

MEMORANDUM

April 3, 2014

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. Staff recommends the **adoption of the Executive's recommended FY15 budget for Device Client Management for \$5,661,200.**

Discussion

The Device Client Management program (DCM) is part of the Non-Departmental Accounts budget; the FY15 recommendations for DCM are on © 1-2. Note that this item has been called Desktop Computer Modernization since inception. It has been renamed this year in order to better align with current industry trends and County uses.

The DCM budget is requesting an additional \$346,170 to add to their FY14 base of \$5,315,030. The items making up this increase are all licenses or license maintenance agreements to bring County systems to current standards in two vital areas: cyber security; and migration from Windows XP to Windows 7. There are no FTEs throughout the NDA budget, as the personnel costs are all distributed within the DTS budget that will be reviewed in the GO #4 "Technology Services" worksession.

After several years of cutback budgets, the average age of desktop and laptop computers increased to the point where concern about the efficiency and even cyber safety of the equipment was in question. In FY12, a significant additional investment was made in a rejuvenated DCM program; this was continued in FY13 and FY14, thus bringing the average age of equipment down to acceptable levels and providing a range of improved user benefits with the modern devices, their operating systems, and applications. In addition, the last two years has seen the introduction of tablets, smart phones, and other modern

technologies that improve customer service delivery and make County employees able to provide faster, more accurate results in their offices and in the field (see answers to Question 2, below).

Currently, the high number of Windows XP systems on County computers (28%) is still of concern. Microsoft will no longer offer support for machines running this outdated system, and this presents major security concerns. In addition, many new applications will no longer run on this outmoded platform. In order to gauge progress made and ensure that the FY15 DCM program can address current threats, a series of questions was posed. These questions, and DTS answers, are provided below.

1. Council Staff question: Windows, Office, web browser and other IT platforms needed for everyday work are outdated. Show explicit DCM allocations assigned to each.

- *One of the DCM program's top priorities for FY15 is to complete the replacement of all primary seat systems that are still running the Windows XP operating system. Microsoft will end support for Windows XP in April, 2014. As of March, 2014, Windows XP systems comprised 28% of all County primary seat systems, with the balance, 72%, already updated to a current operating system, Windows 7. DCM expects to complete the replacement of all Windows XP primary seat systems by the end of FY15 within the CE's recommended FY15 budget.*
- *DCM was forced to suspend systems replacements for nearly 2 years during the "Great Recession" due to severe budget limitations. It is imperative that the County complete the replacement of these Windows XP primary seat systems. Replacing these Windows XP systems will also help address needed upgrades to more current versions of other IT platforms (i.e. MS-Office, web browser).*
- *The table below provides the FY15 budgeted allocations for (1) Hardware Acquisitions, (2) DCM Support Services, (3) Software Licensing and Maintenance, and (4) Public Safety*

<i>Item</i>	<i>FY15 Budget Allocation</i>
<i>Hardware Acquisitions*</i>	<i>\$2,313,575</i>
<i>DCM Support Services</i>	<i>\$2,071,712</i>
<i>Software Licensing & Maintenance</i>	<i>\$987,223**</i>
<i>Enterprise Systems Replacements</i>	<i>\$288,690</i>
<i>Total</i>	<i>\$5,661,200</i>

** Includes PCs, Laptops & Work Stations. DCM estimates replacement of 2,350 primary seat units during FY15.*

*** Includes \$346,170 increase in FY15 for Windows, Help Desk, and Device Management software licensing.*

2. Council Staff question: Please provide a summary of 3-year experiences with tablet innovations.

- *County Departments have adopted the use of tablets, both County provided and personally owned, as secondary systems to supplement DCM managed desktop or laptop primary seat systems. By and large, most Departments continue to view tablets as content consumption rather than content creation devices. Some Departments are continuing to evaluate the use of tablets by specific workers to be used as their primary systems while in the field, for example.*
- *DCM continues to work with Departments to identify opportunities to leverage tablets as replacements for traditional desktop or laptop computers, where appropriate.*

