) has some latitude in waiving requirements under certain conditions, but we manage the agency from a fund balance perspective to minimize the potential of having to be in this situation. Certainly, from an overall perspective within all of our operating caps and limits, it increases the coordination that occurs operationally between all of our divisions.

We had one budget amendment within the executive director's approval limit authority based on the budget strategy for our appropriations bill pattern. Agencies have the authority transfer between strategies so we initiated some minor budget transfers towards year-end to ensure that we were in compliance with the General Appropriations Act (GAA). There were no increases to the budget, just increases (and decreases) to budget strategies.

Mr. Villalpando recognized Reggie Pegues, Director of Accounting, and Michael Sparks, Director of Finance. These gentlemen work very hard with their staffs and all agency staff

every day to make sure that everything is happening as it should be, and we appreciate their willingness to provide accurate information for management and for the Board.

TOPIC **7. Internal Audit Update**

DISCUSSION Lissette Nadal-Hogan, Director of Internal Audit, introduced herself to the Board and discussed the four action items that needed Board approval.

Ms. Nadal-Hogan presented the first two items for Board approval:

- A) FY14 Internal Audit Annual Report to State Leadership
- B) FY15 Internal Audit Annual Plan

Lissette emphasized some key concepts about the report and the plan. This year, the Division of Internal Audit introduced a new approach in developing the annual plan. They developed a risk assessment methodology, which included interviews with the Board and selected management staff, mainly direct reports to the Executive Director, and reviews of relevant documentation, including external and internal audit reports, agency policies and procedures, and other agency reports. With this information, Lissette developed a risk matrix with auditable activities and risk factors. The risk factors were rated based on their likelihood and impact of occurrence. Internal Audit received approval from DIR management and the Board on the final risk scores of the auditable activities. The auditable activities that have a high risk were recommended for audit and included in the internal audit plan. The internal audit plan is reported to the state oversight entities every year and it is due on November 1.

MOTION A motion was made to approve the FY14 Internal Audit Annual Report to State Leadership and the FY15 Internal Audit Annual Plan by *Mr. Moore* and seconded by *Ms. Villa*.

ACTION The motion was unanimously approved.

DISCUSSION Ms. Nadal-Hogan then presented the final two items for Board approval:

- C) Internal Audit Charter
- D) Finance and Audit Subcommittee Charter

Both charters were developed last year and reviewed this year. There were no changes in the new versions. Both charters were reviewed and approved by DIR management and the Audit Subcommittee. The one key concept to emphasize in both of the charters is the independence in objectivity and appearance of the Internal Audit division. Internal Audit shows its independence by reporting directly to the DIR Board and administratively to the DIR Executive Director. In addition, it is important to note that Internal Audit should have full access to all of the agency records in order to properly perform its function and add value to the organization. When it comes to the Audit Subcommittee charter, Lissette emphasized that it was important to note the role that the subcommittee members have ensuring that they provide proper oversight, guidance, and resources to the internal audit function.

Ms. Villa emphasized that there were no changes made to either charter. It is simply a reaffirmation of the roles and the work that is being done. Mr. Moore agreed.

MOTION A motion was made to approve the Internal Audit Charter and the Finance and Audit Subcommittee Charter by *Mr. Pickering*, then seconded by *Ms. Villa*.

ACTION The motion was unanimously approved.

TOPIC **8. Texas Administrative Code (TAC)**

DISCUSSION Mr. Martin Zelinsky, General Counsel, presented a proposed repeal and new rule authorizing publication in the *Texas Register*.

- 1) 1 Texas Administrative Code, Chapter 202, concerning Information Security Standards

Mr. Moore had previously commented that Chapter 202 was the most important chapter of rules that we have, and Mr. Zelinsky agreed.

Martin explained that this has been an extensive, lengthy process, to review and re-architect this rule from the ground up. Mr. Zelinsky asked Eddie Block, Deputy Chief Information Security Officer, to join him. Mr. Block has done a great deal of the legwork and engaging with our stakeholders in crafting the rule.

Mr. Block explained that every rule has to go through a rule review process on a regular basis. When looking at 1 TAC 202, one of the key factors in reviewing the rule, is that we had technical control buried within the rule itself. With so many changes in technology, there were controls that were not being addressed well. A group of 20 representatives (state agency, institution of higher education, every article of government, and private sector) was formed. Over the past year, that group was redrafted and re-architected the rule.

