Opportunities for Cloud Providers in the FY 2016 Budget Request
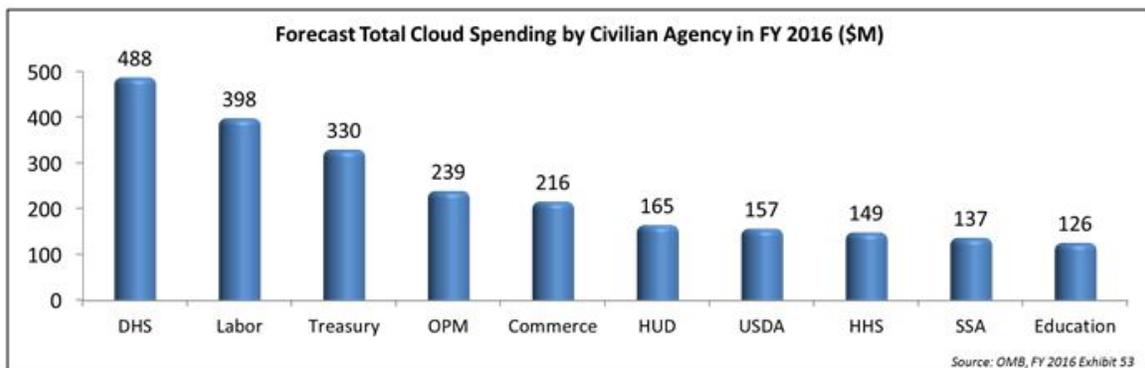
Posted At : February 17, 2015 7:12 AM | Posted By : Alex Rossino

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As part of the President's Budget Request for Fiscal Year 2016, the Office of Management and Budget released figures for spending on cloud computing that agencies anticipate they will make. The figures released this year don't provide the same granularity into spending on service delivery types and deployment models that the same data has provided in past years. The data does, however, more closely align with spending on other categories of information technology investments in that it has been divided into operations and maintenance (O&M) and development, modernization, and enhancement categories (DME). Putting spending (FY 2015 estimated and FY 2016 forecast) into O&M and DME buckets helps OMB understand the percentage of overall agency IT dollars that are going into cloud vs. other types of investments. It also helps industry understand where new investments are being made versus spending on steady state programs.

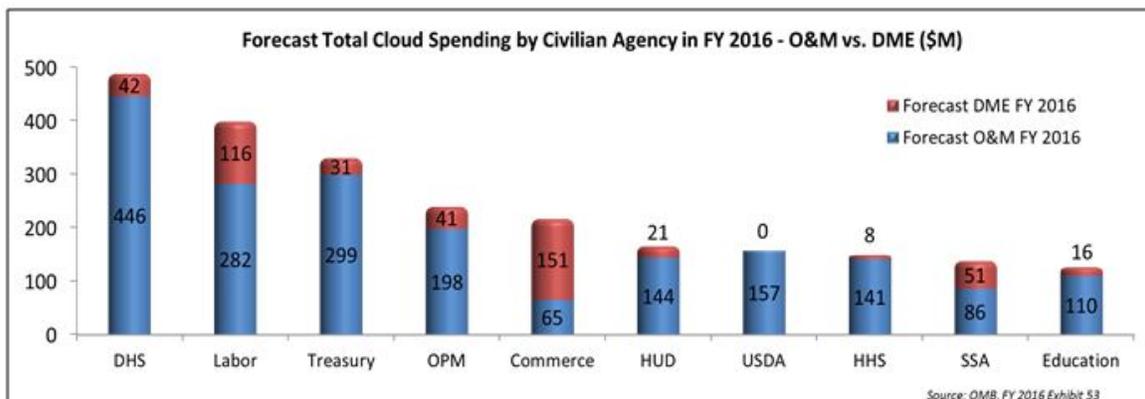### Top Ten Agencies Forecast to Spend on Cloud in FY 2016

Here is a list of the top ten federal agencies by forecast cloud spending in FY 2016. Keep in mind that only Civilian sector agencies were included in the data as the Department of Defense has not yet released detailed information for FY 2016.

