

# MOVING MISSION IT SERVICES TO THE CLOUD

*About half of civilian agency IT officials report they are now implementing mission support and business systems in the cloud.*

*But a new progress report also highlights where gaps remain as federal civilian agencies grapple with IT modernization and shared services.*

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## In a new survey of federal civilian agency IT decision makers, FedScoop identifies:

- The latest priorities driving agencies to adopt cloud-based IT services
- How agency officials rate their progress implementing business and mission support systems in the cloud
- The technical and financial benefits propelling agency cloud adoption
- How meeting customer expectations are influencing cloud investments
- Agency sentiments on shared services as a model for modernizing IT
- The top challenges agencies still face in adopting cloud services



## The state of cloud and IT modernization efforts in civilian agencies

- About half of civilian agency IT officials report they are now implementing mission support and business systems in the cloud.
- But more than 1 in 4 officials say their agency has yet to plan for common cloud IT services such as email, office tools, IaaS or PaaS.
- Agencies now rank “the ability to better deliver on mission” as a top priority for adopting cloud IT services.
- Budgets for IT modernization have increased in FY18 for 60% of respondents. And 4 in 10 estimate 20%-to-39% of their FY18 IT budgets are aimed at modernization.
- More than half of respondents estimate moving to cloud-based IT services could free up 10%-to-29% of IT budgets to reinvest in other areas.
- But a lack of training, people and funding remain barriers to cloud adoption.



## Top perceived benefits of cloud services — and challenges agencies still face

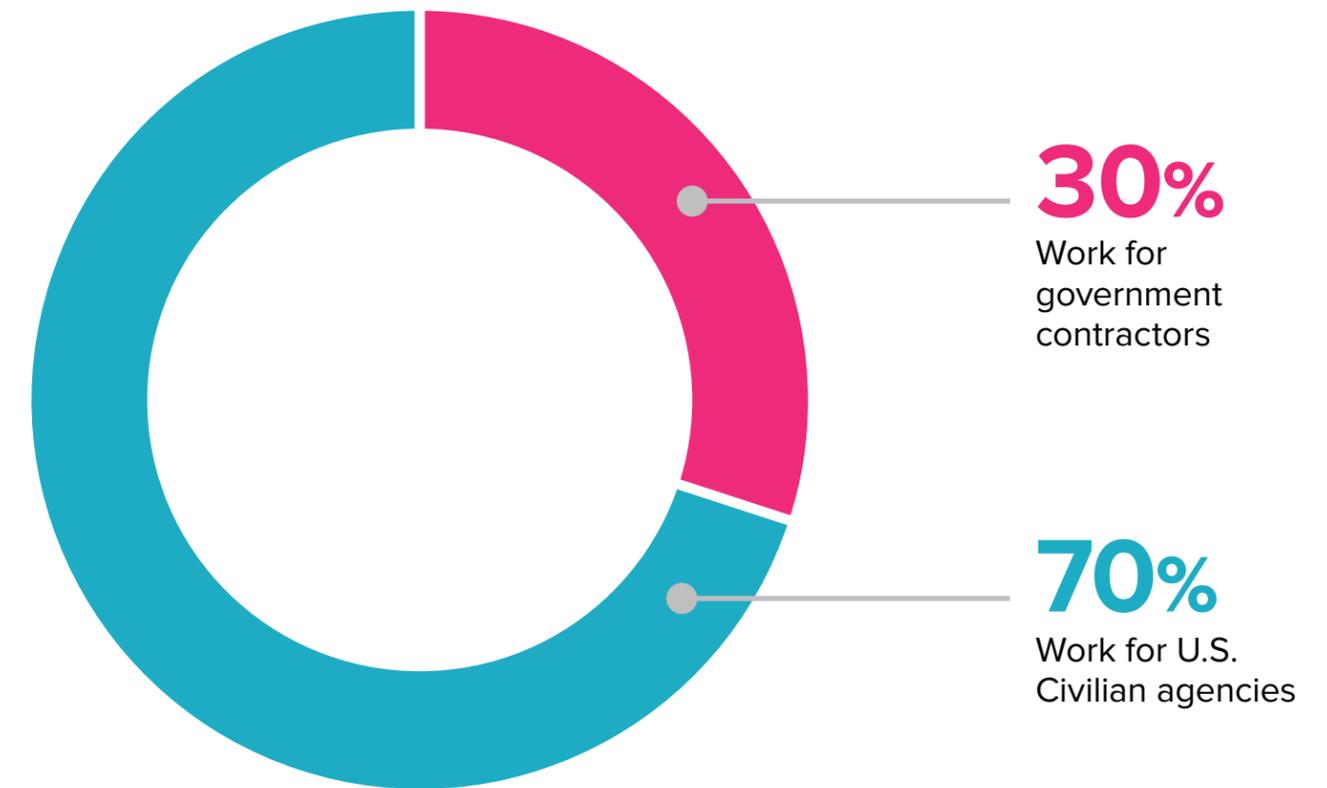
- **Technical Benefits:** Officials rank faster modernization, reliability, automation of services and scalability across a large ecosystem among the top technical benefits of cloud-based services.
- **Financial Benefits:** Two-thirds of respondents believe adopting cloud-services would free up IT budget to invest in other areas.
- **Top Obstacles:** Lack of trust in cloud services and alignment gaps between IT and business management are holding back cloud adoption.

