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By Celia Llopis-Jepsen (/celia-llopis-jepsen)

celia.llopisjepsen@cjonline.com

Brownback administration tight-lipped on \$17m tech expense

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The Brownback administration has not talked about a \$17 million expenditure on IT efforts, which later favored outsourcing. (File Photo / The Capital-Journal)

The administration of Gov. Sam Brownback has refused to explain details of a \$17 million expenditure on IT efforts that were later abandoned in favor of outsourcing.

The Capital-Journal is seeking information about why the expenditure was approved, whether the state will be able to recoup it, and whether the state remains on the hook for more of the total project costs, which a recent report listed as \$33 million.

The Capital-Journal asked Department of Administration spokesperson John Milburn:

- Whether the \$17 million was spent on leasing fees.
- Whether the equipment has been sitting in storage unused.
- Why the administration decided in 2013 to pursue the project, then scrapped it as too expensive.
- Whether the administration is concerned about the \$17 million spent so far and the prospects for recouping it.
- Whether Kansas is obligated to pay any more of the \$33 million in project costs, such as for any ongoing fees.

“We have several alternatives in front of us that will allow us to recover some costs,” Milburn replied. “It is a complex technical issue that the team has been working through and some of those answers will become clear in the next three to six months.”

The Governor’s Office didn’t answer similar questions. It deferred to Milburn.

At issue is a now-sidelined effort to create a state-run platform that would replace an IBM mainframe in the Landon data center that serves four major state agencies. The initiative was called Executive Branch Technology Modernization (EBTM), or Kansas GovCloud.

Quarterly project reports indicate the \$33 million price tag for the in-house effort included the cost of setting the system up and operating it for the first three years.

On Thursday, **The Topeka Capital-Journal reported** (<http://cjonline.com/news/2016-12-08/kansas-poured-17m-tech-solution-outsourcing-instead>) that the state has already poured half of the anticipated total into the project. The quarterly project reports indicate EBTM was formally placed on hold by the first quarter of this year. In September, the state contracted to outsource the mainframe's functions instead.

Illinois-based IT firm Ensono won that contract, as **The Capital-Journal reported** (<http://cjonline.com/news/2016-12-07/kansas-inks-deal-outsource-it-chicago-area-company>) Wednesday (<http://cjonline.com/news/2016-12-07/kansas-inks-deal-outsource-it-chicago-area-company>). It is worth about \$14 million for five years.

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MerriAnnie Smith

2 days ago *(edited)*

It's confusing. Weren't we told that Brownback was the best option for governor of Kansas? Why, then, are we constantly seeing all his bugaboos in the news?

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Chris Imming

2 days ago

So Milburn is saying they made a decision to outsource at a cost of an additional \$14 million before they had answers to some critical questions.


Reply Share +6

STEVE NESKE 1 day ago

Don't these conservative nincompoops want to run State government like a business? No business would tolerate a \$17 million screw-up. Put up or shut up... heads should roll. Fire the dufus in charge of this project.

Reply Share 1 reply +4

Theodore Calvin 22 hours ago

 They want to run government like a business when it sounds good. We all know that sometimes real-life happens, something they generally never build into their plans. And working for a large company I can confidently say "Yes", the dummy who made this decision would certainly not have employment for very long without a good reason for the loss.

Reply Share +1

 **ELAINE SHEA** 22 hours ago

These are the same people who would berate the wait staff if they did not get there fries.


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Jimbo Read 21 hours ago

A few little birdies have told me that all of the equipment referenced in this article is sitting in the docking state office building. It has been there for at least a year or two... new, in the boxes. By now it has lost most of it's retail value. Also, the folks who made these decisions are still in charge.... Whoops....

Reply Share +3

 **Bill Mccwilliams** 19 hours ago

 If 15 years of this guy in washington as your senator, didn't send a message to the people of Kansas, then you have no one else to blame but yourselves for voting him in as governor!

Reply Share +1

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Posted December 8, 2016 05:59 pm - Updated December 9, 2016 11:00 am

By Celia Llopis-Jepsen (/celia-llopis-jepsen)

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Kansas poured \$17m into tech solution before outsourcing instead

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Kansas reached a five-year, \$14 million deal with Ensono, a company based in suburban Chicago, in September. (File photo/The Associated Press)

The administration of Gov. Sam Brownback spent \$17 million on resolving technology needs in-house before abandoning the effort in favor of outsourcing to an out-of-state company.

The state's head of IT, who put the in-house Executive Branch Technology Modernization project on hold, says it was too expensive.

"That's what we were going to do — that was the EBTM project," Phil Wittmer, chief IT officer, said after a legislative meeting Thursday. "The cost is prohibitive. It was slated to cost \$33 million. We had sunk about half that into it. And when we looked at it, it was going to cost \$50 million to finish it."

