

# Appendix 2: Project Management Plan, Quality Assurance Plan, and Staffing Plan for Information Technology Transformation at the Department of the Interior

McKinsey & Company, Inc. Washington D.C.

Submitted: June 8, 2011

In response to Request for Quotations (RFQ) No. D11PS18894  
Under McKinsey GSA MOBIS Schedule GS-10F-0118S

The information specifically identified on pages 1 through 19 of this proposal/quote constitutes trade secrets or confidential commercial and financial information which the offeror believes to be exempt from disclosure under the Freedom of Information Act. The offeror requests that this information not be disclosed to the public, except as may be required by law. The offeror also requests that this information not be used in whole or part by the Government for any purpose other than to evaluate the proposal/quote, except that if a contract is awarded to the offeror as a result of or in connection with the submission of the proposal/quote, the Government shall have the right to use the information to the extent provided in the contract.

*This proposal is contingent on the Parties reaching mutually agreeable terms and conditions and upon acceptance of any limitations described herein.*

# Contents

- 1. Project Management Plan**
- 2. Communication and Coordination Scheduling**
- 3. Staffing Plan**
- 4. Quality Assurance Plan**
- 5. Tools and Techniques**

## 1. PROJECT MANAGEMENT PLAN

We will utilize McKinsey's Information Technology Transformation (ITT) project framework to build the detailed implementation plans to deploy the ITSM model. This framework was developed base on hundreds IT engagements in the public sector and the private sector. In our experience, a successful IT transformation not only addresses the technical elements of a transformation, but it also focuses on the cultural and people elements of change management, placing considerable emphasis on developing a communicating a compelling message for change, generating early value for the business, role modelling for front-line employees, developing a rigorous performance management system.

Our proposed ITT methodology has been designed to address DOI's required 11 deliverables and move quickly to begin delivering value prior to the end of the 6 month period of performance. First, we would utilize our off-the-shelf tools to quickly gather information and develop hypotheses. For example, our interview guides and assessment templates help to focus questions on key issues. We use a hypothesis-driven approach that allows us to rapidly identify the most critical elements based on patterns we have seen repeatedly in similar situations. Finally, our collaborative interactions with internal employees and leaders, as well as IT vendors as appropriate, would help us both find the optimal solutions for DOI's environment and also lay the ground work to begin the change management process.

As we kick off the project, we would develop the detailed project plan and collaborate with key DOI stakeholders to ensure end-to-end alignment on key activities, milestones and delivery dates. Ultimately, the DOI team will be tasked with executing these detailed project plans, and tight collaboration throughout the engagement will ensure the DOI team will have the knowledge and capabilities to support this effort over time. As we complete our detailed planning effort across the 11 deliverables, we would finally assemble a fully integrated project plan and timeline that ties the deliverables together into a coherent document that would be used to manage the effort moving forward.

Our approach is focused on delivering impact for DOI. Our approach ensures that our conclusions are:

- **Feasible and practical.** We spend time throughout understanding and analyzing the context, constraints and capabilities (e.g., budget situation, personnel skills), and consider these when devising recommendations. Extensive involvement of our senior leadership assures a highly pragmatic lens is applied to our recommendations before they are finalized.
- **Able to deliver substantial impact.** Our 80-year history as one of the leading strategy consulting firms allows us to bring a strategic, impact-oriented approach to recommendations. We will not make recommendations that are technically interesting but fail to help DOI deliver its mission.

## Scheduling of tasks, meetings and deliverables

This effort has eleven specific deliverables. We propose an overall timeline of 20 weeks to complete the effort outlined in the RFQ. We have provided more detailed timeline for each workstreams and deliverables in the attached project plan. The table below shows deliverables and completion dates:

Table 1: Project deliverable timelines

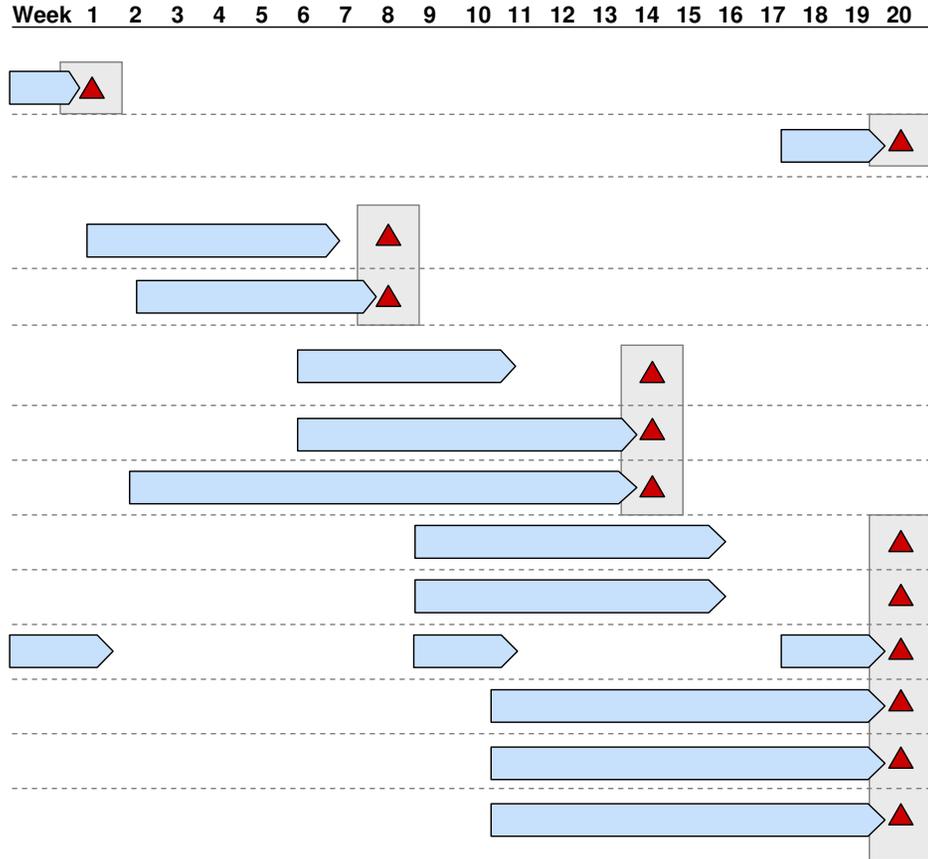
SN	Task	Due week*
<b>Task 1.1</b>	Initial IT Transformation Project Plan	1
<b>1.2</b>	Integrated Final Plan	20
<b>Task 2.1</b>	Initial IT Service Portfolio and IT Service Catalog	8
<b>2.2</b>	Process and criteria for identifying and prioritizing new elements of the IT Service Catalog	8
<b>2.3</b>	Detailed IT Services Lifecycle and Governance Model to include performance management and measurement	14
<b>2.4</b>	Financial Modeling Templates and Chargeback Models to support unit-based pricing for services	14
<b>2.5</b>	Management Structure, Roles and Responsibilities	14
<b>2.6</b>	Enterprise Asset Management Implementation Plan	20
<b>2.7</b>	Enterprise Service Desk Implementation Plan	20
<b>2.8</b>	IT Transformation Communications Strategy	20
<b>2.9</b>	Organization Change Strategy	20
<b>2.10</b>	Data Center Consolidation Strategy to allow DOI to address requirements defined by the Federal Data Center Consolidation Initiative (FDCCI)	20
<b>2.11</b>	Sourcing and Acquisition Strategy that supports the OMB "Cloud First" directive.	20

