

Are Feds Struggling to Move to the Cloud?

Posted At : February 25, 2014 7:35 AM | Posted By : Alex Rossino

Related Categories: Contract Awards, Technology Trends, Cloud Computing, Federal, Forecasts & Spending, Emerging Technologies

A report on cloud adoption in the federal government has been getting attention recently. Entitled *The Road Ahead: Three Years after Cloud First*, the survey-based report found that since the announcement of former Federal Chief Information Officer Vivek Kundra's Cloud First initiative in 2011, federal agencies have struggled to implement cloud computing. As evidence one slide in particular shows that "just ten percent [of agencies] have migrated more than half of their IT portfolio to the cloud." Common roadblocks to adoption, survey respondents said, include a lack of staff necessary to execute agency cloud strategies and a lengthy procurement process that hinders cloud adoption.

As someone who keeps a close eye on the federal cloud market, I have to admit I wasn't surprised by the findings. The halting nature of agency movement to the cloud has been well documented in my posts and [reports on the federal cloud market](#) published by the Federal Industry Analysis team. This said, however, the picture of federal cloud adoption presented in *The Road Ahead* shows several disconnects between the respondents and the available data.

For example, although 49% of survey respondents said they'd moved less than 10% of their IT portfolio to the cloud, 51% of respondents said that they'd moved 11% *or more* of their agency's IT portfolio to the cloud. I found this reassuring. It tells me that agencies are moving to the cloud as quickly as they feel comfortable making the transition. Could they move faster? Of course, but we need to remember who we are talking about here. Federal agencies operate within a risk-averse environment, but early cloud mandates forced them to move quickly and without well-laid plans. A measured pace was called for and now that they are approaching cloud on a broader scale they have the opportunity to accelerate adoption. In addition, it's worth noting that most agencies don't have the goal of moving 50% or more of their IT portfolio to the cloud. In the Federal Cloud Computing Strategy published in 2011, agencies reported that, in aggregate, only 25% of the \$80B in OMB-reported IT spending was even appropriate for the cloud. So, as agencies gather momentum they'll be able to have more informed conversations about the cloud and this is good news for industry.

Turning to the lack of staff needed to execute cloud strategy, this is a valid concern. Hiring freezes, retirements, and staffing cuts have had an impact on agency IT operations across the board. But this isn't bad news for the market as agencies are turning to vendors for help. Here at Deltek we classify cloud efforts into several categories. These include consulting efforts we call "cloud enabling" and "cloud strategy." Cloud enabling efforts involve engineering/design to make systems and applications ready for migration to the cloud. Since FY 2009 approximately 10% of the efforts we've identified could be classified as cloud enabling, and this doesn't count many of the almost 300 other efforts we classify as "pure cloud," (i.e., actual migrations or purchases of cloud-based capabilities) that include cloud enabling type work. Add another 21 cloud strategy efforts in which vendors are assisting agencies with developing cloud strategies and what we have is a complex picture of a market in transition.

Survey respondents also mentioned a procurement bottleneck. Here again there seems to be a disconnect between the survey responses and the data. Without a doubt the overall IT procurement model leaves a lot to be desired. However, contracting shops still found ways to award cloud contracts valued at more than \$20 billion dollars from FY 2009 to FY 2013.

I am bullish on the prospects for the federal cloud market because the data tells me the market is growing. To reinforce the point here are a few statistics:

- To date, 48 agencies have acquired or are actively procuring a cloud service. Of these 48 agencies 30 have engaged in 3 or more cloud efforts, this includes the Department of Defense and associated Military Departments.
- 126 cloud efforts have been private cloud deployments, whether in a private government or commercial cloud. This compares with 85 deployments in commercial clouds and 213 efforts where the deployment type could not be identified. These statistics reinforce findings in *The Road Ahead* that agencies are moving mostly to private clouds.
- Concerning how agencies are using the cloud, five areas stick out in particular:
 - 45 efforts identified have been/are for data center services, basically hosting and computing services.
 - 34 efforts have been/are for software development, essentially development and testing environments.
 - 28 efforts have been/are for email, yet this is primarily what we hear about in the media.
 - 27 efforts are for content and data management, including database hosting, content management systems, archiving, etc.
 - 25 efforts have been for cyber security purposes, including identity access management, network access management, and continuous monitoring.

The future looks bright too. Deltek's [cloud forecast](#) projects that the federal cloud market will grow almost threefold from \$2.2 billion in FY 2014 to \$6.15 billion in FY 2018 at a compound annual growth rate (CAGR) of 18%. Our data shows that agencies are actively engaging industry partners to develop cloud strategies and implement solutions that make even greater use of cloud computing in the future. Barring any extreme setback like a massive data breach or catastrophic failure of a cloud hosting facility, I'd expect to see agencies accelerate their adoption of cloud solutions. This can only be good news for industry and

agencies alike.