On Wednesday, **the Topeka Capital-Journal reported Kansas is retiring an IBM mainframe** (<http://cjonline.com/news/2016-12-07/kansas-inks-deal-outsource-it-chicago-area-company>) used by four major state agencies and has contracted with Illinois-based Ensono in its stead. *Dec 16*

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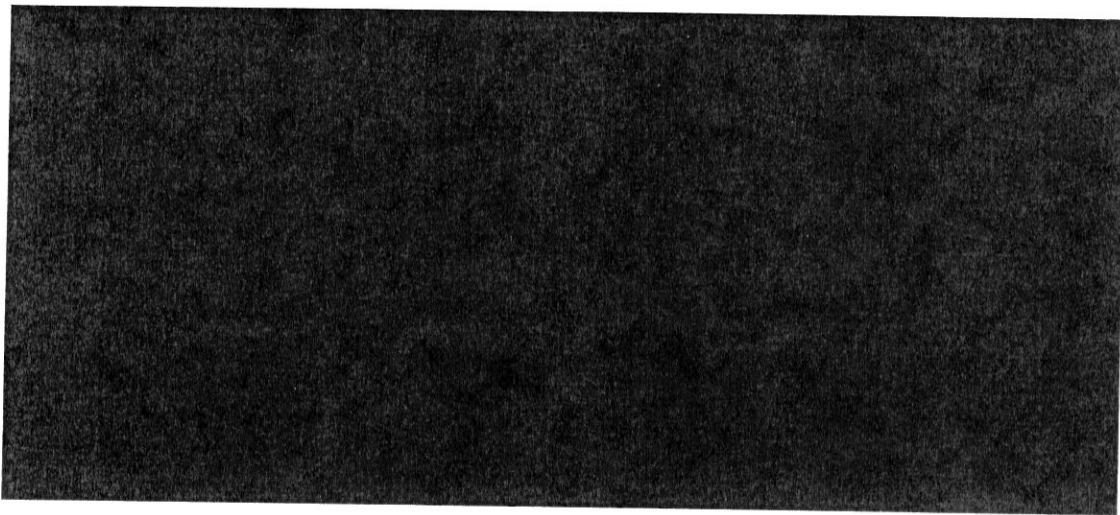


PHOTO COURTESY BY ENSONO

Kansas reached the five-year, \$14 million deal with Ensono in September. State workers are on edge about potentially losing their jobs since being called to a meeting last week about the matter.

Department of Administration spokesman John Milburn didn't answer questions Thursday regarding why EBTM was initially approved, where the equipment for the project is being stored, and whether any of the \$17 million can be recouped.

Quarterly project reports produced by the Office of Information Technology Services indicate the EBTM plan — also dubbed Kansas GovCloud — was approved in September 2013, under a previous chief IT officer.

The reports showed the project as active up to the first quarter of 2016, when it was listed as “on hold.”

Estimated total expenses for the project and three years of operational costs were \$32.75 million. The report said \$16.95 million had been spent so far, and the project remained frozen “pending outcome of financial and scope reviews.”

The report describes Kansas GovCloud as a partnership with Alexander Open Systems to provide the Kansas Private Government Cloud infrastructure.

“Over the next three to five years, this infrastructure will host the complete compute, storage, and networks needs for OITS agencies plus any additional growth,” the report says.

The project also included “services for the implementation, deployment, and migration of existing logical systems onto the Kansas GovCloud infrastructure and all additional services.”

For the Ensono contract, Wittmer told lawmakers Thursday his office considered bids from in-state companies. In total, the state received eight bids, but the in-state options fell short of the physical requirements and security needs.

Wittmer said the primary location for Kansas’ data, once housed with Ensono, will be in the suburbs of Chicago, and the backup will be in Arkansas.

The state’s current mainframe situation needed to be addressed, he said. Last Christmas, for example, a power outage brought down the state’s Landon data center, which includes the mainframe, for about a day.

Speaking after the meeting, Wittmer said switching to a new platform “would give us much more reliability.”

“One thing when you’re running a data center — you’ve got to have redundancy on power,” he said. “And on air, and on all your systems that keep it up.”

“Because of the age of that facility,” he said, “our failover didn’t work.”

Failover refers to backup systems.

Last January, an external state efficiency audit commissioned by the Legislature concluded that Kansas was spending \$6.4 million annually on mainframe operation, including pay for the 40 full-time-equivalent IT employees who support it. The audit recommended outsourcing.

Wittmer became chief IT officer in August 2015, replacing Secretary of Administration Jim Clark, who had filled in after IT chief Anthony Schlinsog left the previous October. Schlinsog had served in the role since November 2011.

