



# Managed Services and Cloud Computing

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FTA Technology Conference  
July 29, 2013

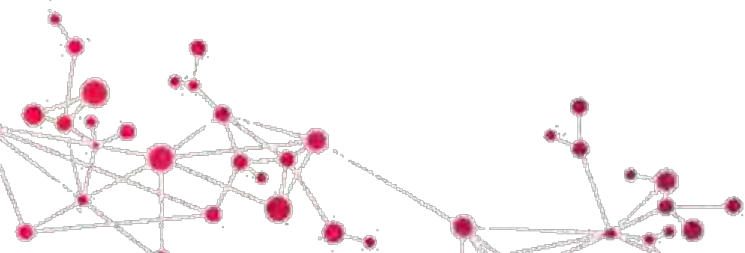
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# Agenda

- Managed Services
- 2012 FTA Managed Services List Serve
- Cloud Computing & Practical Implications
- Q&A



# Managed services defined

Transferring responsibility for some aspect of operations (IT or Business) to a private vendor who will deliver that as a service

## **AMO Application Management Outsourcing**

Provider hosted and maintained business processes and services  
Customer manages service provider performance and outcomes

## **BPO Business Process Outsourcing**

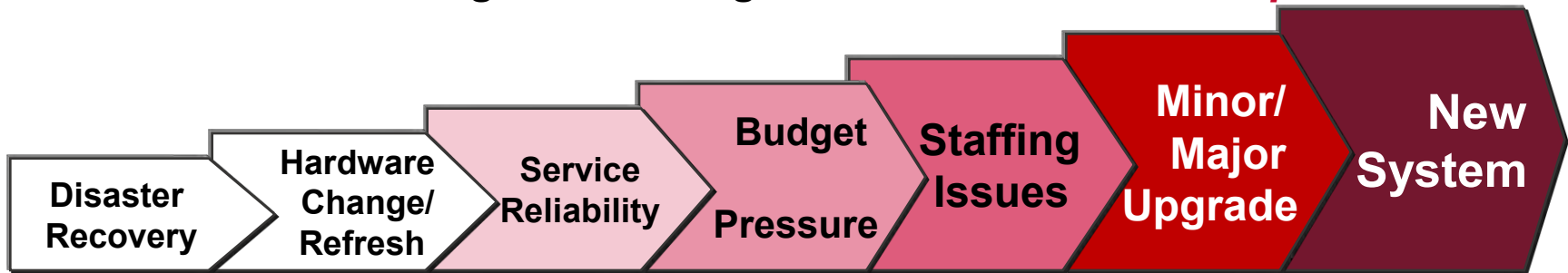
Buying a business outcome  
Service Level Agreement driven by business outcomes

Multi-Year Engagements with upfront costs spread over a multi-year contract reduces cost and establishes cost certainty



# When should you consider AMO in Tax, Revenue, and Collections

**Drivers for considering AMO Managed Services are not all equal...**



Factors to the right provide a stronger case as they are more disruptive. These factors are not mutually exclusive; most clients presently have multiple reasons to consider managed services.

An organization's financial expectations generally take one of two paths...

## **"More for about the Same"**

Reliability, Staff, SLAs, & Upgrades are the principle benefits being sought within a projected level of spend

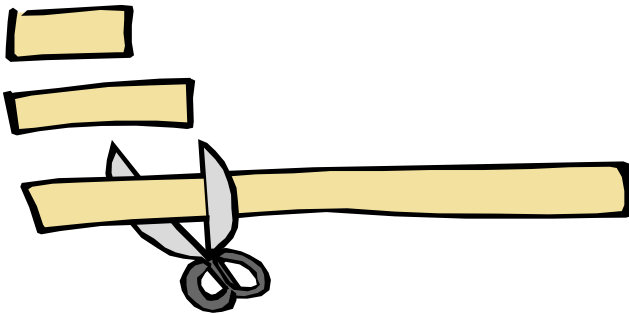
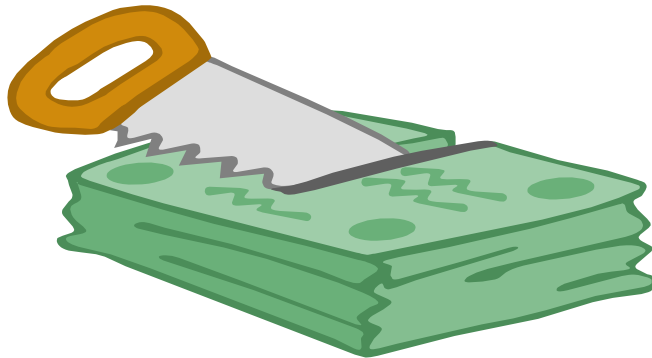
## **"Reduced TCO"**

Savings are a requirement and the 1st hurdle, but other benefits are also a consideration

