

## Social media impacting state & local procurement as related contracting opportunities set to rise

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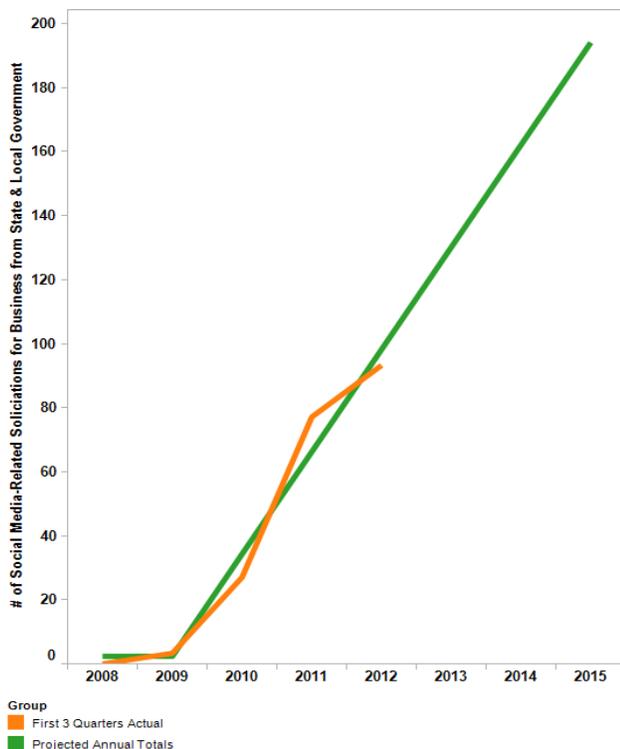
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In December 2012, Facebook, Twitter, LinkedIn, and Google + were estimated to have over 1.7 billion combined users, an increase of over 500 million for the year. When something takes off in social media, things move, people notice, and change happens. The combined power of social media numbers, communication, and technology has certainly gotten the attention of state and local government, as agencies increasingly use it as a tool with which to engage citizens.

In 2011, state and local government's use rates for Twitter were over 60 percent and for Facebook over 90 percent, with annual growth rates closing in on 300 percent. From 2010 to 2011, social media use by the 75 largest city governments grew faster than any other interactive online tool. Looking ahead, over 80 percent of state and local government employees expect their agency's use of social media to increase in the next 12-18 months.

As government's interest grows, so do the related business opportunities. In our [previous analysis](#) at the end of Q3 2012, Deltek projected the number of social media-related business opportunities to continue climbing upward closing out 2012 and moving into 2013 (see Figure 1, below).

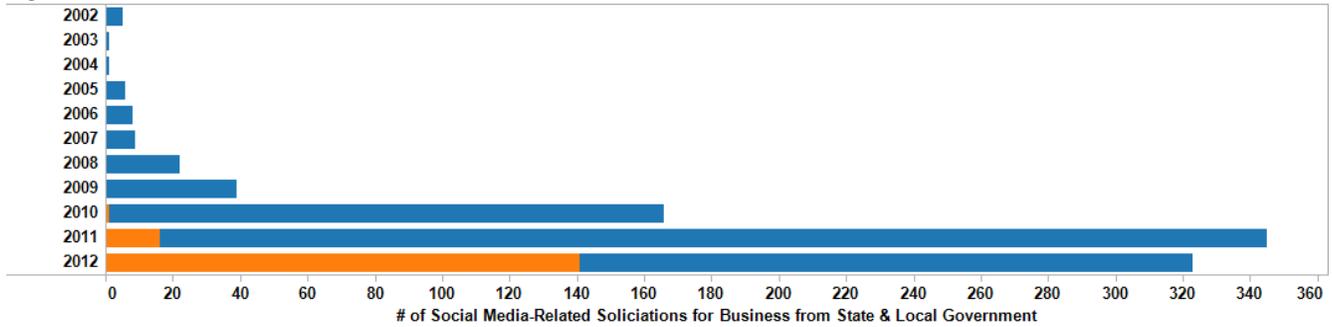
Figure 1



Since then, Deltek conducted a deeper analysis, finding even more social media-related business opportunities for comparison. In our new

