**Testimony of Doug Bourgeois, Vice President and Chief Cloud Executive, US Public Sector Division, VMware**

**Before the U.S. House of Representatives Committee on Oversight and Government Reform**

**on the subject of**

**Wasting Information Technology Dollars: How Can the Federal Government Reform its IT Investment Strategy?**

**Tuesday, January 22, 2013**

Chairman Issa, Ranking Member Cummings, and Members of the Committee: Thank you for this opportunity to share VMware's perspective on how the federal government can reform its information technology (IT) investment strategy.

My name is Doug Bourgeois, and I serve as Vice President and Chief Cloud Executive for VMware's U.S. Public Sector Division. With headquarters in Palo Alto, California, VMware is a leading provider of software that makes data centers across the globe operate more efficiently, frees employees to access applications securely from anywhere at anytime, and allows both government and commercial organizations to respond to dynamic business needs. Through continued investments, VMware has established itself as a global leader in innovation that benefits all sectors including government, healthcare, finance, education, and small business, among others. Over the past 15 years, VMware has grown to be a $4 billion global leader with a proven history of helping both government and commercial organizations save money and operate more effectively. VMware currently supports roughly 300,000 total customers globally.

In the United States, VMware helps thousands of organizations increase the utilization of existing IT investments, lower the costs of IT operations, lower energy consumption, and become more agile and competitive. Through our U.S. Public Sector Division, VMware serves all sectors of the U.S. Federal Government – Civilian agencies, the Department of Defense, and the Intelligence Community – state and local governments; and all levels of education including K-12 and higher education. In fact, VMware's Public Sector Division

comprises about 10 to 12 % of our total business, which amounts to about $500 million on an annual basis. Some examples of our more notable public sector customers are:

- All of the U.S. military services (i.e., U.S. Army, U.S. Navy, U.S. Air Force, the U.S. Marine Corps), and all joint commands (i.e., NORTHCOM, SOUTHCOM, EUCOM, PACOM, and SOCOM) and DISA;
- Numerous civilian agencies, including the IRS, DOE/National Nuclear Security Administration, Department of State, VA, DHS, DOT/FAA, HHS/Center for Disease Control, among others;
- Many state and local governments from the states of California to Michigan and New York to the cities of San Francisco and New York; and
- Various higher education institutions including the California State University System and the state of Texas University System, and research programs such as the Johns Hopkins University Applied Physics Laboratory.

Based on VMware's public and private sector experience – and our global technology leadership position – we are honored and pleased to share our perspective on how the government can reform its IT investment strategies and acquire IT products and services more efficiently and effectively.

**Innovation Through Technology**

Technology has always evolved at a rapid pace – and that rate has accelerated to a pace that we have never seen before. At the same time, evolution of technologies such virtualization and cloud computing has ignited a phenomenon that crosses all industries and government sectors. Technology now enables enterprises, large and small, to deliver IT resources and applications in a highly responsive, services based model. Whereas in the recent past, it would have taken weeks if not months to procure and deploy technology resources such as servers, those upgrades can now be accessed and utilized – even on a very large scale – in a matter of minutes. By leveraging such dynamic capabilities, organizations are able to respond very rapidly to changing market conditions without making substantial capital investments in technology. So, in a manner of speaking, there are two fundamental transformation engines at work. One is the transformation to IT as a service that enables IT resources to be utilized by end users in a consumption model and released when no longer necessary. The other is the transformation of the cost of doing business through technology from a capital investment to an operational expense. In a nutshell, the government's methods for the acquisition and utilization of IT resources severely limits the potential value that these innovations might bring to the true benefactors of IT in the

government – the taxpayers. A digital government is possible but only if the methods for the acquisition and management of IT resources in the federal government evolve in a manner that keeps pace with innovation.

The federal government has already embarked upon a journey that involves the gradual adoption of these advanced technologies, which include virtualization and cloud computing, to improve the efficiency and agility of many of its data centers. VMware applauds the leadership efforts of the Obama Administration specifically designed to facilitate the migration of federal information technology to a more efficient operating model. Specifically, the Federal Data Center Consolidation Initiative (FDCCI), the Cloud First Policy, and the 25 Point IT Reform Plan together comprise a significant first step. OMB has reported that the FDCCI is expected to save about $3 billion by 2015 and that an estimated 100 services were migrated to the cloud prior to the end of 2012. When the IT Reform Plan was originally released in late 2010, it projected that approximately $5 billion could be saved across the federal government annually. My point is to neither confirm nor question these savings. Rather, my objective is to shed some light on the fact that these savings are only the beginning. These savings represent a small fraction of the potential savings that could be achieved. VMware commends the leadership of both the current Federal CIO and his predecessor, who have played a major role in setting the direction and laying the groundwork for progress to be made. Yet, we also firmly believe that taking the additional and necessary next steps on this journey – and taking cost savings to an entirely new level – requires that much more be done.

