



M E M O R A N D U M

To: Office of Technology Services Customers

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**From: Melissa N. Matsuura
Deputy Director, Administration
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Subject: FY 2009/2010 Billing Rates Adjustment

The Office of Technology Services (OTech) is implementing several billing rate changes for Fiscal Year (FY) 2009/2010. These changes include a Data Center Relocation surcharge and an Open Systems Storage rate reduction. Also, effective July 1, 2009 through December 31, 2009, a six-month rate adjustment will be implemented for the following services:

- Midrange Database Support
- Off-Site Tape Storage
- Courier Delivery Service
- VM Services
- Expedite Fee
- Core Network Services
- Network Installs
- Server Load Balancing
- Dedicated Firewall
- Computer Output Microfiche (COM)
- Disaster Recovery
- OTech Training and Event Center Room Rental

Data Center Relocation Cost Recovery: A one-year surcharge will be added to services benefitting from the relocation; specifically, Mainframe CPU, Storage and Midrange Platform Services. The surcharge will be in effect only for FY 2009/10 (July 1, 2009 through June 30, 2010) and applies to the services below:

Service	Relocation Surcharge
CPU Mainframe Processing	1.51 %
Data Storage Services	1.25 %
Midrange Platform Services	1.97 %

Open Systems Storage: The Tier II Open Systems Storage rates will be reduced. Tier II Open Systems Storage allows customers to access storage via direct Host Bus Adapter (HBA) access. This allows servers hosted at an OTech facility to access storage pools maintained by OTech staff and includes failover capabilities. **This rate reduction will be effective January 2010.**

Open Systems Storage Per Gigabyte/Month	New Rate (January 2010)	Current Rate
Tier II Storage (Storage Area Network)	\$12.00	\$18.35

Midrange Database Support: OTech is changing the current billing metric used for Database Support from a “per server” to a “per instance” basis to more appropriately reflect how OTech resources are utilized in support of this service. Since a server can have multiple database instances each requiring the similar support and maintenance efforts from OTech staff, the billing metric has been changed to a “per instance” rate and a one-time set-up fee for each database instance installed.

Service	One-Time Set-up Rates (New)	New Rates	Current Rates
Database Support Tier 1	One-time set-up: \$230 per instance	\$450/Per database instance/Month	\$410.20/ Per server/ Month
Database Support Tier 2	One-time set-up: \$690 per instance	\$975/Per database instance/Month	\$1,230.60/ Per server/ Month

Off-Site Tape Storage: OTech is aligning its support costs and vendor pass-through costs for Off-Site Tape Services, eliminating the disparity in rates for this service between the two OTech campuses and retaining sufficient revenue to recover the associated costs.

Service	New Rates	Current Rates
Tape Library Staff Support	\$1.30	\$1.55
Direct Vendor Pass-Through	Contract pricing	Contract pricing

Courier Delivery Service: OTech is aligning rates for courier delivery services, which are currently different between the two OTech campuses. The new rates, which include a single courier rate for both campuses, will bring revenues to full recovery of outsourced vendor fees and OTech staff support costs.

Service	New Rates	Current Rates
Unscheduled/Weekend Courier Service	\$70.00	\$47.00
Scheduled Weekday Courier Service – Gold Camp	\$33.00	\$15.00
Scheduled Weekday Courier Service – Cannery	\$33.00	\$8.20

VM Services: VM is a relatively outdated and expensive service to maintain. The ultimate goal of OTech is to bring revenues to equivalency with the level of cost to support this service, and also to encourage and assist customers in moving to newer and more efficient platforms. For FY 2009/2010, OTech has eliminated an appreciable portion of the software and the associated costs on the VM Platform. OTech expects that the VM Platform will be eliminated in the foreseeable future.

Service	New Rates	Current Rates
VM CPU	\$3,110.00/Hour	\$1,400.00/Hour
VM M-Disk	\$0.12/MB/Month	\$0.06/MB/Month
VM SWIFT	\$4.15/Userid/Month	\$2.00/Userid/Month

Expedite Fee: OTech is implementing an expedite fee on customer requests for services that require the redirecting of OTech staff priorities in order to meet specified target dates. Typically, these types of requests pertain to telecommunications services. The expedite fee will be \$515.

