

**Agency Purpose**

The mission of the Office of Enterprise Technology (OET) is to provide the leadership and services that improve government through the effective use of information technology. OET has broad statutory authority (16E.01) to establish state information technology (IT) direction and policy, to provide services, and to manage and direct state IT resources.

**At a Glance**

**Technology Management**

Provides day-to-day operations for the technical services OET delivers:

- Private state IP network (MNET) and new, single enterprise email system
- Data center for critical state business applications
- State-wide local and long distance network

**Planning & Management**

Manages the strategic IT planning and governance for the state:

- Improved strategic planning processes
- Internal reorganization to improve services
- A two-year tactical plan to implement seven key enterprise initiatives

**Technology Development**

Develops new technologies and applications that provide improved citizen-facing government services:

- State website and electronic licensing web portal
- Aggregated purchasing program for IT hardware, enterprise software licenses, and professional services

**Security Management**

Coordinates all state government information technology security standards and policies, and provides enterprise security services:

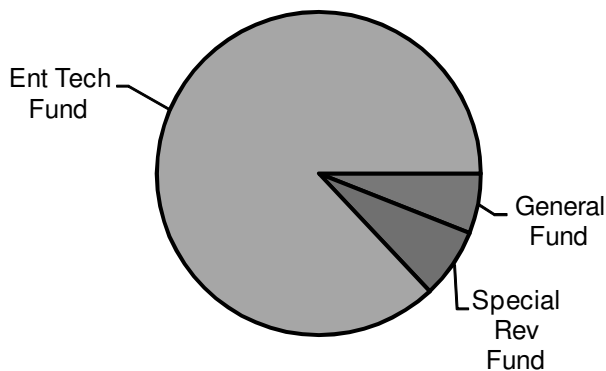
- Intrusion detection and vulnerability scanning of state computers
- Published state security policies and standards

**Customer and Service Management**

Manages the customer relationship and the service management life cycle of all OET services:

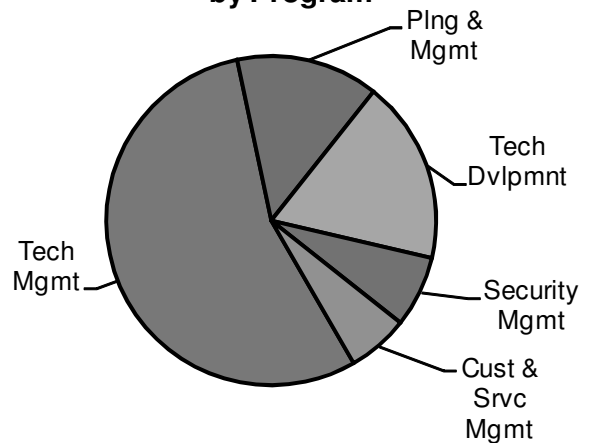
- New Client Relationship Management function
- 24X7 single point of contact (SPOC) Service Desk
- Improved online catalog (MN.IT)
- Functions to manage OET service lifecycles and leverage industry best practices for IT process management

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: OET's Financial Information

## Strategies

OET's Strategic Plan outlines strategies to further the mission of the organization:

- Transform OET to be a provider of choice, with the resources, skills, processes, and tools to provide high-quality enterprise leadership and cost-effective technical services.
- Rebuild our customer-facing processes and channels of communication. Reevaluate and redefine our current service catalog to be competitive, marketable, and responsive to customer need, eliminating services that are not cost-effective and/or of high quality.
- Improve financial systems to provide clarity for our customers and better decision-making for OET, and allow us to manage to a bottom line.
- Advance a limited number of new high-priority services for which there is sufficient customer and financial support to be sustainable.
- Manage effective internal and external IT governance in order to serve the best interests of the State. Governance activities include strategic service consolidation, the continued setting of architecture and IT standards, and the promotion of a strong enterprise security program.

