CIA faulted for choosing Amazon over IBM on cloud contract

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A man crosses the Central Intelligence Agency (CIA) logo in the lobby of CIA Headquarters in Langley, Virginia, on August 14, 2008. The CIA selected Amazon over IBM to build a cloud computing service for the spy agency even though IBM's proposal carried a lower price tag, according to a government report.

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IBM protested the CIA's decision to the [Government Accountability Office](#) (GAO), the investigative arm of Congress, which sided with IBM on two of its main objections, officials said Wednesday.

The GAO concluded that the CIA had failed to evaluate prices in each firm's proposal in a fair, comparable way and that the agency had waived a requirement in the project proposal only for Amazon, its report stated.

"We sustain the protest because the agency's adjustment of scenario prices was unreasonable in that it did not result in evaluation on a common basis," the GAO said in its report issued last Friday.

The contract to build a secure cloud for the CIA is reportedly valued at up to $600 million over four years.

The GAO recommended the [Central Intelligence Agency](#) reopen the competition and amend the request for proposals to rectify the problems cited in the audit.

The CIA has 60 days to decide how it will respond and has not indicated how it will proceed, though US agencies almost always follow the GAO's advice.

"At this time the Agency is reviewing details of the GAO decision," CIA spokesman Todd Ebitz said in an email.

Amazon's estimated price for the cloud computer project was about $54 million higher than that offered by IBM, but the CIA concluded the price difference was offset by a "superior technical solution" from Amazon, according to the GAO report.

The report created a stir in the tech world as it indicated Amazon would be installing cloud services inside CIA data centers, in a break with its standard practice of offering extra computing power over the Internet.

Amazon Web Services executives have previously argued that "private clouds" connected to data centers do not quality as authentic cloud services, as they are cut off from the public Internet.

Under the CIA project, the contractor would "provide a copy of its existing public cloud (modified where necessary) to be installed on government premises," the GAO report said.

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