

## Why GAO Did This Study

In December 2014, IT acquisition reform legislation was enacted that included a series of provisions related to ongoing federal data center consolidation efforts. The legislation required covered agencies to develop data center consolidation strategic plans and report cost savings to OMB. It also included a provision for GAO to annually review agencies' data center inventories and strategies. OMB's Federal Chief Information Officer (CIO) subsequently launched DCOI to build on prior data center consolidation efforts and improve federal data centers' performance.

GAO reviewed agencies' data center closure plans and consolidation savings progress and plans; and evaluated the extent to which agencies' annual consolidation strategic plans are complete. To do so, GAO assessed DCOI agencies' data center inventories, reviewed agencies' reported cost savings documentation, and evaluated their data center optimization strategic plans. GAO also updated its assessments in April 2017 in response to agency comments on its draft report.

## What GAO Recommends

GAO is recommending that OMB ensure that agencies complete their DCOI strategic plans and report achieved data center cost savings consistently across all reporting mechanisms. GAO is also recommending that 17 agencies complete their DCOI strategic plans and that 11 agencies ensure the amounts of achieved cost savings are consistent across reporting mechanisms. Twelve agencies agreed with GAO's recommendations, 2 disagreed, and 11 did not state whether they agreed or disagreed, as discussed in the report.

## DATA CENTER OPTIMIZATION

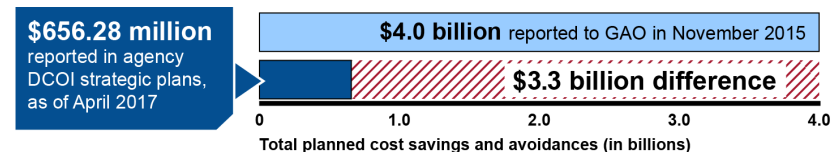
### Agencies Need to Complete Plans to Address Inconsistencies in Reported Savings

#### What GAO Found

The 24 agencies participating in the Office of Management and Budget's (OMB) Data Center Optimization Initiative (DCOI) have made progress on their data center closure efforts. As of August 2016, the agencies collectively had identified a total of 9,995 data centers, of which they reported having closed 4,388 and having plans to close a total of 5,597 through fiscal year 2019. The Departments of Agriculture, Defense, Interior, and Treasury accounted for 84 percent of the completed closures.

In addition, 18 of the 24 agencies reported achieving about \$2.3 billion collectively in cost savings and avoidances from their data center consolidation and optimization efforts from fiscal year 2012 through August 2016. The Departments of Commerce, Defense, Homeland Security, and Treasury accounted for approximately \$2.0 billion (or 87 percent) of the total. Further, 23 agencies reported about \$656 million collectively in planned savings for fiscal years 2016 through 2018. This is about \$3.3 billion less than the estimated \$4.0 billion in planned savings for fiscal years 2016 through 2018 that agencies reported to GAO in November 2015. (See figure.)

**Comparison of Fiscal Years 2016-2018 Planned Cost Savings and Avoidances Reported to GAO in November 2015 to Publicly Available Agency DCOI Strategic Plans in April 2017**



Source: GAO analysis of agency data. | GAO-17-388

This reduction in planned savings is the result of eight agencies reporting less in planned cost savings and avoidances in their annual DCOI strategic plans, which are required by December 2014 information technology (IT) acquisition reform legislation, as compared to the savings these agencies previously reported to GAO in November 2015. The reduction also does not include cost savings information for one agency that had not submitted its strategic plan in time for our review. GAO has previously recommended that agencies fully report these savings.

Additionally, as of April 2017, 23 of the 24 agencies had submitted a strategic plan. Of the 23 plans, only 7 included all required information. The remaining plans either partially met or did not meet the requirements. Until agencies submit plans that address all required elements, they may be challenged in implementing the data center consolidation and optimization provisions of the legislation. GAO also identified inconsistencies in how 11 agencies reported historical cost savings in their DCOI strategic plans, as compared to a separate required quarterly report to OMB. These inconsistencies, due in part to weaknesses in OMB's oversight of agencies' savings information and their DCOI strategic plan, resulted in a reporting discrepancy of approximately \$1.5 billion between the two sources. Until OMB improves its oversight of agencies' reporting of cost savings, and until agencies address inconsistencies in their reporting, the likelihood of further reporting errors is increased.