

Optimizing Federal Data Centers

through Third-Party Maintenance Providers



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The Big Issue:

Federal Data Centers (FDCs) are essential to the day-to-day operations of Federal agencies and are in need of optimization. Optimization efforts can reduce operational costs and increase efficiency, saving taxpayer dollars and improving service delivery.

Why it Matters:

Efficient and effective operation of FDCs has never been more important. With remote work becoming the norm for many Federal employees, proper management of FDCs is critical. By considering alternative investment opportunities for FDC management, Federal agencies could see long-term savings. One such opportunity is Third-Party Maintenance (TPM).





“According to the Office of Management and Budget, federal agencies reported that they operated 432 data centers in 1998, 2,094 in July 2010, 5,607 in August 2016, and 5,916 in August 2018. Operating such a large number of centers has been, and continues to be, a significant cost to federal agencies.” ¹

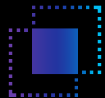
The Need for Federal Data Center Optimization

The US government is one of the world's biggest data center users. Its departments and agencies using IT are housed in thousands of government-owned data centers. However, this abundance of data centers comes with the challenge of maintaining them. The government has been struggling to fix the inefficiency of this infrastructure for over 10 years, and the demand for agency computing power has only escalated.² The amount of information gathered and processed by the Federal Government continues to increase, especially with greater application of the Internet of Things (IoT), artificial intelligence (AI), mobile computing, and digital service delivery.³ The increase in service demand, normalization of remote work, and the growing risk of cyberattack has made Federal data storage and protection more important than ever.



Federal Data Center Optimization Requirements

The 2014 Federal Information Technology Acquisition Reform Act (FITARA) requires the Federal Government to consolidate and optimize agencies' data centers.⁴ To fulfill these requirements, the Office of Management and Budget (OMB) launched the Data Center Optimization Initiative (DCOI) which requires agencies to optimize and consolidate data centers in order to deliver better services to the public while increasing return-on-investment to taxpayers.⁵ The DCOI supersedes the 2010 Federal Data Center Consolidation Initiative (FDCCI) which sought to lower the cost of data center management, improve IT cybersecurity, and ultimately reduce redundancy and inefficiency of federal data centers.⁶ The DCOI requires federal agencies to develop and report on data center strategies in order to accomplish the following⁷:



Consolidate inefficient infrastructure



Optimize existing facilities



Improve security posture



Achieve cost savings

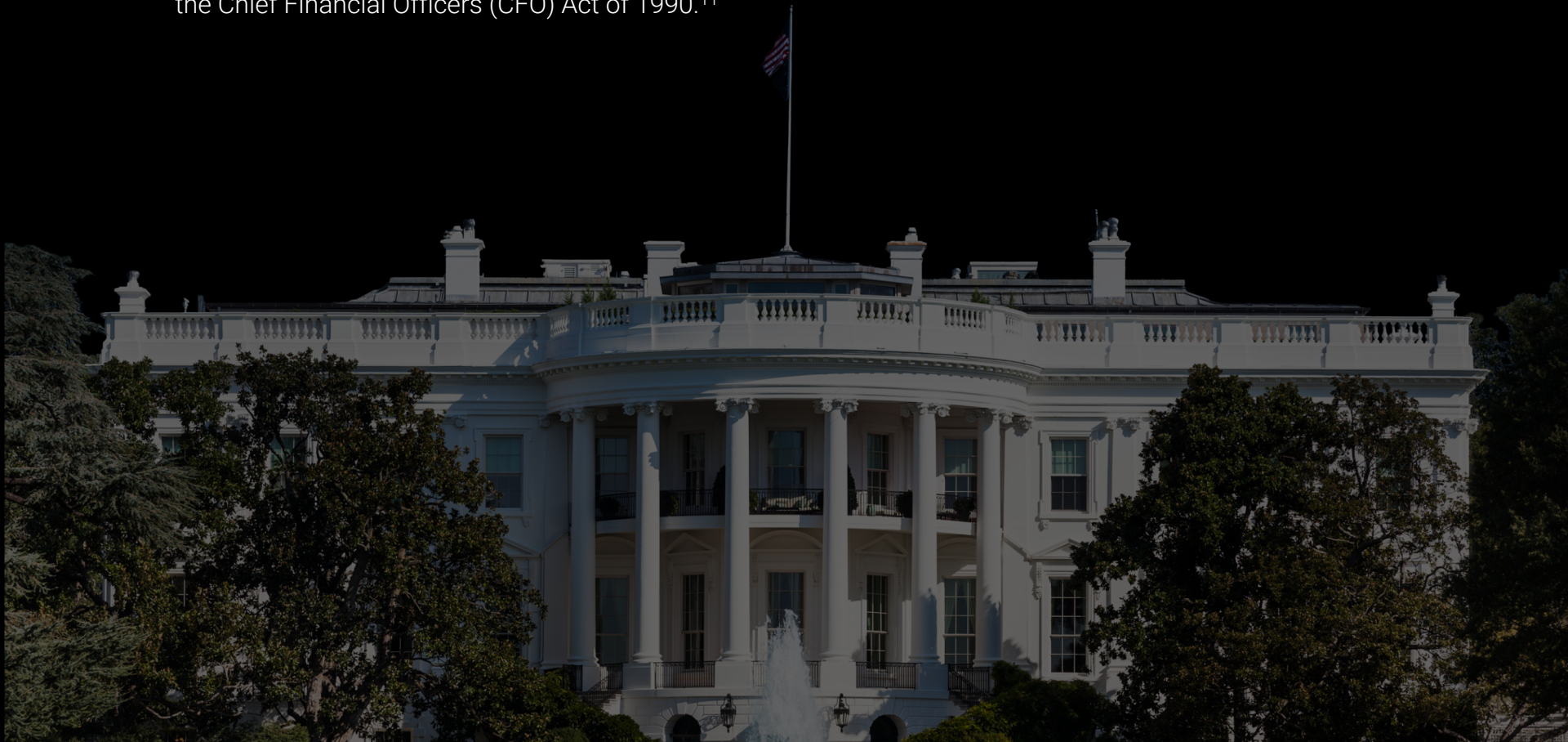


Transition to more efficient infrastructure, such as cloud services and inter-agency shared services

After 10 years of work in consolidating and closing Federal data centers, OMB has seen diminishing returns from agency data center closures. The Federal Government has picked off much of the low-hanging fruit of easily-consolidated infrastructure. As a result, the OMB is now targeting key areas where agencies can make meaningful improvements and achieve further cost savings through optimization, driving further maturity in IT modernization.⁸

Federal Agency Compliance

In June 2019, the OMB released Memorandum M-19-19 that contained requirements for the consolidation and optimization of Federal data centers in accordance with FITARA.⁹ M-19-19 targets key areas where agencies can make meaningful improvements and achieve further cost savings.¹⁰ The requirements in this Memorandum apply to the 24 Federal agencies covered by the Chief Financial Officers (CFO) Act of 1990.¹¹



Agencies required to comply with M-19-19¹²

- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Department of Homeland Security
- Department of Housing and Urban Development
- Department of Interior
- Department of Justice
- Department of Labor
- Department of State
- Department of Transportation
- Department of Treasury
- Department of Veterans Affairs
- Environmental Protection Agency
- National Aeronautics and Space Administration
- Agency for International Development
- Federal Emergency Management Agency
- General Services Administration
- National Science Foundation
- Nuclear Regulatory Commission
- Office of Personnel Management
- Small Business Administration

Third-Party Maintenance – An Optimization Solution

Regulations pressuring agencies to optimize and cut costs coupled with the ever-increasing importance of Federal data centers have created the need for an optimization solution. Third-Party Maintenance (TPM) is one potential answer. TPM for data centers is maintenance provided independently from Original Equipment Manufacturers (OEMs). Enabling TPM of Federal data centers offers several benefits over partnering with a multitude of OEMs. By using a third-party to manage data centers, end-user customers can consolidate support across OEMs with a single partner, extend the life of IT assets, control OEM-forced upgrades, and significantly reduce maintenance costs.¹³



Cost Savings

By using a TPM provider, costs for IT hardware support are substantially reduced. Rather than paying to service and maintain a multitude of OEMs, using a third party allows the agency to consolidate its maintenance budget. TPM also reduces maintenance costs by extending hardware lifecycles.


