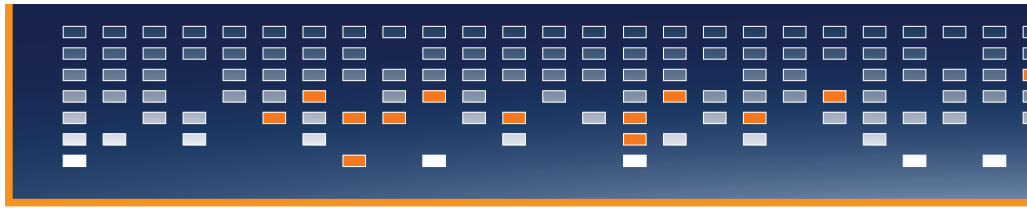




the premier
Information Technology Provider
for the
State of Arkansas

2014 Annual Report



Vision

Customer satisfaction every time.

Mission

Provide technology leadership and solutions to assist our customers in their delivery of public services.

Values

Integrity, Professional Workforce, Innovation, Customer Focus, Constant Communication, Continual Service Improvement.

Decision Drivers

People - Cost - Reliability - Security

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About DIS:

The Arkansas Department of Information Systems (DIS) is a cabinet level agency of Arkansas state government that provides information technology services to more than 400 customers within Arkansas's public sector. DIS works 24 hours per day, 365 days per year, to ensure that public services provided by the state's agencies, boards and commissions, K-12 public schools, institutions of higher education, and city and county governments are always available to the citizens of Arkansas.

DIS manages the Arkansas Wireless Information Network (AWIN) which is an interoperable, wireless, digital, public safety radio communications network. In the event of a disaster, DIS works in collaboration with the Arkansas Department of Emergency Management (ADEM) to restore statewide communications to more than 28,500 first responders and other public safety organizations across the state.



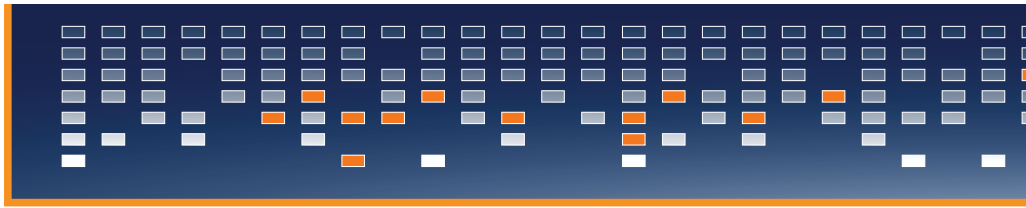
DIS hosts some of the state's most critical applications, to include the state's Web portal, Arkansas.gov, on behalf of the Information Network of Arkansas (INA). The portal allows citizens to access online public services and showcases the state's economic benefits and exceptional quality of life to visitors to the state, as well as prospective business and industry.

DIS services include:

- Internet Connectivity
- Secure Data Center Hosting
- Virtual Private Cloud for Public Sector
- Data Mining & Analytics
- Telephone
- Voice Mail
- Audio & Video Conferencing
- E-mail
- Tape, Data Storage and Backup Services
- Network Security
- Windows Desktop Support
- Application Development
- Business Continuity
- Disaster Planning and Recovery
- Systems Integration

DIS professionals are committed to excellence and offer products and services in the following categories:



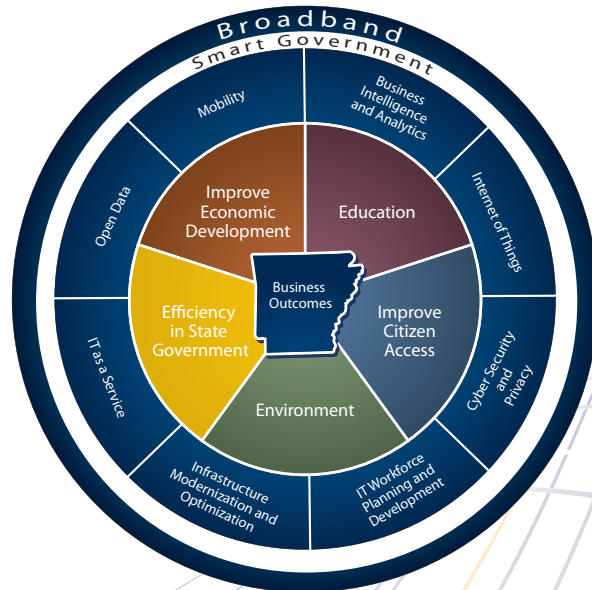


Arkansas Approach: State Technology Council Enterprise Architecture

Act 648, by the 2009 Arkansas General Assembly, set forth a coordinated approach for technology acquisitions to meet the needs of the state and to maximize standardization and cost effectiveness. This methodology is known as enterprise architecture (EA).

EA works to foster a shared approach to developing and delivering services and managing data to accelerate the adoption of new technologies, lower costs, reduce duplication and to ultimately eliminate fragmented procurement and development practices by individual entities that are inefficient and waste taxpayer dollars. The enterprise approach augments the state's ability to more effectively leverage its buying power with vendors and service providers and enables a more interrelated partnership with the Department of Finance and Administration's Office of State Procurement to streamline purchasing mechanisms.

Annually, the EA office at DIS on behalf of the Arkansas State Technology Council (STC) leads the statewide technology planning effort in partnership with state agencies, boards and commissions that culminates with the creation of a State of Arkansas Strategic Plan for Information Technology. The plan details both the initiatives and projects for future technology investments setting the course for information technology (IT) in Arkansas state government. This coordination across agencies helps improve citizen and employee interaction with government information and services, and elevates the level of efficiency of citizen engagement with state government with their experiences when engaging with the private-sector.