- *DCM offers Departments 8 different systems acquisition options, including: a traditional desktop computer; 3 laptops (mainstream, high-end, and light-weight); 3 advanced tablets (convertible, combination, and light-weight); and 1 traditional tablet. Prices vary depending on factors such as options selected and discounts applied to volume purchases. A full list of options is available on the DCM web site on the County employee intranet.*
- *DTS acknowledges the growing use of mobile technologies in the workplace and has implemented several programs to support this trend. These include, but are not limited to:*
 - *On a quarterly basis, DTS provides employees with access to a Mobile IT Help Desk. To date, over 250 employees have taken advantage of this program which provides employees with assistance with their mobile devices and other IT issues.*
 - *DTS's Virtual Private Network (VPN) accommodates access from multiple mobile devices and platforms.*
 - *Currently, over 4,000 mobile devices are configured to connect to the County's current on premise e-mail system. The new Cloud-based e-mail service will provide additional support for mobile devices and platforms.*
 - *DCM created and supports a Mobile Technology Support Web Site (<http://mobility.montgomerycountymd.gov/>) that provides support and resources to County employees.*
 - *DTS continues to expand WiFi capabilities in County facilities.*
 - *DTS is currently in the process of re-competing its Support Services Contract with the goal of providing employees with enhanced support for mobile devices and platforms.*

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	606,256	1.00
Increase Cost: FY15 Compensation Adjustment	9,202	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	-2,491	0.00
Decrease Cost: Biennial Conference Center Audit	-50,000	0.00
FY15 CE Recommended	562,967	1.00

Consolidated Retiree Health Benefits Trust (MCPS)

This NDA provides consolidated funding for Montgomery County Public Schools' contribution to the Retiree Health Benefits Trust.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	83,700,000	0.00
Decrease Cost: Implementation of Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015	-25,393,000	0.00
FY15 CE Recommended	58,307,000	0.00

Consolidated Retiree Health Benefits Trust (Montgomery College)

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

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	2,372,000	0.00
Decrease Cost: Implementation of Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015	-398,000	0.00
FY15 CE Recommended	1,974,000	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 Users Program.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	796,668	0.00
Increase Cost: Annual Membership Dues	19,741	0.00
FY15 CE Recommended	816,409	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).

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	72,710	0.00
Increase Cost: NACo Membership Dues	2,018	0.00
FY15 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.

For FY15, the recommended budget includes funding to continue the scheduled replacement of desktop computers. Microsoft's Windows XP operating system is at the end of its lifecycle and will not be supported beyond April, 2014. Windows 7, Microsoft's new operating system, requires more robust hardware to operate correctly. Old systems will not work properly with the newest systems (without significant support requirements, expanding support resources) across the network resulting in degraded interoperability and communications. Risk of computer security incidents and compromise will increase, without proactive remediation and modernization. Systems operating Windows XP will not receive any security or product updates when support ends. This makes them highly vulnerable to malicious attacks and presents a security risk to the organization.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	5,315,030	0.00
Increase Cost: RemedyForce Software License Maintenance	120,000	0.00
Increase Cost: DarkPoint Malware Remediation Software License Maintenance	100,000	0.00
Increase Cost: Windows 7 Pro Enterprise additional licenses	73,170	0.00
Increase Cost: Windows 7 Pro Enterprise license maintenance	53,000	0.00
FY15 CE Recommended	5,661,200	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.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	20,000,000	0.00
FY15 CE Recommended	20,000,000	0.00

Grants to Municipalities in Lieu of Shares Tax

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was eliminated, and a provision was adopted which requires counties to pay annually to municipalities the amount (\$28,020) which had been received by the municipalities in FY68.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	28,020	0.00
FY15 CE Recommended	28,020	0.00

Group Insurance for Retirees

Group insurance is provided to an estimated 5,098 retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed.

The budget does not include employer contributions from participating outside agencies.