## Shared services and their likely impact on IT modernization

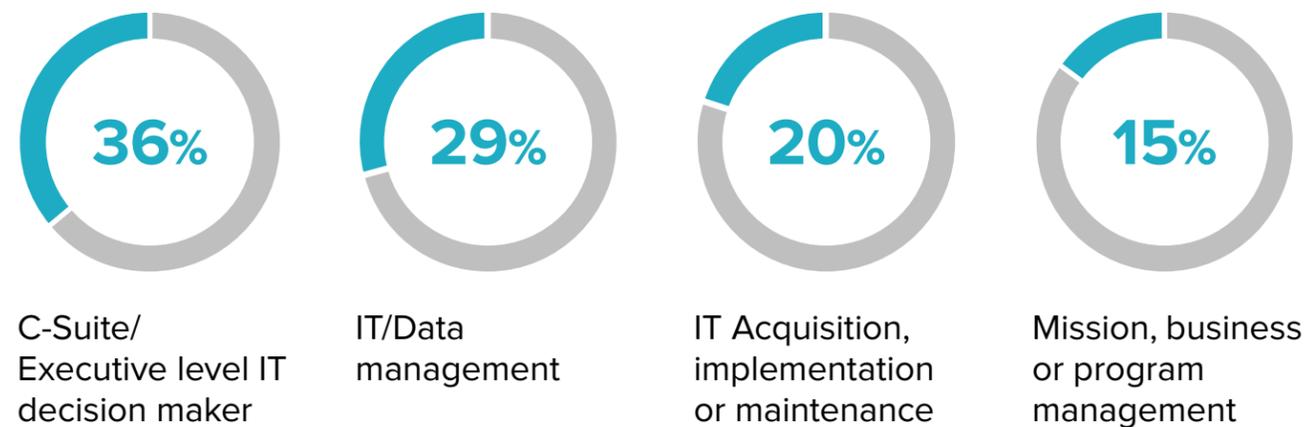
- A majority of respondents in civilian agencies view shared services — outlined in a 2017 White House Executive Order — as an effective model to modernize IT, save money and help accomplish their agency's mission.
- But skepticism and concerns remain — especially among IT managers — regarding shared services and the potential loss of control of essential processes.
- Internal customer considerations outweigh external customer experience in adopting cloud services.

