



**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, Contract No. 4600011191, Requesting City  
Council Date of February 14, 2017  
**DATE:** January 26, 2017

**SUMMARY:**

The Information Technology Department is requesting an increase to SAP contract no. 4600011191 to SoftwareOne Inc., Waukesha, WI, in the amount of \$68,199.13, plus applicable sales tax, for Microsoft licensing and software assurance services. This increase brings the cumulative total of this contract to \$2,264,939.13, plus applicable sales tax.

**STRATEGIC POLICY PRIORITY:**

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

By supporting the City’s Microsoft licensing and software assurance services, the City engages in a more efficient and effective government.

**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 a three-year contract term.

The City enrolled in its current three-year agreement in December, 2014. The subject enrollment covers the City’s overall Microsoft licensing needs, including both General Government and Tacoma Public Utilities.

**ISSUE:** The City’s license demand over the last two years has outpaced initial growth assumptions of the 2014 authorization amount for several reasons. First, Microsoft discontinued an older supplemental licensing program the City was using and those products are rolled into the Microsoft Enterprise Agreement. Second, the architecture for the Tacoma Information Management System (TIMS) has increased server licensing requirements. Third, the City has increased utilization of mobile devices in service delivery.

Collectively, these circumstances require the City to license additional products in the amount of \$68,199.13 in order to remain compliant with the terms of the Microsoft Enterprise Agreement.



**ALTERNATIVES:** In 2014, 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 would result in the inability to upgrade to newer software versions and could increase future costs to the City.

**COMPETITIVE SOLICITATION:** 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:** SAP contract number 4600010232 was created in December 2014 to Compucom, Inc. in the amount of \$651,658.74. SoftwareOne, Inc. acquired Compucom, Inc. and SAP contract 4600011191 was created in October 2015 in the amount of \$1,545,081.26. This increase of \$68,199.13 would bring the cumulative total to \$2,264,939.13.

**SUSTAINABILITY:** SoftwareOne, 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.

**SBE/LEAP COMPLIANCE:** Not applicable.

**RECOMMENDATION:**

The Information Technology Department is requesting an increase to SAP contract no. 4600011191 to SoftwareOne, Inc. Waukesha, WI, in the amount of \$68,199.13, plus applicable sales tax, for Microsoft licensing and software assurance services. This increase brings the cumulative total of this contract to \$2,264,939.13, 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      | \$68,199.13  |
| <b>TOTAL</b>                  |                            |              | \$68,199.13  |

\* General Fund: Include Department



**REVENUES:**

| FUNDING SOURCE                | COST OBJECT<br>(CC/WBS/ORDER) | COST ELEMENT | TOTAL AMOUNT |
|-------------------------------|-------------------------------|--------------|--------------|
| Information Systems Fund 5800 | 596000                        | 5950289      | \$68,199.13  |
| <b>TOTAL</b>                  |                               |              | \$68,199.13  |

**POTENTIAL POSITION IMPACT:**

| POSITION TITLE | PERMANENT/<br>PROJECT<br>TEMPORARY<br>POSITION | FTE IMPACT | POSITION END DATE |
|----------------|--|------------|-------------------|
| N/A            |  |            |                   |
| <b>TOTAL</b>   |  |            |                   |

*This section should only be completed if a subsequent request will be made to increase or decrease the current position count.*

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** Funds in the amount of \$68,199.13 are budgeted in the 2017/2018 Information Technology budget.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes.