

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

49438

Agenda Number

59.

Meeting Date:

September 17, 2015

Department:

Purchasing

Subject

Authorize negotiation and execution of a 36-month contract, through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES, with SHI-GOVERNMENT SOLUTIONS INC for Microsoft Office 365 for all City departments in an amount not to exceed \$17,594,810.

Amount and Source of Funding

Funding in the amount of \$5,864,937 is available in the Fiscal Year 2015-2016 Operating Budgets of various departments. Funding for the remaining 24-months of the original contract period is contingent upon available funding in future budgets.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:

Cooperative Purchase

Prior Council Action:

For More Information:

Shawn Willett, Corporate Purchasing Manager 512-974-2274

Boards and Commission Action:

August 17, 2015 – Approved conditionally by the Electric Utility Commission on an 11-0 vote. Recommendation No. 20150817-013
September 9, 2015 - Recommended by the Water and Wastewater Commission on a 9-0 vote with Commissioner Kellough absent.

Related Items:

MBE / WBE:

This cooperative contract will be awarded in compliance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this contract.

Additional Backup Information

The contract is for a new multi-year agreement with SHI-Government Solutions Inc., a State of Texas certified Historically Underutilized Business (HUB), to purchase various Microsoft Cloud products for use in all City departments, the pricing of which will be established through a new Microsoft Enterprise License Agreement (MSELA). Cloud computing is internet-based computing in which large groups of remote servers are networked to allow centralized data storage and online access to computer services and resources. Office 365 is the Microsoft Office suite in the Cloud. The city will be able to move forward with mobility and features that will allow more opportunities for remote office work. Office 365 is a subscription service that keeps users up-to-date with the latest versions of Office applications.

Some of the new functionality that will be gained for each user through this contract for Office 365 includes:

Microsoft Office

- Latest Office and Office Web Apps (Word, Excel, PowerPoint)
- Desktop, phone, tablet, and web versions

SharePoint Online

- Online and offline file services
- Share documents with external partners
- E-Discovery for public information requests and subpoenas

Microsoft Skype for Business

- Secure instant messaging and presence
- Online meeting and desktop sharing
- Person to person video conferencing
- Seamless integration with Outlook address book

Exchange Online

- 50GB mailbox, unified messaging
- Unlimited archiving
- Email encryption
- E-Discovery for public information requests
- Data loss prevention (Social Security numbers, credit card numbers)
- Rights management for legal and compliance issues

Office 365 meets all compliance requirements including the Health Insurance Portability and Accountability Act and the Criminal Justice Information Systems security requirements for infrastructure and productivity. Both security and service continuity will be enhanced with this contract.

Although the infrastructure and software costs will increase, costs will not increase at the exponential rate of recent years due to reduced needs for data storage and hardware support. In addition, the implementation of Office 365 will facilitate the goal to relieve traffic congestion in central Austin by enabling mobility; providing numerous tools by which employees can continue to work productively and collaboratively from anywhere.

Many states and United States cities are currently using or in the process of deploying Office 365. Cities using this productivity platform include New York, Chicago, Phoenix, San Diego, Dallas, and San Jose.

The annual amount of the contract is based on the 13,455 employees, contractors and partners that have accessed the

network and the existing software licenses. This contract authorization includes a 20% contingency amount for new products and additional licenses to be added as required, with the additional costs to be billed upon an annual "true up" at the end of each contract year.

The City's MSELA will be based on a cooperative contract through the State of Texas Department of Information Resources (DIR) which establishes competitively bid contracts that can be utilized by the State and other government agencies through a Cooperative Agreement. The DIR cooperative contracts save taxpayer dollars by leveraging the State's volume-buying power to drive down costs on hundreds of technology contracts through a streamlined cooperative purchasing program.

The City currently has an enterprise wide agreement as well as a short term Office 365 agreement which has been used for testing purposes, both of which expire on September 30th so it is critical that this new contract is in place before that time.