

Cloud marketplaces:
**Accelerating
and simplifying
cloud procurement**



Introduction

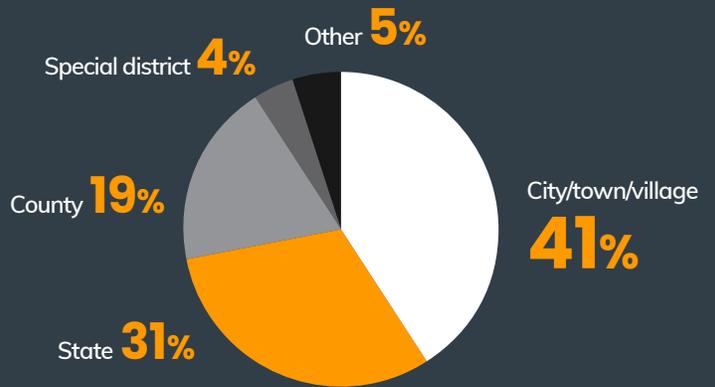
The Center for Digital Government (CDG) recently conducted a survey of 147 state, county, and city government leaders to gain insight into cloud procurement and the use of cloud marketplaces at their organizations.

The survey found that state and local governments of all sizes engage in cloud transformation to address urgent needs. However, they face a variety of procurement challenges that muddle decision-making, complicate purchasing, and delay delivery of new services. The survey also indicated that a cloud marketplace — that is, a digital sales channel for customers to find, learn about, purchase, and manage cloud data, solutions, and services from third-party providers — would help address the top procurement challenges that respondents identified and accelerate time to value.

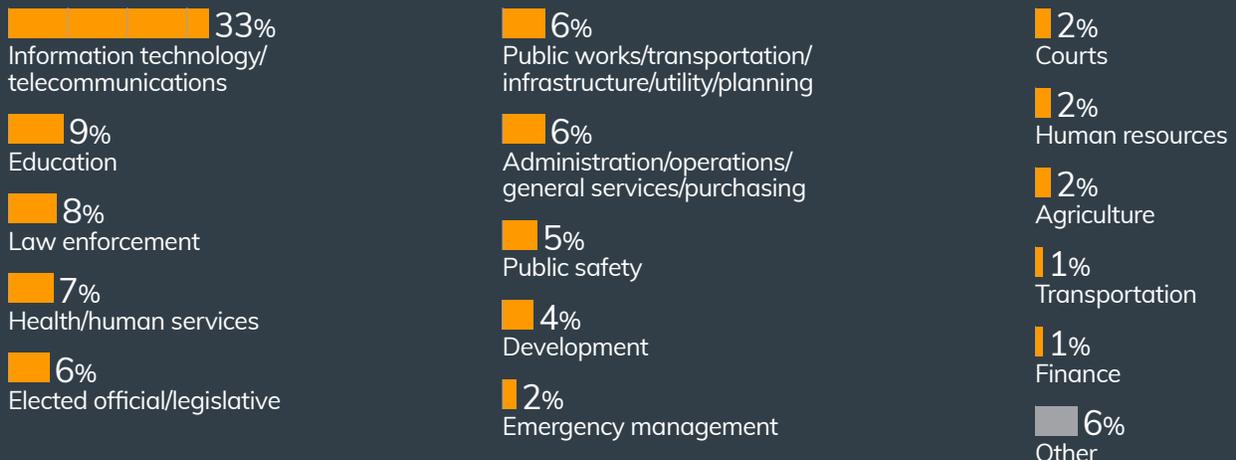
Respondent demographics

What is your branch of government?

CDG surveyed 147 state, county, and city government leaders in March 2022. The following data shows respondents' demographics by the branch of government they work in and the function of their agency or department.



What is the function of your agency or department?