\* Indicates weeks after the launch of the full team

# DOI IT Transformation – Project plan

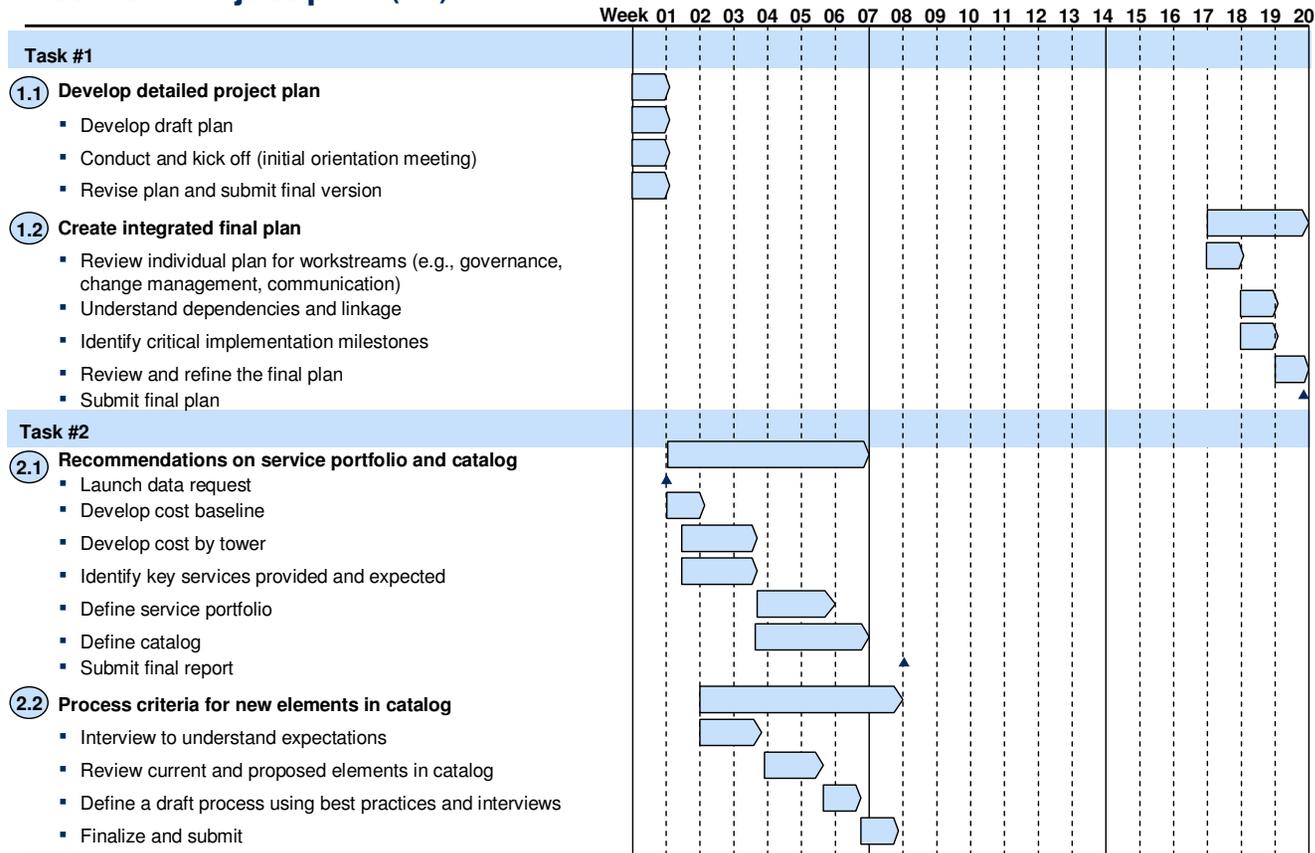
 Development of deliverable  
 Delivery of final deliverable

