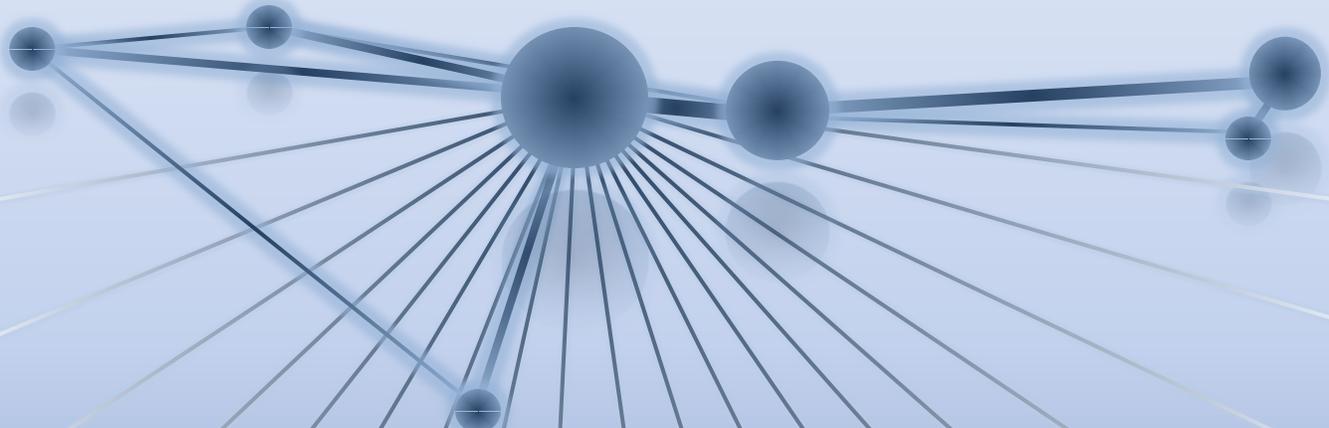




United States Department of Agriculture

# NITC

A graphic element consisting of a bright yellow-green line that curves around the right side of the "NITC" text, ending in a small circular dot.

National Information Technology Center

2012 Annual Report

**“Partnering for Success”**

# Contents

- 3 To Our Stakeholders**
- 5 Performance Summary**
- 7 Serving Customers**
- 9 Creating Value**
- 11 Growing Markets**
- 14 Solving Challenges**
- 15 Meeting Customer Needs**
- 16 Staying Competitive**
- 20 Financial Section**
- 22 World-class Workforce**
- 23 Service to Our Community**
- 25 NITC Management**



# To Our Stakeholders

Thank you for entrusting your business applications and data assets to NITC. We take our responsibility to you seriously. We could not accomplish anything without your continued trust and commitment.

The results this year show once again that you have been well served by NITC's straightforward business model, prudent approach and consistent execution of our business strategy which includes efficiency and expense management, leadership, and staying focused on customers.

I believe that the best strategy in the world won't work without the right people to execute it, and our employees are the true authors of NITC's success. They continue, year after year, to deliver strong results, and I want to thank every member of my team. I have great confidence that they will continue to be the drivers of NITC's success for many years to come.

I would like to highlight two areas that give me confidence in NITC's continuing success.

- First, an enterprise-wide commitment to solve customer challenges and become the service provider of choice.
- Second, the strength of a straightforward business model that is anchored in diversification by business, geography, risk and, most importantly, people.

Particularly in these challenging times, you can count on us to keep our focus on what matters most – our customers. Serving customers is at the heart of our business and the NITC team works hard to build stronger and deeper relationships with customers to meet your unique needs.

We will continue to foster internal collaboration across our organization to provide seamless – and complete – solutions for our customers. We recently launched a customer portal which provides customers with a comprehensive view of the health, performance and statistical analysis of the systems they host within the Enterprise Data Center; this new customer portal environment provides a single pane of glass for the customer to view and attain all of the information pertinent to them concerning their fiscal investment with the NITC.

Operating an “always-on,” safe, reliable data center as a fee-for-service business enterprise requires constant attention to many concerns. Improving our business delivery, demands that we focus on a few important areas. I close by sharing with you six goals on which our organization will focus as we move forward:

1. Satisfying customers
2. Maintaining competitive pricing models
3. Maintaining and enhancing a reputation for integrity
4. Developing sustainable talent and an engaging culture
5. Operating with excellence and operating safely
6. Operating as a good environmental steward

What we do in our enterprise is well encapsulated in these points. We take our mission to heart: NITC provides secure, reliable, and cost effective IT solutions to achieve effective mission performance and program delivery for our valued customers. So much of what we do depends on your faith and your trust in our ability to solve problems, seek out opportunities, and deliver the reliable services you expect and deserve.

Thank you for your confidence.

Warmest regards,

Kent W. Armstrong  
Associate CIO, Data Center Operations  
Director, National Information Technology Center

# Performance Summary

The NITC's goal is to be known for our industry leading hosting services. Our economies of scale provide affordable rates to USDA and other Federal customers.

The NITC Cloud Services offerings continue to advance and provide added value and capabilities to solve our customers' computing needs. Through the NITC Cloud Service offerings, customers are able to receive secure, scalable, and standardized infrastructure and platform solutions for rapid deployment of capabilities in support of their business needs. Customers internal and external to USDA benefit from these flexible service offerings as business systems are deployed to a world-wide audience of employees and program recipients.

The NITC continues to provide forward momentum for the Federal Data Center Consolidation Initiative and multiple Presidential and Secretarial initiatives aimed at realizing cost savings across the Department. These consolidations have allowed the NITC to leverage economies of scale which have driven down hosting rates by approximately 20% from FY12 to FY13. By year's end, 26 data centers/computer rooms are expected to be consolidated to a shared environment.

