



M E M O R A N D U M

Date: March 17, 2022

To: California State Lottery Commission

From: Alva V. Johnson, Director *AA*

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Subject: Item 8(b) – ServiceNow Renewal

ISSUE

The California State Lottery (Lottery) is requesting approval to enter into a 30-month agreement to renew the existing licensing for ServiceNow's Information Technology Business Management (ITBM) and Information Technology Service Management (ITSM) modules to support the enterprise-wide digital workflow platform. The total contract amount is anticipated to not exceed \$821,494 with a term date beginning June 15, 2022 and ending December 14, 2024.

BACKGROUND

In June of 2019, the Lottery purchased an ITSM software platform called ServiceNow with the goal of improving information technology (IT) support services and capabilities available to the enterprise by replacing the Lottery's previous ITSM software, Dell's KACE K1000 (KBOX). The Lottery successfully transitioned to ServiceNow for incident and request management in July 2020 and continued to build integration points with Lottery systems and develop as-needed enhancements to better support the department.

In December of 2020, the Lottery reviewed options for the ITBM module to support the Enterprise Project Management Office (EPMO). Previously, the EPMO used Planview Portfolio Management (PPM) Pro to track status of projects, manage the project portfolio and provide project reports to Lottery leadership. However, due to technology changes the current PPM Pro was deemed insufficient to meet Lottery's needs. ITSD identified requirements for a replacement system and performed a product capability analysis on five software products. As a result of the analysis, the ServiceNow ITBM product was

selected based on its advanced PPM features and best value. Additionally, since the Lottery was utilizing ServiceNow ITSM software in the enterprise, the ServiceNow ITBM provided a simplified integration process.

DISCUSSION

With ServiceNow, ITSD was able to successfully launch an online service portal and ticketing system to support the needs of the Lottery as a result of the COVID-19 pandemic. This platform allowed the Lottery to automate, centralize, and integrate processes which reduced the number of staff hours currently required in the handling of IT support requests. By re-routing support cases through ServiceNow's self-service portal, users can get help from a library of knowledge articles instead of opening tickets. As more users utilized self-help resources, IT Service Desk analyst response times decreased due to advanced ticket management and tracking features in ServiceNow.

Due to the flexibility of the platform and the functionality available in ServiceNow, the Lottery has made the decision to continue investment in the ServiceNow platform as part of a long-term strategy to increase operational efficiencies. ITSD continues to implement additional ServiceNow functionality serving divisions across the department. Recent enhancements include automating the Employee Separation process for the Human Resources Division and automating the Background Check process for the Security and Law Enforcement Division. Some examples of planned future ServiceNow functionality and enhancements include automating Public Records Act (PRA) requests for Public Affairs and Communication, automation of Human Resources related processes, implementing hardware and software asset management, and revamping the Change Management process.

While this request is to renew the licensing for the ITSM and ITBM modules, the Lottery anticipates that additional related ServiceNow requests will be presented to the California State Lottery Commission (Commission) in the future as the Lottery expands its ServiceNow footprint. The future requests will likely be related to co-termining ServiceNow existing modules that have been purchased at different times, purchasing additional ServiceNow modules to implement additional functionality or new enhancements, obtaining specialized consultant services to assist with the implementation of modules and functionality, and potentially augmenting permanent ITSD resources to support the ServiceNow platform.

Without ServiceNow, ITSD would not have a system capable of meeting the business needs of the Lottery and would have to fall back on manual processes or a patch work of ill-fitting systems to compensate. This would severely hinder ITSD's ability to keep up with the growing business demands of the Lottery. Additionally, broader IT support services would be negatively impacted as well, resulting in delayed responses to system failures and outages. This procurement will be acquired by a leveraged agreement under the Software Licensing Program for 30 months of software maintenance and support.

The Lottery's formal competitive procedures will not apply to this procurement, pursuant to the exception set forth in Lottery Regulations Section 8.1.2.C as follows:

“The goods or services will be acquired using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of pre-qualified bidders who have agreed to contract terms and prices.”

The Lottery utilized a leveraged procurement agreement, requesting bids from multiple resellers that participate in the Software Licensing Program administered by the State of California, Department of General Services (SLP # 21-70-0209G). The lowest bid was submitted by HFtech Services, Inc.

RECOMMENDATION

Lottery Staff recommends that the Commission approve the renewal of the licensing for ServiceNow's Information Technology Business Management and Information Technology Service Management modules to support the enterprise-wide digital workflow platform. The total contract amount is anticipated to not exceed \$821,494 with a term date beginning June 15, 2022 and ending December 14, 2024.