Show Me the Money:

The Key to Doubling Agency Savings

April 28, 2014

Underwritten by:

As Feds search high and low for savings, the answer may be right inside their data centers.

Agencies are making progress on a series of key infrastructure initiatives: **consolidation, virtualization, cloud computing, remote access, and infrastructure diversification**. But, so far, savings are limited.

What potential savings do Federal network managers see in these initiatives? What savings opportunities are they failing to capture? And, importantly, how can they close the gap?
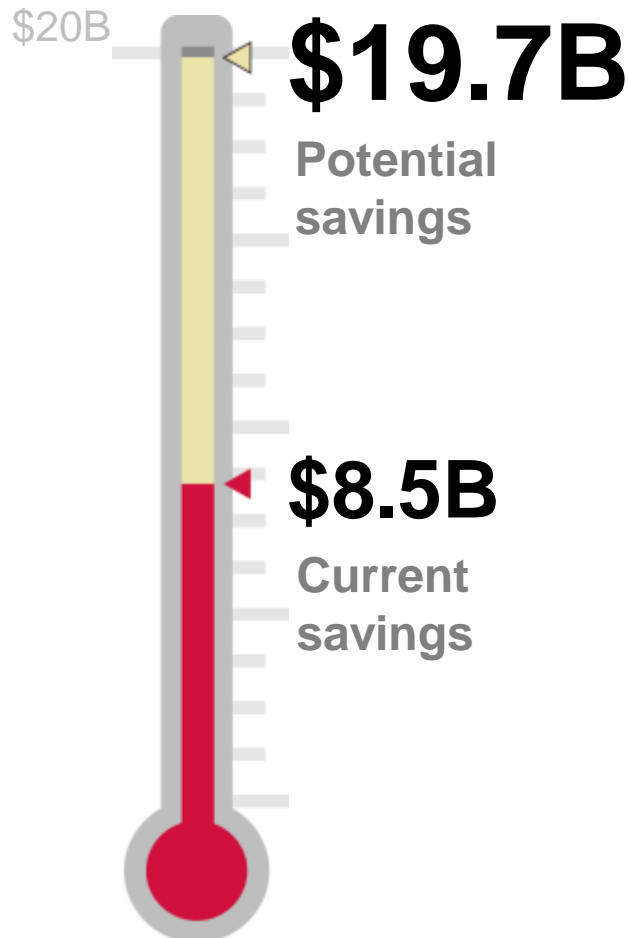
MeriTalk surveyed 300 government network managers for the **Show Me the Money** report – providing peer-sourced savings estimates and determining how much agencies are leaving on the table. The report highlights the critical role of the network and identifies changes agencies must make to maximize IT savings.

- Federal agencies are saving with key IT infrastructure initiatives – consolidation, virtualization, cloud, remote access, and diversification:
  - Feds are furthest along with **remote access systems** (**70%**) and **consolidation efforts** (**62%**), but have work to do on the remaining initiatives
  - So far, agencies have saved 10% of IT budgets or **$8.5B** annually
- But Feds are leaving money on the table:
  - Agencies estimate these initiatives have the potential to deliver **more than double** the current savings
  - By fully leveraging all five initiatives, network managers believe they could save **24%** of their IT budgets, or approximately **$19.7B** each year
- How do we close the gap?
  - Two thirds of respondents say their current networks are **ill-equipped** to support these initiatives
  - To maximize cost-savings, network managers estimate they would need to change **26%** of their current network infrastructure, and increase their network capacity by an average of **26%**
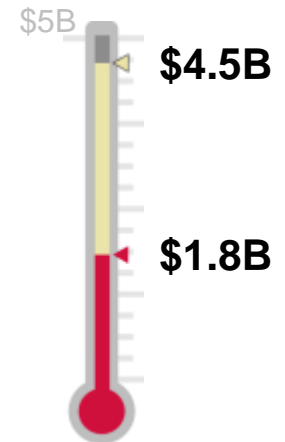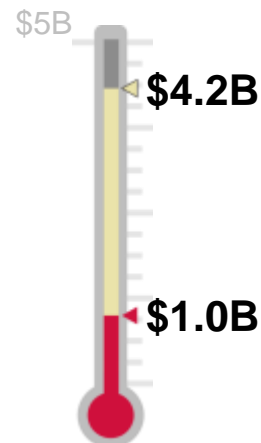
Savings Potential