FedScoop conducted an online survey of qualified federal civilian agency IT leaders and mission, business or program managers at those agencies. All respondents are involved in either identifying cloud-related IT needs and requirements, allocating budgets, evaluating solutions and contractors and implementing or managing cloud-based services. The study also polled contractors involved with government IT services. The survey was completed in January 2018.

Of the 160 survey respondents:



Job roles:



**Half of civilian agency IT officials are in the process of implementing cloud-based services for mission support, business systems and IaaS/PaaS platforms.**

**Agency-specific mission support systems in the cloud**



**Business systems (e.g. Financial, ERP, HR systems) in the cloud**



**Infrastructure as a Service**



**Platform as a Service**



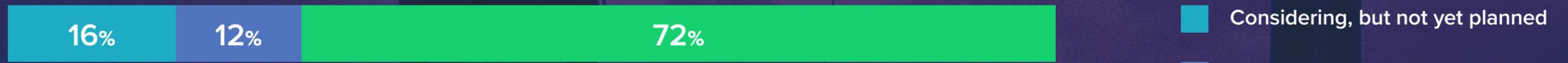
- Considering, but not yet planned
- Planning but not yet implemented
- In process of implementing

**...and another quarter of IT officials are planning to adopt these services.**

Q: How far along is your organization in adopting the following cloud-based IT services?

## A majority of civilian agency IT officials are also in the process of implementing cloud-based email and office productivity services.

### Email



### Collaboration



### Office Productivity



### TAKE AWAY:

Agencies are making significant headway adopting cloud services for business and mission tasks. However, a quarter of officials surveyed say their agency hasn't yet planned to adopt cloud-based IT services (due to a lack of trust, resources or leadership support.)

## The ability to better deliver on “mission” ranks just below cost savings as the top-ranked priority for adopting cloud services.

Cost savings



Ability to better deliver on the organization’s mission



Improved internal end-user experience (i.e. improved employee experience)



Greater Security



Better insights into business outcomes and data



Improved citizen end-user experience



Q. Which of the following are priorities for your organization to move to a cloud-based IT service? (Select all that apply.)

**TAKE AWAY:**

Agency leaders may be underestimating the potential of cloud services to “gain better business insights” and “improve employees’ user experience.”

**Compared to their agency counterparts, government contractors are:**

**1 ½ times more likely** to prioritize employee’s user experience and...

**1 ⅔ times more likely** to prioritize gaining better business insights

... as a reason to move to a cloud-based service.



Improving **internal** employee satisfaction and productivity outweigh **external** customer satisfaction and experience when moving to the cloud.



**58%**

Improving **internal** end-user or employee satisfaction

**55%**

Empowering **internal** end-users or employees with tools that facilitate greater productivity

