

1 P R O C E E D I N G S

2 TUESDAY, JULY 21, 2015

3 (10:05 a.m.)

4 CHAIRMAN ALCANTAR: Good morning, Ed.

5 MR. SERNA: Good morning, sir.

6 CHAIRMAN ALCANTAR: How are you?

7 MR. SERNA: Fine. Thank you.

8 MR. VON QUINTUS: Good morning, Chairman
9 Alcantar and Commissioner Congleton. For the record, I
10 am Robert Von Quintus, Director of IT Infrastructure
11 Services, and I'm here today providing an update on the
12 data center services contract.

13 On July 1, 2015 Xerox completed the sale
14 of their information technology outsourcing business to
15 a company called Atos. This means our data center
16 services provider is Atos -- our new one.

17 Some points: DIR and Atos are promising
18 no disruption in service with this change, and so far we
19 have not experienced any change.

20 Most of the Xerox staff are continuing to
21 work for Atos, and Atos has agreed to making
22 improvements, including reducing the amount of time it
23 takes to deliver servers. We're currently --

24 CHAIRMAN ALCANTAR: Excuse me. What are
25 some of their other major projects? Are we aware or

1 familiar with them?

2 MR. VON QUINTUS: Pardon.

3 CHAIRMAN ALCANTAR: Atos.

4 MR. VON QUINTUS: Atos?

5 CHAIRMAN ALCANTAR: Yeah.

6 MR. SERNA: We're not familiar with any
7 other major products that they have, and we're not
8 engaged with DIR in the negotiations if there were
9 any -- if even DIR was engaged in those negotiations.
10 So...

11 CHAIRMAN ALCANTAR: Okay. I'm just --

12 MR. TEMPLE: I've never heard of them.

13 CHAIRMAN ALCANTAR: I was wondering who
14 they were and what work they've been involved in.

15 MR. VON QUINTUS: I believe they are a
16 French-owned company and they do have a presence in the
17 United States.

18 CHAIRMAN ALCANTAR: All right. Thank you.

19 MR. VON QUINTUS: Back to the server
20 delivery time frame, it currently takes from 45 to 90
21 days to get a server unless it's a complicated purchase,
22 and there is a commitment to reduce that time.

23 It's a little early to tell if they're
24 going to be able to deliver on that. We've also been
25 working with DIR, Atos and IBM to resolve an IBM

1 software audit issue.

2 The original finding was that TWC was out
3 of compliance by \$1.7 million. We have that worked down
4 to two issues; one is \$149,000 and the other is
5 \$200,000.

6 DIR and the DCS vendors and IBM continue
7 to work with us to resolve those issues, and we are
8 still very confident that we are going to complete the
9 audit with no compliance issues.

10 In your notebooks under Tab 1 is the
11 updated DCS score card table. This chart lists 12
12 service rating categories and an overall score for how
13 TWC has rated the services.

14 In the last quarter we had four categories
15 that needed attention. They were in service delivery,
16 backups, change management and software procurement.
17 Service delivery is how the vendor manages their tickets
18 as far as timeliness, updates and meeting their SLAs.

19 Backups, of course, is the backup of the
20 TWC servers and mainframe. Change management is how
21 they manage changes in our environment and software
22 procurement is -- all software now is procured that
23 supports infrastructure in the DCS contract purchased
24 and renewed through Atos or Xerox.

25 We've had some issues on that. The

1 biggest issue with that is during our audit we were
2 unable to determine ownership and manage and how the
3 entitlements were being managed by the DCS vendor.

4 As we moved forward in the audit, as we
5 moved to May, the backups deteriorated and service
6 deliveries stayed about the same, and then the software
7 audit we lowered that rating to needing -- I mean to the
8 software procurement, we lowered that to needing
9 immediate attention.

10 And then in June the backups still
11 remained at immediate attention and so does the software
12 procurement.

13 CHAIRMAN ALCANTAR: Let me ask you this:
14 On the -- I understand that the backups greatly affect
15 us -- directly affect us, and the software procurements
16 do they affect us the same as they affect the other
17 agencies or is there a more direct impact on us in terms
18 of these issues?

19 MR. VON QUINTUS: Well, the backup issues,
20 the agency was not -- our data was not at risk because
21 of the software -- I mean the backups were on servers
22 that did not contain any of our databases. They were
23 more of an infrastructure service -- server.

24 If the backup -- if we would have had to
25 rebuild the server it would have delayed our recovery,

1 but we had some redundancy built in, but those servers
2 were not being backed up at all. So we believed that
3 they -- well, they did need attention. And then the
4 software procurement, DIR and Atos have both committed
5 to resolving those issues and providing solutions for us
6 to better monitor our software entitlements and to make
7 sure that we stay in compliance, and they are
8 responsible for compliance in the DCS contract.