Fundamentally, the group looked at other rules and security framework that it could model. They looked at Fundamental Information Security Management Act (FISMA) and National Institute of Standards and Technology (NIST). The latest Deloitte survey shows that we were pointed in the right direction. The structural change in the rule is removing the technical controls from the rule itself. The rule will be comprised of roles and responsibilities: who is responsible for what within the agency. The technical controls are being moved into a separate document that will be called the Control Standards Catalog that mimics NIST 800-53 and actually maps to NIST 800-53, so the agencies that have federal regulations are using one set of nomenclature. This model works well. FISMA was passed around the time that 1 TAC 202 came into existence, in the early 2000s. It has gone through a couple of changes over time, whereas NIST 800-53 has gone through multiple revisions. The Security Control Standards Catalog aligns directly to NIST 800-53. We have developed a state implementation for each control that we will require and have mapped the controls we will require over the next couple of years. Anything that existed in current or legacy TAC 202 will become immediate upon Board adoption down the road. NIST also has priority one, two, and three controls. We will require remaining priority one controls one year out for adoption, and priority two and three controls two years out for adoption. This gives the agencies time to understand what we are requiring in new security controls and allow them time to address those issues. Going forward, this gives us a more nimble approach towards controls. Rather than going through a four-year rule review process, we cut that in half and treat it as a two-year rule review, or two-year control review. As we come out of a legislative session, we can look at anything that has been passed or any changes in technology or required security control measures and bring that new catalog back to the Board and to ITCHE and ensure that we have approval to use the new controls. Again, we are not trying to drop new controls on agencies upon adoption, but trying to

phase them in so agencies can address those in future legislative appropriations requests (LARs).

Mr. Morrow asked what is the approach or remedies in the enforcement of these controls.

Mr. Zelinsky explained that DIR does not enforce the rules that we promulgate. We put the rules out there and communicate them; however, it is up to each agency to determine the approach and take a risk-based assessment of their compliance. A rule has the effect of a law; they are required to do it, but we do not enforce that requirement.

Mr. Pickering said that it is a rule; therefore, the agencies themselves have the burden. DIR is the guiding body of information; we need to be clear about that and what our roles and responsibilities with regard to the subsequent audit and disclosure and that type of thing.

Mr. Zelinsky added that this is not uncommon; there are many other rules passed by DIR and other agencies (for example-CPA, with regard to procurement). It is up to each agency to abide by those rules.

Mr. Pickering confirmed that we have used FISMA and NIST 800-53. Over time, those bodies or standards would also evolve. He asked that we try to keep in sync as we move forward using FISMA and NIST 800-53 as guidelines.

Mr. Block replied that we were looking at the FISMA model. With NIST 800-53, we were definitely trying to keep in sync. Historically, they have made updates every couple of years. This is consistent with our proposed cycle of looking at changes to this rule. NIST is very good about releasing draft revisions, so not only do we see what they are considering, but we can participate in that drafting process.

Mr. Pickering commented that it is proactive type of activity, or process, with the agencies themselves.

Mr. Block agreed that the group built to develop this revision to 1 TAC 202 is not going away. They are continuing to meet as new technology challenges must be addressed to bring control around them.

Mr. Moore said he understands that DIR is not set up to be an enforcement agency; however, he has a problem with any authority interpreting rules without there being any mechanism. Brian and his team have made plans for agencies to meet the rules. If they don't, they bring it to the agency's attention and coach them along. Mr. Moore said that the inevitable hand is the legislature.