Strategic Goals: The Five E's

DIS has established a set of Five E's that comprise the strategic goals for information technology across Arkansas state government. We continually work toward these five objectives:

1. Workforce Excellence

The strength of our people equals strength for our organization. To ensure that strength, we will:

- Increase employee engagement and satisfaction
- Be a great place to work
- Employ a professional workforce

2. Customer Service Excellence

Our agency vision is customer satisfaction every time. To fulfill our vision, we must:

- Offer services that align with customer needs
- Enhance outreach to customers

3. E-Leadership

We want to provide leadership in all technology initiatives across Arkansas state government. As part of this effort we will:

- Coordinate technology efforts and seek opportunities to improve efficiencies within state government
- Improve and publicize broadband for public and private sector (adequate, available and affordable)

4. Financial Excellence

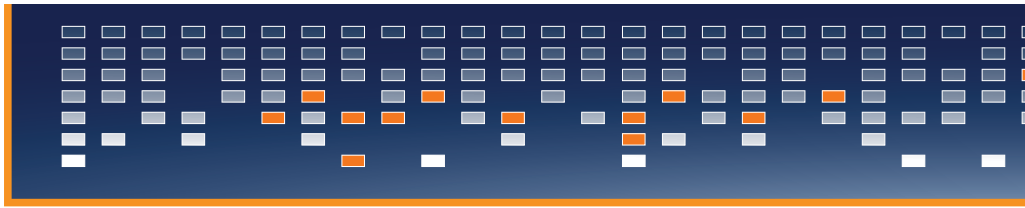
We operate as a cost recovery agency. To achieve financial excellence we must:

- Develop and implement an agile business model
- Implement quarterly rate reviews
- Improve E-Rate process

5. Operational Excellence

We shall set the standard for IT in the Arkansas public sector. To achieve this goal we must:

- Improve the customer experience
- Internal continual improvement through 360 degree assessments
- Implement AWIN portions of the statewide communications interoperability plan



Strategic Goal One: Workforce Excellence

Employees are the most valuable asset to DIS. The superior experience, commitment, caring, and competence of our employees enables DIS to effectively serve the needs of agencies, boards and commissions across the state as well as enabled DIS to earn the Governor's Quality Award for Performance Excellence in 2011. DIS consistently strives to increase employee engagement and satisfaction and develop a professional workforce.

Organizational Development



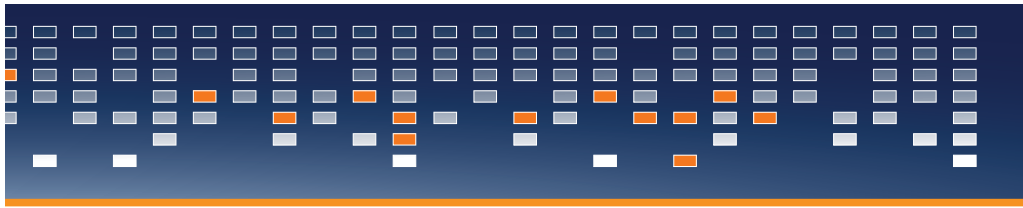
In order to benefit the agency, management and employees, DIS launched a concentrated organizational development initiative in 2013 and continued that effort throughout 2014. Training efforts focused on improving soft-skills such as presentation skills, social media, management personality and style, dealing with change, and diversity.

During 2014, DIS managers participated in multiple training sessions to enhance leadership skills. Some of the sessions

offered included writing effective policies and procedures; communication and negotiation skills; and how to listen, learn and lead. All employees were required to participate in annual cyber security training, as well as required National Incident Management System (NIMS) courses. Three DIS employees also worked through the year to complete the Certified Public Manager (CPM) program.

DIS recognizes that organizations that successfully leverage the knowledge and ability of employees not only navigate through challenging times and change, but benefit from the goals of the organizational development initiative to:

- Develop internal bench strength.
- Reduce future costs of recruiting and training new talent.
- Provide training and skill development at all levels of the organization.
- Provide the expertise and capabilities for employees to be successful in driving productivity while simultaneously achieving their professional goals.
- Maximize capital resources by reducing turnover.
- Retain employees by continually improving the organizational culture displayed by increased creativity and innovation toward attaining operational goals.



Strategic Goal Two: Customer Service Excellence

DIS constantly works to cultivate cohesive relationships with its customers. With more than 2,500 locations on the state network, state agencies, public schools, and ultimately the citizens they serve, depend on the availability of services the moment they are needed. We work every day, 24-hours a day, to ensure that our customers' needs are met and that our customers are satisfied with the service they receive. Each year, DIS conducts a customer satisfaction survey to pinpoint and identify strengths and opportunities for improvement.

Annual Arkansas Digital Government Summit



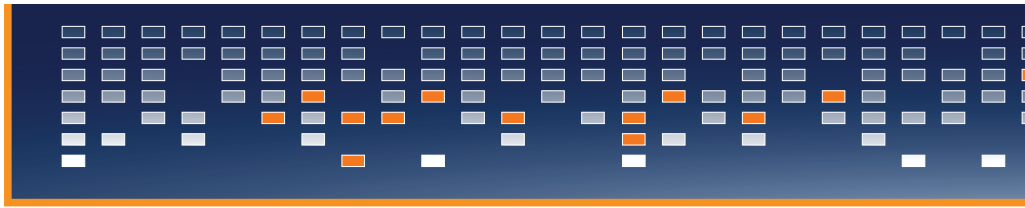
In November 2014, DIS and Government Technology magazine, hosted the annual Arkansas Digital Government Summit at the Little Rock Marriott Hotel. More than 200 government IT professionals participated in the one-day summit to learn more about cloud computing, mobile applications, cyber security and more. The goal of the summit is to spread best practices and spur innovation in the public sector. Attendees participated in inspirational keynotes, leadership

discussions, networking and timely topics in breakout sessions to help advance the goals of their organizations. The 2014 summit covered a wide range of topics related to the public sector, including Information Security, Open Data, Crowdsourcing and Mitigating Information Requests, Mapping Arkansas, Predictive Analytics, How to Sell Change, Accessibility in Design and Implementation, and Surviving an Audit.

The keynote speakers for the 2014 summit included Former CIA Senior Analyst Cynthia Storer, who spoke about big data and how it assisted in locating Osama Bin Laden, and Roger Duncan, research fellow at the Energy Institute, University of Texas, who presented information related to energy and technology and the future. The presentation of the digital summit is an example of how DIS strives to be the state's technology leader and works to build partnerships with industry leaders to enhance Arkansas's presence as a digital state.

Communications Through Social Media

DIS continually works to be premier information technology provider for the state of Arkansas, and as part of those efforts, the agency regularly uses social media to connect with customers. The agency's objectives through the use of social media include employee engagement, customer engagement, and recruiting. DIS uses Facebook, Twitter and LinkedIn for communications, including service outage notifications, customer announcements, job postings and other vital information.



VoIP Success

In the summer of 2014, the Public Service Commission (PSC) moved three commission divisions to the multi-agency complex (MAC) as the PSC began renovation of its downtown location. With the move, the PSC required telephony services for an estimated 30 employees. The standard for telephony service at DIS is Voice over Internet Protocol (VoIP), so the customer account manager assigned to the commission and other DIS teams began work to provide the service to the newly relocated PSC employees.

Soon after requirements were outlined for the three PSC divisions at MAC, network team members installed VoIP equipment and provided some quick training for the PSC employees. The employees using VoIP were impressed with the new system, and soon recommended to PSC leadership that the entire commission migrate to VoIP. DIS account managers and network experts met with the leadership at PSC to further discuss VoIP further and what would be involved to convert the remainder of the commission. DIS provided PSC with a quote, which was quickly accepted, and network team members began the process to migrate the remainder of the PSC to VoIP. Once all of the necessary steps were taken, the conversion process began, lasting just a matter of days.

