

Memorandum

To: All OCIO/OTech Customers
All Data Processing Managers

Date: December 24, 2009

From: Office of Technology Services

Subject: FY 2009/2010 Mid-Year Billing Rate Changes

The Office of Technology Services (OTech) is implementing several billing rate changes to be effective January 1, 2010 or July 1, 2010. The rate changes contained in this memo were approved by the Technology Services Board on December 21, 2009 and is a follow-up to the initial six-month rates package that was approved on May 22, 2009 by the Technology Services Board (TSB), which were effective July 2009 through December 2009. Please note that the rate changes approved in May 2009 by TSB will remain in place in conjunction with the newly approved rate changes.

This package includes rate adjustments for the following service areas:

- MVS CPU
- MVS Data Storage
- VM Services
- Windows Virtual Server
- Network Line Speeds
- Network Installs
- Email Hygiene and Email Encryption
- CA View
- Consulting

The following is a summary of the key rate changes with the effective date of each:

- **Mainframe Computer Processing Service:** The mainframe system service is hosted on IBM z/Series central processors running z/OS, the IBM operating system for large scale processing applications, provides access to a range of mainframe software products and databases. This service also offers customers high performance, availability, and reliability; as well as a robust and secure operating environment and scalability.

Service	New Rate Effective Jan 2010	Current Rate	Net Change
Normalized CPU Hour	\$950	\$1,044	-9%

- Mainframe Data Storage** – The OTech offers secure and reliable storage for z/OS platform data as a basic component of the standard mainframe application hosting service. The rate changes include rate reductions for disk storage by approximately 18% for the first six months (January 2010 through June 2010) and approximately 28% effective July 2010 as a two-step rate adjustment implementation. The tape storage rates are expected to increase by 25% for the first six months and by 105% for FY 2010/2011 to bring them to break even status.

Service	New Rates Effective Jan 2010	New Rates Effective July 2010	Current Rates	Net Change Effective July 2010
Disk Shared-Storage	\$22.00	\$20.00	\$26.00	-23%
Disk Storage – Dedicated/ADABAS	\$22.00	\$20.00	\$26.00	-23%
Disk Storage – HSM Level 1	Now included in Disk Shared – Storage	Now included in Disk Shared – Storage	\$26.00	n/a
HSM Level 2 Data Archiving	\$14.00	\$11.50	\$18.00	-36%
HSM Tape Redirect	Eliminate	Eliminate	\$0.14	n/a
Tape to DASD Redirect	Eliminate	Eliminate	\$0.14	n/a
Virtual Tape Storage*	\$1.75/GB	\$2.50/GB	\$1.00 per tape	n/a
Tape Storage*	\$3.00/GB	\$6.25/GB	\$1.00 per tape	n/a
Tape Storage Round Reel*	\$3.00/GB	\$6.25/GB	\$4.20 per tape	n/a
Tape Mount	\$1.50	\$1.50	\$1.50	0%

*Change in Utilization Metric from Per Tape/Cartridge/Reel to Per GB per month

The storage rates also reflect a changed in the billing metric for data stored on tapes from a per physical tape rate to a per gigabyte rates for tape storage; this change was necessitated with the introduction of Virtual Tape Storage technology.

- VM Services:** OTech is going to discontinue offering this service in the future. For those remaining customers still using the VM service, OTech will charge based on a direct pass-through charge rather than continue to charge rates for the VM platform service. The direct pass-through charge is calculated on a percent-to-total based on utilization. This will recover the targeted monthly expenses rather than continuing to subsidize VM from other service areas. OTech has notified customers of the impending change in billing and is working with customers to clean up old user IDs, data sets, and/or migration to another platform. The change will be effective July 1, 2010.

Service	New Rates	Current Rates
VM CPU (per hour)	Dedicated	\$3,110
VM Swift (per UserId)	Dedicated	\$4.15

- Windows Virtual Server:** A virtual server is a method of partitioning a physical server into multiple servers such that each has the appearance and capabilities of running on its own dedicated machine. Each virtual server can run its own full-fledged operating system, and each server can be independently rebooted. The OTech will offer a more robust service to meet customer demand. The new high availability Windows virtual servers will be configured in a clustered environment of at least three physical servers per cluster and use SAN storage exclusively for all instances of its operating systems and standard software; whereas the current service offering uses local storage which does not provide for high availability. Customers may continue to subscribe to Non-high availability Windows Virtual Servers for \$400/month per server. The new monthly rates will include a base rate, a rate for additional CPU cores, and a rate for additional memory. The base rate will be \$600 per server; the rate per core will be \$75; and the rate per gigabyte of memory will be \$50. Customer storage requirements will be provided at published storage rates.

