

M e m o r a n d u m

To: All OCIO/OTech Customers
All Data Processing Managers

Date: June 30, 2010

From: Office of the State Chief Information Officer/Office of Technology Services

Subject: FY 2010/2011 Billing Rate Changes

The Office of the State Chief Information Officer (OCIO) is announcing additional rate changes, approved by the Technology Services Board (TSB) on June 30, 2010, to be effective July 1, 2010. The purpose of the rate changes remains to:

- Bring each service to, or as close to, break-even as possible.
- Decommission services that are under utilized and under-recovering.
- Bring new technology to our customer to reduce the OTech costs.

These rate changes include adjustments and new rates in the following areas:

- Mainframe zAAP CPU Service
- AIX Application Hosting Service
- Windows Server Memory
- Disaster Recovery (D/R) for Open Systems
- Hosted E-mail Services
- California Government Enterprise Network (CGEN)
- CGEN Network Protocol Services

The following is a summary of the key changes with an effective date of July 1, 2010:

- **Mainframe Computer zAAP 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. The zAAP processors are specialized for Java/Webshpere applications, and have less costly software installed on them, but provide faster throughput for these applications. The savings in software enable OTech to offer a lower hourly price for processor utilization.

Service	New Rate	Current Rate	Net Change
zAAP Normalized CPU Hour	\$510	\$564	-10%

- AIX Application Hosting Service:** The OTech offers secure and reliable application hosting services on an IBM AIX platform. These revised rates more appropriately align the chargeback methodology for this service. In addition, a new service component will be added to accommodate customers with high availability requirements.

Service		Rates		Net Change
New	Current	New	Current	
AIX LPAR	Tier I AIX Base System	\$2,610/mo	\$2,480/mo	5%
AIX LPAR	Tier II AIX Base System	\$2,610/mo	\$4,320 /mo	-40%
AIX LPAR	Tier III AIX Base System	\$2,610/mo	\$7,990/mo	-67%
AIX LPAR	Tier IV AIX Base System	\$2,610/mo	\$15,330/mo	-83%
One-time Set-up Fee	One-time Set-up Fee	\$460	\$460	0%
AIX LPAR	Tiers I – IV	\$2,610/mo	Various	N /A
AIX CPU Core	AIX Processor Core	\$1,060/mo	\$290/mo	266%
AIX Memory, per gigabyte	AIX Memory, per gigabyte	\$60/mo	\$75/mo	- 20%
IBM HACMP One-time Set-up Fee, per cluster	New	\$2,600	N/A	New
IBM HACMP Support, per cluster	New	\$650/mo	N/A	New

- Windows Server Memory:** This service component is part of the Windows Application Hosting Service. This service component allows customers with increased demands for Random Access Memory (RAM) on dedicated Windows servers to add additional server memory at a reduced cost.

Service	New Rates	Current Rates	Net Change
Wintel Server Memory, per gigabyte	\$15/mo	\$29/mo	-48%

- **Disaster Recovery for Open Systems:** The OTech D/R for Open Systems provides warm site service through OTech's contractor. The rates below will more closely recover the costs of this service provision:

Service	New Rates	Current Rates	Net Change
One-time Set-up, per system	\$4,500	\$4,500	0%
D/R Support per D/R system (5 servers)	\$3,400/mo	\$304/mo	1,018%
D/R Support per Database Server	\$775/mo	N/A	New
D/R Support for each 200 gigabytes of storage	\$90/mo	N/A	New
D/R Support per each additional server (over 5 servers)	\$300/mo	N/A	New
D/R Support per system for Solaris servers	\$450/mo	N/A	New

- **Hosted E-mail Service:** This is a new service option which will provide customers with another alternative to the Statewide E-mail Service offering provided by OTech. The new rates for this service are as follows:

Service	New Rates	Current Rates	Net Change
Hosted E-mail Service per seat	Vendor Pass-through plus 4.44% administrative cost	N/A	New
Hosted E-mail OTech Support, per seat	\$0.49/mo	N/A	New

- **California Government Enterprise Network:** OTech is establishing the California Government Enterprise Network (CGEN) service that uses carrier-managed solutions to provide statewide network access and deliver traffic to OTech customer headquarters sites and/or to OTech facilities.
 - ◆ **CGEN Telco:** As the owner of record for all CGEN circuits, OTech has received bundled rates from vendors at various circuit speeds which are very competitive. OTech will pass through to customers the vendor cost per circuit plus the OCIO Admin Fee of 4.44%. This allows customers to clearly identify this cost component for their network.

- ◆ **iHub/Internet:** OTech is establishing a fee to recover the costs for the infrastructure that will provide:
 - Interface between the vendor networks,
 - Internet security and access,
 - Connectivity to other State departments, and
 - Access to OTech and State shared services.
- ◆ **OTech Fee:** The OTech Fee covers the cost for OTech staff resources focused on managing migrations of all customers to CGEN and on-going management of customer use of CGEN.
- ◆ **CSGNet Retirement Fee:** OTech must continue to recover the cost for CSGNet until it is fully retired. This component of a customer's bill would not apply to Department Managed Circuits (DMC) not currently on the CSGNet. The tiered rate structure was created by increasing the cost as the bandwidth increases, while insuring that the customer would not pay more for CGEN services than they do currently.

As OTech gradually decommissions the CSGNet, a report will be provided to the Technology Services Board on the progress and reductions in the cost to maintain CSGNet on a quarterly basis. The Retirement Fee will be adjusted accordingly on the same cycle, quarterly, until completely eliminated. The decommission schedule is dependent upon customers migrating to CGEN.

- **CGEN Network Protocol Services:** These services will be additional charges to the CGEN rates for additional protocol services not utilized by all customers.

Service	New Rates	Current Rate	Net Change
Apple Talk	\$75/mo	N/A	New
IPX/SPX	\$75/mo	N/A	New
DLSW/SNA	\$35/mo	N/A	New
Encryption	\$65/mo	\$50/mo	30%

The net revenue increase for Fiscal Year 2010/2011 covered by these rate revisions is approximately \$63,000. This projected increase does not take into account the impact of the network rate changes. If you have any questions or wish to know the projected impact of these changes to your department's OTech invoice, please contact Colleen Field at (916) 739-7904 or colleen.field@state.ca.gov.

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cc: Colleen Field, OCIO