

Welcome

2012  
**Beyond  
the Beltway**  
State & Local Government IT Market Watch

CENTER FOR  
**DIGITAL**  
GOVERNMENT

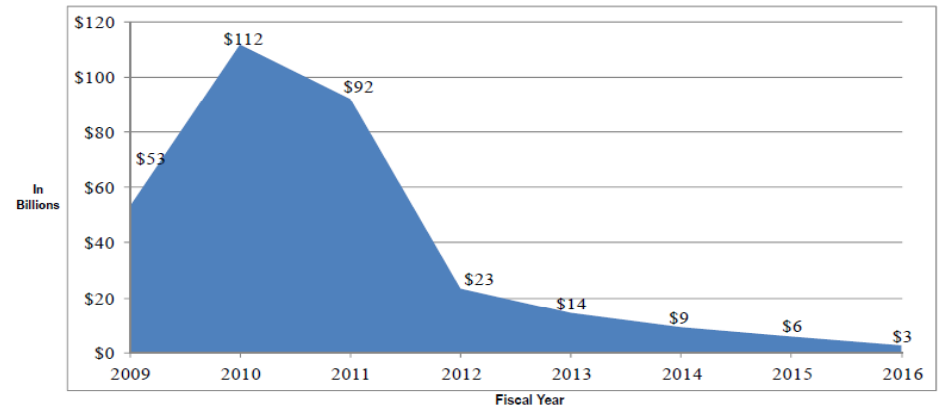
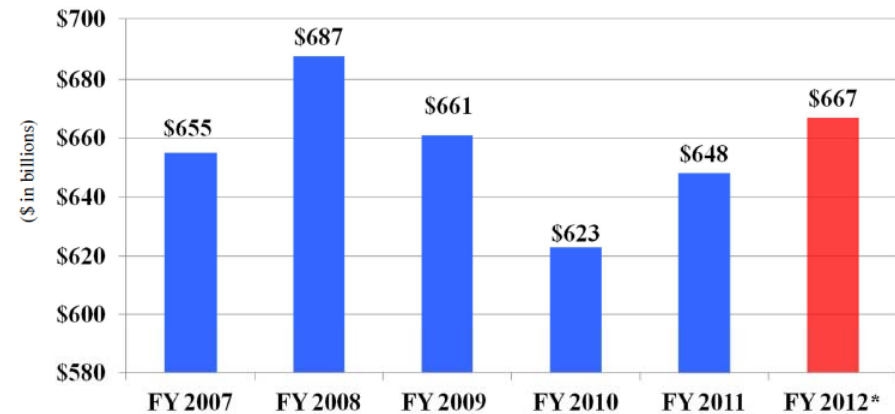
**TechAmerica**  
WHERE THE FUTURE BEGINS  
THE ASSOCIATION OF COMPANIES DRIVING INNOVATION WORLDWIDE

**GOVERNMENT TECHNOLOGY®**

# Where Are We Today?

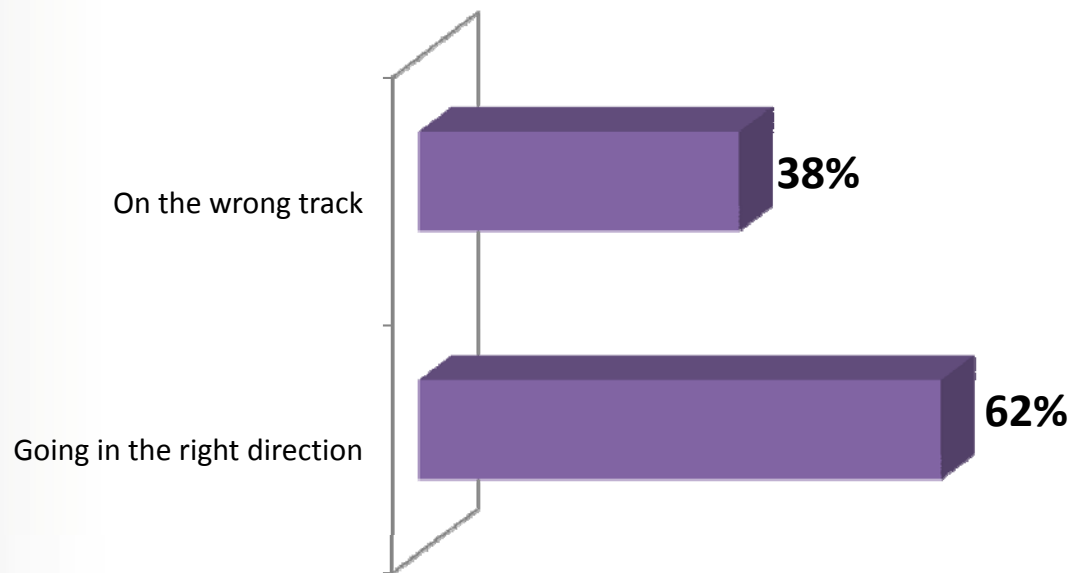
- **Funding Outlook**
  - Spending is starting to pick up
  - Tougher competition for general fund dollars
- **Federal Funding**
  - Limited federal funding
  - Federal funding accounted for **34.1%** of state spending

