

Meeting of:	Cabinet
Date of Meeting:	Thursday, 09 June 2022
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Microsoft Software Licence Proposal 2022 - 2025
Purpose of Report:	To endorse the approach in implementing the benefits of the Microsoft E5 licence offer
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Rob Thomas, Chief Executive
Elected Member and Officer Consultation:	Consultation has been undertaken with the Strategic Leadership Team and Operational Manager for ICT and Senior Procurement Officer (ICT)
Policy Framework:	This report is a matter for Executive decision by Cabinet
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The Council has committed to using the positive learning experiences from the pandemic and feedback from employees to provide a springboard for new ways of working in the future. This has led to the proposal to move towards defining a new hybrid working model for the Vale of Glamorgan Council. • This report is to inform Members of the investment being made into the Council's ICT service, with the renewal of the Council's Microsoft Enterprise Agreement to licence Microsoft Software via a discounted product, the "E3 to E5 licensing ramp" which is available due to the timing of the Council's current contract. The report highlights a number of benefits this will bring to staff and citizens across the Vale of Glamorgan. • This will enable the Council to invest in new licences, required to meet the changing landscape across the Council and its services in terms of digital technologies, communication and engagement. In particular, this will allow the Council full access to the Microsoft suite of Security tools and extra functionality, including telephony, Power BI Pro, auditing tools and additional tools and functionality. By acting quickly, the Council will be able to receive the same benefits of E5 licences, at a discounted rate for the next 3 years. 	

Recommendations

1. That Cabinet endorses the investment in the Council's ICT infrastructure as described in this report and notes the use of the Chief Executive's Emergency Powers relating to the upgrade from Microsoft E3 to E5.
2. That Cabinet notes this report and recommendations considered in connection with the Part II report later in the agenda.

Reasons for Recommendations

1. As the Council approaches the first anniversary of the Microsoft Enterprise Agreement, we were eligible to take an E3 to E5 licence 'ramp', to upgrade the existing E3 licences to E5, and in doing so take advantage of a considerable discount from Microsoft (MS). Due to the timing of the offer, Emergency Powers were required to be exercised by the Chief Executive.
2. To allow Part I and II reports to be considered together.

1. Background

- 1.1 A three-year contract for the supply of Microsoft software was awarded on 01 July, 2021. That contract required it to be renewed on 30th June, 2022.
- 1.2 This report is presented for Cabinet's endorsement of the renewal of the Council's Microsoft Enterprise Agreement to licence Microsoft Software via the "E3 to E5 licensing ramp", rather than renew the Enterprise Agreement with current E3 licences. The "ramp" is used by Microsoft to describe the move from one version of licences to another with more functionality. Due to the timing of the upgrade decision, the Chief Executive's Emergency Powers were used to take advantage of the substantially discounted rate on offer.
- 1.3 Microsoft have advised it will be a minimum of 3 years before the Council will become eligible for another discount, depending on what may be negotiated between Microsoft and Crown Commercial Services.
- 1.4 Investment in new licences is required to meet the changing ways of working across the council and its services in terms of digital technologies, communication and engagement. The investment will help facilitate hybrid/agile working, support partnership working with external organisations and allow us to be more accessible to the public via telephony using Microsoft Teams.
- 1.5 Taking the licensing upgrade will enable the Council to continue to benefit from the Office 365 suite of productivity, collaboration, and communication tools such as Outlook, Teams, Forms, Intune for mobiles, etc. but will also allow the Council full access to the Microsoft suite of Security tools and extra functionality, including telephony, Power BI Pro (for data analysis and presentation) and auditing tools.
- 1.6 Rather than renew the Enterprise Agreement (EA) on a like-for-like basis in terms of relicensing current licence types and licence numbers (E3 licence) we are taking the E3 to E5 licensing upgrade that has been offered by Microsoft. By

agreeing to the upgrade, Microsoft will extend the current EA by one year and there will be an amendment in place to make sure the conditions are agreed by all parties. This is an Enrolment Extension that is delivered prior to the expiry, and at Year 1 anniversary of the existing agreement. Our Enrolment number will not change and will not be considered as a new Enrolment.

