

chair John Chiang
member Jerome E. Horton
member Ana J. Matosantos



State of California
Franchise Tax Board

06.11.13

To: Selvi Stanislaus

From: Lisa Garrison

Subject: Board Approval for Contracts Over \$1 Million

Memorandum

This memorandum provides information for your notification to the Board pursuant to the Board's resolution requiring approval for purchases exceeding \$1 million.

International Business Machines (IBM) – Software Maintenance Renewal

This request seeks approval to renew our software maintenance with IBM to use their proprietary software products on the department's mainframe computer. These software products are important pieces within our department's operating system platform. The department would not be able to perform many of its revenue generating functions, nor many of its various collection-related tasks or administrative tasks that involve our mainframe computer, without this proprietary software maintenance renewal.

The existing contract, which is a joint contract between FTB, the California Technology Agency (Technology Agency), and IBM, expires on September 30, 2013. FTB's share of the existing 36-month contract is \$9 million. Under the leadership of the Department of General Services' Technology Acquisition Branch (to be transferred to the Department of Technology on July 1, 2013), we will engage IBM in a formal negotiation process over the next few months. The results of the negotiation process will determine the term and cost of the new contract. The estimated cost for a three-year contract maintenance renewal is \$9 million.

If you have any questions regarding any of the above items, please contact Susan Borgman at (916) 845-3367.



Chief Financial Officer and Division Chief,
Finance and Executive Services Division