## Task and deliverable



McKinsey & Company

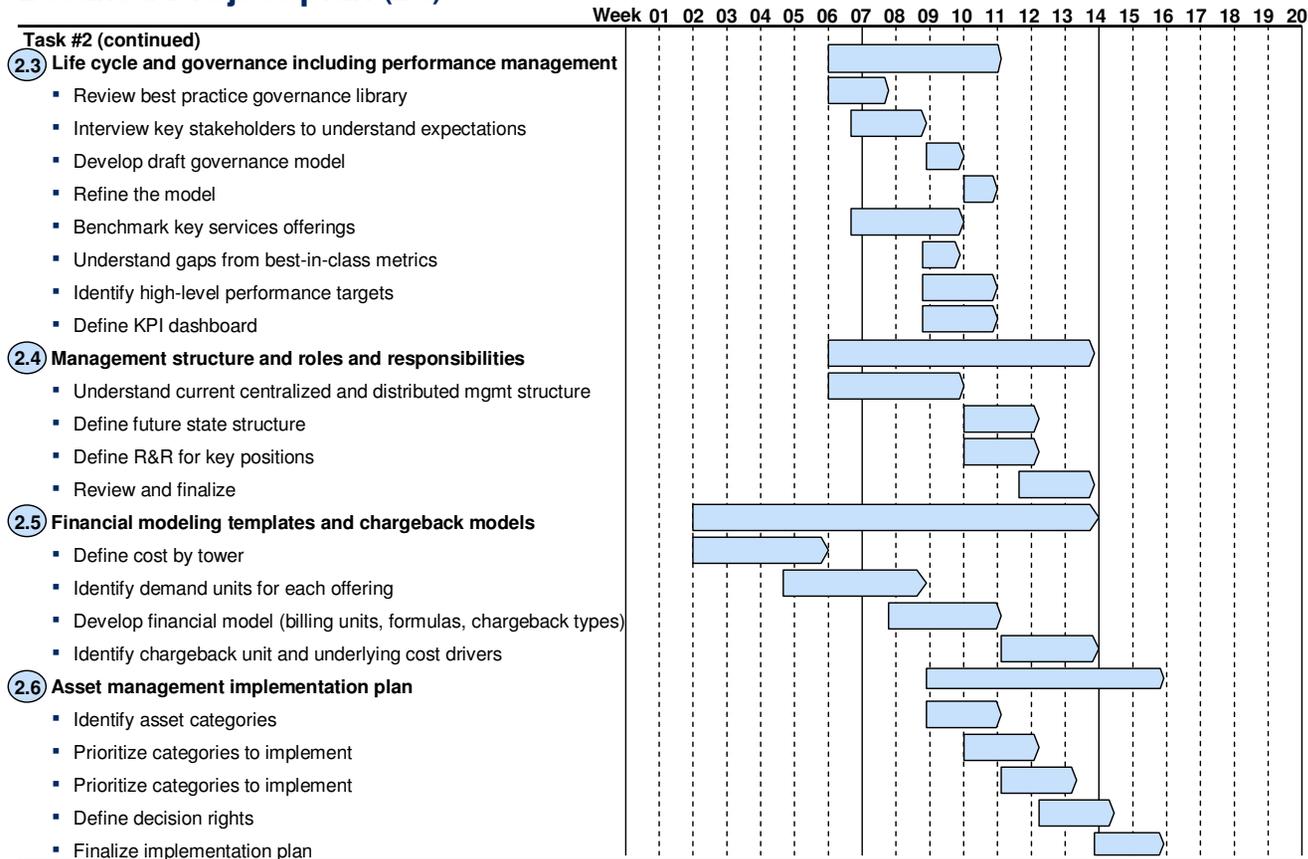
# Detailed Project plan (1/3)



SOURCE: McKinsey

McKinsey & Company

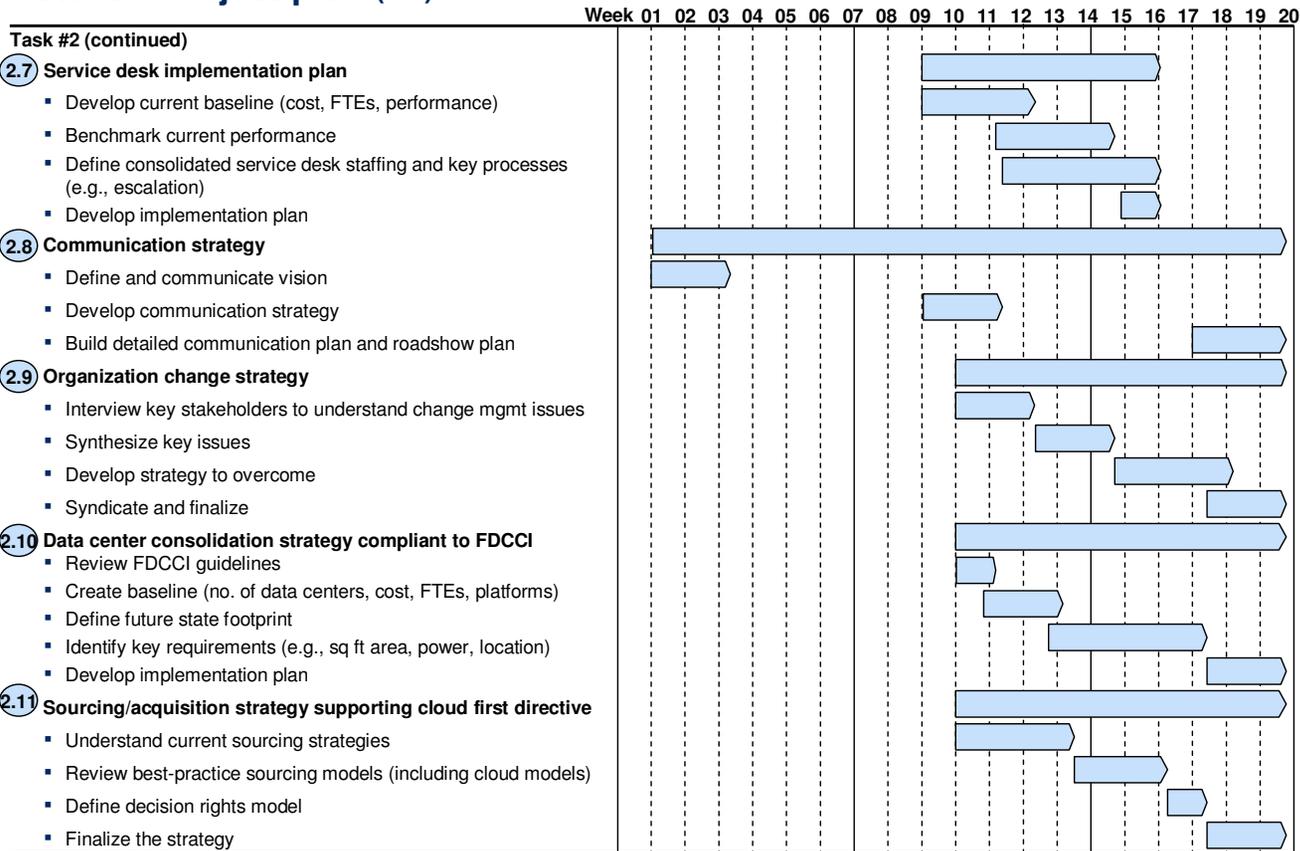
## Detailed Project plan (2/3)



SOURCE: McKinsey

McKinsey & Company

## Detailed Project plan (3/3)



SOURCE: McKinsey

McKinsey & Company

## 2. COMMUNICATION AND COORDINATION MECHANISMS

Our team will communicate regularly and clearly with DOI. We plan to use the following communication methods on this project:

- **Bi-weekly meetings.** Bi-weekly status updates to share findings, pressure-test emerging hypotheses, and agree on the way forward along with any additional meetings the leadership feels necessary.
- **Deliverables.** In addition to sharing findings and recommendations verbally, we would provide paper and electronic copies of all the deliverables specified in the RFQ. We will provide early drafts of deliverables before they are due so that DOI team members can provide input.
- **Proactive communications.** One of the McKinsey partners would engage at least weekly with key Department leaders to review project progress and identify any issues.
- **Leadership meetings.** Our leadership meets regularly with the working teams to share information and guide the teams' thinking and approaches
- **Daily working team meetings.** All members of the team would meet daily to ensure alignment, and that all information is being effectively shared across the various part of the engagement that are occurring simultaneously

Regularly scheduled meetings are one of the key ways we stay on track. We identify issues early on, and develop a plan to address them (including reallocating resources or increasing the use of our experts). The project manager and core leadership continue to monitor any issue until it is resolved.

