

To tighten belts, let's insource:

Deputy Mayor Stephen Goldsmith says city workers can do more

BY [STEPHEN GOLDSMITH](#)

Thursday, March 24th 2011, 4:00 AM



Usually, when government officials talk about spending less money, they talk about outsourcing services to the private sector. And in many cases, that can be very effective. But union leaders often argue that it would be more cost-effective to give the work to city employees - and sometimes, they are right.

When [Mayor Bloomberg](#) asked me to review the problems with the CityTime timekeeping project, he also requested that I review all information technology, or IT, contracting. After conducting a thorough review, I have concluded that much of the solution lies not in more outsourcing to the private sector, but rather in employing city workers to perform more of our IT work. So in the weeks and months ahead, we will decisively shift more work from consultants outside government to our talented public employees. This will save taxpayers millions of dollars a year.

Here is one example: This month, the mayor opened the city's first consolidated data center. Instead of 40 separate data server rooms, we will now have only a few centralized ones. Sounds simple - but it took a lot of hard work to get done: It's part of our citywide technology consolidation plan that will save taxpayers \$100 million over the next five years.

To build our new data center, instead of hiring an outside vendor for project management and quality assurance as we would have done in the past, we insourced the work to the Department of Information Technology and Telecommunications' project management team. They supervised the successful construction of the facility. Using the know-how of city staff to oversee these projects will save an additional

\$25 million over and above the \$100 million we will save from having fewer server rooms and other efficiencies.

That center where the mayor stood was built in record time, from start to finish in only six months.

Also, when we recently renewed the contract with the company that successfully built our state-of-the-art wireless network, we moved much of the day-to-day management and servicing to our technology agency, where it belongs. Insourcing this work alone is expected to save \$16 million. There are other examples. Our Business Express tool - which helps businesses get permits faster - and our expanded 311 online program are both now led by insourced city employees, not consultants. The Finance Department is hiring 45 city employees to replace outside consultants, almost entirely in its technology department. That will save millions more.

At the same time as we intelligently insource, we need to tighten our oversight over outside contractors. Competent and honest vendors respond best when they are well-managed by able city officials. We are proposing, therefore, to expand a high-level city vendor management office - and in the process, reduce the cost of outside projects and test whether certain projects are even necessary.

And we are going to start challenging all components of technology contracts, and ensure that the city does not pay a markup to a consultant for work we could just as well do internally.

We must also focus on subcontractors - companies hired by our own vendors to help them complete their assignments. Insufficient subcontractor oversight can lead to mismanagement or worse. Subcontractors working on the CityTime project have been charged with stealing \$80 million from taxpayers.

Insourcing the management of projects and important decisions about scope and cost will allow us to save taxpayer dollars, enhance service delivery and ensure that IT vendor resources throughout the city are delivering on time and on-budget for New Yorkers.

Goldsmith is New York City's deputy mayor for operations.