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Background

Cloud Computing and Information Technology Procurement

Wednesday, March 11, 2015
State Capitol, Room 437
10:30 a.m.

Hearing Objectives

This hearing aims to inform the Legislature on state IT cloud procurement and identify possible areas for improvement as CalCloud develops. Panelists include representatives from the Department of Technology (CalTech) as well as IT businesses and interests.

Cloud Computing and CalCloud

During the past several years, both the private and public sectors have shifted towards embracing cloud technologies. In a March 2013 article, PC Magazine defined cloud this way, "In the simplest terms, cloud computing means storing and accessing data and programs over the Internet instead of your computer's hard drive." A shift to cloud means relying less on local computer hard drives or in-house servers and more on remote solutions. Some potential benefits of cloud computing include reduced spending on technology infrastructure, improved accessibility, and enhanced flexibility.

CalCloud is the state's government-wide private cloud that serves state government as well as California local government clients. It is located at the state data centers in Rancho Cordova and Vacaville.

CalCloud Uses

Caltech and its vendor IBM launched CalCloud-Infrastructure as a Service (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 in-house servers. So far, 14 customers (mostly state entities) have enrolled in CalCloud-IaaS. Some state clients include the Department of Motor Vehicles (DMV), Department of Child Support Services (DCSS), and Department of Food and Agriculture (CDFA). The departments are using CalCloud servers in the following ways:

- DMV: additional capacity to test their applications
- DCSS: evaluating the possibility of running the child support system on CalCloud
- CDFA: to publish a public website

CalCloud Customers pay monthly based on their planned use. They can shift the amount of server space they use as business needs change. According to CalTech, CalCloud gives customers control, allows for rapid provisioning, and is low cost.

To use CalCloud-IaaS, customers first select the base server size they need. Then they choose one of three operating systems offered (Microsoft, Red Hat Linux, and IBM AIX). From there, they can add options related to disaster recovery, storage and memory, backup/recovery, and encryption.

CalTech is planning to expand CalCloud's offerings in the future to allow customers to run and create applications from the cloud.

Cloud and IT Procurement Policy

In August 2014, CalTech issued its Cloud Computing Policy technology letter to state entities. It 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.

IT Business Perspectives

Representatives from several IT businesses and groups have shared preferences about CalCloud and the Cloud Computing Policy. They urge CalTech to:

- Ensure that CalCloud is technology neutral so various vendors have the opportunity to participate.
- Define a clear exception process to the "cloud first" policy so state entities are not forced into a cloud procurement when another type of procurement might be more appropriate.
- Work with the IT industry collaboratively as CalCloud develops.
- Consider successes and best practices of other public sector cloud deployments as CalCloud expands.

Potential Areas for Discussion

- How does CalTech expect CalCloud to develop in the next year?
- How will "cloud first" change state IT procurement?
- What efficiencies or cost savings can be expected with a shift to the cloud, and how will these be measured?
- What will be the role of the IT vendor community as CalCloud develops?
- What will determine when a cloud-based solution will be used instead of another type of procurement?