

**Written Testimony of Kenyon Wells
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Field Hearing

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Chairman Mica, Congressman Connolly, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. My name is Kenyon Wells and I am a Vice President at CGI Federal Inc. (CGI), a global information technology and business process services firm. On behalf of my 69,000 colleagues at CGI, I am honored to provide some thoughts today about ongoing efforts of federal agencies to optimize use of their data centers and move to greater use of cloud computing technology.

CGI has partnered with its commercial and federal, state, and local government clients for more than 37 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 observed 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.

In February 2013, CGI became just the second company to be granted a Federal Risk and Authorization Management Program (FedRAMPSM) cloud security Provisional Authority to Operate (P-ATO). In addition, an independent, accredited third party assessment organization audited the implementation to ensure that security controls were in place and CGI's cloud would continue to meet the Federal Government's stringent security requirements.

CGI also is one of only three companies awarded positions on two key General Services Administration (GSA) government-wide cloud blanket purchase agreements (BPAs) for Infrastructure-as-a-Service (IaaS) and Email-as-a-Service. In addition, CGI's cloud clients include numerous state government and commercial entities. As a result, CGI has an ability to look across the Federal landscape as well as other markets to see how rapidly-evolving technology is transforming how enterprises and entire industries meet their mission. CGI is now delivering more than \$100 million in secure cloud solutions to agencies ranging from the Department of Homeland Security (DHS) to the Nuclear Regulatory Commission.

CGI applauds this Subcommittee 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 the leadership of this Subcommittee as well as Chairman Issa and the full Oversight and Government Reform Committee for bringing many important issues to light with the introduction of H.R. 1232, the Federal Information Technology Acquisition Reform Act, and for the open and transparent manner in which the legislation was drafted.

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 broader optimization efforts, 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 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 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 complete their task orders quickly under the IaaS vehicle and move forward with a contract award.

In June of 2012, CGI began moving through the FedRAMP process. Based on its FedRAMP experience as well as its cloud computing projects and discussions with numerous other federal agencies, 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 cost savings driver 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 the 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 GSA has reduced its server footprint by 50-70 percent. 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 pay only for added capacity when needed. For example, CGI stood ready to add more capacity to Ready.Gov as Hurricane Sandy moved up the coast. CGI actively monitored the situation and its cloud was able to handle this unprecedented increase in traffic with no performance issues or without any change or disruption to the user or citizen experience. With cloud, clients also have more control over costs. Under its 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.

- **Strong leadership and inter-departmental cooperation increase the results from cloud.** CGI commends the Department of Defense (DoD), the DHS, and the GSA for their collaboration as members of the Joint Authorization Board (JAB) overseeing the FedRAMP program, which represents a significant and necessary step forward as the federal government looks to implement the cloud. FedRAMP's common risk framework for all agencies is a critical piece of the puzzle. Without this consistency, agencies would look for highly-customized solutions that often hold no real extra benefit and severely limit potential cost savings. In CGI's experience, FedRAMP security requirements to achieve a P-ATO are at least as strong as those under the IaaS contract vehicle or individual agency ATOs. Additionally, FedRAMP's continuous monitoring process is more frequent and detailed than those in place at most individual agencies, which should create more confidence in the security around commercial providers receiving their P-ATO. Finally, FedRAMP allows agencies to achieve additional savings through the elimination of redundant security assessments. The GSA estimates a savings of \$200,000 per authorization.
- **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. Although some agencies have moved 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 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 could pursue lengthy procurement processes rather than using readily-available contract vehicles that could significantly accelerate cloud migration. In some cases, these agencies may actually look to build their own cloud computing environments "from scratch" instead of utilizing a certified commercial cloud solution. These efforts would significantly undercut the ability of federal agencies to achieve cost savings since this approach requires large investments in new infrastructure rather than leveraging similar investments already made by commercial providers.
- **Cost savings are often difficult to quantify.** As the GAO report indicates, many agencies struggle to determine just how much they save due to certain modernization and consolidation initiatives. The challenges here are exacerbated by the lack of baseline IT costs on an agency by agency basis. Additionally, there are some initial costs associated with moving to cloud

computing or closing down data centers, which can significantly reduce and sometimes completely eliminate short run cost savings without sacrificing significant savings in the long run. Finally, for many departments and agencies, a FedRAMP cloud solution provides stronger security and additional services than the baseline application or service, so even if current baseline costs are known they often don't meet today's compliance and security requirements.

- **Agency Chief Information Officers (CIOs) lack the necessary authority to implement broad changes.** Many of the federal cloud implementations to date have been focused on migrating public facing content and email. However, the real savings will be achieved only when agencies more aggressively push their applications to the cloud. This shift will help accelerate the data center optimization effort and drive associated cost savings. From CGI's vantage point, many agency CIOs appear ready to push for more aggressive cloud efforts, but seem unable to override objections from individual program offices. Although CGI recognizes that there are often valid concerns associated with such cloud efforts, many of these concerns can and should be resolved so that agencies can take advantage of new technology.

Recommendations for Moving Forward

Several provisions in H.R. 1232 will help agencies move forward more aggressively. Expanded authority and accountability for agency CIOs will enable agencies to migrate IT infrastructure and applications more rapidly. An agency CIO with greater authority would have the opportunity to not only achieve some quick wins, but to think more broadly about how the entire agency can use cloud to improve efficiency, enhance security, and drive down costs. Rather than attempting to address individual pieces such as data center optimization, an agency CIO could look across the enterprise and drive savings through the entire IT portfolio.

Allowing for agency re-investment of data center optimization savings creates a powerful new incentive that will spur quicker and broader modernization efforts. Requiring agencies to conduct and maintain an inventory of all IT assets will not only enable better "baseline" data around IT spending to measure savings, but allow for better information security. Strengthening the acquisition workforce also will help to eliminate scenarios where traditional acquisition models are used when buying cloud services.

CGI respectfully submits that another piece of the puzzle is to encourage innovative contracting models that can help deliver more with less. Congress and the Administration should provide agencies with more freedom to enter into agreements with industry to allow government to significantly reduce its initial costs. Many of CGI's commercial and state government clients have entered into such agreements where CGI assumes the initial transition costs so that the client starts experiencing savings on Day One. However, since the 2009 sunset of the "Share in Savings" provision of the E-Government Act of 2002, federal 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 initial 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.

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.