

CDW-G State & Local Government Technology Investment Curve

Security

February 20, 2006



The CDW-G State & Local Technology Investment Curve

*CDW-G's State & Local Government Technology Investment Curve is an assessment of public-sector purchasing behavior based upon CDW-G sales and customer data from 2000 to 2004.**

Offering more than 100,000 products from over 1,000 vendors to thousands of State & Local customers, CDW-G is uniquely qualified to provide accurate, vendor-neutral data on the adoption of various technologies throughout the market.

* This assessment only includes state, county and city agencies' investment in Security IT products; it does not include Higher Education or K-12 investment.



Profiles vs. Ranking

The TIC Is:

1. An unbiased, objective assessment of purchasing behavior over five years
2. A measure of how pervasive technology investment is throughout an entire state
3. An enabler for IT leaders – providing relative statistics to compare programs, approaches and best practices from state to state

The TIC Is NOT:

1. A ranking of IT program success at any level of government
2. A measurement of results for any single program, leader or organization
3. Focused on state-level investment, but rather statewide technology investment at all levels of government

Understanding IT Investment

The Purpose of the TIC

1. Highlight trends in S&L government IT buying
2. Compare technology investment behavior across states
3. Enable S&L IT buyers to identify similar or more progressive investment models
4. Provide an investment roadmap for CDW-G's vendor partners
5. Enhance the market dialogue

So What? Who Cares?

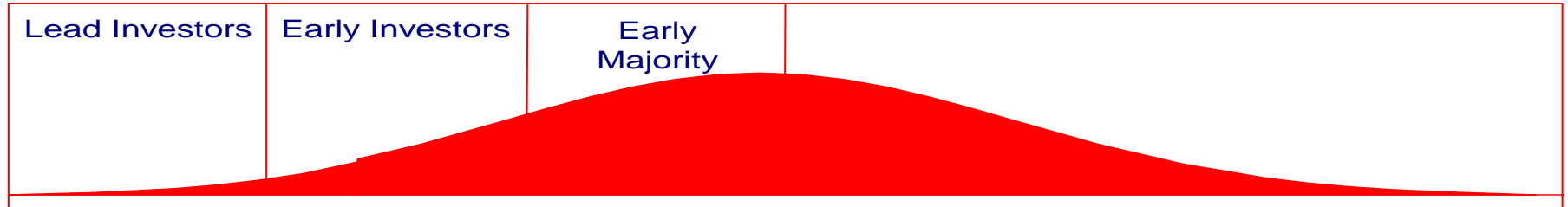
- State & Local governments spent \$48 billion on IT in 2005*
- State & Local government IT spending will reach \$70 billion by 2010*
- State & Local governments receive and spend significant Federal dollars
- State & Local governments are largely responsible for the delivery of daily services to citizens

* Source: INPUT



Understanding IT Investment

Same Technology – Different Investment Approaches



Lead Investors

- State & Local Governments that understand the value of technology and its impact on the business of government
- Cognizant of the risk-reward tradeoff, but tolerant of the risk and capable of managing it
- Legislative &/or Political support for IT agenda
- Association or institutional support for IT education
- Prioritizing IT security expenditures across multiple product categories.

Early Investors

- Savvy technology practitioners that readily translate technology to mission value within the context of government
- Constantly scan best practices and readily adopt as appropriate
- Legislative &/or Political support for IT agenda
- Association, cross-agency organization or institutional support for IT expenditures

Early Majority

- Proven technology leaders with a firm grounding in both technology and policy
- Focused on technologies with proven success
- Weigh the quality of the vendor equally with the quality of the technology

Report Methodology

1 Determine the Universe of Customers

- CDW-G worked with the Center for Digital Government to define the universe of possible customers at the state, county and city levels for every state
- The research was based on a survey of governments and a state-by-state analysis

2 Examine CDW-G Customer Data

- CDW-G examined purchase records for its several thousand State & Local customers between 2000 and 2004
- CDW-G customer analysis focused on network security components, security software, and anti-virus (AV) software

3 Compare CDW-G Customers to the Universe

- CDW-G mapped its customer information to the universe of State & Local agencies
- CDW-G compared trends in each category between 2000 and 2004 to identify the lead investors, early investors, and early majority in IT security solutions

