

## Memorandum

**To:** All DTS Customer Departments  
All Data Processing Managers

**Date:** January 23, 2008

**From:** P.K. Agarwal, Director  
Department of Technology Services

**Subject:** FY 2007/08 and FY 2008/09 Billing Rates Adjustment - Phase III

The Department of Technology Services (DTS) is pleased to announce the third phase of billing rate changes for FY 2007/08 and FY2008/09. This is the third step in rate adjustments resulting from consolidating DTS service offerings. The first was announced on July 1, 2006, and DTS rates were reduced by approximately \$16.3 million. The second adjustment addressed additional service areas and provided further decreases to rates, in the amount of annual cost savings to DTS customer of \$26.7 million. This third rate adjustment is for FY 2007/08 as well as FY 2008/09, as DTS nears completion of the consolidation of service offerings and rates. The overall goals of these rate adjustments are to:

- Consolidate rates where there are common or similar services at both DTS data center facilities;
- Eliminate rates, where possible, in an effort to simplify the cost-recovery model for DTS customers; and
- Bring each service to, or as close to, breakeven as possible.

Although the DTS has not yet fully achieved all of these goals, they remain as the DTS' vision for future rate adjustments. The following is a summary of key changes, with effective dates noted:

- **Open Systems Storage:** The addition of two tiers of storage on open systems, Tiers 3 and 4, will offer DTS customers a choice of lower cost storage alternatives for their applications hosted and managed by DTS utilizing open systems storage. Tier 3 storage will allow customer applications to access storage via IP addressing and will be priced at a monthly rate of \$8.00/month/gigabyte. Tier 4 Storage will be for "fixed content" data (that has few changes) normally associated with archived data or scanned images. The Tier 4 storage rates will be \$6.00/month/gigabyte. Both of these offer an alternative to the current open systems storage rate of \$18.35/month/gigabyte. These alternative Tiered Storage rates for open systems will be effective January 1, 2008. DTS also plans a similar tiered offering for mainframe storage, and to enhance the Tier 3 and Tier 4 storage services to allow for servers that will be housed at a remote facility in the future.
- **Computer Output Microfiche:** A change in the Computer Output Microfiche (COM) rates for both original and duplicate fiche to recover the contract costs for the outsourced vendor and the associated DTS support costs. The new COM rates, which reflect the actual contracted vendor costs and associated DTS support costs, will be \$1.40 for original fiche and \$0.20 for duplicate fiche. These updated billing rates reflect a 48% increase in the revenue required to recover the DTS cost of services provided. This change will be effective July 1, 2008.

- **Disaster Recovery:** A change in the philosophy for Disaster Recovery (D/R) chargeback which recognizes that certain fixed costs are applicable to all D/R customers, regardless of the size of their hot site requirement. The currently defined Disaster Recovery service and the published rates are applicable only to customers reserving capacity at the IBM hot site in Boulder, Colorado. The new rates for D/R services, including the IBM hot site contract and DTS support costs, to be effective July 2008, will be:
  - **CPU Hotsite:** \$16 per MIP which is an 85% decrease from the current rate of \$104 per MIP;
  - **D/R Tape:** \$0.38 which is an 87% decrease from the current rate of \$3.00;
  - **D/R Data Storage (DASD):** \$0.0125 per MB, per month, which is an 82% decrease from the current rate of \$0.07 per MB per month;
  - **Backup Tape:** A new rate of \$0.01 per megabyte of data transferred will be added for backup tapes; and
  - **D/R Staffing Support:** All D/R customers will be charged \$3,720 per month for fixed staffing.
  - **D/R Staffing Support – Open Systems:** Add a rate of \$357 per month and a one-time set-up fee of \$4,500 to recover staff costs for D/R Open Systems.

The recently approved DTS Feasibility Study Report for Service Continuity for Mainframe Systems (SCMS) does not affect these rates at this time. Fiscal Year 2009/2010 will include SCMS as a service offering. Customers currently subscribing to the DTS D/R hot site service will then have the opportunity to determine whether their data is appropriate to move to the SCMS service offering.

- **Secure File Transfer:** A reduced charge for offering Secure File Transport Service which offers the highest standards of encryption and authentication for sensitive file transfers. The current DTS charge for Secure Transport Service is billed at \$55.53 per named user account, with an additional charge of \$55.53 for each GB or fractional amount above the one gigabyte base rate. The new Secure File Transport Service will be \$16.00 per named user account, per month, with an additional charge of \$13.00 for each gigabyte or fractional amount above the base five gigabyte rate. This change will be effective January 2008.
- **Training Center:** A realignment of services and rates intended to bring the DTS Training Center closer to full cost recovery status, rates to be effective July 2008.
- **Methodology for zAAP Processors:** IBM System z Application Assist Processors (zAAP) are used to run Java workload under z/OS (mainframe CPU). zAAP was recently installed in August 2007. DTS proposes to reduce the current CPU hourly rate of \$1,044, for zAAP processor use only, by 46%, to \$564/ hour. Since DTS does not incur any additional software license charges for zAAP Processors the software costs are being subtracted out of the current published CPU hourly rate. This change will be effective January 2008.

When all of the above rate changes are implemented, the result of these rate changes will be a revenue decrease to DTS of less than 1% for FY 07/08, and a decrease of less than 1% for FY 08/09. These figures are based on actual customer usage during FY 2006/07.

To view a copy of the DTS Billing Rates schedule, please visit the DTS web site at: <http://www.dts.ca.gov/Customers/rates.asp>. If you have any questions, please contact Colleen Field at (916) 739-7904 or email [dtsbilling@dts.ca.gov](mailto:dtsbilling@dts.ca.gov).

DTS values your continuing support and welcomes your suggestions.

Attachment