OFFICE OF INNOVATION & TECHNOLOGY
FISCAL YEAR 2018 BUDGET TESTIMONY
APRIL 11, 2017

INTRODUCTION

Good afternoon, President Clarke and Members of City Council. I am Charlie Brennan, Chief Information Officer. Joining me today are Chris Donato, CFO, and Sandra Carter, Deputy CIO. I am pleased to provide testimony on the Office of Innovation and Technology's Fiscal Year 2018 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Office of Innovation and Technology (OIT) works to align information technology in support of the business of city government and to manage the City's technology assets efficiently and effectively. These efforts will enable the City of Philadelphia to become a more agile and innovative organization that is better able to provide quality services to all Philadelphians.

Plans for Fiscal Year 2018:

Overview

In FY18, the Office of Innovation and Technology (OIT) plans to continue oversight of all major information and communications technology initiatives for the City. OIT remains responsible for identifying the most effective approach for implementing new information technology throughout the City, improving the value of the City's technology assets and return on the City's technology investments, ensuring data security, planning for continuing operations in the event of disruption of IT or communications services, and supporting accountable, efficient, and effective government across City government.

OIT will manage a complement of seven service areas to further its mission and support the goals of the administration.

Strategic Priorities

1. Improve customer service and satisfaction
   - Better set customer expectations
   - Improve consistency of service delivery
   - Measure and manage performance

2. Gain better insightinto the City's long-term IT costs
   - Track and budget by service
   - Adopt an audit methodology on IT functions where possible to reduce costs

3. Streamline technology solutions through best practices and standardization
   - Standardize service offerings
   - Optimize resourcing of services and projects
   - Develop mobility services and standards
   - Improve infrastructure availability

4. Provide an innovation infrastructure to solve challenges in new ways
   - Facilitate and lead digital literacy programs
   - Support Smart Cities Initiatives

5. Cultivate a sustainable and talented workforce
   - Develop career paths and salary structures
   - Create strategic training plan (technical and professional)
   - Strengthen OIT HR

6. Formalize Organizational Maturity
   - Reinforce and improve IT processes
   - Prioritize and operationalize Gartner IT Score recommendations
   - Strengthen performance management to ensure continuous improvement

7. Elevate IT Governance throughout the City
   - Continue to develop and enforce enterprise architect standards
   - Risk and Compliance
   - Set city-wide standards for project prioritization and initiation

Major Service Categories

Automated & Digital Government – Services which automate and simplify business processes and workflow, and provide easy-to-use business intelligence tools.
- Economic Development Applications
- Enterprise Application Services
- Enterprise Database, Storage, Platform and Hosting
- Financial Applications
- Human Capital Management
- Legal Applications
- Public Safety Applications
- Transportation & Utilities Applications
- Web Presence Management
- Enterprise GeoData Management and Map Services

Business Protection – Services that protect the continuity of the City's business operations, and the confidentiality of the city's assets, systems, data and employee privacy.
- Business Continuity
- Information Security
- Risk Management

Collaboration & Communication – Services which enable staff and consultants to share information and work together in an effective, efficient manner on tasks, projects, and initiatives.
- Dispatch
- Email
- Enterprise Voice
- Instant Messaging
- Media & Events
- Mobile Communication Management

- Video Conferencing
- Enterprise and Public Web Mapping

Connectivity – Services which allow staff to access IT resources for local and remote sites and share information with business partners.
- On-Premise Access
- Remote Access
- Wireless Access

Innovation and Open Government – Services which make technology and information accessible and useful to Philadelphians and their communities, and provide an innovation infrastructure to solve urban challenges in new ways.
- Digital Inclusion & Access
- GeoData Analysis and Visualizations

Professional Services – Professional services which focus on planning, governing and managing IT investments, people and technologies to increase alignment with the business.
- Project Management
- Technology and Strategy Planning
- Vendor and Contract Management

Technology & User Support – Services which support various end-user technology resources, needs and requests.
- Account Management
- Desktop Management
- File and Print Management
- Service Center
- End User Device Management