9 That's something I failed to mention.

10 MR. SERNA: Mr. Chairman, to add a little
11 bit more to answer your question, this affects us the
12 same as it would affect other agencies and other
13 agencies are experiencing similar problems.

14 So it's not unique to TWC. It's at the
15 enterprise level.

16 CHAIRMAN ALCANTAR: All right.

17 MR. VON QUINTUS: Okay? Other DCS
18 activities, TWC has finalized the server refresh plan
19 with DIR and the DCS vendor through Fiscal Year 2016.
20 We will be refreshing 43 servers in FY15 and -17 and
21 FY16.

22 "Refresh" means upgrading the operating
23 systems and moving any servers running on old hardware
24 and new hardware. That provides a benefit, especially
25 on the hardware side.

1 We often see better performance when we do
2 upgrade the hardware. We will also be reducing the
3 number of servers we're using through consolidation and
4 further virtualization. We will reduce the number by 16
5 in FY16. So we should see a little bit of reduced cost.

6 We have started planning for the
7 enterprise disaster recovery test which will take place
8 in October 2015. Some other initiatives -- it's
9 non-DCS -- we're continuing to look for ways to serve
10 our customers more efficiently and make things easier.
11 Here are several examples.

12 On July 10th we moved the intranet pages
13 off the main frame onto servers. This will eliminate a
14 second log in ID rack out for over half the staff in the
15 agency.

16 MR. TEMPLE: Yay!

17 (Laughter)

18 MR. VON QUINTUS: Single sign-on. Not
19 only does this simplify staff access, but it also
20 reduces our security risk by removing staff access from
21 the main frame.

22 This went into place, like I said, on
23 July 10th. We had a few hitches when we first migrated,
24 but most were resolved within a day or two.

25 We're also working on our IT service

1 management improvement project to streamline all the
2 various ways that IT supports that can be requested.

3 We're working toward a single front door.
4 That's what we like to call it -- a "front door" -- so
5 that customers don't have to think about what email
6 distribution list, whether they need to make a phone
7 call or whether it's a hallway conversation.

8 And last, we are investigating options for
9 end-to-end application monitoring. Some of the benefits
10 here is that we would be able to monitor the performance
11 of the application and see actually what the customer is
12 seeing.

13 This would give us early warnings for IT
14 staff, and if there's any degradation so we could react
15 before the application goes down or we get calls from
16 our customers. It will provide us with a proactive
17 approach to allow for faster problem detection and
18 response to application issues.

19 Any further questions?

20 CHAIRMAN ALCANTAR: In terms of all the
21 server adjustments and everything, they are all being
22 done in consideration, Ed, with the (inaudible) programs
23 and that analysis is part of our calculation with the --

24 MR. SERNA: Yes, sir.

25 CHAIRMAN ALCANTAR: -- capacity and so

1 forth?

2 MR. SERNA: Yes, sir. As a matter of
3 fact, to kind of blend into what Robert just reported,
4 he and his staff have been working with DIR and the
5 vendor and we will start working with DARS now that we
6 have the "okay" to to assess the DARS environment at the
7 data center and melding those two environments -- our
8 and DARS -- together for efficiencies.

9 So everything that we're working on here
10 we're already thinking about how we would integrate that
11 additional staff and those additional functions and 130
12 field offices into the operation so that we're not kind
13 of inventing the wheel and then having to immediately
14 modify it again.

15 CHAIRMAN ALCANTAR: Are we doing that
16 independently or will there be an additional level of
17 analytics offered by DIR or some other party in terms of
18 how best to integrate and migrate that?

19 MR. SERNA: We'll work with Atos, if I'm
20 pronouncing that right -- we'll work with Atos, the DCS
21 provider, to look at metrics and the best and most
22 efficient ways to do that. So we're going to be working
23 with them as well. Yes, sir.

24 And like I said, kind of blending into
25 what Robert reported, the other things that the IT staff

1 we've got that one completely shut down as well, and we
2 will -- we completed our discussions with the prime
3 vendor there, Cooper, and settled on an amount and we're
4 still working to try to get the Pega issue resolved with
5 regard to the license, and both the technical staff, our
6 purchasing staff and legal staff are working to get that
7 resolved.

8 And then finally on tax modernization, the
9 project we first introduced as a problem project we
10 don't have any contract issues with them. We're now
11 experiencing what are normal system development
12 problems.

