

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### INFORMATION TECHNOLOGY COMMITTEE

Thursday, May 13, 2004

Millennium Room, Skills and Technology Training Center  
Fargo, North Dakota

Senator Larry Robinson, Chairman, called the meeting to order at 9:00 a.m. at the Skills and Technology Training Center in Fargo.

**Members present:** Senators Larry Robinson, Randel Christmann, Rich Wardner; Representatives Eliot Glassheim, Bob Skarphol, Ken Svedjan, Robin Weisz, Lonny Winrich; Chief Information Officer Curtis L. Wolfe

**Members absent:** Senators Randy A. Schobinger, Tom Seymour; Representative Keith Kempenich

**Others present:** Rick Berg, State Representative, Fargo

Al Carlson, State Representative, Fargo

John O. Syverson, State Senator, Fargo

Ray Holmberg, State Senator, Grand Forks

See attached appendix for additional persons present.

**It was moved by Senator Wardner, seconded by Representative Svedjan, and carried on a voice vote that the minutes of the March 17, 2004, meeting be approved as distributed.**

#### OTHER INFORMATION

Chairman Robinson invited Mr. Jeff Carr, Systems Architect, Information Technology Department, to provide information regarding the future of the state's server and operating system infrastructure. A copy of the information is on file in the Legislative Council office. He said the state's current server and operating system infrastructure presents the state with challenges that must be addressed. At the present time, the state operates critical information technology business applications on a wide variety of platforms, provides disaster recovery services to only a limited number of the critical applications, and requires staff with legacy skill sets to support applications. He said continued support of business-critical legacy applications will require the state to migrate the legacy applications to new platforms, provide in-house training to assure the availability of staff with legacy skill sets, or outsource the support of the legacy applications. He said based on long-term information technology trends, the state's future infrastructure will be dominated by Intel-compatible servers and the push toward Intel hardware implies that Windows and Linux operating systems will be dominant as Windows and Linux are the only Intel-compatible operating systems with large-scale vendor support. He said at the

present time the state has one disaster recovery site in Boulder, Colorado, and providing adequate disaster recovery services of critical applications will require the state to have a second site. He said the state's next step is to prepare a detailed business case, including information on the cost of continuing the state's legacy applications and the cost of migrating the applications to new platforms.

In response to a question from Representative Skarphol regarding legacy applications, Mr. Carr said legacy applications refer to those applications functioning on the state's mainframe.

In response to a question from Representative Skarphol regarding disaster recovery, Mr. Carr said the cost of disaster recovery services depends on the number of applications that need to be recovered immediately.

Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department, said the department commissioned a study regarding the state's information technology disaster recovery needs and the department could provide information regarding the study to the committee at its next meeting.

In response to a question from Representative Svedjan regarding staff with legacy skill sets, Mr. Carr said the loss of staff with legacy skill sets is an industry-wide issue.

In response to a question from Representative Skarphol, Mr. Wolfe said the state will have to review the option of outsourcing the support of the mainframe legacy applications as the number of legacy applications decreases.

In response to a question from Senator Robinson, Mr. Carr said the migration of applications to new platforms may take 10 years.

In response to a question from Representative Glassheim regarding diversity of operating systems, Mr. Carr said there will be exceptions to the dominance of Windows and Linux operating systems; however, he anticipates that approximately 90 percent of the state's future infrastructure will be utilizing Windows or Linux operating systems.

In response to a question from Representative Berg, Mr. Wolfe said the Information Technology Department is in the process of preparing a detailed business case, including information on the cost of continuing the state's legacy applications and the cost of migrating the applications to new platforms.

In response to a question from Senator Robinson regarding the detailed business case, Mr. Wolfe said the department may not have sufficient funding in the 2003-05 biennium to complete the business case. He said if funding is not available, the department will request funding of the 2005 Legislative Assembly.

### REPORT OF THE CHIEF INFORMATION OFFICER

Mr. Wolfe provided information on information technology issues, including a status report on the information technology consolidation required by 2003 House Bill No. 1505 and information on the delivery of consolidated services to agencies and the status of the accumulated state savings by funding source. A copy of the information presented is on file in the Legislative Council office.