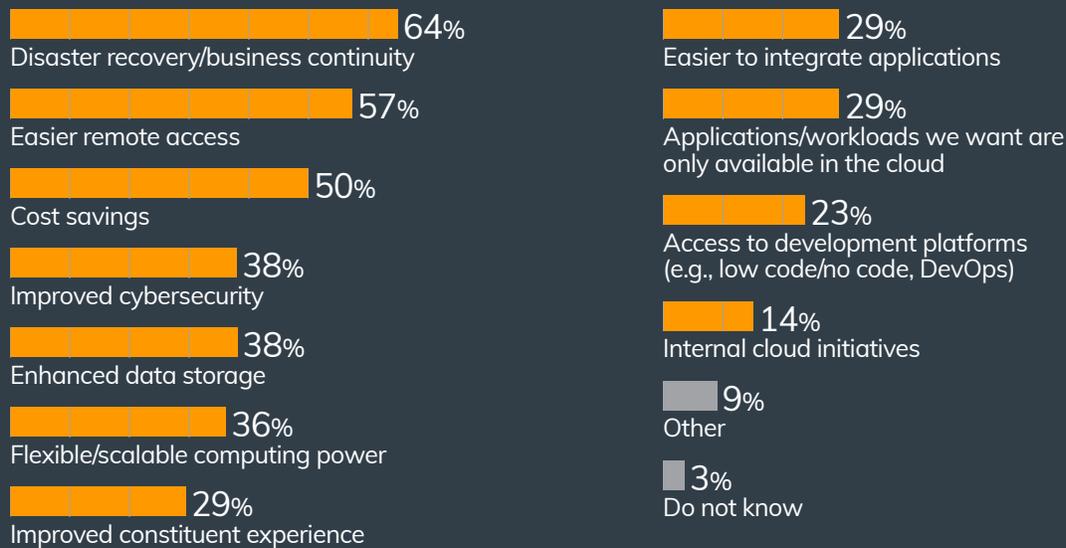
Key findings:

States, counties, and cities are turning to the cloud to transform their digital ecosystem and meet urgent needs.

Among survey respondents, the top motivations for moving to the cloud are disaster recovery/business continuity (64%), easier remote access (57%), and cost savings (50%). Improved cybersecurity (38%), enhanced data storage (38%), and scalable computing power (36%) also drive cloud migration.

The pandemic drove increased usage of the cloud for a variety of solutions. By enabling organizations to quickly and cost-effectively take advantage of existing infrastructure, services, expertise, and best practices, the cloud helped state and local governments continue to meet their mission during the public health crisis. Given the range of drivers selected in the survey, it is clear that organizations increasingly see the cloud as a vehicle to improve core functions and services as they move into the future.

What are the biggest drivers for moving applications/workloads to the cloud at your organization? Please select all that apply.