**50%**

Improving **internal** end-user or employees engagement



**47%**

Improving **external** end-user or citizen satisfaction

**45%**

Improving **external** end-user or citizen engagement

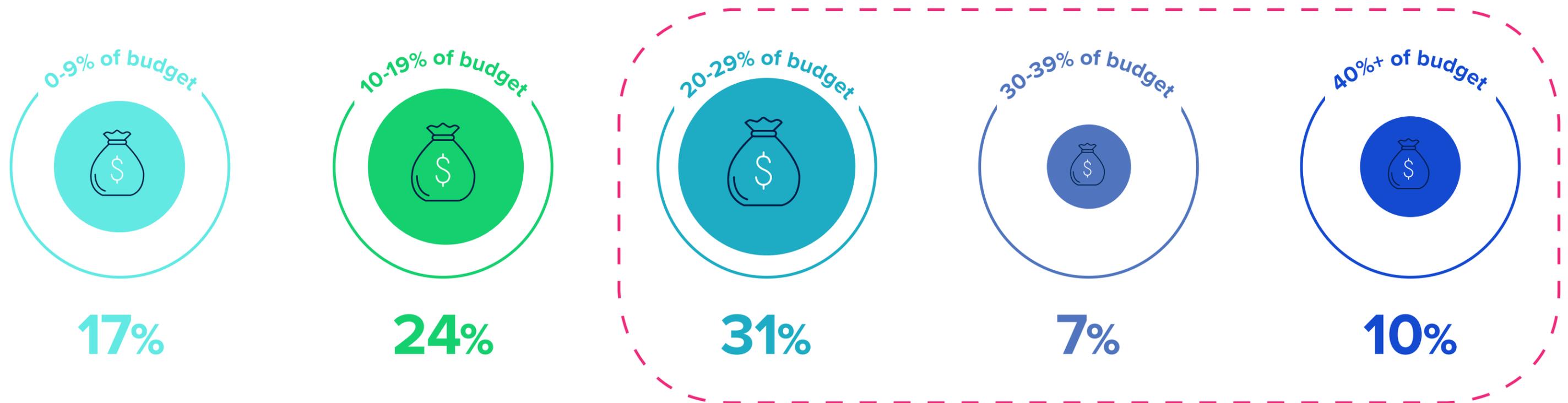
**40%**

Empowering **external** customers or citizens with self-service access to information

Q. When moving IT services to the cloud, which of the following customer experience considerations are most important to your organization? (Select all that apply.)

## Nearly half of agency officials estimate more than 20% of their FY18 IT budgets will go to IT modernization.

And 1 in 10 say IT modernization will get 40%+ of their FY18 IT budget.



11% don't know what portion of their agency's IT budget is slated for IT modernization.

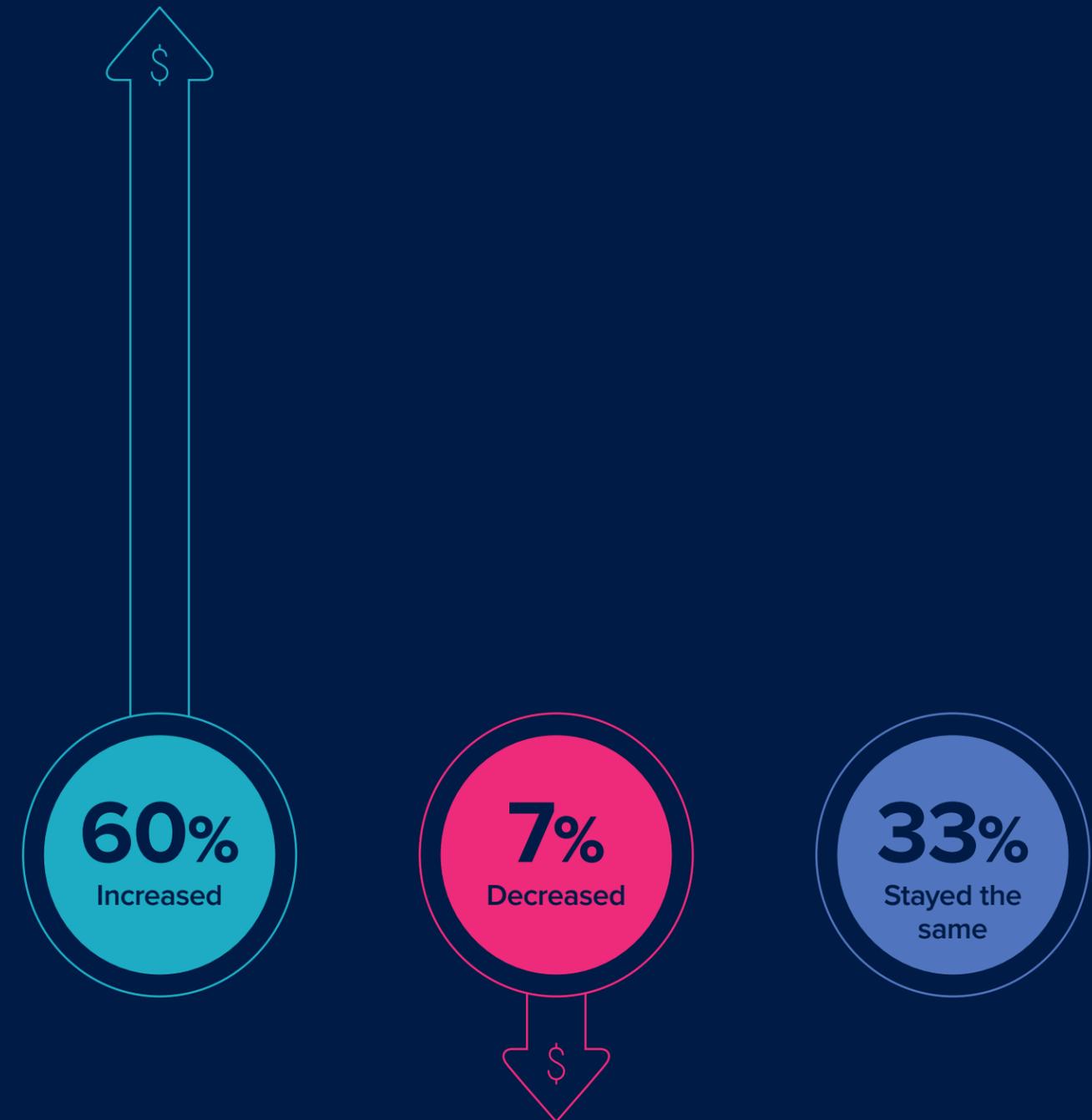
Q. During FY18, what is your best estimate on the percent of your IT budget planned for IT Modernization.