***The economy has increased the acuity of these challenges among Tax and Revenue Organizations***

# Business challenges in public sector

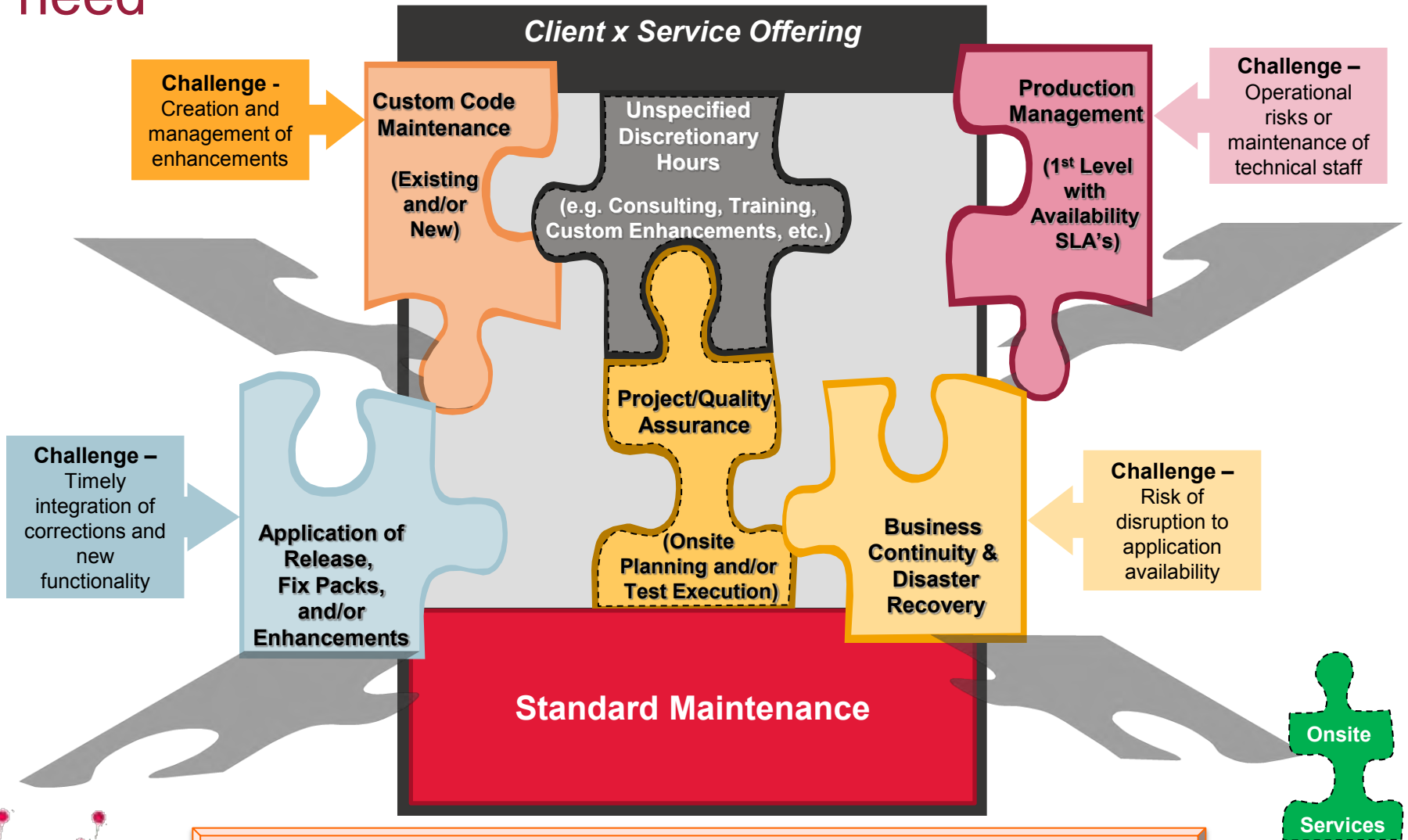
## Tax, Revenue, and Collections



- Growing State & Local **budget shortfalls**, have required agency operating budgets to be slashed and staff furloughed
- **Significant tax gap** from uncollected debts, non filers, and under reporting – taxpayers are becoming more aggressive in this climate
- Revenue generation projects and opportunities are not begun due to **lack of resources and funding**
- **Hiring freezes** (at best), or more likely **staffing reductions**
- Continued **inability to attract/retain skills** in legacy and new technologies
- Inconsistent **application availability**
- Suspect **business continuity** and **disaster recovery capabilities**



