

A Look at DISA's FY 2016 Information Technology Budget

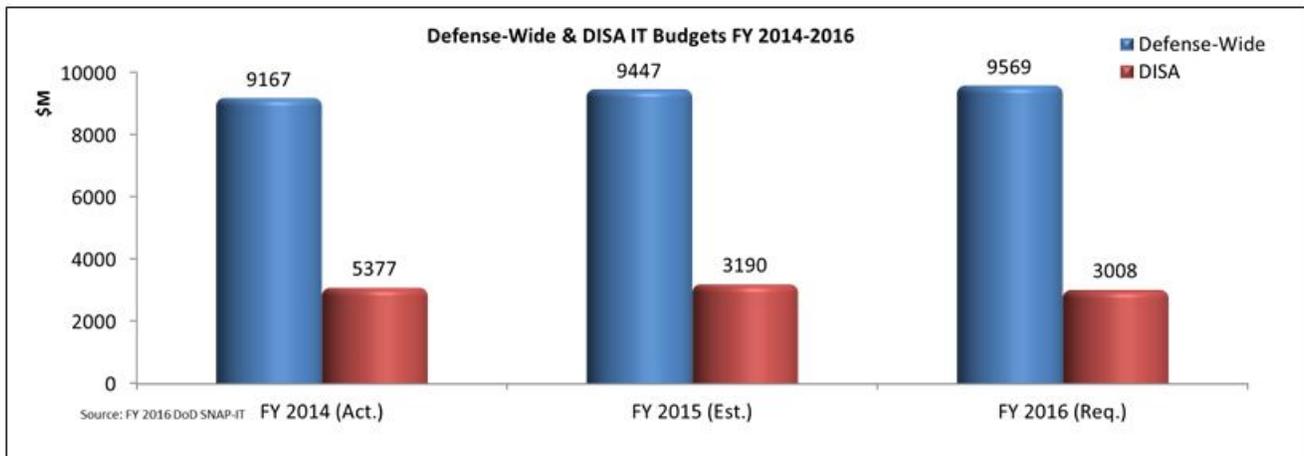
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Related Categories: Department of Defense, IT Budget, Joint Information Environment (JIE), DISA, Federal, Air Force, Army, Budget, Navy

The Defense Information Systems Agency (DISA) is playing an increasingly important role in Defense IT, a role that is expected to grow with maturation of the Joint Information Environment (JIE). Funding for DISA's programs garners a lot of attention, therefore, as vendors seek to understand where contract dollars in the agency's IT budget may be going and which Defense organizations are buying DISA's services. Today's post takes a look at the broad outlines of DISA's proposed budget for the upcoming fiscal year and breaks down some salient points vendors need to know.

DISA's IT Budget in Context

Where does DISA's IT budget fit into the broader Department of Defense IT budget request for FY 2016? The chart below shows the Defense-Wide IT budget for fiscal years 2014 through 2016 alongside DISA's IT budget for those same years.

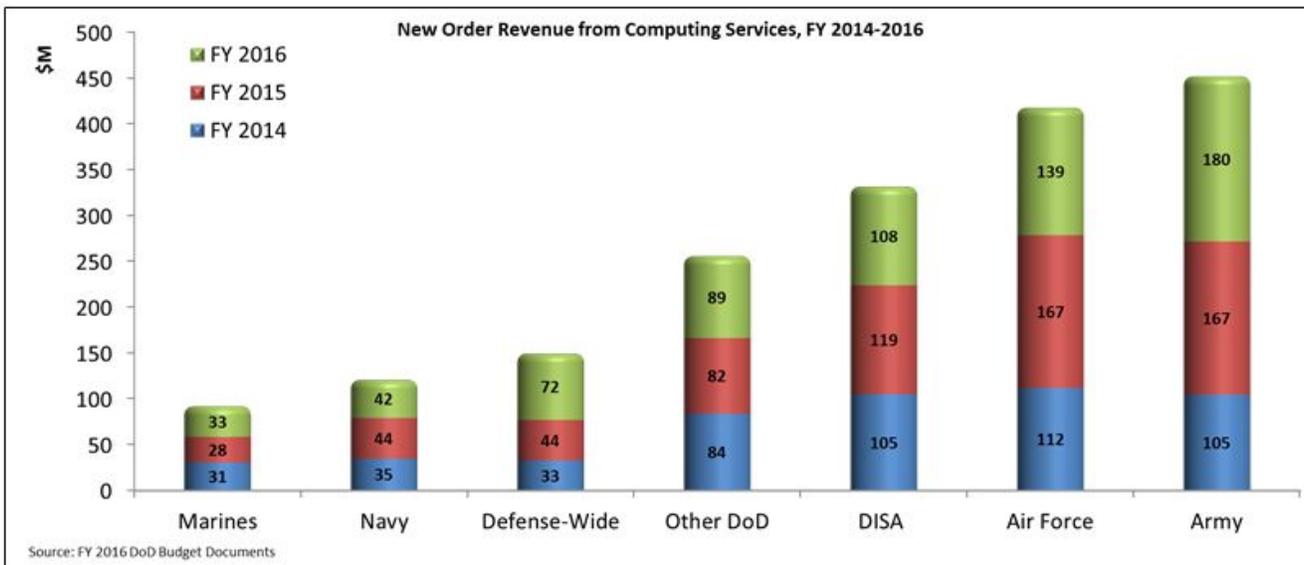


As a reminder, the big drop in DISA's FY 2015 IT budget was caused by a change in the way the DoD CIO calculates the Defense Working Capital Fund. For FY 2015, funding is now identified in the 'senders' accounts (i.e., Defense customers) rather than the investment owner's (i.e., DISA's) account.

