HOUSE COMMITTEE ON
OVERSIGHT & GOVERNMENT REFORM

CHAIRMAN EDOLPHUS TOWNS

OPENING STATEMENT

"Cloud Computing: Benefits and Risks of Moving Federal IT into the Cloud"

July 1, 2010

Good morning. Thank you all for being here today.

The purpose of today's hearing is to examine the benefits and risks of cloud computing for the federal government. At the most basic level, cloud computing is web-based computing whereby computing resources are shared and accessible over the Internet on demand. In this way, cloud computing is like most utility services.

Before the electric grid was developed, business owners who wanted to use machinery also needed to produce enough energy to run that machinery. That meant investing heavily to build and maintain a power source. The electric grid revolutionized the country by centralizing the resource and allowing businesses to simply purchase electricity.

Cloud computing promises the same for computing power. Instead of building and maintaining an entire IT system in house, businesses can purchase computing power and tap into that resource over the Internet.

While the concept might sound like something out of a science fiction novel, when you think about it, most Americans already use some form of cloud computing. I'm sure most of the people in this room have used some web-based email service, social networking site like Facebook or Twitter, or photo and video-sharing site like Flickr and YouTube. Indeed, many of us in Congress are using those tools to communicate with our constituents.

Cloud computing is a very real technology that the federal government has already begun to embrace. The Federal Cloud Computing Initiative and an online cloud computing storefront were launched in September 2009.

I've read that the government-wide implementation of cloud computing will be a decade-long journey. It's the job of this Committee to ensure that journey is well thought out, that the benefits and risks are fully examined, and that there are comprehensive plans in place to ensure that we do this the right way, the first time.

In the same way that common standards improved efficiency and safety for the electric grid, standards are needed for cloud computing to ensure security, promote interoperability, and support data portability. I

believe strongly that doing this right the first time will require strong public-private collaboration, particularly on standards development.

The shift to cloud computing offers the federal government tremendous promise, but it is not without risk. The balance between risk and reward is an important one and I hope to get a better understanding of that balance today.

It is clear to me that security and privacy are real concerns. Our natural impulse is to hold the things we value close to us, but cloud computing requires entrusting data to others. The law's current focus on the physical location of data also presents unique privacy and legal challenges.

A major benefit of cloud computing is the potential for significant cost savings. It makes sense – cloud computing allows agencies to pool resources and pay only for the computing power that they actually use. Cost savings estimates vary widely from 25-99% of IT operating costs. I'd like to know why those figures vary so widely and what can we really expect to save?

I look forward to today's hearing, to a thorough examination of the Federal Cloud Computing Initiative, and to addressing the emerging legal and policy issues that federal cloud computing presents. I want to thank all of our witnesses for appearing here today and I look forward to hearing their testimony.