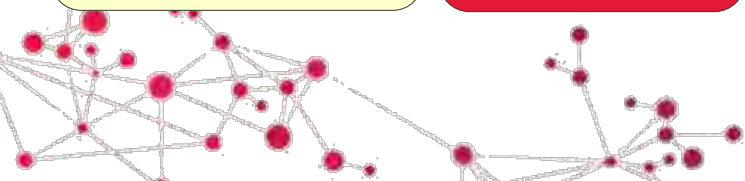
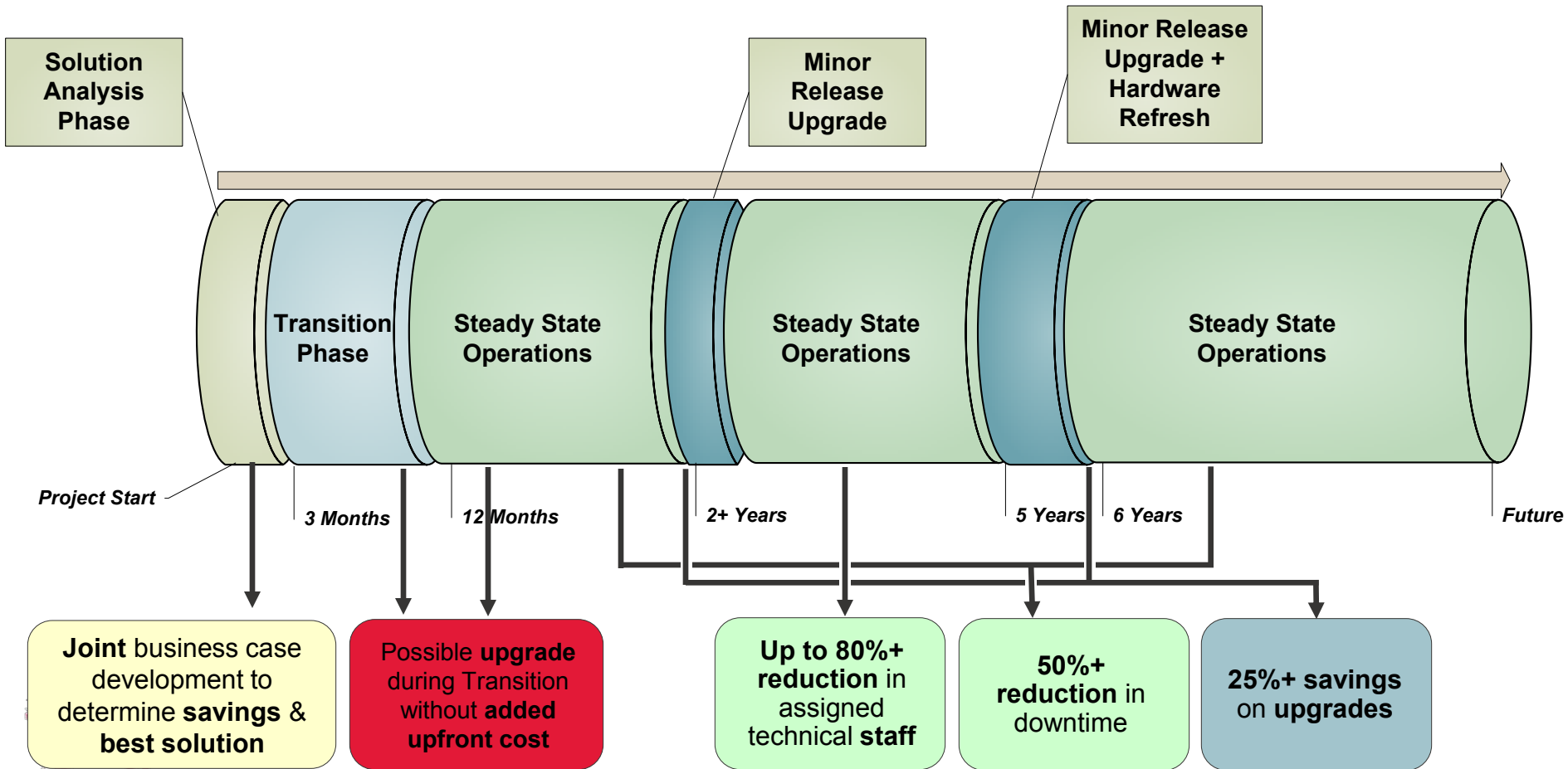
# AMO allows you to purchase only the services you need



*Based on your challenges and the operating model, a qualified provider assembles services to right-size the solution to your needs.*

# Why does AMO examine the full Solution Lifecycle?

## AMO Service Lifecycle



# 2012 FTA Managed Services List Serve



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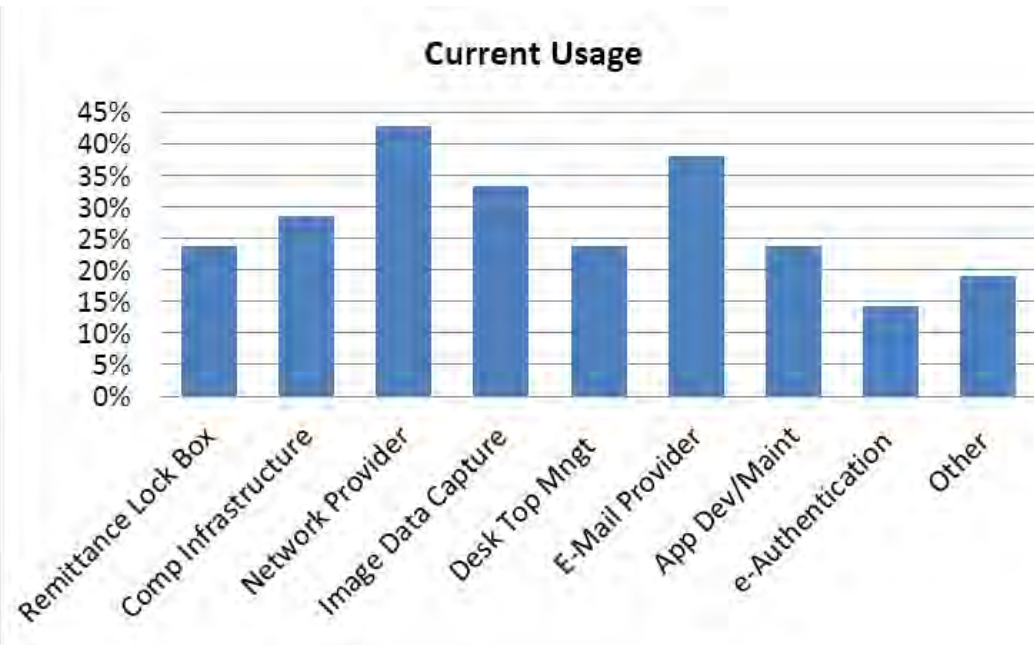
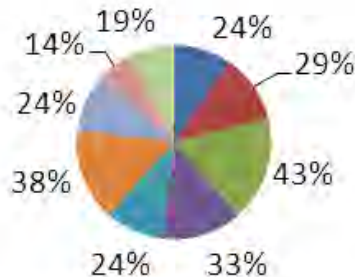




