

From: David Cockburn, Corporate Director, Strategic & Corporate Services and Head of Paid Service

Gary Cooke, Cabinet Member for Corporate and Democratic Services

To: Policy and Resources Cabinet Committee

22 April 2015

Subject: Renewal Of Microsoft Enterprise Agreements

Classification: Unrestricted

Past Pathway of Paper: None

Future Pathway of Paper: Cabinet Member Key Decision

Electoral Division: Not applicable

Summary: This paper explains the context for the renewal of the Microsoft Enterprise Agreements which will allow the Council to continue to deliver its current services.

Recommendation

The **Policy & Resources Cabinet Committee** is asked to consider and endorse or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision to delegate to the Director of Infrastructure, the renewal of the Microsoft Enterprise Agreements, including the necessary contractual negotiations and enter into any subsequent necessary legal agreements.

1. Introduction

1.1 This report outlines the context for the renewal of the Microsoft Enterprise Agreements, including the expected financial implications.

2. Financial Implications

2.1 The decision to renew the Microsoft Enterprise Agreement commits the Council to spend approximately £1million per year for 3 years on Microsoft licences.

2.2 The payments in years 2 and 3 are variable depending on Council usage of the Microsoft products at the end of years 1 and 2 respectively.

3. Bold Steps for Kent and Policy Framework

3.1 This renewal allows the Council to continue to deliver its current services. Should the Council not renew this contract then there would be very significant disruption to the delivery of ICT services, and hence services to our Citizens would be severely affected.

4. The Report

4.1 The Council uses a large amount of Microsoft technology, and KCC uses many Microsoft products to deliver key services to the Council staff and Members. The Council does not own these products nor have perpetual licences to use them, rather KCC pays an annual subscription fee for them based on number of users, number of devices or other relevant parameters appropriate for the software being licensed. The existing contract expires on 30th June 2015; hence a new contract is required from 1st July 2015 to allow continued use of the software.

Among the software covered by this agreement are: Microsoft Office (Word, Excel, Powerpoint etc.), Exchange and Outlook that provide our email service, right to use Windows software on our desktops and laptops including encryption and other software. The licenses cover about 11,000 staff and 10,000 plus user devices (laptops and desktops).

The Council subscribes to Microsoft products via a 3 year contract known as an Enterprise Agreement. This contract is purchased within the context of an agreement between Central Government and Microsoft; from 1st July 2015 this will be the Cloud Transition Agreement. The Contract is purchased via a competitive tender process from a Large Account Reseller, (LAR). To obtain the likely cost of the new agreement indicative prices have been provided by Bytes Software , who hold the current Enterprise Agreement contract, and SCC who hold another Microsoft contract with us.

It should be noted that the public sector enjoys a substantial discount, relative to the private sector, when purchasing Microsoft software. Although this is referred to as a single agreement it is in fact 2 agreements jointly procured. Staff deemed to support educational activities are entitled to a separate and greatly reduced pricing structure compared to other staff, hence we hold one agreement for educational based pricing and one for other Council staff.

The new Enterprise Agreement contract will be for 3 years and involves an annual payment based on product usage. At the start of the contract the Council specifies its expected use for year 1 and makes the appropriate payment, at the end of year 1 we “true up/down” and make a payment for year 2 and so on for year 3.

4.2 Costs: In order to determine the cost of the new contract KCC approached two LARs who hold existing contracts with KCC for the provision of Microsoft products. We asked for indicative pricing, based on the new Cloud Transition

Agreement for the products we currently use, at our current level of usage. There has been an increase in price for the various products since the last contract was let in 2012. On a pure like for like basis the costs have increased from about £735k per year to about an anticipated £814k per year. As the Council has also moved to push some of its services from in house to cloud provision this has increased the project cost to £1,031k per year, balanced against capital savings for in house service provision.

4.3 Use of Microsoft software is deeply embedded in the Council and for the purpose of this renewal no other options were considered. It would be possible to migrate away from Microsoft to another vendor such as Google for some elements of our software usage. This would be a substantial undertaking and would have to be addressed as a major change initiative.

4.4 There are no legal or equalities implications

4.5 There are no property implications in renewing the Microsoft Enterprise Agreement

5. Conclusions

The Council makes significant use of Microsoft software for the efficient delivery of many of its services. The existing contract for supply of this software expires on 30th June 2015. This software is most economically replaced via a new Enterprise Agreement contract in the context of the Microsoft/Central Government Cloud Transition Agreement.

6. Recommendation(s)

Recommendation(s):

The **Policy & Resources Cabinet Committee** is asked to consider and endorse or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision to delegate to the Director of Infrastructure, the renewal of the Microsoft Enterprise Agreements, including the necessary contractual negotiations and enter into any subsequent necessary legal agreements.

7. Background Documents

7.1 There are no further background documents

8. Contact details

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