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Government IT Has Different Priorities

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EXECUTIVE SUMMARY

Forrester recently surveyed 867 IT and business decision-makers at North American enterprise-class companies regarding their approach to IT governance. In this document, we compare the responses of 74 large US federal, state, and local government agencies to those of North American enterprises. Despite similarities in many operational characteristics, government agencies are more focused on security and less interested in offshore cost savings than other enterprises are.

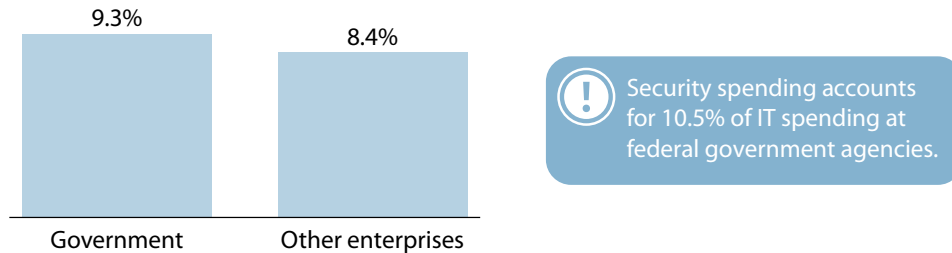
GOVERNMENT IT: FOCUSING ON SECURITY — MOSTLY IGNORING OFFSHORE

In many ways, large government agencies run their IT organizations like equivalently sized companies; both government agencies and other enterprises govern their IT organizations by committee and have centralized IT operations. In June 2004, we surveyed 867 North American enterprises and government agencies, including 34 federal government agencies and 40 state and local government organizations with 1,000 or more employees.¹ Despite many similarities in operational style, government agencies approach the news-grabbing IT issues of security and offshoring very differently. Government agencies:

- **Are more focused on security technologically and organizationally.** This might sound like a no-brainer in today's environment, but government agencies lead in security spending. They spend more on security technologies as a percentage of overall IT spending and have higher intentions to purchase security technology in the remainder of 2004 (see Figure 1). But government agencies also lead the pack organizationally — 72% of respondents knew of a chief security officer (CSO) in their IT organization, compared with only 34% of respondents at other enterprises. Due in part to the Federal Information Security Management Act of 2002 (FISMA), 85% of federal government agencies have a CSO in IT.²
- **Are not offshore pioneers.** Government agencies are less likely to be moving IT work offshore. While 31% of enterprises are considering, piloting, or actively using offshore, government agencies are considerably less interested. But even a sticky political environment isn't deterring *all* government organizations from exploring the potential cost savings from moving IT work offshore. Five percent of government agencies interviewed are actively using offshore resources for IT, and another 5% are considering doing so in the future.

Figure 1 Government Organizations Lead In Security Adoption**1-1 Government agencies spend on security technologies at a higher rate**

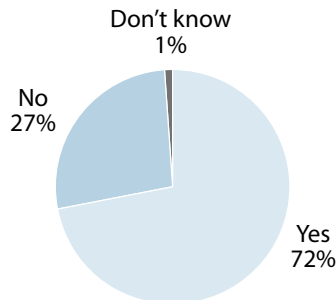
“What percentage of your overall IT spending is spent on security?”



Base: 867 IT and business decision-makers at North American enterprises

1-2 Government agencies focus on security at an organizational level

“Does your government agency have a chief security officer in IT?”



Base: 74 IT and business decision-makers at US government agencies

Source: Forrester's Business Technographics® June 2004 North American And European Benchmark Study

Source: Forrester Research, Inc.

USING THE DATA

Business Technographics® provides Forrester clients with a rich data asset to be tapped for action-oriented market intelligence. By looking under the hood of the data in this document, technology solution providers can receive answers to questions like:

- What are the industry-by-industry breakdown of budgets and spending for 2005?
- Which segments have the highest propensity to offshore outsource rather than hire internally?
- How do firmographic variables, such as job role and company size, affect spending behavior?

All data is industry-coded and profiled by variables like company size and geography. To understand how your firm can access this data asset through our Technographics Data & Services offering, email businesstechnographics@forrester.com.

ENDNOTES

- ¹ In Forrester's Business Technographics June 2004 North American And European Benchmark Study, Forrester surveyed 1,377 technology decision-makers at North American and European companies. The sample includes 867 (63%) respondents from North American companies and 510 (37%) respondents from European companies. Six hundred seventy-two (49%) of the respondents are from companies with 1,000 to 4,999 employees, and 705 (51%) are from companies with 5,000 or more employees. Evalueserve fielded the telephone-based survey in April and May 2004, and it motivated respondents by offering them a summary of the survey results.
- ² Among other requirements, FISMA requires government agencies to establish the position of information security officer. See the December 5, 2002, Planning Assumption "Information Security To Feel Impact Of US Homeland Security Legislation."