IT SERVICE INVESTMENT BOARD

November 9, 2021

AGENDA

> Call to order

> Welcome and introductions

> Governance Board update

> UW-IT financial landscape

> Technology Recharge Fee annual review

> ERM and IT

> UWFT Combined Quarterly Report and IT Project Portfolio Review

> Wrap up

Governance Board Update – IT Strategy Board

Aaron Powell
Vice President for UW-IT and CIO

QUESTIONS

UW-IT Financial Landscape

Bill Ferris

Chief Financial Officer, UW-IT

FY21 > FY23 Financial Challenges

> Unprecedented Increases – Software & Security $1.1M +

– Microsoft, ProofPoint (Anti-Spam), Canvas, DocuSign, Zoom, etc.

> Investments in Technology Infrastructure - $1M+

– Network Refresh – Wired and Wi-Fi, Intrusion Protection System

> Student Administrative Systems - $1.6M

– Replacing temp funding for MyPlan, UGA, and FAMS

> 4.6% Perm GOF Reduction in FY21 - $1.6M, + other inflationary increases

UW-IT FY22 Budget

Revenue		(Millions)	
GOF/DOF (Perm & Temp)	$	50.6	*48%*
Technology Recharge Fee		23.4	*22%*
Self-Sustaining Revenue		28.4	*27%*
Temp Use of Reserves (Incl SS)		3.4	*3%*
Total	$	105.8	
Expenses	$	109.4	

Permanent Funding Gap   **-$3.6**

Increases to -$4.4M by FY 25

Operating Reserves **(Non-Self Sustaining)**

Beginning Balance 7/1/2021	$	14.8

Without action, the Perm Funding Gap and Temp Commitments will deplete reserves by end of FY24

Long Term Budget Planning - Addressing the Gap

Internal Reductions

> **Reduce 8-10 FTE (Vacancies) to address funding for Student Admin Systems**

Technology Recharge Fee

> **Recommend incremental increases over 4 years to address escalating costs for Enterprise Software licensing**

Use of UW-IT Reserves

> **FY22-FY24 as a bridge to a balanced budget**
> **Temp investments for Google Workplace & Infrastructure Refresh**
> **Continue to maintain an emergency reserve**

Emerging Challenges and Risks

> **Software**

- – Google Workplace for Education - $1.8M over 4 Yrs
- – Licensing for non-paid populations (ex. Affiliates)

> **Risk and Compliance**

- – Cybersecurity threats
- – Campus IT Contract and Vendor Advising

> **Infrastructure**

- – Tech Refresh – Wired, Wi-Fi, Data Center
- – Cost Increases – (20% chip increases)

> **Staff Retention & Recruiting**

- – Competitive Market Salaries

> **Finance Transformation**

- – Operating model support and campus system remediations

QUESTIONS

Technology Recharge Fee Review

Bill Ferris
Chief Financial Officer, UW-IT

TRF Advisory Committee Members

> Bill Ferris, UW Information Technology, Co-Chair*

> Linda Rose Nelson, College of Arts & Sciences, Co-Chair*

> Vicki Anderson-Ellis, School of Social Work

> Maureen (Mo) Broom, UW Medicine*

> Jason Campbell, Planning & Budgeting*

> Kelly Campbell, School of Pharmacy

> Bill Fritz, UW Tacoma

> David C. Green, School of Medicine*

> Vincent Lau, UW Finance

> Amy Stutesman, UW Bothell*

> Barbara Wingerson, UW Facilities

*Also serving on the IT Service Investment Board

Maintain current TRF rate methodology through FY23 & FY24

> Current model is out of date and requires workarounds
  – Future impact of FT, including new Foundational Data Model (FDM) and ongoing operating costs related to integrations

> Defer major TRF revamp until year after implementation of FT
  – Larger committee – reconfigure model/methodology
  – Include impact of FT on cost of services
  – Incorporate new service costing model – major changes to FDM may have impact on how UW-IT does cost accounting

> Medical Centers directly funds additional 2 FTE to support impact of integration of NW Hospital, UWP, and UWNC

Addressing the Gap

Internal Reductions

> **Reduce 10-14 FTE (Vacancies) to address funding for Student Admin Systems**

Technology Recharge Fee

> **Recommend incremental increases over 4 years to address escalating costs for Enterprise Software licensing**

