SUBJECT: Microsoft Software Licensing Agreement (City Wide) (FCS07097)

RECOMMENDATION:

That the City of Hamilton enrol with Dell Canada Inc. for the purchase of Microsoft software and Microsoft Software Assurance for the period October 1, 2007 through September 30, 2010 in accordance with the terms of the contract awarded to Dell Canada by the Ministry of Government Services for the Province of Ontario.

EXECUTIVE SUMMARY:

The City of Hamilton has previously purchased Microsoft Software at a discounted rate through agreements between Microsoft Canada, the Province and our tendered reseller. Our last three year agreement ended September 30, 2007.

Microsoft Canada and Ministry of Government Services (MGS) for the Province of Ontario signed a new three-year Microsoft licensing agreement in August 2007 and subsequently tendered and awarded to Dell Canada, a Large Account Reseller (LAR), effective October 1, 2007. Provision was made for Broader Public Sector members such as municipalities to enrol with this same reseller at the same rate provided to Ontario Public Service ministries and agencies.

It is proposed that the City of Hamilton exercise this provision and enrol with Dell Canada per the MGS contract and receive the same discounted rate on the purchase of Microsoft Software.
BACKGROUND:

Microsoft Canada and Ministry of Government Services (MGS) for the Province of Ontario signed a three-year Microsoft software licensing agreement in August 2007 for software purchases commencing October 1, 2007. This agreement follows the previous Microsoft licensing agreement, which ended September 30, 2007.

The conclusion of the previous licensing agreement ended the City’s ability to purchase software at discount prices from resellers until a new licensing agreement is in place and the City signs a Select Agreement with Microsoft and a Select Enrolment with a Microsoft Large Account Reseller (LAR).

List pricing of Microsoft Software for Ontario Public Service (OPS) and Broader Public Sector (BPS) members was negotiated between the MGS and Microsoft. Once firm, the MGS then tendered for a reseller that would offer the best discount off of the agreed List pricing in September 2007.

Dell Canada was awarded the Province’s tender. All OPS ministries and agencies must sign enrolments with Dell Canada. Members of the BPS, which includes municipalities, have the option to sign with Dell at the rate negotiated by the Province on their behalf.

ANALYSIS/RATIONALE:

In previous MGS/Microsoft agreements in Fall 2001 and Fall 2004, municipalities were required to tender independently for a reseller. This year, the Province has made provision for municipalities to sign-on with the reseller chosen for the Province and to receive the same discount.

Hamilton tendered in 2004. Reference checks were conducted and a vendor was selected. This vendor entered creditor protection once during the contract term and subsequently entered creditor protection on October 2, 2007.

Dell Canada, the winner of the MGS tender in September 2007 offered a discount 7% lower than Hamilton received in our tender of 2004.

Hamilton has the option of tendering, but it is believed that it will be very difficult to receive a discount lower than the MGS offering. A survey of several Ontario municipalities reveals that most intend to enrol with Dell Canada under the provision of the MGS tender.

If the City does not sign an Enrolment with a Large Account Reseller, Microsoft software cannot be purchased at government discounts. These discounts result in savings in excess of $800,000 over three years, based upon the projected software requirements. There is also a time pressure as our software maintenance payment is normally due before October 31, 2007 and it must be remitted through a Large Account Reseller.
ALTERNATIVES FOR CONSIDERATION:

The City of Hamilton has the option of tendering for the provision of Microsoft Software. However, the Province’s selection and subsequent award of the contract to Dell Canada was done through a competitive process that would be comparable to the City’s tendering process. Based on the discount offered by the MGS and the effort to tender, this option is not recommended.

The City of Hamilton has the option of purchasing Microsoft Software at retail prices. Retail pricing is about 70% higher than government pricing and is not recommended.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial Implications
There is no cost to the City to sign an enrolment with a Microsoft Reseller. There is no cost to the City to switch to a different reseller from the one we have used in the past. The City will commit to purchase Software Assurance (maintenance) from Dell Canada, Inc. on selected Microsoft products, at a cost of approximately $72,000.00 over 3 years to be paid from Capital Project budget # 3500257101 - Desktop Enterprise Licensing.

Legal Implications
Signing the enrolment document will require that all purchases of Microsoft software be made through Dell Canada Inc. for the term of the enrolment (October 1, 2007 through September 30, 2010).

POLICIES AFFECTING PROPOSAL:

The Purchasing Policy Section 4.4 - Approval Authority outlines the approval authorities required for acquiring goods and services. This contract is a Corporate Contract that requires Council Approval.

RELEVANT CONSULTATION:

Financial Services (Purchasing) was consulted and assisted with purchasing policies and procedures.

The Ministry of Government Services provided information on their contract with Microsoft Canada and Dell Canada.

Microsoft Canada was also consulted regarding their contracts with Dell and the Ministry of Government Services.
CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☐ Yes ☑ No

Environmental Well-Being is enhanced. ☐ Yes ☑ No

Economic Well-Being is enhanced. ☑ Yes ☐ No
Investment in Hamilton is enhanced and supported.
Greater discount and cost savings to be reinvested in Hamilton.

Does the option you are recommending create value across all three bottom lines? ☐ Yes ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No
The creation of a respectful, desirable and supportive workplace.
Staff time is used most effectively.