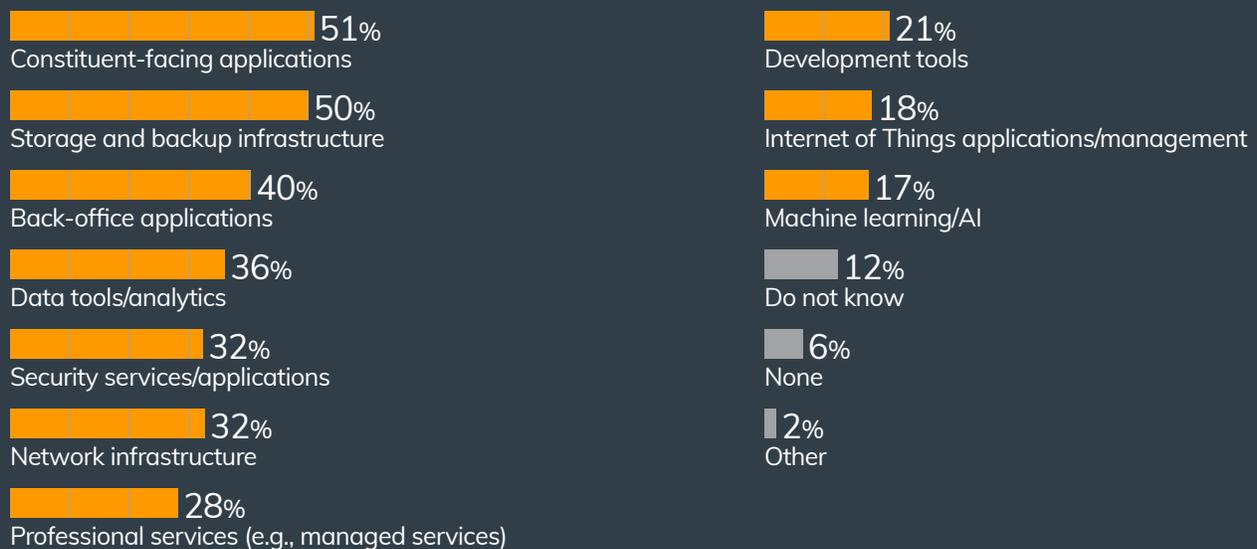


Agencies plan to procure cloud services that address key business challenges and improve core functions and services.

A majority of respondents report their organizations are planning to procure cloud-based constituent-facing applications (51%) and storage and backup infrastructure (50%) in the next one to two years. Back-office applications (40%) and data tools and analytics (36%) were also high on the list of plans. The cloud is ideal for these scenarios:

- **Constituent-facing applications.** Cloud platforms support easier integration with mobile, web, and other digital channels the public wants — and increasingly prefers — for their interactions with government agencies. In addition, cloud vendors have the infrastructure and resources to maintain strong security and compliance controls related to the privacy of constituent data.
- **Storage and backup.** Cloud storage and backup provides the flexibility to scale as data retention and disaster recovery needs grow, saving organizations the time and capital expenditure and operating expenditure costs associated with providing these capabilities in house. The cloud's distributed architecture also enables immutable backups, which help mitigate ransomware risks by creating a gap that prevents cybercriminals from accessing, altering, or deleting backups.
- **Back-office applications.** The cloud enables workers to access enterprise resource planning (ERP), human resources (HR), finance, business productivity, and other back-office applications from wherever they are. The cloud provider regularly updates, patches, and maintains applications, allowing the organization's IT staff to focus on other tasks.
- **Data tools and analytics.** Data analytics, machine learning, and other advanced processes require massive compute power and the ability to easily draw on multiple sources of data. Cloud data lakes and cloud platforms' practically inexhaustible compute power provide that.

What kinds of cloud solutions or services is your organization planning to procure in the next one to two years? Please select all that apply.



Organizations aren't getting the assistance they need from their most commonly used procurement channels.

