

State CIO Operating Models: Trends and Perspectives

State of Oregon
Joint Committee On Information Management and Technology

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@NASCIO

About NASCIO

- National association representing state chief information officers and information technology executives from the states, territories and D.C.
- NASCIO provides members with products and services designed to support the challenging role of the state CIO, stimulate the exchange of information, and promote the adoption of IT best practices and innovations.



STRATEGIC PLAN
2024 - 2026



VISION

Government in which the public is fully served through business innovation and the optimal use of technology

Advancing government excellence through trusted collaboration, partnerships and technology leadership

MISSION

GUIDING PRINCIPLES: The National Association of State Chief Information Officers will:

- be non-partisan
- promote the state CIO as the technology leader who drives business innovation and transformation
- focus on multi-jurisdictional issues
- foster policies that support the public trust
- promote strategic alignment of government technology investments and state business agendas
- be ethical in our actions and relationships



2025 STATE CIO TOP 10 PRIORITIES

Priority Strategies, Management Processes and Solutions

1 CYBERSECURITY AND RISK MANAGEMENT



2 ARTIFICIAL INTELLIGENCE / MACHINE LEARNING / ROBOTIC PROCESS AUTOMATION



3 DIGITAL GOVERNMENT / DIGITAL SERVICES



4 DATA MANAGEMENT AND ANALYTICS



5 LEGACY MODERNIZATION



6 BUDGET / COST CONTROL / FISCAL MANAGEMENT



7 IDENTITY AND ACCESS MANAGEMENT



8 CLOUD SERVICES



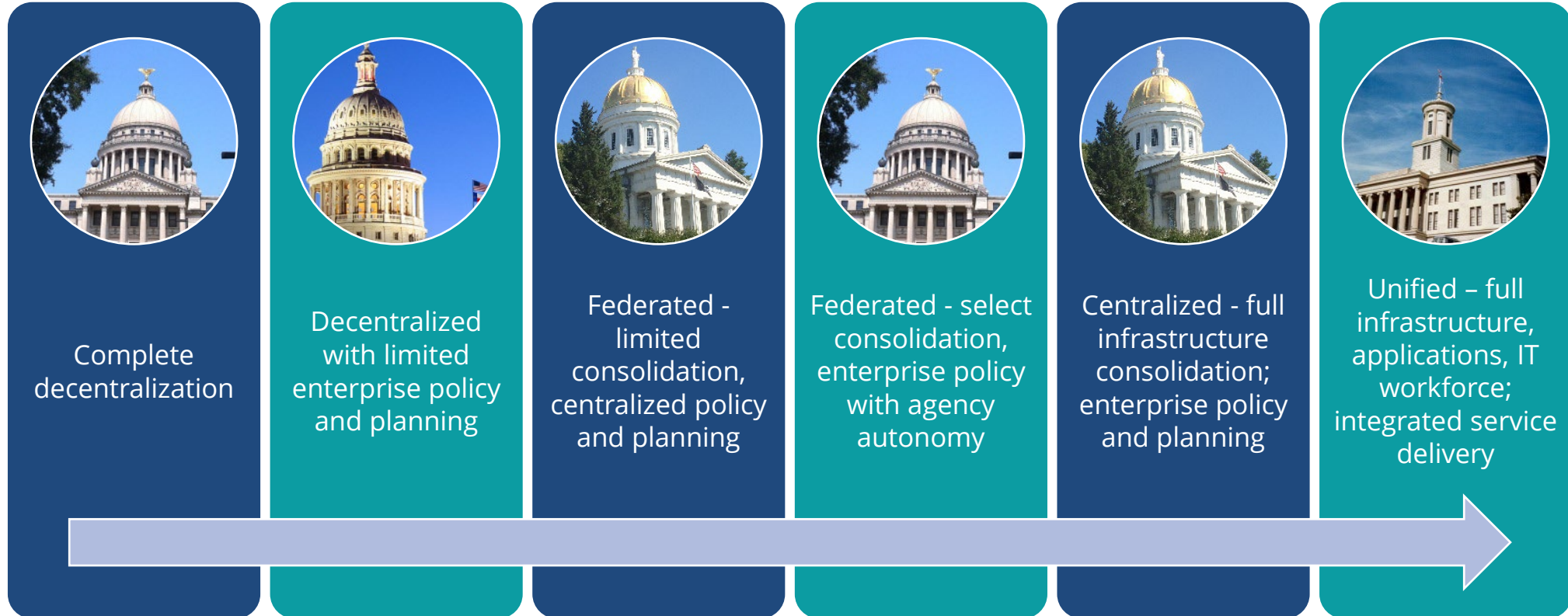
9 WORKFORCE



10 ACCESSIBILITY



How are States Structured? It Depends