The NITC has continued to pursue, and implement, Green Enterprise IT initiatives. Through efficient use of virtualization technologies and new server platforms the NITC has been able to host more customers and services within a smaller "raised floor" footprint, thereby reducing the overall power and cooling requirements of the Enterprise Data Center and its impact on the environment. The NITC has also been investigating new technologies to further enhance its green compute capabilities while maintaining performance and uptime for its customers. These technologies include optimizing disk versus tape storage and leveraging proven open source solutions for greater efficiencies. When our testing is complete with these technologies, the NITC anticipates a further reduction in the carbon footprint from the Enterprise Data Center activities by incorporating these technologies. Other examples include,

- Customer data was migrated to newer storage technology that eliminated maintenance costs on older equipment which saved \$1 million dollars. This migration also positions the data center for a more seamless transition to newer virtualized storage technologies.

- Introducing data center automation and process streamlining to the virtual server build process has decreased delivery time from weeks to hours.
- Transition of the USDA Service Center Agencies' (SCA) Web Farm environment, comprised of 1,600 physical and virtual servers, to the operational stewardship of the NITC Enterprise Data Center.

Flexible solutions that deliver customer value have been a longstanding tenet throughout NITC's organizational history. In Fiscal Year 2012, delivering on our customer value tenet within the NITC cloud service offerings was no exception. By changing our acquisition approach within new contract vehicles, the NITC can offer "on-demand" scaling in a rapid, cost effective manner. This "on-demand" feature will benefit NITC customers for many years to come.

Installation of two, diverse path, 10Gb/s wave circuits between the NITC's Kansas City data center and the St. Louis Disaster Recovery site have ensured success for our customers by providing a reliable offsite of data and effective disaster recovery.

Finally, the NITC is keeping its eye on the future. New industry advancements in information technology are being researched today for future adoption at the Enterprise Data Center. We are committed to building on the solid foundation of services available via the Enterprise Data Center. These advancements will include open source compute platforms, more flexible network architectures, self-service/rapid provisioning capabilities, increased adoption of IPv6, and much more.



# Serving Customers

The National Information Technology Center (NITC) is part of the United States Department of Agriculture's (USDA) Office of the Chief Information Officer (OCIO) and NITC is the centralized source for data center solutions.

The NITC headquarters is located in Kansas City, Missouri. The NITC organization includes a St. Louis, Missouri location for disaster recovery (i.e., production systems), and a Beltsville, Maryland location for Washington, D.C. area disaster recovery (i.e., local file print services), development and test systems only. The NITC specializes in Enterprise Information Technology (IT) Solutions that include products, services, and resources. The business delivery software applications deployed in the NITC environments are national and international in scope, mission critical, and essential for the operations of the United States government.

## Services Delivered



The NITC hosting operations are delivered seven days a week, twenty-four hours a day, all year long at the Kansas City, St. Louis and Beltsville locations. Services consumed are reimbursed by NITC customers through competitive usage rates.

In 1972, the NITC introduced centralized, shared computing services to USDA agencies. The 'economies of scale' from centralized computing propelled NITC into a new role for USDA. The NITC has evolved and grown over the years; yet, it is reliable for keeping up with and introducing leading edge technologies to the federal space. The

web-enabled technologies available today from NITC allow government and public users to access business delivery applications on a 24X7 basis. The mainframe infrastructure provides a reliable interactive processing environment with over 350 commercial off-the-shelf (COTS) vendor products to accomplish a customer's data processing needs. NITC assures the confidentiality, integrity, and availability on all server architectures. NITC customers are able to access facilities from their remote locations throughout the United States via secure private and

public networks to support their business requirements and service needs. NITC services include Platform as a Service, Infrastructure as a Service and Professional Services.

## NITC Service Desk

To better serve NITC customers, the NITC Service Desk is the single Point of Contact (POC) for managing incidents through to resolution. The Service Desk facilitates the restoration of normal operational service to minimize business impact to the customer. Available 24 hours a day, 7 days a week, the NITC Service Desk utilizes Information Technology Service Management (ITSM) best practices to record, route, and manage the timely response to all incident reports and service requests. Contact information: NITCServicedesk@ocio.usda.gov or 888-USE-NITC or 816-926-6660.

## Customer Experiences

---

**THANK YOU** all for your hard work and dedication to making the transition to the new Portal environment. ...almost one and a half years have passed and finally our dream came true on 6/8/2012. I call this day "NRCS Independence Day." Through communication, cooperation, and teamwork, this was a great success.

NRCS Chief Technology Officer (CTO)

*I want to thank all of you for all the hard work, time, and energy you have invested in this project. The level of cooperation, focus, and commitment to honest discussion and resolving issues is setting a standard that we can build on as we move into delivering the next generation of IT services to the agency, department, and, most importantly, to the citizens we work for.*

Thank you

Forest Service Web Services Branch Chief

*SuperTracker Team and Support,*

*I want to personally thank every single one of you for your flexibility and resolve this week. We finalized the "Set your Calorie Plan" enhancement which was 2 months of work, and also finalized the SuperTracker.usda.gov URL Transition! We are all ready for the start of the new school year!*

*Without this wonderful team's sense of urgency, flexibility and resolve, this would not have been completed. I truly appreciate the support that all of you provide on a daily and sometimes **hourly** basis! It means a lot to the users of our system, and the taxpayers we support.*

*I really mean it, Thank You!  
Food and Nutrition Service*

# Creating Value

The NITC-managed, Enterprise Data Centers (EDC) are state-of-the-art, highly available, secure facilities located in Kansas City and St. Louis, Missouri for production data processing.

EDC customers can focus on program delivery while the NITC provides expertise and capital investment for infrastructure refreshment. When customers bring business to the NITC EDC, business executives can rest assured that production business operations are in a secured facility.

## **Enterprise Data Center (EDC) equivalent Uptime Institute Ratings\***

NITC Kansas City EDC—Tier IV  
NITC St. Louis EDC—Tier III  
NITC Beltsville —Tier I

## **Department of Justice Secure Facility Ratings\*\***

NITC Kansas City EDC—Level IV  
NITC St. Louis EDC— Level IV  
NITC Beltsville— Level IV

### \*Summary of Uptime Institute Tier Ratings:

Tier IV: Multiple active power and cooling distribution paths, redundant components, fault-tolerant, providing 99.995% availability, highly available local area network.

Tier III: Multiple active power and cooling distribution paths but only one path active, redundant components, concurrently maintainable, providing 99.982% availability.