Mr. Wolfe said the Public Service Commission has requested an Attorney General's opinion regarding the need for the Information Technology Department to promulgate rules rather than standards for the procurement of information technology hardware, software, and services.

Mr. Wolfe said House Bill No. 1505 provided for the consolidation of information technology services, including:

- **Transfer of state information technology employee positions** - Section 10 of House Bill No. 1505 provides that on November 1, 2003, 24 full-time equivalent (FTE) positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, must be reduced and transferred to the Information Technology Department.
- **Required information technology services** - Section 16 of House Bill No. 1505 provides that each state agency and institution, excluding the legislative and judicial branches, the institutions under the control of the State Board of Higher Education, the Public Employees Retirement System, the Retirement and Investment Office, the Attorney General's office, and any entity exempted by the Office of Management and Budget after advisement by the Information Technology Department, shall obtain electronic mail, file and print server administration, data base administration, storage, application server, and hosting services through a delivery system established by the Information Technology Department in conjunction with the Office of Management and Budget.
- **Information technology functional consolidation accumulated savings** - Section 11 of House Bill No. 1505 provides that the Office of Management and Budget and the Information Technology Department shall achieve efficiencies during the 2003-05 biennium relating to

the required consolidation of information technology functions, and the director of the Office of Management and Budget shall transfer the savings accumulated as a result of these efficiencies in the amount of \$1.4 million to the general fund by June 30, 2005.

Mr. Wolfe said the Information Technology Department established a project executive committee consisting of Mr. Bill Goetz, Chief of Staff, Governor's office; Ms. Pam Sharp, Director, Office of Management and Budget; and himself for implementing the consolidation of information technology services required by House Bill No. 1505.

Mr. Wolfe said in regard to the transfer of state information technology employee positions, the project executive committee recommended the transfer of 8.5 FTE positions to the Information Technology Department on November 1, 2003, and the exemption of the remaining 15.5 FTE positions. Of the 15.5 FTE positions exempted, 11 FTE positions were primarily performing duties not related to the services to be consolidated, 2 FTE positions were required for support of the Unisys mainframe at Job Service North Dakota, and 2.5 FTE positions were exempted due to unique agency requirements. He said the department has filled 6 of the 8.5 FTE positions transferred from various state agencies, resulting in a net reduction of 2.5 FTE positions as a result of the consolidation.

Mr. Wolfe said in regard to the required information technology services for the 15 agencies identified in Section 10 of House Bill No. 1505, the project executive committee recommended exemption of the Bank of North Dakota, Housing Finance Agency, and State Water Commission due to unique circumstances in those agencies. For the remaining 31 agencies, the project executive committee recommended exemption of the State Fair, Mill and Elevator, North Dakota Vision Services - School for the Blind, School for the Deaf, State Seed Department, and Adjutant General. He said seven agencies had consolidated information technology services with the Information Technology Department prior to the passage of House Bill No. 1505 and five agencies were not impacted by the consolidation because they do not have services to transfer to the Information Technology Department. He said consolidation is 100 percent complete for 18 agencies and consolidation for the remaining agencies should be completed by the end of May 2004. He said as a result of the consolidation, 175 servers will be migrated to the Information Technology Department and the department plans to eliminate 91 servers during the 2003-05 biennium.

Mr. Wolfe said in regard to the information technology functional consolidation accumulated savings, the department is estimating savings of approximately \$670,000 for the 2003-05 biennium, of which approximately \$583,000 relates to the 15 agencies identified in Section 10 of House Bill No. 1505 and approximately \$87,000 relates to the remaining 31 agencies. He said the estimated savings has been impacted by

the timing of the consolidation, equipment credits provided to agencies for equipment on lease, and funding source restrictions. He said not all funding sources estimated to have savings are able to transfer the savings to the general fund. He said the estimated savings for the 2005-07 biennium is approximately \$617,000.

Mr. Wolfe said the department's help desk has experienced an increase in service calls with the implementation of the consolidation of information technology services. He said the help desk is to either resolve or assign a call within 10 minutes. The department's goal is for the help desk to resolve 70 percent of the calls received. He said those calls not resolved by the help desk are assigned to a technical support position and responded to within 15 minutes of the call. He said the department is tracking statistics relating to calls resolved and assigned by the help desk, technical support acknowledgment of call, resolve time, and customer notification of resolution.