### 3. STAFFING PLAN

The team configuration for this effort would consist of a working team of four full-time consultants, a project manager, core leadership team and an expert panel including dedicated IT Transformation experts.

- **Core leadership and key personnel.** A team of McKinsey partners and leaders with extensive relevant experience would review all work, ensure high quality output, and bring relevant expertise to the project. The leadership team will be deeply involved in the content of the work, including participating in all key meetings. Our core leadership team includes Jon Wilkins, Steve Kelly, Andrew Sellgren, and Ankur Ghia. Ankur Ghia will also serve as the Project Manager for this entire effort.
- **Working team.** Our working team is carefully designed to meet the unique requirements of each task and each team member would bring expertise germane to the specific needs of the project. Two to three consultants would be dedicated full-time to this project. One member of this team would serve as the working team lead and would provide quality control, synthesize and develop end products and constantly maintain an integrated view across the workstreams to account for interdependencies and connections.

The other consultants would be dedicated to specific workstreams and activities as detailed in the project plan. One team member would focus on the technical aspects of the work including developing services portfolio, service catalog, SLAs, chargebacks, process and criteria to evaluate new services. This person would also develop data center and cloud sourcing strategy. Another member of the team would focus on the governance, change management, communication, management structure and roles & responsibilities. We will select an appropriate team based on the project's start date, and matching the best qualified consultants at that time. We have provided four representative resumes (in Appendix 3 - Key Personnel) to illustrate the types of working team we would staff to this project.

The DOI team, in addition to the McKinsey team, will also be included as part of the broader working team. Their role will be critical in helping to design/refine the detailed implementation plans and help navigate the organization. We have also found that having close collaboration with the client team allows for a seamless transfer of knowledge and eases the transition to the implementation phase of the IT Transformation effort.

- **Expert panel.** McKinsey experts would provide specific expertise based on their experience on related topics. These topics include IT shared services, service portfolio and catalogue, chargeback models, change management, IT governance, organizational transformation, and IT infrastructure (data center, cloud computing, support desk). We have specifically selected a panel of experts, who collectively have been involved in scores of IT transformation in both public and

private sector. Jinsook Han, Will Forrest, James Kaplan, Chandru Krishnamurthy, and Anupam Mishra, and Garrett Ulosevich would share time with the team on an ongoing basis.

The following table shows the areas of expertise of the core leadership, experts and the representative working team, which would be extensively used in this assessment. We can also draw upon our experience from across the globe and across public sector for a range of topics.

**Table 3: Mix of expertise across the proposed staff**

	Public Sector/DOI	IT Service Management	Change Management in Public Sector	IT Service Portfolio	IT Governance	IT Organization	IT Infrastructure
<b>Core leadership</b>							
<b>Ankur Ghia</b>	✓			✓	✓		✓
<b>Steve Kelly</b>	✓	✓				✓	
<b>Andrew Sellgren</b>	✓		✓		✓		
<b>Jon Wilkins</b>	✓		✓				
<b>Experts</b>							
<b>Jinsook Han</b>			✓		✓	✓	
<b>Will Forrest</b>		✓				✓	✓
<b>James Kaplan</b>		✓	✓				✓
<b>Chandru Krishnamurthy</b>			✓	✓	✓		✓
<b>Anupam Mishra</b>	✓			✓			✓
<b>Garrett Ulosevich</b>	✓		✓				
<b>Working Team</b>							
<b>Shivani Garg</b>	✓		✓				
<b>Molly Lindsay</b>			✓		✓		
<b>Eric Nichols</b>	✓	✓		✓		✓	✓
<b>Rishi Roy</b>		✓		✓			✓

## 4. QUALITY ASSURANCE PLAN

Consistent with our business philosophy, we have developed an approach to managing our engagements with the government that promotes high-quality deliverables and minimizes the risks to the government.

McKinsey's quality control methods have six elements, which we would include in our work for the DOI to provide high-quality products and services.

- **Heavy leadership involvement in our teams.** A hallmark of our consulting approach is the intense involvement of our partners on our engagement teams. Our partner to consultant ratio is 1:6, in contrast with the industry norm of 1:20 or even much higher. As a result, our partners can – and do – take responsibility for individually reviewing the quality of all the deliverables we produce on an engagement. Our partners have deep experience and expertise in the engagements they lead, which gives them the ability to structure the problem solving optimally, spot anomalies in any results, and help the team understand how various solutions would likely work in practice.
- **Close collaboration with our clients – in project design and during project execution.** We work hand-in-hand with our clients. Our consulting model requires substantial interactions between our clients and our personnel. In most cases, we work with our clients day-to-day, in their offices, in addition to having more senior-level progress reviews. At the outset of projects, we invest considerable time working with our clients on the design of projects to ensure that they are designed to achieve the client's objectives. Throughout each project, we maintain a high level of collaboration to ensure that we remain focused on our client's actual situation and constraints. As a result, we do not experience the problem of developing a "solution," only to find that it does not match our client's circumstances.
- **Underpinning methodologies, including a fact-based problem solving approach.** Our work is underpinned by methodologies grounded in thousands of engagements performed with leading organizations around the world. Having our team members use these repeatable, established methods helps ensure high-quality products and services for our clients. One critical aspect of how we work is our fact-based approach to solving our clients' problems. We immerse ourselves in our clients' data, so that we identify the actual root causes behind problems and solutions based on information, rather than opinion. We are not constrained by what our clients have done in the past or by our own "off the shelf" methodologies. By grounding our work in the facts and by being methodical in our analysis of those facts, we can ensure that our clients have an informed basis for making decisions.
- **Project management.** We build quality control into our regular project management, e.g., through team meetings, leadership meetings, and progress reviews with clients. The leadership meets with teams at least twice weekly to share information, guide problem-solving, challenge progress and hypotheses, identify and resolve potential issues, and ensure that all activities are impact-focused. Also, one of the McKinsey partners meets at least weekly with our client executive to review project progress.

