

BOARD MEETING DATE: JULY 13, 2020

SUBJECT: PROCUREMENT APPROVAL REQUEST – CLOUD HOSTING SERVICES

PREPARED BY: KELLY GUTHNER, CIO, BRIAN BRAUN, CFO

Proposed Action:

Board approval to enter into a 12 month agreement with Amazon Web Services (AWS) to provide cloud hosting and infrastructure services for the new enrollment and eligibility technology platform. Expected start date for the hosting agreement is September 2020. This hosting service will replace the current CGI based hosting contract.

Summary:

Requesting approval to proceed in contracting for hosting services provided by AWS for 12 months (September 2020 thru August 2021). **The total estimated cost for these services for the 12 months is not to exceed \$970,000.** This includes the base level commitment of \$500,000 that is required to receive AWS Enterprise Support services and to participate in the AWS discount program. These costs represent a significant reduction from prior hosting costs that averaged \$1.9 million annually. The estimated costs have been anticipated in the fiscal year 2021 budget and in the projections for the following fiscal year. See the attached list of types of services to be provided.

Staff Recommendation:

Staff recommends the approval of this request.

Procurement Compliance:

Procurement Exceeds \$150,000 (Federal)/\$250,000 (non-Federal) threshold: Yes

Procurement/Business Initiative is necessary or advisable: Yes – essential to ongoing marketplace operations

Type of procurement vehicle: AWS Enterprise Agreement and Private Pricing Addendum

Need for RFP,RFI,RFS or similar: No, this is determined to be a sole source procurement. Given the reliance on AWS as part of the Federal security/Authority to Connect audit we are required to use AWS for hosting the new platform. Changes to the hosting provider would require a new audit and changes in the current platform that are deemed to be both time and cost prohibitive given the urgency to have the new platform available for the next open enrollment (starting November 1, 2020). In addition, the IRS allows the use of the AWS serverless service for the processing of tax information and AWS has proven to be acceptable to CMS.

Funding Source:

Anticipate the use of general operating funds. Under certain circumstances, Federal funds may be used for a portion of these expenditures if related to Medicaid customers. The estimated costs contained in the request are anticipated in the FY21 budget.

Supplemental Information:

Amazon Web Services

Multiple environments to include:

- Amazon Relational Database Service
- Amazon Elastic Compute Cloud
- Amazon Cloud Watch
- Amazon Virtual Private Cloud
- AWS Support (enterprise)
- Amazon Marketplace (discounted software)
- Other related services (e.g. backup, containers, data transfer, ...)