analysis (see Figure 2, below), 2012 showed a slowing in new social media opportunities, especially in Q3 and Q4 (note, these are calendar year quarters, not the fiscal year quarters often associated with state budget cycles). Considering that FY 2012 was one of the toughest overall all funds budget years for states, some of this slowdown is not a surprise. When also factoring in the fiscal cliff negotiation uncertainties with overall Q4 reductions in GDP, some scaling back in new solicitations closing out Q3 and Q4 make sense.

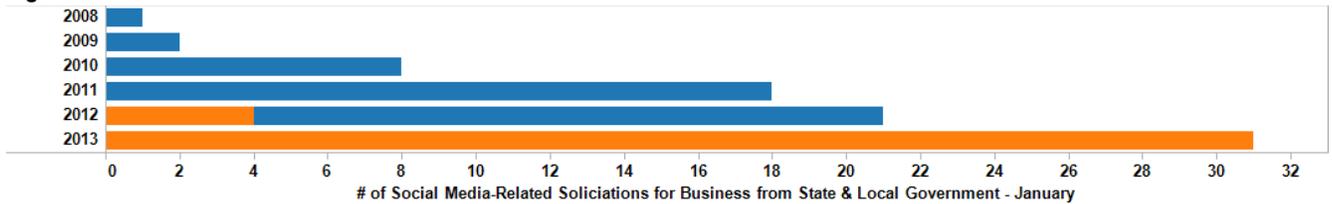
**Figure 2**



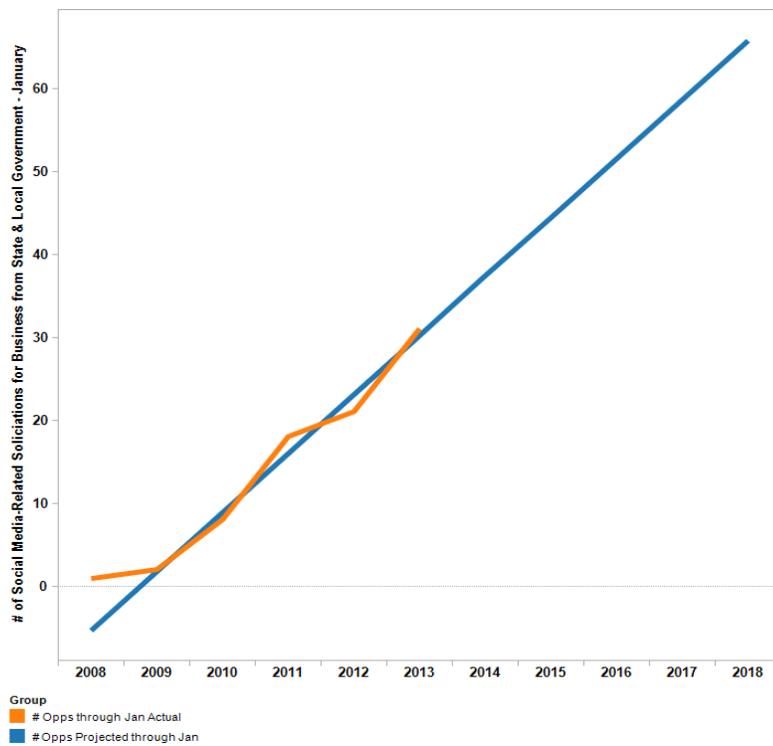
However, good news continues to abound in state government finances, with 3 straight years of general fund revenue and expenditure growth. States have made the cuts they needed and almost all are operating again with balanced or surplus budgets.

With this positive economic outlook in the states in mind, looking to January 2013 and beyond shows promise. The number of identified new social media-related business opportunities in state and local government increased 82% (from 17 to 31) from January 2012 to January 2013 (Figure 3). Even better news, January performance is projected to rise in years to come (Figure 4).

