MERSEYSIDE FIRE AND RESCUE MFRA			
MEETING OF THE:	**POLICY AND RESOURCES COMMITTEE**		
DATE:	**15 DECEMBER 2016**	**REPORT NO:**	**CFO/088/16**
PRESENTING OFFICER	**JOHN MCNEILL**		
RESPONSIBLE OFFICER:	**JOHN MCNEILL**	**REPORT AUTHOR:**	**ED FRANKLIN**
OFFICERS CONSULTED:	**SHARON MATTHEWS JANET HENSHAW DEB APPLETON BERNIE KENNY**		
TITLE OF REPORT:	**MICROSOFT ENTERPRISE AGREEMENT (EA) RENEWAL 2017**		

Purpose of Report

1. To request that Members approve the renewal of the Authority's Microsoft Enterprise Agreement.

Recommendation

2. That Members approve the renewal of the Microsoft Enterprise Agreement (EA) for a three year contract term, taking advantage of Early Commit pricing.

3. Approve the increase in the capital programme of £123k.

4. Member note that the 'Early' Commit' with Microsoft delivers circa £105k discount over the life of the contract.

Introduction and Background

Microsoft EA Renewal

5. To continue to use the latest versions of Microsoft products such as Window Server, Windows 10 and Office, Merseyside Fire and Rescue Authority (MFRA) will need to renew its Microsoft Enterprise Agreement (EA) which expiries 31st March 2017.

6. The existing Microsoft Enterprise Agreement (EA) will expire in March 2016/2017 and in 2017/2018 MFRA will be required to move to the new Microsoft Cloud Transformation Agreement (CTA).

7. The Microsoft CTA was effective from 1st May 2015, and is a non-binding Memorandum of Understanding (MoU) with the Crown.

8. As Microsoft continues to adopt pricing and licensing models to incentivise adoption of cloud based subscription services, Microsoft have agreed a 'cloud-first' offer with the Crown Commercial Service (CCS) on behalf of Public Sector organisations in the UK.

9. The cloud first offer is called the Microsoft Cloud Transformation Agreement (CTA).

10. Working with SBL, the Authority's incumbent Microsoft Licence Solutions Partner (LSP) four renewal options were identified :

    a. Option One - Renew Like for Like (per Device)
    b. Option Two - Move to Subscription (per Device)
    c. Option Three- Move to Subscription (per User)
    d. Option Four - Move to Subscription SPE E3 Offer (per User)

11. The recommended Option is Option Four which is an annual Microsoft Enterprise subscription for a contract term of three (3) years.

12. Option 4 offers a special price for the SPE E3 bundle of Windows 10, Office and Enterprise Mobility & Security and discounts for some Server and Security products which gives greater cost benefits than the other options considered (see financial implications).

13. In early November 2016 Microsoft announced the following British pound price increases to harmonise costs for enterprise software and cloud services within the EU/EFTA region. These are as follows:

    a. On-premises enterprise software will increase by 13%
    b. Enterprise cloud will increase by 22%

14. If MFRA can sign up to an 'Early Commit' with Microsoft by 16/12/2016 for a three (3) year agreement, there are significant financial benefits to the Authority. If this commitment can't be provided by the deadline date, it is estimated that costs will increase by circa £35,000.

<u>Option Four Considerations and Notes</u>

15. In choosing Option 4, however, it must be noted that this allows MFRA to bring in a cloud model, adding the scalability and flexibility of the cloud to its existing on premise ICT infrastructure and applications, whilst maintaining security and control.

16. MFRA will move away from a perpetual (buy & own model) to a subscription licencing agreement. This is in line with industry practice, which has been driven by Microsoft. It is expected at some point in the future perpetual licencing will not be available from Microsoft.

17. Licencing will be ‘per User’ rather than ‘per Device’. This ensures software licence compliance as users move to having multiple devices all running windows and at the same time using personal devices to access e-mail via webmail.

18. The pricing does not contain additional revenue costs for the Microsoft Azure platform which may be required by the Application Development Team. Initial discussions indicate this to be in the region of £15k.

19. Since the beginning of the year the MFRA strategic direction to use Microsoft products has been underlined because of:

    a. the transfer of National Resilience Assurance to MFRA under its Lead Authority status and the requirement to have Office 365 in place for all officers
    b. the establishment of an Application Development Team who’s strategy is to make use of the Microsoft Azure cloud computing platform; and work with Microsoft products such as Visual Studio, Team Foundation Server (TFS) etc.… to develop Universal Windows Platform (UWP) applications. Once developed, the same UWP application can be run on any Microsoft Windows based device, phone, tablet or PC.
    c. the Skype for Business pilots being undertaken
    d. the use of Windows Phones by Senior Officers

20. Officers have considered different procurement options available given the constrained timescales needed to secure licences at the lowest possible cost and identified a Crown Commercial Services framework as the best route to market.

21. A mini competition has been published under Lot 2 of framework RM3733. Under this Lot, there are 15 possible suppliers who may submit a quotation.

22. It is envisaged that a preferred bidder will have been identified and firm costs known to enable Officers to provide a verbal update to Members prior to or at the time of the meeting of this Committee.

Equality and Diversity Implications

23. EIA Microsoft as a supplier is committed to Equality and Diversity and MFRA can benefit from that commitment.

24. More information on Microsoft’s Global Diversity and Inclusion can be found at

    https://www.microsoft.com/en-us/diversity

Staff Implications

25. Staff will benefit from the latest version of software at work matching their home experience with associated productivity benefits.

Legal Implications

26. As Members are aware, under the Authority's Contract Standing Orders, Standing Order 13.1 contracts of or exceeding a lifecycle value of £250,000 must be approved by the Authority.

Financial Implications & Value for Money

27. Indicative cost of the Four Options considered prior to mini competition :

Enterprise Agreement Renewal Option		Year 1 Price	Early Commit Savings
Option 1	Renew Like for Like (per Device)	£ 244,737	£ 27,855
Option 2	Move to Subscription (per Device)	£ 184,168	£ 27,911
Option 3	Move to Subscription (per User)	£ 198,823	£ 31,472
Option 4	Move to Subscription SPE E3 Offer (per User)	£ 180,859	£ 34,918

28. Actual costs will be reported to Members via verbal update at the Authority meeting.

29. The current 5 year capital programme contains an annual provision for the EA Agreements of £140k. Therefore the budget will need to be increased by £41k per annum and subject to members' approval this will be built into the updated programme to be considered as part of the 2017/18 budget process. .

Risk Management, Health & Safety, and Environmental Implications

30. Adoption of this proposal provides for more robust business continuity arrangements and supports the development of bespoke solutions to meet MFRA's business need.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

31. In line with the Authorities vision of 'safer, stronger communities; safe effective Firefighters; ICT is committed to a successful partnership working with ICT Supplier to deliver a value for money, secure, robust quality service whilst enabling continuous business led ICT Innovation.

BACKGROUND PAPERS

None.

GLOSSARY OF TERMS

CCS	Crown Commercial Service
CTA	Cloud Transformation Agreement
EA	Enterprise Agreement
EU	European Union
ICT	Information Communication & Technology
MFRA	Merseyside Fire and Rescue Authority
MOU	Memorandum of Understanding
MFRS	Merseyside Fire and Rescue Service
TFS	Team Foundation Server
UWP	Universal Windows Platform