

**Testimony of Rishi Sood  
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**Senate, Subcommittee on Federal Financial Management, Government  
Information, Federal Services, and International Security Hearing Titled:  
“Examining the President’s Plan for Eliminating Wasteful Spending in  
Information Technology”**

Chairman Carper and distinguished members of the subcommittee, thank you for the opportunity to speak today. My name is Rishi Sood and I am Vice President of Government Research at Gartner. Gartner is the world's leading information technology research and advisory company and is a valuable partner to 60,000 clients in 11,000 distinct organizations.

In examining the President's plan, I would like to focus on the growth in federal technology spending, the elements of the plan that will have an immediate impact, and reform issues that will be important over the long term.

### **Federal Government Technology Spending: A Snapshot**

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To begin, federal IT spending has exploded over the past decade. According to my research at Gartner, traditional IT spending by federal government organizations was approximately \$32.2 billion in 2001. This year, it will reach \$80.1 billion. This is an increase of over 248% during the past 10 years.

While much of the IT expansion is justified by growing federal operations (e.g. fighting 2 wars, creating the Department of Homeland Security, managing rising Medicaid/Medicare workloads, etc.), insufficient analysis has been given to the cost effectiveness of federal IT spending. Additionally, some of the spending increase has not been effectively coordinated, resulting in some cases to technology sprawl across the federal government.

Given this dramatic rise in federal government IT spending, there are a number of questions that need to be addressed:

- What is the value and cost-effectiveness of IT spending?
- To what extent is accountability adequately built into IT spending?
- What steps should be taken to invest the right amount in the right applications while avoiding costly mistakes?

While these questions are always important, they are even more important in light of the current budget battles and fiscal constraints that will affect future federal IT spending. Not only will

federal agencies face slower growth in IT spending over the next decade, there may be cutbacks to current levels of IT spending. Urgent action to improve IT spending is needed because reforms will take time to show results.

In shaping IT policies and actions, federal leaders should learn from trends emerging in other industries. For example, many state & local governments and private industries have been forced to respond in new ways to economic pressures and technology investments. Their responses offer key lessons about IT and its implications:

- **Centralization/Consolidation/Rationalization:** Across industries, there has been a concerted effort to centralize IT in order to harvest economies of scale. This is particularly true of infrastructure spending, where the focus has been largely on consolidating data centers as well as rationalizing technology assets across the enterprise.
- **Emergence of Cloud Computing:** Cloud offerings represent a new maturity of Internet services that offers new ways to finance IT modernization, reduce the IT footprint, and eliminate maintenance costs. While security, data ownership, and vendor viability issues remain to be resolved, the increasing utilization of cloud in the private sector will undoubtedly bring significant change to government as well.
- **The Business Value of IT:** Given the new economic climate, organizations have been strategically applying IT to deliver bottom line results. In this approach, business cases are built around the value IT modernization would deliver to operational and business metrics for the organization.

In the end, however, the true value of IT comes from the impact of technology on government operations (e.g. increased productivity, lower cost of service delivery, increased customer service, etc.). To succeed in these times, government must harvest the upside potential of IT while limiting the downside risk of implementation failures.

### **President Obama's 25 Point Reform Plan: Immediate Impacts**

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Given the issues raised above, President Obama's 25 Point Reform Plan is a strong path forward to align the IT needs of federal government organizations with the budget realities. The reform creates guardrails needed to guide technology operations while continuing to promote innovative and accountable technology use. In many respects, the reform plan lays the initial foundation needed to answer the questions raised earlier (value, accountability, application size/mix)

Several areas of the reform plan will likely be most important for federal technology management and service delivery. These include:

- **Focus on an Empowered CIO Position:** These portions of the reform plan will give essential support for Federal CIOs to drive technology change across agency enterprises. Empowered CIOs are needed to set enterprise goals, push standardization



though the organization, and drive more efficient technology use. By strengthening the CIO position, there will be greater accountability for achieving targeted agency goals.

- **Move to Data Center Consolidation Plan:** The increase in data centers across the Federal Government over the past decade has been dramatic. The task now is to consolidate these data centers to drive down costs and increase efficiency. Harvesting economies of scale is critical for the effective allocation of federal technology investments.
- **Focus on Shared Services:** The move to shared services (rather than each program or agency serving itself) provides an important means for federal agencies to maximize the value of technology, create a services-led approach to technology delivery, and build more efficient IT services across the government enterprise.
- **Adapt Commercial Best Practices and Leverage New Technology Strategies:** A critical aspect of the reform plan is to adapt lessons learned and best practices in private sector technology for federal government organizations. Equally important, however, is to leverage some of the emerging technology strategies that provide alternative ways for IT modernization. The reform plan's solutions for acquisitions, commoditized services, the Cloud first policy, and secure Infrastructure as a Service (IaaS) are all important steps for the federal government.