- **Regular performance reviews, with flexibility to change course.** We have established processes for reviewing the quality of our client service and the performance of individual consultants. We apply these processes to ensure the continuous improvement of our work for all of our clients worldwide. In our reviews, we also learn about changes in the demands of the project or by changes in the legal, political and budgetary environments, so that we can – as appropriate – make any mid-course adjustments and changes to the work plan. The ability to respond to new information also helps us ensure that our deliverables reflect our clients’ current needs. We recognize some pieces would require some different analyses than we expect at the start and we are prepared to adjust accordingly.
- **Staffing.** We staff teams to provide the greatest impact in each client situation. Core personnel and leadership who have deep IT Transformation knowledge and extensive experience working with the Department and/or other federal government agencies. Working team members would be skilled in multiple areas needed for this engagement. More details on our staffing approach are provided below in the Staffing Plan section.

Although the primary way in which we control for quality is through prevention, we also recognize that, despite our best efforts, there is a possibility that a problem could arise during the course of our work. We would **identify** any deficiencies in our work for the government by reviewing our work products in detail with our clients. As mentioned above, we hold regular progress reviews with our clients to update them about our findings and recommendations; we also discuss methodologies, findings, other research used (e.g., best practices), and the rationale for our recommendations. Our clients can question or challenge our findings and recommendations and, if they find deficiencies in the work, we take immediate action to correct those deficiencies.

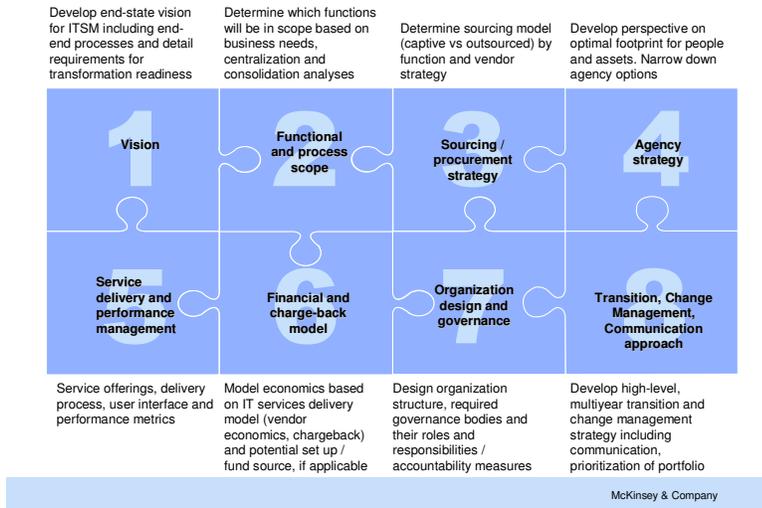
To **correct** any deficiencies in the quality of our work, we would work with the client to understand what had caused the deficiency (e.g., a problem in the data set, a mistake in the analysis). We would then redo that portion of the work, have a thorough internal review with our leadership team, and, once we were satisfied, review the revised work with the client.

Because we perform our work on a firm fixed price basis, we are required to fulfill the objectives of the project to meet our contractual requirements and to justify billing the government. To the extent that we need to correct any deficiencies in our work, we assume responsibility for doing so, regardless of the additional time or resources required to make this correction. As discussed in our price proposal, by engaging us, the government reduces its own risks associated with this effort, since we assume any risks for deficiencies in our own work.

## 5. TOOLS AND TECHNIQUES

Completing the eleven deliverables involves using our set of proprietary tools within our Information Technology Transformation (ITT) project framework.

### IT shared services transformation strategy – 8 key elements



Below, we list examples of tools within this framework that we will use for the project. Depending on the project needs, we would deploy additional tools and techniques as we begin conducting our detailed implementation planning effort:

**Structured interview guides** – We have a standard set of interview guides and templates to help us fully understand the current IT environment and the unique needs of IT end users across DOI. We would leverage these guides but tailor our questions to be targeted based on our considerable knowledge of DOI from our prior work at MMS and FBMS.

**Data gathering templates** – Standard data templates are used to ensure comprehensive and consistent collection of IT performance data across various groups. These templates will gather data about IT assets, performance, staff and budgets. Using standard templates allows us to consistently track IT performance across the various groups within DOI, and it allow allows us to compare the current IT environment to the public and private sector .

Data gathering templates

SCREENSHOT EXAMPLE

**Headcount mapping templates**

Headcount mapping worksheet

Headcount in existing taxonomy							Allocated headcount		
Validation	Entity code	Description	Emplo yee	Contra ct	Our sourced	TOTAL	Main frame	Unix servers	Intel servers
		<b>Budget in "Infrastructure"</b>	23	10	0	41	15	2	2
OK	EXAMPLE	Example Security	0	5	5	10	2	2	2
OK	EXAMPLE	Example Core System	20	5	3	28	13	0	0
Not stated		(Optional) Enter reference for area (e.g., cost center rollup)							
Not stated									
Not stated									
Not stated									
Not stated									
Not stated									

**Performance metric calculation templates**

Data

Mainframe	
Total headcount	15.0
Total budget	\$ 10,000
Total labor budget	
Total HW budget	
Total SW budget	
Other non-labor budget	
Total installed MIPS	
Average MIPS used	
Peak MIPS used	
MIPS CAOR (FAST 5 YRS)	
Average utilization	
Average daytime util (6AM - 6PM)	
# Systems	
# Mainframes	
# LPARS	
# Locations	
What software is running	Provide file
Any specialty processors?	Enter in notes section

**Budget mapping templates**

Budget mapping worksheet

Budget - labor, vendor, and assets				Allocated budget in assessment taxonomy - labor, v					
Validation	Entity code	Description	Annual budget (\$ Thousands)	Main frame	Unix servers	Total servers	Storage	Desktop	Help desk
		<b>Budget in "Infrastructure"</b>	15,000	10,000	1,000	1,000	1,000	1,000	1,000
OK	EXAMPLE	Example Security	5,000	1,000	1,000	1,000	1,000	1,000	1,000
OK	EXAMPLE	Example Core System	10,000	9,000					
Not stated									
Not stated									
Not stated									
Not stated									
Not stated									
Not stated									
Not stated									

**Benchmarking database** – McKinsey has a proprietary database of quantitative and qualitative benchmarks. These benchmarks address both effectiveness and efficiency of IT. We have built this robust data base of IT benchmarks over the course of thousands of engagement in the private and public sectors. Our experience allows us to select appropriate benchmarks that meets DOI’s unique conditions (e.g., current decentralized organization) and use those comparable benchmarks to identify areas of opportunity for DOI to improve their efficiency and effectiveness.

