

**To:** Division of Enterprise Technology (DET) Customers

**Reference:** DET Rate Communication for Fiscal Year 2017

As the new fiscal year approaches, many of DET's customers are eager to know expenses related to the IT services that DET provides. As with DET's communication last year, we are providing you with rates for "high consumption or high impact" services and changes you can expect to see in services and their charge back models in the new fiscal year. This year, as with last, is of particular interest to many DET customers due to the onboarding of agencies, the expense that goes with such a project, and the optimization efforts that continue with these customers and the enterprise.

Two tables below show "high consumption or high impact" service rate adjustments. Table 1 addresses rate changes for FY17 and Table 2 addresses how various "high consumption or high impact" rates have changed over the years. It is possible that when the rate sheet is finalized and published for FY17, it may contain other rate adjustments, but those would be limited in impact compared to the adjustments noted in Table 1. We hope this information will provide DET customers with the foundation needed to build their FY17 budgets.

We ask that each of you keep in mind that many factors must be taken into account each year when developing rates. Those factors vary year by year and a significant consideration this year is the expense and customer base as it relates to services impacted by the agency onboarding efforts and the optimization projects. There have been many successes with optimization, addressing several of the duplicative and sometimes outdated hardware and software platforms. However, there is much work still to be done to optimize the environments to best take advantage of cost savings related to standard hardware and software platforms along with the streamlining of support services.

Table 1 – Rate Changes for High Consumption or High Impact Services

General Service	Catalog Name	Reduction or Increase	FY16 Rate	FY17 Rate
LAN Services	Agency LAN Services	-8%	\$8.50/port	\$7.80/port
Backup Services	Distributed Backups	-12%	\$0.23/GB	\$0.20/GB
Mainframe	Mainframe Online	-10%	\$0.03609/Sec	\$0.03248/Sec
	Mainframe Batch - Prime	-10%	\$0.02718	\$0.02446
	Mainframe Batch – Premium	-10%	\$0.03168	\$0.02851
	Mainframe Batch – Non-Prime	-20%	\$0.01827	\$0.01462
	Mainframe Batch – Non-Prime (Weekend)	-20%	\$0.01449	\$0.01159
	Mainframe zLinux CPU – Base	-10%	\$214.13/vCPU	\$192.72/vCPU
	Mainframe zLinux CPU - Enhanced	-10%	\$256.95/vCPU	\$231.26/vCPU
	Mainframe zLinux Memory - Base	-10%	\$16.88/256MB vRAM	\$15.19/256MB vRAM
	Mainframe zLinux Memory - Enhanced	-10%	\$20.21/256MB vRAM	\$18.19/256MB vRAM
Virtual and Physical Servers	Agency Managed Application Servers (AMAS)	0%	No Change for FY17	
Email Services	Exchange 2013 E-Mail	0%	No Change for FY17	

**Significant Points of Interest**

On January 1, 2016, DET significantly dropped **Distributed File Hosting** storage rates from \$.25/GB to \$.09/GB, representing a 64% decrease, and encouraged customer agencies to evaluate their need for general file services on the otherwise common storage platforms to take advantage of the cost savings. The File Hosting platform represents an opportunity for the state to employ technology at a reduced cost while providing services that meet or exceed the needs of the customers.

As was highlighted in last year’s communications, over the past several years DET has continued to work with customers to meet their IT needs while diligently striving to do so at reasonable costs to their organizations. Technology has changed significantly in this same timeframe, allowing DET to take advantage of advancements that reduce overall expense in such areas as server hosting and mainframe services. Table 2 highlights the reductions to some of the key service rates from FY11 through FY17, resulting from enterprise wide efforts to reduce expense for DET customers. *Most notably DET has been able to reduce virtual server rates by 69%, distributed storage rates by 45%, and Mainframe CPU and storage rates by 55% and 54% respectively.*

Table 2 - High Impact Rate Modifications FY11 – FY17

General Service	Catalog Name	Reduction or Increase
Virtual Server	Agency Managed Application Services (AMAS)	-69% vCPU
		-63% vRAM
	Dedicated Virtual Host - Remote	-19%
Storage	Distributed Storage	-45%
Mainframe	Mainframe Online	-55%
	Mainframe Batch	-55%
	Mainframe Storage	-54%
	Mainframe Archive	-54%
	Mainframe Tape	-54%
Email Services	Exchange 2013 E-Mail	Average -32%
LAN Services	LAN Network Ports	-22%
Platform Support Services	SQL, IIS, WebSphere	20-30%

**FY17 Service Changes/Enhancements/Additions**

- Distributed Storage** services will utilize a billing model based on a consumption basis, instead of the allocation model in place today. Storage technologies today take advantage of “thin provisioning” and other features that significantly reduce the concerns of “over allocation” of disk. This modification also reduces the need for customers to be concerned about allocations of disk to save on cost. Instead, DET will proactively monitor and manage storage utilizing tools now native to advanced storage environments.
- Agency LAN** services rate is being modified as shown in Table 1. This is tied to a change in the reporting of LAN ports consumed by customers. A new tool is being utilized that provides a more accurate port count. As a result, the monthly counts have been shown to increase, prompting DET to adjust the rate downward to be more revenue neutral.
- Print Appliance** service and rate will be phased out over the fiscal year as most have been or will be removed from the remote locations or have been modified to fit in other service models.
- Mediasite** services are being discontinued. DET will no longer add new subscriptions to the service and will assist customers with migration to another platform.

- **Mainframe** services rate reductions will include a larger reduction for non-prime processing to encourage customers to shift away from more costly prime and premium processing. Also, billing for zIIP processing will be changed. Today, mainframe zIIP processing associated with batch jobs is not being billed. In an effort to bill fairly for services, DET will establish a zIIP processing rate while adjusting other mainframe rates to make this modification as revenue neutral as possible.
- DET is finalizing negotiations with vendors to replace the existing **BadgerNet** services contract. Some of the key points in the proposal relate to availability of capacity at current rates with the core intent of getting greater bandwidth at lower cost. We expect to have more information on contracts soon.

Please contact James L Sylla (608)264-6186, Terri Oliverson (608)267-6926 or Brad Matthiesen (608)267-7987 with any questions you may have in regards to this communication.

Thanks!

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