

First Amendment to Citywide Agreement with Zones for Microsoft Products

To: Budget and Finance Committee

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Hao Xie, DT Strategic Sourcing Manager

Wilfred Dere, DT Shared Services and Contracts Manager

Juan Zazueta, DT Support Services

Jeremy Pollock, Legislative and Technology Analyst



Overview

First Amendment for Microsoft software & cloud computing solutions

- ❑ Not-to-Exceed Amount: +\$60M, from \$55M to \$115M cumulative
- ❑ Contract Extension: 3 years (Sept 2026 – Aug 2029)
- ❑ Objective: continue with Zones; no change in scope

Scope

- ❑ Participating Departments: all City departments except MTA
- ❑ Example of Products:
 - Outlook, Word, Excel, PowerPoint & Teams for all employees
 - OneDrive & SharePoint for file storage and collaboration
 - Azure, SQL Server, Intune for cloud & device management
 - Copilot AI, plus identity & cybersecurity protection tools



Savings & Cost Avoidance

Total Cost Avoidance: ~\$10.5M over 3 years

- ❑ \$6.0M: Government vs. Retail pricing (12-15% higher)
- ❑ \$3.5M: email-license discounts – 25% (Yrs 1-2), 15% (Yr 3)
- ❑ \$1.0M: eliminating ~1,500 inactive licenses (2026 true-down)

Procurement Efficiency

- ❑ Avoids 20+ separate departmental procurements annually
- ❑ Preserves enterprise pricing & discounts across all City departments

Ongoing Cost Management

- ❑ Annual true-up/true-down process aligns licenses to actual need
- ❑ Monthly inactive-license monitoring and account closures



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Any Questions?