



**SAN FRANCISCO
DEPARTMENT OF
TECHNOLOGY**

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Date: March 15, 2021

To: Clerk of the Board of Supervisors

From: Linda Gerull
City CIO, Executive Director
Department of Technology

Re: Request for Expedited Approval of Enterprise Agreement with Mythics Inc. for Oracle Products with Mythics Inc. (Supplier ID: 0000014636)

The Department of Technology (DT) seeks to enter into a citywide Enterprise Agreement (EA) with Mythics Inc. (Mythics) for the purchase of Oracle software, hardware, and cloud computing products.¹ The proposed agreement shall be for a period of five year with an option to renew for an additional five years, with an initial not-to-exceed amount of \$60,000,000. This Citywide agreement will be accessible by all City departments, including the Controller's office whose contract for the Citywide financial system (PeopleSoft) will lapse in April 2021, thereby necessitating this request for expedited review.

The City currently spends an average of \$11.0 million dollars per year on Oracle licenses and support. Purchases are made by individual departments without the benefit of a Citywide agreement. For reasons set for the below, a Citywide agreement is not only beneficial to City but necessary given City's use of and reliance on Oracle products.

¹ Mythics was selected pursuant to a nationwide solicitation by Maricopa County on behalf of all government agencies and nonprofit organizations in the United States which ranked Mythics highest amongst all participating proposers. The RFP allows for a contract duration of 5 years, with 5 options to renew. The Office of Contract Administration (OCA) has reviewed Maricopa County's procurement process and its selection of the highest rank proposer and determined it is in the City's best interest to pursue a contract with Mythics in accordance with San Francisco Administrative Code 21.16. Additionally, Gartner Research, the world's leading research and advisory company in Information Technology has confirmed that the pricing offered by Mythics in response to the RFP is very competitive.

Cost Savings: A citywide agreement with Mythics for all Oracle products will significantly reduce cost to City through volume discounts. Though pricing will reflect a minimum set of discounts by product category, steeper discounts can be further negotiated at the time of each transaction depending on transaction specific attributes. Additionally, for the software category (which accounts for the majority of City's spend), DT has negotiated a minimum of 35% discount off of Oracle's list price.

Cost Avoidance: By agreeing into a citywide agreement, Oracle has agreed to (A) waive its annual 4% rate increase for a period for 5 years and (B) allow City to reduce existing maintenance costs by terminating support for software licenses City no longer uses, resulting in an estimated cost avoidance \$750K/year, or \$3.75M during the five-year term of this agreement.

Consolidation of Multiple Departmental Contracts: Nearly 20 City departments purchase Oracle products. In so doing, they must negotiate individual contracts, sometimes with Oracle and something with Oracle resellers. By approaching each contract separately and as individual departments, they have less bargaining power when negotiating. Further, this patchwork approach results in terms that can vary significantly contract by contract. Consolidating all these contracts into one Citywide master agreement will significantly reduce City resources required to negotiate and manage so many individual contracts. Additionally, it will enable the City to effectively and efficiently manage its purchase of Oracle products.

Cyber Risk: A citywide agreement with a single reseller for all Oracle products will support City's efforts to mitigate vendor and cyber security risk. Currently, each department is required to negotiate its own contract for Oracle products, resulting in inconsistent terms between City departments. By negotiating a single Citywide agreement, we are able to craft terms pertaining to cyber-security, data protection, indemnification, insurance that will apply to Oracle products purchased by all City departments.

- **Indemnification & Liability:** The reseller will increase the limitation on liability annually by \$10M per year starting at \$10M in the first year and increasing to a total of \$50M in the fifth year. The City's standard indemnification language has been accepted by the reseller.
- **Insurance Coverage:** The Reseller is required to provide \$10M in Cyber insurance in the first year, and upon receiving \$10M in City payments, it will increase the insurance coverage to \$20M.

- **Data Protection:** Oracle's data protection standards were reviewed and met the City's standard data protection requirements. In addition, the City will be able to request US based license services when needed at the order level.

Thank you for your consideration.

Sincerely,



Linda Gerull
City CIO, Executive Director
Department of Technology

Attachments:

Proposed Resolution Approving Agreement Between the City and County of San Francisco and Mythics
Reseller Agreement Between the City and County of San Francisco and Mythics
Agreement No. 1000020990