

**Written Testimony of Molly O'Neill
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Prepared for

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“Innovating with Less: Examining Efforts to Reform
Information Technology Spending”**

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Chairman Carper, Senator Brown, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. My name is Molly O'Neill and I am a Vice President at CGI Federal Inc. (CGI), a global information technology and business process services firm. Prior to re-joining CGI in 2009, I served as the Chief Information Officer at the Environmental Protection Agency (EPA). On behalf of my 31,000 colleagues at CGI, I am honored to provide some thoughts today around ongoing efforts to reform IT spending across the federal government.

CGI has partnered with its commercial and federal, state, and local government clients for more than 36 years on a wide array of technology projects. As a company, CGI has worked with more than 100 federal organizations, so like the members of this Subcommittee, CGI has recognized patterns across government that aren't always visible within a specific agency given its focus on a single core mission. CGI takes very seriously its responsibility, not only to its individual clients, but also to the entire federal government and, as a result, CGI welcomes this opportunity to share its observations.

Among its recent noteworthy projects, CGI was proud to partner with the EPA to support the Recovery Accountability & Transparency Board with the rapid development and deployment of FederalReporting.gov, which served as the "in box" for recipients of Recovery Act funds to report their spending. CGI also has had the honor of testifying in front of this Subcommittee about its work as a Recovery Audit Contractor (RAC), helping identify nearly \$400 million of improper payments in the Medicare program. These projects are the latest in a long line of successful federal partnerships where CGI has worked side by side with federal employees to achieve the agency mission.

Additionally, as one of three cloud services providers granted a certified-secure, permanent "Authority to Operate" by the General Services Administration (GSA) last year, CGI has now implemented cloud solutions for a number of clients under the Infrastructure-as-a-Service (IaaS) contract vehicle.

CGI applauds the Administration and Congress not only for its continued efforts to eliminate wasteful IT spending, but also for its recognition that continued investment in IT will save money, improve efficiency, increase transparency, encourage innovation, and provide better service to U.S. citizens and businesses. In particular, CGI thanks you, Chairman Carper, as well as Senator Brown, Chairman Lieberman, and Senator Collins for your introduction and support of the Information Technology Investment Management Act of 2011. This legislation encourages more active oversight of IT programs across government and also provides creative new incentives to reward individuals who help their agencies succeed with the acquisition and implementation of these initiatives.

Additionally, the "Cloud First" initiative, the 25-point plan, and the "Shared First" initiative all represent positive steps forward in this area. However, it should come as no surprise that with such significant changes also come significant challenges as federal agencies look to implement and realize the maximum benefit associated with new technologies. In my testimony today, I will discuss some of CGI's specific experiences as a service provider of cloud computing, describe some of the barriers that stand in the way of faster adoption of new technologies, and offer some recommendations for how government

and industry can move beyond the cloud to collaborate on solutions that allow us to “do both more and better, but with less.”

Cloud Computing Experience: Successes and Barriers

In October 2010, CGI was honored to be one of the 12 companies selected by the GSA to provide cloud services on the government-wide Infrastructure-as-a-Service (IaaS) contract vehicle. Over the 10 months that followed, CGI’s cloud computing environment underwent a rigorous evaluation process that resulted in receipt of a permanent “Authority to Operate” (ATO), allowing CGI to begin providing certified-secure cloud services to government agencies. In addition to meeting the technical and management requirements outlined in the contract, the ATO’s Assessment and Accreditation process ensured that CGI met all of the necessary federal security requirements, including the Federal Information Security Management Act (FISMA). In September 2011, CGI was awarded the first competitively-bid task order under the IaaS vehicle by the Department of Homeland Security (DHS) to move all of the Department’s public websites to the cloud. Since then, CGI has won a number of additional task orders under the same vehicle, including projects for the GSA’s Office of Citizen Services and the National Archives and Records Administration (NARA). In each of these situations, CGI’s clients were able to quickly complete their task orders under the IaaS vehicle and move forward with a contract award. CGI is now delivering more than \$100 million in secure cloud solutions to agencies ranging from DHS to the Department of Labor and the Nuclear Regulatory Commission.