Tier II: A single path for power and cooling distribution, with redundant components, providing 99.741% availability.

Tier I: A basic data center with non-redundant capacity components and a single, non-redundant distribution path serving the computer equipment. The site is susceptible to disruption from both planned and unplanned activities providing 99.671% availability.

## \*\*Summary of Department of Justice Secure Facility Ratings

Level V: A building that contains mission functions critical to national security, such as the Pentagon or CIA Headquarters. A Level-V building should be similar to a Level-IV building in terms of number of employees and square footage. It should have at least the security features of a Level-IV building. The missions of Level-V buildings require that tenant agencies secure the site according to their own requirements.

Level IV: A building that has 451 or more federal employees; high volume of public contact; more than 150,000 square feet of space; and tenant agencies that may include high-risk law enforcement and intelligence agencies, courts, and judicial offices, and highly sensitive government records.

Level III: A building with 151 to 450 federal employees; moderate/high volume of public contact; 80,000 to 150,000 square feet of space; and tenant agencies that may include law enforcement agencies, court/related agencies and functions, and government records and archives. (According to GSA, at the request of the Judiciary, GSA changed the designation of the number of buildings housing agencies with court and court-related functions from Level III to Level IV.)

Level II: A building that has 11 to 150 federal employees; moderate volume of public contact; 2,500 to 80,000 square feet of space; and federal activities that are routine in nature, similar to commercial activities.

Level I: A building that has 10 or fewer federal employees; low volume of public contact or contact with only a small segment of the population; and 2,500 or less square feet of space, such as a small “store front” type of operation.

## **NITC Network Services**

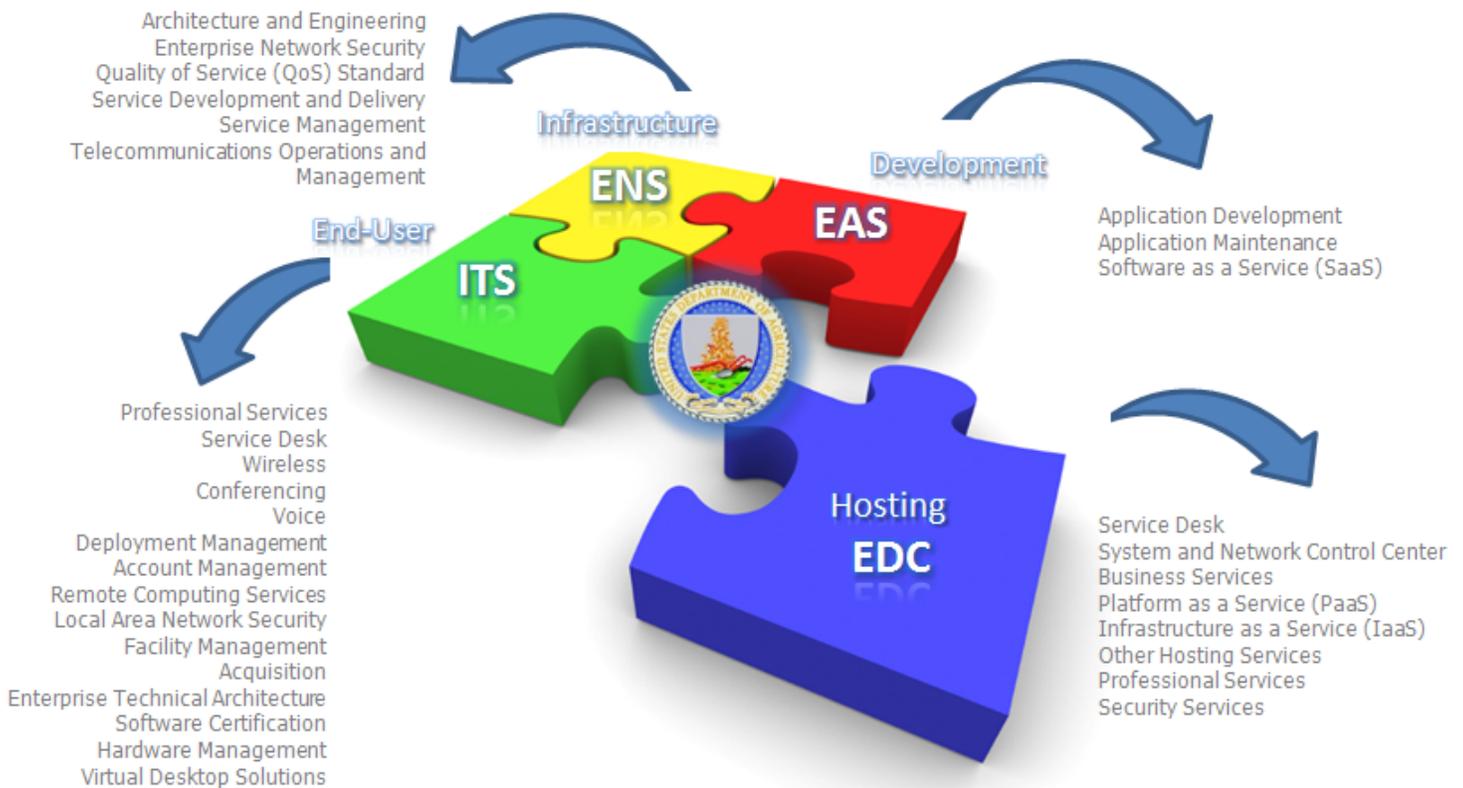
The NITC network services provide reliable connectivity between EDC locations. Redundant connectivity is provided using two separate (access/distribution layer) network switches. The Layer 2 spanning tree protocol is configured such that one connection is in ‘*active mode*’ and the other is in ‘*standby/failover*’ mode. Additionally, the Layer 3 interface is configured for failover between two core routing devices.

Local Area Network (LAN) connectivity, within the data center, primarily operates at 1 gigabyte connectivity with two 10 Gb/s wave circuits between the NITC’s Kansas City data center and the St. Louis Disaster Recovery site. Planning is underway to upgrade the data center’s LAN connectivity to 10 Gb/s. Connectivity to USDA’s Wide Area Network (WAN) and the Internet is accomplished through 4 OC12 circuits to USDA’s UTN. When utilizing the NITC network services offerings, network engineering, design consultation, and capacity planning are just a few of the specialized professional services that are available to customers to architect solutions that comply with required NITC EDC standards.

