



TO: Board of Contracts and Awards
FROM: Jack Kelanic, Director of Information Technology, JK
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
Chuck Blankenship, Finance/Purchasing
SUBJECT: Microsoft Enterprise Licensing Agreement
Requesting City Council Date – December 16, 2014
DATE: December 1, 2014

SUMMARY:

The Information Technology Department recommends a contract be awarded to CompuCom Systems, Inc., Dallas, TX, in the amount of \$2,196,740.00, plus applicable sales tax, for Microsoft licensing and software assurance services, for a three-year renewal term from January 1, 2015 through December 31, 2017.

STRATEGIC POLICY PRIORITY:

- Strengthen and maintain a strong fiscal management position.
- Encourage and promote an open, effective, results-oriented organization.

BACKGROUND:

The City of Tacoma has standardized on Microsoft productivity software for over 20 years. This standardization currently includes products such as Windows and Office Professional (Word, Excel, Outlook, Access, PowerPoint, etc.) for the City’s 3,000-plus computer workstations, Project and Visio for use by specialized project managers and engineers, as well as Windows Server, SQL Server, and Dynamics in support of business systems.

Since 2001, the City has leveraged various State of Washington contracts to enroll in the Microsoft Enterprise Agreement program for volume-based discount pricing, which is offered to all government agencies in the State. Pricing for the subject renewal is based on Washington State Department of Enterprise Services Contract number T11-MST-579 and includes a 19.55% discount. Volume discount pricing is locked for the three-year contract term.

The subject enrollment covers the City’s overall Microsoft licensing needs, including both General Government and Tacoma Public Utilities.

ISSUE: The City’s current enrollment in the Microsoft Enterprise Agreement program expires December 31, 2014. The City’s need for Microsoft products and services is increasing due to business demand and compliance objectives. Additionally, Microsoft has changed its fundamental business model and has increased pricing considerably above current rates.

ALTERNATIVES: The Information Technology Department engaged the services of an independent consulting firm to analyze the City’s Microsoft software requirements for the next six years based on approved and/or planned technology initiatives. Eleven different licensing scenarios were considered, including various scenarios to reduce or eliminate ongoing software assurance services, which drive the majority of costs.



Discontinuing software assurance services at any level proved unviable since it would result in the inability to upgrade to newer software versions and could increase future costs to the City.

The City also considered Microsoft’s new subscription-based licensing services, but such scenarios resulted in higher immediate cost and increased exposure to future Microsoft price-hikes.

The recommended scenario is to renew enrollment in the Enterprise Agreement program utilizing a device-based, perpetual licensing model, and to annually “true-up” with Microsoft based on actual device quantity growth. This is the least expensive viable alternative for the City.

COMPETITIVE SOLICITATION: Not applicable.

COMPETITIVE ANALYSIS: Using the Washington State Department of Enterprise Services Contract number T11-MST-579 to provide these software licensing and services allows the City to maintain standards, streamline purchasing processes and inventory control, reduce budgeting efforts and provide cost savings. The program is specifically designed for large organizations that have standardized on Microsoft core products.

CONTRACT HISTORY: This is a new contract with CompuCom Systems, Inc.; however the City has participated in the Microsoft Enterprise Agreement program since 2001, with approximately, \$7,403,397.04 that will have been spent through the current enrollment period, ending December 31, 2014. With approval of this renewal, the total spend would be approximately, \$9,600,137.04, plus applicable sales tax.

SUSTAINABILITY: CompuCom Systems, Inc. fosters a culture of eco-conscious policies and provides training for its employees related to “green-living” with a focus on initiatives that reduce the consumption of fuel, electricity, and paper materials, which ultimately reduce the combined carbon footprint of its organization and their clients.

RECOMMENDATION:

The Information Technology Department recommends authorization to enter into a three-year renewal enrollment in the Microsoft Enterprise Agreement program with Microsoft’s designated reseller, CompuCom, Inc., for Microsoft licensing and software assurance services in the amount of \$2,196,740.00, plus applicable sales tax.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596000	5412170	\$2,196,740.00
TOTAL			\$2,196,740.00

* General Fund: Include Department



REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596000	5950289	\$2,196,740.00
TOTAL			\$2,196,740.00

POTENTIAL POSITION IMPACT: NOT APPLICABLE

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: The 2015/2016 fiscal impact of approximately \$1,464,493.33, plus applicable sales tax, is planned in the Fund 5800 2015/2016 biennial budget. The approximate 2017 renewal amount of \$732,246.67, plus applicable sales tax, will be planned in Fund 5800 for the 2017/2018 biennial budget to accommodate the third year of the renewal, subject to budget approval.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? The expenditures and revenues are planned for in the 2015/2016 biennial budget, subject to budget approval.

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

The expenditures and revenues are planned for in the 2015/2016 biennial budget, subject to budget approval.