



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 15-304, Version: 1

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute a Microsoft Enterprise Enrollment Program Agreement and a Microsoft Server Cloud Enrollment Program Agreement with Software House International for the purpose of procuring volume Microsoft licenses for a three year term of September 1, 2015 through August 31, 2018 and a total cost of \$936,040.
- b. Accept non-standard contract provisions as recommended by Natividad Medical Center.

RECOMMENDATION:

It is recommended the Board of Supervisors:

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute a Microsoft Enterprise Enrollment Program Agreement and a Microsoft Server Cloud Enrollment Program Agreement with Software House International for the purpose of procuring volume Microsoft licenses for a three year term of September 1, 2015 through August 31, 2018 and a total cost of \$936,040.
- b. Accept non-standard contract provisions as recommended by Natividad Medical Center.

SUMMARY/DISCUSSION:

Microsoft products make up the operating platform across Natividad Medical Center (NMC) and every employee at NMC utilizes the Microsoft software in some capacity and it is critical to the daily operations of the hospital.

There are many different Microsoft products that are and have been used at NMC. There are end user products such as Windows OS and MS Office installed on every workstation. Nearly every server at NMC is running on Microsoft Windows Server. Exchange licenses are used for NMC's email servers and Sharepoint is used for collaborative file sharing. Microsoft SQL licenses are used for a variety of databases that store patients' or other useful hospital data and allow staff access to run reports and obtain information. Without SQL server all hospital patient data would not be accessible or usable.

Microsoft products require ongoing license renewal and payment for continued use. If licensing lapses, then there are monetary penalties. In order to obtain the cost benefits of volume licensing, an organization must enroll in one of Microsoft's volume licensing programs. Approval to execute both enrollment agreements will allow NMC to continue its enrollment in its current volume license programs.

The two Microsoft Enrollment program agreements that NMC is requesting authorization to execute offer the following fiscal advantages:

- Enterprise Enrollment: This program provides the best price for when purchasing multiple Microsoft Products together. The Enterprise Enrollment applies to the attached SHI Quote #10024184.
- Server and Cloud Enrollment: This program allows for 15% discount on SQL License and 5% discount on the Software Assurance price licensing on the attached SHI Quote #10009583.

Once the enrollment agreements have been executed, NMC can then purchase Microsoft licenses as per the attached SHI quotes which include the volume discounted pricing available per enrollment in the Enterprise Architect program and the Server Cloud program for a total cost of \$936,040. This cost covers NMC's Microsoft licensing needs for the next three years.

In order to obtain the greatest discounted pricing available to NMC at this time for volume licensing, NMC would need to execute the agreements on or before August 27, 2015 to meet the re-enrollment deadline for "early commitment." SHI has notified NMC that the cost will increase significantly after this date by an additional \$500,000.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the Microsoft Enterprise Enrollment Program Agreement and a Microsoft Server Cloud Enrollment Program Agreement as to legal form and risk provisions. Although the terms of those agreements are not the same as the County's "standard" provisions, they appear to be relatively standard within the industry and are non-negotiable in any event. The County has generally been satisfied with Microsoft products. The Auditor-Controller has reviewed and approved as to payment provisions.

Because the enrollment agreements were only provided to NMC by SHI in the last few weeks there was not sufficient time to present to the NMC Finance Committee and Board of Trustees and still be able to make the "early commitment" signing deadline, therefore NMC did not present this item to the NMC Finance Committee or the NMC Board of Trustees.

FINANCING:

The total cost for procuring Microsoft licenses for use over a three year period is \$936,040. A third of this cost, \$312,013.00, is included in the Fiscal Year 2015-16 Adopted Budget. Amounts for remaining years of the Agreement will be included in those budgets as appropriate. There is no impact to the General Fund.

Prepared by: Richard Medalen, Executive IT Management Specialist, 783-2771

Approved by: Gary R. Gray, DO, Interim Chief Executive Officer, 783-2504

Attachments:

Microsoft Enterprise Enrollment Program Agreement

Microsoft Server Cloud Enrollment Program Agreement

SHI Quote #10024184 (for other Microsoft licenses such as Windows, Office and Sharepoint)

SHI Quote #10009583 (for Microsoft SQL Licenses)

Microsoft Confirmation Letter that SHI is authorized reseller for Microsoft

Attachments on file with the Clerk of the Board