The entire commission was migrated to VoIP by the end of August 2014, and the commission leadership is extremely pleased with the system. Beyond the initial setup fee, the monthly costs for telephony services may decrease with VoIP according to whether the customer purchases or leases equipment. VoIP technology will move the commission into the future of telephony.

Asset Transfer Benefits IT Students

DIS maintains a long, close relationship with Arkansas State University – Beebe and its Computer Systems and Networking Technology (CSNT) program, from which many DIS employees graduated. DIS employees serve on the program's advisory committee, and students from the program routinely visit DIS to tour the data centers and talk with IT professionals.

In 2014, DIS had the opportunity to assist the CSNT program as it was in need of new equipment to teach networking and computer science students. DIS was in the process of decommissioning routers and equipment racks, as part of the next generation network upgrade and planned to send the equipment to Arkansas State Surplus. After a discussion in an advisory committee meeting regarding the program's need, committee members forwarded information to DIS agency leadership, which made the decision to transfer unneeded items to the university.

DIS transferred routers and equipment racks through the asset transfer process to the university's CSNT program, which will be used in the Cisco Certified Network Associate (CCNA) and Cisco Certified Network Professional (CCNP) classes, and students will be able to work "live" on a router for hands-on learning. The equipment cabinets will be used to better organize and secure the equipment in the instructional areas. As DIS continues with additional upgrade projects, the agency will continue to work with the university to assist with equipment for instructional use.



Strategic Goal Three: E-Leadership

Several key strategies are included in our goal to continually provide technology leadership for the state of Arkansas. We want to work across state government to promote disaster-resistant technology services, implement green information technology practices, cultivate technology synergy among state entities, and design solutions using technology innovations to meet our customers' needs.

Inaugural CIO IT Academy Conducted

In April, the first ever Arkansas Chief Information Officer (CIO) IT Academy was held in an effort to develop new technology leaders and enhance the knowledge of agency IT leadership. Thirty attendees representing 19 different state entities participated in the inaugural event. The mission of the CIO academy is to support and enhance the professional and personal development of state technology leaders through an interactive and practical curriculum that expands an awareness of self and state government while promoting pride in public service.



The keynote session at the academy, "Digital Technology Trends Affecting Long Term Change Among IT Organizations," was presented by Jeff Vining from Gartner, Inc. Larry Barlow, deputy legislative auditor, also presented at the event and discussed information systems best practices to prepare for and pass an audit. Other subject matters that were discussed included IT Legislation, Strategic IT Planning, Cybersecurity and more. Participants also had the opportunity to tour the new data center (SDC West) and learn more about the potential uses of the facility for redundancy and continuity of operations.

Working Groups

Two separate, but equally important, working groups meet consistently to address efforts in cyber security and accessibility within technology in Arkansas state government. Working groups were leveraged by DIS to move state technology forward and increase efficiencies. More than 30 state technology planners participate in these working groups.

The accessibility working group was formed to help educate state agencies about the compatibility and deployment of technologies created for use by the visually impaired. State legislation requires state agencies to configure software applications, operating systems, and Web-based intranet and Internet information and applications in a way that is accessible to visually impaired employees and citizens utilizing state services. The security working group's mission is to identify and develop standards and policies related to cybersecurity. The group also shares information about current cybersecurity threats and methods of mitigating risk.



Growth at State Data Center West



During 2014, the secondary state data center, SDC West, went into full production, enabling the live backup of critical public data and an immediate failover of many computer systems to the site if an event impacts an entity's primary site. SDC West is utilized to provide highly available, secure public sector cloud services in addition to multiple levels of backup and recovery for systems hosted within the state of Arkansas for state, county, city and educational entities.

Customers began moving systems and equipment onto the data center floor of SDC West in the spring of 2014. By the end of 2014, DIS was hosting services for multiple state agencies, and because of the security of SDC West, DIS gained an additional customer for the primary state data center. DIS has also acquired approximately six new local government customers that are using the facility for backup services.

In October 2013, DIS acquired SDC West which enhances the state's ability to provide high availability of critical applications that support the delivery of citizen services by the public sector. SDC West features a 9,300 square foot, physically secure data center with three diesel powered generators (total 4,950kW) capable of providing power for up to three weeks with on-site fuel storage and can run indefinitely with refueling, 300 tons of cooling to the technology equipment, concurrently maintainable power and cooling infrastructure, and other redundant mechanisms to ensure successful data and system application recovery operations in the event of a disaster.

DIS began testing disaster recovery (DR) services in March 2014, as disaster recovery testing will be conducted at SDC West versus state employees traveling to out-of-state facilities which will save Arkansas taxpayer dollars. SDC West is staffed by enterprise operations division personnel who perform routine inspections to ensure that all equipment is fully operational and highly available. SDC West is open for tours so that customers can get a firsthand look at the facility and receive more information about the services currently offered.

DIS is also planning for more high availability (HA) solutions for hot site failover to SDC West. Throughout the next year, DIS will begin to migrate services that have HA capability to high availability solutions. This migration will minimize the time it takes to recover services in the instance of a disaster from days to hours, and possibly minutes, depending on the application.



Strategic Goal Three: E-Leadership *continued*

Contributing to Health Care in Arkansas

DIS continues to play an integral role in the Arkansas Health Connector program, providing a vital technical resource to the Arkansas Insurance Department and the health benefits exchange. For more than two years, DIS has dedicated a data management expert to serve as the program manager (PM) and provide technology oversight for the health connector division.

The PM works in collaboration with all Insurance Department divisions, as well as external public and private organizations. The PM serves as a liaison with developing marketplace information technology needs of the state's Medicaid program, private option and federal marketplace administration, and aides in the effective implementation and improvement of the Affordable Care Act Marketplace in Arkansas.

During the initial health insurance marketplace open enrollment period, DIS assisted the Insurance Department with obtaining, analyzing and reporting enrollment metrics, and with the assistance of DIS, the insurance department continues to improve its data collection and reporting. The PM leads all implementations and improvements for the division.

In October 2014, the PM was selected to speak at the Third Annual Health Insurance Exchange Summit to discuss Arkansas's approach, the collaboration between DIS and the Insurance Department and provide plan comparison data. DIS will continue to play an active role in assisting the Insurance Department and working to anticipate the needs of the health connector division.

