



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 11/10/2020

Agenda Placement: 6R

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Jon Gjestvang - Chief Information Officer
Information Technology Services
REPORT BY: Shawn Smith, Supervising Staff Services Analyst - 707.259.8665
SUBJECT: Microsoft Enterprise License Renewal

RECOMMENDATION

Chief Information Officer requests approval of an Enterprise Agreement with Microsoft Corporation for a maximum of \$1,834,705 for the term November 1, 2020 through October 31, 2023 for the County to enroll in the Microsoft Enterprise License.

EXECUTIVE SUMMARY

All computers managed by the County's Information Technology Services division come installed with Microsoft products. Rather than purchasing individual licenses for each computer, Microsoft offers an Enterprise/Volume Licensing at a discounted price. The Enterprise Agreement sets pricing on various Microsoft (MS) products for the 36 month term. Today's request is for the Board of Supervisors to approve this Enterprise Agreement to lock in volume pricing for the next three years. The maximum amount set on the agreement is based on the County's current number of licenses. Since the agreement requires the County to "true-up" with the number of licenses each year, the total price may change each year. ITS receives an annual quote based on the current number of licenses and issues a Purchase Order.

The requested agreement will allow ITS to move more resources into the cloud for resiliency and business continuity. Price increases are primarily due to additional Office 365 (O365) licenses costs, which include the Windows operating system for PCs/laptops, O365 for Email, One Drive cloud storage, Microsoft Office Suite, SharePoint, Teams for collaboration, and Intune for mobile devices. There are also additional MS SQL and MS Server licenses to develop more resources for remote workers. Several servers are needed to provide County staff with the ability to telework during the pandemic, as well as data storage for Criminal Justice departments' on-premises applications.

Microsoft Corporation is not a local vendor.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Information Technology Services' (ITS) budget, which is included in all County departments' ITS allocation.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	<p>The County needs Microsoft licensing to be able to use Microsoft products. In addition to the standard Microsoft product pricing, with the approval of this agreement, we are seeking to further invest into Microsoft cloud solutions. As currently quoted, our new agreement amount will be approximately \$613,000 in the first year, and \$611,000 in the second and third year. The pricing for our previous three-year contract was approximately \$545,000 per year.</p> <p>ITS is pushing additional resources to the cloud for resiliency and business continuity. Increases in pricing are mainly due to the large increase in cost of O365 licenses, which includes Windows operating system for the PCs/laptops, O365 for Email, One Drive cloud storage, Microsoft Office Suite, access to SharePoint, Teams for collaboration, and Intune for Mobile devices. Without the additional Microsoft services ITS will need to invest heavily into the on-premises email system and related systems, but such investments would not equal the capabilities of Microsoft's cloud-based offerings.</p>
Is the general fund affected?	Yes
Future fiscal impact:	This Enterprise Agreement sets the rates for each of the products, but the County is required to report each year on the number of licenses. The price will vary depending on the number of licenses. Microsoft issues a quote each year and the County in return issues a Purchase Order. ITS will continue to include the cost in future budgets.
Consequences if not approved:	Microsoft products are at the core of the County's information technology and are required for most of the County's electronically delivered services.
County Strategic Plan pillar addressed:	Effective and Open Government
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Microsoft products are at the core of the County's information technology and are required for the delivery of the County's digital services. Microsoft licensing allows the County to use Microsoft products for our everyday business needs. Some of the currently used products are MS Office, O365 for Email, SharePoint, Windows 10, Teams, and Window Servers. All computers managed by the County's Information Technology Services division come installed with Microsoft products. Rather than purchasing individual licenses for each computer, Microsoft offers an Enterprise/Volume Licensing at a discounted price. The Microsoft Enterprise Agreement is an annual program for organizations with 500 or more users or devices that covers licensing of standard desktop software (Microsoft Office, Microsoft Windows, and other Microsoft desktop products) and licensing of computer server products. The Enterprise Agreement has a 36 month term and locks in pricing for various Microsoft products. The maximum amount set on the agreement is based on the number of current licenses. Since the agreement requires the County to "true-up" with the number of licenses each year, the total price may change annually. ITS receives a quote each year based on the number of licenses at that time and issues a Purchase Order.

The requested agreement will allow ITS to continue to move resources into the cloud for resiliency and business continuity. Some key benefits realized from this program include the ability to upgrade computers to any Microsoft product version when convenient, as well as protect the County against Microsoft price increases for the duration of the agreement. The Microsoft Enterprise Agreement will allow the County to continue using the Microsoft platform to meet critical computing needs, support business continuity, and provide organizational efficiencies. Increases in pricing are mainly due to a large increase in cost of O365 licenses, which includes Windows operating system for the PCs/laptops, O365 for Email, One Drive cloud storage, Microsoft Office Suite, access to SharePoint, Teams for collaboration, and Intune for mobile devices. Without the additional Microsoft services ITS will need to invest heavily into the on-premises email system and related systems, but such investments would not equal the capabilities of Microsoft's cloud-based offerings.

Napa County is part of the California Statewide cooperative license purchase agreement for the statewide Microsoft Enterprise software and services programs, which was negotiated by the County of Riverside. Approximately 400 governmental agencies in California utilize this enterprise agreement.

Microsoft Corporation is not a local vendor. There are no local vendors that provide similar Microsoft software products for the County's computer desktop and server software needs.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Samuel Ross