2015 Trends in Government Purchasing
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Welcome to our WT Insider Report on 2015 buying trends in the government market where we explore the technology priorities and purchase plans of government customers across a broad spectrum of agencies.

The report is based on an extensive survey taken by government officials, the 1105 Public Sector Media Group 2014 Government IT Buying Study, where we asked them about purchasing plans in areas such as cybersecurity, infrastructure and mobility as well as purchasing process challenges.

Government purchasing priorities for fiscal 2015 are focused on software, infrastructure/data centers and cyber security, according to the findings of the study.

Inside our report, you’ll find a roadmap of buying habits, plans and priorities, including the type of service providers the government expects to use in the coming years, buying plans by sector, and the criteria for picking technologies and vendors.

The report also takes a deep dive into buying plans around systems and hardware, software, peripherals, storage and networking. Check out Appendix A for that data.

And as always, we welcome your feedback on how we can make this and future Insider Reports more valuable to you and your business. Email us at WTInsider@WashingtonTechnology.com.

Nick Wakeman, Editor-in-Chief
Overview

While there are many bright spots in the market, the mood is decidedly somber with 34 percent of respondents expecting spending to decrease in fiscal 2015 compared to 2014. Forty-one percent expect spending levels to stay about the same.

Only 25 percent said they are looking for an increase.

This is much more pessimistic compared to last year’s report, which found that 47 percent expected buying to increase while 32 percent expected a decrease and 21 percent said spending would stay the same.

But whether buyers are expecting increases or decreases from year to year, the importance of technology in government operations is clear, with 88 percent of respondents reporting that technology is mission critical.

Eighty-two percent said that technology is essential to every new program and 73 percent said that they agreed with the statement that technology will drive the next wave of efficiencies in the government.

Attitudes Toward Technology

Percent who agree or agree strongly that, at their agency, technology....

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>is mission-critical</td>
<td>88%</td>
</tr>
<tr>
<td>initiatives have increased in scope and complexity</td>
<td>87%</td>
</tr>
<tr>
<td>investments have to deliver tangible business results</td>
<td>85%</td>
</tr>
<tr>
<td>is essential to virtually every new program in our agency</td>
<td>82%</td>
</tr>
<tr>
<td>will drive the next wave of efficiencies in government</td>
<td>73%</td>
</tr>
<tr>
<td>helps us to decrease costs</td>
<td>67%</td>
</tr>
</tbody>
</table>

Another key take away from this chart is that 85 percent said that technology investments must deliver a tangible business result. That’s a key factor to keep in mind as marketing and other sales initiatives are undertaken.
The following charts break down the details on purchasing priorities and habits that are explored.

**Favorite Contract Vehicles**

```
<table>
<thead>
<tr>
<th>Contract Vehicle</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSA Schedule 70</td>
<td>16%</td>
</tr>
<tr>
<td>SEWP IV</td>
<td>9%</td>
</tr>
<tr>
<td>ADMC-2</td>
<td>7%</td>
</tr>
<tr>
<td>GSA Alliant/Small Business</td>
<td>7%</td>
</tr>
<tr>
<td>GSA Networx/Networx Universal</td>
<td>6%</td>
</tr>
<tr>
<td>GSA Mobis</td>
<td>6%</td>
</tr>
<tr>
<td>STARS</td>
<td>5%</td>
</tr>
<tr>
<td>NETCENTS</td>
<td>5%</td>
</tr>
<tr>
<td>GSA VETS</td>
<td>4%</td>
</tr>
<tr>
<td>CIO-SP2i or CIO-SP3</td>
<td>4%</td>
</tr>
<tr>
<td>NAVY SeaPort-e</td>
<td>3%</td>
</tr>
<tr>
<td>EAGLE</td>
<td>3%</td>
</tr>
<tr>
<td>VA Transformation Twenty-One</td>
<td>3%</td>
</tr>
<tr>
<td>Total Technology Program</td>
<td>3%</td>
</tr>
<tr>
<td>ITES-2S or ITES-2H</td>
<td>2%</td>
</tr>
<tr>
<td>FirstSource</td>
<td>2%</td>
</tr>
<tr>
<td>CNX II</td>
<td>2%</td>
</tr>
<tr>
<td>R2G3</td>
<td>1%</td>
</tr>
<tr>
<td>S3</td>
<td>1%</td>
</tr>
<tr>
<td>ENCORE II</td>
<td>1%</td>
</tr>
<tr>
<td>ITSSS or IT Triple S</td>
<td>1%</td>
</tr>
<tr>
<td>CIMS</td>
<td>1%</td>
</tr>
<tr>
<td>VDCP</td>
<td>0%</td>
</tr>
<tr>
<td>GSA Logworld - Schedule 874V</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
<tr>
<td>None of these</td>
<td>46%</td>
</tr>
</tbody>
</table>
```