# Our objective was to determine

**Are tax agencies currently using managed services in support of tax administration? – Of course they do**

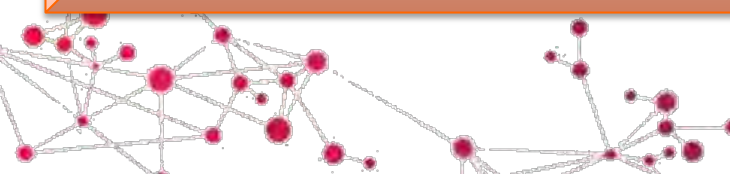
## Current Usage



## Some of the Other Areas Reported include:

- SSTP Rates and Boundaries Data Bases
- Proprietary Tax System
- Agency handles the network inside the buildings

**In fact: Tax Agencies have been using managed services for a long time**

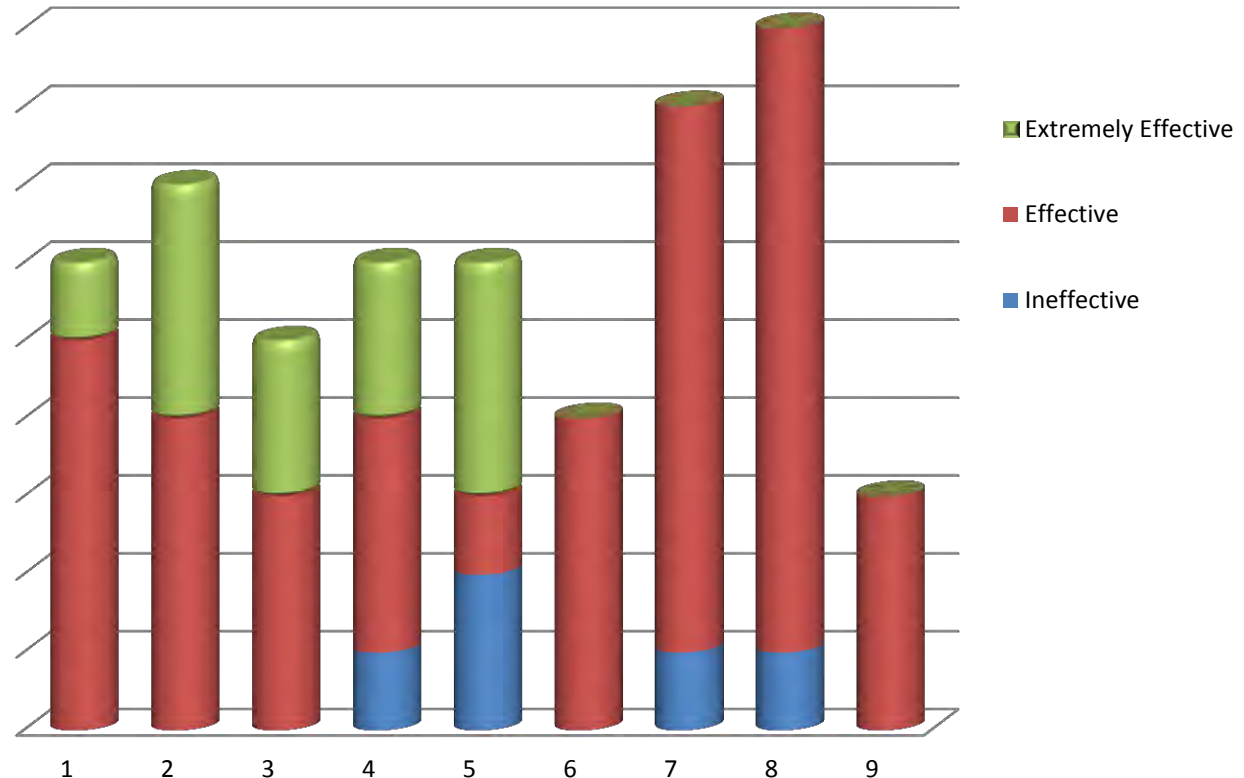


# Effectiveness rating by the tax agencies

## How do they rate effectiveness?

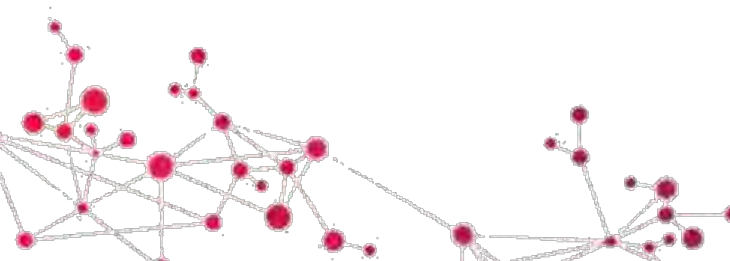
1. Remittance Lock Box
2. Image and Data Capture