Total Annual Savings*

$20B

$19.7B
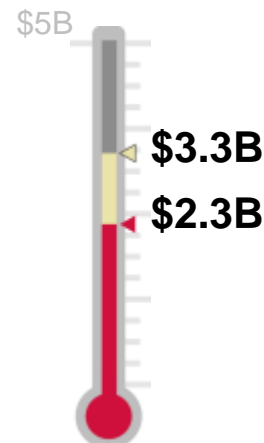Potential savings

$8.5B
Current savings

Consolidation
$5B
$4.7B
$1.9B

Virtualization
$5B
$4.5B
$1.8B
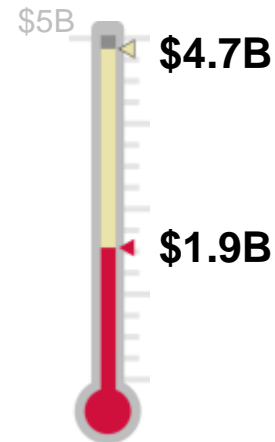
Cloud Computing
$5B
$4.2B
$1.0B

Remote Access
$5B
$3.3B
$2.3B

Diversification
$5B
$3.0B
$1.5B
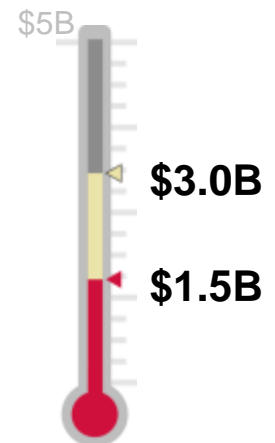
(Total potential savings according to all respondents. Current savings according to those fully or partially deployed.)

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*Respondents asked to estimate combined savings potential, savings potential from individual efforts, and savings to date. Total savings calculated as a percentage of the $82B FY 2014 IT budget, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/topics.pdf page 349

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The Government IT Network

- Five key IT initiatives – consolidation, virtualization, cloud computing, remote access, and diversification – stand to save Feds nearly $20B through increased efficiencies and reduced expenditures

What percentage of your agency's total IT budget do you believe you could **save** by successfully leveraging the combination of these five initiatives?

24% annually or
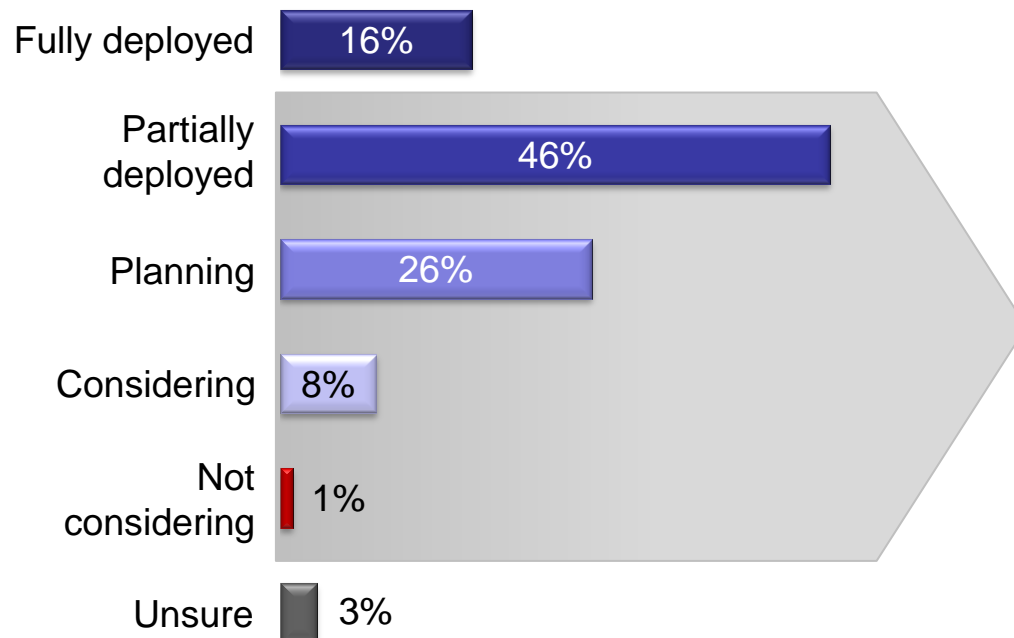**$19.7 Billion***

How?*

- ✓ Increased operating efficiency 53%
- ✓ Improved processes 44%
- ✓ Reduced operating expenditures 43%
- ✓ Improved services provided to support the agency mission 40%
- ✓ Reduced capital expenditures 39%

Take Away: **$20B is Within Reach**

- Feds say consolidation offers the greatest savings opportunity, but they are not even halfway to reaching their potential

Where is your agency with consolidation?