- 1.7** Microsoft are offering significant discounts to take the licensing ramp and this presents a real opportunity for the Council.
- 1.8** There has been a price increase on E3 licences this year and one is now due on E5 licences.
- 1.9** Taking the ramp will lock the E5 price for the Vale of Glamorgan Council for the next 3 years.
- 1.10** The cost of individual elements does not represent value for money, whereas overall, the E5 does as it includes the components the Council would wish to deploy. The cost of purchasing the individual elements far exceeds the cost of the E5 licence. Combining all the products available in E5 into one place, especially in relation to security is a big advantage and provides a single, cohesive security solution compared to having multiple disparate vendors and the complexities of trying to fit all these together and get a view on security assurance. It allows us to identify, monitor and automatically protect sensitive information and simplify our cloud security with unified, dynamic artificial intelligence based solutions.
- 1.11** Existing products which are no longer needed will be decommissioned. Any costs recouped can be used to offset the investment in E5. The detail around this can be found in the Part II report on the agenda as it is commercially sensitive. A plan will be developed to manage the decommissioning of legacy software and ensure these savings are delivered.
- 1.12** The additional licences and software available via the E5 licence aligns with the corporate vision around hybrid working and the importance of building on best practice with effective new ways of working leading to better staff and service user experiences.
- 1.13** Moving to an E5 licence supports the Council to embed a number of the hybrid working principles, including the principles to allow staff to 'Work where it works for you', in its aim to 'Develop tools to support collaboration and agile working' and crucially, to 'Support staff with the tools and training to be agile'.
- 1.14** There is an option to 'true up' (increase the number of licences) on the types and number of licences within the duration of the agreement, which will allow flexibility situations change as has been the case over the last 12 months.
- 1.15** There is no option to 'true down' on the types and number of licences on the renewal anniversary, in the event that the volumes and types of licences are no longer required.

2. Key Issues for Consideration

- 2.1** There are significant differences between E3 and E5 licences; taking the E5 'ramp' or upgrade will offer many opportunities and benefits to the organisation, including around: telephony, security, supporting the digital strategy, hybrid working, corporate flexibility and organisational resilience.
- 2.2** Microsoft Office 365 (O365) has transformed the way the organisation has been able to communicate, especially in the last 24 months where colleagues have almost exclusively worked from home.
- 2.3** O365 has also enabled remote staff to collaborate in ways they have not been able to previously, internally, and also with external partners and organisations.
- 2.4** O365 has been rolled out to the whole organisation and the Council will continue to benefit from the many tools that are available within the O365 suite of products.
- 2.5** E5 includes Virtual Desktop which can facilitate secure use of personal devices such as PCs, laptops or Macs for BYOD (Bring Your Own Device) initiatives. Virtual Desktop could be further leveraged to replace some existing RDS (Remote Desktop Services) provision in the organisation and allow greater flexibility and security in partnership working.
- 2.6** E5 licensing will allow us to use additional O365 functionality to rationalise existing software and systems, offsetting the associated costs and reducing the overheads of multiple, independent products. There may be training implications as we rollout additional functionality from the E5 suite.
- 2.7** Based on the new functionality, a plan to migrate corporate telephony from the existing platform to MS Teams as far as possible will be put in place. This will enable the Council where possible to reduce expenditure on existing telephony infrastructure and support contracts that may be in place. This will allow for agile communication with colleagues and citizens and will be integrated with MS Teams across a variety of devices. A significant project to review where changes can be made will be required. There are indicative costs savings of potentially £270k over three years associated with this move (not including additional costs paid for support).
- 2.8** Telephony via Teams would give staff access to a virtual phone on their laptops and supports the flexible approach set out in the Hybrid Working Strategy that is currently in development. Having a virtual phone allows staff to work from anywhere. As per the current telephony setup there would still be ongoing revenue costs to cover call charges.
- 2.9** The E5 licence includes access to Power BI Pro so every staff member would have access to Power BI Pro to enable the Council to develop a corporate strategy for information, corporate analytics and data visualisations, to support data integration and management strategies, but also to enable granular access to real-time data, which can be published internally or externally, to help drive decisions, priorities and assess impact, to the betterment of council services. Some significant progress has been made in the last two years in the use of

Power BI as the Council develops its insight approach to data driven decision making.