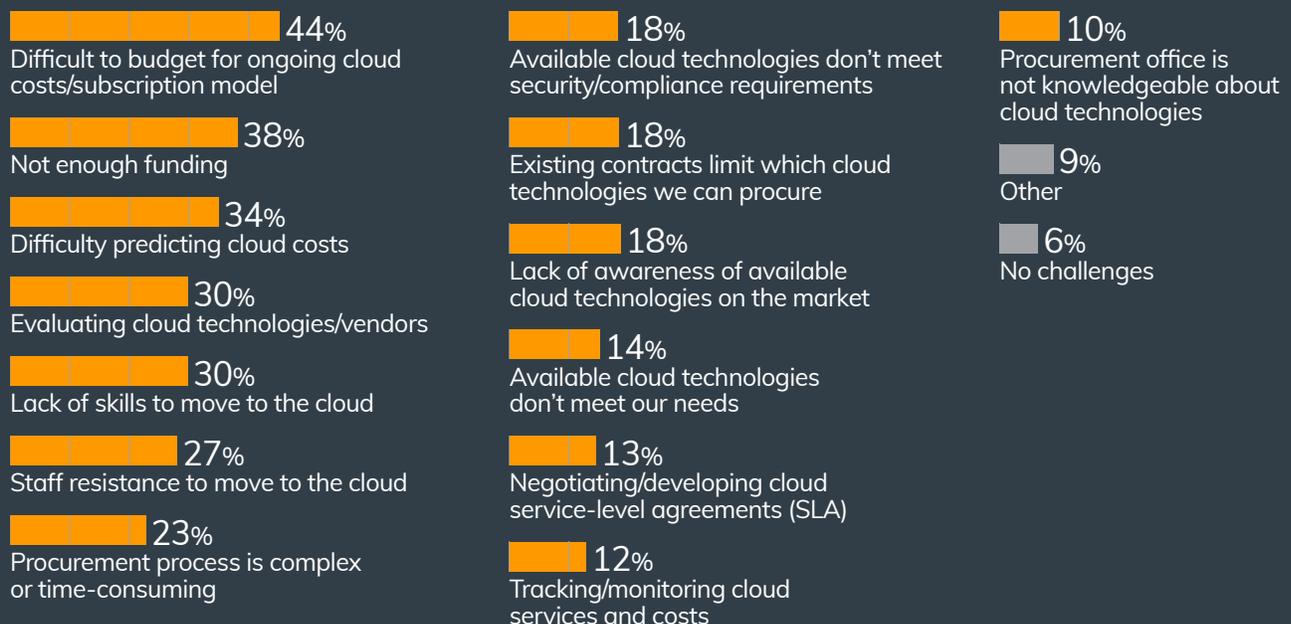
The most commonly planned channels for procurement are direct purchases from vendors/manufacturers (62%), cooperative contracts (50%), and resellers/channel partners (34%). However, respondents reported significant procurement challenges these channels don't adequately address.

Top challenges include budgeting for ongoing cloud costs/subscription model (vs. one-time technology purchases) (44%) and not enough funding for the cloud (38%). A range of other challenges also impacts procurement, including evaluating cloud technologies/vendors, lack of skills to move to the cloud, staff resistance to cloud migration, complex and time-consuming procurement processes, and security and compliance concerns. Most of these challenges highlight significant issues with the procurement process itself rather than the technology being procured.

Through which channel(s) is your organization most likely to purchase new cloud solutions/services in the next one to two years? Please select all that apply.



What are the biggest challenges your organization faces in procuring cloud technologies? Please select up to 5.



