

April 30, 2018

To: His Worship the Mayor
And Members of City Council

Re: Microsoft Office 365 Subscription Extension

RECOMMENDATION

**RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE
- APRIL 10, 2018**

1. That the Director of IT Services be delegated the authority to negotiate, finalize and approve the City entering into a new agreement or amending the existing agreement with Microsoft Corporation for the Office 365 Subscription Service for up to five years.
2. That the City Clerk be authorized to execute the necessary agreements on behalf of the City, upon review and approval of the City Solicitor.

FINANCE AND ADMINISTRATION COMMITTEE – APRIL 10, 2018

The Committee adopted a resolution to concur in the recommendation contained in the report.

Councillors: Bob Hawkins (Chair), Sharron Bryce, Jason Mancinelli and Barbara Young were present during consideration of this report by the Finance and Administration Committee.

The Finance and Administration Committee, at its meeting held on April 10, 2018, considered the following report from the Administration:

RECOMMENDATION

1. That the Director of IT Services be delegated the authority to negotiate, finalize and approve the City entering into a new agreement or amending the existing agreement with Microsoft Corporation for the Office 365 Subscription Service for up to five years.
2. That the City Clerk be authorized to execute the necessary agreements on behalf of the City, upon review and approval of the City Solicitor.
3. That this report be forwarded to the April 30, 2018 meeting of City Council for approval.

CONCLUSION

The City of Regina currently has Office365 installed on the City's workstations. Office 365 refers to subscription plans that include access to Microsoft Office applications (i.e. Word, Excel) plus other online productivity services.

As we are coming to the end of our fifth year using this subscription service, Council approval is required prior to entering into a new agreement or amending the existing agreement to extend beyond five years.

BACKGROUND

The City entered an agreement with Microsoft Corporation for Office 365, in June 2013 as a result of RFP 2087 to replace the GroupWise email system.

GroupWise was no longer able to offer a scalable email and collaboration suite of products to meet the demands of the City's departments.

Prior to adopting the full suite of products included in Microsoft's RFP 2087 solution, the City was already purchasing licenses for the other 'Office suite' products from Microsoft.

DISCUSSION

The need to replace GroupWise email provided an opportunity for the City to take advantage of more cost-effective software as a service (SAAS) solutions. Traditionally, a vendor would sell a license and provide an application that would be installed on City-owned hardware within the City's datacenter. The City would then pay an annual maintenance fee to the vendor which would provide access to bug fixes, upgrades and feature enhancements and the City was responsible for installing these updates.

In a SAAS model, the vendor provides access to their applications via a subscription fee. The applications are all hosted on vendor-owned hardware in the vendor's datacentre. The vendor is responsible for applying all bug fixes and feature enhancements, which lowers maintenance work and costs for the City. The SAAS model eliminates the need for capital investment and instead provides a predictable ongoing operating cost.

Section 24.1 of the Regina Administration Bylaw provides authority to approve multi-year contracts to the City Manager or CFO when it relates to the maintenance or service of an asset, providing an acceptable termination clause exists in the contract. For traditional software purchases, multi-year approval is provided, and Administration can purchase maintenance from that vendor for as long as the City is using the product. However, since SAAS solutions are assets of the vendor and not of the City, Section 24.1 does not apply in this circumstance.

Given the recent development of SAAS solutions as an IT service that can replace traditional maintenance agreements, Administration plans to assess whether amendments to Section 24.1 of the Bylaw are required for similar contracts in the future.

As a result, based on the current level of satisfaction with and investment in the Microsoft Office 365 full suite of products, Administration is seeking City Council approval to enter into a new agreement or amend the existing agreement with Microsoft Corporation to extend the Office 365 agreement up to five years, including a 90-day termination clause.

RECOMMENDATION IMPLICATIONS

Financial Implications

Ongoing funding has been included in the 2018 budget for continuation of this service in 2018 as part of the general ITS Software Maintenance budget.

The sum amount of this agreement over the last 5 years is \$624,530.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

Microsoft Office 365 is enterprise-class software delivered as a subscription service. To date, Microsoft Office 365, is the only cloud suite of productivity tools in its class. It is also the only service delivered from physical locations in Canada, leveraging Microsoft local datacenters that adhere to stringent security, privacy and operational standards.

By leveraging the Office 365 subscription service for collaboration and productivity applications, the City will always be using the most current versions of software available. Using a subscription-based service eliminates the requirement for City owned server hardware and maintenance and thus reduces capital investment.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report

COMMUNICATIONS

No Communications strategy is required.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

FINANCE AND ADMINISTRATION COMMITTEE

A handwritten signature in black ink, appearing to read 'Ashley Thompson', followed by a horizontal line extending to the right.

Ashley Thompson, Secretary