



The Dominion Post
09-Dec-2011
Page: 3
Business Day
By: Tom Pullar-Strecker
Market: Wellington
Circulation: 84047
Type: Metro
Size: 134.96 sq.cms
Frequency: MTWTF--

State seeks cloud computing to cut costs

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THE Government is making its most ambitious push yet to adopt cloud computing by developing a business case for all 32 government departments to start accessing office productivity software such as Microsoft business suites online, rather than purchasing conventional software licences.

Internal Affairs has invited suppliers to contribute their expertise for a business case that will be presented to ministers in April.

Spokeswoman Victoria Dew said it did not know what the departments currently spent on services that might be encompassed by the initiative. "This is one of the areas that the detailed business case will be scoping."

Total government spending on information and communications technology was estimated in 2008 at \$2 billion. Buying services on a "pay-per-use" or subscription basis had the potential to reduce agencies' capital requirements and operating costs, the department said.

Microsoft's chief technology officer for public sector business, Joel Cherkis, will visit Wellington from the United States next week. But company spokeswoman Lucy Powell said the visit had been planned long in advance and the timing was a coincidence.

Google could also contend for the business with its cloud-based Google Apps suite.

Microsoft New Zealand chief technology officer Mark Rees said that, like Google, it hosted its

cloud-based software overseas, in its case in Singapore.

He said it was not clear if the Government expected vendors to invest in hosting capability within New Zealand.

"There are a notable proportion of IT services in government that could be hosted offshore, and a significant benefit to that, but you have to assess the risks."

Chris Quin, manager of Telecom's Gen-i business unit, said organisations could potentially save 20 to 30 per cent by using cloud-based services hosted overseas but he said the differential between that and hosting them locally was coming down.

"Most government departments would not be comfortable with their data being hosted offshore," he said.