DIS Leads Technology Survey Response



Every two years, the Center for Digital Government's Digital States Performance Institute (DSPI) conducts a Digital States Survey. DIS coordinates the survey response for the state of Arkansas. The survey evaluates states based on a set of criteria which include actions supporting state priorities and policies to improve operations or services, cost savings/benefits, progress

since the last survey, innovative solutions and effective collaboration. Those states receiving high marks demonstrate results across all criteria.

The state of Arkansas, along with 10 other states, received a score of a B+ on the 2014 survey. Only three states across the nation, including Michigan, Missouri, and Utah, scored an 'A' on the survey. All three states scoring an 'A' utilize a unified information technology governance model. Four states scored an A- to include Connecticut, Georgia, Ohio, Pennsylvania and Virginia.



The Arkansas Wireless Information Network (AWIN) is an interoperable communications radio network that covers more than 93 percent of the state population through the use of 132 transmitter sites and approximately 28,500 mobile and portable radios, representing nearly 1,000 public safety agencies. AWIN is monitored 24-hours a day, 7-days a week and 365 days per year to ensure that it is available whenever a first responder needs the system. The AWIN staff is highly trained and dedicated to ensuring the system is available every second of every day. AWIN affords the public safety community in Arkansas more than 99 percent network reliability.

FCC Eliminates Requirement for Narrowbanding 700 MHz Channels

On Friday, October 24, 2014, the Federal Communications Commission (FCC) released information that it has eliminated the requirement for narrowbanding of 700 MHz channels by December 2016. The Notice of Proposed Rulemaking (NPRM) sought comment from the national public safety community on several proposals to amend the 700 MHz public safety narrowband rules. Based on the comments received, the FCC concluded that

1. The December 31, 2016, narrowbanding implementation deadline was no longer viable as it would force many licensees to modify or replace existing systems well before the end of their useful life
2. Rather than extending the deadline to a subsequent date, the better course was to eliminate the narrowbanding requirement altogether as spectrum requirements in the 700 MHz band may vary significantly from region to region, and that assessing these requirements is best left to the Regional Planning Committees (RPCs) that have been tasked with developing regionally specific plans for use of the band.
3. Imposing a national narrowbanding deadline – even with an extended timeline – would limit the flexibility of the RPCs to develop spectrum plans that are optimized to regional needs and could create a risk of stranded investment.

These rule changes will enhance the ability of public safety licensees to use this spectrum to protect the safety of life and property. AICC extends its gratitude to all of those who contributed to the comments submitted to the FCC on this issue on behalf of the state.



Strategic Goal Three: E-Leadership *continued*

Arkansas Emergency Community Preparing for FirstNet

The First Responder Network Authority (FirstNet) was created by the Middle Class Tax Relief and Job Creation Act of 2012 as an independent authority within National Telecommunications and Information Administration (NTIA), to provide emergency responders with the first high-speed, nationwide network dedicated to public safety. FirstNet will develop and operate the new public safety broadband network, which is to be based on a single, nationwide network architecture, enabling first responders and public safety officials to communicate within and across jurisdictions.

The secure and interoperable network will support cutting-edge applications, such as enabling firefighters to download blueprints of burning buildings in order to plan their entry route, allowing emergency medical technicians to remotely access a victim's medical records from an ambulance, or helping police to identify criminal suspects through facial recognition or iris scanning technologies.

Arkansas formed a Public Safety Broadband (PSBB) working group to develop a PSBB Plan for the state. A preliminary state strategic plan is complete and all objectives are near completion. The PSBB working group is ensuring the public safety broadband governance structure is in place, monitoring FirstNet activities, and being responsive to FirstNet's requests for information. A Rural Leadership Council is in place and meets regularly to provide advice and guidance for public safety broadband in Arkansas. A federal planning team is scheduled to visit Arkansas in early 2015 to discuss PSBB in the state.

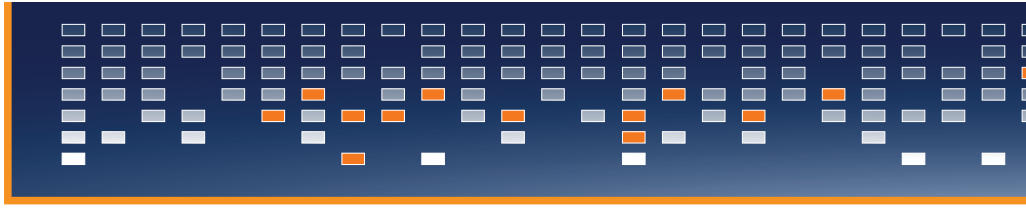
Fifth Annual Interoperability Conference



The 2014 Arkansas Interoperability Conference was conducted July 23 – 25th at the Crowne Plaza Hotel in Little Rock. Approximately 170 first responders and emergency management professionals attended the three day conference. Attendees heard from Office of Emergency Communications representatives and the government affairs director of FirstNet, received an update on what's to come for AWIN, and participated

in panel discussions on topics such as grant application writing and communication and cooperation in fire emergencies. A pre-conference interactive workshop engaged participants in discussions regarding broadband coverage across the state of Arkansas.

During the conference, the Arkansas Interoperability Communications Committee (AICC) established the Sonny Cox Excellence in Emergency Communications Award. The award will be given annually, and the AICC will request nominations for the award in early 2015. The 2015 conference will be held in July in Little Rock.



Broadband in Arkansas

Act 1168 of 2013 designated the DIS director to serve as the state broadband manager to promote, develop, and coordinate broadband expansion and appropriate broadband infrastructure for all areas of the state. In 2014, there was an increased focus on broadband availability for K-12 schools, and several studies were conducted related to broadband and education in Arkansas.

One of the 2014 reports highlighted the fact that 58 percent of Arkansas districts meet the current bandwidth targets set by ConnectEd of 100 kbps/student, which is substantially higher than the 37 percent of districts across the nation that meets the standard. This information suggests that more than half of Arkansas school districts have enough Internet connectivity to implement available digital learning tools.

With an increasing need for access to data infrastructure in Arkansas, it is essential for the state to utilize all available resources to build a stable, efficient and secure network for public schools. DIS is committed to furthering K-12 access to broadband, and the agency is continually working to leverage all state funded broadband assets to achieve 100 percent of schools with the connectivity that is needed.

