

# Google eyes more government deals for online apps

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Google logo

(AP) -- Google Inc. is gearing up to sell its e-mail and other Web-hosted applications to a wider range of government agencies after winning a prized security clearance.

The sales push announced Monday marks Google's latest attempt to siphon customers away from rival Microsoft Corp., whose Office suite of e-mail, word processing, spreadsheet and other programs is widely used by government agencies and businesses.

Google is hoping that more federal, state and local government agencies will feel comfortable buying its online applications now that they have the U.S. government's seal of approval. The Federal Information Security Management Act certification means that Google's system for running the online programs is considered reliable enough to store most

electronic data handled by U.S. government employees. The clearance doesn't cover classified information.

It's the first time the U.S. government has certified a bundle of software programs delivered over the Internet, a trendy concept known as "cloud computing."

Google has been trying to promote cloud computing as a way for businesses and government agencies to reduce their technology expenses. At the same time, Google is hoping to reduce its financial dependence on Internet advertising, which generated virtually all of its \$13.6 billion in revenue during the first half of this year.

Software licensing and other non-advertising services accounted for \$558 million of Google's revenue in that period, a 53 percent increase from the same time last year.

The government represents a potentially huge growth market for Google.

Federal, state and local government agencies combined spend more than \$120 billion annually on computers, software and other technology. As they grapple with widening budget deficits, many government officials are looking to reduce their expenses by considering money-saving options such as cloud computing. The upfront and maintenance costs of cloud-computing applications are generally lower than that of software installed on individual computers because the programs are leased and automatically updated by the Web host - in this case, Google.

Google charges \$50 per user annually for the premium version of its applications suite. The company won't say precisely how many businesses and government agencies pay for its top-of-the-line apps as opposed to Google's more popular free version.

To gain the federal government's endorsement, Google agreed to store all government data in data centers located in the U.S. Google also is catering to government agencies with a new version of its applications tailored to their needs.

Google already has won several large government contracts, including a five-year deal with the city of Los Angeles in which it outbid Microsoft. Los Angeles wanted to switch over to Google's e-mail and other applications by June 30, but that target was missed because of security concerns raised by the city's police department. Google is now hoping to get its apps running for Los Angeles next month.

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