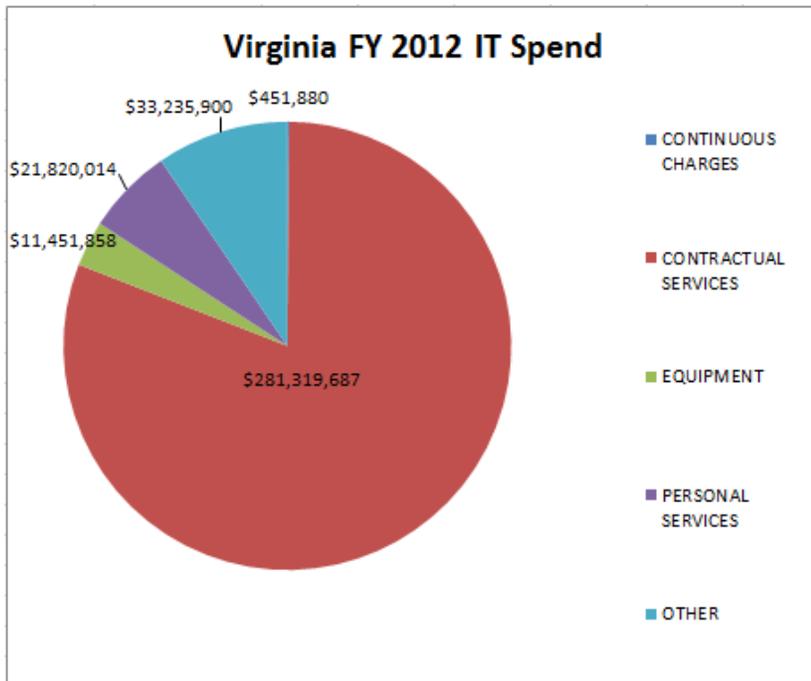


# Sunshine Week: Virginia Transparency IT Spending for FY 11 and FY 12

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Welcome to day three of Deltek’s Sunshine Week transparency blog series. In the lead up to our upcoming transparency report on IT state spending habits, to be published later this month, the general government services state and local team is providing a sneak preview of a handful of states included in the report. Today we will look at the commonwealth of Virginia, which spent more than \$348 million on information technology systems, equipment and services in fiscal year 2012.



Contractual services make the lion’s share of the commonwealth’s IT spending totals, with \$286 million dedicated in FY 2011 and \$281 million in FY 2012. This fact bodes well for the vendor community, though it should be noted that a large chunk of Virginia’s contract spending for common IT needs is likely purchased off of existing term contracts as opposed to one-off technology procurements. Of that contract portion, information management program design and development services (\$219.7 million), telecommunications services (\$43.9 million) and computer software maintenance (\$13 million) are the three largest expenditure categories, and together represent nearly 80 percent of total state IT spending in FY 2012.

Continuous Charges	FY11	FY12
COMPUTER SOFTWARE RENTALS	\$53,973	\$314,309
EQUIPMENT RENTALS	\$59,642	\$137,571
<b>TOTALS</b>	<b>\$113,615</b>	<b>\$451,880</b>

Contractual Services	FY11	FY12
COMPUTER HARDWARE MAINTENANCE	\$262,793	\$177,388
COMPUTER OPERATING SERVICES (NON-VITA/VENDOR)	\$14,823	\$227,989
COMPUTER OPERATING SERVICES (VITA)	\$1,051,937	\$4,095
COMPUTER SOFTWARE DEVELOPMENT	\$5,199,995	\$3,124,412
COMPUTER SOFTWARE MAINTENANCE SERVICES	\$11,875,840	\$13,068,772
EMPLOYEE IT TRAINING COURSES/WORKSHOPS/CONFERENCES	\$10,967	\$23,688
EQUIPMENT, REPAIR AND MAINTENANCE SERVICES	\$138,797	\$74,026
INFORMATION MANAGEMENT PROGRAM DESIGN/DEVELOP SERVICES (NON-VITA/VENDOR)	\$224,385,929	\$219,777,132
INFORMATION MANAGEMENT PROGRAM DESIGN/DEVELOP SERVICES (VITA)	\$91,662	-\$413,937
VITA INFORMATION TECHNOLOGY INFRASTRUCTURE SERVICES	\$213,495	\$1,289,303
TELECOMMUNICATIONS SERVICES (NON-STATE)	\$43,409,235	\$43,900,653
TELECOMMUNICATIONS SERVICES (VITA)	\$76,424	\$66,166
<b>TOTALS</b>	<b>\$286,731,897</b>	<b>\$281,319,687</b>