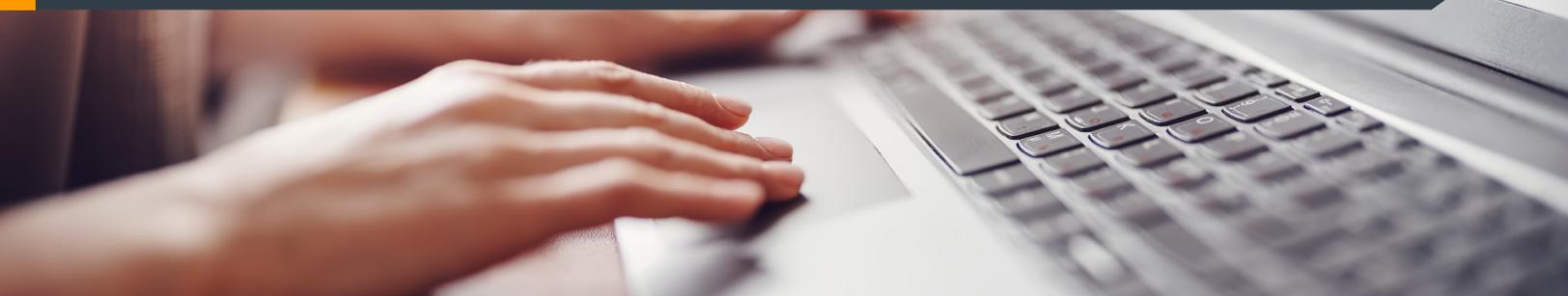
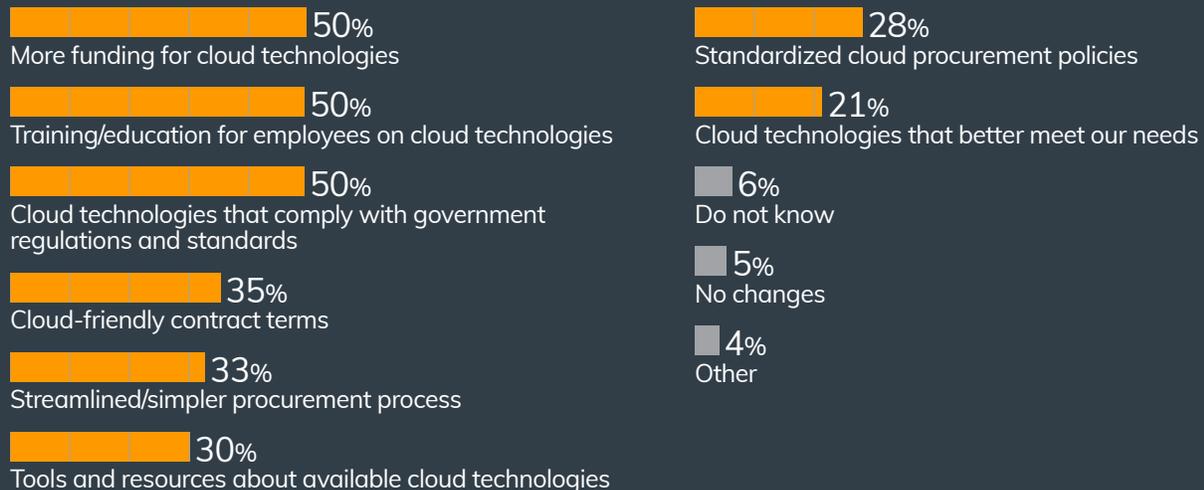
Organizations want solutions that improve the procurement process.

The top changes that would help improve the procurement process, according to survey respondents, are more funding for cloud technologies (50%), training/education for employees on cloud technologies (50%), and cloud technologies that comply with government regulations and standards (50%). Cloud-friendly contract terms, streamlined procurement processes, and standardized procurement policies were also important.

Organizations need help understanding, vetting, and selecting from a vast range of cloud technologies, and then understanding what it takes to use a particular technology within their digital ecosystem. They also need cloud technologies that have built-in, standardized frameworks — such as those modeled by FedRAMP and StateRAMP — and controls to help comply with government regulations and standards related to the processing, storage, and transmission of data. Finally, besides the initial funds for transitioning to the cloud, organizations need help visualizing, estimating, optimizing, and controlling costs once they're in the cloud.

“As people first moved to the cloud, there was the allure of the flexibility and the ability to address immediate challenges. Now that folks have been using the cloud for a while, they see they don't have the same levers to control the cost as they did when they were on premises. They have to figure out how to control those costs going forward,” says Teri Takai, CDG senior vice president.

What are the most important changes, if any, that would improve the process for procuring cloud technologies at your organization? Please select up to five.



Many organizations are likely to form a relationship with their cloud solution provider to use their cloud marketplace. Doing so will address many of their procurement challenges.