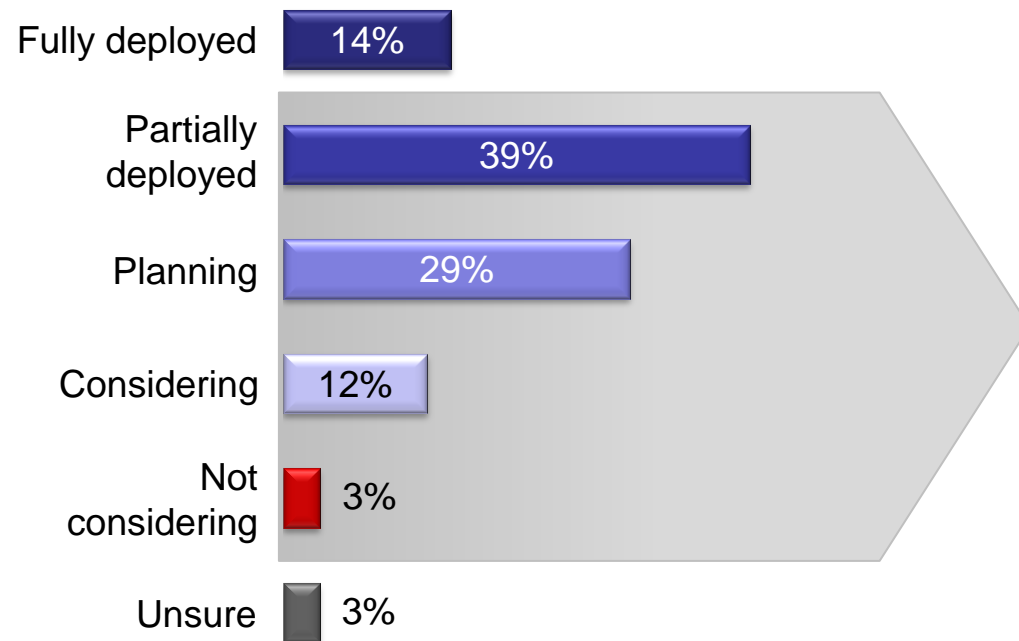|	
Fully deployed	16%
Partially deployed	46%
Planning	26%
Considering	8%
Not considering	1%
Unsure	3%

Current Savings Gap*

$5B

$4.7B possible

$1.9B achieved

Take Away: **Consolidate to Cash In**

- With just 14% of agencies completing virtualization initiatives, Feds are missing out on another $2.7B in potential savings

Where is your agency with virtualization?

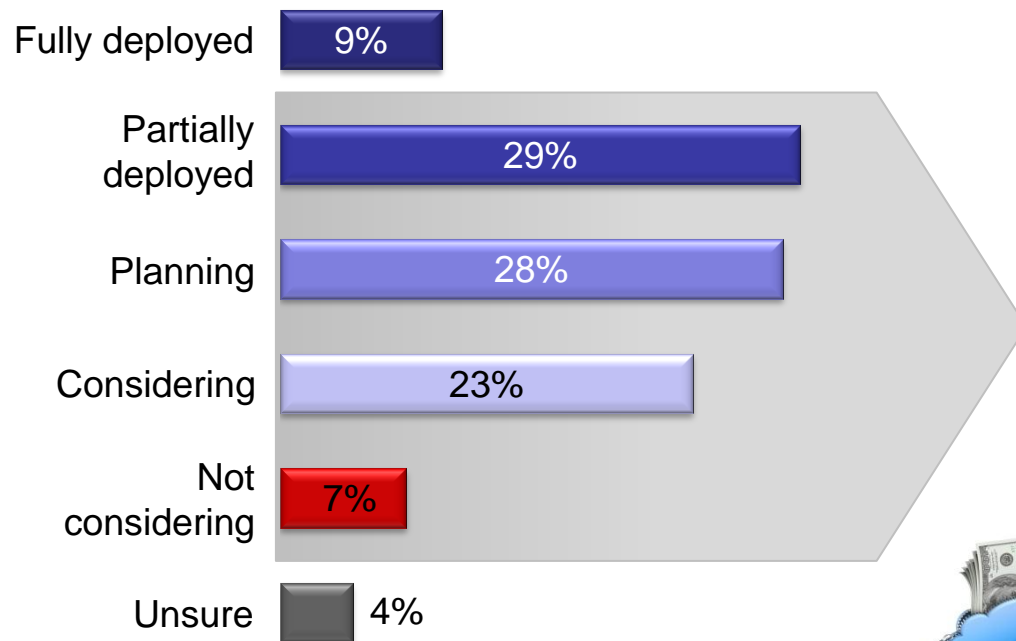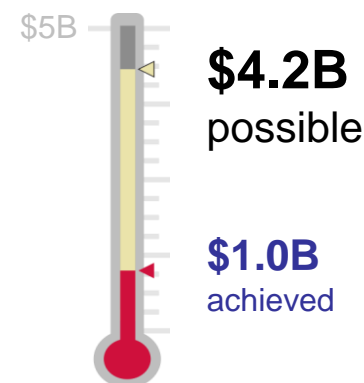|	
Fully deployed	14%
Partially deployed	39%
Planning	29%
Considering	12%
Not considering	3%
Unsure	3%