## 6 in 10 agency officials say the proportion of IT budgets for modernization increased in FY18 over FY17.

### TAKE AWAY:

The reported boost in Fiscal Year 2018 IT modernization spending plans suggests a shift may be underway to address urgent IT needs.

But Mission/Business/Program respondents are significantly less informed about their agency's IT modernization budget than their IT counterparts — suggesting potential gaps in cross-agency support for IT initiatives.



The majority of respondents say cloud-based services would free up budget to invest in other areas ... and free up staff time to work on more mission-critical activities.



FREE UP IT BUDGET



66%



34%

Q. Do you believe adopting cloud-based services would free up IT budget to invest in other areas?



FREE UP STAFF TIME



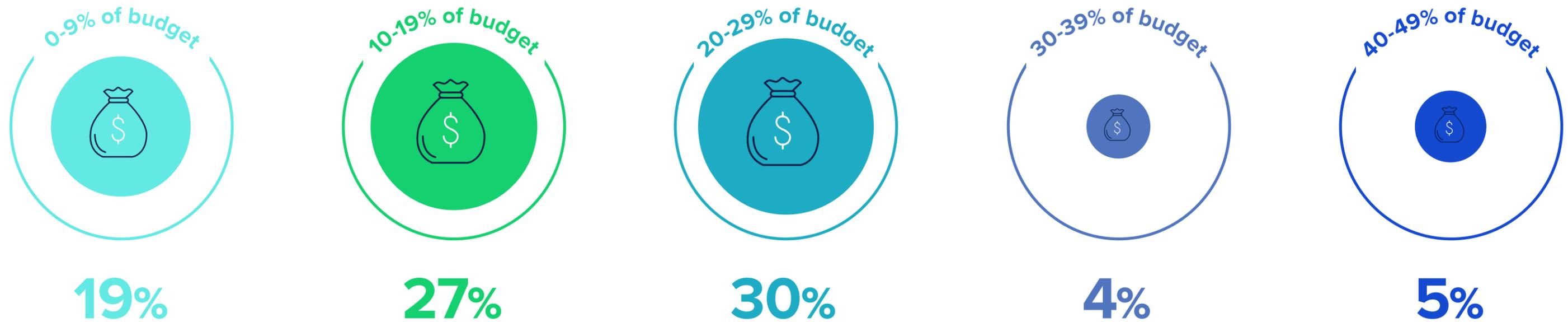
75%



25%

Q. Do you believe adopting cloud-based services would free up staff time to work on more mission-critical IT activities?

**When asked how much IT budget could be reinvested, nearly 6 in 10 estimated between 10% and 29% might be saved for other IT needs.**



Those who said 50% or more: **0%**. Those not sure: **15%**

Q: If moving to cloud-based IT services could free up budget to reinvest in other areas, what percent of your IT budget do you estimate might be saved? Base: Those who believed adopting cloud services would free up IT funds.