Based on these projects and discussions with numerous other federal agencies over the past year, CGI offers the following observations for consideration:

- **Cloud helps deliver real cost savings in the short-term.** There are two major drivers that lead to cost savings. The first is the speed at which new systems can transition and go live in the cloud. Traditionally, it would take at least six (6) months to launch a website or system, but with cloud, that timeframe is dramatically reduced. For instance, CGI worked with the GSA to bring 30 systems live in less than 90 days. As a result, the agency has reduced its server footprint by 50-70 percent. In the case of NARA, Archives.gov was live 10 days after contract signing and was able to handle the crush of 65 million visitors coming to the site in conjunction with the 1940s census data release. At DHS, the RestoretheGulf.gov and StudyintheStates.dhs.gov websites were deployed in CGI’s secure public cloud just six (6) weeks after project kickoff. The second cost savings driver is that agencies only pay for the capacity that they need. So, instead of running data centers that continuously provide peak capacity, CGI’s cloud clients have significantly lower day-to-day costs and clients pay only for added capacity when needed. For example, capacity would surge for fema.gov when a hurricane approaches the coastline. With cloud, clients also have more control over costs. Under CGI’s contract with DHS, CGI notifies the Department when 80 percent of a monthly not-to-exceed dollar limit is reached and does not bill any costs beyond an approved threshold unless the contract is modified.

- **When migrating to the cloud, agencies can have confidence in strong security.** The number one cloud question federal agencies ask CGI is: “Is the cloud secure?” Having taken many agencies live in the cloud, CGI can answer, “yes,” because its cloud is designed to meet federal security requirements. Specifically, CGI’s federal cloud was built to ensure that agencies have automated security management, greater redundancy, improved disaster recovery, and simplified security auditing. In addition, CGI has found that shifting public data to an external cloud has reduced agencies’ risk of exposing internal data. As a result, considerable opportunity remains to increase government savings from the cloud while maintaining strong system security. CGI’s federal cloud provides FISMA compliance for low and moderate impact systems, which represent 88 percent of federal agency systems. To date, agencies have migrated only a tiny fraction of these systems to the cloud. This Subcommittee can encourage agencies to seize on this savings opportunity by moving beyond the security question to migrate low and moderate impact systems to certified-secure federal clouds.
- **Strong leadership and inter-departmental cooperation increase the results from cloud.** CGI commends the GSA for both: (1) its leadership role with the IaaS contract, which provides agencies with a vehicle to quickly access secure cloud solutions, and (2) the recent development of the FedRAMP model, which represents a significant and necessary step forward as the federal government looks to implement the cloud. It is critical that the federal government adopt a common risk framework for all its agencies. Without this consistency, agencies are likely to look for highly-customized solutions that often hold no real extra benefit and severely limit potential cost savings. Moving forward, CGI is hopeful that FedRAMP will have the necessary resources to operate efficiently and avoid becoming a bottleneck given the tremendous existing (and likely continuing) demand for cloud services.
- **Significant acquisition challenges exist.** In discussions with dozens of agencies on this topic, CGI has seen a wide variety of approaches to transitioning to the cloud. CGI agrees with the GAO’s assessment that statutory changes are necessary to adjust IT budget models to better enable flexible development. However, the existing tools also can be used more widely. Although many agencies have moved aggressively into the cloud and used existing contract vehicles, many others have struggled to modify their procurement methods when purchasing cloud services. Cloud computing not only represents a fundamental change to how IT services are delivered, but also in how they are procured. The notion of paying for IT services in a more “elastic” fashion is very different from the traditional “firm fixed price” and “time-and-materials” contracts familiar to most government acquisition professionals. Additionally, many agencies are pursuing lengthy procurement processes rather than using readily-available contract vehicles that could significantly accelerate cloud migration. Continued education around these tools and the “new way” of acquiring these IT services will be critical going forward. In addition, strong leadership across federal agencies, continued oversight, and encouragement from the members of this Subcommittee are also critical to reduce acquisition costs and accelerate IT cost reduction from cloud migrations.

Moving Beyond the Cloud: Technology

Although cloud computing receives most of the public's attention, there are a number of other IT opportunities that would allow for increased collaboration between the public and private sectors and push government to achieve greater cost savings and provide better service to citizens. In general, CGI and other private sector companies stand ready to respond quickly and provide the latest skills and technology around the emerging needs of federal agencies. In CGI's experience, this serves as the best complement to government staff, who remain experts in their agencies' missions.

Cybersecurity issues remain important to all current and future government technology. That said, there are significant opportunities ahead in government IT. New technology can springboard government into a new era of efficiency and transparency. The caution, based on lessons learned, is not to address these new technologies in silos. Although investment in the cloud, mobility, and data analytics will result in cost savings, it's the convergence of these technologies that will have the greatest impact on transforming government. Just imagine the day when a member of Congress can search real-time data to analyze the effectiveness of a program anytime and anywhere, because the data is stored in a secure cloud and made available to any device. The quest for such meaningful data is now within reach.

