



# City of San Antonio

## Agenda Memorandum

**File Number:**19-2956

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**Agenda Item Number:** 5.

**Agenda Date:** 4/18/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Artificial Intelligence Cyberdefense Solution

### **SUMMARY:**

This ordinance authorizes a contract with SHI Government Solutions, Inc. to provide product licensing for Darktrace, an Enterprise Immune System Artificial Intelligence (AI) appliance for a first year cost of \$134,124 funded from Tax Notes. Remaining annual and maintenance support contract value of \$536,496 will be submitted as part of the annual budget process for FY 2020 through FY 2024 at \$134,124 per year for a total contract value for \$670,620.

### **BACKGROUND INFORMATION:**

A 2016 U.S. State of Cybercrime Survey found that 27% of cyber-crimes were committed by suspected or known insiders and damages are generally substantial and significant. These types of insider incidents are prevalent in all organizations. Dangers can include modification, exfiltration, and corruption of sensitive organizational data generally for personal gain. Such harms can negatively impact the city's ability to provide important and needed services and also the ability to generate revenue which could greatly affect the city's credit worthiness. A solution is required to monitor, alert, identify and prevent internal and external threat from causing such harm to COSA operational networks.

Upwards of 16,000 devices and accounts can be connected to the COSA network on any given day. This level of connectivity to the COSA network provides countless, unmitigated possibilities for significant harm to be introduced. In August 2018, the City of San Antonio Information Technology Services Department began a

proof of concept period with Darktrace, an Artificial Intelligence (AI) Cyberdefense Solution. The proof of concept period ended in December 2018. The City's IT Security Team, led by the City's Chief Information Officer (CIO) and Chief Information Security Officer (CISO) determined that the Darktrace solution provided a significant and necessary level of protection for the COSA network.

The Darktrace AI utilizes its proprietary machine learning and algorithm to build a baseline profile of machines on the network. By doing so, Darktrace AI establishes what each machine is normally used for by tracking abnormal system behavior. Darktrace AI can identify, classify and cross reference various activities to form a unique "pattern of life" for every device visible on the network. When anomalous activity is detected, Darktrace provides an alert respective to the level of criticality for the analyst to prevent damages or loss of data on the COSA network.

The City issued a Request for Offer (RFO) for "Darktrace" (RFO, 6100011180) on February 12, 2019 with a submission deadline of March 1, 2019. The offer submitted by SHI Government Solutions, Inc. is in accordance with Texas BuyBoard contract 579-19.

## **ISSUE:**

This contract will provide the City of San Antonio Information Technology Services Department with a contract with SHI Government Solutions, Inc. to provide product licensing for an Artificial Intelligence (AI) Cyberdefense Solution.

The licensed Darktrace solution will be purchased from SHI Government Solutions, Inc. utilizing the BuyBoard cooperative contract number 579-19. This purchase will be made in accordance with the Texas Local Government Purchasing Cooperative passed on ordinance 97097, dated 1/30/2003.

The BuyBoard Cooperative Program is administered by the Texas BuyBoard Cooperative. All products and services included in this cooperative were competitively bid and awarded by the Cooperative's Board of Trustees based on Texas statutes.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived due to the lack of small, minority, and/or women businesses available to provide these goods and services.

The recommended award is an exception to the Local Preference Program.

The Veteran-Owned Small Business Preference Program does not apply so no preference was applied to this contract.

## **ALTERNATIVES:**

Should this contract not be approved, then the City of San Antonio would not have access to this artificial intelligence solution that enhances insider threat detection and anomalous activities. Since this is currently a technology gap, the alternative would be to work through the budget process to obtain funding for the development and implementation of a similar system. This would significantly delay the deployment of new security protection enhancements which could potentially lead to the catastrophic infiltration of the COSA network.

**FISCAL IMPACT:**

This ordinance authorizes a contract with SHI Government Solutions, Inc. to provide product licensing for Darktrace, an Enterprise Immune System Artificial Intelligence (AI) appliance for a first year cost of \$134,124 funded from Tax Notes. Remaining annual and maintenance support contract value of \$536,496 will be submitted as part of the annual budget process for FY 2020 through FY 2024 at \$134,124 per year for a total contract value for \$670,620.

**RECOMMENDATION:**

Staff recommends the approval of this contract with SHI, Government for a total cost of \$670,620.00.

This contract is procured by means of cooperative purchasing and a Discretionary Contract Disclosure Form is not required.