3. App Development/Maintenance
4. Comp Infrastructure
5. Desk Top Management
6. e-Authentication
7. Network Provider
8. E-Mail Provider
9. Other

## Managed Services Effectiveness Rating



## Some of the Other Areas Reported

- Payment verification and processing for credit cards
- State tax system

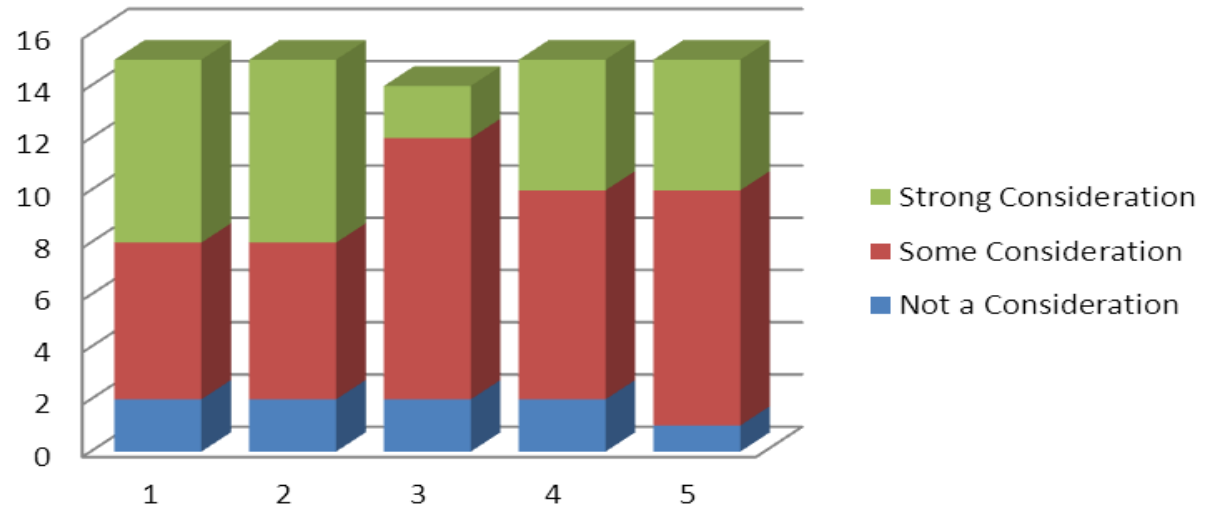


# Considerations for Managed Services

## What are your primary reasons for using or considering using a managed services option?

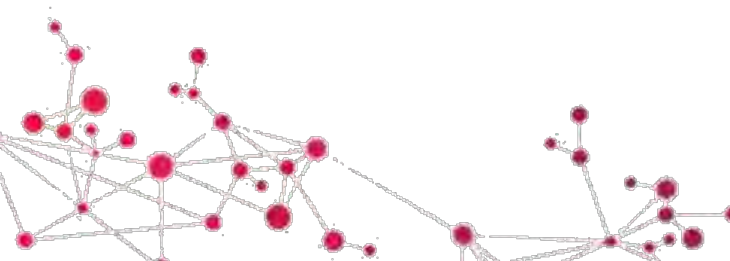
1. Inability to retain critical resources
2. Better ROI for the state
3. Lower risk
4. More options business processes
5. Time to delivery new technologies
6. Other