Current Savings Gap*

$5B

$4.5B possible

$1.8B achieved

Take Away: **Virtually Uninspired**

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- Tentative cloud adoption is costing Feds an estimated $3.2B annually

Where is your agency with cloud?

Category	Percentage
Fully deployed	9%
Partially deployed	29%
Planning	28%
Considering	23%
Not considering	7%
Unsure	4%

Current Savings Gap*

$5B

$4.2B possible

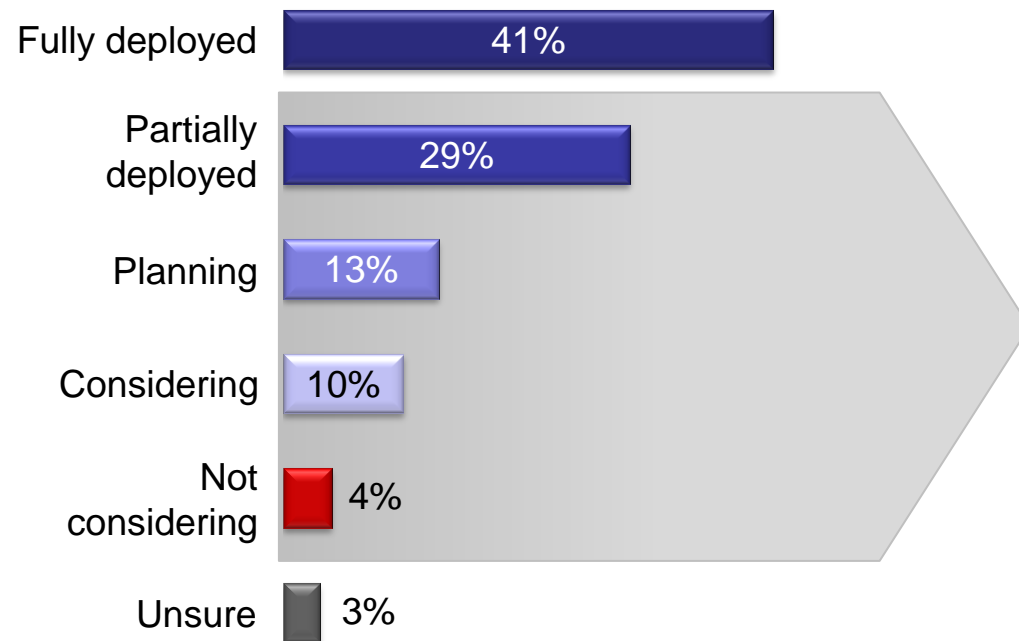**$1.0B** achieved

Top solutions to close the gap:

1. Data storage **28%**
2. Email/Collaboration **15%**
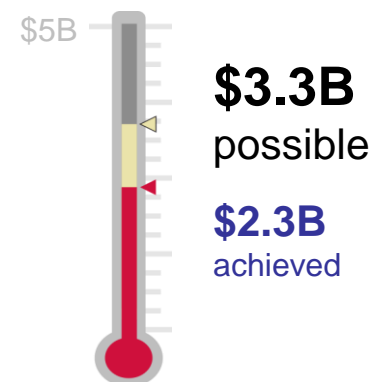3. Mission-specific applications **14%**

Take Away: **Cloud First for a Reason**

- Feds have made the most notable progress with remote access, capturing 70% of the perceived savings to date

Where is your agency with remote access?