Before I describe the challenges and opportunities for the improvement of the IT acquisition and investment strategy in the federal government, I should share a bit of my background because these experiences have shaped my views on the subject. About 12 years ago, I left an executive position with FedEx to serve as the Chief Information Officer (CIO) at the U.S. Patent & Trademark Office. As CIO from 2001 to 2004, we successfully transitioned from completely paper-based to a completely electronic organization. Subsequently, I served for more than 5 years as the Executive Director of one of the federal government's shared services centers. This organization provided a variety of "back-office" services to other federal agencies such as IT, payroll, HR and financial management on a reimbursable "fee-for-service" basis. Of particular relevance to this hearing, this organization also operated one of the assisted acquisition centers that competed, awarded, and administered about $2.5 billion of contracts each year on behalf of other federal agency customers. From my vantage point provided during these rewarding experiences, there are three fundamental challenges that I believe should be addressed in order for the government to effectively leverage advancements in technology and successfully transition to a digital government: complexity, expertise, and culture.

1. **Complexity** – Advances in technology such as virtualization and cloud computing have turned a significant amount of IT products and services into commodities. In addition, these technologies enable major operations to be initiated within minutes, utilized on a consumption model similar to your utility company, and scale to enormous magnitude – or completely released – on a moment's notice. Yet, even as technology has advanced to enable businesses and government to operate in a very dynamic manner, federal IT acquisition rules and procedures have not kept pace. To further exacerbate the situation, the Federal government has a tendency to over-specify requirements in a way that often crosses over into design, based on dated practices and technologies. This increases inefficiency and ensures that what is being acquired will soon be antiquated if not already. Finally, the complexity and sheer magnitude of federal procurement regulations leads to a considerable amount of individual interpretation when carrying out complex acquisition procedures. Thus, acquisitions across the government tend to lack a degree of uniformity and consistency to the point that acquisitions for the same or very similar IT products or services may appear to be quite different depending upon the agency or individuals involved in carrying out the acquisition itself.

2. **Expertise** – The Federal Acquisition Regulation includes more than 50 parts and roughly 1,100 pages. It should not come as a surprise that the sheer volume of information presents challenges for even the most proactive and studious of contracting professionals. It has been widely reported that there is a shortage of qualified IT acquisition personnel across the Federal government. In fact, the Acquisition Workforce Development Strategic Plan for Civilian Agencies – FY 2010-2014[1] demonstrates how the sheer volume of federal acquisitions has grown in recent years. Specifically, spending on acquisitions across the government had grown by 56% or about $50 billion from 2000 to 2008. While keeping pace with this high growth rate presents a significant challenge, the growth in itself is not the underlying issue. Clearly, an innovative approach is necessary to restructure fundamental acquisition operations to improve efficiency and productivity. In addition, the "generalist" approach to acquisition personnel has created an environment where the same acquisition personnel that purchase pencils and janitorial services also purchase technology products and services. This approach is simply not realistic in today's complicated and rapidly changing world of technology.

[1] http://www.whitehouse.gov/sites/default/files/omb/assets/procurement_workforce/AWF_Plan_10272009.pdf

3. **Culture** – The decentralized nature of IT acquisition across the government has created a culture that is detrimental to performance and efficiency. A decentralized organization that has separate and distinct contracting offices embedded within the various operating units across even a single agency is highly inefficient. Supporting infrastructure like facilities and electronic tools is typically duplicated throughout multiple agencies as each contracting office reinvents the necessary supporting infrastructure. This highly distributed model makes it difficult to gather data for analysis and transparency, as well as obtain funding levels sufficient to maintain the required level of expertise.

   In addition, the culture of the contracting operations across government is that of an internal functional operating unit. Perhaps most significant of all these cultural issues, is that the existing forces stifle innovation and "lock-in" an approach to IT acquisitions that is based on legacy technology and methods. The existing culture hinders new and innovative approaches to IT acquisitions such as crowdsourcing, which has the promise of providing the government with access to highly skilled expertise, at a much lower cost, and in a competitive model that substantially lowers risk for some projects such as application development. This overall culture needs to become more services based with built-in incentives for performance and accountability.