**Faster modernization, reliability, automation and scalability are seen as top technical benefits of cloud-based services.**

**61%**

Faster modernization

**58%**

Redundancy to ensure reliability and uptime in the event of a disaster

**56%**

Automated updates and upgrades driven by the service or vendor

**56%**

Scalability across a large ecosystem or multiple organizations

**47%**

Ability to run systems from geographically diverse locations

**42%**

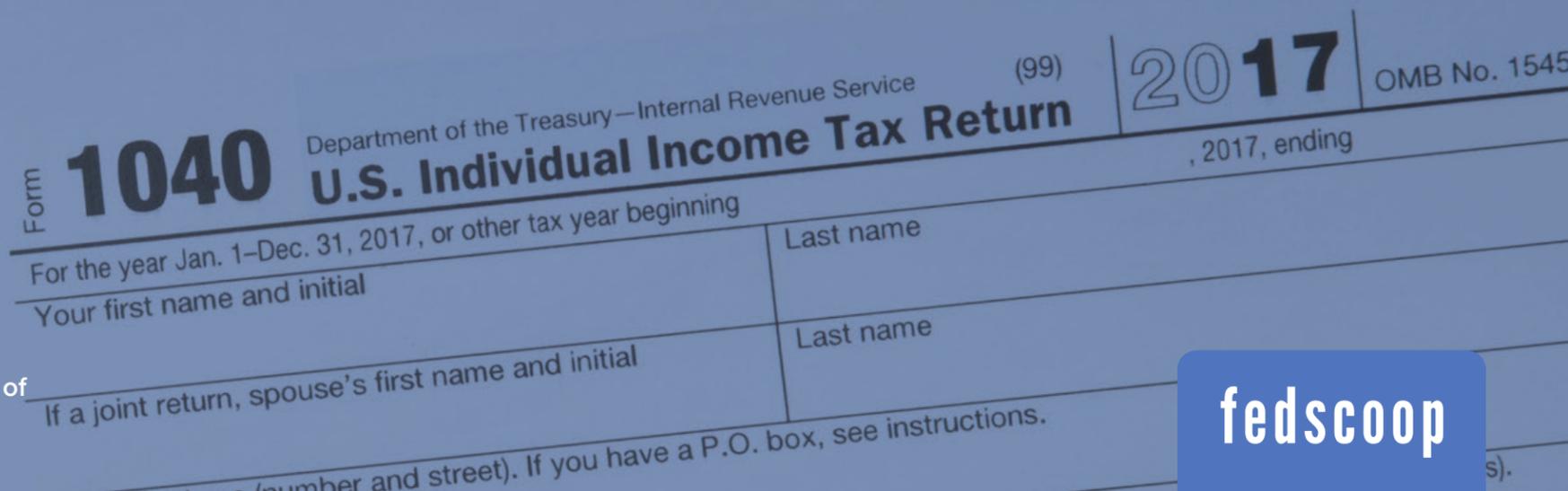
Ability to “lift and shift” data to consolidate into one system or cloud-based solution

**TAKE AWAY:**

Mission/Business/Program execs are significantly more inclined to see “faster modernization” and “scalability” as benefits of cloud adoption than their C-Suite and IT /Data management

counterparts, suggesting those who rely on IT may be the strongest proponents for adopting cloud services.

Q. Which of the following would be the most important technical benefits to your organization of adopting cloud-based services? (Select all that apply.)