General Fund Spending: FY 2007-FY 2012 (in billions)



# Where Are We Today?

Overall, do you feel things in your state or locality are



**62%** of state and local government officials are **optimistic** about their financial condition

# Two Forces

## The people want

- Better service
- Less waste
- Balanced budgets
- Greater accountability
- More trust

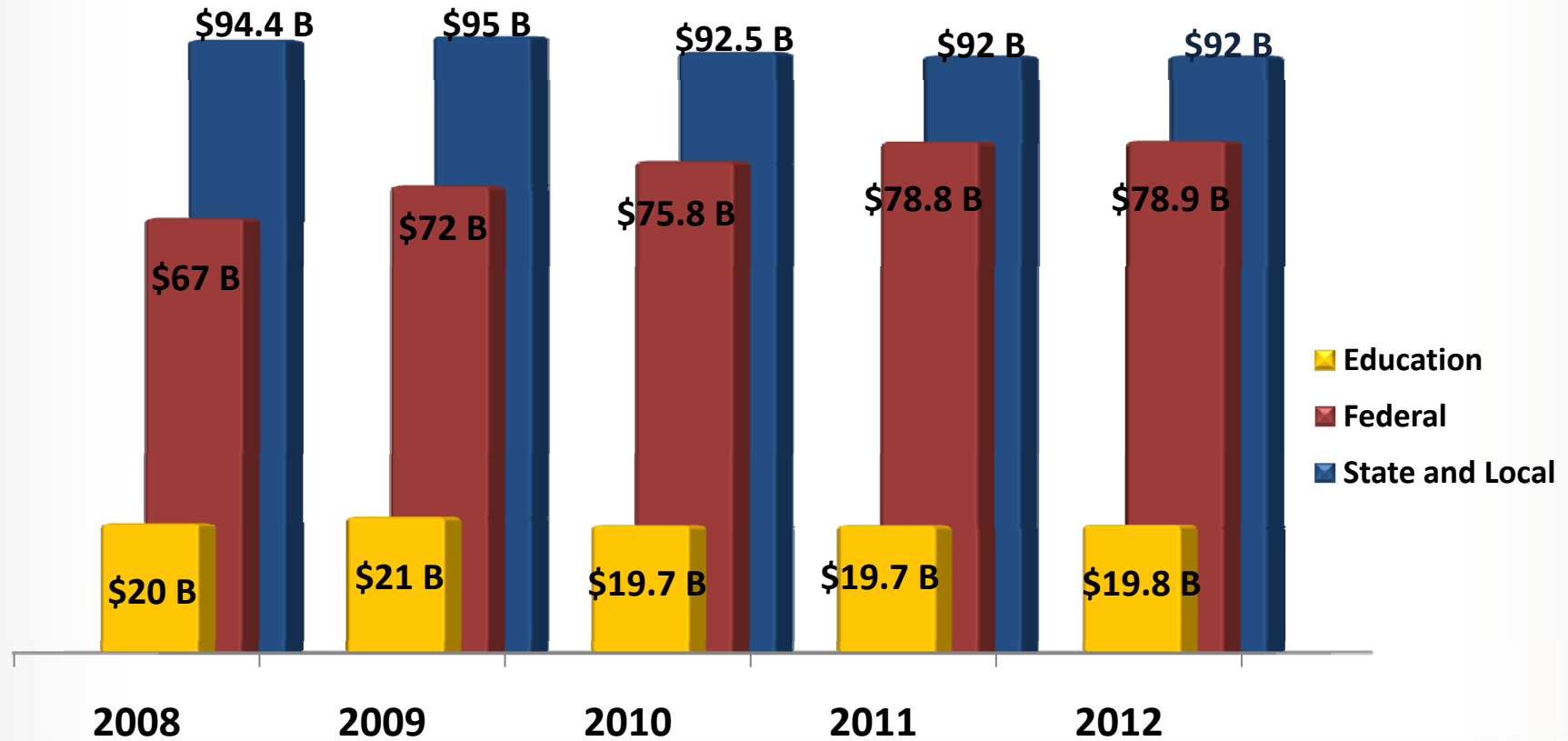
## While the public sector deals with:

