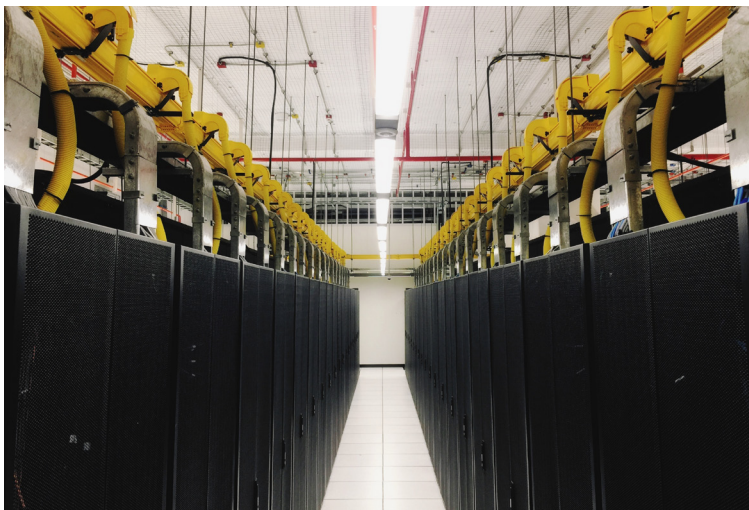


How Private/Public Partnerships Will Drive the Next Big Wave of Government Data Center Optimization

In 2010 the United States Office of Management and Budget (OMB) launched the initial Federal Data Center Consolidation Initiative (FDCCI) — later changed to the Data Center Optimization Initiative (DCOI) — which set priorities for closing data centers and improving efficiency over the proceeding decade.

The directive had a significant impact on the federal government's now more than \$100 billion annual investment in information technology, including data center operations and related services. From 2010 to 2020, the first wave of change resulted in some data center cost savings and an improved understanding of energy efficiencies — mostly through data center closures, IT modernization and implementation of cloud-based solutions. The impact was also increased through exposure to practices of private providers in an industry that also realized dramatic changes in capability and scalability during this same period.



More recently, the OMB analyzed the first wave's impact. While strides were made to optimize agency and department data centers, much more was needed to achieve meaningful improvements and further cost savings. As a result, the OMB extended the initiative's timeframe for the foreseeable future.

At BCS, we collectively refer to this ongoing period as the next big wave in government data center optimization. This wave will be more targeted and outcome oriented, driven largely by new public/private partnerships that will leverage industry best practices to drive innovation and achieve dramatic optimization targets.

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Wave one (2010 through 2020)

The first big wave of federal government data center optimization included three primary actions:

Data Center Closings & Consolidation: Some closings and consolidation occurred, but more importantly this period redefined what is a federal government data center. In fact, the OMB has seen diminishing returns from closures, stating that much of the “low-hanging fruit” of easily consolidated infrastructure had already occurred.

IT Modernization: Over 80% of federal government IT funding is allocated to operate and maintain existing IT systems — some of which are decades old legacy systems. In recent years, however, government is turning toward IT modernization by focusing on automated monitoring, inventory and management tools (e.g., Data Center Infrastructure Management or DCIM).

Cloud Migration: The most noteworthy first wave optimization action was to virtualize government workloads, applications and environments. Further defined as the federal **Cloud Smart** strategy, these efforts encouraged organizations to consider solutions that are vendor-based, agency hosting, multi-cloud or hybrid as appropriate for each agency's mission and security.

Successful virtualization solutions by Amazon Web Services, Google, Microsoft Azure and IBM — among others — have made the most use of public/private partnerships as part of the DCOI. Despite rapid growth, estimates are that less than 30% of all government workloads and applications reside in a virtual environment.

The next big wave (2021 and beyond)

Several factors will drive government actions during the next big wave of optimization. Chief among them is the fact that every federal agency must comply with DCOI requirements.

The success of AWS, Microsoft, IBM and others has given federal agencies confidence in private sector capabilities. Federal agencies now view the private sector as an effective means for avoiding long procurement and acquisition processes. In essence they can now move at the speed of the internet.

The OMB has changed the metrics for prioritizing and gauging optimization — specifically by introducing facility availability (uptime) as the single most important performance measure.

Adoption of virtualization is still limited; and cloud solutions don't always result in lower operating costs and optimal Total Cost of Ownership (TCO). As a result, public/private partnerships will be critical to enabling the co-existence of legacy systems with cloud environments.

In addition, the OMB has changed the metrics for prioritizing and gauging optimization — specifically by introducing facility availability (uptime) as the single most important performance measure.

- The OMB now requires federal government data centers to deliver availability and uptime service levels comparable to private sector data and cloud service providers.
- Measurements such as energy efficiency (e.g., PUE), server efficiency and facility utilization will be eliminated or de-emphasized.

Private sector companies and providers can (and should) play a significant role in the next wave of optimization — but only if they meet agencies where they are and can customize solutions based on each agency's performance needs.

Public/private partnerships that can meet these new requirements will see success and will be sought after by this massive market.

About BCS Data Center Operations

BCS is an enterprise-level critical facilities operations company focusing exclusively on data centers. The BCS solutions portfolio includes facility management, IT services, physical security and a range of value-added professional services through one fully integrated self-performance model. BCS serves the needs of Fortune 500 companies, including three of the nation's leading financial service providers.

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