



# Hosted Mainframe

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# In-House Mainframe Challenges

## Funding

- Requires large capital investment and ongoing operational expenses
- Hosting facility, equipment leases / purchases and software renewals

## Resources

- Attrition and loss of institutional knowledge
- Shallow resource pool
- Current data center scheduled for decommissioning on 12/31/18
- Mainframe hardware / software refresh required

## Performance / Capacity

- Degradation concerns (i.e. batch processing) requires immediate Direct Access Storage Device (DASD) and Virtual Tape Storage (End of Life) to alleviate performance and capacity issues.
- Stability of mission critical systems which results in delayed revenue collection

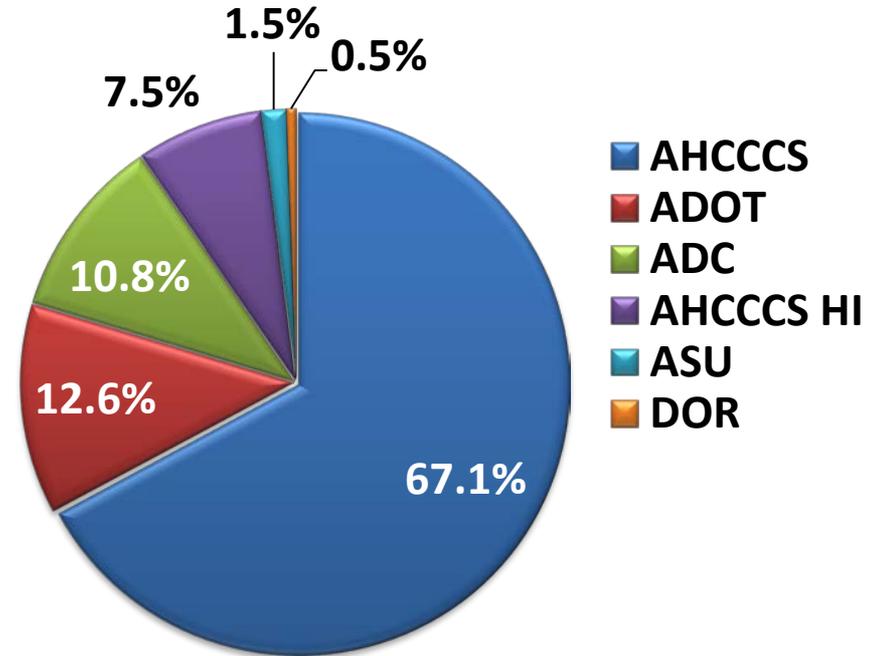


# Impact to Constituents

## Current Processing Challenges

- **AHCCCS** is delayed in servicing AZ requests for health services
- **ADOT-DPS** system performance is delaying ADOT Applications (i.e. DL, T&R) ➔ **PUBLIC SAFETY**
- **ADC** is delayed from submitting a request to update a inmate's information
- **DOR** is delayed in auditing individual tax payer returns, storing federal tax information and processing refunds for various taxes

## Agency Utilization of Mainframe



*“Our government needs to operate at the speed of business.”* – Governor Doug Ducey January 2015



