



## Request for City Council Committee Action from the Department of BIS

Date March 8, 2010

To: The Honorable Betsy Hodges, Chair, Ways and Means Committee

Subject: Contract with Microsoft Corporation

Recommendation Authorize proper City officials to execute a contract with Microsoft Corporation by enrolling under the State of Minnesota's Enterprise Agreement for a term of three years.

Prepared by Robert Arko, Contract Administrator, 673-3984

Submitted by Lynn C. Willenbring \_\_\_\_\_, 673-2927  
Chief Information Officer

Approved by Steven Bosacker \_\_\_\_\_  
City Coordinator

Presenter in Committee Lynn Willenbring

Policy Review Group  X  Not Applicable

Permanent Review Committee (PRC)  X  Awaiting Approval

**Financial Impact:** None. Funding already exists within the BIS budget.

<p><b>Financial Impact</b> (Check those that apply)</p> <p><u> X </u> No financial impact (If checked, go directly to Background/Supporting Information)</p> <p><u>   </u> Action requires an appropriation increase to the Capital Budget</p> <p><u>   </u> Action requires an appropriation increase to the Operating Budget</p> <p><u>   </u> Action provides increased revenue for appropriation increase</p> <p><u>   </u> Action requires use of contingency or reserves</p> <p><u>   </u> Other financial impact (Explain):</p> <p><u>   </u> Request provided to department's finance contact prior to the Committee Coordinator</p>
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### Background/Supporting Information

BIS currently has an enterprise agreement, C-20718, with Microsoft for the City's core suite of Microsoft products. This six year agreement expires June 30, 2010 and was based on the agreement entered into between the State of Minnesota and Microsoft.

The State of Minnesota has renewed their enterprise agreement with Microsoft. BIS is seeking Council approval to enroll under the State of Minnesota's agreement with Microsoft for a term of three years.

Advantages of approving this request are:

- Does not impact the end-users within the City as Microsoft products are well known and currently in use. Switching to a different suite of products at this juncture pose some challenges for training, ensuring compatibility with other applications, etc.
- Allows the City to take advantage of the State of Minnesota's volume pricing. As a larger organization, the State is offered better pricing than what can be obtained from an entity of the City's size.

The amount of the contract is based upon a specified number of licenses that are contracted for. BIS is in the process of determining the necessary baseline for the suite of products offered. Based on last year's license count, the total contract value over the three year term is estimated to be \$1,750,000, which equates to about \$583,000 per year. BIS does not need additional appropriation as this expense has been budgeted for.

Microsoft is offering the City additional discounts off the first year's renewal price if we enroll before the June deadline:

- 10% if the City enrolls by March 31, 2010
- 8% if the City enrolls by April 30, 2010
- 5% if the City enrolls by May 31, 2010

To illustrate the impact of the discount, using last year's license count as the basis for the calculation, the savings is estimated to be between \$29,000 - \$58,000 depending on the month the City signs the agreement.