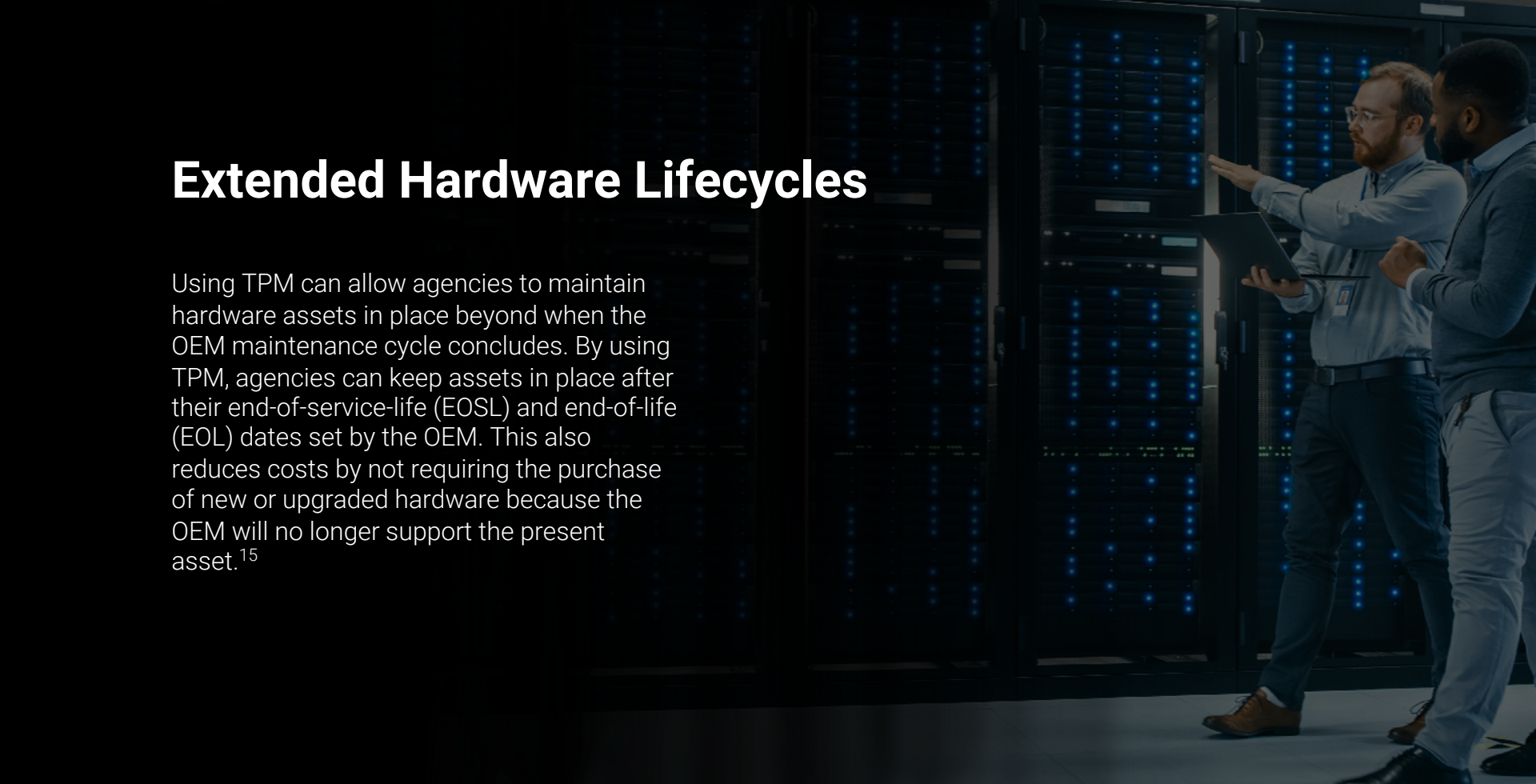


“Hardware maintenance is increasingly being considered as ‘nonstrategic IT’ spending and procurement, with the result being that IT professionals are seeking low-cost alternatives to expensive equipment manufacturer contracts and pricing.”¹⁴

- 2019 Gartner Report

Extended Hardware Lifecycles

Using TPM can allow agencies to maintain hardware assets in place beyond when the OEM maintenance cycle concludes. By using TPM, agencies can keep assets in place after their end-of-service-life (EOSL) and end-of-life (EOL) dates set by the OEM. This also reduces costs by not requiring the purchase of new or upgraded hardware because the OEM will no longer support the present asset.¹⁵