Use of UW-IT Reserves

> **FY22-FY24 as a bridge to a balanced budget**
> **Temp investments for Google Workplace & Infrastructure Refresh**
> **Continue to maintain an emergency reserve**

Reviewed Alternative TRF Rates

Recommend 3.5% Increase for FY 23

Contributing to Annual Operating Budget Gap	Biennium 21		Biennium 23	
	FY22 Plan	FY23 Plan	FY24 Plan	FY25 Plan
Microsoft Campus License Agreement	522,505	693,705	875,177	1,099,598
ProofPoint - Email Security (License & TAM)	895,875	895,875	895,875	940,669
Zoom Campus License	150,000	157,500	165,375	173,644
Net - TRF 2% Incr in FY22 for MCLA	(452,758)	(452,758)	(452,758)	(452,758)
Subtotal	1,115,622	1,294,322	1,483,669	1,761,152

4 / 3 / 2 V1				
Increase TRF 4.0% FY23, 3% FY24, 2% FY25		935,564	1,665,303	2,166,391
Net		(1,115,622)	(358,758)	181,634	405,239

3.5 / 3 / 2 V2				
Increase TRF 3.5% FY23, 3% FY24, 2% FY25		818,618	1,544,849	2,043,528
Net	(1,115,622)	(475,704)	61,180	282,376

3 / 3 / 2 V3				
Increase TRF 3% FY23, 3% FY24, 2% FY25		701,673	1,424,396	1,920,665
Net	(1,115,622)	(592,649)	(59,274)	159,513

	Current	3%	3.5%	4%
Medicine	$53.22	$54.82	$55.08	$55.35
Campus	$59.44	$61.22	$61.52	$61.82

Recommendation for TRF Rate FY 2023

> A 3.5% increase

– Results in overall net of $800K/year

– Helps address a significant increase in enterprise software license costs

TRF Monthly Rate Comparison	FY 2022 TRF Rate	FY 2023 3.5% Increase
Medical Centers Employee*	53.22	55.08
Campuses Employee	59.44	62.52

*UW Medical Centers continues to fund 2 FTE for NWH/UWP/UWNC

TRF Rate History

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Medical Center	$53.43	$53.43	$53.43	$50.00	$50.00	$50.91	$51.34	$51.34	$52.20	$51.75	$52.18	$53.22
Campus	$52.68	$52.68	$52.68	$54.50	$54.50	$55.51	$56.13	$56.13	$57.28	$57.53	$58.28	$59.44
% Change		0%	0%	Rate Rebalance	0%	1.8%	1%	0%	2%	0.5%	1.3%	2%

> TRF supplements existing GOF/DOF resources to provide Basic Services

> Medical Centers are excluded from GOF/DOF subsidy and billed separately for Network & Telecom, resulting in an effective rate ~$85/month

> The initial TRF coincided with a $20/month reduction of the Dial Tone rate, a $6M annual savings to University units

QUESTIONS

Action Requested:

Endorsement of TRF Advisory Committee Recommendation

ERM and IT

Joel Tobin

Director, Enterprise Risk Management & Coordinated Compliance

Jane Yung

Executive Compliance and Risk Officer, Compliance and Risk Services

Rebekah Skiver Thompson

Associate Vice President and Chief Information Security Officer, UW-IT

November 2021

ERM Program
Project Development

Cyber/information security
For the IT Security Investment Board

ERM Program fundamentals

- Supports advancement of UW mission and values

- Aligns with UW culture and organizational practices

- Employs a management-driven approach and a bias for action

- Acknowledges higher education best practices

- Prioritizes program assessment, with a focus on continuous improvement and maturity