# Growing Markets

The NITC EDC customer base continues to grow! USDA organizations and other federal agencies are choosing the cost effective solutions that an integrated IT organization can provide.

The NITC is experiencing significant growth in hosting services being provided for customer mission critical business delivery. The Federal Data Center Consolidation Initiative has customers choosing NITC.



**THE NATIONAL INFORMATION TECHNOLOGY CENTER (NITC) IS PART OF THE OFFICE OF THE CHIEF INFORMATION OFFICER (OCIO) FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE (USDA). THE MISSION OF NITC IS TO PROVIDE RELIABLE AND COST-EFFECTIVE INFORMATION TECHNOLOGY SOLUTIONS TO ACHIEVE EFFECTIVE MISSION PERFORMANCE AND PROGRAM DELIVERY FOR THE USDA, ITS AGENCIES, AND OTHER CLIENTS.**

## The NITC Advantage

Federal Computer Week has documented a growing concern within the federal community for adequate security protections for cloud computing environments. NITC has developed a unique tiered security approach that includes four levels of monitoring and control. This combined with our disaster recovery capability provides customers with added assurances.



## Disaster Recovery and Continuity of Government Operations

The NITC established a departmental Disaster Recovery (DR) Enterprise Data Center in St. Louis, Missouri, for the benefit of all USDA agencies. A fully operational DR capability is now available from the installation of a mainframe, SAN, network connectivity, network security protocol, physical security and redundant power supply. Readiness testing proved that the NITC EDC architecture is fully able to remotely recover mainframe hosting, at the St. Louis facility, from mirrored system volumes from the primary site. Customers can realize a new level of confidence in their mainframe computing services acquired through the NITC EDCs.



The DR EDC benefits customers with lower costs for DR testing. Historically, the NITC DR Technical Team, comprised of a compliment of 30 staff members, traveled to a commercial hosting facility in Boulder, Colorado, for the annual DR testing. With the DR EDC capability ‘on-



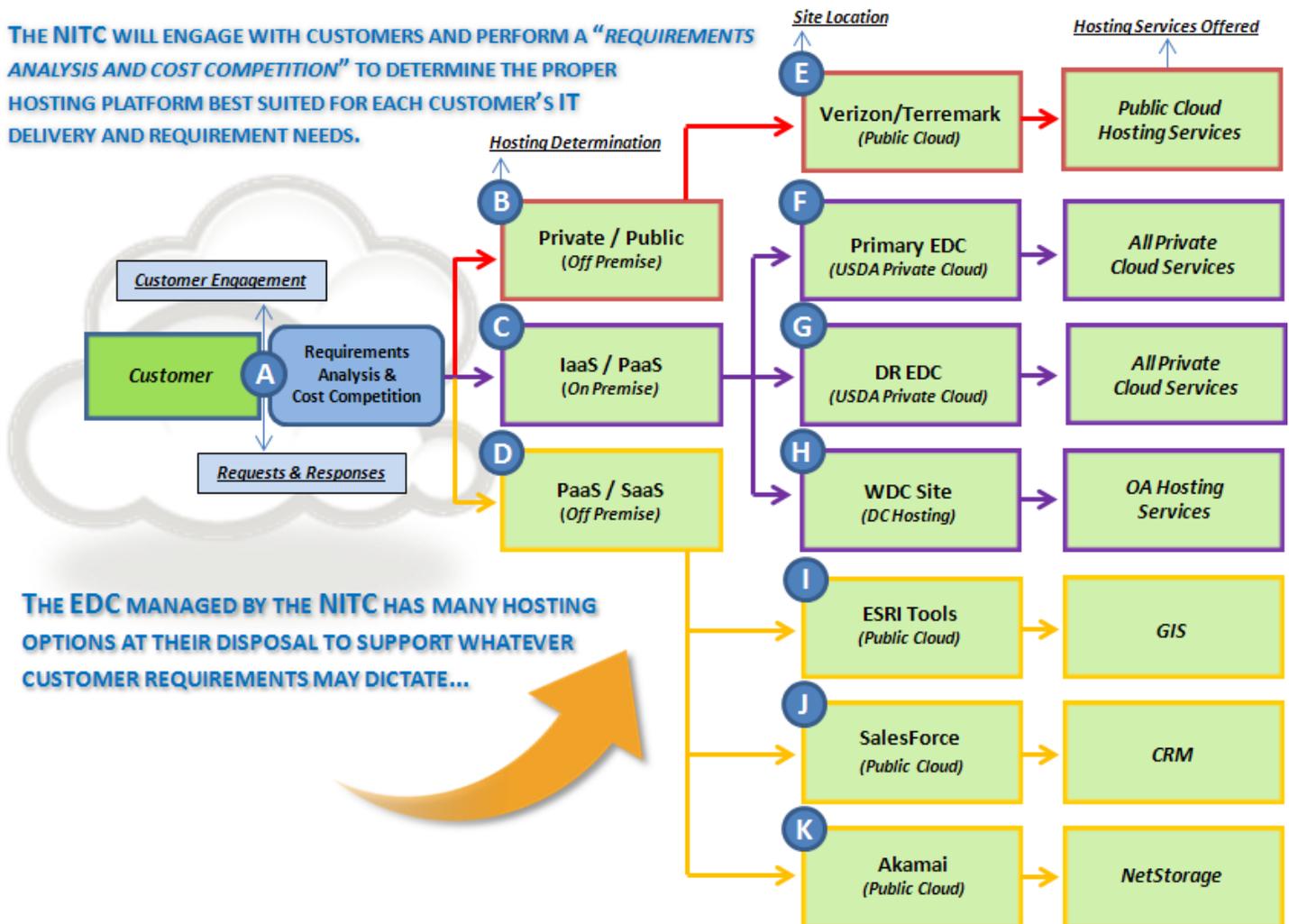
line,’ these travel costs have been eliminated. The new capability allowed the NITC to successfully conduct more rigorous mainframe and mid-range recovery exercises in Fiscal Year 2012 to the benefit of customers working to meet their annual Federal Information Security Management Act (FISMA) and OMB Circular A-123 testing requirements. The new recovery solution from mirrored system volumes significantly reduced the recovery time versus traditional recovery from tape backup

media providing NITC customers with a more robust continuity for their government operations.