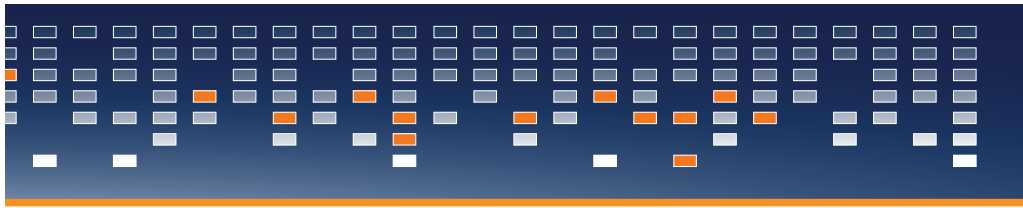
The state broadband manager is responsible for reporting semi-annually to the Arkansas Governor's Office, Legislative Council and the Joint Committee on Advanced Communications and Information Technology. Data in the July 1-December 31, 2014, reporting period shows that the percentage of the state's population with Internet access through digital subscriber line (DSL) and wireless technology is comparable to the nation's population. The largest deficit is access to fiber where only 5.4 percent of Arkansans have access to the Internet via fiber compared to 24.3 percent of the nation. The data are created and maintained by the National Telecommunications and Information Administration in conjunction with the Federal Communications Commission.

Areas of Focus for Arkansas

Availability-Broadband is available if it is accessible to accomplish all necessary goals regardless of the nature of those goals (business or educational, economic or legislatively mandated). When broadband connectivity is available, it is irrelevant what technology is used to deliver it.

Affordability-Broadband is affordable if it is both affordable to the consumer to purchase and for the provider to offer.

Adequacy-Broadband is considered adequate if it provides enough bandwidth to meet the personal, business, educational, and economic development needs of each constituency and is capable of expansion to meet future needs.



Strategic Goal Three: E-Leadership *continued*



The Arkansas State Cybersecurity Office (SCSO) at DIS sets cybersecurity standards and policies for state agencies and administrative sections of institutions of higher education and is the front line of defense in protecting more than 2,000 agencies, boards,

commissions, higher education and K-12 public schools on the state network. Legislatively mandated to coordinate security measures to protect the resources of governmental entities, the SCSO monitors and manages security mechanisms of the state network, notifies organizations of suspected infected computers, provides computer forensic services, and assists customers with security issues.

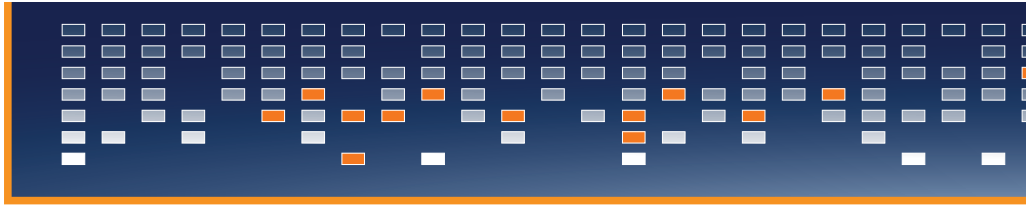
Network and Organizational Cybersecurity

The SCSO serves as the focal point for all state cybersecurity issues and monitors organizations on the state network for the presence of malicious software, or malware and infected computers. In keeping with new security issues and malware identification, the SCSO has re-engineered the methodology for identifying malware and Botnets on the state infrastructure.

The SCSO issues daily cyber threat reports to security professionals across state government which identifies emerging and persistent threats. The SCSO also organizes and schedules meetings of the state security working group to update or establish security standards and procedures for state entities.

In 2014, the SCSO launched a single sign-on solution for the state of Arkansas. Single sign-on is a property of access control of multiple, related but independent software systems. With this property a user logs in once and gains access to all systems without being prompted to log in again at each of the applications. The solution is available as an enterprise service to state entities.

***DIS manages 1,000 fire walls
for organizations on the
state network. On any given
day, these firewalls typically
block 30 million unauthorized
network attempts.***



The Arkansas Continuity of Operations Program (ACOOP), overseen by SCSO, provides methodology, hardware, software, training, and user assistance for the development, maintenance and testing of business continuity plans for Arkansas agencies, boards, commissions, institutions of higher learning, K-12 public schools, and city and county governments. These plans are intended to ensure that essential services will continue to be provided after any disruptive event. More than 1,500 planners maintain approximately 1,900 plans for organizations and locations across the state. State entities managing plans as of December 2014 include:

- 224 school districts (K-12)
- 111 state agencies
- 11 higher education entities
- 72 cities
- 70 counties

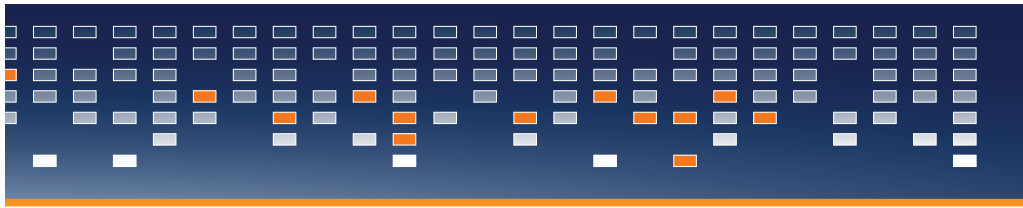


Disaster Response

On April 27, 2014, an EF4 tornado struck Northern Pulaski County, Mayflower and Vilonia. In its role as Emergency Support Function (ESF) #2, the SCSO responded to requests from the State Emergency Operations Center to restore communications in the affected areas.

The DIS response efforts included the deployment of temporary cell towers with the assistance of telecom partners. Cell service was restored within 12 hours, providing emergency response personnel with much needed communication ability. Subsequently, charging stations and portable Wi-Fi were also deployed at the command centers in both Vilonia and Mayflower to provide citizens with the ability to communicate.

DIS personnel also restored connectivity to the local revenue office in Vilonia for the issuance of identification. Due to security reasons, identification was necessary to gain access to citizen's homes in the hopes of preventing foul play. The SCSO coordinated with the National Guard, Arkansas Department of Emergency Management (ADEM), State Emergency Operations Center and the governor's office in these efforts.



Strategic Goal Three: E-Leadership *continued*

Green IT

It is the policy of DIS to purchase products that minimize environmental impacts, toxins, pollution, and hazards to worker and community safety to the greatest extent practical, and purchase products that include recycled content, are durable and long-lasting, conserve energy and water, reduce greenhouse gas emissions, are mercury-free, and lead-free, use agricultural fibers and residues, and use wood from sustainably harvested forests.



As a result of our determination to be a leader within state government in the responsible use of technology to minimize the impact of energy and natural resources, DIS became the first Arkansas state government agency to become an Environmental Protection Agency (EPA) **ENERGY STAR partner**. As part of the partnership requirements, energy consumption is measured, tracked, and benchmarked.