Contact reporter **Celia Llopis-Jepsen** at (785) 295-1285 or @Celia_LJ on Twitter.

Kansas inks deal to outsource IT to Chicago-area company (/news/2016-12-07/kansas-inks-deal-outsource-it-chicago-area-company)

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LAURIE VARNER

5 days ago

Mr. Brownback, it's time to abandon something else -- your tax plan.

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LYNN GRANT

5 days ago

Abandon something--like your office!

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This comment has been deleted

2 replies

JANET MILLER

4 days ago

What's your real mane Un? Come on CJ, you require everyone else to use their real name.

Reply Share

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Bob Berg

4 days ago

This is sadly correct.

Reply Share

+1

**McKenna Seymour**

4 days ago

I wouldn't know who to blame for this outsourcing but I think it is a very sad statement that no one in the entire state is able to do this. It is the most personal of information about individuals in this state, being outsourced to other states. Brownback seems incapable of appointing people able to actually do their job. Sounds like the head of IT that left the position probably knew it was in the tank. Another sad statement on this Brownback administration that leaves you shaking your head...

Reply Share

+5

STEVE NESKE

4 days ago

Let's see. \$17 million in taxpayers dollars in the crapper. Incompetence on the part of the project management, the consultant or both. Somebody ought to get fired over this but don't expect that to happen. Business as usual for the Brokeback administration.

Reply Share

+3

Bob Berg

4 days ago

OwnCloud was a MUCH bigger initiative with different goals than the mainframe outsourcing.

I think this distinction is important - do not believe that 17m was invested in "mainframe support" to avoid outsourcing. No, 17m was invested in a different project and is now being spun to make it sound like Kansas invested locally before we gave up and outsourced.

Reply Share

+3

Mark Smith

4 days ago

Let's see... For decades the legislature and governors didn't sink money into the IT department. Now that an upgrade must happen, Brownback wants to punt to a contractor? \$50 million is not too much for decades of use. The problem is, Brownback cut the tax income 6 years ago!

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**JAMES LOWREY**

4 days ago

Paid for a technology that they couldn't make work with their current platforms. Give them all toasters and a keyboard.

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Posted December 7, 2016 04:37 pm - Updated December 7, 2016 06:24 pm

By Celia Llopis-Jepsen (/celia-llopis-jepsen)

celia.llopisjepsen@cjonline.com

Kansas inks deal to outsource IT to Chicago-area company

Union official says state employees fear dozens of job losses

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In this Thursday, Oct. 27, 2016, file photo, a guest looks at the Touch Bar on a MacBook computer. (AP Photo/Marcio Jose Sanchez, File)

The state will retire a mainframe used by four major state agencies and contract with a private company in its stead, drawing concern from state employees about potential impending layoffs.

The state has inked a five-year contract with Illinois-based Ensono for more than \$14 million to replace an IBM mainframe, as recommended last January in a state efficiency review commissioned by the Legislature.

The January efficiency study laid out several opportunities for IT-related savings across state agencies.

John Milburn, spokesman for the Department of Administration, said Wednesday the contract to drop the mainframe is the first of these that the state is carrying out. Asked whether the state will proceed with the other recommendations, he said, "Those efforts are not as far along as the mainframe, but discussions and planning are ongoing."

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Rebecca Proctor, executive director of the Kansas Organization of State Employees, said she has heard concerns from IT workers who say they were called to a meeting last week to discuss the decision regarding the mainframe. IT workers are concerned they will lose their jobs, and that outsourcing these services sends taxpayer dollars out of state.

One IT worker emailed Proctor following the meeting to say it appeared dozens of employees would be laid off.

Milburn confirmed a meeting had taken place but said he does not have specifics about potential job cuts.

"It's unclear at this time just exactly how many will be affected," he said.

Asked about the concern that the contract with Ensono would send public money out of state, Milburn said state contracts are sometimes with in-state and sometimes with out-of-state companies.

Proctor said the KOSE union hasn't been informed of any layoff plan yet. The state has to notify the union at least 45 days in advance, she said.

Alvarez and Marsal conducted the state efficiency review, **which is accessible online in full (<http://www.kslegresearch.org/KLRD-web/Publications/AppropriationsRevenue/KansasStatewideEfficiencyInterimRpt201>**

The audit says the state operates a single IBM mainframe at an annual cost of \$6.38 million, including \$2.4 million in labor costs. About 40 full-time-equivalent IT employees support the mainframe, which serves the Department for Children and Families, the Department of Transportation, the Department of Revenue and the Department of Labor.

“If bundled with a comprehensive data center outsourcing initiative,” the report says, “the state could generate between 15 and 25 percent in total savings or \$960,000 to \$1.6 million in annual savings.”