- Engages executive and governance-level leadership and University stakeholders

- Facilitates and coordinates risk reduction and mitigation
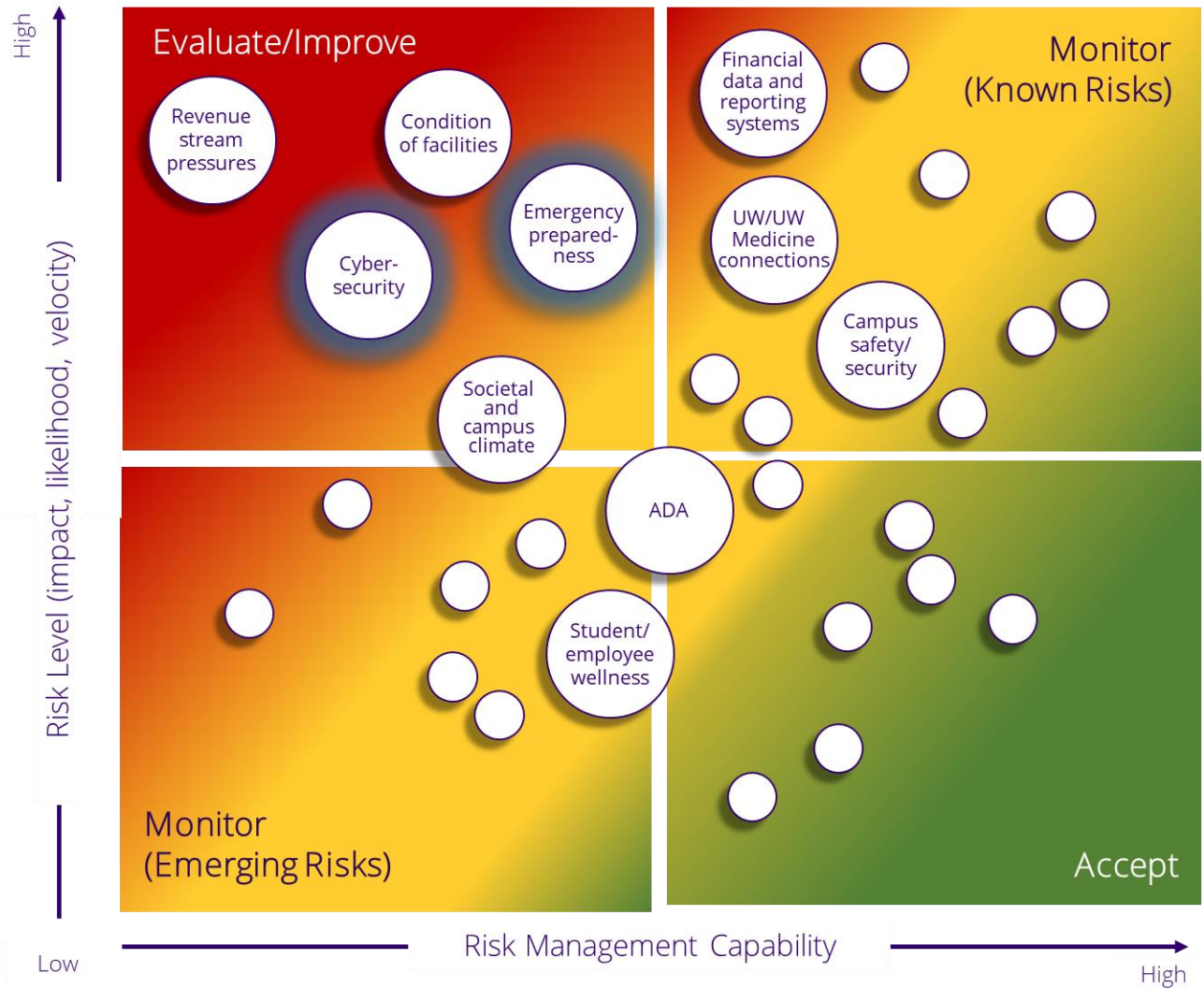
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2021 Risk Register

Tier 1

- ADA compliance/equal access
- Campus and U District safety and security*
- Changes to/pressures on revenue streams*
- Condition of facilities/deferred maintenance
- **Cyber/information security**
- Emergency/disaster preparedness*
- Financial connections/dependencies between the academic and healthcare enterprises*
- Societal and campus climate
- Student and employee wellness*
- Transformation of University financial reporting and data systems

*Effects of the COVD-19 pandemic often cited or relevant

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Heat map: visualization of top risks

ERM Program projects timeline

Board of Regents presentation: ERM Program launched	ERM Program develops projects with co-leaders and subject matter experts	ERM Executive Group reviews and approves project plans	Project plan discovery and development	Projects, plans and deliverables presented to the Board of Regents Governance Committee and Audit Advisory Committee	Projects continue to completion, with periodic reporting to ERM Executive Group and Board of Regents
February 2021	January—July 2021	July 28, 2021	August—November 2021	January or February 2022	March 2022 & beyond