Primary Reason to Consider a Managed Service



### Other reasons for consideration:

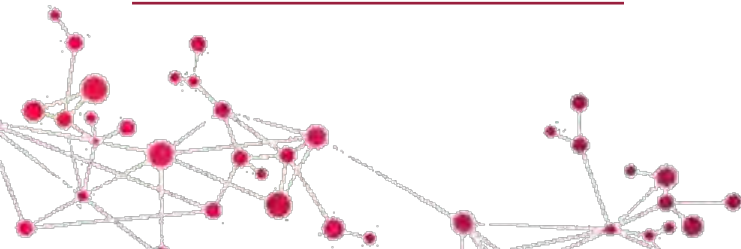
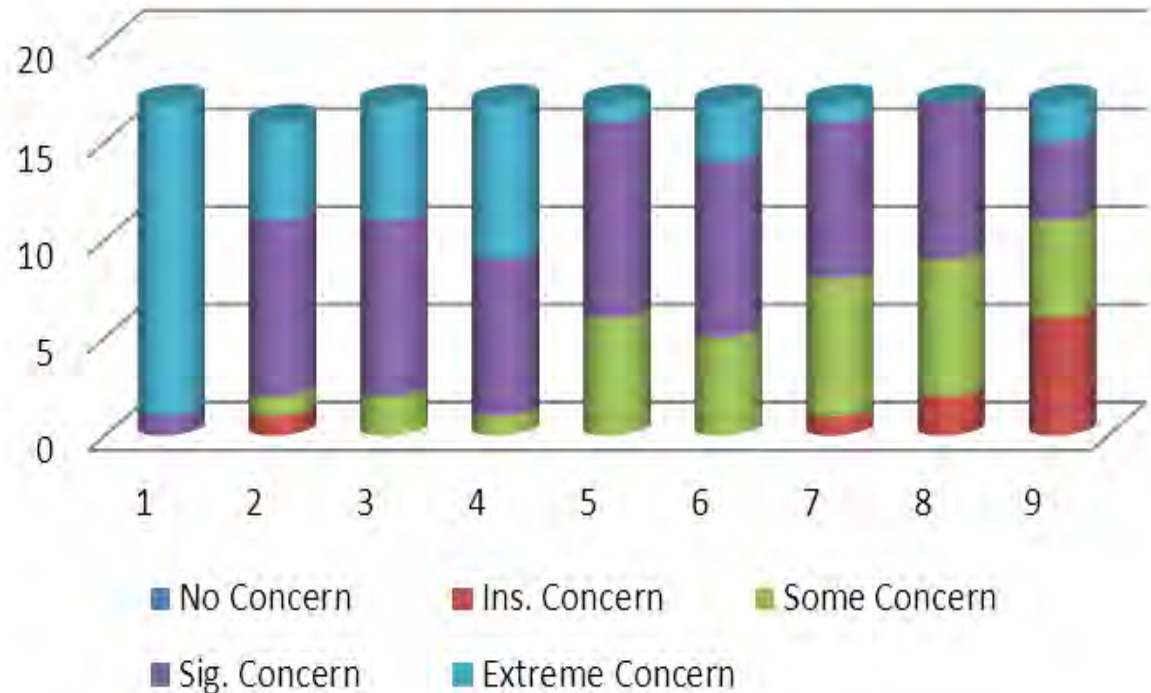
- Mandated
- Does the function fall within our core mission or capabilities. If not, we are likely to consider managed services.



# Primary concerns in leveraging a managed services

- 
1. Security
  2. Availability
  3. Performance
  4. Quality of Service
  5. Ability to Customize
  6. Long or Short Term Costs
  7. Ability to Adjust Agreement
  8. Complexity of Managed Service
  9. Privatization of Government Function
- 

## Primary Concern Rating



# Cloud Computing & Practical Implications

## Enables efficiency, agility and innovation



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# Cloud Computing Definition



**Convenient, on-demand** network access to a **shared pool** of configurable computing resources (e.g., networks, servers, storage, applications, and Services) that can be **rapidly provisioned** and released with minimal management effort or service provider interaction.

## Deployment Models

### Private

The cloud infrastructure is operated solely for an organization. It may be managed by the organization or a third party and may exist on premise or off premise.

### Public

The cloud infrastructure is made available to the general public or a large industry group and is owned by an organization selling cloud services.

### Community

The cloud infrastructure is shared by several organizations and supports a specific community that has shared concerns. It may be managed by the organizations or a third party and may exist on premise or off premise.

### Hybrid

The cloud infrastructure is a composition of two or more clouds (private, community, or public) that remain unique entities but are bound together by standardized or proprietary technology that enables data and application portability.

## Service Delivery Models

**IaaS**  
Infrastructure as a Service

**Raw compute power and storage**

**PaaS**  
Platform as a Service

**O.S. and development tools**

**SaaS**  
Software as a Service

**Remotely accessible applications**

# Cloud Service Offering

... securely provides agencies with a sound set of economics and flexible operating model

## 5 Essential Characteristics

- On-demand self service
- Broad network access
- Resource Pooling
- Rapid elasticity
- Measured Service

## 3 Service Models

- Cloud Software as a Service (SaaS)
- Cloud Platform as a Service (PaaS)
- Cloud Infrastructure as a Service (IaaS)

## 4 Deployment Models

- Private Cloud
- Community Cloud
- Public Cloud
- Hybrid Cloud

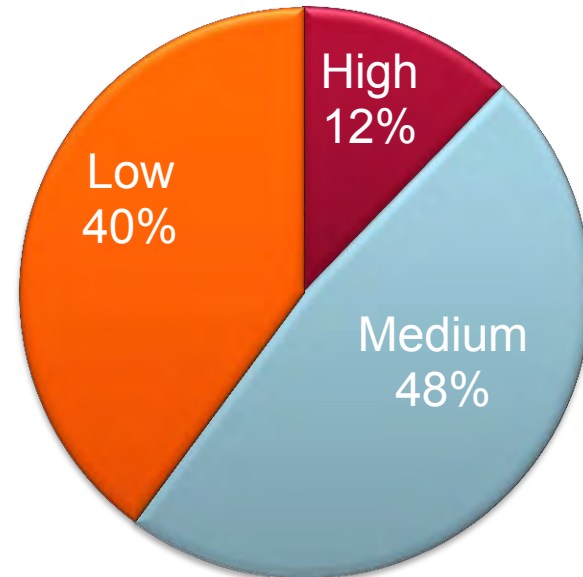
Cloud offers the Foundation to Revolutionize the way Governments buys information technology (IT)