In response to a question from Representative Svedjan, Mr. Wolfe said the Public Employees Retirement System and the Retirement and Investment Office are exempted from the consolidation of services by statute.

In response to a question from Senator Christmann, Mr. Wolfe said three of the six filled FTE positions were filled with individuals from other state agencies.

### **BILLING RATES FOR THE 2005-07 BIENNIUM**

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, provided information regarding the department's billing rates for the 2005-07 biennium. A copy of the information is on file in the Legislative Council office. He said the department's rates for the 2005-07 biennium for programming and systems analysts' services appear to be the same rate as for the 2003-05 biennium; however, the original rate for the 2003-05 biennium was subsequently lowered due to no state employee salary increases for the 2003-05 biennium. He said the department has established two new fees for the 2005-07 biennium relating to the ConnectND system--a \$12.58 per month charge based on FTE positions and a \$6.68 per month charge per \$1 million appropriated. The fees will recover the state's portion of the debt service on the bonds issued and the operational costs associated with the system.

In response to a question from Representative Skarphol regarding the fees associated for the ConnectND system, Mr. Ressler said the \$6.68 per month charge per \$1 million appropriated refers to total funds appropriated for an agency.

### **INFORMATION TECHNOLOGY ORGANIZATIONAL AND MANAGEMENT STUDIES**

Ms. Catherine Forsch, Director of Operations, Tax Department, provided information regarding the Enterprise Architecture Review Board analysis of the recommendations included in the Pacific Technologies, Inc., final report for the information technology organizational and management studies. A copy of the information is on file in the Legislative Council office. She said a subcommittee of the Enterprise Architecture Review Board has reviewed the recommendations included in the final report for the information technology organizational and management studies and has developed the next steps:

1. Standardize the specifications for workstations to be used in state government to reduce the total cost of ownership.
2. Prepare and execute a request for proposal to begin aggregated single brand acquisition for the office automation class of workstations.
3. Adopt a four-year replacement cycle for office automation workstations to reduce the total cost of ownership.
4. Continue to study how to best manage the workstation replacement cycle process.
5. Continue to study the consolidation of workstation support and help desk services.

Ms. Forsch said in regard to the standardization and acquisition of workstations, the subcommittee defined five classes of workstations--office automation, power user, mainstream laptop, power user laptop, and custom configuration. The subcommittee estimates the state has approximately 7,550 workstations, of which 5,000 are office automation workstations, 1,100 are power user workstations, 500 are mainstream laptops, 500 are power user laptops, and 450 are custom configuration workstations. She said the state will release a request for proposal for acquisition of a single brand of office automation workstations for all of state government on June 7, 2004. She said the request for proposal will include options to expand the procurement to higher education, kindergarten through grade 12, the legislative branch, Association of Counties, and League of Cities.

Ms. Forsch said at the present time the state spends approximately \$4.6 million over two bienniums to replace approximately 60 percent of its total office automation workstations. She said implementing an aggregated procurement contract with a four-year replacement cycle will ensure all office automation workstations are replaced every four years at an estimated cost of less than \$4.5 million. She said while the overall cost is reduced, it may require a larger general fund appropriation to bring some state agencies to a four-year replacement cycle.

In response to a question from Senator Wardner regarding the invitation to other groups to join in the

procurement of office automation workstations, Ms. Forsch said the subcommittee does not intend to take business away from local vendors. She said some groups are currently purchasing workstations from out-of-state vendors and those groups may be interested in purchasing workstations at a lower cost.

In response to a question from Representative Skarphol, Ms. Forsch said the subcommittee will compile information regarding the extent the other groups are currently purchasing workstations from local vendors.

### **INFORMATION TECHNOLOGY EQUIPMENT AND SOFTWARE PURCHASES**

Mr. Ressler provided information on the budgeted and actual information technology equipment and software purchases and estimated savings by funding source pursuant to Section 7 of House Bill No. 1505. A copy of the information is on file in the Legislative Council office. He said the department has contracts for several information technology products and services. He said the department has awarded a contract to AT&T and Sprint for telephone long distance, resulting in savings of \$500,000 per year; a contract to Western Wireless for cellular telephone service, resulting in savings of \$60,000 per year; and a contract to IBM for hardware maintenance, resulting in savings of \$80,000 per year.

