



STAFF REPORT ACTION REQUIRED

Microsoft Agreement and Microsoft Reseller Selection

Date:	September 25, 2007
To:	Government Management Committee
From:	Chief Information Officer, Information & Technology Division Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:\2007\Internal Services\pmmd\gm07034pmmd (AFS #5743)

SUMMARY

The purpose of this report is to seek authority to enter into an agreement with the contracting Microsoft affiliate, MSLI, GP (Microsoft Inc.) and the Large Account Reseller (LAR) selected by the Province of Ontario through a competitive process for the supply of Microsoft Licences and Support and Maintenance Services for various City of Toronto Programs as required until September 30, 2010, under the Province of Ontario's Standing Agreement.

RECOMMENDATIONS

The Chief Information Officer and the Director of Purchasing and Materials Management recommend that:

1. Authority be granted for the Information & Technology Division to enter into an agreement with the contracting Microsoft affiliate, MSLI, GP (Microsoft Inc.) and the LAR selected by the Province of Ontario through a competitive process for the period ending September 30, 2010 in an amount not to exceed \$5,612,800.00 net of GST, subject to the Fair Wage Policy and the Right to Reject Debtors and Set Off Policy.

FINANCIAL IMPACT

It is estimated that \$5,612,800 net of GST, of net new Microsoft licences, and support and maintenance services will be acquired between October 2007 and September 30, 2010.

The funding for additional licences and annual support and maintenance services required by City Divisions is included in each division's respective operating or capital budgets every year. The estimated cost net of GST are listed below:

	2007	2008	2009	2010	Total
Licences	\$442,800	\$1,749,600	\$1,749,600	\$1,306,800	\$5,248,800
Support and Maintenance*	\$0	\$110,000	\$121,000	\$133,000	\$364,000
Total net of GST	\$442,800	\$1,859,600	\$1,870,600	\$1,439,800	\$5,612,800

*There is no PST on Support and Maintenance

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In May of 2005, the City issued a Request for Quotation (RFQ) to select a Large Account Reseller for Microsoft products. The RFQ required bidders to provide discounted pricing in accordance with the existing Microsoft Select Agreement between the Province of Ontario and Microsoft.

At its meeting of August 24, 2005, Bid Committee authorized entering into an agreement(s) with the contracting affiliate, MSLI, GP (Microsoft Inc) and to award the LAR contract to the lowest bidder meeting specifications, Dell Canada Inc. for the period ending September 30, 2007.

ISSUE BACKGROUND

The City of Toronto has over 18,000 computers licensed for Microsoft software products such as XP for Windows operating system, Word, Excel, and Powerpoint. In addition, many of these computers are also licensed for other Microsoft software products such as Project, Visio, Access and SQL server.

The Microsoft Select Agreement is a software volume-licensing program designed for corporate, government and academic customers with over 250 computers and mixed product and purchasing requirements. The Microsoft Select Licence Agreement benefits include significant discounts over full retail prices, as well as the ability to manage the City's licence portfolio with on-line licensing tools.

The City of Toronto's existing agreements for the supply of licences and support and maintenance services under the Province of Ontario's Ministry of Government Services

Standing Agreement expire on September 30, 2007. In the past, the Province of Ontario negotiated the agreement with Microsoft for use by the various ministries in the Province and Broader Public Sector organizations. The City subsequently issued a Request for Quotation to choose a Large Account Reseller for the supply of the licences.

This year, the Ontario Ministry of Government Services is selecting a single Large Account Reseller through an open competitive process to aggregate demand and leverage licence volume. The agreement resulting from this competitive process will be optionally available to Broader Public Sector organizations so that we may benefit from the discount that is established. It is therefore not necessary for the City to conduct a separate competitive bidding process. The Reseller is expected to be announced by October 1, 2007. The award of a Contract by the City to the selected reseller will be subject to the Fair Wage Policy and the Right to Reject Debtors and Set Off Policy.

COMMENTS

In order to continue to provide the City with competitive prices for the supply of Microsoft Licences and support and maintenance services, it is recommended that the City take advantage of the Province of Ontario's standing agreement with Microsoft and the selected Large Account Reseller.

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