

EXECUTIVE SUMMARY

Recommendation for Additional Spending Authority 58-065E – Cloud Hosting Provider for SAP

Introduction

Responsible: Procurement and Warehousing Services (PWS)

This request is to approve the recommendation for additional spending authority for \$1,200,000 for Direct Negotiation Bid 58-065E – Cloud Hosting Provider for SAP. The Agreement between The School Board of Broward County, Florida (SBBC), and VirtuStream, Inc. (VirtuStream) was approved at the Special Board Meeting on September 19, 2017 with a contract term of three (3) years from September 19, 2017 through September 18, 2020, with a renewal option for two (2) additional one (1) year period and spending authority of \$2,550,755. VirtuStream provides cloud hosting, including infrastructure, hardware, software and maintenance for SBBC's SAP systems.

Goods/Services Description

Responsible: Information & Technology (I&T)

In September 2017, the District began the initiative to improve business processes by migrating the SAP business hardware systems from an on-premise mainframe to the SAP cloud hosting provider Virtustream, while also upgrading SAP software systems to take advantage of SAP's in-memory HANA database. The following phases were planned to ensure business systems are in place to support any future process improvements:

| | |
|--|----------|
| Migration and Upgrade - Migration from Mainframe to Virtustream Cloud Business Warehouse (BW) ERP Central Component (ECC) | Complete |
| Production Steady State (ECC) – System/Process Stabilization and Tuning Business Continuity – Transition to Cloud Managed Services | On-Going |

System/Process Stabilization and Tuning required additional hardware resources to be allocated to accommodate unforeseen processing needs, including security and backup enhancements for non-production systems, Business Continuity – Transition to Cloud Managed Services was originally planned to begin in the fourth quarter of Fiscal Year 2019/2020. This was planned with the intention of the existing staff having the ability to manage the systems prior to their retirement. Due to the inability to be fully trained on the new technologies and system complexities while also maintaining the existing SAP systems during the migration and upgrade, the transition to cloud-managed services had to be accelerated to ensure system availability and business continuity.

Procurement Method

Responsible: PWS

The Direct Negotiation was performed in accordance with Purchasing Policy 3320, VI (C)(5)(c), and Section 6A-1.012(14), F.A.C., permit the acquisitions of Information & Technology as defined in Section 282.0041(14), Florida Statutes.

Recommendation for Additional Spending Authority
58-065E – Cloud Hosting Provider for SAP
November 6, 2019 Board Agenda
Page 2

Financial Impact
Responsible: PWS and I&T

The additional spending authority requested is \$1,200,000, bringing the total contract value to \$3,750,755.

The following is a breakdown of the additional spending authority needed:

| | |
|--|---------------------|
| System/process stabilization and tuning | \$ 630,000 |
| Business continuity – transition to cloud managed services | \$ 570,000 |
| Additional spending authority needed | \$ 1,200,000 |

Financial Impact Table

| Action | Date | Term (years) | Amount |
|-------------------------------------|-----------|--------------|---------------------|
| Original spending authority request | 9/19/2017 | 3 | \$ 2,550,755 |
| Additional spending authority | 11/6/2019 | | \$ 1,200,000 |
| New total contract amount | | 3 | \$ 3,750,755 |

The approval of this recommendation does not mean the authorized amount will be spent.