

Date: 2020-11-12

Subject: **Request to Begin Procurement - Microsoft Agreements for Enterprise Products, Cloud Services and Support Services for a Three (3) Year Period**

Contact: Kumanan Gopalasamy, Chief Information Officer, Digital Innovation & Information Technology, Corporate Support Services

Report Number: Corporate Support Services-2021-1220

Recommendations:

1. That the report titled: Request to Begin Procurement – Microsoft Enterprise Products, Cloud Services and Support Services for a Three (3) Year Period, to the **Committee of Council meeting, December 1, 2021** be received; and
2. That the Purchasing Agent be authorized to commence the procurements for Microsoft Enterprise Products, Cloud Services and Support Services for a three (3) year period.

Overview:

- The purpose of this report is to obtain authorization to begin the procurements for Microsoft Enterprise Products, Cloud Services and Support Services for a three (3) year period, with two (2) additional three (3) year renewal options.
- The City's current Microsoft contracts:
 - Enterprise Products
Expires February 28, 2022
In-direct procurement activity by invitational RFP.
 - Cloud Services
Expires February 28, 2022
In-direct procurement activity by invitational RFP.
 - Support Services
Expires January 29, 2022
Direct engagement with Microsoft.

The City entered into three (3) contracts with Microsoft for the provision of Enterprise Products for user and system based licences, Cloud Services for infrastructure components, and Support Services to assist in resolving incidents and ensuring systems are appropriately maintained.

Enterprise Products

The City uses Microsoft solutions extensively to support its daily operations to more than 6,000 employees. These products include Outlook (email), Word, Excel, PowerPoint, SharePoint, Teams, Databases, Server, and Desktop operating systems.

The City entered into its current contract with Microsoft in 2017 (**refer to Corporate Services Committee Report dated November 10, 2016 – Corporate Services Committee Meeting of December 7, 2016, Council Resolution CS172-2016**) through the third-party Large Account Reseller (LAR) CDW Canada (CDW). The contract was for a term of five (5) years, and is set to expire on February 28, 2022.

Cloud Services

The City uses Azure Cloud Services. This Cloud platform provides Infrastructure as a Service (IaaS) to provision application and database servers; Platform as a Service (PaaS) to provision databases, as well as Software as a Service (SaaS) to provide capability such as Multifactor Authentication, monitoring of systems and backup storage. The City entered into its current contract with Microsoft through the City's LAR, CDW for a five (5) year period, and is set to expire February 28, 2022.

Support Services

The City uses support and professional services from Microsoft for both proactive and reactive services. Proactive services include assistance to understand and configure Microsoft products and services. Reactive services include support to assist in resolution of incidents relating to Microsoft products and services.

The City has maintained a support contract directly with Microsoft for one (1) year periods and extended the current contract in 2021 for an additional one (1) year period to align with the existing Microsoft contracts for both Enterprise Products and Cloud Services. The City's current contract is set to expire on January 29, 2022.

Current Situation:

As these contracts are set to expire, the City has a significant investment in, and has a requirement to continue to leverage these technologies to ensure the smooth operations of business systems which underpin City services to our employees and citizens.

Given Microsoft's distribution strategy, the City is seeking to establish contracts for its requirements for Enterprise Products and Cloud Services through a competitive procurement process to ensure best value for money.

Additionally, the City is seeking to establish a contract through directly negotiating with Microsoft for support services, as Microsoft only offers the acquisition of these services directly. The City will also be looking to align the contract expiry date of the Support Services with the other Microsoft contract expiry dates.

Microsoft is a vendor of choice providing enterprise level office productivity tools to support municipalities and large corporations. Consolidating these products will allow the City to provide safe and secure solutions to protect our platforms, tools and services.

Transitioning to alternative solutions would have significant disruption to the business requiring migration of systems to different vendor technologies, upskilling of staff to support the technologies, training of staff across the City to use different applications and significant time and investment to test migration of data.

Microsoft pricing will be established for the duration of the three (3) year period based as follows:

Enterprise Products

- User based subscriptions (monthly cost per user for product licenses)
- Perpetual licences (upfront cost with typically 25% annual Software Assurance to allow free version upgrades, disaster recovery failover rights, virtual server portability, etc.)

Cloud Services

- Pay per use consumption (costs calculated based on service usage such as CPU/RAM/disk allocated, number of transactions processed, amount of network bandwidth, etc.)

Support Services

- Percentage of total spend across Enterprise Products and Cloud Services.

Corporate Implications:

Financial Implications:

Sufficient funding for this initiative is available in the Digital Innovation & Information Technology division's operating budget. Staff will ensure sufficient funding is requested in future budget submissions, subject to Council approval.

Purchasing Implications:

Enterprise Products and Cloud Services

A public Procurement Process will be conducted for each requirement and the lowest compliant Bid for each procurement will be eligible for contract award. Purchase approvals shall be obtained in accordance with the Purchasing By-law. All communication with bidders involved in the procurements must occur formally, through the contract person identified in the Bid Document.

Support Services

A direct negotiation process will be conducted with Microsoft. Upon successful conclusion, purchase approval will be obtained in accordance with the Purchasing By-law.

Term of Council Priorities:

The renewal of Microsoft contracts achieves the Strategic Plan of Brampton is a Well-Run City as demonstrated through:

- a) supporting a modern workforce by providing technologies to assist staff to collaborate, work effectively, and deliver services efficiently; and
- b) supporting Stewardship of Assets and Services ensuring proactive, effective management of municipal software assets and services.

Conclusion:

This report recommends that the Purchasing Agent be authorized to commence the procurements as described in this report.

Authored by:

Reviewed by:

Douglas Elsmore,
Manager, IT Security & Risk
Digital Innovation & Information Technology,
Corporate Support Services

Kumanan Gopalasamy,
Chief Information Officer,
Digital Innovation & Information Technology,
Corporate Support Services

Approved by:

Submitted by:

David Barrick
Acting Commissioner,
Corporate Support Services

David Barrick,
Chief Administrative Officer