### **ENTERPRISE RESOURCE PLANNING INITIATIVE - CONNECTND SYSTEM**

Mr. Wolfe provided information on the status of the implementation of the ConnectND system. A copy of the information is on file in the Legislative Council office. He said modifications to the financial component of the PeopleSoft enterprise resource planning system and time-entry enhancements are on schedule. He said the modifications and enhancements are necessary because of the Governor's directive that the system be implemented without a timelag for payroll processing. He said the financial and human resource components of the system, except for the employee expenses, budget, and strategic sourcing modules, will be rolled out to state agencies on September 1, 2004. He said the Office of Management and Budget has scheduled a meeting with state agency representatives and Maximus for Tuesday, May 18, 2004, to discuss the future functionality of the ConnectND system.

In response to a question from Representative Winrich regarding payroll processing, Mr. Wolfe said the North Dakota University System has adopted a 15-day timelag for payroll processing. He said due to the Governor's directive that the PeopleSoft system for state government be implemented without a timelag for payroll processing, the state is in the process of developing an interface for the PeopleSoft

system to enable the state to continue a monthly payroll with no timelag.

Mr. Grant Crawford, Chief Information Officer, North Dakota University System, reported on the status of the ConnectND system and distributed a copy of the University System ConnectND readiness report dated May 7, 2004. A copy of the report is on file in the Legislative Council office. He said the overall project status remains on schedule. He said the nonpilot higher education institutions are scheduled to "go live" with the system on July 1, 2004. He said the decision to "go live" with the system is directly affected by three regularly reported factors--system readiness, campus readiness, and operational environment readiness--and the "go live" decision will be made as follows:

1. Project staff using information provided by campus readiness assessments, testing results, and professional staff experience will prepare an updated readiness report, including a recommendation for the project steering committee by June 4, 2004.
2. The project steering committee will consider the readiness report, the oversight project review, and their professional staff experience and make recommendations to the chancellor's cabinet by June 8, 2004.
3. The chair of the project steering committee will inform the executive sponsors of the recommendation to the chancellor's cabinet.
4. The chancellor's cabinet will make the final decision by June 11, 2004.
5. The chancellor will inform the State Board of Higher Education of the cabinet's decision, and the chair of the project steering committee will inform the executive sponsors of the cabinet's decision.

Mr. Crawford said at any point in the process if there are severe problems or relative certainty of severe problems, the project director can call a halt to the "go live" process and, in that event, the project steering committee would meet as soon as possible to chart a further course of action.

Mr. Crawford also distributed a copy of the North Dakota University System's 2003 annual information technology report. A copy of the report is on file in the Legislative Council office.

### **PRIORITIZATION OF MAJOR INFORMATION TECHNOLOGY PROJECTS**

Ms. Nancy Walz, Director, Policy and Planning Division, Information Technology Department, provided information regarding the State Information Technology Advisory Committee's process for prioritization of major information technology software projects. A copy of the information is on file in the Legislative Council office. She said North Dakota Century Code (NDCC) Section 54-59-02.1 requires the department to appoint an advisory committee for

the purposes of prioritizing major computer software projects. The Chief Information Officer is to submit recommendations of the advisory committee regarding major software projects to the Information Technology Committee for consideration by the committee and the drafting of appropriation legislation to implement the recommendations. She said the department has assigned the prioritization responsibility to the State Information Technology Advisory Committee, a committee created by NDCC Section 54-59-07. She said the committee will address the prioritizing of major projects through information technology portfolio management. The following is a summary of the proposed prioritization process:

- February through July 2004 - State agencies will identify and internally prioritize information technology projects, submit their information technology budgets into the Budget and Reporting System (BARS), and flag projects to be ranked by the State Information Technology Advisory Committee. The committee will review a preliminary list of information technology projects.
- July through September 2004 - Information technology projects will be sorted into three categories--projects over \$250,000 requesting funds from the general fund for the investment or the ongoing maintenance costs, projects over \$250,000 requesting no funds from the general fund for the investment or the ongoing maintenance costs, and projects under \$250,000 requesting funds from the general fund for the investment or the ongoing maintenance costs. State agencies will self-score projects over \$250,000 requesting funds from the general fund for the investment or the ongoing maintenance costs, and the Information Technology Department will present a preliminary ranking of the projects to the State Information Technology Advisory Committee. The committee will validate or change scores as necessary and rank the projects. The Office of Management and Budget will enter the scores and rank into the BARS system. For projects in the other categories, a list sorted by agency and priority within agency will be provided to the Office of Management and Budget and the State Information Technology Advisory Committee.
- September through November 2004 - The Office of Management and Budget will determine projects to be included in the executive budget and communicate the final ranking of the projects to the State Information Technology Advisory Committee. Formal communications of the results will be developed and produced for the interim Information Technology Committee and the Legislative Assembly.

## **LARGE INFORMATION TECHNOLOGY PROJECTS**

Ms. Walz distributed a copy of the department's large project summary for the quarter ending March 31, 2004. A copy of the summary is on file in the Legislative Council office. She said there is one new project being reported this period--the Information Technology Department public safety mobile voice communications project. She said the enterprise resource planning system initiative--ConnectND system--is entering a critical time phase as "go live" dates approach and all expectations are that the initiative will meet the scheduled dates.

## **PUBLIC SAFETY MOBILE VOICE COMMUNICATIONS PROJECT**

Mr. Jerry Fossum, Director, Information Technology Department, provided information regarding the department's public safety mobile voice communications project. A copy of the information is on file in the Legislative Council office. He said the goal of the project is to provide for an affordable and scalable statewide wireless public safety mobile voice communications system that will provide reliable and interoperable voice communications. He said the department issued a request for proposal for the project on April 14, 2004, and anticipates awarding a contract by July 28, 2004. He said the department will implement the project using a phased-migration strategy, including replacement of the existing base stations, construction of additional towers, procurement of mobiles, and trunking of the system. He said the state's share of estimated one-time costs for the project is \$15.1 million. He said the department has secured \$2.8 million of federal funding and plans to request approximately \$6 million from the general fund over two bienniums leaving a balance of \$6.3 million to be funded from other sources.

## **PRIMARY AND SECONDARY INFORMATION TECHNOLOGY ISSUES**

Mr. Dan Pullen, Director, Educational Technology Council, provided information regarding primary and secondary education information technology issues. A copy of the information is on file in the Legislative Council office. He said the Educational Technology Council completed a kindergarten through grade 12 educational technology status report and needs assessment in April 2004. He said the assessment concluded that technology is widely used for administrative and educational purposes in North Dakota schools and the statewide wide area information technology network is of high value to schools. He said there are 204 video sites in 133 school districts in North Dakota; however, as student numbers decrease, schools are less likely to offer courses by distance education. He said the state's e-rate reimbursement funding for fiscal year 2005 has been approved at 64 percent. He said the e-rate

program requires schools to have an approved technology plan and those schools without an approved plan by July 2004 jeopardize their eligibility to receive e-rate funds for fiscal year 2005. He said as of April 30, 2004, 24 North Dakota schools had not submitted technology plans for approval.

In response to a question from Senator Wardner regarding distance education, Mr. Pullen said as student numbers decrease, school districts want to keep teachers fully employed and, therefore, they are less likely to offer distance education courses.

In response to a request from Representative Skarphol, Mr. Pullen said he will provide the committee with information regarding the schools without an approved technology plan.

The committee recessed for lunch at 12:15 p.m. and reconvened at 12:45 p.m.

### **BANK OF NORTH DAKOTA - E-BUSINESS PROJECT**

Mr. Eric Hardmeyer, President, Bank of North Dakota, provided a status report on the Bank's e-business project. A copy of the information is on file in the Legislative Council office. He said the Information Technology Committee at its March 17, 2004, meeting suggested the Bank complete the following items in regard to the e-business project:

1. Take over physical control of the project's source code by moving the source code from Priority Technologies, Inc., to the Bank, as suggested by the independent assessment conducted by IBM Rational.
2. Complete an analysis of project management "lessons learned" related to the project.
3. Provide the Information Technology Committee with an assessment of the viability of Priority Technologies, Inc., including an analysis of the company's financial status.