- 2.10** Embracing E5 supports the 'cloud first' approach. Using Azure to host apps and software in the cloud would reduce the requirement to have a physical data centre, with the potential to reduce associated costs, provide resilience and minimise administrative overhead.
- 2.11** Endpoint security components within E5 will allow us to replace our existing products, further offsetting costs, while 'Defender for Cloud' apps will manage our risk around shadow IT, data leakage from the cloud and other risks as more and more systems and data migrate to the cloud.
- 2.12** The suite of security tools in E5 will allow us to look beyond device protection and toward Identity protection; including automated risk detection and mediation tools to protect against cyber threats such as increased attempts to access our public facing systems.
- 2.13** E3 has been satisfactory up to now and supplemented by 3rd party security products. With an increasing threat landscape globally and in UK we must keep improving and be proactive as described in the Council's Corporate Risk Register.
- 2.14** E5 includes Privileged Identity Management (PIM) to control and monitor access to important resources in the council, preventing malicious and unauthorised access.
- 2.15** E5 provides a holistic view of security; allowing us to understand threats to the council across assets including mailboxes, user devices and user accounts. It also offers an auditing capability to help us understand staff behaviour to better inform decision making and areas for improving productivity, security or supporting a digital strategy while protecting staff and data.
- 2.16** Data Loss Prevention (DLP) technologies within E5 protect Council data across different 365 applications including Teams chat to mitigate the deliberate or accidental leakage of sensitive data, using features such as automated labelling of documents.
- 2.17** Should we choose to do so, features within E5 licensing will support integration of separate 365 tenants while keeping data segmented, which aligns with the Council's ambitions towards innovation and emerging differences in target operating models as a result of the reshaping services programme.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** Long Term - This proposal will allow the Council to communicate and collaborate efficiently into the future and demonstrates taking a longer-term view of financial investments in digital technology.
- 3.2** Prevention - This proposal will help prevent the likelihood of a cyber-attack(s) and safeguard the council's data and computer infrastructure.

- 3.3 Integration - This proposal will help integrate processes, both internally and externally with partners and other organisations.
- 3.4 Collaboration - This proposal will allow internal departments and external partners and organisations to collaborate efficiently and securely into the future.
- 3.5 Involvement - This proposal will ensure that all stakeholders, internally and externally will be remain involved and able to deliver their outcomes and goals.

4. Resources and Legal Considerations

Financial

- 4.1 We have completed year 1 of the 3-year EA.
- 4.2 By agreeing to the E3 to E5 ramp or upgrade, Microsoft will extend the current EA by one year and there will be an amendment in place to make sure the conditions are agreed by all parties. This is an Enrolment Extension that is delivered prior to the expiry, and at Year 1 anniversary of the existing agreement. The Council's "Enrolment number" will not change and will not be considered as a new Enrolment.
- 4.3 The cost summary for the E3 product and E3 to E5 Ramp renewal can be found in the Part II report on the Cabinet agenda as it is commercially sensitive.

Employment

- 4.4 A successful funding application has been made to Microsoft to assist us with the implementation of a number of E5 technologies, realising value on our investment and helping to upskill our staff.

Legal (Including Equalities)

- 4.5 This report is to inform Cabinet of our renewal of the Council's Microsoft Enterprise Agreement to licence Microsoft Software via the E3 to E5 licensing ramp, rather than renew at Year 2 of the Enterprise Agreement with E3 licences.
- 4.6 By agreeing to the E3 to E5 ramp, Microsoft will extend the current EA by one year and there will be an amendment in place to make sure the conditions are agreed by all parties. This is an Enrolment Extension that is delivered prior to the expiry, and at Year 1 anniversary of the existing agreement. Our Enrolment number will not change and would not be considered as a new Enrolment.

5. Background Papers

None.