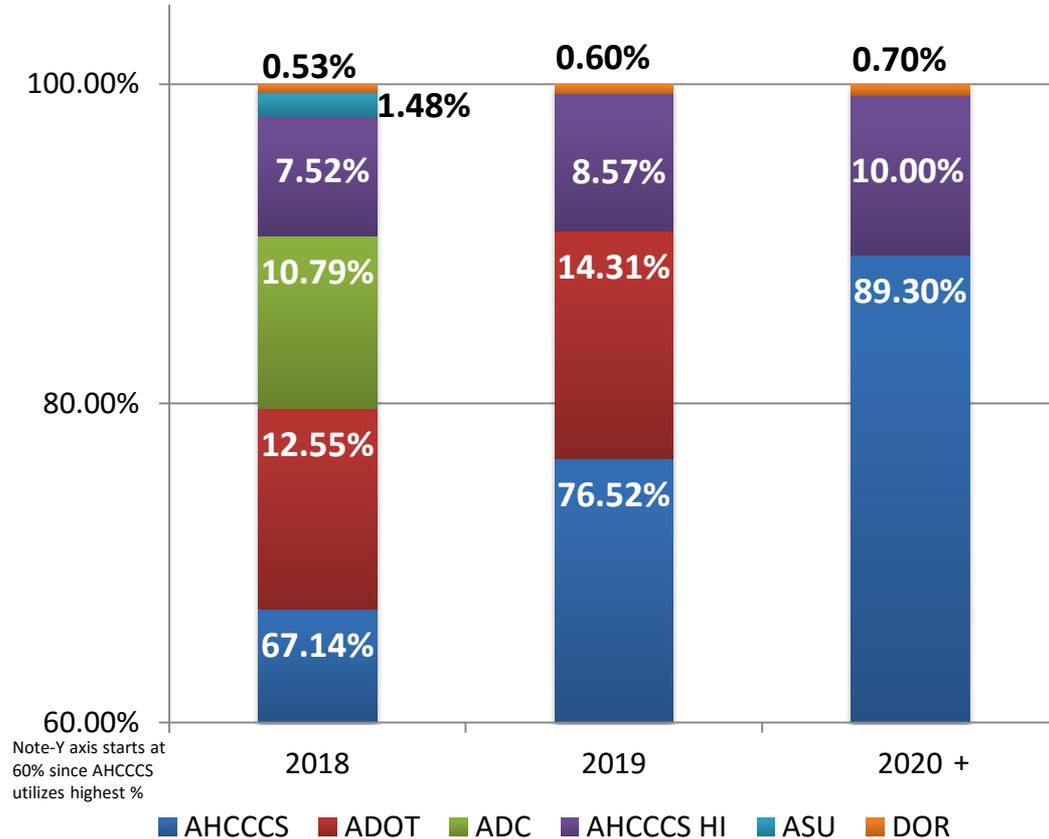
# Agency Impact

## ASET Mainframe Task Order

- Enables lower overall costs
- Increases computing, storage and services
- Enhances disaster recovery
- Enhances service levels (SLAs)
- Reduces risk

## ASET's Fixed Costs

- In-house solution has fixed cost (SW / HW / Labor)
- Currently supports 6 agencies today
- Remaining agencies costs are impacted as other agencies leave mainframe