## Longer Term Reform Issues

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The President's reform plan includes other strategically important goals that will likely require a longer time horizon to implement. These include:

- **Additional Investments in Government Personnel:** The federal government will need to invest in additional Contract Officers, Acquisition Officers, and Program Managers to drive and execute real change in procurement, acquisition, and management of technology projects. These investments must include education and training to support newer methodologies (e.g. Earned Value Management), to understand new technology models (e.g. Cloud Computing), and to develop new skill-sets (e.g. updated and evolving project management methodologies).
- **Technology Vendor Outreach, Partnerships, and Buy-in:** An effective technology and service provider community is an essential part of federal success with IT. As larger reforms take root, it will be vital for the federal government to increase its outreach to the vendor community, to continue to work in a partnership approach with this community, and to secure strong buy-in for the changes ahead. Issues such as procurement reform, timelines for consolidation, focus on cloud computing, etc., will all require on-going dialog with the vendor community to develop the right path forward.
- **An Agile Approach to IT:** One of the most difficult yet important aspects of the reform plan involves building a modular approach to technology investments. This will impact

multiple parts of the technology lifecycle (planning, budgeting, procurement, vendor engagement, management, etc.) and will likely require more effective and detailed use of newer methodologies (Earned Value Management, Project Portfolio Management, etc.) to support these goals.

## Conclusions

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President Obama's 25 Point Reform Plan represents an important advance to harvest the benefits of information technology while eliminating wasteful spending. While many aspects of the reform plan will have an immediate impact, others will likely require more time and continuing investments.

In addition to the issues described above, it will be important for federal officials to recognize the following:

- **Timing:** The reform plan includes goals for 6, 12, and 18 month time periods. While these goals are laudable, they may be overly ambitious. The federal government is an enormous enterprise and it is difficult to achieve significant structural changes in a short time horizon.
- **Assisting Agencies Through the Change:** While some agencies have embraced the changes proposed, other agencies may be more resistant to change. As the reform plan moves forward, some agencies will need significant guidance and on-going support to ensure progress. Proper incentives and disincentives will be critical in moving agencies in a cohesive fashion.
- **The Technology Silver Bullet:** In the end, it must be recognized that information technology represents the best mechanism to improve government efficiency and lower the cost of service delivery. Consequently, IT must remain an area of continued aggressive investment. The critical issue now is to protect and incentivize the IT reforms noted here, so that federal IT will maximize results while minimizing mistakes.

Thank you for your time and I look forward to your questions.

## Company and Analyst Background

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Gartner, Inc. (NYSE:[IT](#) - [News](#)) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is the valuable partner to 60,000 clients in 11,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 4,400 associates, including 1,200



research analysts and consultants, and clients in 85 countries. For more information, visit [www.gartner.com](http://www.gartner.com).

Rishi Sood is a vice president of government research at Gartner, where he leads the Gartner for Business Leaders research for the U.S. State and Local Government, U.S. Federal Government and Global Public Sector programs. In this capacity, Mr. Sood provides strategic direction for his clients by helping them understand key business issues, leading technology trends and drivers, demand for IT solutions, industry best practices, competitive landscapes, and future scenarios for public sector organizations. Within the state and local government marketplace, Mr. Sood specializes in the following agency segments: health, human services, tax/revenue and public safety. Mr. Sood's key technology areas include: Cloud Computing, E-Government, CRM, Outsourcing, Homeland Security, ERP and agency-specific solutions.

Within the U.S. federal government market, Mr. Sood focuses on the civilian, defense and intelligence agency segments. His key technology areas include Cloud Computing, E-government, Cybersecurity, RFID, CRM, IT Services, Outsourcing, Analytics and ERP. Mr. Sood's key business issues are government healthcare, homeland security, sustainability, transformation and sourcing.

Mr. Sood frequently presents at major industry conferences and is a regular contributor to leading IT services publications. He managed a monthly column called "Across the Digital Nation" for Washington Technology magazine. Mr. Sood has been a dedicated government analyst at Gartner for 17 years.

Mr. Sood joined Gartner with the acquisition of G2 Research, where he was vice president, managing the firm's Global Industries group, as well as being chief analyst for state and local government. Mr. Sood is a graduate of the University of Chicago.

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