
TO: Committee of the Whole **MEETING:** June 11, 2019

FROM: Gary Jurasek
IT Manager **FILE:** 2240-20-MICR

SUBJECT: Microsoft Enterprise Licence Agreement 2019 - 2022

RECOMMENDATION

That the Board approve a three-year Enterprise Licence Agreement with Microsoft for 2019 to 2022 for the use of Microsoft software products by the Regional District of Nanaimo (RDN) for \$146,375 per year at total cost of \$439,125.

SUMMARY

The Regional District of Nanaimo uses the Microsoft platform for its desktop and server-based systems. There are no other cost-effective, enterprise-wide software systems available that would meet the RDN's business needs.

The proposed Enterprise Licence Agreement (ELA) with Microsoft permits the RDN to pay for the cost of software upgrades over the term of the three-year agreement in equal payments to keep software current. This is specifically critical as software providers require the latest versions of software on the enterprise systems are used, as well as there is a need for the RDN to keep current with data and network security.

The total cost of the Microsoft ELA is allocated amongst the RDN departments based on the number of users per department and the specific enterprise software systems required by those departments. By renewing an ELA with Microsoft, it is estimated that organizationally, the average annual cost savings would exceed \$106,098.

BACKGROUND

The Regional District of Nanaimo (RDN) has standardized most of its software on the Microsoft platform for use across the organization. Microsoft software is found on desktop personal computers (PCs), laptops and on server-based software systems with additional licences for each device accessing server-based software and services. Software providers require the use of Microsoft software, and they are regularly upgrading to current versions of Microsoft to be more competitive in the marketplace. Providers also require the RDN to upgrade software for compatibility reasons. Additionally, upgrading Microsoft software allows the RDN to take advantage of increased security measures to ensure proper data integrity and network security.

Without an "Enterprise Licence Agreement" (ELA) with Microsoft, purchased licences can be installed and utilized, but cannot be upgraded. This means that the licence versions you own

are what you are allowed to operate. When they become outdated, you must purchase them again.

The RDN is currently enrolled in a three-year ELA with Microsoft which provides the ability to upgrade to newer versions of software whenever required for a set annual cost. The current ELA expires June 28, 2019. Staff recommend entering into a new three-year agreement with Microsoft. If the RDN does not renew the ELA, the RDN must pay full licence costs for any upgrades which may be required, which would increase our costs and complicate administration of our software licencing. The annual cost of the ELA with Microsoft for software is built into the RDN's departmental operational budgets.

ALTERNATIVES

Provide alternative direction to staff.

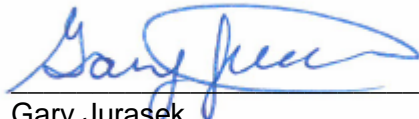
FINANCIAL IMPLICATIONS

The cost of the Microsoft ELA is \$146,375 per year for three years. The three-year total is \$439,125. Our costs have increased by approximately 20 percent overall due to a combination of additional users and services being added to our organization and Microsoft increasing their licencing costs.

Alternative - If the Board does not renew the Microsoft ELA, the cost of operating without an agreement would exceed \$757,421 to repurchase the software upon upgrading. Assuming one upgrade within three years of the agreement will be required, the annual cost would average \$252,473. This would result in a substantial yearly increase to the RDN's operational budget of \$106,098. It is not unlikely that more than one upgrade could be required within the three-year period. It should be noted that the calculations are based on 2018 licenced staff numbers, and the \$106,098 is a conservative number.

STRATEGIC PLAN IMPLICATIONS

Growth Management: Provide effective regional land use planning and responsible asset management for both physical infrastructure and natural assets.



Gary Jurasek
gjurasek@rdn.bc.ca
June 5, 2019

Reviewed by:

- D. Wells, General Manager, Corporate Services
- P. Carlyle, Chief Administrative Officer