# 88% of categorized federal systems are FISMA Moderate or Low Impact

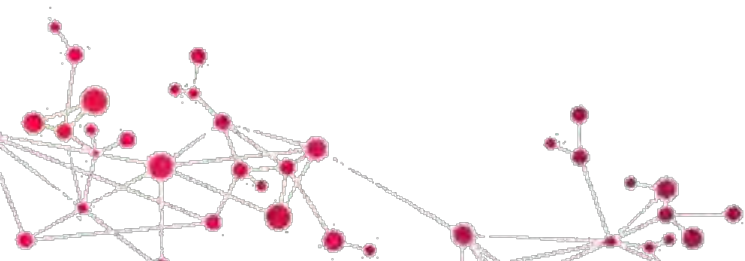
**Certified cloud service provider environments can be used to support the vast majority of existing and planned federal systems that are categorized as Low or Moderate Risk Impact.**

## FIPS Risk Impact of Categorized Federal Systems



The basis for determining the level of risk impact is the Federal Information Processing Standard (FIPS) 199.

Source: Fiscal Year 2009 Report to Congress on the Implementation of The Federal Information Security Management Act of 2002



# Addressing cloud security through FedRAMP

## Federal Risk and Authorization Management Program (FedRAMP)

### Government-wide initiative to help agencies fast-track the accreditation of systems to move to the cloud

- Joint authorizations and continuous security monitoring services for government and commercial cloud computing systems intended for multi-agency use
- Standard approach to assessing and authorizing cloud computing services and products
- Common security risk model providing a consistent baseline for cloud technologies that can be leveraged across the federal government
- Set of common security requirements and process documents for agencies and providers

**Agencies leverage FedRAMP infrastructure authorizations (when applicable) with only additional agency-specific and application-specific requirements separately certified**

**Agencies retain their responsibility and authority to ensure use of systems that meet their security needs**

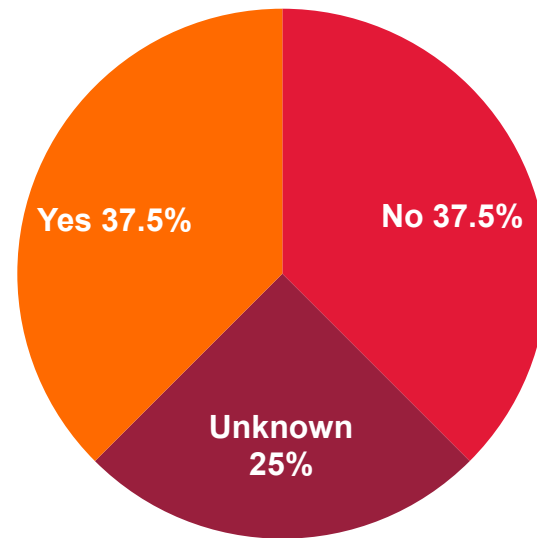


# 2012 FTA List serve of States – Cloud Computing Intention to move forward with future initiatives

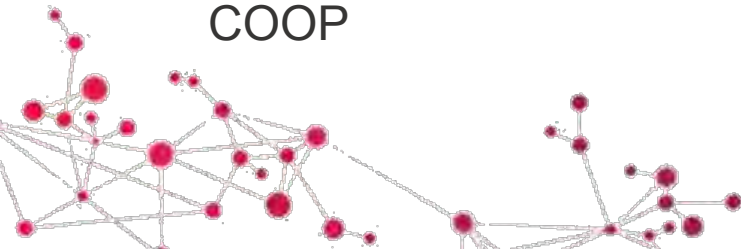
## Areas Agencies intend to use Managed Services in the Future

- Application modernization/  
replacement
- Centralized security
- Document management
- Helpdesk ticket tracking
- GIS
- Human resources job  
application and hiring
- Property Tax
- Sharing hardware with other  
States - Private Cloud
- Electronic vaulting
- VoIP
- Enhanced backup, DR and  
COOP

