




## M E M O R A N D U M

---

**Date:** May 25, 2023

**To:** California State Lottery Commission

**From:** Alva V. Johnson, Director 

**Prepared By:** Jennifer Chan, Deputy Director  
Information Technology Services Division

**Subject:** Item 8(a) – 2023–2024 Microsoft Unified Enterprise Performance Level Support Agreement

### **ISSUE**

The California State Lottery (Lottery) is requesting approval to renew the Microsoft Unified Enterprise Performance Level Support Agreement for a period of 12 months. The total contract amount is \$737,944.00 for a one-year term, beginning July 15, 2023 through July 14, 2024.

### **BACKGROUND**

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

Historically, the Microsoft Unified Enterprise Performance Level Support Agreement cost has increased annually but did not meet the threshold requiring California State Lottery Commission (Commission) approval.

However, in fiscal year (FY) 2022-23, several critical Lottery technology initiatives required specialized and dedicated support from a team of expert level Microsoft Designated Support Engineers (DSE) as part of, and in addition to, what is covered under the Microsoft Unified Enterprise Performance Level Support Agreement. Due to this, the Support Agreement met the threshold to require Lottery Commission approval, and approval was obtained in May 2022 for FY 2022-23 initiatives.

The Microsoft Unified Enterprise Performance Level Support Agreement provides the Lottery extensive support and services including but not limited to:

- Support Technology Advisor – The Lottery has access to a dedicated Microsoft technology advisor to assist the Lottery with in-depth planning and technical assistance in implementing technologies to facilitate cloud adoption. Current engagements include utilizing the Microsoft technology advisor support for Lottery’s Azure VMware and Business Intelligence and Business Analytics (BIBA) Migrations to Cloud.
- Technical Support and Escalation Management – The Lottery receives response to critical incidents impacted by Microsoft service degradation and outages, with a dedicated Critical Situation Manager as the single point of contact, within 30 minutes or less.
- On-Demand Services Hub – ITSD has access to Microsoft’s library of on-demand assessments, learning paths, and self-service training material and videos as a resource for all Lottery staff.
- Built-in Proactive Services – The Lottery receives proactive credits providing the ability to engage Microsoft support to perform Security Assessments, Health Checks, Performance Optimization, and Migration Support services.

## **DISCUSSION**

The Microsoft Unified Enterprise 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 2023-24 the Microsoft Unified Enterprise 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 Microsoft to support the Lottery’s planned FY 2022-23 Lottery technology initiatives that will continue into FY 2023-24. 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 Lottery technology initiatives that will continue in FY 2023-24:

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.

While these initiatives are continuing through FY 2023-24, Microsoft has restructured their pricing structure for the DSEs, causing the FY 2023-24 contract to be at a reduced annual cost from the previous year. This is reflected as a year-over-year savings of \$91,128.00.

The Microsoft Unified Enterprise 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 Enterprise Performance Level Support Agreement, the Lottery will not be able to engage Microsoft for necessary troubleshooting assistance.

The Lottery's formal competitive procedures do 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 (SLP) 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 the Commission approve the renewal of the Microsoft Unified Enterprise Performance Level Support Agreement. The total contract amount is \$737,944.00 for a one-year term, beginning July 15, 2023 through July 14, 2024.