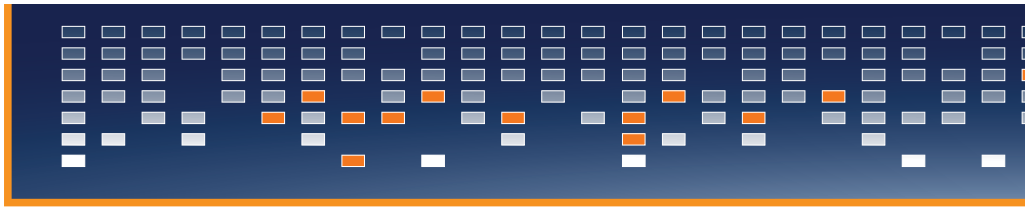
Strategic Energy Plan (StEP) Goals

- Reduce the agency's annual maintenance and operating budget devoted to energy consumption (usage) in accordance with Executive Order 09-07.
- Promote agency operations and practices to reduce the agency's environmental impact.
- Integrate energy use considerations into maintenance and capital improvement plans.
- Promote StEP timeline.

2014 Energy Outcomes

DIS' overall performance in FY2014 was near to meeting the 20 percent reduction goal of Act 1494 requirements. For the two original facilities, including the state data center and warehouse, DIS reports a 19.21 percent energy reduction. This reduction also resulted in a 21.26 percent reduction in the FY2008 cost of \$160,125 to \$126,077 in FY2014.

- The state data center energy consumption was reduced by 19.29 percent for FY2014 from the FY2008 benchmark year.
- The warehouse energy consumption is reduced by 18.55 percent for FY2014 compared to FY2008. Consumption increased compared to the reduction in FY2013 due to the increase for gas heating during the winter months.
- Energy data from SDC West was collected and entered into ENERGY STAR® Portfolio Manager from September 20, 2013 through September 29, 2014. With only nine months of data for FY2014, the year is considered incomplete and did not establish a baseline year for that site.
- DIS continued to reduce internal paper consumption by 43.03 percent in FY2014 compared to FY2009. The FY2008 data was incomplete, therefore the FY2009 data was used for the benchmark year in this category.



Strategic Goal Four: Financial Excellence

DIS operates as an Internal Service Fund, or cost recovery agency, to provide telecommunications and technology services to customers. Through the budget process, the agency receives an appropriation only and bills customers for provided services. State and federal rules and regulations mandate that DIS only recover costs. Over recovery of cost is managed by reducing user rates/charges based on customer utilization and agency costs.

Financial excellence for DIS includes maintaining compliance with all federal, state and internal guidelines, securing funding to accomplish its goals, increasing operational efficiencies, and providing accurate and timely financial information to customers. The fiscal division is responsible for the overall financial health of the agency, including budgeting, compliance, cost recovery management, asset management, accounts receivable, accounts payable and planning.

Financial Compliance

- Execute and ensure compliance of financial reporting deadlines
- Manage and monitor internal and external financial deadlines
- Department of Health and Human Services Office of Management and Budget Circular A87 compliance and cost recovery review
- Produce risk assessment every biennium in support of the Comprehensive Annual Financial Report (CAFR), which provides a report of the state's financial status as well as a method for the national credit markets to determine the state's credit worthiness



Cost Allocation and Cost Recovery

- Track cost vs. revenue for all services
- Annual reporting to federal Division of Cost Allocation (DCA)
- Comprehensive Annual Financial Report (CAFR)
- Produce financial statements
- Perform time reporting for billing and cost allocation

IT Asset Management (ITAM)

- Manage warehouse and inventory
- Maintain inventory records
- Track assets
- Perform annual audit of agency assets



Strategic Goal Three: Financial Excellence *continued*

DIS has two key measures of financial performance: over/under recovery and revenue. Over/under recovery is critical to remain compliant with state and federal regulations. Cost management is critical to ensure DIS is providing cost effective technology services.

Fiscal Year 2014 Budget

Description	ACT 1201 FY2013	Budgeted		Total FY2014
	Authorized	DIS - Operations	Innovation & Product Development	
Regular Salaries	\$ 15,931,416.00	\$ 15,931,416.00	D	\$ 15,931,416.00
Extra Help	\$ 164,000.00	\$ 164,000.00	F	\$ 164,000.00
Personal Services Matching	\$ 4,800,471.00	\$ 4,800,471.00	A	\$ 4,800,471.00
Overtime	\$ 66,000.00	\$ 66,000.00		\$ 66,000.00
Labor Related	\$ 20,961,887.00	\$ 20,961,887.00	B	\$ 20,961,887.00
Operating Expenses	\$ 9,545,591.00	\$ 9,545,591.00	U	\$ 9,545,591.00
Conference & Travel Expenses	\$ 214,321.00	\$ 214,321.00	D	\$ 214,321.00
Professional Fees	\$ 631,500.00	\$ 631,500.00	G	\$ 631,500.00
Data Processing	\$ -	\$ -	E	\$ -
Capital Outlay	\$ 3,500,000.00	\$ 3,500,000.00	T	\$ 3,500,000.00
Data Processing - Misc.	\$ 8,406,866.00	\$ 8,406,866.00		\$ 8,406,866.00
Telecom Tech Delivery	\$ 58,450,929.00	\$ 58,450,929.00	\$ 229,000.00	\$ 58,450,929.00
Non-Labor / Operating	\$ 80,749,207.00	\$ 80,749,207.00	\$ 229,000.00	\$ 80,749,207.00
Total DIS	\$ 101,711,094.00	\$ 101,711,094.00	\$ 229,000.00	\$ 101,711,094.00
Funding Source	Cost Recovery		Misc Fund Account	

Fiscal Year 2015 Budget

Description	ACT 217 FY2014	Budgeted		Total FY2015
	Authorized	DIS - Operations	Act 285-Innovation & Product Development	
Regular Salaries	\$ 15,939,816.00	\$ 15,939,816.00	D	\$ 15,939,816.00
Extra Help	\$ 164,000.00	\$ 164,000.00	F	\$ 164,000.00
Personal Services Matching	\$ 4,802,838.00	\$ 4,802,838.00	A	\$ 4,802,838.00
Overtime	\$ 66,000.00	\$ 66,000.00		\$ 66,000.00
Labor Related	\$ 20,972,654.00	\$ 20,972,654.00	B	\$ 20,972,654.00
Operating Expenses	\$ 9,545,591.00	\$ 9,545,591.00	U	\$ 9,545,591.00
Conference & Travel Expenses	\$ 214,321.00	\$ 214,321.00	D	\$ 214,321.00
Professional Fees	\$ 631,500.00	\$ 631,500.00	G	\$ 631,500.00
Data Processing	\$ -	\$ -	E	\$ -
Capital Outlay	\$ 3,500,000.00	\$ 3,500,000.00	T	\$ 3,500,000.00
Data Processing - Misc.	\$ 8,406,866.00	\$ 8,406,866.00		\$ 8,406,866.00
Telecom Tech Delivery	\$ 58,450,929.00	\$ 58,450,929.00	\$ 221,000.00	\$ 58,450,929.00
Non-Labor / Operating	\$ 80,749,207.00	\$ 80,749,207.00	\$ 221,000.00	\$ 80,749,207.00
Total DIS	\$ 101,721,861.00	\$ 101,721,861.00	\$ 221,000.00	\$ 101,721,861.00
Funding Source	Cost Recovery		Misc Fund Account	



Strategic Goal Five: Operational Excellence

Strategic goal five focuses on the factors in achieving operational excellence throughout the agency. We want to work to implement and integrate appropriate tools for technology services, continually improve change management, provide consistent availability of the state data centers and hosted systems, and put the right people with the right skills in the right positions.