## Do you Intend to Initiate New managed Services Programs in the next Budget Cycle?

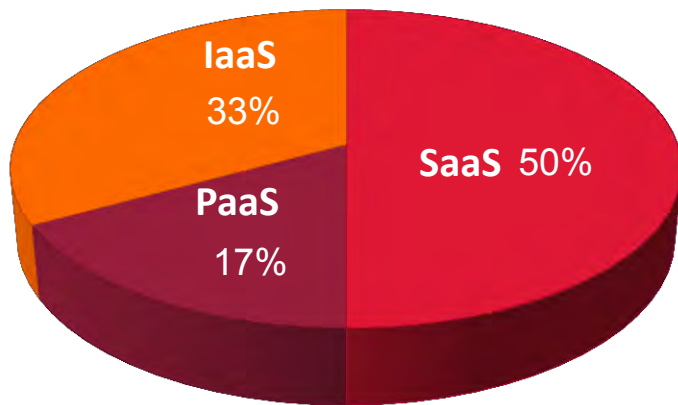


**NO ... but circumstances do cause change**

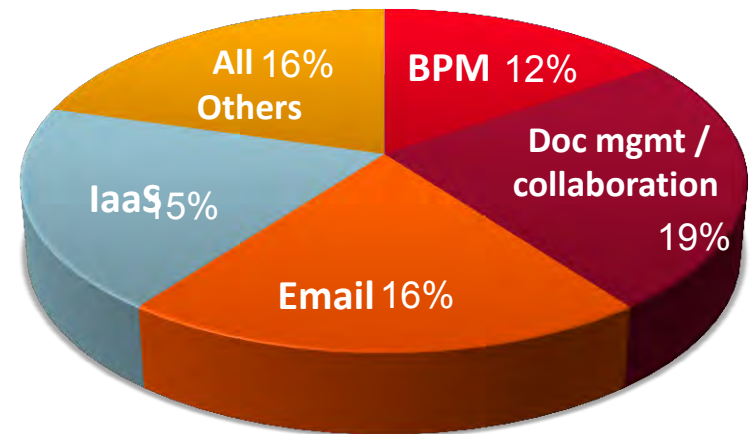


# Federal systems targeted for Cloud migration as a result of the Cloud First Policy

Distribution by Service Model



Distribution by Solution Category



## Common Use Cases

- Public-facing Web Sites
- Collaboration
- Email
- Prototyping/Proof of Concept
- Development/Testing
- Disaster Recovery/COOP

# But it is *different*. Cloud computing promotes a provider-consumer relationship

## 1 Service Based

Consumer concerns are abstracted from provider concerns through self service driven interfaces

## 2 Scalable & Elastic

Services scale on-demand to add or remove resources as needed.

## 3 Shared Resources

Services share a pool of computing resources to build economies of scale.

## 4 Measured Use

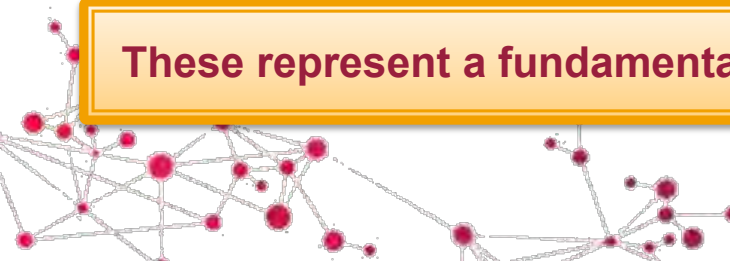
Services are tracked with usage metrics to enable multiple payment models.

## 5 Internet/Network Based

Services are delivered through use of Internet or broad network access.

Sources: GSA, NIST, and Gartner

These represent a fundamental shift in computing for most government agencies



# Why is Cloud confusing?

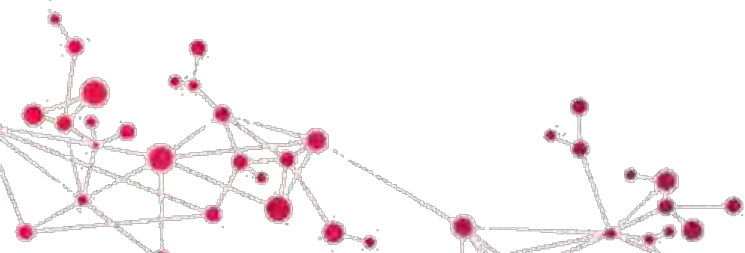
It is not the “what” but the “how”

## Cloud is not:

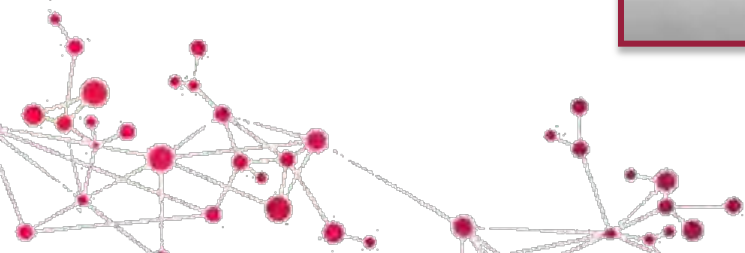
- New technology
- New architecture
- New methodology

Cloud is a new way of delivery that enables efficiency, agility and innovation

- Standards-based and platform neutral
- Agile and elastic
- Flexible – no commitment, no termination fees
- Transparent and accountable



# Questions/Discussion



# Contact Information

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## About the Presenter

- National Association of Chief Information Officers Security and Privacy Committee 2013
- IRS Electronic Tax Administration Advisory Committee (ETAAC) 2012-2014
- CIO Kansas DOR 11 Years
- FTA/IRS State Co-Chair TAG 2005-2007
- FTA/IRS State Co-Chair TAG Security Committee 2006-2008
- MTC Technology Committee Chair 2000-2008
- FTA National Service and Leadership Award in State Tax Administration 2008
- Kansas IT Security Council Co-Chair 2000-2008
- Experience with Local, State, Federal, and International tax agencies
- 32 Years in Information Technology Development, Management, and Leadership in State Government