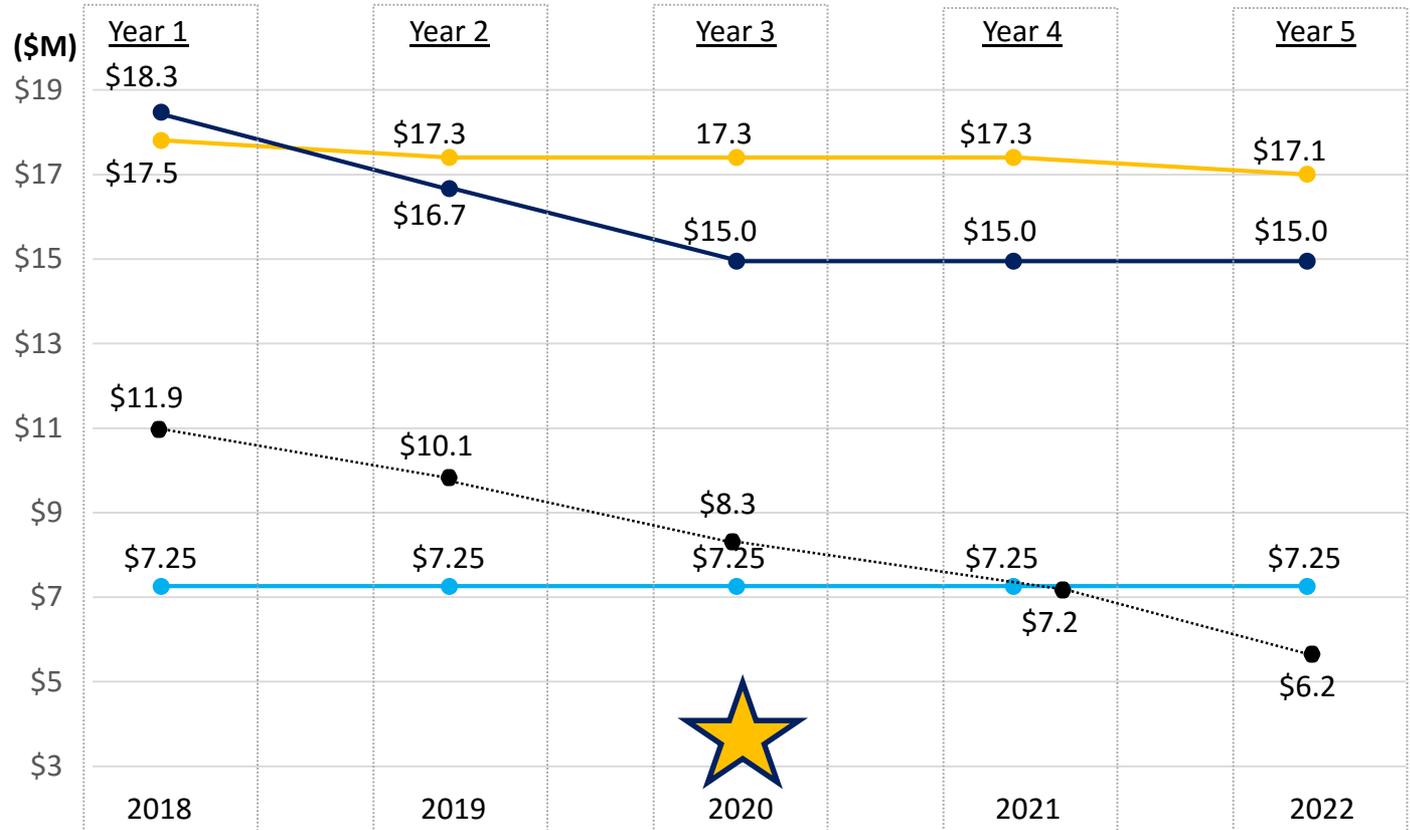
# Financial Comparison

**ASET In-House**  
Fixed infrastructure

**IBM zCloud**  
Scalable monthly cost

**Minimum**  
Commitment to IBM

**IBM Early Termination & Disentanglement Fees**



**Est. AZ Agency Migration schedule off Mainframe**

1. ADC Est. 2019
2. ASU Est. 2019
3. DOT Est. 2020

**ASET vs. IBM**  
Current Year  
(\$800,000)  
Cumulative  
(\$800,000)

**ASET vs. IBM**  
Current Year  
\$600,000  
Cumulative  
(\$200,000)

**ASET vs. IBM**  
Current Year  
\$2,300,000  
Cumulative  
\$2,100,000

