

The Corporation of the City of Kawartha Lakes
Council Report

Report Number PUR2018-012

Date: March 20, 2018
Time: 2:00 p.m.
Place: Council Chambers

Ward Community Identifier: Not Applicable

Subject: Quotation 2018-36-OQ Microsoft Enterprise Licensing Agreement

Author Name and Title: Ashley Wykes, Buyer

Recommendation(s):

That Report PUR2018-012, Quotation 2018-36-OQ Microsoft Enterprise Licensing Agreement be received;

That CDW Canada Corp. of Etobicoke be awarded Quotation 2018-36-OQ Microsoft Enterprise Licensing Agreement for a three year term for the total quotation amount of \$724,611.00 (not including HST);

That the option to renew this agreement for one additional three (3) year term be approved pending vendor performance and in accordance with the Purchasing Policy;

That subject to receipt of the required documents, the Mayor and Clerk be authorized to execute an agreement; and

That the Financial Services Division be authorized to execute the purchase order to award this contract.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

A three year agreement for Microsoft licensing and Software Assurance provides volume pricing for existing licenses and fixed pricing for potential future license purchases. Software associated with this agreement includes; Client Applications, Server Applications and Client Access Licenses. Examples of Client Applications are operating systems (Windows) and productivity suites (MS Office). Examples of Server Applications are operating systems (Windows Server), email (Exchange Server), collaboration and document management (SharePoint), database (SQL). Client Access Licenses are required for client applications to work with server applications. Examples of Client Access Licenses (CAL) are Windows, Exchange, SharePoint and SQL.

Microsoft Software Assurance is similar to annual maintenance agreements that we have for other application systems. It includes access to support resources, and software maintenance that entitles us to use new versions of licensed products released during the term of the agreement.

Under our existing Enterprise Agreement (EA) which expires on March 31, 2018, we are paying only for software assurance (SA) which covers software maintenance in addition to other benefits such as training vouchers, professional services, home use licensing, and online learning. If we renew our current Enterprise Agreement contract this would continue. However, if our EA lapses Microsoft may require us to enter into a new agreement. In this event they may require us to re-purchase licenses in addition to paying the software assurance. This would result in an increase of approximately 60% to what we are currently paying, paid annually from 2018 to 2020.

Request for Quotation 2018-36-OQ Microsoft Enterprise Licensing Agreement was advertised and released in accordance with the Purchasing Policy. The proposal closed on March 1, 2018 and was opened in public by Andy Letham, Mayor and Ashley Wykes, Buyer. Two quotations were received as outlined in the chart below:

Company Name	Quotation Amount
CDW Canada Corp., Etobicoke	\$241,537.00
PCM Canada, Markham	\$727,683.84 (corrected to \$242,561.28 per year)

Each quotation was reviewed and no issues were identified. Although this purchase is within the approved operating budget, an irregular result occurred as there were fewer than three submissions received. Section 5.1 of the policy states when “fewer than three (3) submissions are received in a formal competitive procurement process, the selection of the vendor for an award is to be approved according to the Table of Authority”. In this case the purchase is within Council’s authority level.

Rationale:

Staff recommend CDW Canada Corp. of Etobicoke be awarded quotation 2018-36-OQ Microsoft Enterprise Licensing Agreement for a three (3) year term, with an option to renew for one (1) additional three (3) year term. The optional renewal will be utilized based on performance and in accordance with the Purchasing Policy.

Other Alternatives Considered:

No other alternatives are being considered as the company with the lowest quotation submitted is being recommended.

Financial/Operation Impacts:

Financing for the Microsoft Licensing Agreement is included in the Information Technology yearly operating budget. The total price of \$724,611.00 (not including HST) is for three years with a yearly purchase price of \$241,537.00. The 2018 operating budget has sufficient funds to cover this purchase.

Relationship of Recommendation(s) to the 2016-2019 Strategic Plan:

This report aligns with the Strategic Enabler of Efficient Infrastructure and Asset Management

Consultations:

Application Supervisor
Manager, Information Technology

Department Head E-Mail: jstover@kawarthalakes.ca

Department Head: Jennifer Stover

Department File: 2018-36-OQ