

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



411

FROM: Information Technology Department

SUBMITTAL DATE: September 4, 2003

SUBJECT: Approval of Microsoft Enterprise Agreement

RECOMMENDED MOTION: Request the Board approve the CIO recommendation for all departments in the County of Riverside to enroll in the statewide Microsoft Renewal Enterprise Agreement (EA) and delegate authority to the Purchasing Agent (with approval of County Counsel) to sign the purchase order cover agreements.

BACKGROUND: On September 25, 2001 (Agenda item 3.29), the Board of Supervisors approved CIO recommendation to require all departments in the County of Riverside to enroll in the statewide Microsoft Enterprise Agreement. This was to ensure County departments are properly licensed and that software versions are maintained at consistent levels.

(Continued on page 2)

Steve Reneker, Chief Information Officer

FINANCIAL DATA:

CURRENT YEAR COST	\$1,744,029	ANNUAL COST: FY 2003	\$ 1,744,029
		FY 2004	\$ 1,744,029
NET COUNTY COST Est.	\$366,246	IN CURRENT YEAR BUDGET	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
		BUDGET ADJUSTMENT	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A For FY:N/A

SOURCE OF FUNDS: 7400100000 - ISF Charge Back

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

FORM APPROVED
COUNTY COUNSEL

SEP 04 2003

Purchasing:
Director

Dept. Recomm: Policy Policy
Per Executive Office: Consent Consent

Prev. Agn. ref. 3.29 9/25/2001

Dist. ALL

AGENDA NO.

3.30

The Microsoft Enterprise Agreement is an annual program that covers licensing of standard desktop software (Microsoft Office, Microsoft Windows, and Back Office products). The renewal will reduce current costs annually to the County of Riverside by \$898,962.556. The County has been challenged in the past in consistently maintaining software at current version levels, and Microsoft products are the most predominant product used by all departments on all personal computers here at the County of Riverside.

In an effort to keep software current and legal in the county, a maintenance program is necessary. A maintenance program will likely cost less than what departments would spend upgrading all products once over a three-year period. The potential for significant savings exists due to change in Microsoft licensing policies and potential cost increases of Microsoft products over the next three to five years. Under the renewal offerings, a special offer is available this fiscal year to avoid paying the existing \$196.20 per desktop (in this case for the third year of our existing Enterprise Agreement), and renew for a 5 year special blended price (meaning the 5 year renewal price plus a small incremental increase to make up for not having to pay for the full third year in the existing agreement) at \$139.50 per desktop per year. This was a special concession by Microsoft to the State of California in an effort to assist and retain customers in their Enterprise Agreements during difficult budget times. After analyzing all of the maintenance alternatives, including buying product outright over a three-year period, the special blend five year Microsoft Enterprise Agreement Renewal is the best option for the County of Riverside. The analysis shows that by participating in the renewal Enterprise Agreement, the County will save as much as \$898,962.56 annually and over \$4,494,812.80 over the next 5 years.

Some of the key benefits realized from this program are:

- Departments can upgrade to any Microsoft product version as they choose and when convenient.
- Licensing for the product covered by this program no longer need to be tracked; participants merely count the qualified desktops and true up with that number of licenses.
- EA provides a consistent year-to-year budget for this program in an effort to keep County software current, legal, and consistent.
- EA protects the County against Microsoft price increases for the duration of the agreement.
- EA complements other countywide technology initiatives (PeopleSoft, Exchange, Remedy, Resumix).

Various cities and counties formed a consortium, comprised of members of the **California County Information Services Directors Association (CCISDA)** and the **Municipal Information Systems Association of California (MISAC)** organizations, and working with Microsoft, determined best pricing and developed a customized licensing program that works best for California Government. From this consortium, a competitive bid was published and nine Microsoft Large Account Resellers (LARs) responded. The consortium evaluated the responses and recommended five LARs (Softchoice, PC Mall, Compucom, Dell and Software Spectrum) to be awarded a statewide contract for any government entity to enroll through August 1, 2004.

The County of Riverside will use Dell as our LAR since they provided the lowest price for 5 year blended renewal pricing. This will lower the annual cost of \$196.20 per desktop to \$139.50 per desktop over a 5 year period. Pricing is staggered based on how many desktops are enrolled into the program. If over 120,000 desktops are enrolled in the statewide program, the price will be \$139.50/desktop/year. If fewer desktops are enrolled, then prices will go up over 3.5% or higher depending upon the volume enrolled. Microsoft is allowing volumes to be aggregated from any LAR, from current enrollments and from new enrollments from any City, County, State Department or Special District in California. Currently over 132,000 desktops are enrolled which already qualifies for the highest discount. If over 299,999 desktop are enrolled, prices could be further reduced.

County departments are able to exclude desktops, which are not County assets or have been determined by Microsoft to be exceptions to the program. The total count currently enrolled in the existing Enterprise Agreement for number of desktops at the County of Riverside is **12,502**. In Fiscal Year 2002/03, the County invested \$2,642,991.56 for the 12,502 desktops enrolled in the program. This is an increase from the 8,921 desktops the County initially enrolled into Fiscal Year 2001/02 at \$2,252,760. The cost for Fiscal Year 2003/04 will be reduced to \$1,744,029 with a total 5 year cost of \$8,720,145. Further cost reductions will be realized since product can now be downloaded, which allows sales tax to be eliminated from the cost.