While this chart lists some of the larger and more well-known contract vehicles, it is important to note that 46 percent of respondents said they don’t use any of these large vehicles.
Contractors face the challenge of getting on the right large task order contracts, but also keeping the process in place to pursue and win other work that doesn’t fall into these large procurements.

**Top Criteria for Technology Purchases**

**Importance of the following criteria when evaluating technology purchases:**

- **Quality of vendor service/support**: 82%
- **Product features**: 81%
- **Purchase price**: 79%
- **Security features**: 79%
- **Ease of use/deployment**: 75%
- **Integration capabilities**: 75%
- **Total cost of ownership/ROI**: 73%
- **Proven technology**: 72%
- **On approved schedule/contract**: 69%
- **Vendor can deliver a complete solution**: 67%
- **Vendor/brand reputation**: 67%
- **Innovative technology**: 62%
- **Positive reviews/evaluations**: 62%
- **Our contractor/integrator supports this product**: 54%

Price is important to customers when picking technologies, but it isn’t the top priority; quality and features are. Security equals price in importance. Interestingly contractor support was at the bottom of list of criteria, but if you are going to deliver the product, provide integration services and provide some of the other vendor driven criteria, in all likelihood you are supporting the product.
Expected Technology Purchases

The following charts break down the purchasing plans, starting with the types of service providers government buyers plan to use in the next year and how they pick those providers.

We'll then drill into specific technologies such as software, cybersecurity, and mobile, and subsets of technologies under each of those broad areas.

Top Service Provider Picks

Types of service providers planned for use in the next 12 months:

- Consultants/Professional Services Provider: 49%
- Systems Integrator: 32%
- Resellers/Solution Provider: 28%

Criteria for Picking Service Providers

Percent who rate criteria as important or extremely important when evaluating service providers:

- Flexibility: 75%
- Experience: 67%
- Relationship: 62%
- Contracts: 55%
- Security Clearances: 55%
- Teaming Partners: 48%
- SBA Small Business Program Participation: 48%
- Size: 47%
- Other: 9%
**Fiscal 2015 Purchasing Plans**

Expected technology purchases over the next 12 months:

- Software: 87%
- Infrastructure/Data Center: 73%
- Cybersecurity: 72%
- Cloud Computing/Virtualization: 67%
- Mobile/Communications: 65%
- Big Data Mgmt. & Analytics: 59%
- Public Safety: 58%
- Health IT: 36%

**Cybersecurity Purchasing Plans**

Respondents said they would be purchasing the following cybersecurity solutions over the next 12 months:

- Data Security: 37%
- Network Security: 36%
- Continuous Monitoring: 33%
- Identity Management/Access Management: 30%
- Application Security: 25%
- Endpoint Security: 20%
- Other cybersecurity: 8%
Infrastructure/Data Center Purchasing Plans

Respondents plan purchases in the following infrastructure/data center solutions over the next 12 months:

- Networking: 30%
- Storage: 30%
- Disaster Recover/COOP: 22%
- Servers: 22%
- Shared/Managed Services: 21%
- Wireless Infrastructure: 21%
- Voice-Over-IP: 18%
- Energy Efficiency: 13%
- Other data center: 9%

Mobile Purchasing Plans

Respondents expect to make purchases of the following mobile/communications solutions over the next 12 months:

- iOS: 32%
- Mobile Security: 29%
- Android Device: 26%
- Wireless Broadband Services: 23%
- Windows: 20%
- Blackberry: 15%
- Chrome: 12%
- Other mobile: 7%
Cloud/Virtualization Purchasing Plans

Respondents expect to make purchases in the following cloud computing/virtualization areas over the next 12 months:

- Email, Collaboration, etc.: 31%
- Cloud Security: 28%
- Software-as-a-Service: 26%
- Infrastructure & Platform-as-a-service: 25%
- Storage Virtualization: 21%
- Server Virtualization: 21%
- Desktop Virtualization: 18%
- Other Cloud Computing: 4%