**Figure 3**

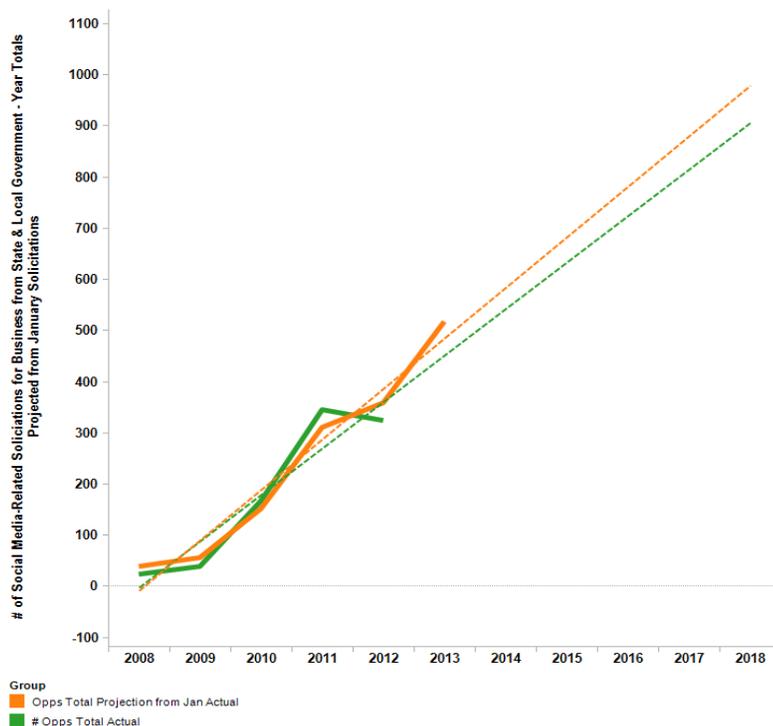


**Figure 4**



Taking another look at solicitations by month, Deltek discovered that January has a very strong correlation ( $r^2 = .89$ ) to overall yearly contracting opportunities for the state and local government social media market. Looking back at previous years, it also appears that months in Q3 and Q4 have much weaker correlations to overall yearly counts. With this in mind, the slump from Q3 and Q4 in 2012 is even less discouraging and the January 2013 bump holds even more promise for future performance. Projecting yearly social media-related solicitation totals from January solicitation totals shows growth looking ahead (Figure 5).

**Figure 5:**



## Conclusions

- The social media market in state and local government holds tremendous potential for contractors.
- Social media-related features and functionality are being used in every conceivable state and local government IT system and all vertical areas of service.
- Market slowdown or saturation is unlikely; new technology and application possibilities will continue to expand contracting opportunities.
- Deltek's basic projection of growth in social media-related solicitations from state and local government remains unchanged; continued growth in 2013 and years ahead.

## Recommendations

1. Make plans to grow your state and local government-related business through the emerging social media technology market.
2. Collaborate and partner with government to develop social media solutions.
3. Get in on the ground floor now by developing social media functionality that integrates with your current products and services.
  - a. Start with the lower hanging fruit by integrating third party social media and social media-like features into your existing government-focused applications
  - b. As part of your solutions, develop purpose-built mobile apps with social media components and social media-like features.
    - Help government directly engage with citizens, deliver services, and gather data wherever their citizens are through their smart mobile devices.
    - Move away from only Web-based or supplement Web-based with mobile app-based.
    - Integrate mobile with social media and social media-like features into every IT solution; it will be a contract winning differentiator.
    - Assist government in integrating the big data from your (or your competitor's) mobile apps with social media/social media-like features.
4. Work to develop new social media and social media-like features in IT growth areas and areas of natural fit
  - Health care IT
  - Emergency communications
  - Content management
  - Customer relations management
  - E-commerce
  - Educational technology
  - GIS/location-based services
  - Human resources
  - Student information systems
  - Transportation IT)

For more information, download the free summary of the Deltek Report on Social Media in State and Local Government, [here](#).

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