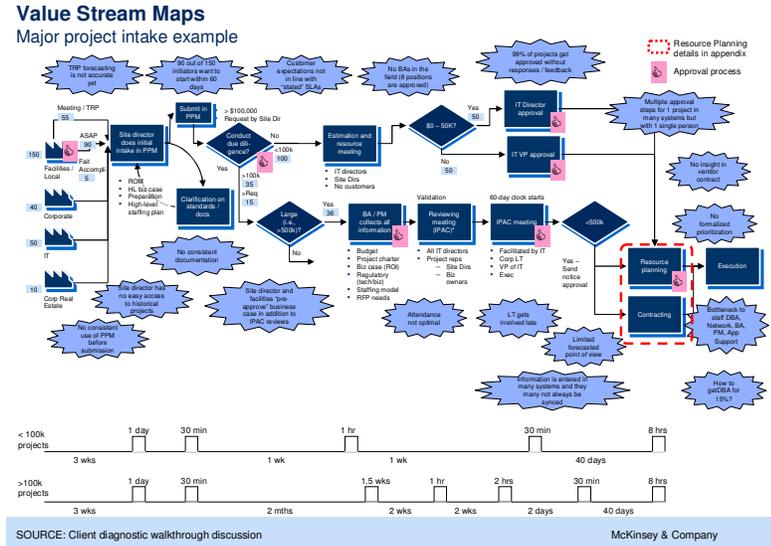
Benchmarks (public and private sector)

**TABLE OF CONTENTS**

- I. User-satisfaction
- II. Infrastructure – cost and performance assessment
  1. Mainframe
  2. Unix
  3. Intel
  4. Storage
  5. WAN
  6. LAN
  7. Voice
  8. Desktop
  9. Helpdesk
  10. Collaboration
- III. Operational processes – comparison to best practice
  1. Demand management
  2. Org and governance
  3. Architecture
  4. Processes
  5. Footprint
  6. Sourcing

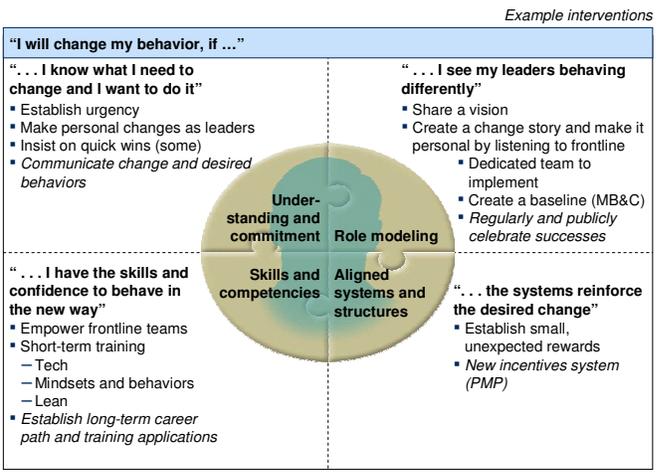
Current situation	Assessment	Considerations
<b>Budget (\$M):</b> 50 - Labor: 15 - HW: 20 - SW: 20 - Facilities: 10 - Other: 5  <b>Raw storage (TB)</b> - SAN T1: 100 - SAN T2: 100 - NAS T1: 200 - NAS T2: 200 - Backup: 1000  <b>Server disk (TB)</b> - Internal: 100  <b>Business data (TB)</b> - SAN T1: 20 - SAN T2: 20 - NAS T1: 40 - NAS T2: 40 - Backup: 1000  <b>Tape backup</b> - Nightly: increm - Weekly: full - Monthly: full - Retained: 7 years  <b>Comments:</b> No clear DR strategy for storage;	<b>TCO/TB of raw storage (\$)</b>  <b>% of business data on Tier 1</b>  <b>TCO/TB Tier 1 raw storage (\$)</b>  <b>Storage allocation Percent</b>  <b>Storage utilization Percent</b>  <b>TB/support FTE</b>  Client (light blue) Best-in-class (dark blue)	<ul style="list-style-type: none"> <li>• Qualitative explanations of performance</li> <li>• Root causes of variance with benchmarks</li> <li>• Potential improvement opportunities</li> </ul>

**Value stream mapping** – Value Stream Mapping (VSM) is a part of McKinsey’s Lean Diagnostic, that allows us understand an end-to-end process to assess its effectiveness. We would use value stream mapping in this engagement to map the detailed process sets within key IT activities, such as the Asset Management processes or Service Desk workflow.



**Influence model** – This tool from our Organization and Change Management practice allows us to develop detailed strategies to influence stakeholders in multiple ways in order to ensure the IT Transformation changes are adopted and sustained over time. In this engagement, we would use the influence model to create the organizational change strategy and determine the key actions needed to drive adoption for IT Transformation and the shared services model.

**Influence Model**



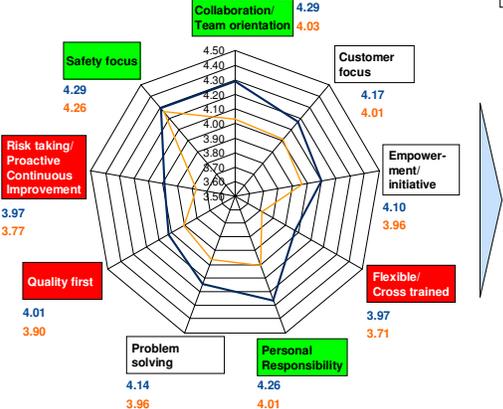
**Mindsets and Behaviors (M&B) Surveys** – Our M&B surveys are used to determine which key areas are most important to stakeholders. Many times, the underlying, core issues may not emerge from interviews alone, but will often appear in survey results. In this engagement, we would use these surveys to understand stakeholder perceptions of IT Transformation and use the results from these surveys to create a targeted change management plan.

**The Mindset Behavior survey**

Overview of mindsets and behaviors assessment  
Average across all teams, N=151 data center operations employees

CLIENT EXAMPLE

**Assessment type:**  
— 4.29 Self assessment  
— 4.26 Assessment of supervisors/management



**Self assessment survey results show**

- High scores in following mindsets:
  - Safety focus
  - Collaboration / team orientation
  - Personal responsibility
- Lagging scores around following mindsets:
  - Risk taking
  - Flexible / cross training
  - Quality first

SOURCE: Group MB&C survey; McKinsey

McKinsey & Company

**Library of IT Service Portfolios** – We would leverage our extensive library of IT service portfolios to help guide the design and implementation of the final DOI service portfolio. Having this existing library of resources will help ensure that critical IT functions are not left out of the initial DOI portfolio.