ERM Program projects: Cyber/information security

Eric Neil
UW Medicine

Aaron Powell
UW-IT

- Cyber insurance

- Communications plan for significant security breach/ransomware event

- Business continuity plan for significant disruption of IT services

- IT security compliance mandates related to research grants and contracts

- IT vendor risk management and procurement Practices

- Common collaboration practices and their security protocols

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QUESTIONS

UWFT Combined Quarterly Report and IT Project Portfolio Executive Summary

Erik Lundberg

Assistant Vice President, Research Computing & Strategy, UW-IT

UW FT Combined Program

Executive Summary - 9/30/2021

Project	Sponsors & Leaders	Program Area	Overall Risk & Project Health *	Budget Rating	Schedule Rating	Scope Rating	Resource Rating	Issues Rating	Actual Cost	Budget
Finance Transformation Combined Program	Mark Richard, Chris Mercer	UW	Yellow ↑ (A)	Green	Yellow	Yellow	Yellow ↑	Yellow ↑	$130,021,000	$339,906,000
Functional	Paula Ross	Program	Yellow ↑ (B)	Green	Yellow ↑	Yellow	Yellow	Yellow	$12,992,588	--
Technical	Gail Rogers	Program	Yellow ↑ (B)	Green	Yellow	Green	Yellow ↑	Yellow ↑	$15,655,201	--
Change Management	Jeff Bishop	Program	Yellow ↓ (B)	Green	Yellow ↓	Green	Yellow ↓	Yellow ↓	$3,390,255	--
Project Management	Elise Barho	Program	Yellow ↑ (B)	Green	Green ↑	Green ↑	Yellow ↓	Green	$3,997,059	--

Enterprise Systems Remediation

Project	Sponsors & Leaders		Overall Risk & Project Health *	Budget Rating	Schedule Rating	Scope Rating	Resource Rating	Issues Rating	Actual Cost	Budget
UW Medicine	Sarah Cantwell		Yellow ↑ (B)	Yellow	Yellow ↑	Yellow	Yellow ↑	Yellow ↑	$5,041,698	--
Research Administration	Ryan Green		Yellow ↓ (B)	Green	Yellow ↓	Yellow ↓	Yellow ↑	Yellow	$4,489,419	--
Finance Readiness Program	Jeanne Marie Isola		Yellow ↑ (B)	Green ↑	Green ↑	Green ↑	Yellow	Yellow	$3,705,616	--
Integrated Service Center	Greg Koester		Yellow ↑ (B)	Green ↑	Green ↑	Green ↑	Yellow ↑	Yellow	$77,570	--
UW-IT	Rob McDade		Yellow ↑ (B)	Green	Green ↑	Yellow	Yellow ↑	Green ↑	$3,574,804	--

Departmental Systems Remediation (Campuses, Schools, Colleges, Departments, Auxiliaries)

Project					
Unit Readiness	Overall readiness of academic, medicine and administrative units	Yellow	The Systems Design Support (SDS) program has completed all sessions for Group 1 systems and has begun the process with Group 2. They are also running separate groups for key systems that need special support.	--	--
Side System Remediation	Overall status outside the Core Impl. Program and Collab Partners	Yellow	The TCM team is tracking progress as systems are remediated (e.g., plans, dates, current-future state mappings). Group 1 systems are somewhat behind on these deliverables and the team is following up.	--	--

9 separate projects under one Combined Program, plus 2 areas of work across the campus

Notes:

(A) Program schedule and budget extensions were approved by the Board of Regents in September, 2021. The total cost and budget for the project include the initial Readiness project ($23M). Also included in the central budget are Contingency, Reserves and Executive Director funds; and underspending within sub-projects will be moved to Reserves in the central budget on a monthly basis.

(B) Total Budget allocation to sub-projects will not be shown going forward, since they vary month-to-month, due to central budget management practices.

