Exhibit to Agenda Item #4
Ratify the Chief Executive Officer and General Manager’s execution of a contract between Software AG USA, Inc. and SMUD for a technology platform and Enterprise Service Bus (ESB) services for a five-year period for a contract not-to exceed amount of $8.7 million.

Board of Directors Meeting
Thursday, July 18, 2024, scheduled to begin at 6:00 p.m.
SMUD Headquarters Building, Auditorium
Background

• SoftwareAG is the provider of SMUD’s Enterprise Service Bus (ESB).

• The ESB is a centralized integration platform used to enable communication between many of SMUD’s core systems and 3rd party Software as a Service (SaaS) providers.

• The ESB has been in operation at SMUD since 2011 and was brought on as a part of the SmartSacramento initiative to support the integration of advanced metering infrastructure (AMI) data into various SMUD systems and processes.
Purpose

- Maintain operation of SMUD's critical systems and processes for the next 5 years without disruption.
- Support the implementation of a new outage management system (OMS) and customer self-service platform.
- Provide functionality for future solutions such as artificial intelligence (AI), automation, electric vehicle (EV) management and load flexibility.
Why ratification was needed

• SoftwareAG recently worked out a deal with IBM to sell off the portion of their software which included all the integration functionality SMUD is currently using.

• This sale was set to go into effect July 1, 2024.

• It was advantageous for SMUD to sign a deal with SoftwareAG by the end of June as they were motivated to lock in a final sale.

• Any contracts not signed by the end of June, IBM gave the directive to cancel and renegotiate.
Benefit to SMUD

New negotiated contract cost:
• $8.7M for 5 years
• Includes provisions for new OMS integration environment
• Options included for early termination
• $2.4M - $3.7M in savings over 5 years vs. alternatives

Potential scenarios with IBM:
• Best – $11.1M (based on year-to-year quote and assuming no increase over 5 years)
• Likely – $12.4M (assuming a 5% YoY increase)
• Most Likely – much higher than 5% increase (this is the trend we have been seeing with many software contracts)
Requested Action

Ratify the Chief Executive Officer and General Manager’s execution of a contract between Software AG USA, Inc. and SMUD for a technology platform and Enterprise Service Bus (ESB) services for a five-year period for a contract not-to exceed amount of $8.7 million.