

PROCUREMENT OFFICER'S DETERMINATION  
Intergovernmental Cooperative Purchasing  
COMAR 21.05.09.04

Department/Procurement Agency: Department of General Services

Contract Term: From the date of execution of the Participating Addendum by the Participating Entity through June 30, 2023, with 2, one-year renewal options

Amount: \$40,000,000\* (for base term and 2, one-year renewal options)

Category: Information Technology – Okta Solution

Contract Type: Indefinite Quantity with Fixed Unit Prices

Name and address of selected Contractor: Carahsoft Technology Corporation  
11493 Sunset Hills Road, Suite 100  
Reston, VA 20190

**Scope Description:**

The State of Maryland, through the Department of Information Technology (“DoIT”), seeks to execute a participating addendum (“Participating Addendum”) with Carahsoft Technology Corporation under the National Association of State Procurement Officials Cloud Solutions Contract (“NASPO Contract”). NASPO strives to make the governmental procurement process more efficient by establishing competitively priced contracts. This NASPO Contract is available to State agencies nationwide, institutions of higher education, cities and counties. It has been awarded by a public competitive procurement process that is compliant with Maryland State statutes. In addition, Carahsoft Technology Corporation is the only authorized reseller of Okta products and services under the NASPO Contract (supporting documentation has been provided by Okta).

Under the Participating Addendum, Carahsoft would provide the State with implementation and support services, hosting, user licenses and limited access for Okta. In addition to DoIT, Department of Public Safety and Correctional Services, Maryland Department of Transportation, Department of Human Services, Maryland State Police and Maryland Department of Health will make purchases of Okta from the Participating Addendum.

DoIT manages technology which allows more than 60,000 Maryland employees and contractors across the State to access systems and resources through their maryland.gov accounts. These systems, which are largely hosted within DoIT’s server environment, collectively form an Identity and Access Management (IAM) system which provides basic levels of security and control of access for the participating agencies to the integrated applications and networks, such as Google Workspace, Workday, eMMA, and others.

While this configuration has generally been sufficient up to this point, any further expansion is untenable due to the increasing difficulty of developing new connections which work with the complex custom integrations between the core systems, which were built over time and in ways that are now increasingly costly to support. Additionally, the IAM system operated by DoIT is only one of many differently configured solutions across the State.

At the same time and in response to Executive direction and recent cybersecurity events, the State and DoIT are seeking ways to enhance IT security. Having a single statewide source of employee Identity and Access for IT systems is a foundational component of a modern cybersecurity strategy. The key barriers to such a system include the difficulty of linking the multiple solutions in the statewide environment and the inability to expand the DoIT system.

While this procurement will provide the functionality to replace what is in place for DoIT today, it will also provide the foundation for a true statewide IAM platform that will integrate with the systems in place at other agencies without necessarily requiring those systems also be under DoIT management. This will allow employees and contractors to be more mobile, productive, and secure while helping Maryland contain costs associated with existing licensing models, inefficient administration requirements, complex integrations, and security incident responses.

**Basis for Selection:**

Okta is a cloud-based IAM solution which will replace most of the existing DoIT hosted IAM system components and capabilities while providing for simpler integrations, secure remote work, improved and modern multi-factor and single sign-on functions, advanced security features, easier administration, and simplified license management, among other benefits, many of which are impossible under the current system.

When DoIT began evaluating potential paths to improving the existing IAM system, DoIT focused on the following main points, in keeping with industry recommendations and in accordance with our own experiences, including:

- Prioritizing a single-vendor strategy to support Statewide IAM use cases and capabilities with a focus on Software as a Service (SaaS) delivery, and which either does today or has a roadmap to also provide Identity Governance and Administration (IGA) capabilities as well as Privileged Access Management (PAM) solutions, which are distinctly different functions in this area of technology;
- Prioritizing solutions offering the largest number and most efficient pre-built integrations with applications and information systems, including other IAM systems;
- Prioritizing a platform which could be leveraged as the basis for a single Statewide IAM system for State of Maryland employees and contractors to connect to IT resources needed to perform work, which could support independent agency operations while still providing centralized security;
- Prioritizing solutions which provide low and no-code approaches to automating and orchestrating authentication and authorization flows;
- Prioritizing offerings which also provide significant opportunities to leverage IAM functions within custom developed applications in use throughout the State; and
- Prioritizing solutions which may best support the creation of a future citizen-facing IAM system.

Based on these priorities, DoIT evaluated two solutions which are most prevalent in the IAM market: Microsoft and Okta. Each provided demonstrations of solution capabilities as well as administrator and user experience. Each participated with DoIT in lengthy discussions and multiple presentation sessions regarding their solutions and were able to describe in detail their alignment with those priorities. Additionally, many components of the existing IAM system are Microsoft products.