**Proposed Solutions**

The challenges I have presented are deeply rooted in a legacy that has been solidified through legislation, supporting policy and longstanding business practices. As such, the solutions to these challenges must be equally pervasive and comprehensive. I would be remiss if I did not commend many of the efforts already underway to improve IT acquisition and management within the federal government. These are solid improvements and should be fully implemented. Yet, I also caution against the assumption that current efforts are enough to solve all the problems associated with federal IT contracting and management. We need to build on current solutions in order to fully modernize IT acquisitions and management. Addressing these fundamental challenges – complexity, expertise and culture – will require comprehensive and substantial changes to upgrade IT acquisitions and create a cross-government service that embraces innovation to improve quality, timeliness and transparency across the board.

Based on my experience, I believe the objective for this transformation should be to create an IT acquisition environment that is:

1) services based but expands upon existing improvement efforts,

2) utilizes built-in incentives for performance and expertise development, and

3) balances transparency and accountability with customer needs and compliance.

Pursuant towards these objectives, I offer the following suggestions to improve IT acquisitions and management across the federal government.

**Solutions to the Challenge of Complexity**

By definition, a problem that is complex cannot be resolved easily or with simple solutions. Without a doubt, the entire acquisition environment in the federal government would benefit from simplification. I cannot think of a better area upon which to focus this simplification effort than the acquisition of information technology (IT) in the federal government. I suggest the following three actions toward simplification: simplified acquisition procedures, utilizing cloud services and enhanced consolidation.

Increasing the use of simplified acquisition procedures within performance-based acquisitions would streamline and accelerate the acquisition of IT products and services. The 25 Point Plan for IT Reform identified that about 25%, or $20 billion, of government IT acquisitions could be met by some form of cloud computing approach. The use of cloud computing has been proven to increase efficiency and save money. In 2010, when OMB first proposed that federal agencies adopt a "cloud first" approach to IT procurement, the federal chief information officer projected $5 billion annually in savings. According to an April 2012 survey[2] of federal civilian and defense personnel conducted by the Citizens Against Government Waste, $5.5 billion had been saved through cloud computing, although survey respondents stated that wider cloud adoption could have saved up to $12 billion. The remarkable thing is that these savings are just scratching at the surface of what's possible. The federal government's journey to cloud computing has only just begun. By continuing on this journey, virtualizing and modernizing mission critical applications, expanding the use of cloud automation and management

[2] http://www.cagw.org/sites/default/files/pdf/issue-brief-2012-12-cloud-report-web.pdf

technologies, and building upon the somewhat isolated cloud pilot projects to transition to fully software defined data centers[3]; the federal government could multiply these cost savings by a staggering amount.

Cloud computing products and services, based on the NIST standard definition, must be ubiquitous by their very nature and consumed in a utility like "pay for consumption" model. Hence, IT products or resources in a cloud computing model should be categorized as a commercially available items. The acquisition of these commercial items would lend itself nicely to the increased adoption of performance-based contracting methods such as Statement of Objectives that are linked to performance based results. Through the use of outcome based objectives, the federal government could begin to simplify its longstanding tendency to over-specify requirements in IT acquisitions. Furthermore, the use of performance based contracting methods with well defined service level agreements (SLAs) would also lower the risk of underperforming IT acquisitions and increase accountability for vendors.

Without a doubt, one way to simplify IT acquisitions is to simplify the overall IT environment within which IT products and services operate. Thus, the federal government should continue with the efforts to consolidate and reduce the number of data centers government-wide. But the consolidation effort should not stop there. The same technology that underpins server consolidation, virtualization, can also enable the simplification of the traditional desktop environment and networks as well. Virtual desktops are more secure, easier to administer, and enable end users to access their desktops via multiple devices. This virtual desktop technology also forms the foundation for mobile applications to be accessed in a secure manner via various platforms such as tablets and smart phones. There is no better time to deploy this virtual desktop as a service environment than coincident with a data center consolidation initiative. Also, as data centers and IT solutions are consolidated, opportunities will emerge to also consolidate the model that is utilized to acquire them. In fact, continuing to utilize a decentralized acquisition model to acquire IT is more likely to lead to the continued acquisition of decentralized IT assets, thus working directly against the overall objectives of increasing efficiency across the government's IT environment.