Office of Innovation & Technology

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2016)*				
	Total	Minority	White	Female
Number of Full-Time Staff	357	215	142	127
Number of Civil Service-Exempt Staff	215	120	95	78
Number of Executive Staff (deputy level and above)	8	2	6	3
Average Salary, Full-Time Staff	$66,204	$65,139	$76,769	$69,094
Average Salary, Civil Service-Exempt Staff	$67,499	$68,022	$80,806	$72,837
Average Salary, Executive Staff	$136,661	$116,415	$143,415	$119,010
Median Salary, Full-Time Staff	$67,138	$64,437	$74,942	$67,275
Median Salary, Civil Service-Exempt Staff	$69,500	$66,620	$77,625	$70,000
Median Salary, Executive Staff	$142,815	$116,415	$142,830	$124,200

Employment Levels (as of December 2016)*		
	Budgeted	Filled
Number of Full-Time Positions	372	357
Number of Part-Time Positions	24	22
Number of Civil-Service Exempt Positions	230	215
Number of Executive Positions	8	8
Average Salary of All Full-Time Positions	$68,584	$66,204
Median Salary of All Full-Time Positions	$70,326	$67,138

*These figures represent all funding sources (General, Water, Aviation, Grant).

General Fund Financial Summary by Class						
	FY16 Original Appropriations	FY16 Actual Obligations	FY17 Original Appropriations	FY17 Estimated Obligations	FY18 Proposed Appropriations	Difference: FY18-FY17
Class 100 - Employee Compensation	$19,900,681	$19,807,002	$20,089,718	$20,368,638	$21,399,109	$1,030,471
Class 200 - Purchase of Services	$54,383,430	$39,618,139	$53,130,443	$46,879,885	$49,396,110	$2,516,225
Class 300 - Materials and Supplies	$958,080	$959,654	$1,104,460	$1,100,146	$1,433,893	$333,747
Class 400 - Equipment	$8,640,271	$4,538,735	$20,987,598	$21,237,802	$11,898,396	($9,339,406)
Class 500 - Contributions	$0	$3,242,043	$0	$0	$0	$0
Class 700 - Debt Service	$0	$0	$0	$0	$0	$0
Class 800 - Payment to Other Funds	$0	$0	$0	$0	$0	$0
Class 900 - Advances/Misc. Payments	$0	$0	$0	$0	$0	$0
	$83,882,462	$68,165,573	$95,312,219	$89,586,471	$84,127,508	($5,458,963)

Professional Services Contracts Summary						
	FY12	FY13	FY14	FY15	FY16	FY17 YTD (Q1 & Q2)
Total amount of contracts	$17,927,562	$16,988,604	$34,655,040	$19,015,288	$26,858,936	$7,688,989
Total amount to M/W/DSBE	$3,460,531	$2,437,542	$6,988,347	$4,732,056	$7,051,856	$1,525,938
Participation Rate	19%	14%	20%	25%	26%	20%

M/W/DSBE Contract Participation Goal			
	FY16	FY17	FY18
M/W/DSBE Contract Participation Goal	25%	25%	25%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2018 General Fund budget totals $84,127,508, a decrease of $5,458,963 over Fiscal Year 2017 estimated obligation levels. This net decrease is primarily due to a reduction of 911-related equipment from prior years.

The proposed budget includes:

- $21,399,109 in Class 100, a $1,030,471 increase over FY17. This funding will compensate OIT's employees performing various tasks which promote OIT's major objectives which are to: implement, manage and service information technology infrastructure that enables efficient and cost effective application solutions for City departments and improve efficiency and value of City information technology initiatives by providing best practices through ongoing oversight, support activities project management oversight and strategic planning.
- $49,396,110 in Class 200, a $2,516,225 increase over FY17.This funding will support ongoing capital projects in addition to supporting planning efforts on new capital projects. Class 200 funding develops and improves the delivery of City IT services and information. It provides ongoing centralized services and support for the IT infrastructure, data center, help desk, IT network (internet/intranet/WAN and PC desktop), cable TV, telecommunications, system software and maintenance, software development framework (best practices guidelines), and IT training. This funding will also maintain the City's Emergency 911 System.
- $1,433,893 in Class 300, a $333,747 increase over FY17.This funding will provide the Office of Innovation and Technology with the materials and supplies needed to efficiently function and maintain many of the department's objectives and ongoing daily operations, including those related to IT Infrastructure, Unified Communications and the 911 system.
- $11,898,396 in Class 400, a $9,339,406 decrease over FY17.This funding will provide major equipment and hardware to support many of the technical systems currently utilized such as Unified Communications and the Emergency 911 System. This funding also provides a replacement of outdated personal computers, printers, laptops, equipment and hardware related to ongoing maintenance associated with telecommunications and infrastructure throughout the City.

Office of Innovation & Technology

STAFFING LEVELS

The department is requesting 402 General, Water, Aviation and Grant Funded budgeted positions for FY18, of which 296 are General Fund positions, an increase of $1,030,471 over FY17. The increase is primarily attributed to citywide DC33 and exempt salary raises, and the addition of 911 staffing to support 911-related projects and initiatives.

NEW HIRES

New Hires									
	Total Number of New Hires	English	Gujarati	Hindi	Malayalam	Arabic	Spanish	Mandarin	Cantonese
Black or African American	3	3	0	0	0	1	0	0	0
Asian	5	5	1	2	1	0	0	1	1
Hispanic or Latino	2	2	0	0	0	0	1	0	0
White	8	8	0	0	0	0	0	0	0
Other			0	0	0	0	0	0	0
Total	18	18	1	2	1	1	1	1	1

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY18 Performance Measures				
Measure	FY16 Actual	FY17 YTD	FY17 Estimate	FY18 Target
Gartner IT Organization Maturity scores *				
Application Organization	2.2	N/A	2.5	2.7
Business Intelligence and Performance Management	2.6	N/A	2.9	3.2
Business Process	2.8	N/A	3.1	3.3
Enterprise Architecture	2.7	N/A	3	3.2
Infrastructure and Operations	2.2	N/A	2.5	2.7
Vendor Management	2.4	N/A	2.7	3.0
Information Security and Compliance	2.8	N/A	3.1	3.3
Availability **	99.70%	99.66%	99.70%	99.90%
9-1-1 Availability	99.92%	99.97%	99.90%	99.90%
Volume of Service Requests ***	66,860	32,472	66,860	N/A
Percent of customer issues closed within service level for time to resolve (% obtained from survey results) ****	70%	88%	85%	85%
Percent of customers satisfied with services provided ****	92%	92%	93%	90%
Percent of modernization projects on track	88%	75%	88%	90%

* This methodology enables IT organizations to evaluate their organizational maturity and benchmark themselves against other organizations. This is tabulated on an annual basis.

** Overall availability of Wide Area Network (WAN) and Internet, Website, Platform, and Applications. Current ability only allows OIT to measure availability of WAN and Internet and is computed as the average availability for Transparent LAN Service, T1s, and Internet.

*** The volume of service requests is a workload measure. No FY18 target available.

**** OIT expects a slight drop in satisfaction of support services as staff and users adjust to a newly consolidated system.

