

What Agencies Really Spend on Cloud: A Case Study

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Several years ago, Deltek's Federal Industry Analysis team developed a sophisticated system for estimating what the actual federal information technology budget is every year. FIA did this because the figures released by the Office of Management and Budget capture only a portion of yearly IT spending, meaning government contractors had only part of the picture to work with when it came time to set strategic goals. The deficiencies in OMB-provided estimates on cloud computing spending are no different than the overall IT figures. They also don't capture everything that is being spent, leading vendors to develop flawed assumptions about where money is going toward cloud efforts.

Basing strategic goals on the estimates provided by federal agencies is a big unstated risk to government contractors. Bid and proposal dollars may be pushed in the wrong direction, sales targets may be set unrealistically high/low, etc., and yet these kinds of decisions are made all the time using the government's partial data. How far off are the government figures when it comes to spending on cloud? Let's look at an example.

According to the Department of the Interior, it spent approximately \$11.4 million on cloud services in FY 2014. The programs on which the money was spent are:

Cloud Spending at the Department of the Interior, FY 2014 (OMB's View)	
Investment Name	Rept. Spending
Financial and Business Management System (FBMS)	\$5,625,480
DOI E-Travel	\$4,346,570
DOI Learn Enterprise Learning Management System	\$882,169
National Fire Plan Operations and Reporting System (NFPORS)	\$32,400
Wildland Fire Decision Support System (WFDSS)	\$30,000
Wildlife Tracking and Reporting on Actions for Conservation of Species (Wildlife TRACS)	\$358,000
National Wetlands Inventory (NWI)	\$38,000
Enterprise Integrated Library System (EILS)	\$62,000
Reclamation Mission Support Services (RMSS)	\$3,500
Total	\$11.37M

Source: OMB

So far so good, right? Sure, however, the numbers you see are only part of the picture. According to data from Deltek's Cloud Computing Database the actual amount that DOI customers spent on cloud services in FY 2014 was at least \$21.6 million; \$10 million more than was reported by the DOI. The table below shows these investments.

Cloud Spending at the Department of the Interior, FY 2014 (Deltek's View)	
Investment Name	Rept. Spending (\$M)
SAP Application Hosting Services	\$9,989,296
Enterprise e-Archive System (EES)	\$5,353,996
Cloud Email & Collaboration Services	\$3,001,962
Single Platform Maximo Hosting Services	\$574,059
Maximo & Smart Cloud SW Maintenance & Technical Support	\$564,760
iRWIN IaaS Hosting	\$486,221
Cloud Hosting & Support Services	\$423,000
IaaS & Cloud Hosting Project Storage Solution	\$398,243
NPS.Gov Content Delivery Network Hosting	\$296,665
IVIS (Previously ARRTS) Conversion	\$189,305
Total	\$21.277

Source: Deltek

Comparing the two tables we can see that the investments listed in table one don't match those in table two. This is because DOI contracting personnel reported spending data by service rendered (table two), not by investment title. It follows, therefore, that an investment called "Cloud Hosting & Support Services" could related to one of the program investments mentioned above.

The point of this exercise is to offer a word of warning when it comes to strategic planning. The fact is that the IT spending data provided by federal agencies is incomplete, meaning it can strongly skew our view of where a respective agency's IT investment dollars are going. Understanding this can make the difference between setting realistic and unrealistic goals, so having the right tools is critical for making the best possible decisions.