

# **Cloud and IT Acquisition Policy- recommendations and next steps**

Presentation to the Section 809 Commission



There is currently a widespread prevalence of “fossil computers”

- Keeping the lights on will be a growing technical and budget challenge for agencies.
- On Prem infrastructure has a large and costly maintenance tail – but will continue to be essential to mission and agency ops for years to come.
- Updates, emerging cyber requirements and physical infrastructure will become more costly over time.
- Where in the heck do we find qualified COBOL programmers anymore?

## How do we address our crumbling IT infrastructure problem?

- Broad consensus that status quo of legacy IT base is unsustainable, unprotectible and too costly.
- On average, GAO reports that agencies are spending 75% of budget keeping the lights on. DME spending falling or has reached 90% plus percent of IT budget in some agencies.
- Cyberattacks accelerating -- with no end in sight.
- IT Modernization an agency *and* a national security imperative.

## How do these problems relate to IT Acquisition Policy?

- You will see an acceleration to the cloud under the rubric of “IT Modernization.”
- Result of emphasis on “buy, don’t build” philosophy for government IT.
- Result: A renewed focus upon Commercial item procurement.
- Plus enhanced pressure to “Buy American”.
- And increased scrutiny over waste, fraud and abuse.
- Focus upon accelerating DME spending rather than O&M.

## Acquisition approaches need to be updated and modernized for IT

- Fundamental change occurring in the fashion in which government “consumes” IT.
- FAR is obsolete and needs to evolve.
- Reform agency business processes and get rid of those that no longer make sense- no “lift and shift”!
- How do we accelerate IT Modernization?

## DOD recognized this issue in 2009!

- Department of Defense Policies and Procedures for the Acquisition of Information Technology (March 2009)- a seminal report by the Defense Science Board on the need to evolve IT acquisition.
- “The Task Force believes that there is a need for a unique acquisition process for information technology.”
- DOD says that the FAR is obsolete and needs to significantly change.
- Takes an enterprise-wide view of IT; “such a process must be designed to accommodate the rapid evolution of information technologies; their increasingly critical position in DOD warfare systems...and the ever evolving and often urgent IT needs of our warfighters.

## DOD 2009 Recommendations map against fundamental changes to IT development and deployment processes

- Calls for rapid, multiple increments and releases- a “dev ops” or “agile” development methodology (vice “waterfall”).
- Early successful prototyping using well-defined objectives, not over-defined requirements.
- Early operational release of less-than-perfect code.
- Modular, open-systems approach.
- Making schedule the priority for release of available capability.

But the proposed DOD methodology already overtaken by events- fundamental change are occurring in the fashion in which government “consumes” IT.

- May still apply to government-developed IT systems; however does not address the transition to “Everything as a service....” product offerings that started with SaaS/IaaS/PaaS.
- Now includes just about everything- cybersecurity; identity management; common functions like HR and Finance.
- What this means- Government no longer “consumes” IT as a matter of “feeds and speeds”.
- SLA’s are transitioning to definition of “workloads”- specifying a requirement to achieve a specific outcomes at a specific price.



## Is FAR really obsolete?

- FAR does offer flexibilities if properly applied.
- Currently two approaches to reforming the FAR under active discussion within the community.
- Revise FAR Part 39 and FAR Part 41- but is IT really a “utility”?
- GSA- wants to amend FAR Part 16.5 and make cloud a “requirements” style procurement. *But many issues here. Call for public comment through CAFÉ project.*
- What about rewriting FAR Part 39 to specifically address cloud procurement? Include performance-based contracting principles and authorize use of ESCO’s?
- Big problem for both approaches- How do you define “consumption-based” pricing?
- Fiscal law problem- anti-deficiency act for termination liability? Currently, agencies must set-aside sufficient funds to cover usage increases and premature terminations. Cloud blows up this model.

## What is the future of IT acquisition Innovation?

- Part of the answer may be to accelerate innovative acquisition techniques.
- Rapid prototyping/Pilots/OTA's/Agile and Modular contracting.
- NDAA sections 880 and 879.
- What about having Procurement Innovation Labs across all agencies?
- DOD DIUX initiative?
- Want “nontraditional defense contractors” to bring the latest technology to the warfighter? Better start talking their language!
- DOD needs them more than the other way around!



THANK YOU!

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