

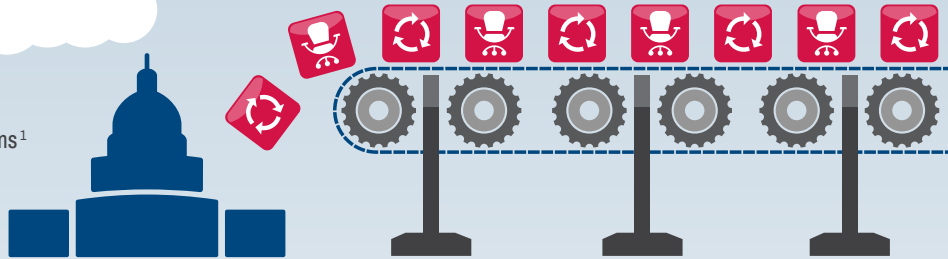
THE APP GAP



TOO MUCH OF THE SAME

Feds use **777** supply chain systems and more than **600** HR systems¹

70% of Feds expected the number of applications to increase over the next two years – by an average of 19%²



LEGACY APPS HOLD FEDS BACK

Agencies spend **79%** of their IT budgets or **\$62B** annually on legacy systems³

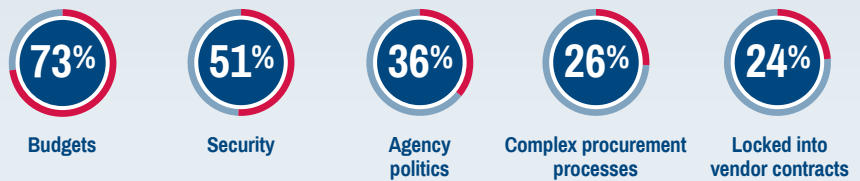
41% of agencies' applications need to be refreshed or replaced⁴

Just **one in three** say their current infrastructure is well equipped to meet the demands of their agency's mission⁵



WHY ARE AGENCIES STUCK?

Why have Feds not made more progress updating legacy systems?³



57% believe their agency does not have adequate IT budget to accomplish its goals³

63% believe their agency lacks the resources to execute standard maintenance on IT systems³

MODERNIZATION PATH \$

45% say major re-engineering is needed to modernize mission-critical apps for the cloud⁷

If Feds could save the money currently spent on maintaining legacy technology and repurpose those dollars, they would use it to:³



Feds believe their agencies could save **\$4.5B** by fully deploying virtualization⁵

Nearly half of Feds say their server virtualization has significantly improved their agency's ROI⁶

APP-ETITE FOR CHANGE

77% say new application development is vital to their agency's ability to meet mission objectives⁴

On average, IT pros expect virtualized workloads to almost double in the next four years – **from 37% to 63%**⁶

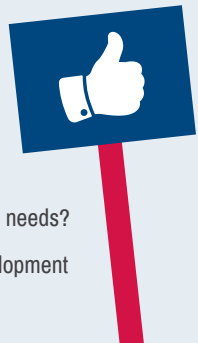


RECOMMENDATIONS

Assess Challenges: Identify and quantify current constraints across application modernization/migration projects. Are you still trading quality for speed?

Virtualize Universally: From infrastructure to data. What solutions match your agency's needs?

Leverage Cloud: Unlock savings and development efficiencies now. Can you afford to wait?



SOURCE LIST

- ¹ MeriTalk, "Shared Services: Ready or Not?" 3/10/14
- ² MeriTalk, "Cloudy with a Chance of Savings," 4/25/12
- ³ MeriTalk, "Innovation Inspiration: Can Software Save IT?" 7/23/13
- ⁴ MeriTalk, "PaaS or Play? Cloud's Next Move," 11/20/13
- ⁵ MeriTalk, "Show me the Money," 4/28/14
- ⁶ MeriTalk, "Virtualization Vacuum: The 2012 Government Virtualization Study," 1/30/12
- ⁷ MeriTalk, "Mission-Critical Cloud: Ready for the Heavy Lift?" 9/18/12