The audit recommends considering contracts with private companies not just for the mainframe, but for “all existing state-owned data centers,” which includes servers and storage.

The report says there are 60 full-time-equivalent public jobs supporting “the server, storage and data center environment,” representing \$4.3 million in annual labor costs.

It estimates a potential \$860,000 to \$1.3 million in labor savings related to consolidating and outsourcing data center support, and says outsourcing data centers would free up an estimated 50,000 square feet of floor space and avoid future spending on revamping the server and storage environment.

The report’s other recommendations for boosting efficiency within the state’s IT functions included:

- Consolidating all network services
- Consolidating service desk and end user computing services
- Consolidating application development and maintenance and database administration
- Consolidating project management, security, management and other activities across executive branch IT

According to Ensono’s website, the company’s headquarters is in Downers Grove, a Chicago suburb. Its primary data centers are in Illinois and Arkansas, but the company and its partners have data centers “in almost every region of the U.S.”

The Topeka Capital-Journal left voicemails and sent an email to Ensono on Wednesday afternoon seeking comment and information about whether it plans to hire any of the state's IT employees who work with the mainframe, and whether the company would locate jobs and operations related to this contract in state or out of state.

In addition to paying about \$14 million in service charges over the next five years, the state has agreed to reimburse Ensono for "all reasonable, documented, and pre-approved expenses" related to performance of services. Travel and related costs will be subject to the state's expense guidelines.

The contract also includes potential charge adjustments for increases or decreases in resource usage. Early contract termination fees would range upward of \$2 million in the first year and decrease incrementally over the span of the deal.

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Clifford Byrne

6 days ago

Just doesn't make sense. How can contracting a company out of state be better than just paying our own people to do the job?

Reply Share 1 reply

+7



G Dean Mahon

5 days ago

Maybe our own people will be moving out of state to work for Ensono?

Reply Share

+2



Randy Perkins

6 days ago

More jobs gone. I fear it's only going to worsen. Many workers have family to support.

Reply Share

+5

STEVE NESKE

6 days ago

It appears that Brokeback and his toadies are not happy with the state of affairs in the State of Kansas and want to screw it up more. Attaboy. Doing a great job Sammie.

Reply Share

+6



Arlyn Briggs

5 days ago

Outsourcing may not be such a bad idea as there have been multiple debacles of IT services at the state level. One prime example was when the conversion to go off the mainframe to servers for the legislature to work laws and a second disaster was the DMV registration process.

Reply Share

0



Thorne Smith

5 days ago

Apparently there isn't anything the Brothers Koch will not have BrownSnake sell to crooks and thieves.

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CHERYL SWISHER

5 days ago

Unbelievable, no wonder our state is in trouble. We don't support our own workers!

Reply Share

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ALAN LUNN

5 days ago

I'm thinking this has something to do with the Kochs buying a big stake (\$2 billion) in New York's Infor.

<http://www.reuters.com/article/us-infor-m-a-koch-idUSKBN13B1MC>

They are also, after the huge win in November, rearranging the furniture in their political network and laid off 81 workers (perhaps temporarily). They essentially own the government now, which was their old goal. Trump appears to be a wild card but Pence is a Koch-head.

" Infor is active in 200 countries and territories with around 15,000 employees. Infor's customers included Bausch & Lomb, Ferrari, Heineken, Wyndham Hotels, Hershey Entertainment and Resorts, Boskalis, EBSCO, Legacy Health, and Best

Western International."

<https://en.wikipedia.org/wiki/Infor>

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Betsy Jones

5 days ago

This is just another nail in the coffin for the State Civil Service Employee. Folks - the people you elected to the legislature in addition to Brownback doesn't give a hoot about the State Civil Service Employee - they don't care about how many families they will be impacting - outsourcing jobs when there's people right here to do the job. The legislature and Brownback are cheapskates they won't be happy until there is zero State Civil Service Employees..... so they can outsource jobs so they can get out of paying benefits and retirement.... oh the sun is shining in Kansas and don't let anyone tell you it's not.... yeah right. Start clearing your desks State Civil Service Employees that way when the layoffs come you won't have to clear your desks then.

Reply Share 1 reply

+2



Betsy Jones

5 days ago

We already knew that Brownback doesn't care about the State Civil Service Employee and their families..... now we have confirmation that the State Legislature doesn't care either -

The Governor and State Legislature is a p. poor excuses for leaders.... they should be renamed "State Destroyers"!!!!!!!

Once upon a time, it was good to be a State Civil Service Employee - the work used to be steady and secure.... not no more.

They all should be impeached for "BREACH OF TRUST" ! Every damned one of them. Kansans should hold special elections to replace everyone at the State Capital Building! Give them the boot - let them know what it's like to be on the receiving end of "thank you for your service, but you are no longer needed."

Reply Share

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