

HOUSE BILL REPORT

E2SSB 5662

As Reported by House Committee On:
Innovation, Technology & Economic Development

Title: An act relating to cloud computing solutions.

Brief Description: Concerning cloud computing solutions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Palumbo, Carlyle, Rolfes, Mullet, Nguyen, Hobbs, Lias, Pedersen and Braun).

Brief History:

Committee Activity:

Innovation, Technology & Economic Development: 3/26/19, 3/28/19 [DPA].

**Brief Summary of Engrossed Second Substitute Bill
(As Amended by Committee)**

- Requires state agencies to evaluate certain criteria prior to adopting a cloud computing solution.
- Requires the Office of the Chief Information Officer to conduct a statewide cloud computing readiness assessment.

HOUSE COMMITTEE ON INNOVATION, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 7 members: Representatives Hudgins, Chair; Kloba, Vice Chair; Smith, Ranking Minority Member; Morris, Slatter, Tarleton and Wylie.

Minority Report: Do not pass. Signed by 2 members: Representatives Boehnke, Assistant Ranking Minority Member; Van Werven.

Staff: Kyle Raymond (786-7190).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Consolidated Technology Services Agency.

The Consolidated Technology Services agency, also known as Washington Technology Solutions (WaTech), supports state agencies as a centralized provider and procurer of certain information technology (IT) services. Agencies are encouraged to rely on WaTech for services with a business case of broad use, uniformity, scalability, and price sensitivity to aggregation and volume.

WaTech is responsible for: (1) establishing rates and fees for services provided; (2) developing a business plan for services or activities to be contracted; (3) developing plans for the agency's achievement of statewide goals and objectives; and (4) enabling the standardization and consolidation of IT infrastructure across all state agencies to support enterprise-based system development and improve and maintain service delivery.

Within WaTech, the Office of the Chief Information Officer (OCIO) has primary duties related to IT for state government, which include:

- preparing and leading the implementation of a statewide IT strategic direction and enterprise architecture;
- establishing standards for consistent and efficient operation of IT across the state;
- establishing statewide enterprise architecture to serve as the organizing standard; and
- educating and informing state managers and policymakers on technological developments, industry trends and best practices, industry benchmarks that strengthen decision making and professional development, and industry understanding for public managers and decision makers.

Customer Billing. WaTech bills customer agencies for services primarily through fee-for-service billings and allocations. Fee-for-service is used to bill for services based on the customer's usage, and an allocation is used to charge agencies for services provided that have general benefit to the state as a whole. The state data network or enterprise security services are examples of allocations.

Services. Agencies are required to use WaTech to house agency servers or use cloud-based services. The OCIO is also required to develop a migration strategy plan to ensure that all state agencies are moving towards WaTech as their central services provider for all utility-based infrastructure services. Utility-based infrastructure services include personal computer and portable device support, servers and server administration, security administration, network administration, telephony, electronic mail (e-mail), and other IT services commonly used by state agencies. WaTech also hosts agency systems on its mainframe.

State Data Center.

The State Data Center was completed in 2011, and the data center includes four halls, two of which are operating as data centers. Under current law, state agencies must locate all existing and new servers in the State Data Center. State agencies with a service requirement that requires servers to be located outside the State Data Center must receive a waiver from the OCIO.

Summary of Amended Bill:

State agencies are required to evaluate certain criteria prior to selecting and implementing a cloud computing solution of any size. The agencies must evaluate:

- the ability of the cloud computing solution to meet security and compliance requirements;
- the data portability if the agency decides to discontinue cloud service;
- all costs related to the migration away from public investments to the private sector cloud;
- the service level requirements and business requirements to provide optimal public service of agency missions;
- the impact on civil service employees; and
- the rapidity of return to service from any outages and order of return to service compared to other customers with the same provider.

The OCIO must conduct a statewide cloud computing readiness assessment to prepare for migrating core services to cloud service. The assessment must:

- inventory state agency assets, associated service contracts, and other relevant information;
- identify impacts to state agency staffing from a migration to cloud computing;
- identify additional resources needed to enable sufficient cloud migration support to state agencies; and
- identify the impacts of cloud migration to State Data Center investments, debt, plans, financing, space, or other legal obligations.

A summary of the assessment and recommendations for migration goals must be submitted to the Governor and the Legislature by June 30, 2020.

Amended Bill Compared to Engrossed Second Substitute Bill:

The amended bill adds additional evaluation criteria required for state agencies prior to selecting and implementing a cloud computing solution, including the: (1) cost of the migration to the private sector cloud; (2) necessary service level and business requirements for the provision of public service; (3) impact on civil service employees; and (4) rapidity of return to service after an outage.

The amended bill also adds a requirement to the OCIO readiness assessment to identify the impact cloud migration would have to the State Data Center.

The amended bill also restores the mandate requiring state agencies to migrate to the State Data Center that was repealed in the most recent version of the bill.

The amended bill removes the following:

- the state agency requirement to adopt cloud computing solutions for new IT and telecommunication investments;
- the requirement prohibiting state agencies from installing and operating new hardware, as well as the OCIO waiver to adopt a non cloud computing solution;
- the Department of Enterprise Services requirement to conduct competitive procurement processes to identify contractors to provide cloud computing services and migration support; and

- the provision exempting higher education institutions from the bill.
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Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 28, 2019.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Before the cloud, government agencies could either contract with vendors for data capacity or make large capital investments to build their own infrastructure. Both of these options could result in service shortages or paying for wasted capacity. The cloud helps organizations avoid risk when making investments to modernize their systems. This bill would help state agencies leverage the benefits of commercial cloud computing. With cloud computing, agencies would be able to trade high-cost capital expenditures for lower operational expenses through only paying for the capacity they use. Cloud computing prevents governments from being locked into long term contracts. Migrating to the cloud would also provide agencies greater security through relying on the expertise of cloud computing providers to help stay ahead of ever more sophisticated cyber attacks. Governments are increasingly turning to the cloud to deploy modern technology solutions while reducing costs; states such as Arizona, California, Texas, and Virginia have adopted similar legislation. This bill would allow state agencies to begin considering and using cloud services without disrupting existing operations.

The mandate requiring agencies to migrate to the current State Data Center adds unnecessary costs and prevents state agencies from taking advantage of the benefits of implementing new technologies in the cloud, and this bill would repeal the mandate.

(Opposed) None.

(Other) Cloud-based architecture provides many advantages to Washington through improving business continuity and redundancy of critical systems, providing agencies with the ability to rapidly scale computing resources on demand or as needed, creating access to newer technology sets that can result in quicker delivery of services to state agencies, and accessing resources to facilitate the use of newer technologies.

WaTech supports the overall goal of the bill to begin transitioning state computing to cloud-based solutions when and where appropriate, and the statewide assessment in this bill will provide a roadmap as we move forward with those efforts. However, we are also aware this bill may impact cost recovery from the State Data Center and state agencies have concerns around overall state preparedness when transitioning to a cloud solution.

Persons Testifying: (In support) Jennifer Thibodeau, Amazon Web Services; and Michael Mattmiller, Microsoft.

(Other) Adam Eitmann, Washington Technology Solutions.

Persons Signed In To Testify But Not Testifying: None.