Category	Percentage
Fully deployed	41%
Partially deployed	29%
Planning	13%
Considering	10%
Not considering	4%
Unsure	3%

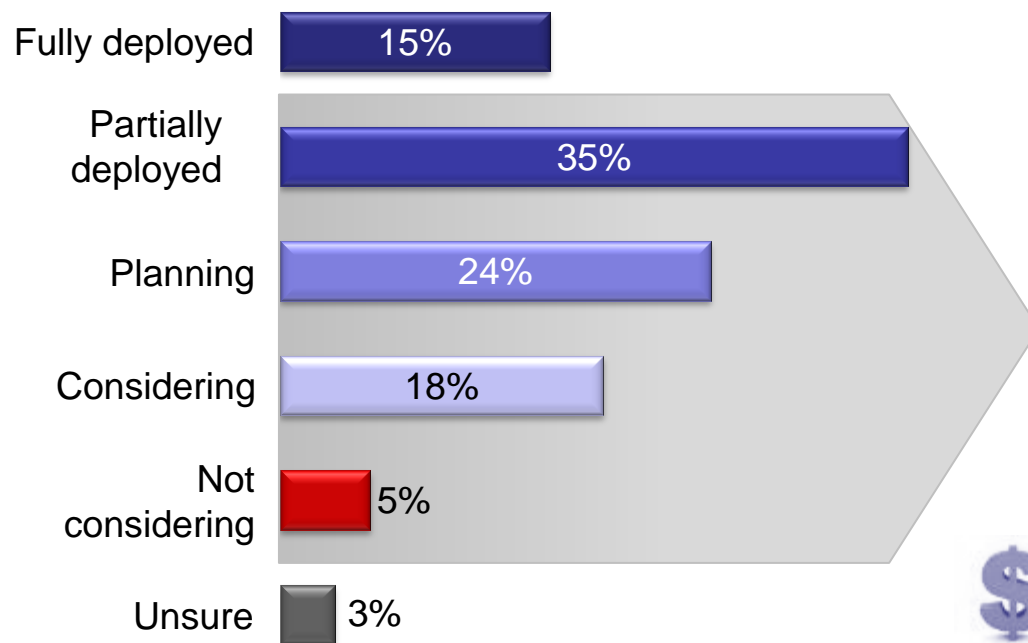**Current Savings Gap***

$5B
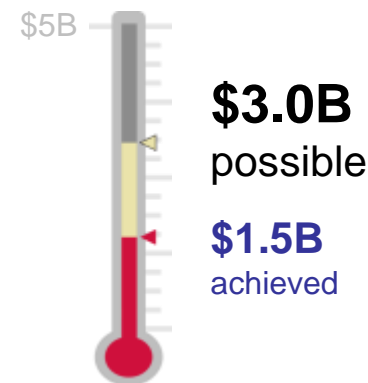
$3.3B possible

$2.3B achieved

Take Away: **Rousing Results with Remote Access**

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- While Feds agree additional vendor competition would reduce IT acquisition, service, and maintenance costs, few are fully diversified

Where is your agency with diversification?

Fully deployed	15%
Partially deployed	35%
Planning	24%
Considering	18%
Not considering	5%
Unsure	3%

Current Savings Gap*

$5B

$3.0B possible

$1.5B achieved

Moving in the right direction:

28% of Feds added at least one hardware manufacturer in the last year; **26%** diversified the network; **18%** diversified the data center

Take Away: **Diversifying Vendors Could Double Savings**

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- Respondents say networks are ill equipped to meet their mission needs, let alone support new cost-savings initiatives

Which component of your IT infrastructure is most vital to enabling efficiencies and cost-savings opportunities?

