

Kundra's Comments Confirm GovWin's Analysis – IT Spending Will Rise

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Federal Chief Information Officer Vivek Kundra said at an industry event [yesterday](#) that information technology spending is expected to **rise** beyond the current \$80 billion level as agencies turn to IT to reduce costs elsewhere. [GovWin predicted this rise last month](#) in our annual Federal IT market forecast report when we concluded that we expect the market to grow from \$85.8 billion in 2010 to \$111.6 billion by 2015 at a compound annual growth rate (CAGR) of 5.4%. (We include the federal courts, Congress and the Intelligence Community in our assessment.)

OK ... yes, this is a bit gratuitous. I admit it. But when you spend a lot of time trying to predict the future it's nice when they tell you that you're on the right track!

Several of my fellow analysts and I have been out and about presenting our June findings to our member companies and at industry events and have found many in the federal community have a less-than-optimistic view of the future. Frankly, we took some hits for stepping out with optimism when some other analyst firms repeated the conventional wisdom of "doom and gloom." But after looking at historical trends and the current drivers within the market we were convinced that there are still growth opportunities for those firms which have the savvy and skill to provide value and achieve a strong return on investment for their federal customers.

Will the federal dollars flow freely and without strings? Absolutely not. OMB has released several directives in the last few weeks that bring IT programs under increased scrutiny. We should expect this to continue. Some initiatives will get cut. But those programs that currently show strong ROI or that show signs of being on the cusp of ROI may see increased support. And after review, it's even possible that struggling programs may be deemed worthy of more funds to get them back on track if the alternatives are even more costly. Throughout the review process and beyond, federal IT managers will continue to look to their vendor partners to help them achieve success.

So our message to those in this market is one of reasoned optimism as opposed to others who have predicted a gloomy picture. We're with Vivek Kundra on this one.