

## **Resolution for Subscription-Based Information Technology Arrangement with Amazon Web Services**

### **FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**August 7, 2024**

The Division of Information Technology currently utilizes a Subscription-Based Information Technology Arrangement (SBITA) with Amazon Web Services that provides a wide range of scalable, secure, and cost-effective cloud computing solutions. Using Amazon Web Services offers numerous advantages for Virginia Tech operations including enhanced operational efficiency, reduced costs, improved security, and the ability to innovate and respond quickly.

Amazon Web Service supports various critical functions across campus, including data storage, computation, and application hosting. The future needs for Amazon Web Services include expanded cloud services, increased computing and storage capacity, and more robust data analytics capabilities to support academic, administrative, and research activities.

The existing agreement is valid through August 31, 2024. The renewal term rides a cooperative contract with a Private Pricing Agreement that differentiates our pricing model and discounts from the cooperative contract.

The Private Pricing Agreement with Amazon Web Services is confidential and will have a present value of up to \$7 million depending on the contract term. The negotiated term includes options for one, three, and five-year periods beginning on September 1, 2024. Discounts and credits increase with the length of the renewal term.

The issuance of GASB Statement No. 96, implemented beginning July 1, 2022, requires Virginia Tech to recognize such agreements as an intangible right-to-use asset with a corresponding right-to-use liability thereby increasing the university's debt service to operations ratio.

While Virginia Tech seeks to define contracting arrangements well before the end of a contract term, the university is beholden to the time frame in which the vendor responds (in this case, Amazon Web Services) which did not align with required time frames for Board of Visitors approval.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of capital projects, including long-term leases and subscription-based information technology arrangements. Prior to GASB Statement 96, SBITAs were approved by university administration through its internal budgeting and information technology procurement processes and reported as operating expenses in the year of payment. The Division of IT annual operating budget includes an amount sufficient to cover the annual cash outlay for subscription payments.

**RESOLUTION FOR SUBSCRIPTION-BASED INFORMATION TECHNOLOGY  
ARRANGEMENT WITH AMAZON WEB SERVICES**

**WHEREAS**, the Division of IT has an operational need for continued use of Amazon Web Services; and,

**WHEREAS**, the current term expires on August 31, 2024; and,

**WHEREAS**, the Division of IT annual operating budget includes an amount sufficient to cover the annual cash outlay for subscription payments; and,

**WHEREAS**, the maximum renewal term, including additional discounts and credits, has a present value up to \$7 million and requires approval by the Board of Visitors prior to execution; and,

**WHEREAS**, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of capital projects, including long-term leases and subscription-based information technology arrangements.

**NOW, THEREFORE, BE IT RESOLVED**, that Virginia Tech be authorized at the conclusion of negotiations to enter a subscription-based information technology arrangement for Amazon Web Services with a present value up to \$7 million.

**RECOMMENDATION:**

That the above resolution authorizing Virginia Tech to enter a long-term subscription-based information technology arrangement with a present value up to \$7 million be approved.

August 28, 2024