In 2011, VMware conducted a survey of CIOs within the enterprise segment of our customers. This survey indicated that roughly 42% of the IT budgets for these enterprise customers were allocated to maintaining the infrastructure. This is the portion of the budget that the Federal Data Center Consolidation Initiative (FDCCI) is attempting to right-size. This survey also found that another 30% of the IT budgets were allocated to maintaining applications. In other words, VMware's largest customers reported that they spend an average of

[3] http://cto.vmware.com/interop-and-the-software-defined-datacenter/

72% on operations and maintenance activities and 28% on development, which is an indicator of investment in business capability. This data point is consistent with the data gathered by GAO, which indicates that about 71% of the federal IT budget is spent on operations and maintenance and 29% on development. Compare this to leading-edge corporations that have fully embraced cloud computing and application rationalization to lower their IT operations and maintenance costs to less than 60% of their IT budgets. This corresponds to a rate of investment in applications of about 40%, which is almost double the rate of the federal government. My point is that the federal government could increase the cost savings opportunity within the overall IT investment portfolio by focusing upon the rationalization of applications as well as consolidating data centers through the use of cloud computing and other advanced technologies and models.

**Solutions to the Challenge of Expertise**

The problems that place considerable strain on the acquisition workforce across the federal government have been widely documented. In 2009, OMB released the Acquisition Workforce Development Strategic Plan for Civilian Agencies[4]. This document described how spending on acquisitions across the government had grown by 56% from 2000 to 2008 but the number of qualified IT acquisition professionals had only grown by 24% during that same period. While I do not believe simply increasing the size of the acquisition workforce will solve the problem, we should ensure that the IT acquisition workforce is qualified and productive. Some additional measures would increase the productivity of the federal acquisition workforce – at least those working in centralized IT acquisition centers. I make the following recommendations based on my knowledge and experience: establish an IT acquisition intern program, develop a training curriculum, and leverage a working capital fund.

First, many of the recommendations in the acquisition workforce strategic plan are sound and should be built upon. For example, from my own personal experience as an executive in the federal government, I can assure you that acquisition intern programs are a highly effective means of creating qualified acquisition professionals. Consistent with the establishment of IT acquisition centers, the federal government should also consider the establishment of an acquisition intern program or track that addresses the unique and complex aspects of IT acquisitions. In addition, the government should expand the usage of acquisition intern programs and consider partnerships with universities to develop graduates capable of being productive at graduation. Asking federal

[4] http://www.whitehouse.gov/sites/default/files/omb/assets/procurement_workforce/AWF_Plan_10272009.pdf

agencies that participate in these programs to wait patiently for up to two years while new interns are being minted is simply too much to ask in the existing environment. By partnering with universities for intern programs, the federal government would have access to college graduates that are proficient in their new chosen career in federal acquisitions on day one.

In addition to the expansion of the acquisition intern programs, the federal government should develop a training curriculum specifically to foster expertise among IT program personnel as well. While certification programs already exist for Program Managers and Contracting Officer Technical Representatives (COTRs), these programs should be enhanced to address the complexities and characteristics of IT acquisitions. This approach would also provide the opportunity to clarify and strengthen the role and responsibilities of IT programs in working collaboratively with IT acquisition personnel throughout the entire life cycle of IT contracts. This would also reduce the risk of IT acquisitions through an approach that is focused on managing the entire contract from inception to completion. In addition, training and certification programs should be geared towards the ongoing development of technical expertise to keep pace with advancements in technology such as virtualization and cloud computing. In this manner, IT acquisition and IT program personnel would gain expertise sufficient to complete market research, define the government's requirements, evaluate technical proposals, and administer contract delivery for these advanced technologies. For the purpose of efficiency, such training should be aligned with the specific commodity technologies that any IT acquisition center offers thus ensuring a highly trained workforce for each IT acquisition center.

From a tactical execution standpoint, one of the most significant barriers to a well-trained workforce in a constrained resource environment is lack of sufficient funds. Without a doubt, the highly inefficient and decentralized acquisition model contributes to this phenomenon. In concert with the establishment of a small number of IT acquisition centers, these centers should be authorized to operate using a revolving type of funding mechanism called a working capital fund. Furthermore, these assisted IT acquisition centers should be authorized to charge fees that are in excess of costs by a marginal and capped amount specifically to ensure adequate training and workforce development. Since these revolving funds must meet certain auditability requirements, the use of this approach would be subject to transparency and the rigor of audit oversight. In fact, this approach might just increase the transparency and level of oversight associated with the operations of these IT acquisition centers and operations.

**Solutions to the Challenge of Culture**

One of the many lessons in leadership that I have learned is that it is not easy to change a culture. Thus, it takes much more than leaders and policy makers urging the workforce to embrace change. Any executive that has had success with culture change knows that a variety of aspects must be addressed, including: organizational matters, processes, and technologies. These three major elements must be transformed in concert and consistently for the change to have a chance of success. Fundamentally, the federal acquisition community on the whole, which obviously includes the IT acquisition community, needs to be transformed from an internal functional culture to a services based culture. Based on my experience, four items would improve culture: a transparent customer-supplier model, a collaborative work environment, crowdsourcing, and effective CIO authority.