- MOTION A motion was made to approve the rule for amendment and authorizing publication in the Texas Register for public comment by *Mr. Moore* and seconded by *Mr. Troilo*.
- ACTION The motion was unanimously approved.
- DISCUSSION Mr. Martin Zelinsky, General Counsel, presented a proposed repeal and new rule authorizing publication in the *Texas Register*.
- 2) 1 Texas Administrative Code, Chapter 215, concerning Statewide Technology Center for Data/Disaster Recovery Services

- MOTION** A motion was made to approve the rule for amendment and authorizing publication in the Texas Register by *Mr. Pickering* and seconded by *Mr. Morrow*.
- ACTION** The motion was unanimously approved.
- DISCUSSION** Mr. Zelinsky presented one rule for publishing notice in the *Texas Register* for rule review.
- 1) 1 Texas Administrative Code, Chapter 211, concerning Information Resources Managers
- MOTION** A motion was made to approve the notice of rule review for publishing by *Mr. Pickering* and seconded by *Ms. Villa*.
- ACTION** The motion was unanimously approved.
- DISCUSSION** Mr. Zelinsky reviewed the Rule Review Schedule with the Board and said that we are on schedule. These rules/chapters will be reviewed as part of our review cycle. We will amend rules when the need arises.
- Mr. Zelinsky recently sent the DIR Board members an e-mail regarding board member training, as the result of legislation passed during the last session that requires all governing bodies to have training regarding contracts, procurement, and conflicts of interest. This training is provided by the Comptroller of Public Accounts as a webinar. All training must be completed by September 1, 2015. If you have any questions, please contact Martin Zelinsky.
- TOPIC** **9. Deputy Executive Director – Operations Update**
- DISCUSSION** Mr. Todd Kimbriel, Deputy Executive Director, introduced each member of his staff.
- John Van Hoorn, Director of Enterprise Solutions Services, gave an update on the Legacy Systems Study. The study was completed and delivered to state leadership on October 1. He expressed deep appreciation to Allan Martin and Mike Tyler. He thanked Wayne Talbot for his expert guidance in database management and Kevin McCabe, project manager.
- He presented the six recommendations from his report: (1) Agencies should develop a prioritized impact analysis and mitigation plan of identified legacy system security risks. (2) Amend TGC 2054 to authorize DIR to develop a legacy modernization strategy and to collaborate with agencies to use comprehensive strategies – developed as part of the Legacy Systems Study and identified in this report – as guidance in their legacy modernization efforts. (3) Amend TGC 2054 to authorize DIR to build upon the legacy modernization strategy by establishing a statewide application development framework; facilitating standardization and collaboration; achieving economies of scale by leveraging agency investments. (4) As part of a legacy modernization strategy leveraging common solutions, agencies should prioritize commercial off-the-shelf solutions over custom-developed replacement solutions. (5) Amend TGC 2054 to authorize DIR to implement a shared (multi-tenant) reporting services and business analytics pilot to determine the viability of a state wide solution. (6) Amend TGC 2054 to authorize DIR to establish a voluntary pilot program that provides statewide application portfolio management practices and toolsets for agencies to implement any recommendations following the Legacy Systems Study.

TOPIC **10. Planning, Policy and Governance Update**

DISCUSSION Ms. Deborah Hujar presented the Biennial Performance Report (BPR) to the Board for approval. She explained that the BPR is prepared and submitted to the Governor and Legislature every 2 years and assesses progress on the priorities outlined in the state strategic plan (SSP); highlights major accomplishments and problems in statewide technology management; recognizes any barriers or concerns in making progress, and makes recommendations to the legislature to address that progress. She presented estimated statewide IT expenditures and estimated statewide IT spend. Recommendations in the BPR are to focus on improving efficiency and reducing costs. Legislative recommendations include top 10 technology priorities; contracting improvements, and legacy systems study recommendations.

Ms. Hujar thanked her team, including Endi Ollis, project lead, and stakeholders, both internal and external.

MOTION A motion was made to approve the Biennial Performance Report by *Mr. Pickering* and seconded by *Mr. Moore*.

ACTION The motion was unanimously approved.

TOPIC **11. Texas.gov Update**

DISCUSSION Ms. Janet Gilmore, Director of Digital Government, gave an update of Texas.gov.

Ms. Gilmore informed the Board that the action item "Consider approval of DPS Safety Inspection Fee" had been removed.

