

LATE ITEM C21/5888 – SUPPLY OF MICROSOFT LICENSING (REC) (CONFIDENTIAL ATTACHMENT)

Ward : All
 Category : Operational
 Subject Index : Tenders
 Customer Index : City of Melville
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : Not Applicable
 Works Programme : Not Applicable
 Funding : IT budgets
 Responsible Officer : Alan Ferris – Director Corporate Services

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

LATE ITEM C21/5888 – SUPPLY OF MICROSOFT LICENSING (REC) (CONFIDENTIAL ATTACHMENT)**KEY ISSUES / SUMMARY**

To recommend the acceptance of a tender submitted for Microsoft Licensing.

BACKGROUND

The City engages with a Microsoft certified partner for the supply of all relevant product licenses. This is typically for a three year period. This relationship is important for the City to achieve best value for money outcomes as modern Microsoft licensing is extremely complex with specialists employed for the sole purpose of advising how organisations can meet Microsoft licensing requirements without incurring unnecessary or excessive expenditure.

Since the last agreement was put in place, three significant aspects have changed within the general marketplace and the City's requirements:

- Open license arrangements (capital based) are no longer available from Microsoft. This was how the City purchased and delivered the current version of "Office" (Word, Excel etc.);
- The availability of additional products as part of the relevant upgrades such as "Teams";
- The implementation of our Digital Strategy which should when completed provide improved customer outcomes.

The quote and responses can be split into two components:

- Core Products – often referred as M365. This is made up of Windows licensing, Office products plus newer products such as "Teams" and basic security integration to the Microsoft Data Centres;
- Future Products – Primarily Dynamics customer management products plus improved dashboard reporting tools.

The request arrangement was designed to be adaptive as the City's needs changed over time including focusing on the core products initially and only adding the cost of future products when appropriate.

DETAIL

Qualitative scores were achieved by joint agreement of the evaluation panel members at the evaluation meeting after each panel member had scored the submission individually. The City set three qualitative criteria for this Request, being Key Personnel, Methodology, and Suitability of Products.

The Evaluation Panel reviewed all Respondent offers and prepared an Evaluation Report, identifying the recommended Respondent.

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The cost of licensing all Microsoft products has increased due to the broad industry change from perpetual licensing to subscription models. This is affecting the City across multiple products.

The change to subscription pricing for the core products had already been considered and planned within existing budgets.

The increase in costs associated with digitally enabling all staff across the City had also been planned in the long term financial model and plan.

The potential significant cost increases in Year Two and Three specifically relate to the implementation of Dynamics365 to improve customer outcomes. The specific licensing requirements are still being assessed as part of a major project so the costs estimated are a worst case scenario.

The recommendation was supported by the Contract and Tender Advisory Unit (CTAU) and is put forward as part of the recommendation to the Council.

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

No stakeholder engagement has been required or undertaken for this tender.

II. OTHER AGENCIES / CONSULTANTS

No other agencies/consultants has been required or undertaken for this tender.

STATUTORY AND LEGAL IMPLICATIONS

Local Government (Functions and General) Regulations 1996 Section 3.57 11 (1)

"A Local Government is required to invite tenders before it enters into a contract for another person to supply goods or services".

FINANCIAL IMPLICATIONS

Pre-Tender Estimate	\$3,545,000 (over 3 years)
If the budget is exceeded by appointing the proposed contractor a budget amendment proposal must be included in the recommendation	Within budget for year 1 and the additional amounts are subject to future long-term financial plan and budget approval for year 2 and 3.

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Strategic Implications of these works relate only to the consequences of not procuring the Services through a tender, the WALGA Preferred Supplier Program or another Local Government, which would result in the City being in breach of the *Local Government (Functions and General) Regulations 1996*.

There are no residual risk implications following the invitation and evaluation process conducted for this item.

POLICY IMPLICATIONS

CP-023 Procurement of Products or Services.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

No alternate options have been identified.

CONCLUSION

The CTAU is satisfied that the recommended suppliers have demonstrated that they have the appropriate key personnel to deliver the services, follows a methodology in line with the City's expectations, and offer suitable products.

The confidential attachments are included in the Contract and Tender Advisory Unit Meeting Minutes dated Thursday, 2 December 2021 available on the Elected Members Portal.

OFFICER RECOMMENDATION (5888)**APPROVAL**

- 1. Accept the recommendation as contained in the Confidential Attachment – RFT202120 Contract and Tender Advisory Unit Minutes, and**
- 2. Upon resolution the recommendation, directs that the successful respondents' names be inserted below this point 2, awarded;**