The FY 2015 calculation change aside, DISA's proposed IT budget for FY 2016 shows a continuing decline despite the fact that most of the DoD is relying more on the agency for its services. Overall, DISA's IT budget is expected to decline from an estimated \$3.19B in FY 2015 to \$3B in FY 2016, a drop of \$190M, or just under 6%.

New Orders from Defense Customers – Computing Services

Moving to the specific services that DISA provides, the chart below shows the orders for DISA's computing services that Defense customers have placed (or are expected to place, as the case may be) from FY 2014 to FY 2016.



The computing services DISA supplies include Core Data Center services, DoD Enterprise Email, DoD Enterprise Portal Service, GIG Content Delivery Service, and the agency's milCloud infrastructure service. The data for these services reveals a few interesting trends.

First, both the Army and Air Force continue to use DISA-provided computing services more than the Navy. DISA, however, expects orders from Air Force customers to drop in FY 2016, while those from Army customers will grow. The implications of this are clear for Defense contractors – in FY 2016 the Army will spend less money on contracted efforts

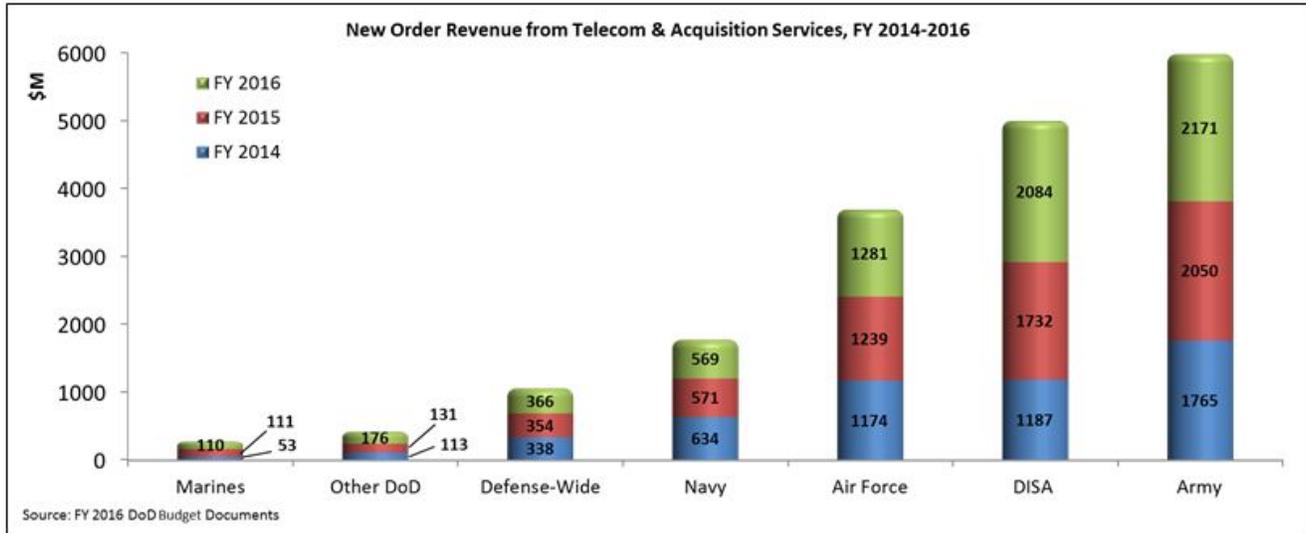
for computing services outside of DISA. Conversely, the Air Force may be a better place to search for specific opportunities in this area.

Second, Defense-Wide appropriations are expected to nearly double, suggesting that the Defense Agencies are continuing to embrace the enterprise services provided by DISA under the JIE concept.

Third, Navy new orders are expected to decline slightly, from \$44M in FY 2015 to \$42M in 2016. The Navy's ongoing flat/declining use of DISA services continues to suggest the service will spend its computing services contract dollars with its big CANES and NGEN prime contractors. The Marine Corps' new orders are expected to grow slightly, up from \$28M in FY 2015 to \$33M in FY 2016.

New Orders from Defense Customers – Telecom/Enterprise Acquisition Services

Turning now to transport and enterprise acquisition services, which DISA reports in combination, the new order trends are similar to those in computing services.



Nearly all parts of DoD are expected to spend more with DISA in FY 2016 than they did in FY 2015. Only the Navy (\$571M in FY 2015 dropping to \$569M in FY 2016) and Marines (\$111M in FY 2015 dropping to \$110M in FY 2016) show declines. Dropping Navy/USMC spending is consistent with statements by officials from both services that they will continue to rely more heavily on their own networks rather than DISA's for transport and communications services.

In conclusion, in FY 2016 DISA will continue to play the central role in the DoD's new Joint Information Environment, with spending on its services by the MILDEPS dependent on the level of each department's involvement in standing up the JIE. Spending by the Army, Air Force, and Defense Agencies will continue to be the strongest, while spending by the Navy and Marine Corps continues to lag.