

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Michael Makstman, CIO & Executive Director
Department of Technology

Date: May 22, 2025

To: Clerk of the Board of Supervisors

From: Michael Makstman
City CIO, Executive Director
Department of Technology

The Department of Technology (DT) respectfully requests your approval of the First Amendment to the City's Enterprise Agreement (EA) with Carahsoft Technology Corporation for ServiceNow software. This amendment will extend the contract by four years (to August 31, 2029) and increase the not-to-exceed amount from \$9.8 million to \$28.3 million (including a 15% contingency). Examples of increased City departmental usage include migrating the former Civil Service Commission Personal Services Contracts approval process from the Drupal platform and the Contract Monitoring Division's 14B Local Business Enterprise approval to ServiceNow. Board approval is required as the revised amount exceeds the \$10 million threshold.

Background & Purpose

ServiceNow is a cloud-based platform that helps City departments automate and manage IT, operations, HR, and other business processes. In 2019, DT centralized ServiceNow purchasing for eight departments under one agreement. This saved money by securing lower pricing and avoiding duplicate contracting efforts. The amendment will allow continued access to these cost-saving benefits across all departments citywide.

Key Benefits

- Significant Cost Savings:
 - Avoids a projected 15–20% price hike if departments purchase independently.
 - Estimated savings of at least \$2.8 million over four years.
- Volume Discounts:
 - The City secures a minimum 24–52% discount on ServiceNow products.
 - Without the EA, departments would pay approximately 20% more due to limited discounts and reseller markups.
- Operational Efficiency:
 - Streamlines procurement for at least eight departments.
 - Reduces administrative burden on the City Attorney, Office of Contract Administration, and individual departments.
- Central Oversight & Cost Control:
 - DT helps departments choose only the licenses they need, at the lowest cost.
 - Citywide contract management ensures transparency and better vendor performance monitoring.

Sole Source Justification

ServiceNow products are proprietary, and Carahsoft is the sole authorized distributor for government contracts. Therefore, under Admin Code 21.30(d), this qualifies as a sole source agreement.

Summary of Amendment

- Extends the agreement to August 31, 2029.
- Increases the contract value to \$28.3 million (from \$9.8M), including a 15% contingency.
- Reflects projected needs of approximately \$14.8 million over four years, with built-in cost controls and negotiated pricing.

Conclusion

This amendment protects the City from rising costs, enhances operational efficiency, and ensures departments continue receiving essential IT services under a cost-effective, centrally managed agreement.

Thank you for your consideration.

Sincerely,

DocuSigned by:

Michael Makstman

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Michael Makstman

City CIO | Executive Director
Department of Technology