# Solving Challenges

The NITC EDC has been actively evaluating new technologies and implementing cost efficient hosting infrastructure solutions for our customers.

With the National Institute of Standards and Technology's (NIST) issuance of the *U.S. Government Cloud Computing Roadmap* on November 1, 2011, NITC has developed a range of customer hosting options utilizing both public and private cloud computing. Today, NITC stands ready to develop a solution to meet your business requirements.



# Meeting Customer Needs

NITC's customer-centric approach to providing enterprise-class data center hosting solutions at competitive prices has proven to be the key to our business retention and growth.



## New Services

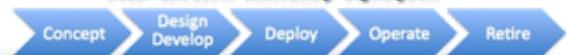
- ✓ **Infrastructure as a Service (IaaS)**
  - AIX
  - Solaris
  - Video Teleconferencing (Telepresence)
  - Job Scheduler (All Platforms)
  - Washington DC Computing Facility (Rack/U)
- ✓ **Platform as a Service (PaaS)**
  - Web Application Server (JBoss)
  - Web Application Server (Websphere)
  - Portal (JBoss)
  - Portal (Websphere)
  - Site Publisher (JBoss)
  - Web Content Management (Websphere)
  - LAMP (Linux/Apache/Python, PHP, Perl)
  - LAMP (Linux/Apache/MySQL/Python, PHP Perl)
  - XenApp (Citrix)
- ✓ **Database Services**
  - SQL Server Database
  - Oracle Database
  - MySQL Database
- ✓ **Storage Services**
  - SAN/NAS Disk Storage – Tier 1 Plus
- ✓ **Cloud Services Brokerage (CSB)**
  - SSL (Akamai)
  - 3<sup>rd</sup> Party Professional Services (Akamai)
  - 3<sup>rd</sup> Party Net Storage (Akamai)



## Future Services

- ✓ **Infrastructure as a Service (IaaS)**
  - Linux Base (JBoss)
  - Windows Base (JBoss)
  - Portal (JBoss)
  - Solaris (Dedicated)
- ✓ **Platform as a Service (PaaS)**
  - Web Content Management (Drupal)
  - Documentation Management (Alfresco)
  - Web Server (WordPress)
  - XenDesktop (Citrix)
  - Geographic Information Systems (GIS)
  - Business Intelligence (Cognos)
  - Application Performance Monitoring
  - Log Aggregation & Management
  - Vulnerability/Penetration Scanning
  - Customer Portal
- ✓ **Database Services**
  - Real Application Clustering (Oracle)
  - Active Data Guard (Oracle)
  - DB2 Base
- ✓ **Cloud Services Brokerage (CSB)**
  - ESRI Tools (Public Cloud)
  - CRM (Salesforce)
  - IaaS (Terremark)

### EDC Service Delivery Lifecycle

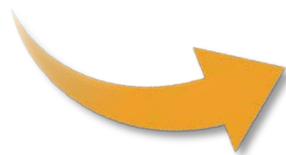


# Staying Competitive

NITC is committed to being the data center of choice for our customers. We invite your comparisons.

## Independent Verification & Validation

In addition to several required federal audits, the NITC funds independent verification and validation studies to ensure our competitiveness. On a biennial basis, the NITC contracts with a third party vendor to perform benchmarking against similar types of data centers in the federal and commercial sectors.



Government Cloud vs Public Cloud		Service Comparison Chart		
Features	USDA	Amazon	RackSpace	
Multiple OS Distribution	✓	✓	✓	
24x7 Staff and Customer Support	✓	✓	✓	
Pay-As-You Grow Model	✓	✓	✓	
Fully Redundant Data Centers	✓	✓	✓	
Tiered Storage Capabilities	✓	✓	✓	
Specialized Professional Service & Support Offerings	✓	✓	✓	
Automatic Redundancy & Failover	✓	✓	✓	
On-Demand Resource Elasticity	Limited *	✓	✓	
Operating System (OS) Management	✓	Limited	Limited	
Operating System (OS) Patching	✓	Limited	Limited	
Operating System (OS) Hardening	✓	Limited		
DOJ Level 4 Certified Data Center	✓			
Federally Certified Personnel (Public Trust)	✓			
Government Cloud Offering (FISMA HIGH)	✓			
Network Security Monitoring (24x7x365)	✓			
Network Security Incident Handling, Remediation & Recovery	✓			
Fully Managed Disaster Preparation & Site Recovery (System/App)	✓			
Customer Self-Service Management Portal Interface	FY13	Limited	Limited	

\* Limited to unallocated installed capacity which ranges from 10% to 20% of total IaaS capacity

## 2012 Gartner Rate Benchmark Survey

The third party vendor benchmarks the NITC's rate structure and operational service levels against our closest peer organizations. Benchmarking is an effective feedback mechanism to validate our competitiveness and assess that customers' expectations are being met.