Janet discussed a number of initiatives. Texas.gov is assisting the Texas Workforce Commission (TWC) with a website that connects veterans to jobs in Texas. It launches on November 11, Veterans Day. With regard to our very successful 2014 Advertising Campaign, the click-through rate more than doubled last year's rate. The vehicle registration renewal and driver license renewal transactions are up 17% and 5% respectively over 2013. On October 7, DIR, Socrata, and NIC hosted an Open Data Workshop. 29 attendees from 13 agencies learned how to publish government data on the Texas open data portal. 2014 has been a great year for awards for Texas.gov, receiving 13 awards so far. We have been recognized for website design, communications, and marketing and usability. We are especially honored to have awarded 4th place in the Digital Government Annual Best of the Web category, a most prestigious award.

Ms. Gilmore presented Q4 Transaction and Revenue Trends. The Q4 revenue declined \$3.9M (from Q4 of FY13); the state share experienced a decrease of \$.7M. These decreases are related to the transition of TexasSmartBuy (through CPA) and the e-Filing programs (through OCA). The number of transactions increased slightly from 7.2M to 7.3M.

Ms. Gilmore presented the service level performance for application reliability or uptime for FY14. Texas.gov provides 90 distinct applications that are tracked for reliability. The target ranges from 99.5% to 99.9%. Service levels were met 100% of the time in April, May, and July. Targets missed in June and August were due to one application outage (in June and August). We do track other service levels. 89% of users responded as overall satisfied on on-line survey.

Mr. Troilo thanked Ms. Gilmore for her work on Texas.gov Board Subcommittee and keeping the "herd" together on meetings, updates, and agenda items that we have.

Mr. Troilo noted that he renewed his driver license and said that it was the most pain-free process that he had gone through. It was such a difference compared to previous trips to his local DPS driver license offices. He followed the guidelines and it took less than 5 minutes. Skip the trip! The things we do here do affect Texans.

TOPIC 12. Technology Sourcing Office Update

DISCUSSION Ms. Mary Cheryl Dorwart, Director, updated the board on the Technology Sourcing Office (TSO).

Ms. Dorwart presented a recap of purchases for the program. She said that we exceeded \$2B in purchases for FY14. Our top customers are HHSC (\$134.7M); Houston ISD (\$88.8M); TxDOT (\$65.1M); City of Austin (\$57.1M), and TxDPS (\$49.1M). Purchases have increased 14.6% from FY13 through Q4 of FY14. Education accounts for 51% of purchases (\$1.05B); state agencies accounts for 27% (\$552.9M), and local government accounts for 21% (\$441.2M). Also, the State of Oklahoma has made a large computer purchase.

Ms. Dorwart discussed upcoming RFOs of interest (multifunction devices, including 3D printers, and managed print services; software products and related services, and mobile device management products and related services). There were 75 responses (healthy response) for education IT software products and related services that are being evaluated by DIR staff. After many negotiations, Amazon Web Services was awarded a contract for cloud services. The bulk purchase report was delivered to the LBB on October 1. In this report, DIR reported a \$4.5M in savings from the two bulk purchase events in FY14.

Ms. Dorwart introduced the one action item, which is to approve the ratification of technology donation agreement for the Google Liquid Galaxy system, including necessary equipment and documentation. The value of the donation is \$100K. The only anticipated financially related impact is the introduction of a valuation of the gift to be provided to DIR. She covered all key terms.

Mr. Todd Kimbriel, Deputy Executive Director, explained that a similar system had been installed at the Pickle Center for the GIS forum. This will be the crown jewel and centerpiece of the Technology Showcase currently being employed at the Sam Houston Building. We wanted to put together a technology demonstration facility. Mr. Kimbriel expressed his appreciation for this opportunity from Google. It is an immersive technology showcase environment for leadership; it is a virtual reality device. It leverages geospatial data that our agencies can provide. It is not opened to the public and is a good tool.

MOTION A motion was made to approve the Ratification of Technology Donation Agreement by *Mr. Morrow* and seconded by *Mr. Villa*.

ACTION The motion was unanimously approved.

DISCUSSION Ms. Dorwart recapped all good news from the historically underutilized business (HUB) program. From an internal procurement perspective, Ms. Dorwart highlighted achievements from targeted categories. From an external procurement perspective, HUB purchases increased by 35.4% from FY13 through Q4-FY14 (\$697.6M). The HUB percent of contract volume was 33.92% for Q4-FY14.