Service	New Rates Effective Jan 2010	Current Rates*
Windows Virtual Server – Base System with 1 CPU core and 1 gigabyte of memory	\$600/mo	n/a
Windows Virtual Server – Additional Cores	\$75/mo	n/a
Windows Virtual Server – Additional Memory (per Gigabyte)	\$50/mo	n/a

*Currently, The OTech offers a Windows Virtual Server service at a lower cost; however, the service is not high availability and does not provide for increased computing resources. The current rates for the existing service are \$400 for the base system, per month and \$15 per half of gigabyte of memory with a maximum of 2 gigabytes per server. The current offering also provided 18 gigabytes of local disk storage which will not be available in the high availability option.

- New Network Line Speeds:** As new network technologies are implemented by service offering vendors and additional speeds are offered, rates will be added to the existing service offering to accommodate these new speed connections.

New Line Speed Service	New Rates Effective Jan 2010	Current Rates
Foreign/COEMS – 1000 Mb	\$5,105	n/a
OPT-E-MAN 2	\$2,027	n/a
OPT-E-MAN 4	\$2,325	n/a
OPT-E-MAN 8	\$2,663	n/a
OPT-E-MAN 150	\$7,441	n/a
OPT-E-MAN 600	\$9,450	n/a

- New Network Install Levels:** Two rates are being added for Network Installs to recover the costs for assisting customers when ordering OTech Services. These rates are tied to the consulting rate changes below.

Service	New Rates Effective Jan 2010	Current Rates	Net Change
Dial Line - Install/Delete	\$190 (2 hours @ \$95)	\$180	+5%
Inside Wire Move – without equipment	\$95	\$90	+5%

- Email Hygiene and Email Encryption:** The email hygiene system is a new service which will provide email spam filtering, anti-virus protection, content/policy filtering, high volume message translation and encryption. The new rates for this new service are as follows. These rates are effective January 1, 2010.

Note: E-Hub services are currently included in OTech’s Statewide Email subscription fee and there is no additional charge.

Service	New Rates Per mailbox	Current Rates
E-Hub Service for customers without CAL client licenses	\$0.56	n/a
E-Hub Service for customers with CAL client licenses	\$0.13	n/a
Email Encryption	\$1.08	n/a

- CA View and Web Viewer:** Starting November 1, 2009, customers were migrated to the new Go Online (CA View) service. Go Online is being mandated to replace the existing Print Output and COM (Microfiche) services. This new service utilizes rates for CPU and Data Storage. OTech is unable to provide cost impacts to customers due to the following unknown variables which would apply to any output using this service:

- Size of the output report
- Length of time stored online
- CPU cycles needed to send the output into Go Online
- CPU cycles caused by frequency of accessing the output online
- CPU cycles possibly used in resorting the output
- Resources consumed in possibly duplicating, or sending, copies of the output to multiple end users.

Service	New Rates Effective Jan 2010	Current Rates	Net Change
CPU per hour	\$950	\$1,044	-9%
Data Storage per GB	\$22	\$26	-23%

- Consulting Services:** The consulting services rates were refreshed based on current staff support costs. The service levels were established to take into account the professional expertise required and the complexity of the consulting service requested. Level 1 Consulting service applies to the most complex and highest degree of expertise; Level 4 Consulting requires the least degree of difficulty and expertise. As approved by the Technology Service Board, the OTech will also begin charging for Project Management for Pre-Implementation services beginning July 2010.

Service	New Rates Effective Jan 2010	Current Rates
Level 1	\$150	n/a
Level 2	\$130	n/a
Level 3	\$110	n/a
Level 4	\$95	n/a
Certified Level	Eliminate	\$115
Staff/Senior ISA Level	Eliminate	\$90
Associate ISA Level	Eliminate	\$75

The total net revenue reduction for the 18- month period covered by these rate revisions is \$12.9 million (January 1, 2010 through June 30, 2011). If you have any questions or wish to know the projected impact of these changes are on your department's OTech invoice, please contact Colleen Field at (916) 739-7904 or colleen.field@state.ca.gov.

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