

## **The Vale of Glamorgan Council**

### **Cabinet Meeting: 16 April, 2018**

#### **Report of the Leader**

### **Microsoft Licence Renewal 2018 - 2021**

#### **Purpose of the Report**

1. To obtain approval for delegated powers to award a contract for the supply of licences of Microsoft Software.

#### **Recommendations**

1. That delegated authority is granted to the Managing Director in consultation with the Leader to award the tender to the winning supplier before the end of April 2018 to avoid the indicative price rise of Microsoft licences of between 220% and 350%.
2. That Cabinet give delegated authority to the Head of Legal Services in consultation with the Head of Finance to enter into a contract with the successful tenderer for the provision of Microsoft Licenses.
3. That a new contract is awarded on the most economically advantageous terms to the Council based on 100% cost.
4. That Section 14.14 of the Council's Constitution (Urgent Decision Procedure) be authorised for the recommendations of this report.

#### **Reasons for the Recommendations**

1. To allow the award of the contract.
2. To have an appropriate contract in place for the provision of Microsoft Licenses
3. To have an appropriate contract in place for the cost effective supply of Microsoft Licences.
4. To enable the Council to tender the work in a timely manner

#### **Background**

2. In June 2015 Cabinet (min. C2787) granted delegated authority to award a three year contract for the supply of Microsoft software. That contract is due to expire on 30th June 2018.
3. Cabinet will be aware that desktop, laptop and Windows Tablet computers use a mixture of Windows 7 and Windows 10 operating systems and Microsoft Office 2010

productivity software. In order to maintain the rights to upgrade all Microsoft products which are in scope of the Enterprise Agreement (EA) to the latest versions, the Council needs to be appropriately licenced.

4. Over the last six years the Council has entered into two, three year EA's with Microsoft which covered the licencing of all of the desktop software in use across the Council. The current EA costs £105,382 per annum for 2,000 users.
5. ICT and Business Improvement Teams have recently facilitated a Microsoft Office 365 pilot. Office 365 is Microsoft's hosted or 'cloud' equivalent of current on-premise Microsoft programs such as Outlook, Word, PowerPoint, Excel, etc., but it also includes a number of new products which allow for more opportunities which support remote and collaborative working.
6. This pilot was carried out to ascertain whether a 'cloud' solution was more cost effective than current licensing arrangements under the EA and whether there were any major business process and operational efficiencies to be realised by switching over to a cloud model instead of renewing a like-for-like EA.
7. An equivalent Google suite of productivity-based cloud products (Google for Works) was piloted in December 2016, but at the time the evaluation results were such that Corporate Management Team deemed Google for Works as not being a viable replacement to Microsoft's productivity offerings.

### **Relevant Issues and Options**

8. Microsoft has indicated that they will be raising the cost of all of their software product licences from 1st May 2018. The indicative increase in cost for a like-for-like EA renewal would be approximately 220% after 1st May 2018.
9. If the Council moved to one or a selection of the Office 365 cloud service options, then the increase in cost as compared to the current (pre-May) annual cost for Microsoft licences is indicated to be between 260% and 350%.
10. By implementing one of the Office 365 cloud services, there are likely to be opportunities to replace some existing software applications and offset some of the increase in licencing costs. There is currently work underway to identify these potential opportunities, however, at this time the gap in terms of the licencing cost increases and the cost of renewing like-for-like under a new three year EA prior to 1st May 2018 is significant.
11. Based on the above it is the intention to complete the procurement and award the contract for a new three year like-for-like EA before the end of April 2018, two months before the current contract is due to expire to avoid the price increases for the next three years. If the April 30th 2018 deadline is missed it will not be possible to renew at this price and the minimum indicative like-for-like increase will jump by 220%.
12. Microsoft does not deal directly with corporate customers, so the Council would need to procure the licences through a reseller. If approved by Cabinet, a tender will be advertised through the Crown Commercial Services Framework Agreement number: RM3733/Lot 2.
13. As the software licences covered by an EA are essentially 'off the shelf' items, the cost element of this procurement process will be the predominant factor. Therefore it is proposed that the tender be evaluated on the basis of 100% cost.
14. There is some flexibility within the EA that will not prohibit the introduction of cloud services during the contract if deemed appropriate, in that the EA allows a 'true down'

of desktop licences annually at the anniversary of the agreement. This will provide three opportunities within the contract period to identify service areas that would benefit from a migration to Microsoft Office 365 cloud services, assuming that licence costs to do so are not prohibitive.

### **Resource Implications (Financial and Employment)**

15. Indicative costs show that a new three year EA renewed in April would cost slightly more than current annual licence costs.
16. It is proposed that the purchase of the licences is funded from the ICT fund and then recharged to user departments, which has been the case for the last six years.

### **Sustainability and Climate Change Implications**

17. There are no such implications that arise as a result of this report.

### **Legal Implications (to Include Human Rights Implications)**

18. The Council will need to enter into a contract for the supply of Microsoft Licences under the terms and conditions of a Crown Commercial Services Framework Agreement with the winning supplier.

### **Crime and Disorder Implications**

19. There are no crime and disorder implications for this report.

### **Equal Opportunities Implications (to include Welsh Language issues)**

20. There are no Equal Opportunities implications for this report.

### **Corporate/Service Objectives**

21. This project comes under the priority outcome of Community Leadership

### **Policy Framework and Budget**

22. This is a matter for executive decision by Cabinet.

### **Consultation (including Ward Member Consultation)**

23. No ward member consultation has taken place.

### **Relevant Scrutiny Committee**

24. Corporate Performance and Resources Scrutiny Committee.

### **Background Papers**

Crown Commercial Services Framework Agreement number: RM3733/Lot 2.

### **Contact Officer**

Nick Wheeler - Operational Manager of Strategic ICT

### **Officers Consulted**

Head of Finance  
Business Improvement

Senior Procurement Officer (ICT)

**Responsible Officer:**

Rob Thomas - Managing Director