

ENTERPRISE IT MANAGEMENT INITIATIVES



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Michigan: Data Center Consolidation

Centralization and consolidation are hardly new topics to state government. What is new and interesting is the scope of consolidation that is now possible and the significant savings and government transformation that are being realized. The critical ingredient to this level of success—at least in the Michigan example—has been collaboration.

In the past three years Michigan's Department of Information Technology (MDIT) has closed 21 separate hosting centers, saving millions of dollars while improving our overall quality of service. Specific benefits of Michigan's Data Center Consolidation are well documented:

- \$9.5 Million saved to date (with an estimated 5-year ROI of \$19.1 million)
- Elimination of over \$375,000 a year from facilities environmentals and leased space cost
- Savings of \$403,000 per year in hardware maintenance cost
- Avoidance of \$7,313,245 in capital costs to upgrade legacy data centers/computer rooms
- 29,062 sq feet of floor space regained

But the ROI is only half the story.

Michigan's successful efforts of the past—mainframe consolidation, telecommunication consolidation and the print center consolidation projects—were all accomplished with clear, imperative and visible executive mandate (in the form of an Executive Order from the Governor). But what happens when the

mandate cools, when the urgency fades and agencies begin to tally the costs? Consolidations of this magnitude are measured in terms of years, not months.

With the data center consolidation, the MDIT executive team set out to build a strategy that would stand the test of time and changing political priorities. In the midst of the most challenging economic climate in decades, Michigan needed a project that delivered ROI, but not at the political and financial expense that a forced march would impose.

MDIT took a dramatically different approach to the Data Center Consolidation Project. From the onset of planning, the Data Center Consolidation team collaborated with technical and client staff to determine the most effective means to move their systems with the minimum risk at the minimum cost. The MDIT Strategic Management Team (SMT) worked directly with agency partners to find both creative fiscal solutions and to educate clients on the risk their current environments posed.

In the end, the collaborative approach is what has seemed to matter the most. A commitment to collaboration has given Michigan a technology climate where agencies now openly request to get their remote locations closed. The project team now has a waiting list of locations targeted for closure. This approach has helped cement a reputation for quality, built trust with clients, and set the stage for more fundamental initiatives that reach across government boundaries such as virtualization, SOA, and shared services.

"This award is especially meaningful to Michigan and we are thrilled to receive national recognition for the migration of our data centers. For me, it means we have delivered on the promise of consolidating and centralizing our IT operations, saving millions of dollars and creating the efficiencies that were the motivating factor behind the creation of our department. The millions of dollars saved, on top of enhanced security, make this a huge win for our government and the citizens of Michigan."

Teri Takai, CIO, State of Michigan