In keeping with OET's mission to improve governance and focus on high-priority and high-yield service development and centralization activities, OET developed its Minnesota iGov plan. iGov is a two-year tactical plan to implement seven key enterprise initiatives, including the management of those initiatives and their governance:

- iGov Initiative I: Standards and Enterprise Asset Procurement
- iGov Initiative II: Architecture
- iGov Initiative III: Project and Portfolio Management
- iGov Initiative IV: Information Security Tools
- iGov Initiative V: Unified Communication and Collaboration (UCC)
- iGov Initiative VI: e-Licensing
- iGov Initiative VII: Data Center Facilities and Operations

The strategies and outcomes are further defined through priority activities, as reported in the agency's program areas. The Minnesota iGov plan and regular updates are provided on the OET website.

## Operations

OET delivers services to state agencies and the citizens of Minnesota through five different program areas:

- Technology Management - Provides day-to-day operations for the delivery of OET technical services
- Planning & Management - Manages the strategic IT planning and governance for the State and the operational and financial management of the Office of Technology
- Technology Development - Develops new technologies and applications in a manner that ensures their effective operation and improves Minnesota's ability to provide citizen-facing government services
- Security Management - Coordinates all state government information technology security standards and policies, and provides security services that cannot be performed cost effectively by individual units of government
- Customer & Service Management - Manages the customer relationship and the service management life cycle of all shared and utility services provided by OET.

Current OET customers include state agencies and constitutional offices, courts, public school systems and higher education institutions, local political subdivisions of the state, and the citizens of Minnesota served by these government entities. OET works with other agencies by charging technology service rates, developing interagency agreements for collaborative partnerships or shared utility / common functions, sharing loaned agency staff, and leveraging resources for enterprise IT savings.

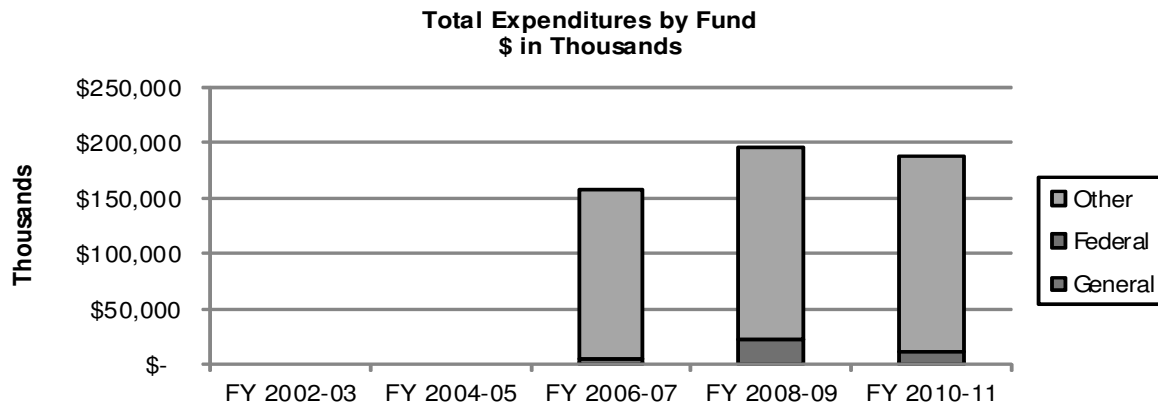
In 2008, OET embarked on a significant "Change Plan" designed to reorganize the agency into function areas more suited to manage industry-standard services and processes and more flexible and capable of scaling up appropriately to deliver shared and utility services to a larger customer base. The changes included the creation of a Customer and Service Management Program, the creation of a Service Desk as the point of contact to

handle and manage all requests and incidents, the implementation of industry best practices for information technology service delivery processes, improved internal organizational governance and decision-making, and the creation of new service life-cycle management and cost-modeling processes.

In the transformation of the OET organization, the department has placed a stronger emphasis on cost and consumption used for allocation of expenses and value-adding services to better align services with ongoing customer needs, with the goal of becoming more citizen-centric. OET is also in the process of developing service metrics and service level agreements for all services. OET has redefined or resized processes and organizations, is looking at appropriate sourcing strategies, and has retired services that are not competitive or for which no real market has emerged. A number of factors were considered in this retirement process, including customer impact, availability of alternative solutions, and the historical financial performance of the services.

**Budget Trends**

The graph below shows OET’s funding levels going back to 2006 when the agency was created.