Ms. Dorwart applauded the hard work and efforts of Lisa Maldonado and Lynn Sanchez, DIR HUB coordinators. She also thanked *Mr. Troilo* and *Ms. Rohm* for their continued support on the HUB Board subcommittee.

Mary Cheryl reviewed good faith efforts (economic opportunity forums and other efforts). HUB numbers are paying off.

Mr. Troilo thanked Mary Cheryl for the work that she does in making DIR be leader in the HUB community. He also mentioned that DIRConnect is a fantastic outreach opportunity.

TOPIC **13. Chief Customer Office Update**

DISCUSSION Priscilla Pipho, Chief Customer Officer, gave an update on the Chief Customer Office.

Ms. Pipho said that she would cover the roadmap, or the model, laid out for the Customer Office and how the Office interacts with its stakeholders. The Customer Office is designed to tell the story of what DIR does and to listen to the voice of the customer. In the vision, the Customer Office is based on a customer-focused culture through cohesive messages; customer perspective; collaboration with customers; internal communication, and business solutions. In listening to the voice of our customers, we have diverse groups of stakeholders with various needs: state leadership; state/local government, K-12, institutions of higher education; IT solution providers, and DIR staff and citizens. The Customer Office has reorganized and strengthening its capacity by assisting with reports that you've seen, engaging with stakeholders about programs and outreach.

Ms. Pipho and her team met with the executive team to create the vision for the Chief Customer Office, particularly in communications improvement. Next steps include strategic planning (meeting with internal customers) and website improvements (rolling out in February, headed up by Sue Atkinson).

The Communications team, Lisa Nowotny and Vivian Cullipher, have helped with report development (messaging and packaging) in telling the story so that it is understandable and accessible.

Amy Baillargeon, our Board Relations Liaison, has done a phenomenal job in coordinating updates, appearances, and hearings.

Ms. Pipho presented an action item to the Board, the revised charter for the Customer Advisory Committee (CAC). All changes made by the CAC to the purpose, objectives, and committee membership were minor.

Ms. Pipho thanked Karen Robinson for putting the Customer Office into place and giving her this opportunity.

MOTION A motion was made to approve the revised charter for the Customer Advisory Committee by *Mr. Moore* and seconded by *Mr. Morrow*.

ACTION The motion was unanimously approved.

TOPIC **14. Statewide Information Security Office Update**

DISCUSSION Eddie Block, Deputy Chief Information Security Officer, gave an update on the Statewide Information Security Office.

Mr. Block presented an overview of the Statewide Information Security Program. He highlighted the InfoSec Academy, a new program that is being ramped up to provide security training to ISOs across the state. There is a module dedicated to security rules.

Mr. Block presented agency participation, which is broken down by security services (31% for FY14-Q4), collaboration opportunities (47% for FY14-Q4), and awareness/education opportunities (87% for FY14-Q4). Combined program participation came in at 88% for FY14-Q4.

Eddie presented statistics on FY14 security assessments. For security assessments, our goal was 15: currently, 5 are complete; 8 are in process, and 2 are in queue. For controlled penetration testing, our goal was 48 assessments, and we have completed 48.

TOPIC **15. Data Center Services Update**

DISCUSSION Dale Richardson, Director, provided an update on Data Center Services.

Mr. Richardson began his presentation by reviewing the customer scorecard. Overall scores continue to be reasonably stable, neither improving nor declining significantly. One item of concern was a recent emergence of an immediate corrective action in the overall score. SLA performance continues to be very stable (very strong in FY14-Q4). One SLA did not meet minimum service level in August.

We are currently at 58% for server consolidation and are on track for our goal, which is 75%. For total servers built, we continue to average 100-110 servers per month for server consolidation, server refresh, solution server requests, and DCS infrastructure servers. Year over year, we have to refresh 20% of the environment. This program has started and is doing well.

Mr. Moore expressed concern that the focus was too much on 1 for 1 server transitions. Are we counting the number of virtualizations or obsolescence of servers from one environment to another?

Mr. Richardson answered yes. The make-up of consolidated compute includes setting up new servers. It also includes when an agency wants to deconsolidate servers. The server consolidation counts are moving like for like, as is. Some of the agencies are setting up servers under consolidated compute and moving applications.

Mr. Moore stated that we had less servers than when we started from 5 years ago.