Big Data/Analytics Purchasing Plans

Respondents expect to make the following big data management and analytics purchases over the next 12 months:

- Analytics: 30%
- High Performance Computing: 26%
- Business Intelligence: 23%
- Data Warehousing: 23%
- Other big data mgmt & analytics: 6%
Health IT Solutions Purchasing Plans
Respondents expect to make purchases of the following health IT technologies over the next 12 months:

- Data Analytics: 17%
- E-Health Records: 10%
- Health Information Exchanges: 6%
- E-Prescribing: 5%
- Medicaid Management Information Systems: 5%
- Disease Surveillance Tools: 5%
- Clinical Systems: 4%
- Patient Tools: 4%
- Telehealth: 3%
- Other Health IT: 9%

Software Purchasing Plans
Respondents expect to make purchases of the following software solutions over the next 12 months:

- Information Management: 43%
- Desktop/Productivity Software: 42%
- Content/Document Management: 25%
- Data Visualization: 21%
- Enterprise Resource Planning: 20%
- Geospatial: 17%
- Other Software: 16%
Communication Services Purchasing Plans

Respondents expect to be involved in purchasing the following communication services solutions over the next 12 months:

- VoIP: 28%
- Unified Communications: 23%
- Other Communications Services: 7%
The Purchasing Process

Much like the 2014 Purchasing Report, government decision makers continue to face travel and education cuts, with 43 percent of civilian and 48 percent of defense respondents saying they face restrictions on attending educational conferences and tradeshows.

Accepting meetings with vendors is only slightly less acceptable with 42 percent of civilians saying they face restrictions and 47 percent of defense respondents saying they are restricted from such meetings.

While there are rules around such meetings, there aren’t the severe restrictions many government buyers seem to believe there are. Most appear to be gun-shy about any appearance of conflicts of interest.

Participating in professional organizations and associations is much more acceptable with only 21 percent of civilian respondents and 17 percent of defense respondents saying they felt restricted.

The takeaway here is that one of the clearer paths to connecting with new customers is through third party groups, such as professional associations and organizations. This might be a successful first step before moving into the more restrictive one-on-one meetings.
**Conclusions**

Based on these results, it is clear that information technology continues to be an essential and mission critical component to government operations and improving government efficiency. That belief remains strong among government buyers.

While overall spending may remain flat, government buyers plan on making purchases in important areas such as cybersecurity, mobile, infrastructure, cloud computing and health IT.

In evaluating these purchases, government decision makers look at a variety of factors and while price is important it is just one of several including the quality of vendor, features and security.

One of the biggest challenges for vendors and contractors is reaching government decision makers who continue to feel that they are restricted in how the interact with contractors.

Vendors face a dilemma of having a product or service that government buyers say they want, but the customers feel they are restricted in talking with these same vendors.

There is no cookie-cutter answer to this problem; how you reach customers will vary from customer to customer.

The key to success is to understand the technology or solution and then map it back to the customer’s underlying problem and mission.
Appendix A: Detailed Infrastructure Purchasing Plans

Infrastructure Products

<table>
<thead>
<tr>
<th>Plan to buy over the next 12 months (personal involvement):</th>
<th>Planned spending (mean per respondent):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software</td>
<td>65%</td>
</tr>
<tr>
<td>Systems/Hardware</td>
<td>64%</td>
</tr>
<tr>
<td>Peripherals</td>
<td>54%</td>
</tr>
<tr>
<td>Storage</td>
<td>53%</td>
</tr>
<tr>
<td>Networking</td>
<td>49%</td>
</tr>
<tr>
<td>Communications services</td>
<td>45%</td>
</tr>
</tbody>
</table>
Appendix A: Detailed Infrastructure Purchasing Plans

Systems/Hardware Solutions

Personally involved in purchasing the following systems/hardware solutions over the next 12 months:

<table>
<thead>
<tr>
<th>System Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>64%</td>
</tr>
<tr>
<td>Desktops/Laptops</td>
<td>45%</td>
</tr>
<tr>
<td>Tablets</td>
<td>34%</td>
</tr>
<tr>
<td>Smart Phones</td>
<td>30%</td>
</tr>
<tr>
<td>Servers</td>
<td>30%</td>
</tr>
<tr>
<td>Other Systems/Hardware</td>
<td>3%</td>
</tr>
</tbody>
</table>

Storage Solutions

Personally involved in purchasing the following storage solutions over the next 12 months:

<table>
<thead>
<tr>
<th>Storage Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>53%</td>
</tr>
<tr>
<td>Backup &amp; Recovery</td>
<td>35%</td>
</tr>
<tr>
<td>Storage Area Networks</td>
<td>26%</td>
</tr>
<tr>
<td>Network Attached Storage</td>
<td>24%</td>
</tr>
<tr>
<td>Other Storage</td>
<td>5%</td>
</tr>
</tbody>
</table>
Appendix A: Detailed Infrastructure Purchasing Plans

Software Products

Personally involved in purchasing the following software products over the next 12 months:

- Overall: 65%
- Document/Records Management: 28%
- Database: 27%
- Collaboration/Groupware: 20%
- Content Management: 19%
- Mapping/Imagery: 18%
- ERP: 18%
- Financial Management: 11%
- Other Software: 8%
Appendix A: Detailed Infrastructure Purchasing Plans

Networking Solutions

Personally involved in purchasing the following networking solutions over the next 12 months:

- Overall: 49%
- Network Management Tools: 34%
- Routers/Bridges/Hubs/Switches: 23%
- Bandwidth Management: 18%
- Other Networking: 6%
Appendix A: Detailed Infrastructure Purchasing Plans

Peripherals Solutions

Personally involved in purchasing the following peripherals solutions over the next 12 months:

- Overall: 54%
- Printer/Copiers/Scanners: 36%
- Presentation Technology: 31%
- Interactive Whiteboards: 19%
- Other Peripherals: 4%
Appendix B: Government Buyer Profile

The demographic information we collected on our respondents illustrated how government buyers are at the peak of their careers and that a significant number plan on retiring in the next five years.

Thirty-two percent say they plan to retire in the next five years, but the bright spot is that 51 percent do not plan to retire.

Also telling is the age distribution of the respondents. Only 6 percent are under 35, while 38 percent are between 55 and 64 and another 11 percent are over 65.

The age distribution, with 49 percent over the age of 55 and only 6 percent under 35, shows that the issue with retirements will only worsen in the coming years. There simply aren’t enough younger government buyers in the pipeline to replace the older workers as they reach retirement age.
Appendix C: Methodology and Respondent Demographics

Methodology
Harvey Research, Inc. managed questionnaire development, analysis methodology, fielding and data reporting. Fielding was done by internet-based questionnaire, with respondent incentive of $5.00 to their choice of five charities.

Sample selection of 150,000 Public Sector Media Group’s print, online and newsletter subscribers from the FCW, GCN, Defense Systems and Washington Technology brands. Responses were matched against the original master file and weighted based on both their branch of government and their job function to properly represent the total population. Weighted data file caused 659 usable cases. The margin of error for percentages based on 659 responses is +/- 3.8% at the 95% confidence level.

Agency Type

- 35% DOD
- 26% Federal Civilian
- 17% Systems Integrator/Contractor
- 13% State & Local
- 9% Other Public Sector

Job Function

- Executive Management 20%
- Information Technology 37%
- Program Management 15%
- Related Business Functions 28%
  - Administrative Operations 4%
  - Procurement 4%
  - Engineering 11%
  - R&D 3%
  - Other 6%

Federal Job Level

- GS/GSM 11 or below 13%
- GS/GSM 12 10%
- GS/GSM 13 32%
- GS/GSM 14 21%
- GS/GSM 15 15%
- Does Not Apply 3%
- Senior Executive Service 6%
Appendix D: About Harvey Research

In the early 1950’s, a Rochester, N.Y. advertising agency, Rumrill-Hoyt, had an internal research department that specialized in researching the performance of print ads that were created by the agency. At some point the agency’s management decided that there could be a perception of conflict of interest among their clients like Kodak, DuPont and Corning by researching their own ads. In 1953 the research department was spun off from the agency and given to its research director, Jean Harvey. Thus Harvey Research was established as an independent research company specializing in print ad and publication content research.

Since 1953 the company has become very well-regarded for providing independent, objective and highly professional research for thousands of advertisers and content publishers throughout North America, Europe and Asia. As the publishing world has evolved, Harvey Research has evolved with it. Today we specialize in helping content publishers document their total audience and understand how their advertising and content is received across all channels including print, websites, mobile apps, e-newsletters, events, etc. We continue to work with publishers and advertisers to document advertising effectiveness.

To learn more about Harvey Research visit: http://www.harveyresearch.com