

1 [Agreement - PCMG Inc. - Microsoft O365 Services and Enterprise Products - Not to Exceed
2 \$30,328,541]

3 **Resolution retroactively authorizing the Department of Technology and the Office of**
4 **Contract Administration to enter an agreement between the City and PCMG Inc., for**
5 **Microsoft Cloud Software and Enterprise Products, for a three year term from June 1,**
6 **2017, through May 31, 2020, in an amount not to exceed \$30,328,541.**

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8 WHEREAS, The City seeks to procure certain products and cloud software services
9 related to the City's information technology needs; and;

10 WHEREAS, Since 2010 the City has been transitioning its Microsoft Office 365 [O365]
11 services to the cloud by procuring software as a service [SAAS] and enterprise products
12 through reseller agreements, because Microsoft will only sell these services and products in
13 the quantities and pricing required by the City through an authorized large account reseller;
14 and

15 WHEREAS, The City's current contract with a reseller for Microsoft services and
16 products expires on May 31, 2017; and;

17 WHEREAS, The Department of Technology has assessed City departments' projected
18 needs for O365 and related products through 2020; and;

19 WHEREAS, The O365 services consist of the following: secure email, administrative
20 tools, server space/capacity, and licenses required to operate the email system; the Microsoft
21 Office Suite; Skype for Business, and trial or development-scale access to new products and
22 features otherwise not attainable on the open market at prices affordable to the City; and

23 WHEREAS, The enterprise products consist of Windows server licenses required to
24 operate various software applications, SharePoint Online, Access Pro, Visio Pro, Project; and

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1 WHEREAS, The City negotiated terms with Microsoft directly to ensure the City's
2 security and liability needs were addressed by including the following terms:

- 3 • All of the City's data is processed and stored in the continental United States;
- 4 • The venue for any disputes arising out of the agreement is San Francisco;
- 5 • City approval is required for any assignment of the agreement;
- 6 • Microsoft's standard limitation of liability is increased to provide additional
7 protection for the City;

8 WHEREAS, Microsoft usually requires the customer will be "responsible for any claims
9 against Microsoft and its Affiliates" for violation of intellectual property rights, but here has
10 limited the indemnification to instances where there is a legal action arising out of the City's
11 infringement of third party's patents, copyrights, or trademarks or the use of an online service
12 in violation of law; and,

13 WHEREAS, The Reseller will be required to meet the requirements established in the
14 agreement negotiated with Microsoft; and

15 WHEREAS, On May 9, 2017, the City requested quotes from authorized resellers and
16 after receiving quotes has selected the lowest bidder, PCMG Inc.; and

17 WHEREAS, Charter, Section 9.118, "Contract and Lease Limitations," subsection (b),
18 requires Board of Supervisors approval of any contract estimated to exceed \$10,000,000 in
19 expenditures; now, therefore, be it

20 RESOLVED, That the Board of Supervisors retroactively authorizes the Department of
21 Technology and the Office of Contract Administration to execute the Agreement with the
22 lowest bidding authorized reseller, PCMG Inc., for a three year term from June 1, 2017,
23 through May 31, 2020, for an amount not to exceed \$30,328,541, substantially in the form of
24 the agreement on file with the Clerk of the Board of Supervisors, in File No. 170628, with such
25 changes or modifications, as may be acceptable to the Director of the Department of

1 Technology and the City Attorney and which do not materially increase the obligations and
2 liabilities of the City or reduce the products and services to the City; and be it

3 FURTHER RESOLVED, That upon execution of the Agreement, the Director of the
4 Department of Technology shall transmit to the Clerk of the Board of Supervisors a copy of
5 the Agreement, for inclusion in File No. 170628 and, be it

6 FURTHER RESOLVED, That this resolution shall take effect immediately upon its
7 adoption.

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