## Service catalog across various IT functions

ILLUSTRATIVE

Production Mgmt	Network Services	Enterprise Data*	Distributed Technology*
<b>Support Services:</b> <ul style="list-style-type: none"> <li>BU Dedicated Floor Support</li> <li>Service Desk</li> <li>Shared Floor Support</li> <li>EPM Taxed Services</li> </ul>	<b>Data:</b> <ul style="list-style-type: none"> <li>Desktop</li> <li>Data Network</li> <li>Server 10/100 Data Network</li> <li>Server GigE Data Network</li> <li>Server Blade Data Network</li> <li>NA Branch Data Network</li> <li>Market Data Lines</li> </ul> <b>Phone Service:</b> <ul style="list-style-type: none"> <li>Phone Service (including phone, usage, maint., etc.)</li> <li>Audio Conferencing</li> </ul> <b>Remote Access:</b> <ul style="list-style-type: none"> <li>Wired Access (e.g. Secure ID Log-in)</li> <li>Wireless Access (e.g. Blackberry)</li> </ul> <b>Trader Voice:</b> <ul style="list-style-type: none"> <li>Private Lines</li> <li>Trader Turret Position</li> <li>Voice Recording</li> </ul>	<b>Bloomberg:</b> <ul style="list-style-type: none"> <li>Bloomberg Services</li> </ul> <b>Reuters:</b> <ul style="list-style-type: none"> <li>Reuters Services</li> </ul> <b>COG (...):</b> <ul style="list-style-type: none"> <li>COG (...)</li> </ul> <b>Down Jones (...):</b> <ul style="list-style-type: none"> <li>Down Jones (...)</li> </ul> <b>Standard and Poor's (...):</b> <ul style="list-style-type: none"> <li>Standard and Poor's (...)</li> </ul> <b>Thomson Financial (...):</b> <ul style="list-style-type: none"> <li>Thomson Financial (...)</li> </ul> <b>Moody's (...):</b> <ul style="list-style-type: none"> <li>Moody's (...)</li> </ul> <b>MCM Services (...):</b> <ul style="list-style-type: none"> <li>MCM Services (...)</li> </ul> <b>FT Interactive Data (...):</b> <ul style="list-style-type: none"> <li>FT Interactive Data (...)</li> </ul> <b>MSCI Barra (...):</b> <ul style="list-style-type: none"> <li>MSCI Barra (...)</li> </ul> <b>Fact Set (...):</b> <ul style="list-style-type: none"> <li>Fact Set (...)</li> </ul> <b>Telerate (...):</b> <ul style="list-style-type: none"> <li>Telerate (...)</li> </ul> <b>Quick (...):</b> <ul style="list-style-type: none"> <li>Quick (...)</li> </ul> <b>Global Insight (...):</b> <ul style="list-style-type: none"> <li>Global Insight (...)</li> </ul> <b>Track Data (...):</b> <ul style="list-style-type: none"> <li>Track Data (...)</li> </ul> <b>Trading Services (...):</b> <ul style="list-style-type: none"> <li>Trading Services (...)</li> </ul> <b>Other Quote (...):</b> <ul style="list-style-type: none"> <li>Other Quote (...)</li> </ul>	<b>Dedicated Servers:</b> <ul style="list-style-type: none"> <li>Linux – Blade – 2-way</li> <li>Linux – Blade – 4-way</li> <li>Linux – Non-blade – 2-way</li> <li>Linux – Non-blade – 4-way</li> <li>Unix Server – Large</li> <li>Unix Server – Small</li> <li>Wintel – Blade – 2-way</li> <li>Wintel – Blade – 4-way</li> <li>Wintel – Non-blade – 2-way</li> <li>Wintel – Non-blade – 4-way</li> </ul> <b>Shared Servers:</b> <ul style="list-style-type: none"> <li>Virtual Server CPU – x86 Box</li> <li>Virtual Server OS Instance</li> <li>Virtual Desktop (Server) CPU – x86 Box</li> <li>Virtual Desktop OS Instance</li> </ul> <b>Off-site Servers:</b> <ul style="list-style-type: none"> <li>Off-site Server</li> </ul> <b>Storage:</b> <ul style="list-style-type: none"> <li>Cheap &amp; Deep – Low Tier</li> <li>Cheap &amp; Deep – High Tier</li> <li>NAS</li> <li>SAN / MR</li> </ul> <b>Database:</b> <ul style="list-style-type: none"> <li>Sybase</li> <li>MS SQL</li> <li>DB2</li> <li>Informix</li> <li>Oracle</li> </ul>
<b>Centralized Technology</b>			
<b>Batch Jobs:</b> <ul style="list-style-type: none"> <li>Batch Processing</li> </ul> <b>CICS:</b> <ul style="list-style-type: none"> <li>CICS Processing</li> </ul> <b>Print Services:</b> <ul style="list-style-type: none"> <li>Production Print</li> </ul> <b>Storage:</b> <ul style="list-style-type: none"> <li>DASD Storage</li> </ul> <b>BCP:</b> <ul style="list-style-type: none"> <li>Secondary Site BCP</li> <li>Tertiary Site BCP</li> </ul>			
<b>BU Directs</b>			
<ul style="list-style-type: none"> <li>Commercial Market Data Services</li> <li>Software Expenses &amp; Maintenance</li> <li>Data Lines (including Client Lines)</li> </ul>			
<b>Programs</b>			
<ul style="list-style-type: none"> <li>Major program items</li> </ul>			

Approx 80 products / services

McKinsey & Company

**IT Service Catalogs and Chargeback Rates** – Given our work in numerous IT Transformations, we have built up an extensive library of other IT Services Catalogs and Chargeback Rates. Although DOI will have a unique catalog and different rates, comparing the DOI catalog and rates will allow us to ensure there are not gaps in IT coverage and that the expected chargeback rates represent a fair value to the agency ‘customers’.