*\* FY 2010-11 is estimated, not actual*

*Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/05/2010 and projected expenses based on FY2011 budget.*

Establishing viable financial model for financing shared and utility services, emerging services, infrastructure services, key enterprise strategic initiatives or system modernizations within the federated model of service delivery has been challenging and remains unresolved. As customers in shared or utility services based on traditional technology migrate to distributed platforms or other new technologies, there is a smaller pool of customers to share the fixed costs of the traditional service. Accordingly, cost recovery rates for the traditional service may need to gradually increase as part of a service migration/retirement strategy. Cash flow (inflow and outflow) and cash balance continue to be an area of focus since OET must maintain sufficient levels to manage its minimum daily operational cash flow requirements. Also, retained earnings are higher than a reasonable level of working capital reserve, which may result in contingent federal repayment.

**Contact**

Julie Freeman, Financial Management Director  
 Phone: (651) 201-1191  
 Email: [julie.freeman@state.mn.us](mailto:julie.freeman@state.mn.us)  
<http://www.oet.state.mn.us>

Larry Freund, Chief Financial Officer  
 Phone: (651) 556-8028  
 Email: [larry.freund@state.mn.us](mailto:larry.freund@state.mn.us)  
<http://www.oet.state.mn.us>

**ENTERPRISE TECHNOLOGY OFFICE**  
Enterprise Technology Revolving Fund  
Fund 970

Internal Service Fund  
Financial Statement

**2012-13 BIENNIAL BUDGET**  
(DOLLARS IN THOUSANDS)

	* Operations Data*			
	ACTUAL FY 2010	PROJECTED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
<b>OPERATING REVENUES:</b>				
NET SALES	84,341.8	89,038.7	92,801.0	94,383.0
LESS: COST OF SALES				
GROSS PROFIT ON SALES	84,341.8	89,038.7	92,801.0	94,383.0
OTHER REVENUE	581.9	854.0	854.0	854.0
NET REVENUES	84,923.7	89,892.7	93,655.0	95,237.0
<b>LESS: OPERATING EXPENSES:</b>				
SALARIES	30,231.6	31,513.0	31,415.0	32,024.0
SUPPLIES & EXPENSES	48,466.4	51,156.9	57,320.0	59,605.0
INDIRECT COSTS	136.2	500.0	500.0	750.0
AMORTIZATION & DEPRECIATION	4,797.8	3,972.5	3,260.0	2,698.0
TOTAL OPERATING EXPENSES	83,632.0	87,142.4	92,495.0	95,077.0
OPERATING INCOME (LOSS)	1,291.7	2,750.3	1,160.0	160.0
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
UNUSUAL ITEM	0.0	0.0	0.0	0.0
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	1,188.1	265.8	0.0	0.0
CAPITAL CONTRIBUTION	0.0	0.0	0.0	0.0
CHANGE IN NET ASSETS	1,188.1	265.8	0.0	0.0
BEGINNING RETAINED EARNINGS	17,851.4	17,926.8	18,192.6	18,192.6
ADJUSTMENT TO NET ASSETS	(1,112.7)	0.0	0.0	0.0
CHANGE IN ACCOUNTING PRINCIPLE		0.0	0.0	0.0
ENDING RETAINED EARNINGS	17,926.8	18,192.6	18,192.6	18,192.6
<b>RATE INCREASE/(DECREASE):</b>				
OET WEIGHTED OVERALL	-5.25%	-3.79%	0.00%	0.00%
FTE	343.4	307.8	308.3	307.5

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	ACTUAL FY 2010	* Operations Data*		
		PROJECTED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			92,495.0	95,077.0
Less amortization & depreciation (non cash)			(3,260.0)	(2,698.0)
Plus interest expenses from Non-operating revenue/expenses			1,235.0	235.0
Plus capital asset purchases, prepaids and master lease payments			3,260.0	2,698.0
Total cash payments			<u>93,730.0</u>	<u>95,312.0</u>
<b>BBS Amounts - Financing by Fund (970)</b>				
Technology Management			54,359	56,070
Planning and Management			12,851	12,535
Technology Development			15,897	16,362
Security Management			3,352	2,898
Customer and Service Management			7,271	7,447
Total BBS payments			<u>93,730</u>	<u>95,312</u>