

## The government's new G-Cloud ICT strategy has clear cost advantages, but there are challenges ahead

**Stephen Jackson** argues that G-Cloud has the potential to transform the way government acquires ICT by moving away from predominantly large suppliers to SMEs providing services on a pay-as-you-go basis. However, a number of challenges will need to be overcome in order for G-Cloud to achieve its potential benefits and cost savings.



G-Cloud, publicised in March 2011 as part of the government's wider Information and Communication Technology (ICT) strategy, represents a transformation in the way government procures and uses ICT. Rather than relying on several large suppliers such as BT, Microsoft and IBM, G-Cloud opens the way for smaller firms to provide a range of cloud-based ICT services to government organisations. Using CloudStore, an online catalogue consisting of over 250 suppliers launched in February of this year, public sector organisations can choose from more than 1,700 apps. The initiative is expected to deliver long-term cost savings and by 2015 it is anticipated that 50 per cent of government IT spending will be on cloud computing services. A summary of these cost savings is summarised in table 1 below.

<b><u>Savings by Year in £mil</u></b>				
	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>G-Cloud &amp; CloudStore</b>	-	20	40	120
<b>Data Centre Consolidation</b>	-	20	60	80

Table 1: Anticipated cost savings (source: <http://gcloud.civilservice.gov.uk/about/>)

Although G-Cloud offers expected benefits – greater transparency, flexibility and shared resources, a number of challenges will need to be overcome in order for the public sector to reap the desired benefits. A recent study carried out by VMware, in which 189 participants across 173 public sector organisations were asked to complete an online survey in February 2012, not only found that uptake of G-Cloud has been “frustratingly slow”, but also identified a number of obstacles to its adoption (a copy of the findings can be found [here](#)). These obstacles include:

- Concerns about the unproven nature of G-Cloud.
- Skepticism that it will not take off.
- Being locked into existing contracts and the possibility of incurring financial fines for early termination.
- Security and privacy concerns.
- Worry over initial setup costs.
- Cloud computing not included in the ICT strategy.
- Lack of knowledge about cloud technology and how G-Cloud works.
- Fear that G-Cloud will bring job losses.

While these challenges can certainly not be overlooked, one further gigantic task will be changing the procurement model from one enshrined in bureaucracy to one of short-term flexible contracts. Going

forward, government organisations will not be able to effortlessly extend their contracts. Instead contracts will have to be reviewed, disassembled into smaller parts, justified and SMEs offering cloud alternatives considered. The movement away from large players to SMEs represents a whole new ball game – a ball game which many government organisations will not have played before. Teamwork needs to be established, trust needs to be built and a process of unlearning and relearning needs to happen between government and SMEs.

Furthermore, public sector organisations – often driven by rules and regulations, can be notoriously difficult to transform. As software and IT platforms change cultural resistance is likely to be encountered. The challenge facing managers will be to facilitate the emergence of the right environment to enable employees to move from the comfort zone to the awkward zone without dragging them into the fear zone. With recent cuts, and the sheer size of the public sector workforce, overcoming opposition and ensuring that all departments embrace the G-Cloud initiative as a collective entity will be an onerous task. This will not simply happen overnight, but will require both time and patience.

Clearly, strong and resourceful leadership from the top will be essential for mobilising support for change. With depleting resources, finding creative, but cost-effective, ways to motivate and encourage all departments to move forward as a team will be one of the biggest challenges faced. Adaptable people, both in public sector organisations and SMEs providing the cloud services, need to be appointed in key positions to make the relationship work. The next several years will be interesting time for G-Cloud. One question exercising many people's mind is: will there be bright or dark clouds ahead?

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

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