## Service catalog with standards and choices

ILLUSTRATIVE

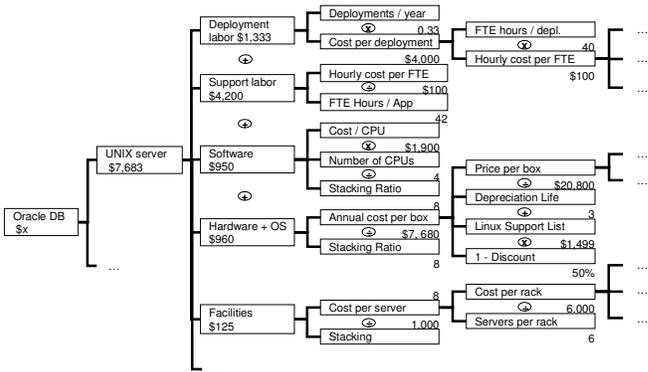
Family	Product	Offering description	Proposed billing basis	Annual cost Dollars	Cost components	SLA	Provisioning lead time days
Wintel server	Virtualized wintel: Large	Virtualized server clusters with 8-10 hosts in each cluster E.g., HP BL 45p, 4-way, 32 GB, win2003, vmware server 2.0 4:1 stacking ratio	\$/server instance	2k	Operations, Engineering & Architecture, Management Overhead, Project Consulting, Depreciation, Facilities (e.g. power and space), Software, Licenses (e.g. OS), Software Maintenance, Hardware Maintenance, Outsourced Support	24x7 support	2
	Dedicated Wintel: Medium	Non virtualized Dedicated rack or blade HP DL 385 G2, 2-way, 4 GB, win2003	\$/server	8.2k		24x7 support	21
	Dedicated Wintel: Large Blade	Non-virtualized 4-way blades 4 way BL45p, 2.4 GHz, 8GB, win2003	\$/server	10k		24x7 support	21
	Dedicated Wintel: Large Rack	Non-virtualized 4-way racks HP DL 385 G2, 4 - 2.4 GHz, Opteron, 8 GB, win2003	\$/server	9k		24x7 support	35
Linux/Unix Servers	Virtualized Linux: Large	Virtualized Linux server farms AMD Opteron, 4 CPUs, 8 GB (HP 685c), Redhat 5.0 ES Stacking ratio 4:1	\$/server instance	9k		24x7 support	3
	Virtualized Unix: Large	HP Virtual Server environment with 2 CPU and 4 core E.g., HP 9000 superdome, HP UX 11i	\$/server instance	10k		24x7 support	2
	Dedicated Unix: Large	Dedicated 4-way rack mount 4 CPUs, Intel Itanium E.g., HP Integrity rx7640 rack mounted, HP UX 11i	\$/server	42k		24x7 support	2
	Dedicated Unix: Extra Large	High-tier dedicated rack mount 8 CPUs, Intel Itanium E.g. HP Integrity rx864, HP UX 11i	\$/server	80k		24x7 support	1

McKinsey & Company

**Total Cost of Ownership (TCO) Model** – Our proprietary TCO model and methodology allows us to calculate the loaded rate for each IT service and IT tower. This comprehensive methodology looks at

all variable costs as well as the hidden fixed cost of provisioning an IT service. This model and templates will aid DOI in the development and calculation of fair chargeback rates.

**Total Cost of Ownership (TCO) Model**



**Variable and fixed cost model** – We have developed variable cost model that allows us to quickly calculate the cost of a service at a given volume. This tool is useful to define variable cost of a service. In our experience, unit cost of IT services vary with the volume (due to scale), while cost of other services remains same for a large range of volume. Understanding this different would allow us to set appropriate structure for charge-backs.

**Library of Governance Structures** – Working with other public and private sector clients has provided us with unique insights on how they manage their IT organizations. We will leverage our library of governance structures to help design governance options for DOI and provide case examples

of which structures are best suited for which situations.

**Alternate management structures and governance models**

Options for IT governance																	
	Options for IT governance																
	<table border="1"> <thead> <tr> <th>Division-led</th> <th>Shared services</th> <th>SS CIO oversight</th> <th>"Centralized" IT</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> <p><b>Model</b></p> <ul style="list-style-type: none"> <li>Divisions execute independently given new financial targets and policies</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Head of shared services controls operating model to meet service level and volumes set by the divisions</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Shared Services CIO controls SS delivery and governance over for major division projects</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Corporate CIO controls full IT budget and execution decisions</li> </ul> </td> </tr> <tr> <td> <p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>+ Minimal disruption</li> <li>- Unlikely to result in shared approaches or resources</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>+ Efficient model for commodity IT services</li> <li>- Difficult in practice to standardize given division demands</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>+ Point person to drive standardization initiatives beyond Shared Services</li> <li>- Unsuccessful at Corp in the past</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>+ Central control over IT operating model and major investments</li> <li>- Significant change for division IT executives</li> </ul> </td> </tr> </tbody> </table>	Division-led	Shared services	SS CIO oversight	"Centralized" IT					<p><b>Model</b></p> <ul style="list-style-type: none"> <li>Divisions execute independently given new financial targets and policies</li> </ul>	<ul style="list-style-type: none"> <li>Head of shared services controls operating model to meet service level and volumes set by the divisions</li> </ul>	<ul style="list-style-type: none"> <li>Shared Services CIO controls SS delivery and governance over for major division projects</li> </ul>	<ul style="list-style-type: none"> <li>Corporate CIO controls full IT budget and execution decisions</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>+ Minimal disruption</li> <li>- Unlikely to result in shared approaches or resources</li> </ul>	<ul style="list-style-type: none"> <li>+ Efficient model for commodity IT services</li> <li>- Difficult in practice to standardize given division demands</li> </ul>	<ul style="list-style-type: none"> <li>+ Point person to drive standardization initiatives beyond Shared Services</li> <li>- Unsuccessful at Corp in the past</li> </ul>	<ul style="list-style-type: none"> <li>+ Central control over IT operating model and major investments</li> <li>- Significant change for division IT executives</li> </ul>
Division-led	Shared services	SS CIO oversight	"Centralized" IT														
<p><b>Model</b></p> <ul style="list-style-type: none"> <li>Divisions execute independently given new financial targets and policies</li> </ul>	<ul style="list-style-type: none"> <li>Head of shared services controls operating model to meet service level and volumes set by the divisions</li> </ul>	<ul style="list-style-type: none"> <li>Shared Services CIO controls SS delivery and governance over for major division projects</li> </ul>	<ul style="list-style-type: none"> <li>Corporate CIO controls full IT budget and execution decisions</li> </ul>														
<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>+ Minimal disruption</li> <li>- Unlikely to result in shared approaches or resources</li> </ul>	<ul style="list-style-type: none"> <li>+ Efficient model for commodity IT services</li> <li>- Difficult in practice to standardize given division demands</li> </ul>	<ul style="list-style-type: none"> <li>+ Point person to drive standardization initiatives beyond Shared Services</li> <li>- Unsuccessful at Corp in the past</li> </ul>	<ul style="list-style-type: none"> <li>+ Central control over IT operating model and major investments</li> <li>- Significant change for division IT executives</li> </ul>														
	McKinsey & Company																