



THE STATE
of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Administration

PAULA VRANA, COMMISSIONER

550 W. 7th Ave., Ste. 1970
Anchorage, AK 99501
Main: 907.269.6293
Fax: 907.465.2135
www.doa.alaska.gov

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
State Capitol Room 518
Juneau AK, 99801
907-465-3873

Co-Chair Stedman,

Thank you for allowing the Department of Administration the opportunity to present an overview of Cyber Security on April 26, 2022. After this hearing, several questions arose which required a follow up response from the Department of Administration. Please find those questions addressed below.

- Question 1: How much money has the State spent on Microsoft in the past 36 months? (Cloud expenditures)

\$1.89M on Microsoft Azure (operational cost) for enterprise use (February 2020 – April 2022).

- Question 2: Was that contract competitively bid? If yes, who were the bidders and what were the terms (up front and total pricing, projected timelines, etc...)?

Yes. All Microsoft Azure Cloud consumption is executed as part of the SOA Microsoft Enterprise Agreement. That contract vehicle was procured under a National Association of State Procurement Officers (NASPO) contract that was nationally competed.

- Question 3: To date, what have we gotten for the investment we've made in Microsoft? (Hard, tangible results.)
 - a) 92 pilot servers in Azure. Mostly OIT and DOA.
 - b) 1.3 Petabytes of Security Logs for State Security Office to date. This logging is used for forensic analysis/threat hunting reducing our cyber security vulnerability.
 - c) 2.5 Petabytes of server logs for compliance documentation.
 - d) Built out a cloud environment with dedicated network connections for SOA agencies to support security best practices and receive servers/applications when migrated.
 - e) Documented cloud environment governance policy.
 - f) 1,002 SOA employee participants in 128 classes across 2,326 training days of advanced cloud training.

- Questions 4: What kind of guarantees does the State get about an open platform or are we going to be held "hostage" to whatever pricing Microsoft wants to charge once they're in place.


We are not held hostage to Microsoft pricing. There is a high level of competition between cloud service providers. The top three are Amazon, Microsoft, and Google. Since cloud costs are pay-for-what-you-use on a month-to-month basis, at any given time we can move services to competing clouds or back on-premises.

- Question 5: Is there a backup plan if Microsoft Azure continues to be a money pit without producing solid results?
Yes, it is state policy (ISP-196) to assess and plan for a cloud exit strategy in any cloud service we use. Exit plans vary based on type of cloud service consumed.

Prior to large migration plans, the State of Alaska 1) collected industry research on cloud costs/savings, 2) did an in-house pilot of servers for over a year and compared cloud invoices to department charge-back rates, and 3) identified another state two years ahead of us in the cloud adoption process to talk to about costs and savings.

Please let me know if you have any additional questions on the topics discussed above.

Respectfully,



Leslie Isaacs

Attachments: None