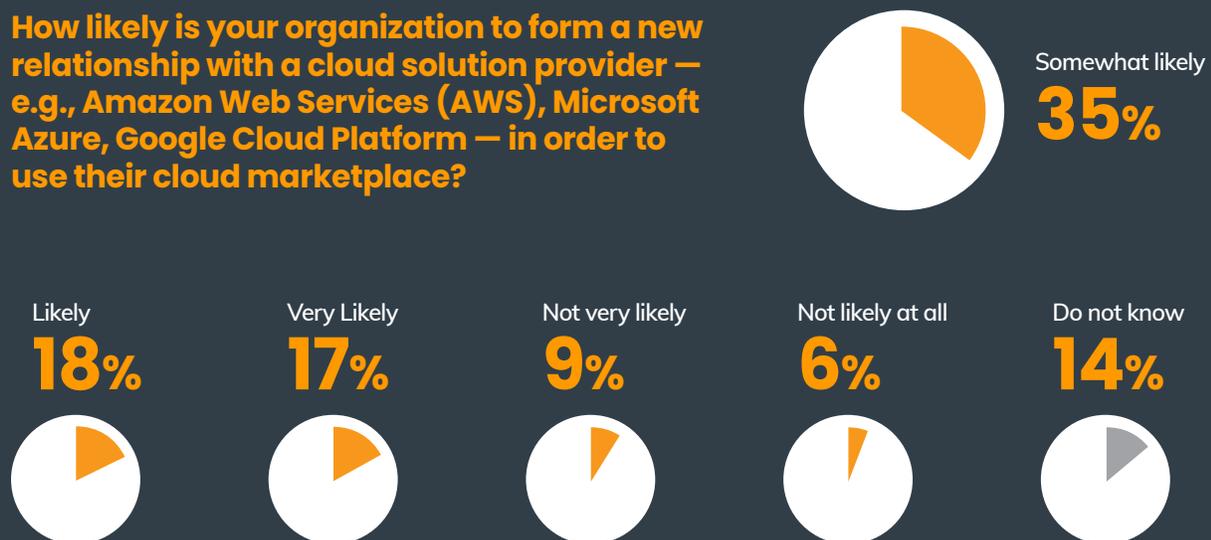
A cloud marketplace is a digital sales channel for organizations to discover, procure, entitle, provision, and govern data, solutions, and services from third-party providers. Marketplaces like AWS Marketplace curate thousands of software listings into popular categories like security, business applications, and data and analytics to help organizations understand and compare the best-available cloud products for their needs — without going through lengthy research and time-consuming interactions with multiple vendors. Third-party solutions are already designed to integrate easily into the platform's solution stack, enabling organizations to quickly roll out new services and capabilities.

In addition, the leading cloud marketplaces help improve security overall by continuously scanning third-party solutions on their platform, enabling government organizations to architect solutions that meet internal and regulatory requirements for security and compliance, and reducing the complexity of meeting security and compliance requirements for each individual solution.

“A marketplace helps organizations understand how various offerings fit within compliance requirements instead of them having to ask solution by solution or putting out a request for proposal” Takai says. “Depending upon what regulatory requirement an organization wants to comply with, they could simply set up their marketplace to see what solutions match their requirements.”

Besides saving time and reducing complexity, cloud marketplaces provide financial advantages. Flexible pricing options allow organizations to work within their budget models; a single bill for cloud expenditures provides the visibility needed to optimize spending; volume discounts help save money; and reduced procurement friction accelerates time to value.

How likely is your organization to form a new relationship with a cloud solution provider — e.g., Amazon Web Services (AWS), Microsoft Azure, Google Cloud Platform — in order to use their cloud marketplace?



The right set of cloud marketplace features can accelerate and simplify procurement.