Equipment	FY11	FY12
COMPUTER SOFTWARE PURCHASES	\$5,718,645	\$10,832,754
DESKTOP CLIENT COMPUTERS	\$1,945	40,383
ELECTRONIC EQUIPMENT	\$256,381	115,991
MOBILE CLIENT COMPUTERS	\$78,722	32,473
NETWORK COMPONENTS	\$181,361	86,738
NETWORK SERVERS	\$17,087	79,469
OTHER COMPUTER EQUIPMENT	\$495,796	247,740
VOICE AND DATA EQUIPMENT	\$29,490	\$16,310
<b>TOTALS</b>	<b>\$6,779,427</b>	<b>\$11,451,858</b>

Personal Services	FY11	FY12
SALARIES, INFORMATION TECHNOLOGY EMPLOYEES	\$20,517,701	\$21,364,052
SALARIES, OVERTIME, INFORMATION TECHNOLOGY EMPLOYEES	\$179,552	\$143,589
WAGES, INFORMATION TECHNOLOGY EMPLOYEES	\$207,188	\$312,373
<b>TOTALS</b>	<b>\$20,904,441</b>	<b>\$21,820,014</b>

Other	FY11	FY12
COMPUTER OPERATING SUPPLIES	\$68,056	\$55,320
CATEGORICAL AID LOCAL GOV/CONST OFFICER TECHNOLOGY	\$33,717,473.00	33,180,580.00
<b>totals</b>	<b>\$33,785,529.00</b>	<b>\$33,235,900.00</b>

From just a cursory look at the data, two things immediately jump out: IT spending overall remains remarkably consistent between FY 2011 and 2012, and the amount spent on specific technologies over this two-year stretch are all over the map. While the state reports only \$14,823 of spending on vendor-related computer operating services in FY 2011, that figure jumps to \$227,989 in FY 2012 – a more than 15-fold increase. Computer operating services performed by the state's consolidated technology agency (VITA) is a mirror image, with more than \$1 million of contract spending support in FY 2011 compared to just \$4,095 in FY 2012.

In isolation, this would make sense and could simply reflect a change in strategy for managing the state's technology infrastructure. However, this trend shows up over and over again for other spending categories, contractual or otherwise. Technology infrastructure contract spending saw \$213,495 in FY 2011 compared to \$1.29 million in FY 2012. The state spent \$53,973 on computer software rentals in FY 2011 and \$313,309 in FY 2012. Computer software purchases rang up \$5.7 million in FY 2011 and nearly doubled (\$10.8 million) one year later.

## **Analyst's Take**

From this (admittedly limited) sample, it is possible to make several inferences regarding Virginia's IT spending strategies. First, that Virginia IT officials prefer to practice binge spending on specific technologies within a given budget year, making upgrades or legacy replacements all at once instead of staggering the purchases according to schedule or individual need. Second, that if you deal with a specific type of IT product (say software rentals or microcomputers) and you want to do business with the commonwealth, you are likely to only get one chance to respond to RFPs or sell your wares every three to four years during the technology upgrade cycle.

Finally, this makes future Virginia spending habits easier to predict, especially since the state updates its IT spend for FY 13 on a quarterly basis. Taking a look at the latest quarterly spending figures and comparing them to last year's totals can help vendors determine which technologies have been given the purchasing green light by state officials for 2013. For instance, in the first two quarters of FY 2013, the state has already spent significantly more on network servers and network components than it did for all of FY 2012.

The following opportunities are currently being tracked in Deltek's system and have anticipated solicitation releases in the near future:

**[Statewide Computers, Peripherals, Commercial Off the Shelf Software and Related Services](#)**

**[Networking Equipment and Services](#)**

**[Enterprise Content Management Integration Services](#)**

Deltek will publish a full-length report, "State Government Transparency Report 2013," providing detailed itemized IT expenditures for the state of Virginia and many other states in the coming weeks.

GovWin IQ subscribers can learn more about these statewide contracts in the provided links. Non-subscribers can gain access with a GovWin IQ [free trial](#).