↑ Improvement over previous quarter   ↓ Setback from previous quarter

UW Enterprise IT Projects

Project Portfolio Executive Summary - 09/30/21

Project	Sponsor	Oversight Level *	Overall Risk & Project Health *	Budget Rating	Schedule Rating	Scope Rating	Resource Rating	Issues Rating	Actual Cost	Budget
Finance Transformation Combined Program	Mark Richard Chris Mercer	3 - OCIO	Yellow (A)	Green	Yellow	Yellow	Yellow	Yellow	$130,021,000	$339,906,000
Destination: One	Tim Dellit	3 - UW	Green (final)	Yellow	Green	Green	Green	Green	$181,668,000	$171,500,000
Advancement CRM Replacement	Julie Brown Dan Peterson	3 - OCIO	Yellow	Green	Yellow	Green	Green	Green	$3,347,000	$4,000,000
Clinical Trials Management System	John Slattery	2 - UW	Yellow	Red	Yellow	Green	Green	Yellow	$11,881,000	$15,704,000
UWM Data Analytics Warehouse	Mo Broom, Richard Goss	2 - UW	Red	Red	Yellow	Red	Yellow	Yellow	$3,351,000	$5,031,000
Electronic Document Management System Replacement	Anja Canfield-Budde	2- UW	Yellow	Green	Yellow	Green	Red	Yellow	$147,000	$1,100,000
Continuum Online Apps	Marlon Buchanan	2 - UW	Gray (pause)	Gray	Gray	Gray	Gray	Gray	$213,000	$600,000
Campus Space Management Modernization	Tim Rhoads	2- UW	Yellow (final)	Yellow	Yellow	Yellow	Green	Green	$284,000	$330,000
MSIM Online Program Management	Anind Dey	2 - UW	Green	Green	Green	Green	Green	Green	$223,000	$216,000
Public Records	Ann Anderson	1 - UW	Green	Green	Green	Green	Green	Green	$831,000	$1,150,000
UWF AiMR	Tim Rhoades	1 - UW	Gray (new)	Gray	Gray	Gray	Gray	Gray	$0	$403,000
UWT Slate	Mentha Hynes-Wilson	1 - UW	Green	Green	Green	Green	Green	Green	$147,000	$150,000
EvanTEL	Alison Cullen	1 - UW	Green (final)	Green	Green	Green	Green	Green	$100,000	$100,000
Gradescope	Aaron Timss	1 - UW	Green	Green	Green	Green	Green	Green	$70,000	$85,000

14 projects — $332.3M | $540.3M

Notes:
(A) BoR approved extensions to the schedule and budget for the UW FT Program in September, 2021.

10/12/21   (over for Program Operations impacts)

⬆ Improvement over previous quarter   ⬇ Setback from previous quarter

Program Operations	Executive Leadership			Major Projects Interdependencies Assessment	Note: ISC and UW-IT resources are tracked within the major projects' budgets
Integrated Service Center	Ann Anderson	UW Enterprise impacts	🟡	• **Covid Vaccination Verification** – Tracking vaccine verification in Workday, with verifications by Academic partners, HR partners, and I-9 Coordinators. Onboarded Huron consultant. Go-live was late Sep, 2021. • **Merit 2021** – Develop and implement Merit Salary Increases in Workday for FY2. All data has been loaded. Corrections and changes are in process. Expected completion Sep, 2021. • **Open Enrollment for 2022** – End-to-End testing late Sep - early Oct. Includes New limited FSA Plan offering for employees in HSA (previously unavailable). • **2021 FSA/DCAP Events** – Adding additional election opportunities for employees without a qualifying event. • **House Bill 2669 (Adding part time employees to state civil service)** – (YELLOW, due to staffing) – Working on Jan 2021 requirements. Jan 2022 requirements remain undefined. July 2022 requirements remain undefined. The COVID Vaccination Verification effort continues to add configuration work requiring reprioritization. Actively recruiting, but new staff is likely weeks away. • **Multiyear Clinical Faculty** – The faculty senate has open legislation to create a new multi-year clinical faculty appointment. Current go-live date is Jan 2, 2022. Office of Academic Personnel is doing the bulk of the work and ISC staff will implement in Workday Production. • **HCA Dual Enrollment PEBB/SEBB Changes for 2022** – UW employees will be prevented from dual enrollment in PEBB and SEBB coverage, and will be able to decline dental insurance if they are enrolled in SEBB. Will be made available for Open Enrollment for 2022. • **Long Term Disability (LTD) Plans Redesign for 2022** – The state of WA is requiring redesign of the UW's basic and optional LTD plans, adding new plans and retiring existing plans effective January 1, 2022. There will be enrollment opportunity Nov-Dec, 2021 for employees to elect the new plans or opt out.	
UW-IT	Aaron Powell	UW Enterprise impacts	🟡	• **Vacinnation Validation Tracking** – All-hands-on-deck to implement the governor's mandate, with several UW-IT teams working closely with campus leadership, EH&S, Hall Health, UW HR and others. Top focus besides that is supporting the campus' return to in-person operations. Overall, start of quarter is going smoothly so far. • **UWFT** – Resourcing and retention appears as a major go-live risk. Testing timeline, especially end-to-end testing appears too condensed to provide certainty about robust UW operations at go-live. Lack of progress in key functional areas such as reporting creates further risk. • **ADV CRM** – The main project is managing schedule, risks and work appropriately. UW-IT work is on track. • **MyChem** – UW-IT development work to rebuild UW's chemical asset inventory application is complete. Business partner requested second go-live delay to December 2021, due to lack of bandwidth. Key risk is losing the UW-IT technical resource responsible for the work. • **Title IX** – Several UW-IT teams are working on tracking compliance with Title IX training mandate. Reporting is live to track compliance with training requirement for employees. Tracking for student population expected next month.	