States approach IT operating structures with different strategies, business drivers and models. There are variations on these themes depending on state CIO authority, financial posture, political will and the ability to absorb change.

The current role of the state CIO organization

Respondents selected top 5 options



Develop & deliver infrastructure services to state agencies (**88%**)



Have a voice in state agency strategy & strategic initiatives (**75%**)



Ensure IT systems comply with security & regulatory requirements (**67%**)

Operate broker of services model	54%
Drive stabilization of operations	52%
Lead technology modernization efforts with an enterprise fund	44%
Proactively identify and remove obstacles that improve the delivery of projects and services	40%
Drive innovation with a dedicated program	29%
Link, monitor and report IT spend versus value delivered	27%
Improve program/project delivery metrics	13%



How CIO organizations are moving to deliver services to agencies

Respondents allowed to make multiple selections

Consolidation of infrastructure	90%
Consolidation of services (e.g., help desk, training etc.)	69%
Centralization of IT project management and oversight under the CIO organization	63%
Responsibility for technology procurement within the CIO organization	60%
Consolidation of IT personnel under the central technology organization	48%
Consolidation of applications	46%
Consolidation of technology budget under a central IT organization	25%
More federation or decentralization of IT roles and personnel to agencies	8%
Divestiture of technology procurement responsibilities	6%



How will the CIO organization serve customer agencies in the next 3 years? (select all that apply)



96%

Strategic direction and policy setting



84%

CIO as broker of services



80%

Infrastructure provisioning and operations management



53%

Selective outsourcing



49%

Increase IT employees in the state CIO organization (state employees)



