

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

Date: August 10, 2018

To: Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors

From: Laurie Panella, Chief Information Officer, Department of Administrative Services - Information Management Services Division

Subject: Request for authorization to enter into an Enterprise Agreement with Microsoft Corporation for the volume licensing of Microsoft software products for Milwaukee County systems and users.

REQUEST

The Department of Administrative Services - Information Management Services Division (DAS-IMSD) respectfully requests authorization to execute a three-year Enterprise Agreement for total fees not exceeding \$3,346,760 with Microsoft Corporation (Microsoft), through its Large Account Reseller (LAR), Crayon Software Experts, LLC (Crayon), that will replace the previous Enterprise Agreement entered with Microsoft through CDW Corporation (CDW), also a Microsoft Large Account Reseller.

BACKGROUND

Microsoft is a global leader in core business software including but not limited to Microsoft Office, Office 365, SharePoint, Windows Server, Active Directory, Azure Premium, and more. Milwaukee County (County) has been using these Microsoft products since the early 1990's for its business operations. Microsoft has an indirect sales model under which it sells its products to enterprise and government customers only through its authorized LAR. Crayon and CDW are two of such Microsoft authorized LAR. The licenses for all such Microsoft software are granted through a three-year Enterprise Agreement, which is signed directly between Microsoft and the customer.

In March 2018, in anticipation of the upcoming expiry of the existing Enterprise Agreement, County invited quotes from various LARs for Microsoft software under a new Enterprise Agreement. Crayon submitted the lower price offer and was selected.

DAS-IMSD hired a consulting firm, Software Licensing Advisors, to help negotiate the license fees for the Microsoft products with Crayon and Microsoft under the new Enterprise Agreement. As a result of these negotiations, DAS-IMSD was able to save approximately \$218,000 (compared to the amount originally submitted by Crayon) for the County over the three (3) year term of the Enterprise Agreement. However, these negotiations took longer time than anticipated due to which the Enterprise Agreement could not be timely negotiated with Microsoft prior to the previous contract end. Given, there was no County board meeting scheduled in August, 2018 and the mission critical nature of these software products for Milwaukee County business operations, DAS-IMSD had to request Microsoft and Crayon to allow County to use its products till this new Enterprise Agreement is approved by the County Board of Supervisors in September 2018 board meeting. Microsoft and Crayon granted this request.

Overall, this new Enterprise Agreement provides County with an excellent pricing model, the benefits of software assurance (upgrades and updates), an ability to seamlessly license both on-premises software and cloud services under one contract, as well as simplified licensing management of the Microsoft products. Under the terms of this contract, County will have the flexibility to choose software and cloud services for different user types, optimize technology spend to fit County needs, and streamline software compliance and asset management across all of County's Microsoft software purchases. Milwaukee County is licensing the following software products under this contract:

- Email (OWA or Outlook)
- Microsoft Word
- Excel
- PowerPoint
- SharePoint
- Skype
- OneNote
- Teams
- OneDrive for Business
- System Center Configuration Manager
- Advanced Threat Protection (ATP)
- Security features native to Office365
- Office 365
- eDiscovery
- PowerShell
- Advanced End User Protection (encryption)
- Anti-virus
- Server Operating System software
- Desktop/Laptop/Tablet Operating System Software

- Azure Active Directory
- Active Directory
- Microsoft DNS
- Dynamic Host Configuration Protocol (DHCP)
- Core Infrastructure
- Active Directory Federation Services (AD FS)

OVERALL COST

The total not to exceed fees under the proposed three-year Enterprise Agreement is \$3,346,761. The following table provides a breakdown of the anticipated total licensing and maintenance services fees to be paid to Crayon each twelve-month period of the Enterprise Agreement and the funding availability/ request plan for the same:

Microsoft Enterprise Agreement		
Period	Not to Exceed Fees Under the Contract	Fund Availability
Year One 07/01/18 – 06/30/19*	\$1,045,779	DAS - IMSD has budgeted to pay for Year 1 fees under this Enterprise Agreement in its 2018 adopted operating budget.
Year Two 07/01/19 – 06/30/20	\$1,122,521	Fund request made in DAS-IMSD 2019 operating budget request
Year Three 07/01/20 – 06/30/21	\$1,178,460	Funds to be requested in DAS-IMSD 2020 operating budget
TOTAL FEES	\$3,346,760	

* Refer to the above section. Microsoft has allowed County to continue using the Microsoft products until the new Enterprise Agreement is approved by the County Board of Supervisors in the September 2018 board meeting. The payment for Year 1 fees will be made in September 2018 and will be retroactive to licenses used by County since July 1, 2018.

Under this new Enterprise Agreement, County reserves the right to terminate the contract upon thirty (30) days prior notice to Microsoft, if needed, due to non-appropriation of funds by County Board of Supervisors at any time during the term of this contract.

RECOMMENDATION

The Department of Administrative Services - Information Management Services Division respectfully requests the authority to execute a three-year Microsoft Enterprise Agreement for total fees not exceeding \$3,346,761. This total amount of \$3,346,761 is expected to be paid from the DAS-IMSD operating budget for the Fiscal Years 2018 - 2020.

FISCAL IMPACT

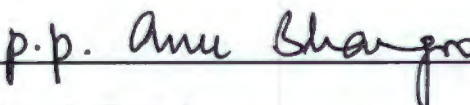
A fiscal note is attached.

Prepared by:



Anu Bhangoo
IT Director of Governance and Strategy
DAS – IMSD

Approved by:



Laurie Panella
Chief Information Officer
DAS-IMSD

Attachments:

- Attachment 1: Fiscal Note
- Attachment 2: Resolution

cc: Chris Abele, County Executive
Supervisor James Schmitt, Chairperson, Finance & Audit Committee
Members, Finance & Audit Committee
Kelly Bablitch, Chief of Staff, County Board
Raisa Koltun, Chief of Staff, Office of the County Executive
Scott Manske, Comptroller
Teig Whaley-Smith, Director, DAS
Joseph Lamers, Director, Planning, Strategy & Budget
Stephen Cady, Research & Policy Director, Office of the Comptroller
Janelle Jensen, Legislative Services Division Manager, Office of the County Clerk
Shanin Brown, Committee Coordinator, Office of the County Clerk
Tod Huber, Chief Technology Officer, DAS-IMSD
Chris Sacho, IT Manager – Data Center, DAS-IMSD
LaCricia McSwain, Fiscal and Budget Manager, DAS Central Business Office