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY17											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total $ Value Participation - All DSBEs	Local Business? *(principal place of business located within City limits)*	Waiver for Living Wage Compliance?
Unitary	IT Staff Augmentation	$2,000,000	3/25/2015	11/1/2016	MBE: 20% - 35%	66.15%	$1,323,000	57%	$1,148,009	1 out of 24	No
					WBE: 20% - 35%	12.31%	$246,250				
					DSBE: 0%	0%	0%				
Unisys Corporation	PPD Message Switch Replacement	$1,938,353	12/31/2014	6/30/2016	MBE: 10% - 15%	5.57%	$107,947	8%	$155,068	No	No
					WBE: 10% - 15%	2.63%	$50,904				
					DSBE: 0%	0%	0%				
Computronix, Inc.	L&I eCLIPSE Project	$1,599,673	7/4/2012	4/1/2016	MBE: 20% - 25%	14.74%	$235,792	19%	$311,456	No	No
					WBE: 20% - 25%	4.73%	$75,665				
					DSBE: 0%	0%	0%				
Mission Critical Partners	911 Management and Consulting	$1,250,000	9/26/2016	4/1/2017	MBE: 15% - 20%	0%	0%	15%	$190,000	No	No
					WBE: 5% - 10%	15.20%	$190,000				
					DSBE: 0%	0%	0%				
Revenue Solutions, Inc.	Implement Tax Delinquency Data System	$1,108,317	5/24/2013	2/2/2017	MBE: 15% - 20%	0%	0%	8%	$91,864	No	No
					WBE: 15% - 20%	8.29%	$91,864				
					DSBE: 0%	0%	0%				

Office of Innovation & Technology

EMPLOYEE DATA

Staff Demographics (as of December 2016)					
Full-Time Staff			**Executive Staff**		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
Total	86	61	Total	0	2
% of Total	24%	17%	% of Total	0%	25%
Average Salary	$61,548	$65,591	Average Salary	-	$116,415
Median Salary	$55,000	$60,000	Median Salary	-	$116,415
	White	White		White	White
Total	104	38	Total	5	1
% of Total	29%	11%	% of Total	63%	13%
Average Salary	$78,922	$70,878	Average Salary	$147,258	$124,200
Median Salary	$77,910	$70,000	Median Salary	$142,830	$124,200
	Hispanic	Hispanic		Hispanic	Hispanic
Total	12	0	Total	0	0
% of Total	3%	0%	% of Total	0%	0%
Average Salary	$62,128	-	Average Salary	-	-
Median Salary	$64,025	-	Median Salary	-	-
	Asian	Asian		Asian	Asian
Total	23	23	Total	0	0
% of Total	6%	6%	% of Total	0%	0%
Average Salary	$66,942	$74,439	Average Salary	-	-
Median Salary	$69,526	$77,338	Median Salary	-	-
	Other	Other		Other	Other
Total	5	5	Total	0	0
% of Total	1%	1%	% of Total	0%	0%
Average Salary	$69,011	$73,678	Average Salary	-	-
Median Salary	$74,742	$74,742	Median Salary	-	-
	Bilingual	Bilingual		Bilingual	Bilingual
Total	25	18	Total	0	0
% of Total	7%	5%	% of Total	0%	0%
Average Salary	$68,357	$69,509	Average Salary	-	-
Median Salary	$69,726	$74,669	Median Salary	-	-
	Male	Female		Male	Female
Total	230	127	Total	5	3
% of Total	64%	36%	% of Total	63%	38%
Average Salary	$70,639	$69,877	Average Salary	$147,258	$119,010
Median Salary	$69,726	$67,275	Median Salary	$142,830	$124,200

NUMBER OF BILINGUAL EMPLOYEES

	Malayalam	Hindi	Tamil	Mandarin	Cantonese	Polish	French	Spanish	Bengali	Urdu	Hebrew	Japanese	Gujarati	German	Italian	Russian	Amharic	Arabic	Vietnamese	Telugu	Tagalog
Airport								1													
Application Dev	1	1	1	1												3					
Communications								3									1				
Database	1	1		1	1																
GSG						1	1	1													
Infrastructure	2	2					1	1													
ISG							1														
OHR		1							1									1			
OIT Finance				1										1							
OPA																1					
PMO							1														
Public Safety							2	3			1	1							1		
Revenue								1										1			
Streets	1	1																			
Support Center		1								1											
Water	2	1		1	2		1	1				1		1	1	1			1	1	1
WCS		1											1								1
Total - All Divisions	7	9	1	4	3	1	7	10	1	1	1	2	1	2	1	5	1	2	2	1	2

Total - # of Bilingual Employees	64
Total - # of Languages Spoken	21