

The Broader Public Sector agreement includes cost reductions and significant benefits. The period of the offer expires on June 1, 2008. The new terms were made public in April. Since that time, City staff having been working with Microsoft to review the agreement and reach further more favourable terms. These discussions have recently concluded in a tentative agreement.

DISCUSSION

Originally, the Microsoft Enterprise Agreement licensing offering through the BC Government was for a three (3) year term with the option to renegotiate an extension for a two (2) year term. In order achieve broader benefits, the Broader Public Sector agreement is for a four (4) year term.

There are approximately 1,600 workstations throughout the City organization. To replace the operating system software in all of these workstations and to allow for a growth factor of about 3% per year, it was originally estimated that the total cost for replacing the operating systems over a 36-month period would be up to \$1,500,000 plus GST and PST. By extending the term from 36 months to 48 months and with other cost escalations that have occurred in the price of the software and other related costs, the total cost for the project under the new BC Government Broader Public Sector agreement has increased to \$1,900,000 plus GST and PST over the four-year period. This would have been significantly higher in the absence of the BC Government Agreement.

Funding is available within the Corporate Information Technology Capital Program to support the recommendation of this report.

CONCLUSION

In accordance with the City's Purchasing Bylaw, it is recommend that Council award a contract to Microsoft to provide operating system software for the City's workstations under the new BC Government Broader Public Sector agreement at a total cost of up to \$1,900,000 plus GST and PST.

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After careful consideration the City has chosen to move to Windows Vista as the operating system best suited to take full advantage of the new features of Office 2007. This decision is based on the longest productive life and greatest return on investment in desktop platform. This choice also positions the City to maximize business effectiveness from the City's investment in training. Another key element for the decision is that the City has chosen Microsoft SharePoint 2007 as the technology platform for the City's Enterprise Content Management (ECM) program. SharePoint 2007 is designed to integrate most effectively with Office 2007 and Windows Vista. As with the City's Enterprise Content Management program, these replacement activities are driven by the City's continued rapid growth path in its use of electronic information for creating further efficiencies and improved effectiveness.

In April 2007, Information Technology Division initiated a Request for Proposal (RFP) #1220-30-20-07 for the City's Microsoft software licensing purchase. Staff have assessed that a Microsoft Enterprise Agreement is the recommended approach. Microsoft Enterprise Agreement licensing is a volume license program that is designed for larger companies having 250 or more desktop PCs, who plan to strategically leverage the latest Microsoft technology. The Enterprise Agreement volume-licensing program offers large organizations a cost-effective way to acquire the latest Microsoft technology that helps to standardize their IT infrastructure, thus simplifying license management. Enterprise Agreement licensing is available only from a Microsoft-authorized Large Account Reseller (LAR) who is authorized to resell software and software licenses under Microsoft Enterprise and Select Agreements. It is sold on an as-required basis for a three (3) year term. Key components within the Enterprise Agreement will be the Office Suite, Operating System, and core client access licenses.

The RFP was advertised on the City's website and on the B.C. Bid website. Seven proposals were received and evaluated by an evaluation team. The evaluation team assessed and selected the best-valued LARs based on predefined evaluation criteria. Acrodex Inc. is the recommended supplier based on experience, reputation, resource, technical and financial review.

Acrodex Inc. is an end-to-end Information Technology Service organization with over 500 full-time staff and office locations in Vancouver, Edmonton, Calgary, Winnipeg, Toronto and Fort McMurray. Acrodex Inc. is a Microsoft-authorized LAR with Authorized Education Reseller status in Canada. Acrodex Inc. is also a Microsoft Certified Gold Partner. Acrodex Inc. currently holds Microsoft Volume Licensing partnerships with over 80 municipalities in Western Canada and is the strategic LAR for the Government of Alberta and the Government of Manitoba.

DISCUSSION

It is the intention of the City to enter into a Microsoft Enterprise Agreement for a three (3) year term with the option to renegotiate an extension for a two (2) year term, based on the current Microsoft agreement renewal or extension options available at that time.

There are approximately 1,600 desktops currently located throughout the City's facilities. In order to replace the operating system software in all of these desktops, and allowing for a growth

factor of about 4%, it is estimated that the total cost for Microsoft desktop licensing will be up to \$1,500,000 plus GST and PST over the three-year period.

Any contract that the City would enter into for a Microsoft Enterprise Agreement would be as an enrollee under the Province of British Columbia Microsoft Enterprise Agreement and its current price and features arrangement. The pricing model under a Microsoft Enterprise Agreement is derived from Microsoft's Customer Price Sheet based on pricing negotiated by the Government of British Columbia Public Sector contract, which extends to ministries, agencies, cities and municipalities. The City of Surrey will receive "D-level" discounted pricing for an Enterprise Agreement. D-level pricing is based on the number of computers covered by the contract being greater than 15,000 in total. Microsoft is a single supplier, establishing Enterprise Agreement pricing for all LARs. However, City staff have also ensured that should future arrangements with the Government of British Columbia improve the agreement, the City of Surrey's agreement will be amended to include the more favourable terms.

Surrey's libraries will be subject to a parallel Select Agreement as they qualify for the more favourable Academic pricing. The LAR agreement with Acrodex Inc. also includes the ability for the city to purchase third-party software at discounted prices.

CONCLUSION

In accordance with the City's Purchasing Policy, we recommend that Council authorize staff to complete negotiations for Microsoft desktop software licensing with Acrodex Inc. and Microsoft for a total cost of up to \$1,500,000 plus GST and PST and to award a Microsoft Enterprise Agreement based on negotiations, subject to terms and conditions acceptable to the City Solicitor. Funding is available within the Corporate Information Technology Capital Program.

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