

EXECUTIVE SUMMARY

Recommendation to Approve First Amendment and Additional Spending Authority 58-065E – Cloud Hosting Provider for SAP

Introduction

Responsible: Procurement & Warehousing Services (PWS)

This request is to approve the recommendation for the First Renewal and additional spend authority for the Agreement between The School Board of Broward County, Florida (SBBC), and VirtuStream, LLC. (VirtuStream). The new term will be September 19, 2017 through September 18, 2021.

The agreement was approved at the Special Board Meeting on September 19, 2017, with \$2,550,755 spending authority and 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 periods. A request for \$1,200,000 additional spending authority was approved on November 6, 2019, as item EE-21.

The additional spending authority being requested is \$1,700,000. This is a companion item with item E-7.

Goods/Services Description

Responsible: Information Technology (IT)

The IT Department recommends the approval of the First Renewal of Virtustream (Bid 58-065E), as the best of two (2) options, described below, in the wake of the Covid-19 pandemic. Faced with the prospect of an initial twenty (20) percent increase to the cost of services from approximately \$1,400,000 to \$1,700,000 in early January 2020, IT defined two (2) possible solutions: 1) bid out the services; and 2) negotiate with Virtustream to contain costs. By the Spring of 2020, Virtustream communicated an even greater increase to the cost of the contract, bringing the proposed total to \$2,100,000. While dealing with the unprecedented Covid-19 pandemic, which required the complete migration of all instructional services to the online format, the IT division, and Procurement & Warehousing Services (PWS) issued an Invitation to Bid (ITB) FY21-126. At this juncture, the District has been successful in containing contract costs to the initial \$1,700,000 proposed rate for the school year 2020-2021. Given the ongoing challenges District-wide in reopening schools weighed against the fundamentally critical nature of the SAP services hosted in Virtustream, it is recommended that the first contract renewal is approved, allowing the District to first mitigate the impact of the pandemic before re-evaluating the strategy around these services.

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. The system became operational in June 2018 and has been utilized to manage the following District business processes: Finance, Budgeting, Accounting, Payroll, Human Resources, Benefits, and Procurement.

Procurement Method

Responsible: PWS

PWS and IT released ITB FY21-126 to receive competitive bids in an effort to identify alternative options and is in the process of analyzing the responses received. As staff considers migration to another service provider, this renewal will allow time to continue the evaluation of hosting and migration alternatives for an optimal solution to support the District's critical SAP business systems.

**Recommendation to Approve First Amendment and Additional Spending Authority
58-065E – Cloud Hosting Provider for SAP
September 15, 2020 Board Agenda
Page 2**

**Financial Impact
Responsible: PWS and IT**

The additional spending authority requested is \$1,700,000, bringing the total contract value to \$5,450,755, broken-down as follows:

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
Renewal and additional spending authority	9/15/2020	1	\$ 1,700,000
Total Contract Amount		4	\$ 5,450,755

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