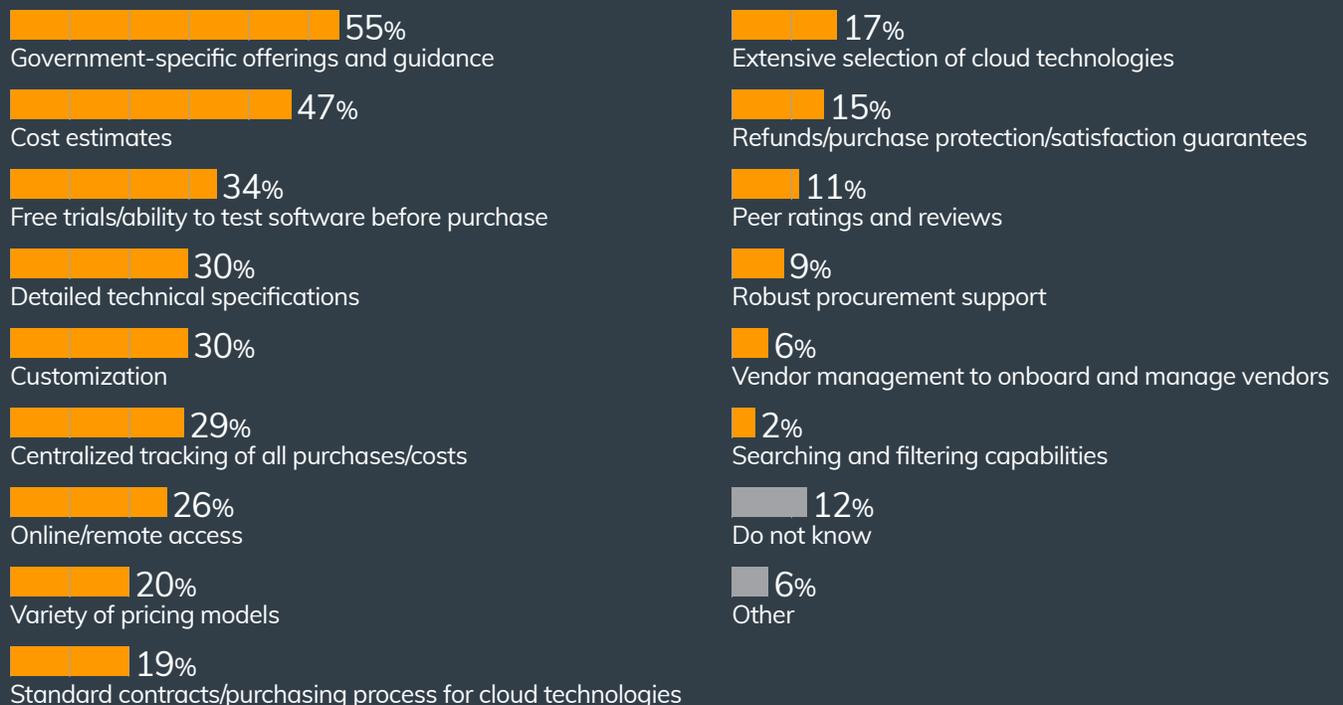
Survey respondents ranked government-specific offerings and guidance (54% of respondents) and cost estimates (47%) as the top features a marketplace should include. Roughly 30% of respondents identified a range of other important features, including the ability to test software before purchase, detailed technical specifications, customization, and centralized tracking of purchases and costs.

“There are a lot of areas where a marketplace can help provide more information and help CIOs and the technical people move forward with procurement more easily and quickly,” Takai says.

Besides considering cloud marketplace features, organizations would do well to consider policies and approaches within their own ranks. To reduce complexity and maintain momentum, they may need to streamline contract writing and terms and conditions, as well as approval processes — for example, by creating contract templates that can be applied more globally or by pre-authorizing certain types of transactions. Using StateRAMP-certified applications and pre-approved cooperative buying agreements can also simplify these processes.

CIOs and other IT leaders also need to track usage and purchases from outside the IT organization to control operational expenditures and ensure solution sustainability over time. Creating policies that incent, guide, or require individual groups to choose marketplace solutions first can help leaders simplify and better control this process.

What are the most important features and services that a cloud marketplace should include? Please select up to five.





Making the most of cloud opportunities

State and local governments are turning to cloud solutions to enable remote work, meet the public's expectations for digital services, enable data-driven decision-making, and strengthen resilience. The leading cloud solution providers help streamline cloud procurement, provisioning, and integration processes by providing cloud marketplaces designed specifically for government agencies. Their marketplaces feature a breadth and depth of vetted offerings that help state and local governments more easily, quickly, cost-effectively, and securely address immediate needs and innovate for tomorrow.

The key to using a cloud marketplace successfully — and taking advantage of the Infrastructure Investment and Jobs Act (IIJA) and other sources to fund cloud initiatives — is working with third-party professional services providers that can help develop a clear vision, comprehensive strategy, and proven best practices for moving forward and then sustaining initiatives over time.

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