

**Chairwoman Diane E. Watson – Opening Statement
Joint Oversight Hearing on “Cloud Computing: Benefits and Risks of
Moving Federal IT into the Cloud”
July 1, 2010**

Thank you Mr. Chairman for agreeing to hold today’s hearing in conjunction with the Subcommittee on Government Management, Organization and Procurement on the benefits and risks of the federal government’s use of cloud computing services.

At its most basic level the term “cloud computing” is a metaphor for internet-based computing. Some have described it as a new name for an old concept: the delivery of computing services from a remote location, similar to the way electricity and other utilities are provided to most customers. A preponderance of technology experts believe that by 2020 most people will access software applications online and share and retrieve information through the use

of remote server networks. This is a dramatic departure from today's environment where we depend on software housed on individual computers.

The use of cloud computing by federal agencies has significant benefits for collaboration across a broad information infrastructure, as well as for reducing costs associated with long-term information technology investments. It holds out the promise of enabling IT assets to remain on the technological cutting edge over their life cycle at reduced costs. It is therefore appropriate that President Obama has targeted the federal government's IT infrastructure as part of his mandate to cut agency budgets by 5 percent in 2011, particularly when we consider that the federal government spends \$76 billion annually on IT

investments and that the majority of those investments are for software and IT services.

Despite these benefits, I remain concerned with potential or unknown security risks associated with cloud computing across the federal agency community. For example, federal customers may become dependent on their cloud computing vendor's effective implementation of security practices or protocols for ensuring the integrity and reliability of agency data and applications. The cloud computing model also raises privacy issues as well as the level of control over data due to issues of portability across different platforms or the fact that vendors may not be willing to divulge proprietary information.

Due to these concerns, in July 2009, I requested that the GAO evaluate the technical and security risks associated with cloud computing across the federal government. I am pleased to announce that GAO is releasing the report at today's hearing and that Mr. Greg Wilshusen (pronounced Wil-shoe-sen) will be reporting on GAO's findings.

The GAO report notes that while individual agencies have identified security measures needed when using cloud computing, they have not always developed corresponding guidance, and that OMB and GSA have yet to complete government-wide cloud computing security initiatives.

Overall, I believe the report makes the point that cloud computing has both advantages as well as disadvantages with respect to cybersecurity and that the Administration

should move deliberately and with caution in considering when or when not to use cloud computing platforms.

Concerns involving vendor cybersecurity have not arisen in a vacuum or in an ad hoc manner. Specifically, we know through reporting done in *The Wall Street Journal* and other publications that multiple technology and industrial base companies, including Google, have been compromised by cyberattacks believed to be sourced from the People's Republic of China. It has subsequently been reported that both the Federal Bureau of Investigation and the National Security Agency have examined these episodes to determine their origins and the extent of damages sustained by all parties.

Cyberattacks place personal data, intellectual property, and our national security at grave risk, and require our partners in the government contractor community to be ever-vigilant in securing those systems and infrastructures used to service both federal agencies and private citizens alike. While I understand the aforementioned incidents may not be appropriate for discussion in an open hearing, I believe our vendor panelists need to address the broader issue of how they plan on meeting federal information security standards for protecting those programs and federal data that may be hosted through their cloud services. I look forward to hearing their specific plans of actions to do so.

Mr. Chairman, once again I thank you for holding this hearing. I look forward to the testimony of our

distinguished panels of witnesses and learning more about this important strategy to achieve efficient and effective IT.