

# The Department of Labor Dives into the Cloud: Others to Follow?

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The **Department of Labor** doesn't typically jump to mind during discussions about innovation in the federal government IT marketplace. This may be changing, however, with the announcement late last week that Global Computer Enterprises (GCE) has just completed its implementation of the DOL onto GCE's financial management Shared Service Provider (SSP) system. With this announcement, the DOL becomes the first cabinet-level department to move a major internal operation onto a cloud platform. If statements by President Obama and Federal CIO **Vivek Kundra** are any indication, the DOL is blazing a trail into cloud computing that other federal agencies will soon follow.

The Obama administration is banking on cloud computing and other shared services initiatives to drive efficiencies and cut costs in government IT. Word out of the Federal CIO's office is that agencies will test the waters in FY 2010 by implementing cloud computing pilot programs before making a wholesale leap into the cloud. The transition of DOL's financial management system to a cloud platform, however, suggests that agencies might be ready to make larger-scale moves on their own and bypass the pilot testing phase. If so, this would support conclusions GovWin put forward in its recent report **Emerging Technology Markets in the U.S. Federal Government, 2009-2014**. More than half (54%) of the federal IT personnel GovWin surveyed stated that cloud computing was going to be a "high impact" technology solution in their enterprise. Nearly a quarter of those surveyed were already using a cloud solution of some kind, despite the fact that the security of data in the cloud was the overwhelming concern of 69% of respondents.

When faced with results like this, it is natural to ask if the feds are moving too fast. Are they damning the torpedoes and pushing forward with cloud adoption regardless of the possible ramifications? Vivek Kundra and NIST cloud expert **Peter Mell** (co-author of the federal government's definition of cloud computing) might answer "no", because in many cases the security surrounding vendor cloud solutions is better than that surrounding many of the stovepiped IT systems currently in use across government.

So, if data security isn't as big a concern as it has been made out to be, what does this suggest for the rate of cloud adoption by the federal government? GovWin takes Vivek Kundra at his word about moving federal agencies to the cloud. We forecast that the adoption of cloud computing across the federal government will surge over the next 5 years to become a \$1.2 billion market. This is of course a small portion of the federal IT market (IT spending in the FY 2011 budget alone is \$79.3 billion), but with cloud computing projected to experience a 27% CAGR by FY 2014, vendors selling to the federal government would be wise to add cloud-based solutions to their offerings. Customers like the DOL appear to be waiting for them and with federal IT dollars tightening, offering cloud-based solutions can help vendors maximize earnings during tough economic times.