Mr. Hardmeyer said the Bank has taken over physical control of the project's source code by moving the source code from Priority Technologies, Inc., to the Bank. He said a lessons learned report relating to the project has been completed by Mr. Jim Mangels, IBM Rational, Boulder, Colorado. He said the primary lessons learned include:

- Developing complex applications using new technology requires intensive management.
- Developing complex applications using new technology introduces uncertainties that make it extremely difficult to deliver software predictably and repeatedly.
- Developing complex applications in partnership with others complicates the management challenge.

Mr. Hardmeyer said in regard to the assessment of the viability of Priority Technologies, Inc., Ms. Phyllis Lasher, Chief Information Officer, Bank of North Dakota; Ms. Julie Kubisiak, Director, Student Loans of North Dakota; and himself completed a site visit of Priority Technologies, Inc. He said the company

appears to be managed competently by Mr. Tod Pryor. He said he has reviewed the company's financial statements for 2001 through 2003 and determined it is a typical software company with cycles of profitability and losses. He said the company has no long-term debt but has a line of credit to fund accounts receivable. He said the company has approximately six months of cashflow to carry them until further product sales occur. He said at the present time the company has a product line that consists of two separate and distinct products--the PGS Guaranty system and the Electronic School Based Software (eSBS) system. He said the PGS Guaranty system is owned by the Bank and is licensed through Priority Technologies, Inc. The eSBS system, which is owned by Priority Technologies, Inc., is a web-based student loan system that provides loan administration and communication for colleges, universities, and lenders. He said because of the Bank's partnership agreement with Priority Technologies, Inc., the eSBS system was provided to the Bank at no cost and is scheduled to be in full production by summer 2004.

Mr. Hardmeyer said the final phase of the Bank's e-business project is the replacement of the lender system. He said there are approximately 12 entities across the United States interested in participating in a joint venture for development of a lender system. He said Priority Technologies, Inc., would serve as the lead for the joint venture. He said the Bank will be meeting with representatives of the interested entities to determine if it would be appropriate for the Bank of North Dakota to participate in the joint venture.

In response to a question from Representative Skarphol regarding royalty provisions relating to the project, Mr. Hardmeyer said Priority Technologies, Inc., and the Bank are to split software gross revenue equally until the payments made to Priority Technologies, Inc., by the Bank after January 1, 2003, totaling \$450,000 have been repaid. After that amount, a royalty will be paid to the Bank of 33 percent of the software gross revenue for the first \$5 million in sales, 25 percent for the next \$5 million in sales, and 15 percent for all subsequent sales.

In response to a question from Senator Christmann, Mr. Hardmeyer said the PGS Guaranty system is owned by the Bank; therefore, if Priority Technologies, Inc., ceases to exist the Bank would continue to own the system and the license for the system would revert to the Bank.

In response to a question from Mr. Wolfe regarding the status of the replacement of the guarantor system, Mr. Hardmeyer said the replacement is on schedule to be completed by June 30, 2004.

### **INFORMATION TECHNOLOGY COUNCIL OF NORTH DAKOTA**

Mr. Dave Ekman, President and CIO, Multiband, Fargo, provided information regarding benefits resulting from the implementation of the state's wide

area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said Multiband (formerly Corporate Technologies) has been serving the technology needs of North Dakota residents, government, and businesses since 1981. He said the company currently holds the statewide wide area network contract for Cisco and other products and the company has grown and added service offerings that benefit all customers due to the requirements of winning bids from the state. He said the statewide wide area network has taken business away from local vendors because of centralized decisionmaking and purchasing. He recommended the state sponsor chief information officer conferences, continue to work with economic development centers to attract high-tech businesses, and support an adequate budget for the workforce training quadrants.

In response to a question from Representative Skarphol regarding providing in-state vendors with an advantage over out-of-state vendors, Mr. Ekman said the state should look to in-state vendors for outsourcing of information technology services.