- **Join the mobility revolution** – The power and explosion of mobile devices is one of the biggest disruptions in government IT. The obvious benefit is the anywhere, anytime access. However, to unleash this power, agencies must develop data and applications to meet the new mobile world. Today, industry will say that mobile application development is not difficult. The challenge is unleashing the data from legacy systems into these mobile applications. Earlier this year, OMB engaged the public in a conversation on federal mobile strategy. This strategy should include policies for provisioning and managing mobile devices to ensure cost savings. But real success requires a focus on data quality, access, and architecture principles that will enable liberation of the data so that the information can be leveraged and used more broadly both in and out of a mobile environment. If these principles continue to be pushed, then the government can fundamentally change the way it does business. For example, CGI's application called "IQ Suite" enables clients to view the status, risks, and performance metrics of its IT projects. CGI's clients view this real-time data anytime and anywhere, replacing the need for a "monthly" progress report full of static and outdated data.
- **Liberate "big data" to harness actionable information.** The topic of "big data" and analytics is increasingly on the list of top challenges facing federal agencies. CGI sees it as a huge opportunity for federal agencies to harness their data to allow for more detailed analysis of agency operations and provide unparalleled transparency into how government spends money and what outcomes it achieves. Agencies can move from simply collecting and manipulating data to actually using the data to create actionable information. To drive results, Congress must identify and eliminate stovepipes that may prevent a broader implementation of these tools

across the federal government. These tools also can play a valuable role in detecting and eliminating fraud and identifying overlapping programs. In fact, every day, CGI sees firsthand the value in data analytics in the work it does in the recovery of fraud, waste, and abuse.

Moving Beyond the Cloud: New Ways of Procuring and Delivering IT Services

Technology alone can produce savings, but how the federal government procures and delivers IT can offer savings too. Below are just a few examples of the ideas that CGI currently deploys across its portfolio of government and commercial clients.

- **Expand the map – Diversify the geography of IT delivery.** Cloud computing shows that IT applications and systems can be developed and hosted anywhere in the United States. This model is not new for CGI. Today, through three (3) onshore centers of excellence in Belton, Texas; Lebanon, Virginia; and Troy, Alabama; CGI provides its government and commercial clients with high-quality IT services at costs significantly below the average for metropolitan U.S. cities, delivering cost savings of approximately 20 to 30 percent while providing meaningful job growth and economic development in these communities. By 2016, CGI will have added more than 1,000 jobs in these centers and plans to continue making investments in other communities around the country. Congress and the Administration should encourage agencies to seek out new delivery models when procuring IT services.
- **Encourage innovative contracting models that can help deliver more with less.** In addition to the recommendations in GAO's report regarding statutory changes to enable more flexible IT development and consolidate authority with agency CIOs, Congress and the Administration should provide agencies with more freedom to enter into innovative agreements with industry to allow government to significantly reduce its up-front costs. As you know, the CMS RAC program is funded through contingency fees. CGI and its fellow RACs pay all of the set-up costs and get paid a percentage of amounts successfully recovered. There are many other areas across government where the private sector could assume initial costs and get paid only when agencies begin seeing the benefits of reduced costs and/or enhanced revenues. However, since the 2009 sunset of the "Share in Savings" provision of the E-Government Act of 2002, agencies rarely have the ability to enter into this type of innovative agreement. If the federal government wants to do more with less, then it should embrace new methods of contracting that shift risk and up-front costs to industry partners. Otherwise, given the tight federal budget environment, there will continue to be a challenge around significant, short-term investments justified by long-term returns.

In closing, this fundamental shift in technology can enable a more effective, efficient, and transparent federal government. Movement to the cloud will result in lower IT costs and the ability to share software and services more widely across the federal enterprise. However, the cloud only represents a small part of what is possible. Whether it is how IT services are procured or where they are performed,

Congress and federal agencies also must capitalize on other ways to save money and allow for more investment in technologies to maximize the benefit to the general public. Expanded investment in data quality and broader use of new technologies aimed at liberating data from old systems represents an opportunity for the federal government to provide better and more accurate information to citizens and enable Congress to make more informed decisions around budget priorities. All of these objectives can be achieved by ensuring discipline in spending, leveraging existing investments, and investing in emerging technologies to improve government services.

Thank you once again for the opportunity to participate in this important hearing. I would be happy to answer any questions that the Committee may have.