It is not possible to have a services approach without a customer and supplier model. Thus, the assisted IT acquisition centers should enter into explicit agreements with customers to clearly define the expectations and desired outcomes. In addition, these centers should publish commitments to customers that clearly specify the timeliness and other performance criteria. In addition, a performance-based approach with built-in incentives should be utilized to ensure quality and results based outcomes. This could be as simple as including well-defined performance objectives within the annual performance plans of the IT acquisition workforce or as aggressive as the establishment of a pay-for-performance system based on measures of success.

I have also learned through experience that the "back and forth" nature of IT acquisitions can make an incentive or performance based approach very difficult to administer. Thus, a collaborative work environment, such as a collaborative tool, should be developed to foster more efficient handling of complex acquisition materials, to track the responsiveness of customers and acquisition professionals alike, and to avoid the "falling through the cracks" that seems to plague the current IT acquisition process when ongoing work changes hands on a repeated basis. To further enhance efficiency and streamlining, this collaborative environment could be augmented to also include best-case-example templates and other materials to avoid every IT acquisition having to "start from scratch." Best-case examples of requirements documentation, statements of objectives, evaluation critera and many other artifacts could be made available via an on-line library. Each assisted IT acquisition center could administer its own library to balance the need to tailor such artifacts to the specifics of the IT acquisition type but to gain the benefit of widespread availability and reuse. Finally, such a tool would provide an unprecedented degree of transparency into the overall timeliness and performance of the IT

acquisition process. With such data, informed continuous improvement efforts can be executed to further streamline and improve performance.

To further take advantage of modern techniques and improve transparency, collaboration, and accountability; the federal government should adopt a technique called crowdsourcing that has entered the mainstream within the software development community on a global basis. Many federal agencies, including NASA and the U.S. Patent & Trademark Office are already using this technique to tap into the best available expertise, in the most efficient manner possible, and within a competitive framework. Using this technique, one or more assisted IT acquisition centers could "bid" on an IT acquisition project and the customer would be able to select the center that best meets their needs in the most efficient manner possible. Much like the site "Angie's List" the IT acquisition crowdsourcing platform could store customer satisfaction information about the centers, acquisition teams, or even the individual IT acquisition personnel, if desired. In this manner, customers proposing to use the services of an assisted IT acquisition center would have transparency into historical performance information that would be used along with cost and other information to decide which center should "win" the job. Through this combination of factors that span organization, processes, and technology; the IT acquisition culture would be transformed to one that is highly responsive and services based.

Finally, I would be remiss if I did not address the role of the CIO within the government as a potentially significant factor in improving the performance of IT programs and acquisitions. As I described previously, when I was the CIO of the U.S. Patent & Trademark Office, we successfully executed a significant transformation from a completely paper-based approach to one that was completely electronic. In less than 3 years, we transformed the operations of the US PTO to include electronic filing, electronic based examination, and electronic dissemination of public patent and trademark information. Through this transformation, we reduced operational paper based handling administrative costs by more than $30 million annually.

Although there were many factors that contributed to this success, I feel very strongly that one very important one was that the US PTO had fully embraced the intent of the Clinger-Cohen Act. As the senior IT executive and top advisor for the Office, I reported directly to the Under-Secretary and I was an equal member of the Executive Committee that ran the operations of the Office. As the top IT executive, I had the lead role in the development of the IT priorities, strategies, and architecture – including the entire infrastructure, networks, applications, test environments, databases, etc. Once the IT budget was approved and allocated, I had the full authority to execute the budget for the purposes it was authorized. With two minor exceptions, all personnel within IT job categories worked within my organization and were accountable to my management team. Without a doubt,

such widespread change that relied so heavily upon technology would not have been possible unless I was a true peer to the program executives such as the Commissioner of Patents, Commissioner of Trademarks and the CFO. In the true spirit of the Clinger-Cohen Act, we worked together as a team of partners to accomplish common organizational objectives. For these reasons, I strongly support strengthening the role and authority of Agency level CIOs to reflect the intent and specifications of the Clinger-Cohen Act. I also suggest that these CIOs be granted multi-year budget authority and working capital funds as necessary tools to facilitate the transition away from capital expenditures to an increased use of operations expenses to fund IT initiatives and programs.