Our IT Operations

Call Center

- 7 call center agents
- 126,125 incoming calls and emails
- 103,474 service desk incidents
- 4,330 automated incidents

State Data Center

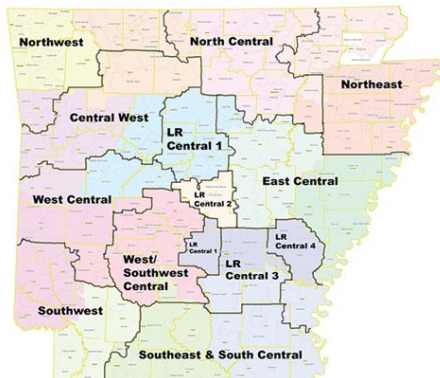
- 12,800 square feet secure area
- Available 24 x 7 x 365

SDC West

- 9,300 square feet secure area
- Secondary data center available
24 x 7 x 365

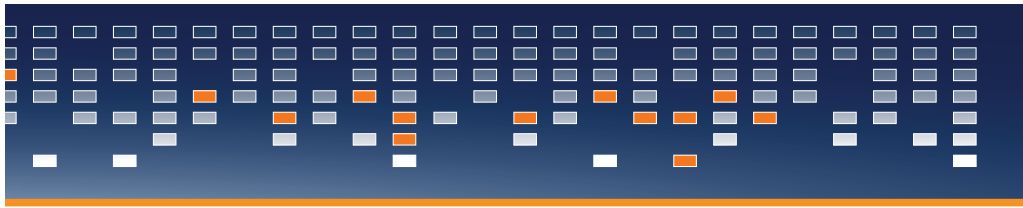


DIS Field Support Regions



The geographical areas display the assigned DIS field support areas. The colors represent the 13 state education service cooperatives.

The DIS field support team is comprised of nine remote field technicians, three technicians assigned to Little Rock, one team lead and one program manager. The field support team provides training to school technology coordinators when needed and provides on-site server and network support for public schools and other DIS customers. Field support also assists with electronic voting equipment and software during primary and general elections and technical support in disaster response situations.



Strategic Goal Five: Operational Excellence *continued*

Operations Leads Major Cooling Project

DIS began a large scale cooling project in the MAC building in the last quarter of 2014 with a goal of making the state data center more energy efficient. DIS received funding for the project through the Sustainable Revolving Loan Fund, which provides short-term, zero-interest loans to organizations to increase energy efficiency within organizations. As of December 2014, the cooling project was 62 percent complete. The cooling improvement project is scheduled to be complete by April 2, 2015, and the project will reduce energy use by a projected 15 percent.

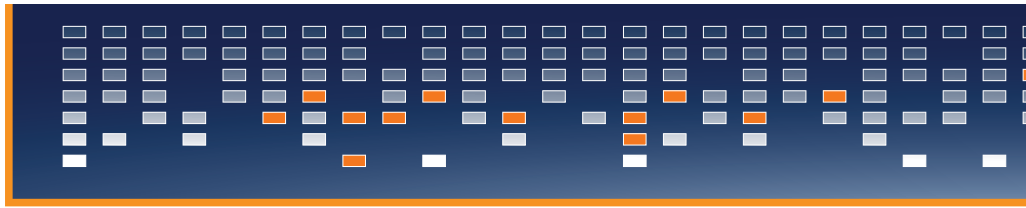
As part of the cooling project, mechanical contractors replaced and rerouted pipes that provide a water cooling system for the data center, and DIS will replace an estimated 30-year-old chiller outside the MAC building with a new 140 nominal ton unit. The air-cooled chiller will be used for redundancy or supplemental cooling to the data center. New equipment for the cooling system, to include a new chiller and in-row cooling units were delivered beginning in mid-December and the equipment will be installed early in 2015. The in-row control room air conditioning units will be added to the data center floor. All of the work to replace pipes and aging cooling units, as well as adding new cooling units to the data center, will increase the reliability of the state data center and provide a higher level of redundancy.

To increase safety and security in the data center, DIS teams will work with contractors to rearrange the layout of the data center. This will allow DIS operations to see activity within the data center and locate a problem, such as a fire, more quickly. Project team members will kick-off meetings with customers the first full week of January to discuss and make plans for realigning equipment on the state data center floor, and prior notification will be sent to customers as any work is planned that could affect systems hosted in the data center.

Mainframe Migration

In an effort to meet the needs of customers requiring Mainframe services, DIS teams are upgrading and migrating the Mainframe to a new operating system. As some customers began migrating applications off the Mainframe to other platforms, DIS consulted with industry experts and began to research the best options for the Mainframe. The Mainframe Migration Project will help create a more efficient Mainframe environment and reduce costs for those customers still requiring Mainframe services.

By December 2014, all DIS programs formerly hosted on the Mainframe were migrated to Microfocus - COBOL for Windows environment, which is a Microsoft platform. DIS Mainframe and Windows support teams began testing of the new environment and will move other customer hosted systems once the environment is stable. The upgrade will allow customers requiring Mainframe services to more efficiently continue operations in a Mainframe environment.



Support Continues for PARCC Education Program



**Partnership for Assessment of
Readiness for College and Careers**

The Partnership for Assessment of
Readiness for College and Careers
(PARCC) is a consortium of 13 states,

including Arkansas, plus the District of Columbia, working together to develop a common set of K-12 assessments in English and math anchored in what it takes to be ready for college and careers. These new K-12 assessments will build a pathway to college and career readiness for students by the end of high school, mark a students' progress toward this goal from third grade, and provide teachers with timely information to inform instruction and provide student support.

Early in 2014, DIS worked in collaboration with the Arkansas Department of Education (ADE) and the education cooperative technology coordinators to prepare Arkansas's K-12 schools for online testing. DIS field support technicians performed on-site evaluations with district test and technology coordinators to assist schools in IT planning for future needs in digital instruction and online assessments. Districts were then provided an overview report of the district's technology readiness.

