Thursday, September 23, 2010

Purchasing Office   **Item No. 66**
RECOMMENDATION FOR COUNCIL ACTION

Subject: Authorize award, negotiation, and execution of a 60-month requirements service contract through the State of Texas Department of Information Resources (DIR) cooperative purchasing program with SUMMUS INDUSTRIES, INC., (MBE/MB) Sugar Land, TX, for a Microsoft Enterprise License Agreement and Software Assurance in an estimated amount not to exceed $14,538,229.

Amount and Source of Funding: Funding in the amount of $1,227,966 is available in the Fiscal Year 2010-2011 Capital Budget of Communication and Technology Management. Funding in the amount of $1,143,424 is available in the 2010-2011 Operating Budgets of Austin Energy, Austin Bergstrom International Airport, Austin Water Utility and Austin Convention Center. Funding for the remaining 48 months of the contract is contingent upon available funding in future budgets.

Fiscal Note: Fiscal note is attached.

For More Information: Mick Osborne, Specialist Sr. Buyer, 974-2995

MBE/WBE: This Cooperative Purchase is exempt from the MBE/WBE Ordinance. This exemption is in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.

Boards and Commission Action: Recommended by the Airport Advisory Commission, Water and Wastewater Commission. To be reviewed by the Electric Utility Commission on September 20, 2010. Related to Item #60.

This contract is for a Microsoft Enterprise License Agreement (ELA) to update existing Microsoft infrastructure to current versions. This includes the Windows desktop operating system (Windows 7), Microsoft Office (Office 2007/2010), email (Exchange 2010), authentication/login (Active Directory), collaboration of shared documents (SharePoint), and associated server software. This back-end infrastructure will take at least six months to upgrade before employees will start seeing the benefits of the new Microsoft software. From the employee's point of view, this means a new desktop and office environment with new back-end systems for added functionality.

Microsoft is the industry leader in the enterprise desktop space. Their office suite of applications has widespread acceptance across the business and government technology environment. The advantages of this contract include:
• Volume pricing schedule
• The ability to spread the payment over five years
• Providing a standard platform across all City departments to ensure consistency, lower support costs, and ease of communication.

The standard desktop in the City is currently using Windows XP, which was released in 2001. Regular support has ended and extended support is scheduled to end in April 2014. Extensive application testing must take place before beginning a comprehensive deployment of a new operating system. Therefore, the City must begin now to have 10,000+ PCs upgraded by that time. Failure to upgrade poses an

increased risk of not being able to utilize new business applications that are dependent on the new version of Windows. Compatibility issues are already occurring when employees receive files from outside vendors and customers.

"Software Assurance" is included with the Enterprise License Agreement. This will allow version upgrades as they become available with no additional cost to the City. Software Assurance provides additional benefits such as tools to assist in the deployment process. The Microsoft Desktop Optimization Pack (MDOP) reduces costs associated with the entire PC life cycle by allowing better management and control of PC resources. Training vouchers are included based on the amount of software under the assurance program. These can be used by City IT staff for training on the new technologies to ensure a smooth transition to the new infrastructure. Another key benefit of Software Assurance is the provision for "home use" of the Microsoft office software suite for the cost of the media alone ($10).

To keep up with technology, the City has three options:
• Purchase the recommended ELA including software assurance (estimated cost is $3 million per year for years two through five)
• Purchase the software needed now, and then purchase an upgrade in four years (estimated cost is an additional $1 million more than the ELA)
• Purchase the software needed (individual licenses) with software assurance (estimated cost is an additional $3 million more than the ELA)

Given the lower cost and the benefits of included Software Assurance, the Microsoft Enterprise License Agreement is the most efficient and cost-effective option. The total estimated amount of the RCA includes a 2% contingency for license "true up." A true up is the cost of adding more licenses to reflect increased staffing levels or new products needed for new functionality.

The updated version of the Windows operating system (Windows 7) and application software will not run on the majority of the City's existing computer hardware. This RCA is coupled with a PC lifecycle RCA for General Fund and Support Services Departments which will provide for the replacement of all PCs in those departments over a five-year period to ensure that the software purchased with this RCA will have an environment in which to run.

There are a series of four RCAs, that combined together, fulfill the City's goal to put PC hardware for the general fund and the software for the City on a lifecycle:

• PC refresh for the general fund puts the PCs on a five-year lifecycle through a financing agreement with Dell.
• Microsoft Enterprise Licensing Agreement allows the City to put all desktop software and most of the other Microsoft products on a citywide agreement purchased via Summus Industries.
• Microsoft Enterprise Licensing Agreement for the Library allows the city to put all the desktop software and most of the other Microsoft products for the Library on an agreement purchased via Dell. (Summus is not authorized to sell the educational license agreements).
• The pre-deployment engineering services RCA was approved by Council on July 29 to facilitate the deployment of new PCs purchased via a financing deal with Dell.