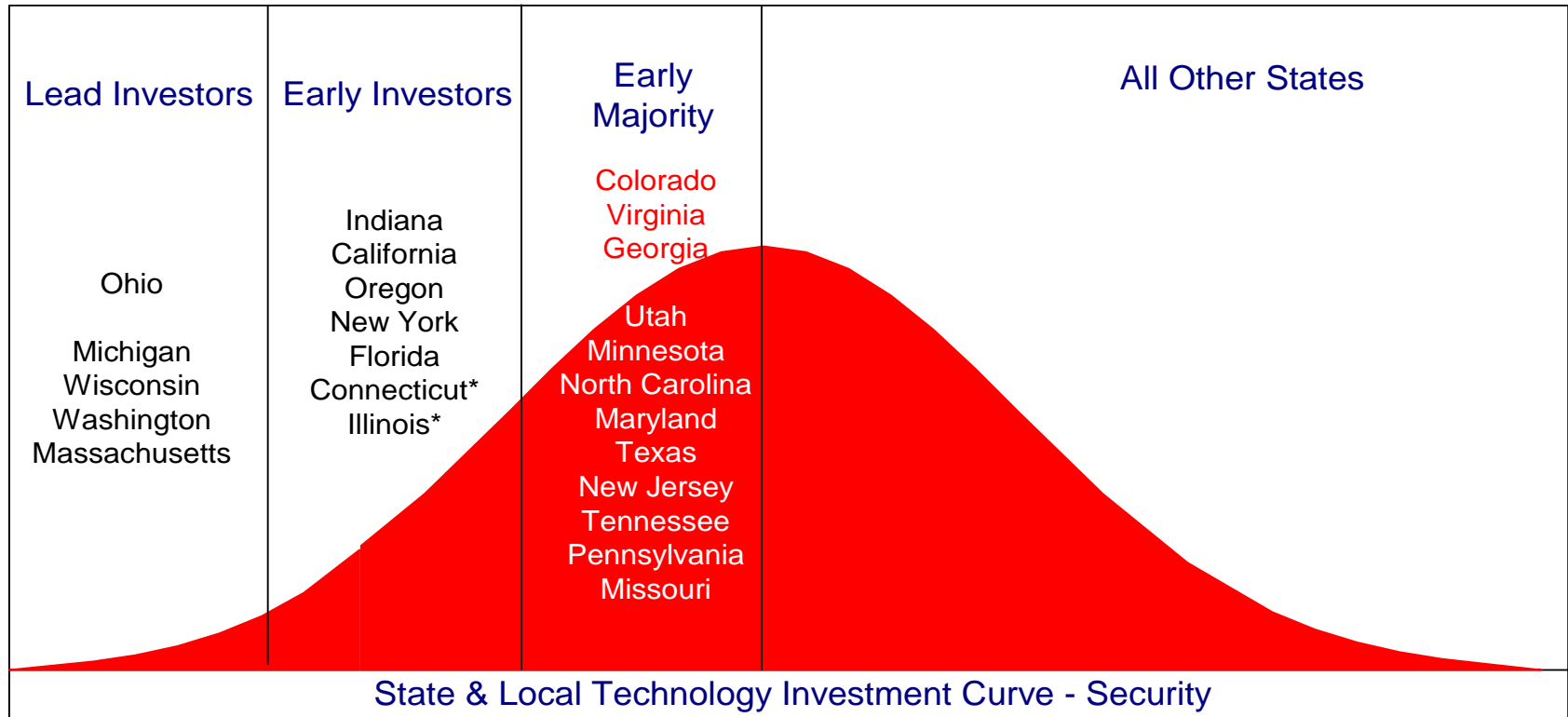
***Security* is the first in a series of reports**



The Goal – Improved IT Security

- Security investments are easier to measure than security outcomes
 - Understand current investment profiles
 - Determine areas of success and best practices
 - Arm city, county and state technology leaders with information to influence policy makers
- **Investment in security technologies is a critical component for generating a robust IT security infrastructure**

TIC – Security 2006






* CDW-G operates State & Local government sales offices in both Illinois and Connecticut. To eliminate the skew associated with these offices, CDW-G calculated and then removed the location effect from these states. The location effect was calculated by the likely sales size, depth and growth associated with having an office within the geographic boundaries of state, county and municipal governments.