- Budget cuts
- Increased turnover
- Difficulties attracting talent
- Challenging procurement
- More demand!!!

# The Big Picture

- States and local finances are **improving**. Having made the **hard choices** and deep cuts needed to balance their budgets, SLG is on the road to recovery and IT is getting them back to business.

# 2012 Public Sector IT Estimates



# 2012 Top 10 IT Spenders

## Top Ten States

✓ California	\$5.0B
✓ New York	\$3.8B
✓ Illinois	\$2.1B
✓ Pennsylvania	\$2.1B
✓ Texas	\$2.1B
✓ Florida	\$2.0B
✓ Ohio	\$1.8B
✓ Massachusetts	\$1.6B
✓ New Jersey	\$1.5B
✓ North Carolina	\$1.3B

## Top Ten Counties

✓ New York*	\$1.3B	✓ San Francisco*	\$131M
✓ Los Angeles	\$464M	✓ Fairfax	\$122M
✓ Wash DC*	\$209M	✓ Clark	\$121M
✓ Miami-Dade	\$151M	✓ Orange (CA)	\$108M
✓ Philadelphia*	\$147M	✓ King	\$108M

## Top Ten Cities

✓ New York City*	\$1.3B	✓ San Francisco*	\$131M
✓ Washington DC*	\$209M	✓ Houston*	\$81M
✓ Chicago	\$166M	✓ Seattle	\$77M
✓ Philadelphia*	\$147M	✓ Portland	\$71M
✓ Los Angeles	\$135M	✓ Phoenix	\$71M

# 2012 Center for Digital Government

2012 Estimated State and Local Government IT Spend

**\$92 Billion**

Vertical	2012 Estimated IT Spend
Health and Human Services	\$22.9 Billion
Transportation	\$9.5 Billion
Finance and Administration	\$8 Billion
Criminal Justice/Public Safety	\$7 Billion

# Health and Human Services

On average HHS makes up roughly **30%** of state budgets  
(*Medicaid is 23.6%*)

2012 Est. IT Spend:

**\$22.9 Billion**

- **Health Insurance Exchanges:** Funding continues to roll out and states will be busy releasing HIX solicitations over the next 6-8 months.
- **Medicaid Cost Containment:** Solutions for analyzing fraud & streamlining the costs of processing payments.
- **Integrated Eligibility:** Solutions for integrated single door entry for social services benefits
- **Vendor Opportunity:** Analytics, data warehousing, legacy modernization networking, mobile technologies, records management, imaging, fraud prevention

# Transportation

Transportation makes up roughly **10%** of federal aid to states

2012 Est. IT Spend:

**\$9.5 Billion**

- **DMV Modernizations:** States are working on vehicle license system modernizations.
- **Mobility:** Solutions for inspections and field workers.
- **Analytics, Sensors and ITS:** SLG will look to take advantage of their data (traveler data, GIS, video etc) to inform future construction needs
- **Vendor Opportunity:** Analytics, ERP modernization, grants management, AVL, GIS, networking, mobile technologies, data management

# Finance and Administration

State and local government annual spending is estimated at \$3 trillion

2012 Est. IT Spend:

**\$8 Billion**

- **Consolidation:** An uptick in consolidation-related spending for greater efficiency operational efficiency and leaner government.
- **Assessments:** Increase in consulting studies. Governments on every level are watching their money.
- **Contracting:** The use of term contracts by state and local governments is on the rise
- **Vendor Opportunity:** Business Intelligence, Cyber Security, Enterprise Document Management, Legacy Modernization/ERP. Mobility, Server, Storage and Desktop consolidation, Virtualization