Core Network Services: OTech is implementing a new Network/Telecommunications billing methodology which is less complicated and more in line with vendor service costs. Similar services will share a common monthly rate. In addition, OTech is attempting to bring revenue in this service area in line with the associated expenses, and eliminate the current under-collection. Due to the various differences in Network billing rate models and service bundling options, it is not possible to provide a “before and after” rate table comparison. The seven areas that are included in the Core Network Services are as follows:

- a) **Customer Connectivity:** Comprised of the OTech-supported equipment and circuit elements of a customer connection, specifically from the customer location to the OTech Backbone (formerly Network rates 1, 2 and 3).
- b) **Infrastructure:** Tiered rates as a percent of the connectivity above per connection, using the OTech backbone (formerly Network rates 4 and 5.)
- c) **Assigned Hardware:** Equipment that does not have a circuit connection, billed directly as a pass-through to the customer.
- d) **Internet Access Only:** Flat fee per Mb of subscribed bandwidth.
- e) **Foreign Connectivity/Customer Owned Equipment Managed Service (COEMS):** Tiered rates based upon line speed.

- f) **MAN (Metropolitan Area Network):** Tiered rates based upon line speed.
- g) **Encryption:** Flat fee per device.

Network Installs: With the revision of the Network Services rates, the current rate charged for Network Installs does not recover staff costs dedicated to this effort. To address this, Install rates will be increased.

Service	New Rates	Current Rates
56K/T1 Install	\$2,500	\$500/site
DS3/OC3 Install	\$6,000	\$500/site
OPT-E-MAN Install	\$6,000	\$500/site
Circuit Delete	\$1,000	\$500/site
Assigned Equipment	\$1,500	\$500/site
SNA Equipment	\$1,500	\$500/site

Server Load Balancing: At the time of the Department of Technology Services (now known as OTech) consolidation, the Cannery Server Load Balancing rate was adopted for both the Cannery and Gold Camp campuses. Since this service is currently over-collecting, the Server Load Balancing rate will be reduced.

Service	New Rate	Current Rate
Server Load Balancing	\$175/Per server/ Month	\$230/Per server/ Month

Dedicated Firewall: At the time of the Department of Technology Services (now known as OTech) consolidation, the Cannery Firewall rate was adopted for both the Cannery and Gold Camp campuses. Since this service is currently over-collecting, the Dedicated Firewall rate will be reduced.

Service	New Rate	Current Rate
Dedicated/Shared Firewall	\$285/DMZ/ Month	\$423/DMZ/ Month

Computer Output Microfiche (COM): COM is an outsourced service that has not experienced rate adjustments to keep up with rising vendor costs. OTech is in the process of implementing CA View, a newer method that allows an inexpensive long-term storage which uses an electronic format in lieu of the microfiche alternative. Since this service is outsourced, OTech customers are charged vendor fees plus OTech staff support costs.

Service	New Rates	Current Rates
Original Microfiche	\$1.75	\$1.40
Duplicate Microfiche	\$0.23	\$0.20
Priority Processing	\$2.25	\$1.33

Disaster Recovery: The Disaster Recovery rates will be increased in order to breakeven in this service area.

Service	New Rates	Current Rates
CPU Hot Site	\$34 per MIP	\$16 per MIP
Disaster Recovery Data Storage (DASD)	\$0.023 per MB	\$0.0125 per MB
Disaster Recovery Tape	\$0.60 per Tape	\$0.38 per Tape
Disaster Recovery System Tape	\$0.60 per Tape	\$0.38 per Tape
Backup Tapes	\$0.025 per MB	\$0.01 per MB
D/R Staff Support	\$3,970/Month	\$3,720/Month
D/R Open Systems Support	\$304/Month	\$357/Month

OTech Training and Event Center Room Rental: OTech is increasing the rates for room rentals.

Service	Room Capacity	New Rates	Current Rates
Lab 8	12	\$410.00	\$300.00
Lab 4	16	\$525.00	\$350.00
Lab 2	20	\$560.00	\$400.00
Lecture 9 w/ Breakouts	24	\$450.00	\$300.00
Lecture 1	35	\$420.00	\$250.00
Lecture 3	35	\$400.00	\$250.00
Conference 1	20	\$150.00	\$50.00
Conference 2	115	\$525.00	\$250.00

When all the above rate changes are implemented (with the exception of Open Systems Storage rates), the result will be a revenue increase to OTech of \$6.3 million for a six-month period in FY 2009/10.

OTech continues to focus on cost cutting measures to reduce the cost of services. A subsequent rate package for the second half of FY 2009/10 will be submitted to the Technology Services Board in December 2009.

If you have any questions, please contact Colleen Field at colleen.field@dts.ca.gov or by phone at (916) 739-7904.

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