

Analyzing state and local cloud procurement in the GovWinIQ database

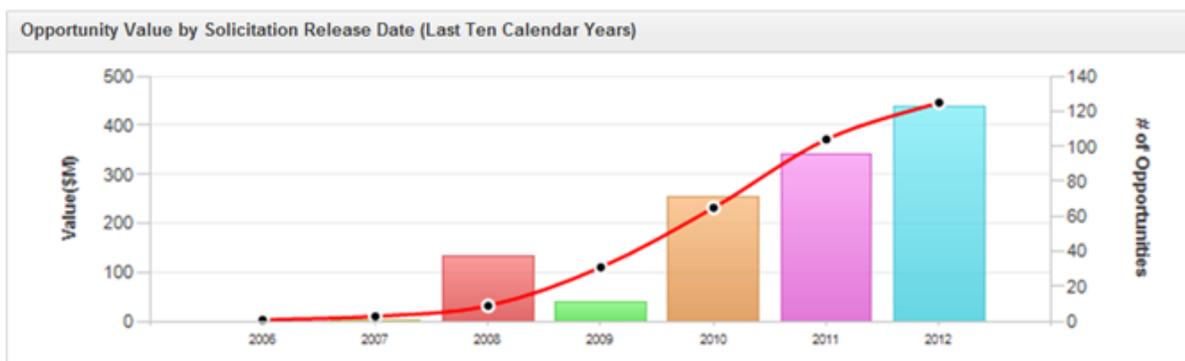
Posted At : September 28, 2012 2:47 PM | Posted By : Derek Johnson

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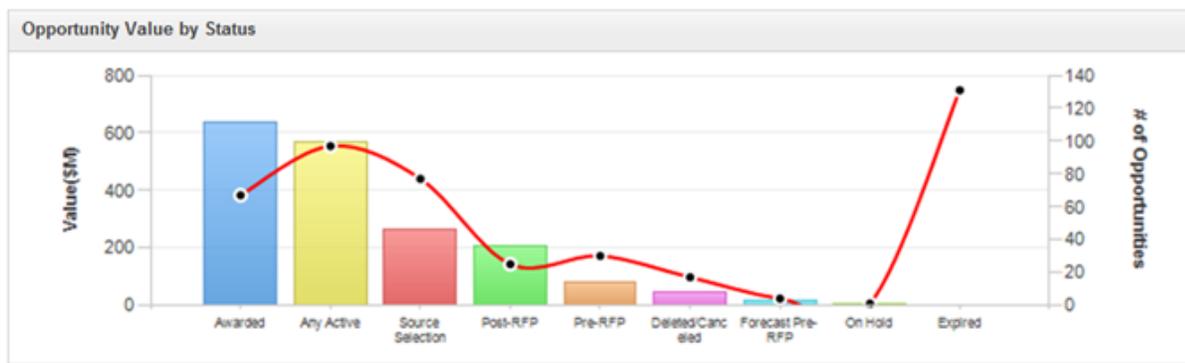
At this point, it's cliché to talk about cloud computing as an emerging technology, as that point of view now strikes most IT consumers as behind the times. We're not just approaching an SaaS/laaS world anymore; there's enough evidence to suggest **we are already there**.

The move toward cloud adoption has largely been a top-down measure, with the federal government driving implementation through its **"cloud first" strategy**, and state and local governments largely following along. It is not a coincidence that the first two federal CIOs (Vivek Kundra and Steven VanRoekel) of the Obama administration view cloud computing not as a choice, but imperative for a 21st century IT enterprise. This attitude has permeated throughout federal agencies and sent the message that it's okay to take a few risks in pursuit of a more efficient and flexible IT landscape. Even the CIA is getting in on the action, announcing **plans to utilize Amazon-like cloud services** to handle certain big data functions within the agency. When the most secretive organization in the U.S. isn't afraid of a technology, it's a sign that a tipping point has been reached in the debate on government cloud use.