After months of review and discussion, DoIT selected Okta as the solution which best fit the State's priorities. These findings also align with independent third-party research by Gartner, which provided the following rankings of providers in regard to specific critical capabilities:

- For Internal Users Access Management use cases, which would be DoIT's primary use case, Okta was rated 1st out of 12 and Microsoft was rated 8th
- For External User Access Management use cases, which DoIT considers an important future capability, Okta was rated a close 2nd out of 12 and Microsoft was rated 10th
- For Application Development use cases, which is an area of significant weakness in DoIT's current IAM solution, Okta's recently acquired Auth0 product was rated 1st out of 12, with the traditional Okta product line being rated 4th, and Microsoft 7th

### Pricing

A direct pricing comparison between the respective solutions proposed by Microsoft and Okta is very difficult due to the complex nature of the Microsoft licensing model which distributes IAM functionality and associated security components across licensing for other Microsoft products, and which does not account for the costs associated with maintaining complex custom integrations, which would still be required under the Microsoft solution. Additionally, the Microsoft proposal included a mandatory license count increase over time which coincided with a reduction in the guaranteed pricing discount, leading to quickly escalating year over year costs.

Total quoted one year cost of Microsoft services for DoIT at licensing levels we have today plus the cost to provide additional functionality to become roughly equivalent with the capabilities we have scoped out with Okta, and covering approximately 9500 users over a mandatory five-year contract term which was required to receive the discount level reflected in the pricing:

Year 1: \$4,146,967 for 9500 users (unknown for the total 60,000 users scoped under the Okta proposal as the MS proposal offered 100% discount on 9500 users)

Year 2: \$4,762,933 for 9500 users (at a MS estimated \$64.75/user cost, \$8,000,433 to cover the full 60,000)

Year 3: \$5,070,869 for 9500 users (at a MS estimated \$97.12/user cost, \$9,926,869 to cover the full 60,000)

Year 4: \$5,378,805 for 9500 users (at a MS estimated \$129.49/user cost, \$11,853,305 to cover the full 60,000)

Year 5: \$5,378,805 (same as year 4, \$11,853,305 to cover the full 60,000 users)

Another comparison estimate Microsoft made was to say that the monthly cost per user for the capabilities to be roughly equivalent with our Okta scoped services would be \$10.80 per user/month. For 60,000 users that would equal \$7,776,000 per year. This may be the closest to a direct comparison, although it does not actually cover all of the IAM functionality, which would be included in other licensing components.

In addition, to help ensure Maryland is benefiting from the best possible pricing for Okta products, DoIT gathered discount information for purchases from other states with the help of the Okta and reseller. The table below lists that information.

State	Contract Details	Purchase Price	List Price	Discount off List
State of Maryland	NASPO	\$4,392,308.42	\$25,630,394	83%
State of Illinois DOIT	NASPO	\$3,531,815.90	\$12,936,872	73%
State of Vermont	NASPO	\$986,430.57	\$2,148,403	54%
State of Iowa	State Contract	\$6,250,289.85	\$15,840,954	61%
State of Montana	NASPO	\$331,396.76	\$589,926	44%

Also, DoIT independently researched publicly available pricing quotes for Okta products pursued by other government entities. Through that research, DoIT discovered that the State of Vermont's original NASPO Participating Addendum from May 2019 included pricing for select Okta products under a tiered pricing structure with a maximum discount off current list price of approximately 33%. Further searching returned a quoted proposal for the city of Elgin, Illinois, from February 2020 which demonstrated an approximate 62% discount.

Based on this information, DoIT has determined that the pricing quoted by Carahsoft for the Okta purchase of products and services represents a significant value at approximately 83% less than list price. DoIT has confirmed with Carahsoft that the pricing and discount will remain consistent throughout the out years (renewal options) of the agreement.

\*Below is a breakdown of the estimated \$40 million spending threshold for purchases off the ICPA for three year term (base term, and two, one-year renewal options):

Agency	Estimated Agency Need
Department of Information Technology	\$14 million (includes enterprise agencies)
Department of Public Safety & Correctional Services	\$ 6 million
Maryland Department of Transportation	\$ 8 million
Department of Human Services	\$ 8 million
Maryland State Police	\$ 4 million
<b>Total</b>	<b>\$40 million</b>

Determination By:

*Susan Howells*

DoIT, Procurement Officer

Date: June 5, 2022

*MAY  
MCE*

Approved by:

*Michael Leahy*  
Michael Leahy (May 5, 2022 11:04 EDT)

DoIT, Secretary

Date: May 5, 2022

Approved by:

*M.C. Z...*  
DGS Chief Procurement Officer

Date: 5/5/22