Security Investment Index

State	Index		State	Index
Ohio	176.42		Colorado	91.03
Michigan	142.59		Virginia	90.98
Wisconsin	135.85		Georgia	87.70
Washington	133.18		Utah	86.96
Massachusetts	131.04		Minnesota	74.94
Indiana	122.32		North Carolina	68.13
California	118.59		Maryland	67.13
Oregon	109.96		Texas	67.07
New York	107.90		New Jersey	66.29
Florida	105.85		Tennessee	62.40
Connecticut*	101.94		Pennsylvania	52.36
Illinois*	100.03		Missouri	37.25

-  Lead Investor
-  Early Investor
-  Early Majority Investor

* Adjusted for the location of CDW-G State & Local government sales offices



Investment by Category

Network Security	
1. Ohio	1
2. Massachusetts	5
3. Michigan	2
4. Washington	4
5. California	7
6. Oregon	8
7. Wisconsin	3
8. New York	9
9. Florida	10
10. Connecticut^{1,3}	11

Indiana⁴

6

Security Software	
1. Ohio	1
2. Indiana	6
3. Wisconsin	3
4. Michigan	2
5. Washington	4
6. Oregon	8
7. Florida	10
8. California	7
9. Massachusetts	5
10. Connecticut^{1,3}	10

New York⁴

9

Anti-Virus Software ²	
1. Ohio	1
2. Michigan	2
3. Wisconsin	3
4. Massachusetts	5
5. Colorado³	13
6. Washington	4
7. California	7
8. New York	9
9. Indiana	6
10. Virginia³	14

Oregon⁴

8

Florida⁴




10

¹ Adjusted for the location of CDW-G State & Local government sales offices

² Includes anti-virus, anti-spam and anti-spyware software

³ Not Listed As Lead or Early Investor

⁴ Listed as a Lead or Early Investor

	Lead Investor
	Early Investor
	Early Majority Investor



Common Indicators

Lead Investors Share Some Characteristics

- Strong and consistent state-level leadership over the entire five-year period
- County & City Government leadership supporting and developing major initiatives.
- Strong and multiple academic programs in information assurance education
- Significant statewide user groups/associations to provide critical mass and education
- Early starts, with significant information security programs operating as early as 1997
- IT Budget support and prioritization across City, County and State agencies

State Profile: Ohio



1. The State Office of Information Technology sponsors a network vulnerability and IT risk assessment program.
2. Agencies having already participated in the network vulnerability and IT risk assessments are currently eligible to apply for grant monies from the Federal 2004 Homeland Security grant program.
3. Several Ohio universities operate strong and sizable information assurance and information security programs, graduating hundreds of information assurance professionals each year.

State Profile: Michigan



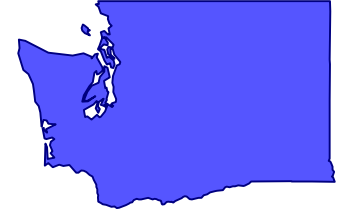
1. The State of Michigan has had a state-level Chief Information Security Officer (CISO) since 2002.
2. The state executed an enterprise-wide rapid risk assessment as early as 2002-2003 using IT security personnel from 11 different state government organizations – led by the CISO and based upon National Institute of Standards and Technology, International Standards Organization and Government Accountability Office security standards.
3. Michigan won NASCIO Security and Business Continuity Recognition Awards in both 2003 and 2004.
4. Michigan has three academic programs designated as National Centers of Academic Excellence in Information Assurance Education.

State Profile: Wisconsin

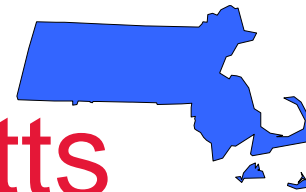


1. Wisconsin operates strong academic programs for information security, with several universities offering information assurance and security programs at both the undergraduate and graduate levels.
2. Wisconsin executed a statewide e-mail, authentication, and application security assessment in 1997, providing basic standards for information security, encryption and even references to biometric technologies.
3. The Free Wisconsin Information Security Users Group has been in operation – with strong membership – since 2002.

State Profile: Washington



1. Washington incorporated security in its Enterprise Architecture and Digital Government plans as early as 2000.
2. The state designated a Chief Security Officer for the Department of Information Services in 2000.
3. In March 2002, under the direction of Governor Gary Locke and the state's Information Services Board, then-state CISO Darlene Kosoff established and chairs the Washington Computer Incident Response Center (WACIRC). *Information Security* magazine recognized WACIRC in December 2003 as the "Best Government Response System."



State Profile: Massachusetts

1. Massachusetts included security as a key management discipline in 1998 and implemented a state-wide Enterprise Information Security Policy in 2001.
2. In 2002, the Massachusetts Information Technology Division's Cyber Law E-Government Advisory Roundtable began including security Service Level Agreements (SLAs) in technology procurement contracts.
3. Massachusetts has three academic programs designated as National Centers of Academic Excellence in Information Assurance Education.

Thank You

For all questions and inquires, please contact:

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