* Oversight Level Key	** Project Health Key	
1. Overseen by UW management and staff. Requires OCIO approval and reporting if over delegated authority.	🟢	Project is on time, on budget, and within defined scope, with minimal issues. **Overall Risk Rating where 5-10 is Green**
2. OCIO approval required and regular project reporting. Quality Assurance (QA) reporting required, maybe internal or external. OCIO may recommend project to be full Technology Services Board (TSB) oversight.	🟡	Changes to scope, budget, or resources have placed project at some risk. Project has the potential for delays, cost or scope changes. **Overall Risk Rating where 11-17 is Yellow**
3. High severity and/or high risk, subject to full TSB oversight, which includes TSB approval, written reports to the TSB, periodic status reports to the TSB by the agency director and staff, and submission of other reports as directed by the TSB. External QA reporting required.	🔴	Major changes to scope, budget or resources have placed project at critical risk. One or more of the following must change in order to proceed: project schedule, resources, budget, scope. **Overall Risk Rating where 18-25 is Red**

Note for UW Medicine: project oversight levels 2 & 3 report to UW management.

*** IT Project Risk Ratings (summed to calculate Overall Health Rating)

Current Risk Rating	Use the scales below to rate current performance on Schedule, Scope and Budget (select appropriate number for each)...	*NOTE: Change in BUDGET criteria for Sept 2021*
Budget, Schedule, Scope	1 = Performing better than project plan; ahead by 5% or more (Schedule and Scope only)	
	2 = Performance is on plan	
	3 = Behind plan, but within 5% of original targets. For Budget, over _or_ under spending within 5% of plan.	
	4 = Behind plan between 6% to 10% ~~and likely to use/using contingency~~. For Budget, over _or_ under spending by 6-10%, and likely to use/using contingency.	
	5 = Greater than 10% behind plan. For Budget, over or under spending by > 10%, and more than half of contingency is projected to be used.	

Current Risk Rating	Use the scale below to rate current performance on Resources
Resources	People with the necessary expertise are....
	1 = in place, or high likelihood of being available as specified in the Resourcing Plan.
	2 = There are some minor gaps in resourcing, but can be overcome with minor alternations of the Resourcing Plan, with no significant impact on schedule, budget or deliverables.
	3 = somewhat in place, or struggling to perform, with moderate risk to schedule, budget or deliverables.
	4 = There are gaps in resourcing, with moderately high risk to schedule, budget or deliverables. Mitigation plans in place, or will be soon.
	5 = not in place, or low likelihood of being available per the Resource Plan. Significant impact on schedule, budget or deliverables, without mitigation plans in place.

Current Risk Rating	Use the scale below to rate current impact of Issues and other factors relevant to the project (select one number for this measure)
Issues, Risks, & Project Dependencies	1 = No risks or issues identified at this time
	2 = Some identified but minor, no impacts anticipated
	3 = Some that could impact the project are being managed, with minimal impact anticipated
	4 = Significant risks/issues/other factors identified but not yet managed
	5 = Risks/issues being managed but will have significant impact (greater than 10%) on project budget, schedule and/or scope

Wrap Up