**ASET vs. IBM**  
Current Year  
\$2,300,000  
Cumulative  
\$4,400,000

**ASET vs. IBM**  
Current Year  
\$2,100,000  
Cumulative  
\$6,500,000





# Financial Comparison

**ASET In-House**  
Fixed infrastructure

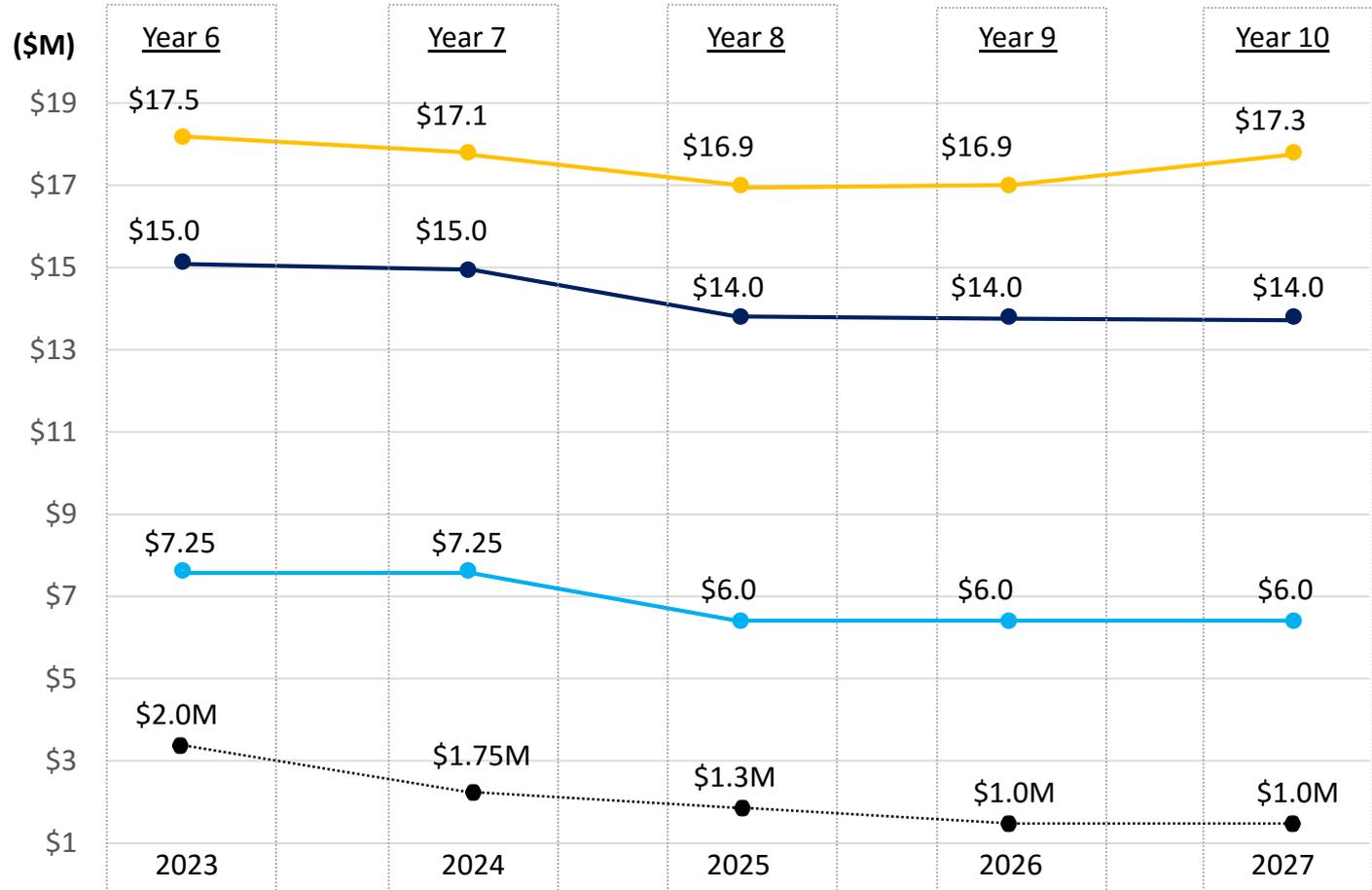
**IBM zCloud**  
Scalable monthly cost

**Minimum Commitment to IBM**

**IBM Early Termination & Disentanglement Fees**

**Est. AZ Agency Migration schedule off Mainframe**

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**ASET vs. IBM**  
Current Year  
**\$2,500,000**  
Cumulative  
**\$9,000,000**

