Testimony of the New York City Independent Budget Office
On Open Source and Collaborative Software Purchasing
To the New York City Council Committee on Contracts
February 23, 2016

Good morning Chair Rosenthal and members of the committee. I am Doug Turetsky, chief of staff and communications director for the city's Independent Budget Office. Thank you for the opportunity to speak today about the Council's efforts to reduce city spending on software, which totaled roughly $80 million last year, through the use of open-source software or by joining with other jurisdictions in bulk purchases of licensed products.

Since open-source software has little or no initial procurement cost, favoring this no-cost source over licensed software has the greatest long-term savings potential. For a number of years, IBO's *Budget Options* volume has included an analysis of the savings the city might realize in moving in this direction.

In our most recent edition, published in December 2015, we took a look at one of the city's biggest software expenditures: the Microsoft licensing agreement. In 2015, the city spent $25 million to maintain Microsoft licenses—an amount roughly equal to the combined budgets of all five Borough Presidents.

Replacing the Microsoft programs with free open-source programs would initially require some investment on the city's part, both in hiring developers to create and install new versions to replace customized applications and macros that agencies have built on top of Microsoft's operating systems and applications, as well as for staff training. But over several years there is potential for the savings to grow to the full $25 million cost of using Microsoft systems. IBO estimated initial savings of $8 million in the first year of using open-source alternatives to Microsoft programs.

Microsoft software is of course not the only software city agencies license, and many open-source software alternatives exist for these other programs. For example, many city agencies, including IBO, have individual licenses for statistical software such as SAS. IBO currently spends about $25,000 annually for SAS licenses. Multiply this amount by the numerous—and generally bigger—city agencies that also use SAS or similar statistical programs and the dollars spent are not insignificant. While there are upfront costs in training and converting data in existing programs, if 10 agencies switched from commercial software to open-source programs such as R for statistical analysis, the city could end up achieving considerable savings over time.

Some software users are reluctant to use open-source programs for reasons beyond retooling and data conversion. These concerns generally center on lack of access to technical support. Intro 365's focus on bulk purchases of software products, including with other governmental entities, is another way to reduce city outlays on computer programs.

The city already has experience with bulk software purchasing for commercial software. Our current arrangement with Microsoft is the result of just this kind of effort. In October 2010, the Bloomberg Administration entered into a so-called enterprise licensing agreement with Microsoft. Under this agreement, the city consolidated its agency-by-agency purchases of a variety of Microsoft products under a single citywide contract. At the time, it was estimated the city would save $50 million over five years. If there are barriers to shifting to open source, there are likely other sorts of applications such as statistical analysis, desktop GIS, and web design and layout, where bulk purchasing also has the potential to lower spending on commercial software.

Beyond the goal of reducing city spending, the legislation under consideration today has other notable features. The reporting requirement in Intro 366 will be an important tool in guiding the city through a transition to greater reliance on open-source programs. Detailed information about types of software procured by city agencies and cost savings resulting from the use of open-source software would be a crucial means of evaluating the long-term savings potential of minimizing the use of commercial software.

There are other, harder-to-quantify rationales for decreasing city agencies' use of proprietary software. As noted in the introduction to Intro 366, the use of open-source software is an important step toward ensuring that the city maintains as much control over the continued accessibility of public data as possible and that the public has access to this data without tracking or other requirements or limitations imposed by commercial software companies.

Thank you again for providing us with the opportunity to testify. I would be happy to answer any questions.