#1 Response: The Network

While respondents say networks are most vital for success, today:

Just **one in three** say their current infrastructure is well equipped to meet the demands of their agency's mission*

The majority say network issues such as poor connections, service disruptions, or downtime impact their mission at least bimonthly

Take Away: **Outdated Networks Stall Savings**

*Respondents who selected 8, 9, or 10 where 1 was not at all equipped and 10 was fully equipped

- Network managers call for network upgrades to support long-term savings

Respondents estimate that **26%** of their current IT network infrastructure would need to change to successfully leverage these cost-savings initiatives*
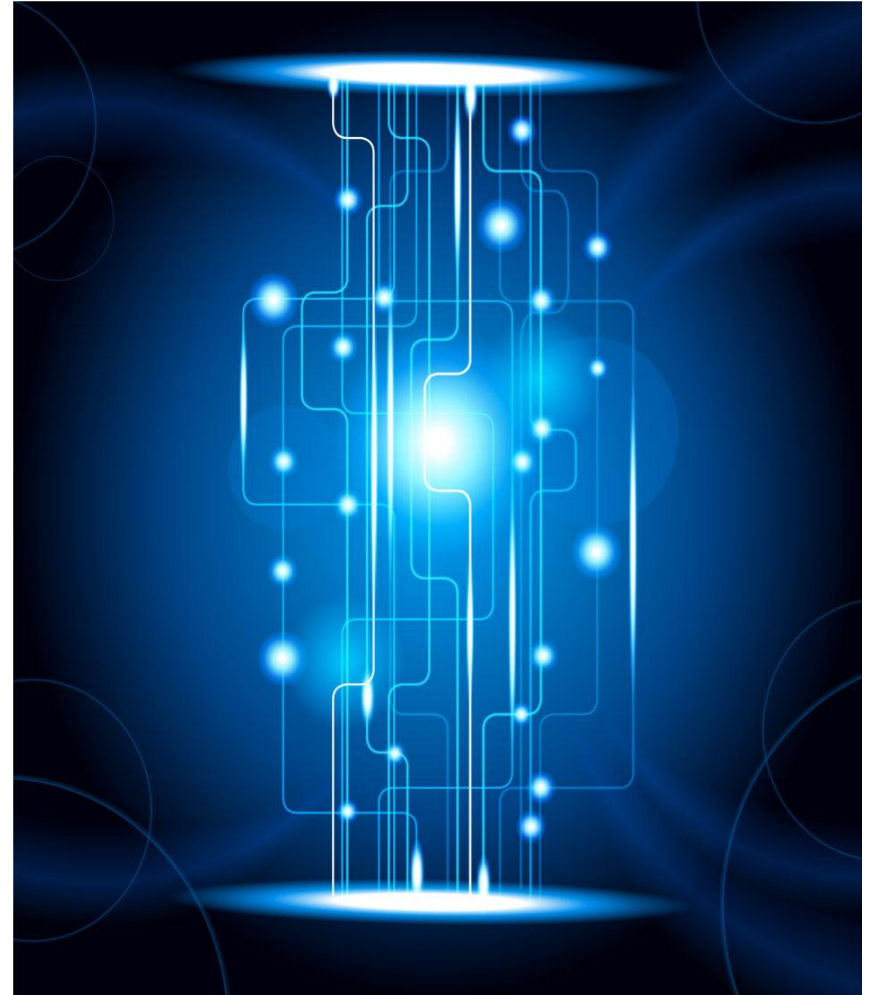
Respondents also believe their network load capacity needs to increase by an average of **26%**

92% of respondents say it is important to have a strong network infrastructure to support these five initiatives; **48%** say it is extremely important

Take Away: **Improve Networks to Increase Net Worth**

*Consolidation, virtualization, cloud computing, remote access, and infrastructure diversification

- **Focus on the network:** A strong network is critical to mission efforts and cost-savings initiatives. Feds must work to improve network capacity, connections, and reliability

- **Expand cloud efforts:** Today's Feds have realized just 24% of cloud's savings potential. To drive additional savings, make cloud a priority

- **Show them the money:** Visit Brocade's Federal Savings Calculator at www.fedsaver.com to find out how you can double your agency's savings

- MeriTalk, on behalf of Brocade, conducted an online survey of 300 Federal Network Managers in February 2014. The report has a margin of error of ± 5.62 at a 95% confidence level

Job title:	
28%	Network Director/Manager
22%	Network Administrator
4%	Network Architect
26%	Network Specialist or Engineer
20%	Information Technology (IT) Director/Manager or other Network Manager

Agency type:	
53%	Civilian agency
47%	DoD or Intel agency

100% of respondents are familiar with their agency's networking infrastructure

Thank You

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