




M E M O R A N D U M

Date: May 26, 2022

To: California State Lottery Commission

From: Alva V. Johnson, Director 

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Subject: Item 8(c) – Microsoft Unified Performance Level Support Agreement

ISSUE

The California State Lottery (Lottery) is requesting approval to renew the Microsoft Unified Performance Level Support Agreement for a period of 12 months. The total cost is \$829,072.00 with a term date of July 6, 2022 through July 5, 2023.

BACKGROUND

Lottery Information Technology Services Division (ITSD) staff perform routine maintenance and support tasks such as software upgrades, configuration changes, and first level troubleshooting for all Microsoft products and services.

For the past ten years the Lottery has purchased specialized expert support of all Lottery Microsoft software products and services through Microsoft Premier Support. This service provides clients with support, expertise, and issue/incident resolution resources including but not limited to:

- Customer Success Account Manager – Dedicated Microsoft account manager responsible for working with clients as the primary point of contact to ensure client's business needs and goals are fully met and coordinating Microsoft resources to fully leverage all available services through the support agreement.
- 24/7 Helpdesk and Online Support Ticket Submission – 24-hour support and incident resolution services for business impacting service degradation and outages.

- Proactive Services - Ability to add-on Microsoft support services, webcasts, workshops, labs, and trainings to support client business goals and adoption of Microsoft technology services.
- Advisory Support – Up to six hours of telephone advisory support per incident to resolve incidents and issues.

In 2019, based on the Lottery's increased Microsoft support needs and best value of other ongoing support models, the Lottery decided to replace the Microsoft Premier Support agreement with an upgraded support model called the Microsoft Unified Support. The Microsoft Unified Support has two tiers of extensive support that provide support options beyond what was provided under the Premier Support: the "Advanced" or "Performance" tiers. Of the two tiers of Microsoft Unified Support, the "Performance tier provides maximum level of support for clients. The Microsoft Unified Performance Level Support provides the Lottery all the benefits of the previous Microsoft Premier Support with additional extensive support and services including but not limited to:

- Support Technology Advisor – Dedicated Microsoft technology advisor to assist the Lottery with in-depth planning and technical assistance in implementing technologies to facilitate cloud adoption.
- Technical Support and Escalation Management – Response to critical incidents impacted by Microsoft service degradation and outages with a dedicated Critical Situation Manager as the Lottery's single point of contact within 30 minutes or less.
- On-Demand Services Hub – ITSD access to Microsoft's library of on-demand assessments, learning paths, and self-service training material and videos as a resource for all technical staff.
- Built-in Proactive Services – Includes credits to be used for Microsoft support services, webcasts, workshops, labs, and trainings to support client business goals and adoption of Microsoft technology services.

Since Fiscal Year (FY) 2019-20 the Lottery's Microsoft Unified Performance Level Support Agreement cost has incrementally increased annually but has not met the threshold to require Lottery Commission approval.

However, for FY 2022-23, several critical Lottery technology initiatives will require a team of specialized and dedicated support from expert level Microsoft Designated Support Engineers (DSE) as part of and in addition to what is covered under the Microsoft Unified Performance Level Support. As a result of the need for Microsoft DSEs, the proposed cost for the Microsoft Unified Performance Level Support Agreement for FY 2022-23 reflects a significantly higher cost as compared to previous years.

DISCUSSION

The Microsoft Unified Performance Level Support Agreement benefits the Lottery by providing access to expert resources in resolving Microsoft related problems, assistance with the installation of new products, and training on Microsoft products for administrators and users throughout the Lottery. The Lottery has been working extensively with Microsoft support on multiple initiatives which include Azure Cloud Technologies, Enterprise Patch management, Office 365 application vulnerability remediation, Microsoft Teams feature configuration to support ongoing teleworking needs, the transition from on-premises SharePoint to SharePoint Online, and the implementation of Microsoft's mobile device management solution, InTune.

For FY 2022-23 the Microsoft Unified Performance Level Support Agreement and Microsoft DSEs will allow the Lottery access to highly specialized and expert level resources to obtain product support directly from the Microsoft corporation to support the Lottery's planned FY 2022-23 Lottery technology initiatives. These technology infrastructure initiatives are related to cloud services (Azure), business productivity tools (Microsoft Word and Excel), collaboration tools (Microsoft Teams and SharePoint), and data center tools providing critical infrastructure functions such as virtualization, application development, network management and database administration.

Below are the planned FY 2022-23 Lottery technology initiatives:

1. Azure Cloud Infrastructure Expansion and Optimization – Will allow the Lottery to transition aging/end of life (EOL) backup data center infrastructure to the Azure Cloud infrastructure and reduce the Lottery's overall hardware maintenance and support costs. This will improve the Lottery's Disaster Recovery capabilities.
2. Lottery Data Warehouse Modernization and Migration – Aligns with broader Lottery strategy of leveraging modernized Cloud services and will allow the Lottery to ensure continuity of data warehouse capabilities. For example, predictive analytics tools will increase the Lottery's ability to forecast Lottery trends such as ticket sales and jackpots.
3. Migration to SharePoint Online – Will allow the Lottery to leverage modernized Office365 (O365) Cloud services and offerings to improve security, scalability, reliability, and reduce maintenance of physical on premises hardware. This will address EOL and legacy components, improve Disaster Recovery capabilities, and align with the Lottery's cloud strategy.
4. Modernize Tools to Support in-house Application Development in Azure – Supports the Lottery's efforts to modernize internally developed applications and

services by standardizing the Lottery's development practices utilizing Microsoft Power Platform. This Platform empowers the ITSD team to build and launch applications by utilizing templates leveraging drag and drop functionality for quick deployment.

As part of the Microsoft Unified Performance Level Support Agreement, the Lottery will have access to Microsoft Intellectual Property workshops, custom engagements with Microsoft engineers, and scenario specific and expediated support services to maintain the Lottery's Microsoft solutions.

Continuing the Microsoft Unified Performance Level Support Agreement is essential to conducting Lottery business and must remain uninterrupted. Without access to the specialized technical expertise available through the Microsoft Unified Performance Level Support Agreement, the Lottery will not be able to engage Microsoft for necessary troubleshooting assistance.

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 offers from multiple resellers that participate in the Software Licensing Program administered by the State of California, Department of General Services (SLP # 21-70-0204D). The lowest offer was submitted by Crayon Software Experts, LLC.

RECOMMENDATION

Lottery staff recommends that the California State Lottery Commission approve the renewal of the Microsoft Unified Support Agreement. The total contract amount is \$829,072.00 with a term date of July 6, 2022 through July 5, 2023.