



James River Consulting

Better IT & Services Contracting

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A professional services firm specializing in IT and business services contracts, outsourcing, on demand, e-contracting, contracts processes, and contracts management staffing

Newsletter

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Feature Article

Obama, Cloud Computing, and A Model for the On Demand IT Services Industry

Obama and the bail out. Old news. Obama and the auto industry. Cash-for-clunkers at an end. Obama and health care. Bugged down in committees. Obama and cloud computing. What did you say??? Yes, you heard right. Obama is moving the Federal government, and state and local governments that buy through the Feds, to cloud computing. In the process, the Obama administration is not only defining cloud computing as a business and technical computing concept, but also is formulating minimally acceptable service terms for its provision that will reverberate throughout the on demand IT services industry.

In a way, cloud computing is hitting the reset button for SaaS. While transacting for computing services on a subscription basis is infinitely better than perpetual licenses, surveys of SaaS offerings have revealed that the terms under which SaaS apps are offered can be as inequitable as licenses. This time around, customer expectations are being laid down at the get go.

The move to establish a unified set of cloud computing service terms began with James Urquhart in his blog "Wisdom of Clouds" (now on CNET) in the Summer of '08, which called for a Cloud Computing Bill of Rights. Others took up the cause, leading to a Cloud Computing Manifesto and finally to the current Open Cloud Manifesto (opencloudmanifesto.org/). The problem is that without the force of law or the backing by an international

governance or standards organization, these attempts at fighting off proprietary standards and inequitable terms won't go much farther than independent programmers.

Enter the General Services Administration's (GSA's) July 30, 2009, Request for Quotation (RFQ) for Infrastructure-as-a-Service (IaaS). The RFQ was disseminated to all existing GSA Schedule 70 information technology vendors through an internal system called e-Buy, an electronic quoting system. E-Buy supports GSA Advantage, the online storefront through which agencies in at the Federal, State and local levels can purchase software and related services that have been preapproved. (GSA took this particular approach to avoid the statutory response periods required for public bid solicitations.)

GSA's near term objective is to set up an online store similar to Advantage for IaaS, and eventually for Platform as a Service (PaaS) and Software as a Service (SaaS). The store will only handle credit cards and purchase orders: it will not serve as a platform or a proxy in the way that an AppExchange, OpSource or Jamcracker does.

Implementation of IaaS will be limited to "low impact" systems. Related plans include the Feds setting up shared service centers for agencies and turning NASA's ongoing cloud computing efforts into a model for all other agencies to follow.

There are 3 lots in the RFQ: 1) cloud storage; 2) virtual machines; and 3) web hosting. A cloud computing framework diagram in the RFQ shows SaaS as a horizontal layer at the top, with app integration, user admin and reporting as horizontal layers covering SaaS, PaaS and IaaS in descending order.

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About James River

James River Consulting specializes in the development, negotiation, and management of IT and business services contracts with emphasis on IT and business outsourcing and on software-as-a-service/cloud computing/managed services. James River's offerings range from short-term staffing of contracts personnel, to sales contract processes, to e-Contracts, to competitive bidding, to SaaS and BPO contracts negotiation and management. James River's president, Eric Esperne, has over 15 years experience as an in-house legal counsel and director of contracts for both large and small IT companies.

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Feature Article continued

Following the graphic are many pages outlining the Government's technical requirements. Within the context of contracts, the issue that is of greatest interest in the RFQ is service level agreements (SLAs). Highlights of cloud SLA terms from the RFQ are the following:

- ◆ Near real time user provisioning without vendor approval
- ◆ Minimum 1GB bandwidth, 2 full time data centers in the US
- ◆ Practically unlimited computing capacity and storage
- ◆ Vendor provided dashboard for customer's to monitor usage
- ◆ Termination at any time (no fixed subscription terms)
- ◆ 99.5% uptime, explanation of root cause and fix for any outage longer than 1 hour
- ◆ Dual factor customer access to infrastructure and admin rights
- ◆ Technology refreshes, patch management
- ◆ Government security certification (prerequisite)
- ◆ Data isolation, backup and recovery, and remanance management as required
- ◆ Customer claw back of data on demand for any reason
- ◆ Usage based weekly invoices online

- ◆ Identification of Tier 1 peering partners and arrangements
- ◆ Customer remote firewall administration as required
- ◆ Virtual private network (VPN) connectivity as required

In addition to the challenge presented by the RFQ requirements on their face, acquisition regulations peculiar to the Government will throw a few curves those in the on demand industry whom are uninitiated in the Government contracting (GSA has already recognized that procurement regulations will need to be altered). For example, regulations limit how and when the Government can accept standard commercial terms in place of regulatory clauses. Also Performance Based Acquisition (PBA) practices require that services be described as outcomes and not as how they will be provided. Finally, whether services are offered as fixed price or time and materials makes a big difference in how agencies can purchase cloud offerings.

James River's experience and expertise, which bridges Government contracting and on demand services, positions it to be a thought leader in this area over the coming months. Contact Eric Esperne for more information at eesperne@jamesriverllc.com.

Company News

Eric Esperne Earns CPCM Designation; James River Accepted to Government CCR

Eric Esperne, President of James River, recently passed the 4 hour exam for the Certified Professional Contracts Manager (CPCM) designation. The CPCM is the highest professional certification granted by the National Contract Management Association (NCMA) and the best regarded in the industry. The exam covers commercial and government contract law, economics, accounting,

management, marketing, sourcing and contract management organization is required to earn the title.

Also in July, James River was accepted for listing on the Federal government's Central Contractor Registration (CCR) as a small disadvantaged business. James River is marketing aggressively in the Government contracting space, including partnering with contractors already established on the GSA services schedules.



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