Legislation Details (With Text)

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Title:	Approve the award of Cooperative Procurement 20-239, Microsoft Enterprise, to Dell USA, LP for an amount not to exceed $1,981,380 and for a three-year term		
Sponsors:			
Indexes:			
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Attachments:			

Date	Ver.	Action By	Action	Result
12/1/2020	1	City Council	approved	Pass
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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Cooperative Procurement 20-239, Microsoft Enterprise, to Dell USA, LP for an amount not to exceed $1,981,380 and for a three-year term

DEPARTMENT: Information Technology

SUBMITTED BY: Jacqueline Nguyen, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City of Naperville has used an Enterprise Agreement (EA) to license and manage Microsoft software since 2005. The EA is offered through Microsoft and administered by vendors to sell Microsoft products because Microsoft does not sell directly to the public. The City's current EA was renewed for a three-year term beginning in December 2017 and expiring on December 31, 2020. Under the EA expiring on December 31, 2020, staff consolidated Microsoft EA purchases under one Citywide contract.

An EA streamlines license management within the City, simplifies purchasing, and provides for predictable payments throughout the agreement. Under an EA, the costs for both maintenance and new purchases are distributed over the three-year term and prices are locked for the entirety of the contract. During the contract, additional software licenses may be added as needed. These are either purchased during the year or paid for with a true-up order at the end of a year. Additions may be necessary due to growth in users, adoption of new tools such as PowerBI, or the need to acquire new software and applications. Any such additional spending beyond current best estimates will be

addressed through change orders.

Regular software updates are included in the EA at no additional cost through the Microsoft Software Assurance program. The program provides for technical support, training, and planning services.

The State of Illinois holds a Microsoft Large Account Reseller Statewide Master Contract which provides pricing levels on all Microsoft products. The state contract is awarded to Dell USA, LP (Dell), a Microsoft Licensing Solutions Partner. Through the state contract, the City is provided Level D pricing which is comparable to the pricing provided to commercial customers who license 15,000 or more users.

The IT Department and Procurement Division partnered to investigate and analyze several other co-operative contracts and software resellers. The most favorable pricing was found through Dell and the current state contract.
Furthermore, Dell was able to identify a lower-priced license alternative for one of the more than 20 license types in the EA. This alternative will save the City approximately $70,000 annually.

DISCUSSION:
The new EA contract will begin on January 1, 2021 and will end on December 31, 2023. The list of categories below highlights the variety licenses that are included in this agreement, as well as a percentage of total EA cost:

1. Windows operating system and Microsoft Office applications
   This category typically represents approximately 55% of the EA cost in any given year and covers the Windows operating systems and Microsoft Office applications (Word, Excel, and PowerPoint) for nearly 1,000 users across the City. It also includes security elements such as Advanced Threat Protection (ATP).

2. Azure
   This is Microsoft's Cloud computing and storage service and accounts for approximately 11% of the EA cost in previous years. Efforts are underway to move several applications to the City's "private cloud" to achieve and optimize a good balance of reliability, security, accessibility, performance, and cost. As such, it is anticipated that this cost will at least stabilize, if not slightly decline, as a percentage of the total over the next few years. IT and the Electric Utility currently utilize Azure cloud to store encrypted backups and support applications that require accessibility from anywhere.

3. SQL
   SQL database software typically represents approximately 9% of the EA cost in any given year. This software manages databases for the City's applications such as the support of public safety applications, asset management tools, GIS-enabled applications, computer aided dispatch system, Water Advanced Meter Infrastructure (AMI), Microsoft Biztalk, and the City's Open Data program.

4. Windows Server
   Windows Server software is the operating system for large computers acting as servers. This category represents approximately 7% of the total EA cost in any given year. This includes Windows Server Standard and Windows Server Enterprise that host the City's various software applications.

5. BizTalk

BizTalk typically represents approximately 6% of the total EA cost in any given year. BizTalk provides applications programming interfaces (APIs) between various applications and databases from many different vendors. It is used primarily by the Electric Utility for the SmartGrid to translate and transfer data between systems.

6. Visio

Visio typically represents approximately 3% of the total EA cost in any given year. This is an application for creating diagrams and visual communication. Approximately half of these licenses are used by the Police Department to document traffic accidents.

7. Other

Other miscellaneous software represents approximately 9% of the total EA cost in any given year. Included in this category are Microsoft Project software for project management, PowerBI software for data analysis (City's COVID-19 dashboard), software to connect Microsoft Teams calls to the standard phone network, and various other software applications.

Staff has identified an approved cooperative contract, State of Illinois Cooperative Contract 19-448DOIT-INFOT-P-17680 through Dell USA, LP, for the procurement of the Microsoft Enterprise Agreement. The current EA pricing, including estimated Azure billing, is $660,460 per year, totaling $1,981,380 for 3 years.

FISCAL IMPACT:
CIP#: N/A

Microsoft Enterprise agreement is expensed to the Software and Hardware Maintenance account listed below. A total of $700,000 is proposed for this agreement as a part of the 2021 Budget proposal. Pending Councils' approval, an amount of $660,460 will be allocated to the 2021 expense. The remaining years will be budgeted accordingly.

Account Number	Fund Description	Total Budget Amount
16101100-531312	General Fund	$2,721,517