In addition to the factors described above, any CIO must rely upon a tremendous amount of leadership to be successful. The CIO in any organization, small or large, is often at the center of any problem that arises and is associated with the technology program. The sheer breadth of such challenges includes technology issues, contractual matters, budget management, human resources, security incidents, and compliance – just to name a few. On the one hand, the CIO must be a true peer to the other top executives in the agency to facilitate open communications and collaboration as any such issue is triaged and resolved. On the other hand, the CIO must also be accountable to the agency head in such a manner that the CIO is offered the support to overcome the cultural and control challenges that invariably arise as program officials tend to react to losing control over IT decisions and resources. Without a doubt, CIOs must balance innovative technologies and evolving methodologies within the overall context of mission effectiveness and efficiency and in a collaborative manner with their program executive peers.

As the innovation associated with cloud computing continues and the transition to an IT as a Service model evolves, there will invariably be a considerable impact on the role of the IT organization. As consolidation continues, clouds will become more and more connected across organizational lines. As standards for interfaces and portability progress, clouds will become even more interoperable. As cloud computing matures and programs across government embrace them, the IT organization will need to become a broker of services for the agencies they serve. Government CIOs must be in position to effectively carry out their responsibilities in a services brokering model. This means CIOs must be able to develop and enforce policies that encompass the entire scope of the agency's IT programs and they must have access to a cadre of IT acquisition resources and well trained IT experts. Moreover, the overall transparency of internal and external IT service options must be made extremely clear for IT decisions to be made effectively and for the associated risks to be appropriately identified and managed. This is simply not possible without a common framework for the development of accurate cost estimates for all commodity IT services, whether internal or external. In addition, the corresponding service commitments and performance against those commitments must also be completely

transparent and comparable across cloud service providers. Thus, for the CIO to be successful in a brokering role, the technologies must be in place and supported by a business model that includes a standardized way of comparing costs and performance. This business management framework does not exist today and needs to be operationalized across the federal landscape to avoid unnecessary duplication, high variations, and the potential for waste based on invalid decisions.

**Closing**

In closing, I emphasize that each of the suggestions I have made are geared to work in concert with the other efforts to improve the rate and effectiveness of innovation through technology in the federal government. Technologies such as virtualization and cloud computing have improved mission results and enhanced competitiveness across industries. The federal government has also begun a similar journey. By leveraging such dynamic capabilities, the federal government can also respond very rapidly to changing market conditions without making substantial up-front capital investments in technology. Through the efforts and leadership of many within the government, the transformation to IT as a service has already begun. Yet, the government's methods for the acquisition and management of IT resources constrains and limits the potential results that these efforts could achieve. The transformation to a digital government is possible, but not without evolving the methods for the acquisition and operation of IT resources in the federal government. In summary, my recommendations are as follows:

1. Continue with efforts to consolidate data centers and migrate to the cloud, but build upon them to leverage additional innovative technologies and take the next steps on the journey to IT as a service;
2. Simplify and consolidate the IT acquisition model to one that is services-based but expands upon existing improvement efforts, with built-in incentives for performance and expertise development; and
3. Strengthen and reinforce the role of the CIOs across government to be elevated to more of a peer role with other top executives with full authority to lead and execute their IT programs for the overall benefit of agency wide users and taxpayers.

VMware sincerely appreciates the opportunity share our thoughts and suggestions on this very important matter. We applaud the leadership and vision of the Chairman and Ranking Member to bring this matter to a hearing. VMware looks forward to continuing to participate in efforts to improve the operations and efficiency of the federal government. And we thank you for the opportunity to participate in the panel today.

# Doug Bourgeois
## VP, Chief Cloud Executive, US Public Sector, VMware

Doug Bourgeois joined VMware as VP and Chief Cloud Executive for the Public Sector in April 2010. In this role, he leads the development and execution of VMware's cloud computing strategies for the Public Sector market in the US. He also serves as the Chair of the Public Sector Innovation Group of the Software and Information Industry Association (SIIA) to help drive innovation through thought leadership across the Public Sector including legislative and administrative policies.

He joined VMware from the U.S. Department of the Interior, where he served as the Director of the National Business Center (NBC) since October, 1, 2004. In this role, he led more than 1,800 employees and contractors in 24 states to provide business management services government-wide such as: information technology, payroll, human resources, financial management, contract management, and management consulting. Under his leadership, the NBC was competitively selected to be a shared services provider of payroll, human resources, financial management, information technology and security services for the Federal government. He also led the NBC to develop and implement comprehensive cloud computing services, leveraging the NBC's shared services infrastructure, defense-in-depth security model, and extensive virtualization capabilities. Through his commitment to service excellence, the NBC earned notable achievements including an ISO 9001 certification and service level achievement rates that consistently exceeded 97% across major service lines.