NITC				Gartner Benchmark Results				
Server Sizing			FY 2013 Price	Average	Variance	Datapoint 1	Datapoint 2	Datapoint 3
<b>Windows</b>	<b>CPU</b>	<b>Memory (GB)</b>						
Small	1	1	\$370.00	\$631.61	-41%	\$659.68	\$780.54	\$454.61
Medium	2	4	\$573.00	\$722.41	-21%	\$812.34	\$814.03	\$540.85
Large	4	8	\$867.00	\$1,089.77	-20%	\$1,233.32	\$1,257.60	\$778.39
<b>Linux</b>	<b>CPU</b>	<b>Memory (GB)</b>						
Small	1	1	\$278.00	\$705.78	-61%	\$810.36	\$780.54	\$526.45
Medium	2	4	\$481.00	\$796.18	-40%	\$967.35	\$814.03	\$607.15
Large	4	8	\$775.00	\$1,167.22	-34%	\$1,406.97	\$1,257.60	\$837.09
<b>Solaris</b>	<b>CPU</b>	<b>Memory (GB)</b>						
Small	1	3	\$420.00	\$1,188.64	-65%	\$1,439.11	\$1,184.23	\$942.59
Medium	8	32	TBD <sup>1</sup>	\$3,573.51	N/A	\$3,426.14	\$2,928.74	\$4,365.67
Large	16	64	TBD <sup>1</sup>	\$6,423.38	N/A	\$6,506.70	\$4,488.15	\$8,275.29
<b>AIX</b>	<b>CPU</b>	<b>Memory (GB)</b>						
Small	1	3	\$1,021.00	\$1,382.89	-26%	\$2,021.83	\$1,184.23	\$942.59
Medium	8	32	TBD <sup>1</sup>	\$3,800.44	N/A	\$4,106.92	\$2,928.74	\$4,365.67
Large	16	64	TBD <sup>1</sup>	\$6,854.35	N/A	\$7,799.61	\$4,488.15	\$8,275.29
<b>Storage</b>								
Tier 1			\$0.75 <sup>2</sup>	\$2.42	-69%	\$1.96	\$2.96	\$2.33
Tier 2			\$0.50 <sup>2</sup>	\$1.69	-70%	\$1.57	\$1.64	\$1.86
Tier 3			\$0.35 <sup>2</sup>	\$1.29	-73%	\$1.12	\$1.30	\$1.45
<b>Storage</b>								
Backup Onsite			\$0.035	\$0.090	-61%	\$0.08	\$0.12	\$0.07
Backup Offsite			\$0.055	\$0.125	-56%	\$0.11	\$0.18	\$0.08

<sup>1</sup> Dependent on customer requirements

<sup>2</sup> NITC Storage price excludes SAN/NAS connectivity per port



Engagement: 330008405

© 2012 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner is a registered trademark of Gartner, Inc. or its affiliates.

## **USDA Commercial Data Center Contract Award**

### **Business Case for Consolidation to the Enterprise Data Center**

The Federal Data Center Consolidation Initiative (FDCCI) was established by the Office of Management and Budget's (OMB) Federal CIO in early 2010. The FDCCI is a government-wide initiative designed to reduce the cost and energy 'footprint' of federal data centers while increasing efficiency, strengthening their security posture, and promoting 'Green' IT practices.

The OMB accepted the USDA's Business Case which was based on a consolidation strategy leveraging the assets and rate structure of the NITC. The NITC is working closely with USDA agencies to migrate their business operations to the cloud service offerings available from the data center.

### **Data Center Security – Personnel**

The NITC has implemented rigorous controls and checkpoints that govern personnel access to the grounds of the data center, entry within the building, and movement of equipment within the data centers. Customers can rely on data center personnel having passed elevated security background checks.

### **Data Center Security – Internal Controls and Audit Requirements**

Since the terrorists' attacks of September 11, 2001, the OMB and Congress have mandated that civilian federal agencies improve their security posture and ability to continue government operations in the event of an emergency. The NITC is proud that our Enterprise Data Centers offer customers a fully compliant environment for their mission essential and mission critical business delivery systems.

Responding to these requirements has resulted in significant improvements in the implementation of policies, technical security controls, and manual control processes to comply with these heightened security requirements. We have made organizational changes to develop an Internal Audit Program capability that tests the effectiveness of our policies, processes and controls. The result is an increased level of management assurance for our customers and us that our data centers meet, and at times exceed, the expectations of OMB and Congress to be known as Enterprise Data Centers.

## Data Center Security – System-level Controls

The NITC protects USDA mission essential and mission critical systems through a layered defense that includes physical protection, access controls, intrusion detection, firewalls, anti-virus software, server hardening, systems scans, and infrastructure patching. The layered protection provides highly available defenses to ensure the confidentiality, availability, and integrity of customer data stores. This security protection has resulted in no known compromises of systems hosted on NITC-managed environments.

## Data Center Automation

The NITC has partnered with a commercial software vendor to implement data center automation technologies to improve IT Service Management. When fully deployed across the data center, tool suites will automatically discover physical and virtual IT assets and applications; their relationships between them; and update inventories of discovered assets. This implementation reduces overhead costs while dramatically simplifying critical data center operations such as server deployment, server virtualization, change management, software license management, data center consolidation, disaster recovery and cloud computing monitoring.



# Financial Section

## **Data Center Consolidation and Streamlining Leads to Savings for Customers**

Our Fiscal Year 2012 revenue was \$99.3 million. Our Level IV data center facilities utilize state-of-the-art, enterprise class infrastructure technologies that deliver cost-effective computing capacity to our customers. Cost containment strategies worked to limit the growth of Fiscal Year 2012 operating expenses to 5%, while increasing customer agreements by 25% compared to Fiscal Year 2011. Inquiries about our hosting services were also up as potential new clients discovered the NITC Advantage for themselves.

Finally, in Fiscal Year 2012, the NITC completed a “top-down” view of shared infrastructure components and software licensing models. Cost savings realized from right sizing software licenses, using Bulk Purchase Agreements (BPA’s), implementing utility model contracts and increased use of our “cloud” computing platforms contributed to savings being directly passed on to our customers through decreased service rates. Looking forward into Fiscal Year 2013, we expect the decreased service rates to benefit our customers by lowering their computing costs by an estimated \$19.4 million dollars.

## **Management’s Discussion of Financial Responsibility**

We believe that successful data center service providers are built on a foundation of quality service and reliable financial information. For NITC, that foundation includes rigorous management oversight of, and an unyielding dedication to internal controls and procedures. The financial information in this report is one product of our commitment to high quality financial reporting. In addition, we devote our full resources to ensure that accounting policies are applied properly and consistently and we do our best to fairly present our financial results in a manner that is complete and understandable.

## **Rigorous Management Oversight**

Members of the NITC leadership team review each of our service offerings routinely on matters that range from overall strategy and financial performance to staffing and compliance. We continually examine our governance practices in an effort to enhance stakeholder trust and improve NITC’s overall effectiveness.