# Justice and Public Safety

The Federal 2013 budget provides **\$6 billion** to public safety

2012 Est. IT Spend:

**\$7 Billion**

- **Next Generation 911:** Public Safety answering points that accept voice, video, text and location-based data.
- **Video:** Solutions from video surveillance to in-car video and on-person.
- **911 Consolidation:** Solutions for consolidation of costly 911 systems and development of shared systems that can be leveraged by multiple jurisdictions.
- **Vendor Opportunity:** Video, mobile technologies, GIS, case and records management, networks, Computer-Aided Dispatch, data management

# Trending Topics in State and Local Gov

**#Budgets**

**#Mobility**

**#Cloud**

**#BigData**

**#Healthcare**

**#Security**

**#Regionalization**



# Mobility: Spending Increase

Will your agency's spending on smartphones and tablets (devices and voice and data plans) increase or decrease in 2012?

Strong Increase



Moderate Increase



Stay the Same



Moderate Decrease



Strong Decrease



Not Sure



# 30%

of state and local IT officials think that **tablets will eventually replace desktops and laptops** as the primary computing device in state and local government

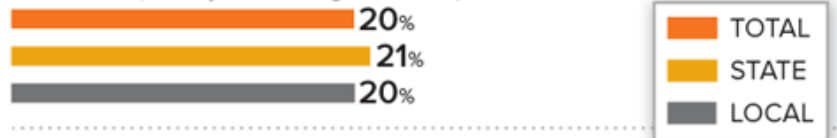
# Mobility: Bring Your Own Device

Does your department/agency have a policy that allows employees to bring and use their own devices (BYOD) for work purposes?

A BYOD policy is in place



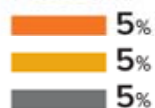
A BYOD policy is being developed



No BYOD policy



Not sure



More than **60%** of state and local IT professionals say their agency has or is **developing BYOD** policies

# Healthcare

- ✓ Medicaid has already grown to consume 23% percent of the state spending by itself
- ✓ 16 to 19 million more people will be added to Medicaid in 2014
- ✓ One in Six Americans are served by government human service programs
- ✓ The solutions: HIE, HIX, the cloud and EHRs will be trending in 2012 and 2013

# Cloud Computing

## Growth of the Cloud

- When asked what their forecast is regarding the growth of cloud computing over the next three years, state and local CIOs told us:
  - **51%** are expecting some clouds in their future
  - **32%** are anticipating an overcast
  - **14%** are expecting thunderclouds
  - **3%** anticipate clear skies

## The Future of Computing

- When asked to think about the future of computing in state and local government:
  - **78%** of respondents indicate that the future will be a combination of the cloud and the data center working together
  - **22%** that feel that the cloud and the data center will square off
  - **76%** of respondents feel that the cloud data center would eventually win out over the local data center (**24%**)

# Big Data

- ✓ Explosion of data created and collected in the government
- ✓ The data is too big to deal with and not easily analyzed
- ✓ This problem is driving investment in storage, analytics, networking and data management
- ✓ The top investment priorities for local government reflect this challenge:
  - ✓ Business Intelligence
  - ✓ Data Analytics
  - ✓ Enterprise Content Management

# Security

- **Mobile Devices**
  - Usage will grow in 2012
  - Mobile device management and security will be vital
  - Threats include:
    - Access to location-aware data, contact lists, sensitive data
- **Phishing**
  - More education is needed to prevent the “insider” threat
- **Cyber-Threats and Hactivism**
  - Increasing number of asymmetrical attacks on government organizations

# Regionalization

- Vendors should be prepared for increased collaboration with states, cities and counties

## Examples:

- **Strategy to Applying Reusable Technology (START)**
  - Consortium of Utah, Oregon, Minnesota and Illinois
  - Working with the federal government to:
    - Develop a shared services model to effectively share data and total cost of ownership
    - Develop a prototype of a reusable cloud component that is reusable by four states, and is a multi-tenant cloud
- **Kansas Insurance Department**
  - MMIS and HIX integration: **\$31.5 million** in funding
  - Kansas will explore the possibility of a “cloud” solution for other states to have their own instance of one or more of these healthcare applications

# The Big Picture

## Mobility

- Mobile Payments
- BYOD
- Location-based services

## Operational Efficiency

- Application/Infrastructure Consolidation
- Cloud Computing
- Securing Information vs. Securing Everything

## Smart(er) Government

- Big Data, Open Data and Analytics
- Social Media
- Shared Services

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