**The majority of respondents view shared services as a way to modernize IT, save money and accomplish the mission.**

**My organization views shared services as a model that...**

...offers an effective way to modernize out IT.



...is supported by our management system as a way to benefit our organization.



...can save my organization money.



...could take away too much control over essential processes.



...can help my agency accomplish its mission.



...doesn't allow enough customization to meet out organization's needs.



Disagree Neither agree nor disagree Agree

Q: Thinking about your organization's position on shared services, do you agree or disagree with the following statements?

... But opinions about shared IT services diverge significantly between management groups, suggesting cultural and technical issues remain.

**C-SUITE EXECS (82%)**

are significantly more inclined to agree than **IT/DATA MANAGERS (60%)** that shared services can **help their agency accomplish its mission.**

**IT/DATA MANAGERS (36%)**

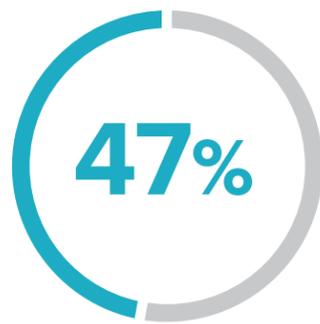
are significantly more concerned than **C-SUITE EXECS (14%)** or **MISSION/BUSINESS MANAGERS (16%)** about shared services **not allowing enough customization.**

Q. Thinking about your organization's position on shared services, do you agree or disagree with the following statements?

## Lack of training, people and funding continue to create operational barriers to cloud adoption.



Employees lack the training or expertise necessary to move applications to the cloud



Demands of maintaining legacy systems leave too few human resources to work on cloud adoption or migration projects



Lack of funding IT transformation or new technology



Cost of acquiring and operating new technologies is too high



Our organization is locked into technologies or solutions that cannot be adapted or migrated to cloud-based IT services



Commercial solutions do not fit our business processes



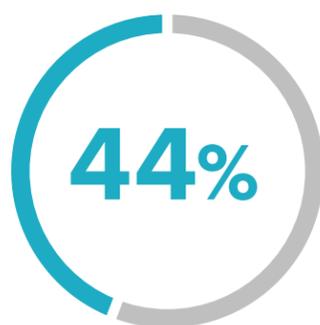
Potential to lose budget once we transition to a new system

Q. Which of the following operational issues do you believe are the top obstacles to adopting cloud-based IT services? (Select up to five.)

## Security concerns and alignment issues remain top cultural barriers to cloud adoption.



Lack of trust in cyber security of cloud-based IT services



Lack of alignment or cooperation between the mission/business/program side of the organization and IT operations



Resistance to change among the mission/business/program workforce



Resistance to change among the IT workforce



Fear of vendor lock-in



Lack of IT leadership willing to lead a move to cloud-based IT services



We've tried and been burned by new technology implementations before

Q. Which of the following cultural issues do you believe are the top obstacles to adopting cloud-based IT services? (Select up to five.)

- **Agencies are making significant headway adopting cloud-based IT services** as a means for modernizing IT and improving mission delivery — with more than half of agency officials reporting their agency is implementing business and mission-support systems in the cloud.
- **But many agencies remain slow to embrace the cloud** — with a quarter of respondents saying their agencies haven't yet planned for cloud services. Security concerns, a lack of expertise and resources, and alignment issues between business and IT leaders continue to hinder progress.
- **Agency officials see the cloud as a path toward faster IT modernization, automation and savings** — with more than half estimating cloud-based IT services could free up 10%-to-29% of their IT budgets to reinvest in other areas.
- **Shared IT services are also seen as a means for modernizing IT and saving money.** But cultural resistance and technical complexity are likely to hinder the sharing of IT services and its potential for modernizing government IT.
- **Cloud-based software and infrastructure services are proving to offer a low-risk approach** to IT modernization by allowing agencies to pilot and then quickly scale IT services along side legacy systems. The approach lets agencies improve services quickly, economically and securely.

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