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Background

CalCloud Procurement: State and Vendor Participation

Wednesday, March 9, 2016
State Capitol, Room 437
10 a.m.

Hearing Objectives

This hearing aims to update the Legislature on recent developments to CalCloud procurement as more departments use CalCloud and more vendors provide software offerings. Panelists include representatives from the California Department of Technology (CDT) as well as information technology (IT) leaders from other state departments that are using CalCloud, and IT vendor representatives. This hearing is a follow up to the committees' joint hearing on March 11, 2015, titled "Cloud Computing and Information Technology Procurement."

About CalCloud

CalCloud is the state's government-wide catalog of cloud services. It includes a government-only on-premise cloud computing infrastructure that serves state government entities as well as California local government clients. CalCloud is located at the state data centers in Rancho Cordova and Vacaville and primarily provides cloud services in two ways:

- Infrastructure as a Service (IaaS) to use remote server space
- Vendor Hosted Subscription Services (VHSS) to subscribe to cloud-based software

CDT and its vendor IBM launched CalCloud IaaS in July 2014. IaaS means that customers can use the cloud-based servers located at the state data centers instead of purchasing their own servers. This approach allows customers to scale their use up and down based on need. Besides

server use, customers can add options like increased storage, additional memory, disaster recovery, and backup capabilities.

In addition to IaaS, CDT is also developing CalCloud VHSS. This approach lets customers subscribe to various vendors' software solutions to meet state business needs. CDT is focusing VHSS offerings based on surveys of departments' IT needs, which showed demand for services in the following areas:

- Human Resources Supplemental Tools (such as timekeeping)
- Identity Management (such as electronic signatures)
- Customer Relationship management (such as case management)
- Offsite backup and disaster recovery

The VHSS approach allows customers to pick the software services they need and make changes as business needs change. The VHSS products offered are generally off-the-shelf products (ones that businesses, other governments, or consumers may purchase) that do not entail extensive customization for a state purchaser.

Potential Impact on State IT Procurement

In August 2014, CDT issued its Cloud Computing Policy technology letter, which directed state entities to use CalCloud services for new IT projects when feasible. If needed services are not available through CalCloud, the policy statement directs state entities to use other commercially available cloud services when feasible. The shift to a "cloud first" policy could significantly change how the state procures IT solutions.

In encouraging customers to sign up for CalCloud offerings, CDT cites several factors that could make state IT procurement more efficient.

Some potential benefits of IaaS include:

- Flexibility: customers can increase or decrease use based on their needs
- Ease of use: customers use a web portal to obtain virtual servers
- Security: meets relevant state and federal security requirements
- Cost: customers can save money by not purchasing their own servers

Potential benefits of VHSS include:

- Options: customers can access various services quickly and easily
- Procurement ease: customers can avoid lengthy procurement processes
- Security: provides a secure environment
- Cost: customers can save money through state-negotiated volume prices

CalCloud User Growth

The number of CalCloud users and depth of services offered have increased significantly in the last year. The number of CalCloud IaaS customers has doubled in the last year from 14 to 28. Most of these customers are state entities. The number of servers used has also increased from 27 to 105 during the last year, and CDT anticipates adding more than 250 servers in the next year to meet customer needs.

The following is a list of current CalCloud IaaS customers:

- Board of Equalization
- Board of State and Community Corrections
- California Bar Association
- California Board of Accountancy
- California Correctional Health Care Services
- California Department of Technology
- California Health Benefit Exchange
- California Public Utilities Commission
- City of Rohnert Park
- Department of Aging
- Department of Child Support Services
- Department of Corrections & Rehabilitation
- Department of Food and Agriculture
- Department of Health Care Services
- Department of Motor Vehicles
- Department of Public Health
- Department of Rehabilitation
- Department of Social Services
- Emergency Medical Services Authority
- Employment Development Department
- Environmental Protection Agency
- Financial Information System for California (FI\$Cal)
- Governor's Office of Business & Economic Development

- High-Speed Rail Authority
- Office of Environmental Health and Hazards Assessment
- Office of Systems Integration - CWS
- Secretary of State
- State Controller's Office

In addition to growth in IaaS, 48 government entities have subscribed to or are in the process of subscribing to VHSS. Some departments have subscribed to multiple services.

Vendor Participation and Offerings

CDT has hosted several vendor forums and has met with vendors and IT groups during CalCloud implementation. At last year's joint hearing, several vendors and their representatives stressed a need for an open process to ensure multiple vendors have opportunities to participate in CalCloud offerings.

CDT has developed and posted on its website specific information for vendors, including how entities can become CalCloud VHSS vendors.

The following vendors provide products and/or services in CalCloud IaaS:

- AT&T
- AT&T Security on Demand
- CISCO
- Citrix
- Fortinet
- IBM
- Intel
- McAfee
- Microsoft
- NetApp
- Oracle
- Red Hat
- VMWare

The following vendors provide products and/or services in CalCloud VHSS:

- BMC
- CA Technologies
- Microsoft
- Salesforce

Potential Areas for Discussion

- How is CalCloud changing state IT procurement?
- Are there efficiencies or cost savings with a shift to CalCloud, and how are these being measured?
- How does CDT plan to attract more customers?
- What lessons have been learned in the last year?
- How will CalCloud change in the next year, and what are the areas of greatest potential?