13 The biggest problems, though, have to do
14 with our system with our batch testing, but we expected
15 those to be significant problems at this time and staff
16 is working diligently to get those resolved. We really
17 don't have anything to report on the UI --

18 CHAIRMAN ALCANTAR: Is that impacting the
19 timelines that we're talking about for tax mod again
20 or --

21 MR. SERNA: No, sir. We're still on track
22 for our timelines. You may recall that our staff had
23 originally reported -- we believed that this project was
24 going to take until March of next year to -- now that --
25 once we got it back on track to get complete, the vendor

1 came back with a very aggressive timeline that we didn't
2 agree with but we agreed to start working towards which
3 was November of this timeline. The vendor has now
4 reexamined their position and is more in line with what
5 our staff has originally projected.

6 So when I say, "No, we're not," we'd
7 always thought we'd probably get this thing wrapped up
8 in about the March '16 time frame versus the vendor just
9 trying to rush and get it done and that's because we're
10 not letting them just rush and get it done.

11 CHAIRMAN ALCANTAR: All right.

12 MR. SERNA: No additional funds being
13 expended on that one beyond what was already budgeted
14 and allocated to the project.

15 There's really nothing to report on any of
16 the other UI systems, but if you have any questions
17 LaSha is available to answer those.

18 The rest of the projects are on track and
19 they're tracking along. The various correspondence
20 projects, electronic correspondence projects, are moving
21 forward and are progressing on budget and on schedule.

22 Those schedules were revised months ago
23 but they're on budget and on schedule. I don't know if
24 you want an update on workforce systems. We can get our
25 short timer, Laurie, up here to provide you an update on

1 that if you'd like.

2 CHAIRMAN ALCANTAR: Yeah, let's do that.
3 Commissioner, do you have any questions on these UI
4 projects?

5 COMM. CONGLETON: No questions. No.

6 CHAIRMAN ALCANTAR: All right.

7 MS. BISCOE: All right. So Ed has already
8 talked a little bit about the status of common
9 components and ending our contract with Cyber.
10 Obviously, one of the big initiatives that we are
11 working in partnership with IT on is developing a
12 strategy and recommendation for, "What do we do now and
13 what is the recommendation for next steps?"

14 In addition to that work there are a
15 number of things that are noted on your -- in your
16 materials regarding enhancements, and there are just a
17 few.

18 I would be glad to talk about any of them,
19 but I would highlight a couple for you. First, in the
20 section regarding "Completed Since Last IT Session," for
21 the most part, those are releases that are regular
22 routine.

23 What is not listed there is that we did
24 have a release -- TWIST release at the beginning of this
25 month to make the first batch of changes regarding WIOA,

1 the changes that needed to be made in order for us to be
2 able to be consistent with WIOA.

3 I said "first batch" because it is -- it
4 will be something that we will be making changes over
5 the next couple of years as that program -- the new
6 requirements come out and we determine the changes that
7 need to be made to our automated systems.

8 With regard to programs that are reflected
9 as "in process," we have the child care parent portal,
10 an initiative that was approved by the commission to
11 develop a unified location where parents can access
12 information about how to select child care providers,
13 how to access information on licensing and issues
14 through -- from the licensing perspective with child
15 care providers, as well as parenting and other types of
16 resources.

17 We are in the process of working with the
18 children's learning institute on the development of that
19 portal and are on schedule. It actually is reflected as
20 August 2015. It is an October 2015 date when we expect
21 that portal to be put into -- put out to the public.

22 We are also working on a virtual job fair
23 pilot. NASWA and direct employers had an opportunity
24 that they made available to states to use a contract
25 that they already had in place to pilot virtual job

1 fairs, something that we've been very interested in
2 doing, and have taken them up on the offer to use that
3 technology and pilot it and get a better sense of how
4 that actually works from a statewide perspective.

5 I should -- let me back up. Statewide, we
6 are not going to do that statewide initially. We're
7 doing it in more regional, pocketed types of targeted
8 focus for those initial tests.

9 Skipping then to employment scams, this is
10 an item -- it notes here that we are in the process of
11 modifying we, IT, us are in the process of modifying
12 employer registration to restrict new self-service or
13 non-staffed approved accounts to come in and be verified
14 before allowing the employer to access job seeker
15 contact information.

16 This is one more step in trying to shut
17 the door on the scams that we've seen over the last few
18 years in coming into the system. We've been in
19 communication with the folks in the field and the local
20 Board to let them know this is the approach that we are
21 recommending taking, and they've supported this
22 approach.

23 And then finally shown as "In Progress" is
24 House Bill 426, one of our additional implementation
25 efforts. This is legislation that requires state

1 agencies to accept job applications that are submitted
2 through WorkInTexas.

3 Currently all agencies have access to be
4 able to access any applications that are filed through
5 WorkInTexas. That will be in effect -- already is in
6 effect and will continue to be in effect September 1st.

7 We're in the process of building a method
8 for agencies -- for us to push those applications to
9 agencies in a batch rather than being accessed one by
10 one.

