

Addendum Report

REPORTS THROUGH THE GENERAL MANAGER

REPORTS FROM THE ACTING DIRECTOR TECHNOLOGY AND CORPORATE SERVICES

a41 [TCS-CM] Microsoft Enterprise Agreement

ORIGIN:

Information Systems

SUMMARY OF REPORT:

Council's computer environment operates on the Microsoft Windows suite of products. To ensure Council's computers are adequately licensed to use these products, a Large Account Reseller (LARS), Corporate Express, is engaged by Council to facilitate the procurement of Microsoft licenses for a three year term.

There are a number of agreement models available to local government, of these, Council has elected to use the Enterprise Agreement (EA) model as it offers significant savings compared to the other licensing programs. Under the Enterprise Agreement, perpetual ownership model, after the three year contract period, Council owns the underlying Microsoft license and is only required to purchase Software Assurance (SA) for the next three year term. This reduces the ongoing cost of Microsoft licensing while ensuring Council can upgrade its Microsoft products to the latest version at any time it chooses.

The three year Enterprise Agreement that Council signed with Microsoft in September 2008 expired on 9 September 2011 hence a new Enterprise Agreement is now due.

RECOMMENDATION:

That Council, in accordance with Clause 163 of the Local Government (General) Regulation 2005, and Section 55(3) of the Local Government Act 1993, approves the new Microsoft Enterprise Agreement provided by Corporate Express to the value of \$566,404.68 (excluding GST), annualised over three (3) years, and that all documentation be completed under the Common Seal of Council.

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REPORT:

The Microsoft Enterprise Agreement (EA) is the best licensing program for organisations that want to standardise Information Technology across the enterprise yet retain the flexibility to choose from on-premises and cloud services.

The Agreement brings:

- Attractive volume pricing
- Full benefits of Software Assurance
- Flexibility to transition to cloud services at your own pace
- Simplified license management through a single company-wide agreement
- Flexible, cost-effective, manageable licensing

Proposed Purchase

In consultation with Corporate Express, Information Systems has reviewed Council's Microsoft licensing requirements and have prepared a new EA. The cost to renew the Microsoft licenses for 2011/12 is \$188,801.56 (excluding GST). This amount is paid annually for the three (3) year term of the agreement.

The total cost of the three (3) year agreement is \$566,404.68 (excluding GST). This amount compares to \$350,591.85 for the previous agreement signed in 2007.

An amount of \$573,000 has been included in the budget estimates for the 2011/12 to 2013/14 period.

Acquisition

Council will purchase these Microsoft Licenses from Corporate Express under the existing Local Government Procurement (LGP) 108 Contract. Local Government Procurement is a prescribed person under Clause 163 of the Local Government (General) Regulation 2005 and Section 55(3) of the Local Government Act 1993, which provides an exemption from having to tender.

Key changes in the new Enterprise Agreement:

- Council purchased 380 desktop licenses in the previous agreement and is now only required to pay the SA (Maintenance) on these licenses under the new EA.
- An additional 40 full desktop licenses with maintenance will be purchased to account for additional workstations currently installed.
- 2 x Visual Studio licenses will be purchased for the web developers.
- Additional 190 SQL device client access licenses required for additional user access to corporate databases.
- Remote Desktop Services (Citrix Connections) reduced from 70 to 15 - a saving of \$1,121.81.
- Rationalisation of server room hardware:
 - Upgrade 5 existing SQL Standard database licenses to SQL Enterprise licenses required for the new VM environment.

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- Upgrade 6 existing Windows Server Enterprise licenses to Datacentre licenses for VM Environment.
- Upgrade 6 existing Windows Server Standard licenses to Datacentre licenses for VM Environment.
- Purchase Virtual Machine Monitor (VMM) Systems Centre Management Server and Client licenses for monitoring the VM environment.
- Remove maintenance from 38 existing Server Standard licenses as currently not required under the new server room (VM) configuration.

Next Steps

1. Information Systems to advise Corporate Express that they accept the new Microsoft Enterprise Agreement quotation.
2. Information Systems to raise a purchase order to Microsoft to the value of \$188,801.56 (excluding GST) for the current financial year.
3. Microsoft to issue the Enterprise Agreement contract to Council for signing.
4. After execution of the contract documents, Information Systems will activate Software Assurance benefits (e.g. Microsoft Home Use Program, free day Microsoft Certified Consultant, Microsoft on-line training, etc.)

LEGAL/RESOURCE/FINANCIAL IMPLICATIONS:

An exemption from tendering requirements is discussed in the report. The contract price is within budget estimates.

POLICY IMPLICATIONS:

Nil.

UNDER SEPARATE COVER/FURTHER INFORMATION:

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Nil.

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