## **Dedication to Internal Controls and Procedures**

We maintain a dynamic system of internal controls and procedures — including internal control over financial reporting - designed to ensure reliable financial record-keeping, transparent financial reporting and disclosure, and protection of physical property and personal information. We recruit, develop and retain a world-class financial team.

## **Visibility to Customers**

We are keenly aware of the importance of full and open presentation of our rates and operating results. NITC is committed to provide customers the best services at an economical rate. Rates are a high priority and are continuously reviewed and updated.

## **Segment Operations**

In Fiscal Year 2012, NITC partnered with other OCIO organizations to publish the first consolidated OCIO Service Catalog. The NITC Service Catalog subset continues to be revised as new service offerings are introduced or when existing offerings are enhanced or changed.

# World-class Workforce

People are the most important asset of our organization. Our business success depends on the knowledge and skills of our employees.

For the NITC to remain competitive, it is critical that we create and maintain a workforce with world-class skills. The NITC is focused on technology and process improvements. We attract the best and brightest talent and empower them to design competitive solutions for our customers. Our federal and contract workforce encompasses a global diversity that brings the best ideas to the table.

## **Association of Government Accountants (AGA) Member the Year Award**

Charles (Chuck) Koelsch was given the AGA Member of the Year Award from the Kansas City Chapter. The award recognizes Chuck's extraordinary efforts in supporting AGA. The award is given based on the member's participation and contribution to the Chapter.

## **NITC Federal Employee of the Quarter Award**

In Fiscal Year 2012, the NITC Federal Employee of the Quarter Awards program was reenergized. We are pleased that this peer recognition program was so enthusiastically received by our workforce. We again congratulate Justin Palmer, Christopher Clements, Lori Irwin and Stephen Peterson for their service to NITC.

## **Low Turnover**

The NITC averages an annual turnover of about 1%. This workforce stability has helped the organization capitalize on the technical expertise of its employees. Customers have grown to appreciate this continuity. Today, the NITC's steady growth is providing opportunities for continuous professional growth and development of our employees.

# Service to Our Community

We believe that service is in our DNA. Service is our signature of excellence and way of giving back.

## **Combined Federal Campaign (CFC)**

The NITC employees generously donated and pledged over \$40,000 during a time of financial hardship for the Nation.

## **CFC Day of Caring**

The Day of Action was held June 2, 2012, and it involved more than 1,300 volunteers (over 742 being federal employees), for what has become one of the largest single-day volunteer efforts anywhere in the country. Together, both public and private sector employees tackled 43 different projects throughout the Kansas City metropolitan area.

For the eighth (8) year, current and former employees of the NITC worked with their family members at the Mastin House. The Mastin House is a group home in Kansas for ‘mentally and physically challenged individuals.’ This year’s tasks included general yard cleanup, mulching and beautification of the grounds.

## **Blood Drives**

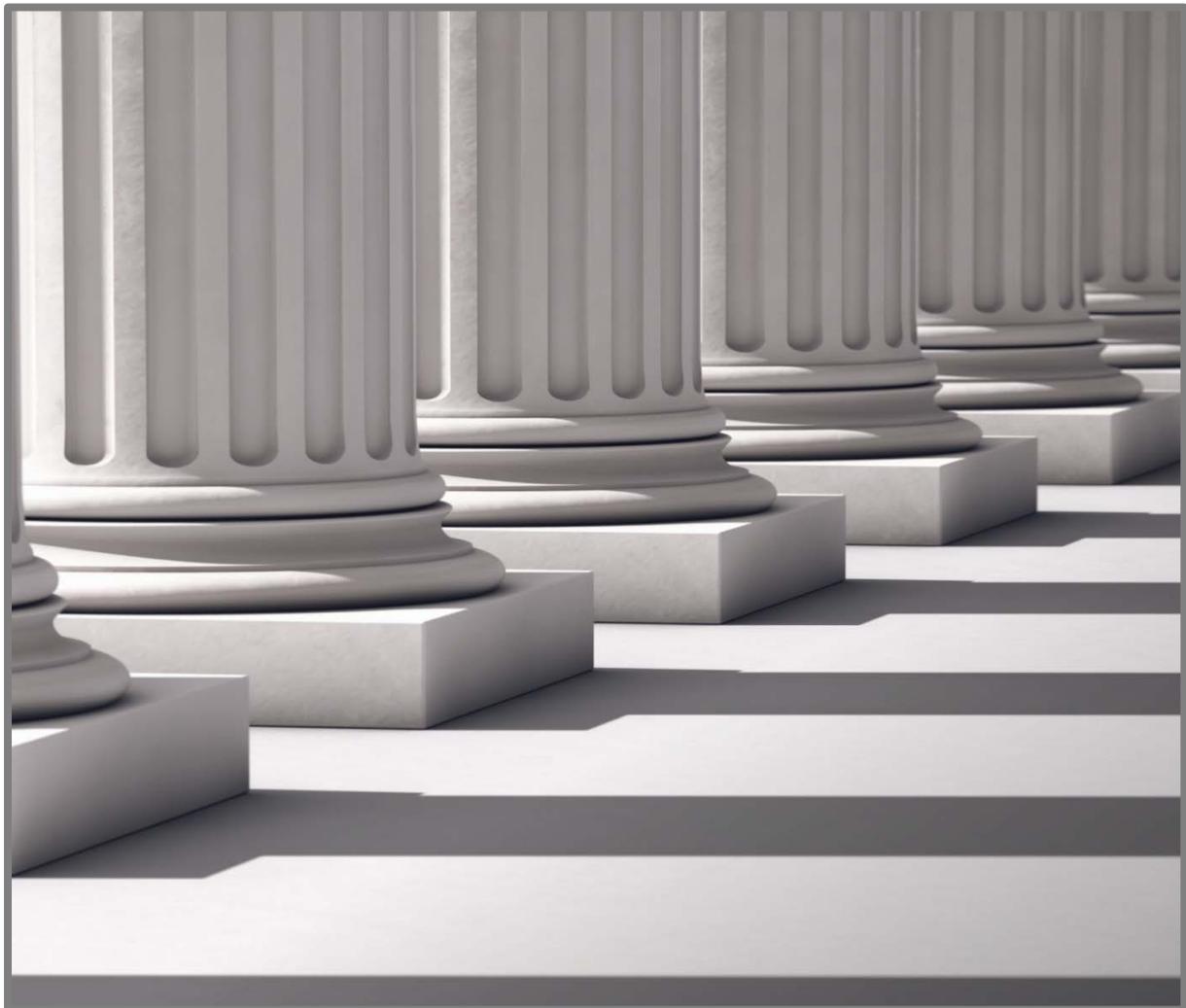
The Community Blood Center of Greater Kansas City conducts quarterly blood drives at the Kansas City facility. Our goal of 23 donors is usually reached or exceeded every quarter. Our staff does their part to help save lives by donating blood.

## **Harvesters Community Food Network**

The Kansas City facility supports the Secretary’s “Feds Feed Families Food Drive” through food donations to the Harvesters Community Food Network. The NITC, USDA-OIG and Department of Education employees have donated over 8 tons of food to Harvesters over the past 5 years.

## Heart of America Annual Stand Down

Concerned employees of the NITC participated in the 19th Annual “Stand Down” for homeless and struggling veterans. Employees were generous with clothing and toiletry donations during the annual drive. On June 8-9, 2012, the Kansas City Federal Community came together to give a “Hand Up” to homeless veterans. The “Stand Down” provides ID cards, clothing, medical help, warm meals, entertainment, tax preparation and housing assistance for those in need. The “Stand Down” served 760 of which 665 were male veterans, 37 were female veterans, and 58 were their dependents.



# NITC Management

## **Kent Armstrong**

Associate CIO, Data Center Operations  
Director, National Information Technology Center

## **David Ireland**

Special Assistant, Data Center Operations

## **James Steven**

Deputy ACIO, Data Center Operations  
Business, Finance, and Security

## **Clay Cole**

Director, Business Division

## **Bryan Dixon**

Data Center Consolidation Program Office

## **Steven Sanders**

Process Engineering Office

## **Gregory Schmitz**

Director, Security Division

## **Pamela Yancey**

Director, Resource Management Division

## **Dan Lored**

Chief, Personnel Security Office

## **Robert Arentsen**

Chief, Security Governance Branch

## **Chad Bixby**

Chief, Service Portfolio Branch

## **Jeffrey Caldwell**

Chief, Systems Security Branch

## **David Gatliff**

Chief, Budget Management Branch

## **William Fox**

Chief, Resource Support Services Branch

## **Charles Koelsch**

Chief, Financial Management Branch

## **Wesley Manning**

Chief, Account and Project Management Branch

## **Brad Rounding**

Chief, Information Security Branch

## **Edward Reyelts**

Deputy ACIO, Data Center Operations

## **Chuck Gowans**

Director, Architecture and Systems Integration Division

## **Scott O'Hare**

Director, Infrastructure Operations Division

## **Greta Nash**

Director, Information Services Division

## **Victoria Turley**

Director, Systems Engineering Division

## **Karol Adams**

Chief, IT Service Management Branch

## **Scott Clark**

Chief, Network Services Branch

## **Jeff Claunch**

Chief, Open Systems Branch

## **Brian Fields**

Chief, Systems Integration Branch

## **Rick Kundiger**

Chief, Enterprise Architecture Branch

## **Rachel Mecham**

Chief, Storage Management Branch

## **Dan McCord**

Chief, Mainframe Systems Branch

## **Scott Middendorf**

Chief, Database Management Branch

## **Robert Boucher**

Chief, Service Operations & Support Branch

## **Rickey Smith**

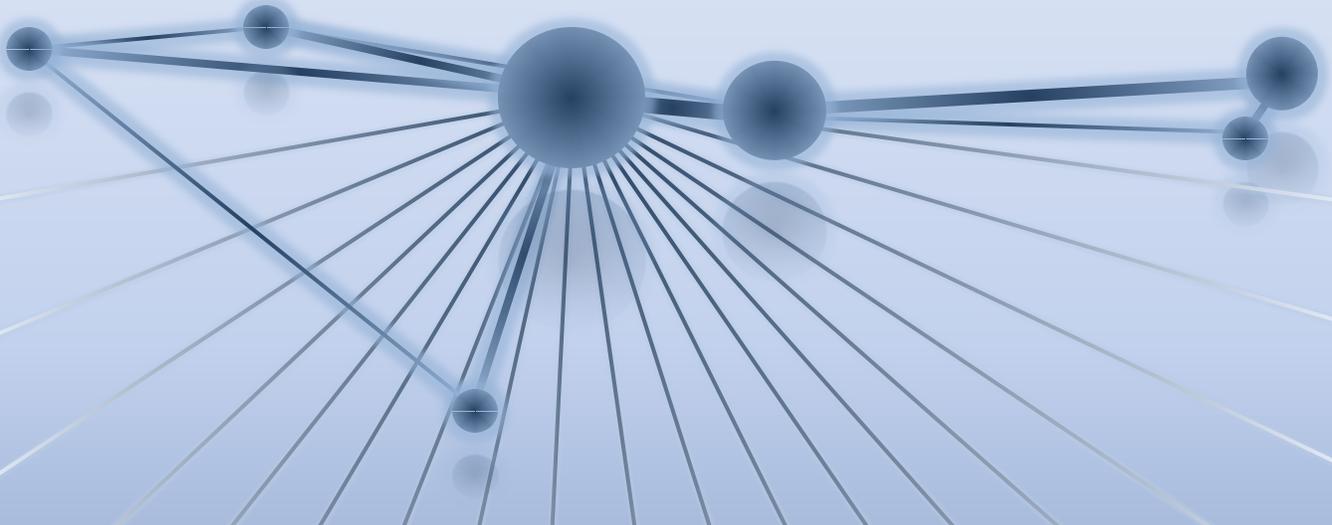
Chief, Systems Network Control Center

## **Roger Sweeney**

Chief, Windows Systems Branch



# NITC



**National Information Technology Center**

8930 Ward Parkway

Kansas City, MO 64114

(816) 926-6516 (General Office)

(888) USE-NITC (24x7 Service Desk)

For more information about NITC and its services visit

<http://www.ocio.usda.gov/nitc/index.html>