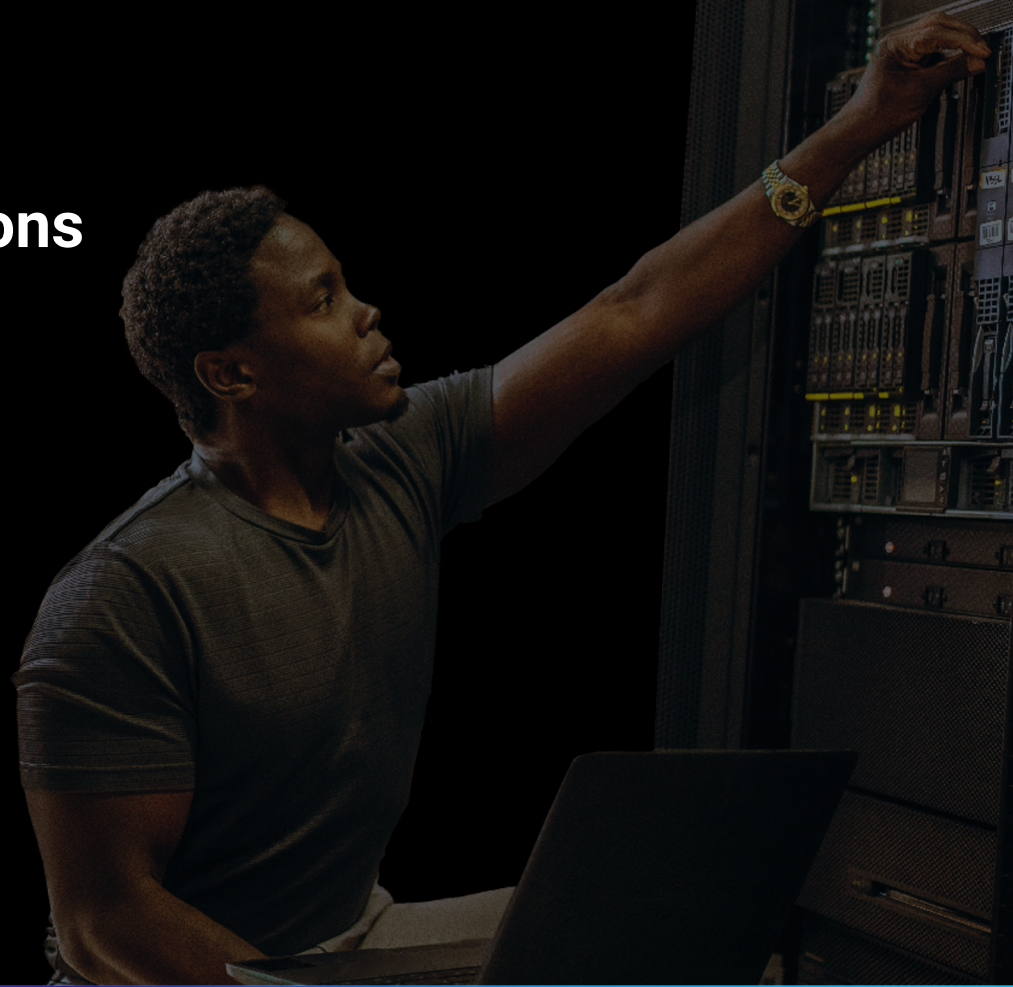


“When your equipment reaches its EOS or EOL, using equipment manufacturer support for it will cost you more than the value of the hardware it is supporting. Therefore, switching to a TPM solution allows you to maintain your current technology infrastructure at a more suitable price for your budget.”¹⁶

- 2019 Gartner Report

Focused Support Solutions

Another advantage of TPM is that third-party providers must focus on maintenance and managing costs while OEMs often seek to market new hardware to the customer. Moreover, TPM offers a simplified process rather than working with a multitude of OEMs. TPM providers can offer a simplified service experience while reducing maintenance costs and concentrating on the shared goal of extending data center uptime.



“Some enterprises consider the flexibility and customized support from third-party maintenance providers as an advantage.”¹⁷

- 2019 Gartner Report

Industry Perspective

Park Place Technologies supports storage, server and networking gear for all tier-1 OEMs including Oracle (SUN), EMC, IBM, Dell, HP, NETAPP, CISCO, Brocade/McData allowing federal customers to consolidate support in one maintenance contract. We support hardware beyond the OEM's end of service life (EOSL) dates putting customers in control of when to refresh or decommission legacy hardware. Park Place saves federal customers 30-40% on hardware maintenance vs. the OEM and never applies reinstatement fees or charge for Defective Media Retention (DMR). Supporting the Federal Government since 1998, Park Place provides critical data center support for numerous agencies and departments. Park Place understands and adheres to the strict compliance standards associated with federal Requirements. Park Place currently supports 21,500+ customers covering 1,092,000+ assets in 110,000+ unique data centers across the globe. CONUS or OCONUS we have you covered.

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Park Place Technologies

Park Place Technologies simplifies the management of complex technology environments worldwide. Its network of parts to support data centers is stored regionally, locally and on-site to allow for fast parts distribution and service to drive Uptime. Park Place created a new technology service category – Discover, Monitor, Support, Optimize (DMSO) – a fully integrated approach to managing critical infrastructure. Its industry-leading and award-winning services include ParkView™ Managed Services, Entuity software, and Enterprise Operations Center. For more information, visit www.parkplacetechnologies.com.

Park Place is a portfolio company of Charlesbank Capital Partners and GTCR.

Endnotes

1. <https://www.gao.gov/assets/gao-20-279.pdf>
2. <https://www.gao.gov/assets/gao-19-241.pdf>
3. <https://datacenters.cio.gov/policy/>
4. <https://handbook.tts.gsa.gov/fitara/>
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