Prior to joining Interior, Doug served as the Chief Information Officer at the U.S. Patent and Trademark Office (USPTO), where he led the successful migration of the USPTO business operations to a completely electronic process. This included transforming the traditionally manual patent examination process to an online environment, providing published patent applications under review online to the public, digitizing granted patent documents and eliminating 25 million paper copies as a result, supporting the technology of an award winning telework program, and achieving an electronic filing rate that consistently exceeded 95%.

From 1994 to 2001, he held several roles at FedEx, including the Managing Director of Global Customer Service Technology with responsibility for the successful 1-800-GoFedEx telephone network, all interactive telephone based applications used by FedEx customers to track packages and schedule pickups, as well as all systems used by 3,500 FedEx Call Center employees world-wide to process several million transactions daily.

Doug earned a B.S. degree in Aeronautical Engineering from Cal Poly University in San Luis Obispo, California and an M.B.A. degree in Finance from Tulane University in New Orleans, Louisiana.

**Committee on Oversight and Government Reform**
**Witness Disclosure Requirement – "Truth in Testimony"**
**Required by House Rule XI, Clause 2(g)(5)**

Name: Douglas Bourgeois

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. Include the source and amount of each grant or contract.

I have received no grants or contracts.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

I am testifying on behalf VMware, Inc where I currently serve as VP and Chief Cloud Executive for the US, Public Sector Division.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant/or contract.

VMware provides software that makes data centers more efficient and agile. VMware does most of its business with the U.S. government as a provider of software thru our partners (service providers, integrators, and VARs). Our software is used by the vast majority of Civilian, Defense, and Intl agencies across the government. The attached summary report from usaspending.gov indicates about $215 million ~~total~~ over Fiscal Years 2011-2012 and a total of 2,390 transactions. Although the top agencies listed include DoD, DHS, DOJ, VA and SEC, VMware does business with almost every Federal agency.

*I certify that the above information is true and correct.*

Signature: Douglas J Bourgeois Date: Jan 17, 2013

USASPENDING.GOV

## Search Summary Results

Filters: Search Term: vmware | Fiscal Year: 2012 | Fiscal Year: 2011 | Clear All

| Total Dollars: | Number of Transactions: | Total Sub-Award Dollars: | Number of Sub-Award Reports: |
|---|---|---|---|
| $215,319,083 | 2,390 | $687,808 | 6 |

### All Spending Data

#### Top 5 Prime Award Recipient Locations (States)

| | | |
|---|---|---|
| 1. | Virginia | $139,595,635 |
| 2. | Missouri | $20,326,175 |
| 3. | Maryland | $18,965,656 |
| 4. | Illinois | $7,878,328 |
| 5. | Texas | $7,587,584 |

#### Top 5 Prime Award Major Agencies

| | | |
|---|---|---|
| 1. | Department of Defense | $139,749,794 |
| 2. | Department of Homeland Security | $12,626,473 |
| 3. | Department of Justice | $9,668,954 |
| 4. | Department of Veterans Affairs | $8,201,246 |
| 5. | Securities and Exchange Commission | $5,773,686 |

#### Top 5 Prime Award Sub Agencies

| | | |
|---|---|---|
| 1. | Department of the Army | $41,976,139 |
| 2. | Department of the Air Force | $32,176,065 |
| 3. | Department of the Navy | $29,043,864 |
| 4. | Defense Information Systems Agency (Disa) | $24,103,401 |
| 5. | Department of Veterans Affairs | $8,201,246 |

#### Top 10 Prime Awards in FY2013

| | | |
|---|---|---|
| 1. | Contract: Department of Defense<br>KH17<br>ADP Software | $12,230,000 |
| 2. | Contract: Department of Defense<br>ZV09<br>ADP Components | $9,914,442 |
| 3. | Contract: Department of Defense<br>V713<br>ADP Software | $7,999,754 |
| 4. | Contract: Department of Defense<br>VC01<br>ADP Software | $5,261,258 |
| 5. | Contract: Department of Defense<br>BG09<br>ADP Software | $4,880,506 |
| 6. | Contract: Department of Defense<br>HC102812F0713<br>ADP Components | $4,413,498 |
| 7. | Contract: Department of Homeland Security<br>HSHQVT10J00056<br>ADP Facility Management | $3,676,531 |
| 8. | Contract: Department of Defense<br>TF95<br>Miscellaneous Communication Equipment | $3,606,264 |
| 9. | Contract: Department of Justice<br>DJFA1G005344A<br>ADP Software | $3,004,595 |
| 10. | Contract: Department of Defense<br>RS10<br>It and Telecom- It Strategy and Architecture | $2,917,449 |