The spending forecast in this chart totals just north of $2.4B, representing only a small percentage of what agencies spend annually on IT. Of the agencies listed, the surprises that stick out to me are Labor and the Office of Personnel Management. Both of these agencies are small compared to the agencies around them, especially Homeland Security and Treasury, and yet they intend to spend considerable amounts of money on cloud.
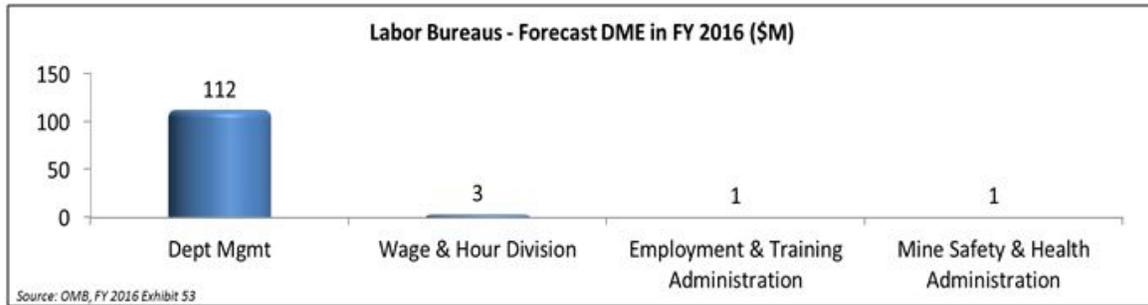
Where the New Dollars Are

How much of this spending will be new dollars? The chart below illustrates these forecast totals in terms of O&M and DME.

As we can see, the forecast spending picture takes on a different flavor once we know where new investment is intended. From this perspective Labor remains an attractive target for business development efforts; OPM less so. It is Commerce, though, which emerges as the greenest field of all.

Labor and Commerce: Green Fields for Cloud Providers in FY 2016

The graph below shows the four organizations in the Department of Labor where DME (i.e., new) dollars are forecast to be spent on cloud computing in FY 2016.

Labor Bureaus - Forecast DME in FY 2016 ($M)

Source: OMB, FY 2016 Exhibit 53

The specific programs in each organization slated to receive this funding are:

Departmental Management

- **Digital Government Integrated Platform (DGIP)** - $84M
- Enterprise Consolidated Network (ECN) - $17M
- Customer Service Modernization Program (CSMP) - $1M
- Integrated Acquisition Environment - $1M
- National Core Financial Management System (Shared service provided by the Department Of Transportation) - $8M

Wage & Hour Division

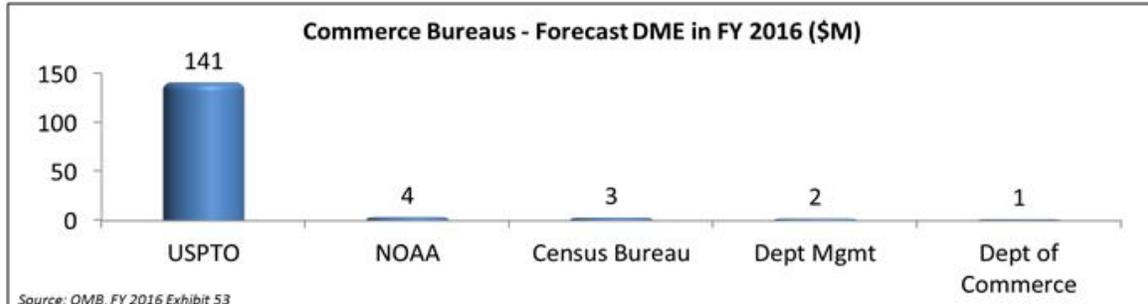- Strategic Enforcement Achieves Compliance System (SEACS) & Prevailing Wage System (PWS) - $3M

Employment & Training Administration

- ETA BPM IT Modernization - $1M

Mine Safety and Health Administration

- MSHA Internet/Intranet Maintenance - $1M

At the Department of Commerce the following organizations forecast spending DME dollars on cloud computing in FY 2016.

Commerce Bureaus - Forecast DME in FY 2016 ($M)

Source: OMB, FY 2016 Exhibit 53

The specific programs in each organization slated to receive DME funding are:

U.S. Patent and Trademark Office

- USPTO Patent End-to-End 2 (PE2E-2) - $87M
- USPTO Network and Security Infrastructure II (NSI-2) - $24M
- USPTO Trademark Next Generation 2 (TMNG-2) - $9M
- USPTO Fee Processing Next Generation (FPNG) - $8M
- USPTO Consolidated Financial System (CFS) - $8M
- USPTO Dissemination Capability (DC) - $6M

National Oceanic and Atmospheric Administration

- NOAA/NWS Integrated Dissemination Program - (IDP) - $4M

Bureau of the Census

- Census IT Infrastructure - $3M

Departmental Management

- BusinessUSA - $2M

Department of Commerce

- Commerce Business Application Solutions (BAS) - $1M

Despite the allocation of new dollars for cloud efforts at the USPTO, the Next Generation requirements are almost certain to be fulfilled under the Software Development Integration and Testing – Next Generation (GovWin IQ Opp #37269) and SDI-NG for Small Business (GovWin IQ Opp #63628) contracts awarded in 2011. Work for the other efforts may remain in play.