Mr. Richardson agreed and explained that unneeded servers and applications had been identified, resulting in significant reductions.

Mr. Moore said that it was an eye opener and asked if we should have input on recommendations.

Dale asked Sally Ward, Deputy Director, DCS, to come to the podium. She keeps everyone in line within the DCS program, working with our stakeholders, vendors, agency customers, and DIR personnel.

Ms. Ward told the Board of an award that DIR was awarded at the National Association of State Chief Information Officers (NASCIO) meeting in Nashville. The Data Center Services Governance Model was awarded the NASCIO Special State CIO Recognition award in September. The significance of our governance model for the national view is that it resolves a problem that is common for many IT initiatives which is the ability for technology to serve the needs of multiple and diverse stakeholders. The significance to Texas in winning this award is that we have demonstrated to our customers and our vendors that we can operate as a single customer, sharing financial and technical benefits of our

collective size and volume. Sally emphasized that the key to success factor the commitment and leadership of Karen Robinson, who was our champion of the governance model and championed our transparency with our partners and stakeholders.

Ms. Ward presented the video, which was our nomination for this award.

TOPIC 12. Communications Technology Services Update

DISCUSSION: John Hoffman, Director, gave an update on Communications Technology Services (CTS).

Mr. Hoffman discussed the current network upgrades underway. Austin Metropolitan Area Network (aka CAPnet) equipment has been ordered and should be delivered soon. Internet capacity and security expansion is being delivered and should be fully functional by the end of the month. Voice over Internet Platform (VoIP) Platform achieved an upgrade last weekend. The Texas Legislative Council and Office of the Governor have expressed interest in participating in pilot projects. John said that the facility upgrades had been completed by Texas Facilities Commission at the Network and Security Operations Center (NSOC). No interruptions in traffic were experienced during the facility upgrades. We are continuing to transition from ATM/FR to MPLS migration (asynchronous transfer mode/frame relay to multi-protocol label switching). For FY14-Q4, we are at 282. The transition of remaining legacy shared network customers to Cloud continues. We hosted the Telecom Forum on October 7, which 196 attendees and 90+ customer and vendor organizations represented.

TEX-AN customers have increased by 6% from FY13 (862 total). TEX-AN purchases have increased 1.8% from FY13 (\$81.9M total). Most of the growth has been in education.

TOPIC 13. Program and Portfolio Management Office Update

DISCUSSION Leah Folgate, Director, gave an update on the Program and Portfolio Management Office.

PPMO has seen some increases in total project portfolio, completed projects and average project duration in FY14 versus FY13. Average duration of projects increased by 22%. Project throughput increased by 58% mostly due to efficiency gains from use of standardization, consistent project management processes, and use of PM tools and templates.

PPMO is currently implementing an automated tool that will allow end-2-end management of project, program, and portfolio management, and enable resource capacity planning.

Additionally, PPMO is leveraging customer satisfaction survey results to drive continuous improvement within PPMO.

Ms. Folgate presented achievements for her group: PPMO Project Showcase and the refresh of PM Lite. The new format for the showcase was a huge success. PM Lite 2.0 will be the next generation of PM Lite that will enable both internal and external customers to successfully manage projects and deliver business value through project delivery. PM Lite does not supersede the Texas Project Delivery Framework but it is rather a set of tools/templates to help organizations successfully manage smaller projects. A recent survey conducted indicated that many agencies had not heard of PM Lite but are interested in using the PM Lite templates. PPMO seeks to expand the PM Lite footprint.

TOPIC **Public Testimony – No Public testimony.**

DISCUSSION Ms. Robinson recognized the Board members with terms ending before the next Board meeting: Mr. Richard Moore, Mr. Robert Pickering, Mr. Arthur Troilo, Mr. Brad Livingston, Ms. Melody Parrish, and Mr. George Rios.

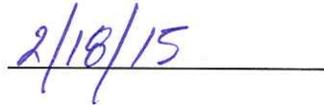
MOTION A motion was made to adjourn the meeting by *Mr. Pickering* and *Mr. Moore* seconded the motion.

ACTION The meeting adjourned at 12:06 pm.

Approved by the Board Chair:



Charles Bacarisse, Chair



Date