### Contracts Data Only

#### Top 5 Prime Award Type of Contracts Used

| | | |
|---|---|---|
| 1. | Firm Fixed Price | $207,159,641 |
| 2. | Time and Materials | $5,475,333 |
| 3. | Not Reported | $1,413,027 |
| 4. | Fixed Price with Economic Price Adjustment | $827,481 |
| 5. | Labor Hours | $185,737 |

#### Top 5 Prime Award Products or Services Sold

| | | |
|---|---|---|
| 1. | ADP Software | $127,674,087 |
| 2. | ADP Components | $18,185,178 |
| 3. | ADP Support Equipment | $11,180,986 |
| 4. | Other ADP & Telecommunications Svcs | $8,407,424 |

#### Top 5 Prime Award Contractors

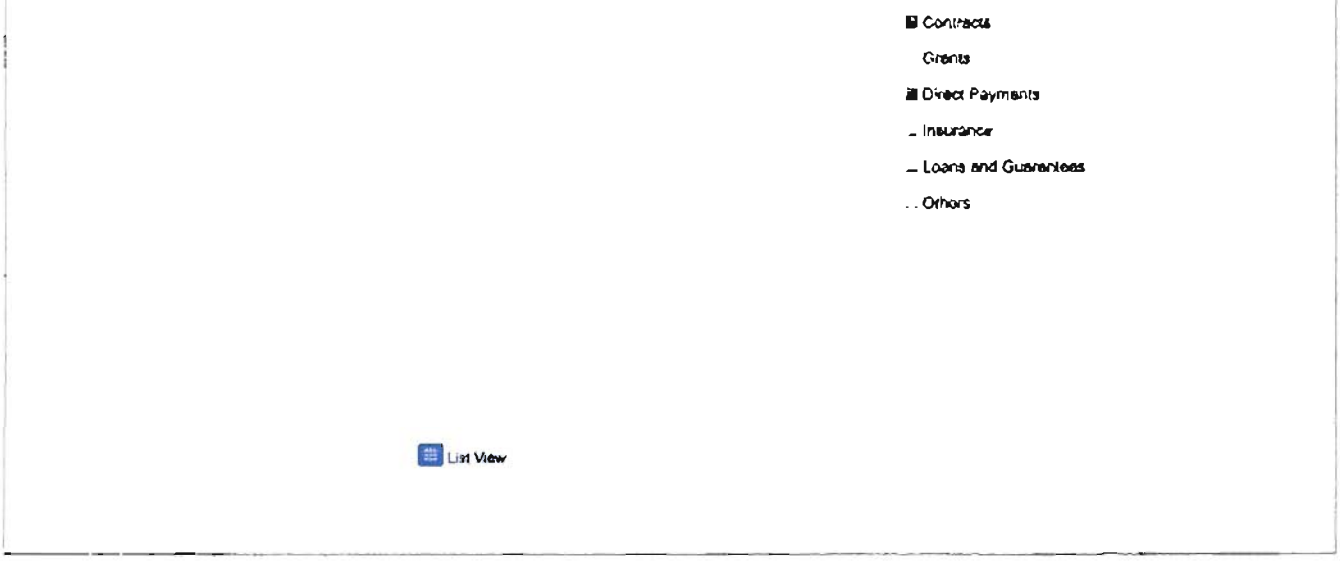
| | | |
|---|---|---|
| 1. | Carahsoft Technology Corporation | $108,628,302 |
| 2. | World Wide Technology Holding CO. INC | $20,253,575 |
| 3. | Cdw Holdings Llc | $7,427,977 |
| 4. | Dell INC. | $6,617,882 |
| 5. | Computer Sciences Corporation | $5,475,333 |

#### Top 5 Contract Sub-awardees

| | | |
|---|---|---|
| 1. | Vmware, INC. | $687,808 |

5. ADP Facility Management $6,166,413 }

## Prime Awards Timeline



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## Contracts/Awards Timeline for All Years

Filters: Search Term: vmware | Fiscal Year: 2012 | Fiscal Year: 2011 | Clear All

| Fiscal Year | Contracts | Grants | Loans and Guarantees | Direct Payments | Insurance | Others | Total Dollars |
|---|---|---|---|---|---|---|---|
| 2012 | $111.6M | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $111.6M |
| 2011 | $103.7M | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $103.7M |

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