County departments and agencies are all enrolled in this program, and have budgeted \$196.20 per desktop for this fiscal year. The savings of \$898,962.56 will be realized within the various County departments. In the next few months, the CIO will be recommending a similar county-wide program for anti-virus software for every desktop. Departments will be required to budget for the annual ongoing costs of \$139.50/desktop/year for the next four fiscal years (this fiscal year will be the first year of the enrollment). Some departments may order other products (such as Windows Server, Visio, MS Project) off this contract since prices under the EA are 7.5% lower than the current State GSA pricing (which outside the EA is the lowest price). This renewal Enterprise Agreement will be charged back annually by the Information Technology Department, similar to other Countywide licensing programs.

**Departmental Technology Standards Committee
MS Enterprise Agreement Enrollments**

Department	Note	Actual Desktops	2002 Total		Sales Tax	2002 Total Bill		2003 Renewal \$139.50/pc	Savings		Total 5 Year Costs
			\$196.20/pc	\$		\$	\$		Per Year	\$	
Agriculture	Enrolled with IT	16	\$ 3,139.20	\$ 243.29	\$ 3,382.49	\$ 2,232.00	\$ 1,150.49	\$11,160.00			
Assessor/Clerk & Recorder		562	\$ 110,264.40	\$ 8,545.49	\$ 118,809.89	\$ 78,399.00	\$ 40,410.89	\$391,995.00			
Auditor	Enrolled with IT	100	\$ 19,620.00	\$ 1,520.55	\$ 21,140.55	\$ 13,950.00	\$ 7,190.55	\$69,750.00			
Board of Supervisors	Enrolled with IT	73	\$ 14,322.60	\$ 1,110.00	\$ 15,432.60	\$ 10,183.50	\$ 5,249.10	\$50,917.50			
Community Health Services		615	\$ 120,663.00	\$ 9,351.38	\$ 130,014.38	\$ 85,792.50	\$ 44,221.88	\$428,962.50			
County Counsel	Enrolled with IT	55	\$ 10,791.00	\$ 836.30	\$ 11,627.30	\$ 7,672.50	\$ 3,954.80	\$38,362.50			
DCSS		878	\$ 172,263.60	\$ 13,350.43	\$ 185,614.03	\$ 122,481.00	\$ 63,133.03	\$612,405.00			
District Attorney		477	\$ 93,587.40	\$ 7,253.02	\$ 100,840.42	\$ 66,541.50	\$ 34,298.92	\$332,707.50			
DPSS		3000	\$ 588,600.00	\$ 45,616.50	\$ 634,216.50	\$ 418,500.00	\$ 215,716.50	\$2,092,500.00			
EDA		667	\$ 130,865.40	\$ 10,142.07	\$ 141,007.47	\$ 93,046.50	\$ 47,960.97	\$465,232.50			
Executive Office	Enrolled with IT	39	\$ 7,651.80	\$ 593.01	\$ 8,244.81	\$ 5,440.50	\$ 2,804.31	\$27,202.50			
Facilities Management	Enrolled with IT	71	\$ 13,930.20	\$ 1,079.59	\$ 15,009.79	\$ 9,904.50	\$ 5,105.29	\$49,522.50			
Fleet	Enrolled with IT	36	\$ 7,063.20	\$ 547.40	\$ 7,610.60	\$ 5,022.00	\$ 2,588.60	\$25,110.00			
Flood		147	\$ 28,841.40	\$ 2,235.21	\$ 31,076.61	\$ 20,506.50	\$ 10,570.11	\$102,532.50			
Hospital (RCRMC)		789	\$ 154,801.80	\$ 11,997.14	\$ 166,798.94	\$ 110,065.50	\$ 56,733.44	\$550,327.50			
Human Resources		250	\$ 49,050.00	\$ 3,801.38	\$ 52,851.38	\$ 34,875.00	\$ 17,976.38	\$174,375.00			
Information Technology		279	\$ 54,739.80	\$ 4,242.33	\$ 58,982.13	\$ 38,920.50	\$ 20,061.63	\$194,602.50			
Mental Health		900	\$ 176,580.00	\$ 13,684.95	\$ 190,264.95	\$ 125,550.00	\$ 64,714.95	\$627,750.00			
OASIS	Enrolled with IT	135	\$ 26,487.00	\$ 2,052.74	\$ 28,539.74	\$ 18,832.50	\$ 9,707.24	\$94,162.50			
Office on Aging	Enrolled with IT	93	\$ 18,246.60	\$ 1,414.11	\$ 19,660.71	\$ 12,973.50	\$ 6,687.21	\$64,867.50			
Parks	Enrolled with IT	40	\$ 7,848.00	\$ 608.22	\$ 8,456.22	\$ 5,580.00	\$ 2,876.22	\$27,900.00			

