



Date: July 2, 2015

To: Thomas J. Bonfield, City Manager
Through: Wanda Page, Deputy City Manager
From: Kerry L. Goode, CIO/Director of Technology Solutions
Subject: Microsoft Enterprise Software Licensing Agreement

Executive Summary

The City's current Microsoft® Enterprise Software Licensing Agreement provides software licenses for one thousand four hundred five (1,405) computers on the City's network. Included in this agreement, the City has immediate access rights to the most current versions of software listed under the following Microsoft® platforms: Office Professional, Windows Professional Desktop, and Enterprise Client Access Licenses. The current Microsoft® Enterprise Agreement with Dell Marketing L.P. expires on August 31, 2015.

In order to renew the Microsoft® Enterprise Software Licensing Agreement, the City has obtained two quotes from approved vendors on the Enterprise Agreement State Contract #208C. The lowest quote the City received from the State Contract was from Dell Marketing L.P.

The quote under consideration will provide software licenses for one thousand four hundred five (1,405) computers for a three-year period. The proposed quote also includes server software licenses and client access licenses. This quote sets the pricing for a three year period based on the City's current utilization of Microsoft® products. The proposed agreement allows the City of Durham to exceed the current number of licenses by reporting additional quantities of computers and servers utilizing Microsoft® software by the agreement's anniversary date each year within the three year contractual period.

Recommendation

The Administration recommends that City Council accept the quote for renewal from Dell Marketing L.P. and authorize the City Manager to execute the contract in the amount of \$1,100,599.08 for a three-year period to furnish the City of Durham with a Microsoft® Enterprise Licensing Agreement to cover the licensing of desktop and server software.

Background

On August 18, 2014 the City Council authorized the City Manager to enter into a one-year Microsoft® Enterprise Software Licensing Agreement with Dell Marketing L.P. in the amount of \$366,866.36 to furnish the City of Durham with a Microsoft® Enterprise Licensing Agreement to cover the licensing of desktops, servers, and training modules. The current agreement expires on August 31, 2015 and the City has an option to renew the Microsoft Enterprise Agreement or own the current licenses without software assurance.

The Enterprise Agreement is a simple licensing solution for customers who have made the technology decision to use Microsoft's platform of software products for desktops and

servers. The licensing agreement provides the most recent versions of these products to all City of Durham computer users and servers for a three-year period. The Microsoft® platform of products, which is used throughout the City of Durham, is composed of Microsoft Office Professional Edition (which includes: Word, Excel, Outlook, Access, Publisher, InfoPath and PowerPoint), Windows 2007 desktop operating system, Windows 2003-2012 server operating systems, Client Access Licenses for Microsoft BackOffice, and SharePoint Portal.

The Microsoft Enterprise Agreement entitles the City to all listed Microsoft software upgrade releases under this agreement during the three-year contract period.

An Enterprise Agreement also offers simple administration, increased business value, and an enterprise-level relationship which affords the City:

- Rights to all current versions of the Microsoft enterprise platform of products.
- A fixed, predetermined annual price per desktop. Also additional PCs or servers can be added at a predetermined price even if there is an increase in the retail price.
- A comprehensive enterprise solution that includes licenses, services, and support.

In order to select a new Microsoft Large Account Reseller (LAR), the City solicited quotes from the North Carolina Master State Enterprise Agreement Contract #01E73421. LARs were requested to provide the City a quote for a Microsoft® Enterprise Licensing Agreement to include the software assurance for 1,405 desktop computers, additional server software, and training modules. The quote was comprised of the following software products:

1405 Office Professional Plus
1405 Windows Enterprise
1405 Enterprise CALs
1405 Structure Query Language (SQL)

Additional Products:

1 Exchange Server – Enterprise
1 Exchange Server – Standard
1 Project Professional
1 Project Server
4 SharePoint Server
20 SQL Server Enterprise
4 SysCtr Standard 2 Proc
1 Visio Pro
1 Visio Standard
9 VSUIMSDN
9 WinSvr DataCtr 2 Proc
9 WinSvrStd 2 Proc
2 WinSvrExtConn
1 MapPoint Win32

The following quotes were received for Microsoft® Enterprise Licensing Agreement for a three-year period:

COMPANIES**TOTAL AGREEMENT**

***Dell Marketing L.P.**
Austin, TX

\$1,100,599.08

Software House International
Somerset, NJ

\$1,128,758.90

*** Lowest Quote**

Issues/Analysis

The proposed agreement includes server products and other software used by the City. By including the server software in the Enterprise Licensing Agreement, the City is entitled to all upgrades released by Microsoft® for servers and the City is able to access online and telephone support and problem resolutions tools at no additional cost.

Additional server products include training and support benefits. The total cost of the previous one agreement was \$366,866.36. The new contract total for one year is \$366,866.36. The total cost for a three year contract is \$1,100,599.08. There is no increase in cost of the new contract for the next three years unless there is a need to increase the number of licenses required for workstations or servers in the datacenter.

The Microsoft® has an alternative Select Agreement which is also on State Contract, which provides for governmental entities to purchase software products at a discount. In contrast to the Enterprise Agreement, the Microsoft® software installed on workstations will need to be repurchased when a new version of the software is needed to meet the needs of the business units. Listed below are the costs to purchase the software for desktop computers included in the proposed agreement from the State's contract, if the City does not have an Enterprise Agreement:

Software Product	Cost	Quantity	Total
Office Professional Win32 Listed Languages	\$333.48	1405	\$468,539.40
Windows Professional Listed Languages	\$122.86	1405	\$172,618.30
Core Device CALs Listed Languages	\$235.42	1405	\$330,765.10
SharePoint Portal CALs	\$61.85	1405	\$86,899.25
SQL Server CALs	\$137.07	1405	\$192,583.35
Exchange Server 2013 CALs	\$44.30	1405	\$62,241.50
Total			\$1,313,646.90

To purchase the core software from the State's contract would cost the City more money and the City would not be entitled to upgrade advantages. Additionally, the above costs do not include server software, support benefits, and training that are included in the proposed Enterprise Licensing Agreement.

Alternative

If the City does not purchase the Enterprise Agreement, it will be exposed to major risk. For example, it will not have access to features such as security enhancements and functional updates the City needs to assist in maintaining the goal of being a "Well Managed City." If Dell Marketing L.P. cannot fulfill this agreement, the City can contract with the next lowest vendor on the State's contract at an increase in cost.

Financial Impact

The Technology Solutions Department has funds available to cover the Microsoft® Enterprise Agreement cost of \$366,866.36 in the FY2016 budget. The quote from Dell came slightly under the budget allotted for the Microsoft® Enterprise Agreement.

SDBE Summary

The Equal Opportunity/Equity Assurance Department has reviewed the bid submitted by Dell Marketing L.P. of Round Rock Texas and has determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

SDBE REQUIREMENTS

No M/SDBE or W/SDBE goals were set.

The workforce statistics for **Dell Marketing L.P.** are as follows:

Total Workforce	35,524	100%
Total Females	11072	31%
Total Males	24452	69%
Black Males	1551	4%
White Males	17291	49%
Other Males	5610	15%
Black Females	1060	3%
White Females	7500	21%
Other Females	2512	7%

Attachments: Microsoft® Enterprise Enrollment State and Local Form
Microsoft® Enterprise and Enterprise Subscription Enrollment Product
Select Form -- State and Local
Microsoft® Program Signature Form