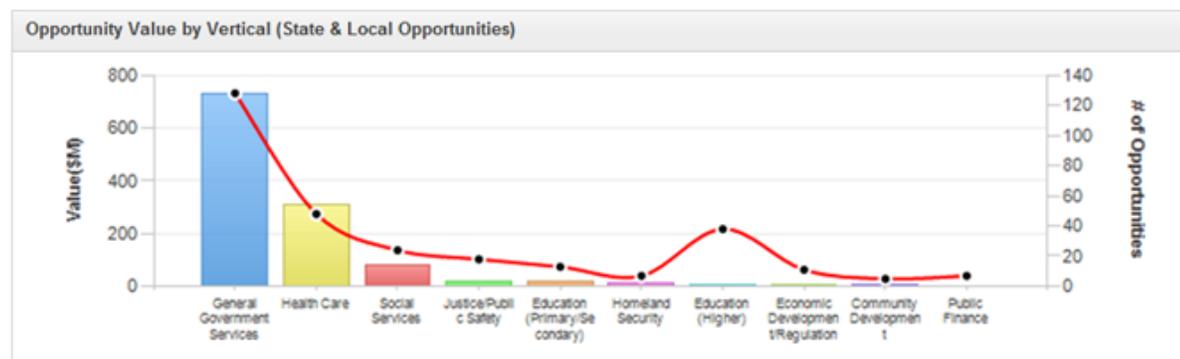
I was curious to see what our own data revealed about state and local cloud implementation over the past half decade, so I jumped into GovWinIQ's IntelliSearch database, ran some targeted searches for cloud solicitations, and converted them into data visuals. With the important caveat that correlation does not prove causation, the results provide some support for the top-down cloud theory. Up first is the number of solicitations released by year. Please note that the red line represents the total number of opportunities within a category, while the graphs themselves represent total dollar value.



Okay, so we are not exactly blowing your mind here. State and Local cloud solicitations have been on a steady rise over the past seven years, and seem to have fully entered the national purchasing bloodstream around 2010. GovWinIQ is tracking 125 state and local bids with significant cloud computing components that have been released or are scheduled for release in 2012. That's up from 104 solicitations in 2011, and just 65 solicitations in 2010. This trend holds true for overall estimated value as well, with \$254 million in 2010, \$343 million in 2011 and \$438 million in 2012.



What is interesting here is the fact that the estimated value of all **active** cloud bids in the GovWinIQ database (\$567 million) nearly matches the total combined value of **awarded** cloud bids procured in the past (\$638 million). In other words, there is almost as much government investment in cloud this year as there has been for all the other years combined that we have tracked this technology. Keep in mind that awarded contract values are not obtained for opportunity alerts (as signified by the "expired" category), so this may skew the data some. Nevertheless, it's clear that state and local cloud procurement has seen some pretty incredible growth in just the past two years.



Most cloud bids are classified under the general government vertical, so it is not surprising to see which vertical takes the top spot. More interesting is the fact that health care and social services come in second and third. This largely jives with health care IT spending [rising for years, partially driven by the adoption of health information exchanges](#) created via the Affordable Care Act.

Analyst Take

It's an exciting time for cloud vendors, with governments at all levels jumping into the fray and purchasing cloud services. While the recession has had a dramatic impact on state and local budgets as well as federal funding for state and local governments, [it appears the worst may be behind us](#), and forecasted increases in state and local IT spending should only accelerate cloud adoption nationwide.

Notable cloud computing tracked opportunities in the GovWinIQ database:

New York

[New York State Cloud Computing Email Services](#)

Maryland

[SaaS Statewide Personnel System Project Implementation](#)

North Carolina

[Statewide K12 Education Cloud Project](#)

[Statewide Private Cloud Services](#)

Michigan

[Great Lakes Information and Technology Data Center Implementation and Operating Services](#)

Illinois

[Cloud Computing Solution](#)

Texas

[Statewide Cloud Services](#)

Wisconsin

[Enterprise Email Cloud Computing](#)

California

[Cloud-based Email Collaboration and Implementation Solution](#)