



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 15-083, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute, on behalf of Monterey County, a service agreement with ServiceNow, Inc. in the amount of \$266,018, for the period of April 27, 2015 through June 30, 2016, to implement Information Technology Department customer service software;
- b. Approve and authorize the use of the Information Technology Designation account in the amount of \$266,018 for Fiscal Years 2014-15 and 2015-16;
- c. Authorize the Auditor Controller to incorporate approved appropriation and estimated revenue modifications to the FY 2014-15 Budget, and the County Administrative Office to reflect these approved changes in the FY 2015-16 Adopted Budget (4/5ths vote required); and
- d. Authorize the Contracts/Purchasing Officer to sign up to two (2) future one-year renewals to this service agreement, under the same or similar terms, as recommended by the Director of Information Technology.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute on behalf of Monterey County a service agreement with ServiceNow, Inc. in the amount of \$266,018, for the period of April 27, 2015 through June 30, 2016, to implement Information Technology Department customer service software;
- b. Approve and authorize the use of the Information Technology Designation account in the amount of \$266,018 for Fiscal Years 2014-15 and 2015-16;
- c. Authorize the Auditor Controller to incorporate approved appropriation and estimated revenue modifications to the FY 2014-15 Budget, and the County Administrative Office to reflect these approved changes in the FY 2015-16 Adopted Budget (4/5ths vote required); and
- d. Authorize the Contracts/Purchasing Officer to sign up to two (2) future one-year renewals to this service agreement, under the same or similar terms, as recommended by the Director of Information Technology.

SUMMARY/DISCUSSION:

ServiceNow, Inc. is the vendor that provides an enterprise Information Technology Service Management (ITSM) software tool to the County of Monterey Information Technology Department (ITD). ServiceNow, Inc.'s, ITSM tool has enabled ITD to integrate into a single platform data that was previously tracked in disparate systems. This integrated data encompasses tracking service requests, work effort, customer billing, the capture of revenue and expenses by cost center, application code, and customers.

The Director of Information Technology recommends authorization of a ServiceNow, Inc., service agreement to fully implement these ITD services software tools. The service agreement with ServiceNow, Inc., would facilitate the setup and configuration of additional functionality within the existing ServiceNow ITSM tool. This added functionality will include, but is not limited to, Asset, Change, Problem, Configuration and Knowledge management. These enhancements will enable ITD to eliminate two additional internal IT systems and avoid associated data entry requirements. It will enable improved asset and inventory management, and will provide ITD with a framework for improving key processes underlying delivery of ITD services. The Asset management capability, in particular, will provide necessary functionality for ITD to qualify to become a sub-general fund.

In Phase I of the project, ServiceNow, Inc., installed ITSM software tools to upgrade ITD services to the County. In Phase II, substantial efficiencies are gained by contracting with ServiceNow, Inc., to fully implement those software tools.

OTHER AGENCY INVOLVEMENT:

ITD was able to go back to the vendor and negotiate more favorable language for the County on multiple issues. County Counsel has reviewed the Order Form and Statement of Work, comprising the ServiceNow Inc. service agreement, as to legal form and cannot approve due to non-standard contract terms. County Counsel concurs that through negotiations, ITD has procured the most favorable contract terms possible from ServiceNow, Inc. Risk Management cannot approve due to the non-standard liability and indemnification in the vendor-developed Order Form that comprises the service agreement. The Order Form is on file with the Clerk of the Board.

FINANCING:

The funds will be sourced through an Information Technology Department Designation Account stemming from FY 2011-12 surpluses in the amount of \$834,133. Of this \$834,133, the amount of \$250,000 was used to cover FY 2012-13 shortfalls in the Printing and Graphics Division of ITD, and \$290,381 was used in FY 2013-14 to fund the first year of ServiceNow Inc. software subscription, software maintenance/support, and implementation services. Of the remaining \$293,752, \$266,018 will be used in fiscal years 2014-15 and 2015-16 to fund additional "as incurred" ServiceNow implementation services. A breakdown of usage of the Designation Account is attached.

Prepared by: Elizabeth Crooke, Management Analyst III, 755-5108

Approved by: Dianah Neff, Director of Information Technology

Dated: April 10, 2015

Attachments:

ServiceNow Scope of Work

ServiceNow Order Form

ITSM ServiceNow Cost Overview

ITD Designation Account Breakdown