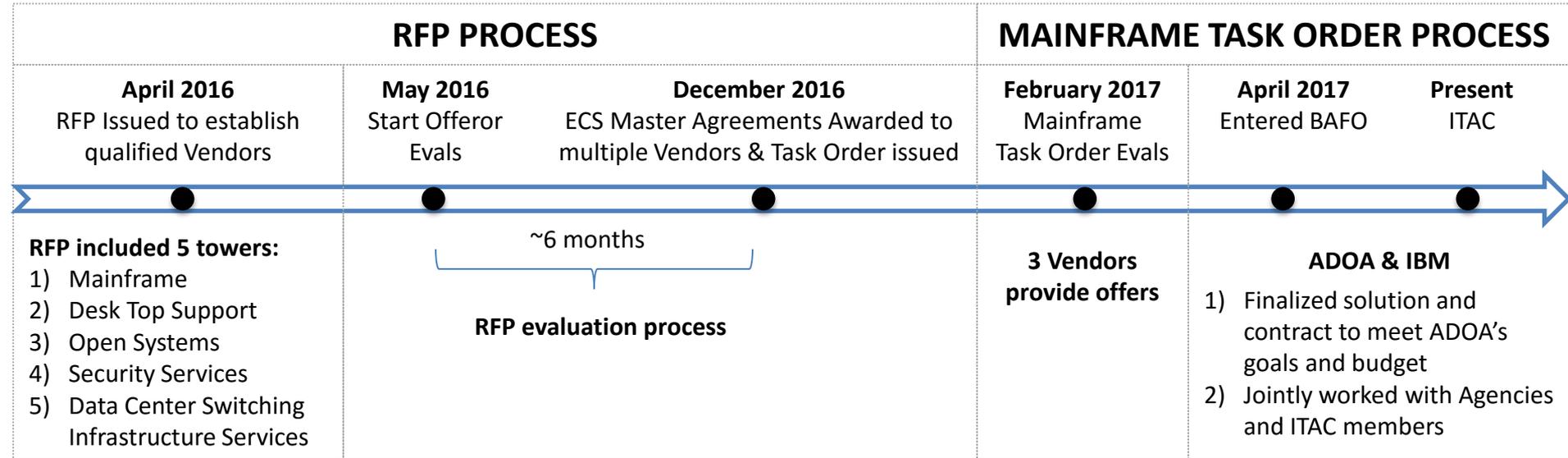
**ASET vs. IBM**  
Current Year  
**\$2,100,000**  
Cumulative  
**\$11,100,000**

**ASET vs. IBM**  
Current Year  
**\$2,900,000**  
Cumulative  
**\$14,000,000**

**ASET vs. IBM**  
Current Year  
**\$2,900,000**  
Cumulative  
**\$16,900,000**

**ASET vs. IBM**  
Current Year  
**\$3,300,000**  
Cumulative  
**\$20,200,000**

# ASET Mainframe Task Order Timeline



## Next Steps with ITAC Approval

1. June 2017: Award contract to IBM
2. July 2017 through December 2017: Transition / Migration to IBM zCloud
3. January 2018: Start Day 2 support with IBM

# Summary

- **ADOA-ASET met with all Agency customers:**
  1. Explaining benefits of proposed solution
  2. Coordinating solution to their planned migration schedules
  
- **Solution provides enhanced services and protects agencies with:**
  1. Price Stability
  2. Predictability
  
- **Financial benefits, in comparison to current model, realized in first 3 years**

# Back up slides

# Is Mainframe Technology being phased out?



"Oh great Oz, are you saying we don't need a mainframe?"

## Current ASET MF Dependencies

- Public Safety
- Public Health
- Public Education
- Revenue Collection

## Mainframe Industry Data

- Around 80% of all corporate data
- 220+ Billion lines of COBOL
- 70% of the business transactions

## Mainframe Capabilities

### Security:

- Ease of implementing the highest levels of security certifications (HIPAA, etc.) vs. other platforms
- 8.41x at preventing security incursions than other platforms

### Virtually Limitless Scale:

- 1.3 Million CICS transactions are processed every second, compared to....
- 68,542 Goggle searches per second

# ECS RFP Award Matrix by Pillar

	Mainframe	Desk Top Support	Open Systems	Security Services	DC Switching Services
Business and Decision		Qualified	Qualified	Qualified	Qualified
CenturyLink		Qualified	Qualified	Qualified	Qualified
CGI Technology	Qualified	Qualified	Qualified	Qualified	Qualified
IBM	Qualified	Qualified	Qualified	Qualified	Qualified
Mosaic 451			Qualified	Qualified	Qualified
Nextnet					Qualified
Presidio		Qualified		Qualified	Qualified
World Wide Technology	Qualified	Qualified	Qualified	Qualified	