

Management report to Council

Agenda item 6.6

Microsoft software enterprise agreement

Council

Presenter: Colin Fairweather, Chief Information Officer

30 May 2017

Purpose and background

1. The purpose of this report is to seek Council approval to enter into a contract with Data #3 Ltd (Data #3) for the maintenance of Microsoft software licences (Contract) and an associated Enterprise Agreement (Agreement) with Microsoft Australia (Microsoft).
2. Data #3 is a Licenced Service Provider for Microsoft under the Whole of Victorian Government contract, which was awarded by the Department of Premier and Cabinet in June 2016 following a public tendering process.
3. The purchase of the software licences via Data #3 also involves Council entering into the Agreement with Microsoft for the use of the software over the contract period. There is no additional cost to Council in respect to the Agreement.
4. The payment to Data #3 on Microsoft products provides Council with the right to use and upgrade to the latest version of any purchased product covered under the Agreement over the Contract term.
5. In June 2014, Council renewed its contract for maintenance of Microsoft software licences for a period of three years accessing a previous State Government contract for an amount of \$1.719 million over the term. This contract will expire on 31 May 2017.
6. The new State contract supports the transition of traditional computing technologies to 'Cloud' based services and enables Council to access the discounted pricing as the State.

Key issues

7. Council is able to access competitive pricing via a new contract with Data #3 on the terms set in the new State Government contract given the negotiated economies of scale.
8. The proposed Council contract covers the maintenance and subscription of Microsoft software licences across all of Council's IT infrastructure systems and provides access by the Council to 'Cloud' based technology.
9. The cost of the Contract will not exceed \$2.102 million over three years. Annual payments will be made over the life of the contract. Subsequent variations may occur based on volume alone (e.g., new staff, new facilities or new devices).
10. The 2017–18 Annual Plan and Budget includes provision to meet the first year Contract costs.

Recommendation from management

11. That Council approves entry into:
 - 11.1 A contract with Data #3 Ltd to acquire Microsoft software licences for a period of three years commencing from 1 June 2017 under the terms contained in the State Government contract for a cost not to exceed \$2.102 million over the term.
 - 11.2 An associated Agreement with Microsoft Australia at no additional cost.

Attachment:

1. Supporting Attachment (Page 2 of 2)

Supporting Attachment

Legal

1. Pursuant to section 186 of the *Local Government Act 1989* (the Act), before a Council enters into a contract for the purchase of goods or services to the value of \$150,000 or more (levels increased by Order in Council dated 7 August 2008), the Council must give public notice of the purpose of the contract and invite tenders from persons wishing to undertake the contract.
2. In the present case, a tender was not required as on 4 September 2009 the then Minister for Local Government granted an exemption under section 186(5) of the Act from the tendering obligations where the Council wishes to access the goods or services via a whole of government contract.

Finance

3. The draft 2017–18 Annual Plan and Budget includes a provision for Microsoft licences which is sufficient to meet the first year contract costs.

Procurement

4. The engagement was co-led by the Category Manager for technology with adoption of the Centre Led Procurement Policy and Procedures.

Conflict of interest

5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

6. Consultation has been undertaken with the proposed service provider and analysis undertaken of the State Government contract.

Relation to Council policy

7. Leveraging the State Government contract allows Council to take advantage of negotiated economies of scale and aligns to Council's goal of managing resources well.
8. Procurement of this software has been conducted in accordance with the Councils' Procurement Policy.

Corporate social responsibility

9. There is no significant impact on Corporate Social Responsibilities