11 That batch process will be in place by
12 October of this year and available to agencies. I would
13 be glad to talk about any of the others if you have
14 questions.

15 CHAIRMAN ALCANTAR: Commissioner
16 Congleton, do you have any questions on any of these?

17 COMM. CONGLETON: No.

18 CHAIRMAN ALCANTAR: All right. Thank you,
19 Laurie.

20 MS. BISCOE: You're welcome.

21 MR. SERNA: We have Paul Carmona with a
22 brief update on where we're at with fraud, and then
23 after Paul, Randy to give you finally an update on where
24 we're at with PeopleSoft.

25 MR. CARMONA: Good morning, Commissioners.

1 Paul Carmona with the Regulatory Integrity Division. At
2 Tab 4 you've got the project summary of the improved
3 fraud discovery.

4 Just jumping down to the chart that you
5 see on Page 1 and at the top of Page 2 it shows the good
6 news, which is that the benefits -- UI benefits and UI
7 tax projects stages of the improved fraud discovery are
8 both in production.

9 The benefit stage has been closed out.
10 The tax stage is almost closed out. The paperwork is
11 getting ready for signatory approval. One note is that
12 some functionality of the tax -- some of the
13 functionality is dependent on the tax modernization data
14 and data from a couple of external agencies, the
15 Department of Motor Vehicles and the Department of
16 Licensing and Regulation.

17 Until we get that data loaded and we get
18 the tax modernization done, there's a few functionality
19 items that won't be online yet. Child care attendance
20 data is also being added into the Aware system.

21 Right now that data is not available in
22 database form for the investigative and reporting
23 purposes. That's done by the Office of Investigations
24 in RID.

25 We're also working on -- with the FraudX

1 capability. That proof of concept was completed only in
2 May, but we're already in the development phase and the
3 production capability should be by -- online by
4 December.

5 That's it for what's in the written
6 report. A heads-up on a couple of things that are
7 coming soon: In the next quarter we're going to report
8 on the Office of Investigations Case Management System
9 and on the Treasury Offset Program.

10 So we'll have written updates on those two
11 items starting in the next quarter. That's all I've got
12 unless you have any questions.

13 CHAIRMAN ALCANTAR: Commissioner
14 Congleton.

15 COMM. CONGLETON: No questions.

16 CHAIRMAN ALCANTAR: Thank you, Paul.

17 MR. CARMONA: Thank you.

18 MR. TEMPLE: Randy.

19 MR. SERNA: Randy, and then that wraps it
20 up.

21 MR. TOWNSEND: Chairman and Commissioner,
22 again, for the record, Randy Townsend, Chief Financial
23 Officer. I'm giving you a brief update here on our
24 PeopleSoft financial 9.2 upgrade. In summary, we're on
25 track and expect to come in actually under budget when

1 the project is concluded.

2 We have completed two of the major
3 milestones that represent together about 70 percent of
4 the budget, and in particular the fit-gap analysis and
5 then the development of putting the customizations back
6 in that are necessary to make our cash draw system work
7 with our Boards and those sort of things. So we're
8 tracking on those.

9 We'll be wrapping up our system testing
10 and user acceptance testing at the end of this month
11 which is on track as well. That was the other large
12 portion of the project, just over a quarter of the
13 project, and expect to go live the first of September.

14 We'll have a couple of months of
15 finalization and there will be some things we'll find,
16 I'm sure, as we go through the final stages of
17 implementation in that time frame.

18 So we're where we want to be at this
19 point. Appreciate all the effort. Ed has co-chaired
20 the steering committee. We've had several meetings to
21 make sure this project stays on track. There's
22 obviously been some challenges along the way.

23 We've addressed those challenges and the
24 rest that we expect and I think we are on pace to have a
25 very successful upgrade. The biggest change you'll

1 several meetings with my staff. This is actually
2 coordinated by Chris Nelson in Finance.

3 We've got a very detailed timeline out
4 over the next year, actually, but we will start this
5 fall. So Larry is absolutely right. There won't be
6 much downtime as we move into the DARS transition.

7 There's a lot of work to be done and to be
8 able to connect to everything that will be necessary
9 with the new program. So we're preparing for the
10 challenge.

11 CHAIRMAN ALCANTAR: All right. Ed, any
12 final words?

13 MR. SERNA: No, sir.

14 CHAIRMAN ALCANTAR: All right. Thank you,
15 everyone.

16 Commissioner Congleton, any final
17 questions?

18 COMM. CONGLETON: No. No questions.
19 Thanks, everybody.

20 CHAIRMAN ALCANTAR: This meeting is
21 adjourned. Thank you.

22 (Proceedings concluded at 10:31 a.m.)

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