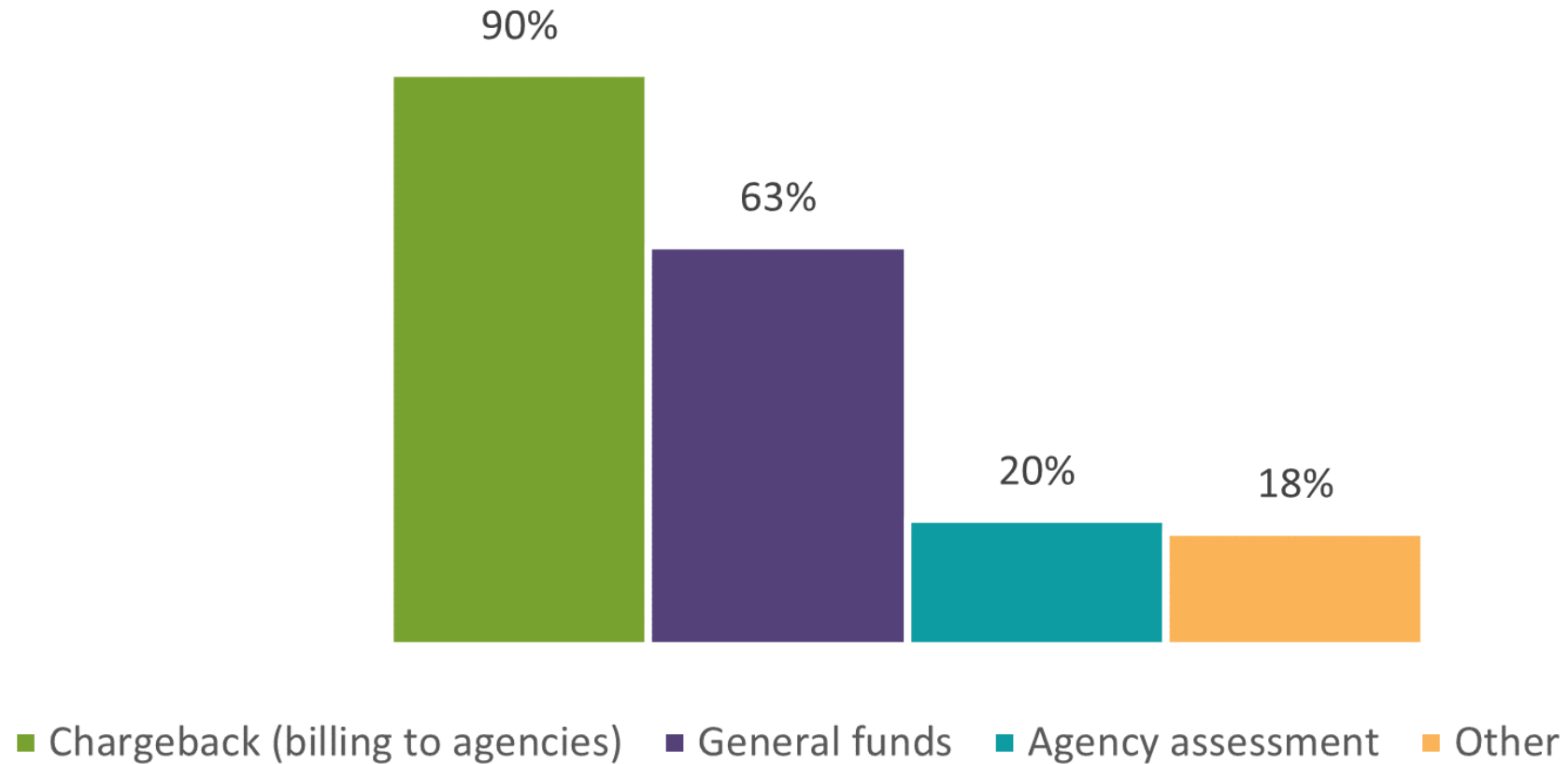
10%

Total outsourcing / managed services



How is the state CIO organization funded?

(select all that apply)



Rationale for IT Centralization/Consolidation

- Reduce **diversity and complexity** of IT environment – cost savings
- Strengthen cybersecurity with enterprise services, tools and expertise
- Reduce operational costs with consolidation of common services
- Improve IT governance and project management
- Coordinate project delivery and align with the enterprise direction
- Improve visibility into IT spending
- Renegotiate vendor contracts with enterprise scope of services
- Software licensing: reduce annual costs by software rationalization and economies of scale
- Introduce process standards and disciplines statewide: ITIL and ITSM
- Improve support by utilizing the best IT talent on critical enterprise systems and infrastructure
- Improve disaster recovery/business continuity - resiliency
- IT workforce – retain top talent and targeted reductions



Benefits of a Centralized Operating Model

Improving Efficiency and Reducing Redundancy

- **Streamlined Operations:** centralizes IT services across agencies, allowing states to eliminate duplicate systems and processes. This reduces redundancy and improves operational efficiency by leveraging shared services for functions such as email, human resources, and financial management.
- **Resource Optimization:** With centralized IT resources, states can maximize existing infrastructure, technology, and staff capacity, making better use of state funds. This unified approach prevents the waste that can arise from disconnected, isolated systems and allows for optimal use of IT talent.

