



Board Report

File #: A 18-331, 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, with a three year term of September 1, 2018 through August 31, 2021 for the purpose of procuring volume Microsoft licenses (through the reseller SHI), including 3 annual True-ups, for a total cost of \$1,829,010.
- b. Approve the NMC Chief Executive Officer's recommendation to accept non-standard provisions within the agreements.

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, with a three year term of September 1, 2018 through August 31, 2021 for the purpose of procuring volume Microsoft licenses (through the reseller SHI), including 3 annual True-ups, for a total cost of \$1,829,010.
- b. Approve the NMC Chief Executive Officer's recommendation to accept non-standard provisions within the agreements.

SUMMARY/DISCUSSION:

Natividad Medical Center (NMC) relies on Microsoft software and online services to operate its computers, servers, IT applications, and other digital capabilities. This encompasses Microsoft Windows (computers and servers), Microsoft Office Suite (word processing, spreadsheets and presentations), Microsoft Exchange (email), SQL Server (databases), Microsoft SharePoint Online (collaboration) and remote access, amongst others. Over the last decade, NMC has made significant investments in these product licenses. Maintaining our agreements with Microsoft are essential to preserving our software investments and supporting hospital computing operations. Approval to execute both enrollment agreements will allow NMC to maintain licensing and online services for 1729 workforce members (staff, contractors).

NMC, in consultation with Gartner Research, sought the most aggressive pricing our three-year renewal. The County of Riverside (CA) has negotiated an agreement with Microsoft that over 600 State and local agencies are currently leveraging. It entitles NMC to join the lowest cost tier (D) typically reserved for large organizations with an additional discount averaging 7%. It ranks as one of the most favorably discounted Microsoft agreement in the U.S.

Microsoft licenses are commonly purchased through an authorized reseller, not through Microsoft directly. At this time NMC seeks to procure the licenses associated with both Microsoft Enrollment agreements through the reseller Software House International (SHI). This request includes that authorization along with the quotes to cover the costs which are based on current counts of licenses in use. Per the terms and conditions within the agreements, Natividad is allowed to install additional product licenses, including cloud (online) licenses, for new users as they come on board, but is required to perform an annual "True-Up" to identify the number of licenses actually in use at the end of each year and to pay any difference which may have been incurred for that year. This capability is in the best interest of the County as it mitigates the potential of over purchasing costly licenses up front. The cost of the annual True-Up is variable and based on the type and quantity of licensing and services consumed but the amount requested for future True-ups is based on past costs for True-ups.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the Microsoft Enterprise Enrollment Program Agreement and 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 Auditor-

Controller has reviewed and approved as to payment provisions. These agreements have also been reviewed and approved by Natividad's Finance Committee on June 28, 2018 and by its Board of Trustees on July 13, 2018.

FINANCING:

The total cost for procuring Microsoft licenses for use over a three year period is currently projected at \$1,829,010, of which \$509,670 has been included in the Fiscal Year 2018-19 Adopted Budget. Amounts for remaining years of the Agreement will be included in those budgets as appropriate.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This payment facilitates the maintenance and support of NMC's Microsoft systems and applications that support NMC's patient care systems and hospital computing operations.

☐ Economic Development
☒ Administration
☐ Health and Human Services
☐ Infrastructure
☐ Public Safety

Prepared by: Ari Entin, Chief Information Officer, 783-2564

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

Attachments:

Microsoft Enterprise Enrollment Program Agreement

Microsoft Server Cloud Enrollment Program Agreement

SHI Quote #15409144 (for other Microsoft licenses such as Windows, Office and Sharepoint)

SHI Quote #15448981 (for Microsoft Server Licenses)

SHI Quote #15448710 (for Microsoft SQL Licenses)

Attachments on file with the Clerk of the Board