The DIS field support team also worked in 2014 with the ADE testing division and educational cooperatives providing PARCC training for school districts. Because of the high demand for the training, the field support team conducted "Train the Trainer" sessions with the education coop technology coordinators, so that they could provide training for schools in their assigned areas. Online testing began in Arkansas during the 2014-15 school year.

DIS Collaborates with ADE for eSchool System

The DIS Arkansas Public School Computer Network (APSCN) team worked closely with the ADE in 2014 to implement the eSchool system, which is the Web-based student management software used by Arkansas public schools, charter schools and other state supported entities. The eSchool system includes all phases of student management, including demographics, medical, discipline, testing, scheduling, grades and attendance, as well as streamlining communication for teachers, parents and administrators.

As many districts were brought on as users of eSchool, DIS support personnel worked closely with the system vendor to increase system hardware, update servers and add monitoring tools to troubleshoot and improve performance of the system. With the implementation of eSchool, DIS is looking forward to working further with ADE to implement eFinance, which is the financial arm of the system. eFinance will allow school districts to manage all critical financial information. Three school districts will pilot the program and 18 more will be added to the pilot program for the remainder of the 2014/2015 school year. The system should be in full production in all schools included in eSchool during the 2015/2016 school year.



Strategic Goal Five: Operational Excellence *continued*

Deployment of Next Generation State Network Complete



DIS teams completed the rollout of the Next Generation State Network at approximately 2,100 locations across the state early in 2014. The project to upgrade the state network to a new high-speed network with a multiprotocol label switching (MPLS) core, known as the Next Generation State Network (NGN), began in 2012.

DIS worked closely with vendors to maximize the cost efficiency of the statewide rollout. DIS coordinated with the appropriate vendor to install new routers and disconnect old equipment at local customer sites where feasible, which minimized travel costs for DIS technicians and prevented an overlap of service costs to switch the old routers to new equipment.

Approximately 99 percent of customer locations were upgraded to the new network at the end of the year in 2013, including K-12 schools and state agencies, boards and commissions. The few remaining locations were completed in the first quarter of 2014.

State Video Network Modernization

Just as any other technology, the DIS managed state video network is constantly changing. The video network assists the state of Arkansas leverage the power of video technology to tear down the barriers of time and geography and increase productivity for employees. Video technology also carries the capacity to deliver state government services with greater cost effectiveness, mobility, accessibility and efficiency, through an environmentally responsible approach, providing a better medium for collaboration.

DIS is modernizing video conferencing services to provide video conferencing services to the desktop, mobile device and traditional conferencing room. This infrastructure also has the capacity and capability to stream, record, and store any video conferencing session at the request of the participants. As the video network technology becomes more "on demand" it moves away from the traditional approach of conducting meetings with scheduling and large conference rooms and there is an increased ease of use of the system. In the new video conferencing environment, participants have options to hold meetings using desktop client software, a smartphone or tablet application, desktop or traditional room system. These conferences can be scheduled in advance or participants may choose to join an ad hoc meeting in a pre-existing "virtual meeting room." The network also allows for participants to share content, graphics and provide live feedback.

Mobility is increasingly becoming the key factor in any video conferencing environment. With the modernization of the state video network, DIS now supports video conferencing on both the traditional state network and in the Internet cloud.



DIS Continues Integral Role in EEF Development



As the project to develop an eligibility and enrollment framework (EEF) to unify multiple services provided by multiple agencies continues to develop in 2015, DIS is looking to assume system maintenance and operations. Over the past year, approximately 25 DIS employees, dozens of Department of Human Services (DHS) employees, and approximately 120 independent contractors comprised the project team that worked to implement EEF to integrate the Medicaid Management

Information System (MMIS), State Health Alliance for Records Exchange (SHARE), and the Arkansas Health Benefits Exchange.

In 2014, DIS continued to play an integral role in the large-scale EEF project that is led by the DHS in partnership with the Arkansas Insurance Division. In order to modernize how DHS delivers social programs and health care services to citizens, the agency, along with DIS and state contractors, implemented the EEF solution. EEF is a social program management platform that will help the state address the requirements of the federal Affordable Care Act.

DIS is scheduled to assume the responsibility of the maintenance and operations of EEF in the second quarter of 2015. Once the maintenance and operations of the EEF system is turned over in full, DIS personnel will continue to develop and enhance the system, integrate the system with other critical state systems, and fulfill any requirements provided by DHS, as well as perform all maintenance and manage everyday operations of the system.

The Patient Protection and Affordable Care Act (PPACA) became law March 23, 2010, and the Health Benefits Exchange (HBE) is an essential component of the act. The HBE is an entity defined by a series of business processes to help individuals, families and small businesses receive accurate information and choose health insurance coverage under the PPACA. The information provided allows for a comparison of available health care insurance plans based on price, benefits, services and quality. The EEF application benefits Arkansas citizens by providing a single point of access to determine their eligibility across multiple services, and the system enables DHS to have a total view of each client in a single application. DHS is the largest state agency in Arkansas with approximately 7,500 employees and provides assistance to about 1.4 million Arkansans.



A Future Look



The beginning of 2015 brought many changes to the leadership in Arkansas state government and DIS. A new Governor was sworn in January 13, and a new DIS director was appointed within days of the inauguration.

DIS is looking forward to continually improving its service to the state under Governor Hutchinson and will be looking to him as he establishes a vision for technology in Arkansas. DIS will work to align its vision and mission to what the governor outlines in his administration's priorities. DIS will also continue to explore and research technology solutions to assist across the enterprise.



Governor Hutchinson appointed Mark Myers as director January 16, and Myers jumped right into business the following week, beginning in his new DIS role Monday, January 19. As the state chief technology officer (CTO) and DIS director, Myers is committed to efforts to foster a new sense of collaboration across state government, as well as tearing down silos in order for agencies to work together toward common goals.

Myers plans to improve the agility of DIS as technology is constantly evolving, and the agency should always be working to innovate and move technology forward within state government. DIS will adapt and work harder and faster to meet customer needs.

"I plan to focus on fortifying technology within state government and supporting the enterprise through the unification of resources to take full advantage of economies of scale," said Myers. "I want to increase efficiencies and use technology to work in the best interest of our state and the services we provide to its citizens."

Myers previously served as director of strategic initiatives at the Arkansas Secretary of State's Office. He holds a master's degree in political science with a concentration in international relations; bachelor's degree in history from the University of Arkansas at Fayetteville; and a postgraduate certificate in security, stability and development in complex operations from the Naval Post-Graduate School. Myers serves as a Major in the United States Army Reserves with two deployments to Iraq and one deployment to Afghanistan. He commands the 318th Tactical Psychological Operations Company. He has received two Bronze Stars, three Army Commendation Medals, and several other military awards.