Report: HP Replaces Verizon Terremark as Obamacare Site Host

Ben Munson

Verizon's enterprise IT and cloud services acquisition Terremark is being replaced by HP [1] as website host for Healthcare.gov, the federal health insurance marketplace.

The Wall Street Journal spoke with people familiar with the matter who said the Department of Health and Human Services is in the process of moving the web operations over to HP's data centers in a move that could take months to complete.

The report said that HHS has awarded Verizon $55.4 million since the contract began in 2011 but that in the spring, HHS gave a $38 million contract to HP. According to the report, Terremark was up for the spring contract but lost out to HP.

In 2011, Verizon was busy claiming cloud computing as a big driver of its growth strategy right before the carrier announced it had acquired Terremark for $1.4 billion [2]. Having Terremark now attached to the deeply troubled launch of Healthcare.gov could have a negative impact on the Verizon company moving forward.

In October, HHS linked widespread outages for Healthcare.gov to a technical failure on the part of Terremark. Specifically, HHS cited a "failure in the networking component that brought down network connectivity to the site." [3]

The Wall Street Journal said the decision to replace Terremark was made before Healthcare.gov's shaky launch and that HHS had been aware of issues with Terremark's hosting since 2010.

The White House is now saying that Healthcare.gov is operational for up to 80 percent of user [4]s and the administration is detailing the 400 fixes needed for the website.

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