Cost Savings and Budget Optimization

- **Reduction in Infrastructure and Maintenance Costs:** By centralizing IT systems, states reduce the number of data centers and hardware required, which decreases maintenance costs and energy consumption. Moving to a centralized or hybrid cloud infrastructure can also lower expenses associated with physical hardware and facility upkeep.
- **Economies of Scale:** Centralization allows states to negotiate more favorable contracts and pricing for IT services and software, benefiting from bulk purchasing. This unified approach helps states get more value out of IT investments and stretch their budgets further.
- **Efficient Use of Federal Funding:** Many states are successfully using federal grants and cybersecurity funds to drive consolidation efforts. By aligning with federal requirements, states can also ensure these resources are maximized in a compliant, future-ready IT environment.



Benefits

Enhanced Cybersecurity and Risk Management

- **Centralized Security Oversight:** Consolidation centralizes cybersecurity resources, allowing the state to enforce consistent security policies across agencies and ensuring all departments have access to the latest protections. State chief information security officers (CISOs) can manage security from an enterprise level, reducing risks associated with fragmented, isolated systems.
- **Stronger Cyber Defense Capabilities:** A unified IT infrastructure enables states to respond to threats more effectively and allocate resources based on priority risks. This approach supports advanced cybersecurity practices like real-time threat monitoring, identity and access management (IAM), and AI-driven detection, which are critical as cyber threats grow in complexity.

Improved Service Delivery and Citizen Experience

- **Unified Digital Services:** Consolidation enables seamless integration of digital services, providing citizens with a consistent, reliable user experience across departments. By leveraging shared data platforms, states can offer more cohesive services, such as integrated benefits management, single sign-on access for various services, and streamlined digital portals.
- **Data-Driven Decision Making:** With a consolidated approach, states can improve data management practices, ensuring that data is accessible, reliable, and easily shared across departments. Better data quality and interoperability allow states to make informed decisions, enhance service delivery, and improve public trust in government.



Benefits

Modernization and Agility

- **Legacy System Modernization:** Centralization provides an opportunity to modernize legacy systems that are costly and difficult to maintain. Migrating to cloud-based or modernized platforms as part of consolidation allows states to improve functionality, extend the life of IT investments, and stay agile in adopting new technologies.
- **Support for Emerging Technologies:** With a consolidated IT foundation, states are better positioned to adopt new technologies like artificial intelligence, machine learning, and predictive analytics. This flexibility supports innovation in areas such as human services, public health, and environmental management, where real-time insights can drive better outcomes.

Workforce Efficiency and Development

- **Upskilling and Talent Retention:** Consolidation allows IT staff to focus on higher-value tasks, rather than managing outdated, siloed systems. It also promotes professional development by creating opportunities for IT staff to build expertise in cloud management, cybersecurity, and data analytics. Consolidated teams are often more resilient, adaptable, and attractive to new talent.
- **Centralized IT Workforce:** With a unified IT structure, the state can better distribute skilled resources and IT expertise where it's needed most. This centralization reduces duplication of roles across agencies and optimizes staffing, resulting in a more sustainable, efficient workforce model.



Common Challenges to Centralization

- Resistance to change - agency and workforce
- Agencies desire to remain autonomous – domain expertise
- Agencies sunk costs in facilities and infrastructure
- Inadequate funding for multi-year transition
- Backlash when model doesn't meet agency business needs
- Higher than projected costs for transition
- Seeking exemptions because of federal statutory or regulatory requirements



Critical Success Strategies

- ✓ Document the “as is” - baseline of assets, services, capabilities
- ✓ Have a plan: a clear “to be” state – the future
- ✓ Capture the known costs – expect hidden \$\$
- ✓ Engage the agency stakeholders early
- ✓ Constant communication and status updates
- ✓ Commitment to ongoing change management
- ✓ Expect a multi-year transition and investments
- ✓ Renegotiate existing contracts
- ✓ Address the color of money – federal cost allocation and impact
- ✓ Manage expectations and expect surprises!



What Do We Know? Patterns of Success



Enterprise IT Leadership and Governance



Statewide Enterprise and Solutions Architecture



Enterprise Security and Risk Management



Consolidation and Optimized IT Spending



Enterprise Project, Portfolio & Investment Management



Business Transformation Enabled by Technology