Mr. Wayne Dauwen, Vice President Technology Solutions, Community First Technologies, Inc., Fargo, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said the Information Technology Department has reinforced the needs that private industry has for broadband access and the department has allowed for a larger group of carriers to enter the arena resulting in more opportunities and lower costs. He said businesses need continued technological vision, incubation, and leadership from the state in order to grow and expand.

Mr. Scott Lawley, President and Chief Technology Officer, DataTic Technologies, Langdon, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said DataTic Technologies is a California-based company that relocated to Langdon in February 2004. He said the company develops data aggregation, analysis, and dissemination software for various markets. He said the statewide wide area network allowed the company to relocate to North Dakota and provides access to university researchers. He said in order to grow and expand, businesses need continued growth of statewide research and development initiatives, development of commercial hosting facilities, and expansion of cellular and wireless networks and the statewide wide area network.

Senator Christmann suggested Mr. Lawley contact Dakota Carrier Network regarding private sector access to the statewide wide area network.

Mr. Justin Schardin, Chief Operating Officer, Sundog, Fargo, provided information regarding benefits resulting from the implementation of the state's

wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said Sundog is an e-business consulting firm formed in 1996. He said the company currently employs 37 individuals. He said the company has been assisted by the state through the establishment of the statewide wide area network, attracting such high-tech companies as Alien Technology, and the establishment of renaissance zones. He said in order to grow and expand, businesses need more high-tech companies in the state, an improved wireless infrastructure, and better matching of in-state companies to students.

The committee traveled to North Dakota State University for a presentation regarding Internet 2 capabilities.

## INTERNET 2

Dr. Tom Moberg, Chief Information Officer, North Dakota State University, provided information and a demonstration of Internet 2. A copy of the information presented is on file in the Legislative Council office. He said Internet 2 is an effort by more than 190 universities, industry partners, and federal agencies to develop a faster, smarter, and more capable Internet. He said the Northern Tier Network Consortium is attempting to provide a robust research network connection for educational institutions in the upper northwestern states by creating a national backbone route across the northern portion of the United States. The committee then returned to the Skills and Technology Training Center.

## COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Chairman Robinson announced the committee's next meeting is tentatively scheduled for Wednesday, July 7, 2004, in Dickinson.

Senator Robinson said he is concerned with the Bank of North Dakota's e-business project. He said the Bank's total estimated cost for the project not including the replacement of the lender system is approximately \$8.6 million, \$1.1 million over budgeted expenses of \$7.5 million.

Representative Skarphol said the Bank's lack of preplanning should have been included in the "lessons learned" report. He said the Bank should engage in adequate preplanning before beginning with the replacement of the lender system.

Representative Skarphol suggested the Bank not proceed with the replacement of the lender system until it has demonstrated full functionality of the guarantor system.

Representative Weisz said he is not comfortable with the Bank pursuing a relationship with Priority Technologies, Inc., for replacement of the lender system.

Representative Skarphol requested committee members receive a copy of a memorandum he had

the Legislative Council staff prepare regarding the history of the Bank's e-business project.

Representative Glassheim said it may be appropriate to require the Bank to present a detailed business case relating to the replacement of the lender system at the committee's next meeting.

Representative Skarphol said the Bank could proceed with discussions with the interested entities regarding a joint venture for the development of a lender system but should not make a financial commitment.

Senator Christmann said the committee, in order to not delay the Bank's replacement of the lender system, should be willing to hold a special meeting, if necessary, before July 2004.

**It was moved by Representative Skarphol, seconded by Representative Weisz, and carried on a voice vote that the chairman of the Information Technology Committee send a letter to the president of the Bank of North Dakota and the Industrial Commission detailing the committee's concerns regarding the e-business project, inviting the Bank of North Dakota to present a comprehensive business case relating to the**

**replacement of the Bank of North Dakota's lender system at the committee's next meeting on July 7, 2004, and encouraging the Bank of North Dakota to delay any financial commitments relating to the replacement of the lender system until the committee has had an opportunity to review the business case and until its concerns relating to the project have been addressed.**

The committee adjourned subject to the call of the chair at 4:30 p.m.

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Roxanne Woeste  
Senior Fiscal Analyst

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Jim W. Smith  
Legislative Budget Analyst and Auditor

ATTACH:1