



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: August 15, 2017

DEPARTMENT: FINANCE DEPARTMENT – INFORMATION SYSTEMS DIVISION

FROM: Matt N. Pressey, CPA, Finance Director
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TITLE: OFFICE 365/OFFICE 2016 G3 SUBSCRIPTIONS

RECOMMENDED MOTION:

A motion to approve a resolution regarding the agreement, submitted by Liftoff, Inc., for Office 365 and Office 2016 E1 to G3 subscription upgrades.

RECOMMENDATION:

It is recommended that City Council approve a resolution regarding the agreement with Liftoff, Inc.

EXECUTIVE SUMMARY:

As the City needs the ability to communicate effectively and efficiently with email and other tools, Office 365 has been a reliable, scalable, and effective solution. Microsoft's Office 2016 Suite (Word, Excel, PowerPoint, Access) is a necessary tool set for daily activities and work flow and the City of Salinas needs to stay current with its productivity tools. Currently, the City is using the Microsoft Office 2016 Suite and the new Office 365 G3 subscription upgrades includes an updated version of Office 2016, which will allow the City to stay current with all licensing requirements and easily upgrade when the newest products are available.

BACKGROUND:

Provided here is a summary of the benefits of the proposed subscription and subscription upgrades:

- Office 2016 includes Word, Excel, PowerPoint, and Access. Generally, this is a one-time purchase needed for each device. This also requires the product to be specifically licensed to each device it is installed on.
- Office 365 is Microsoft's fully cloud-based email suite which includes Word Online, Excel Online, PowerPoint Online, SharePoint, and unlimited cloud-based OneDrive storage. This can be accessed by any device from anywhere in the world, is extremely scalable, and easily managed.

- Office 365 G3 is the Government platform and includes Office 2016 (Word, Excel, PowerPoint, Access) in an easily scalable, upgradeable platform. It is already licensed and as new versions are released, the end-user automatically receives those updates. This allows any organization to stay current, and licensed, with any Office product currently included in 2016 and has additional benefits, some of which are listed below.
- Agreement for Online Services for Government (AOSG) – contract pricing used by Microsoft Partners for Office 365. This contract pricing is the same for any Microsoft Partner.

Liftoff, Inc. is a Microsoft Partner who specifically works with Cities, Counties, and Municipalities on email upgrades and conversions to Office 365. They were highly recommended by cities throughout California who used their services and they have assisted over 200 organizations across the United States at this time. They assisted us in 2015 with our upgrade and migration of email from a 2003 on premise server and into the cloud. This was at no additional cost to the City other than the basic, Agreement for Online Services for Government (AOSG) licensing fees. They have been a fantastic business partner over the past few years with offering live, web-based Office 365 training for City staff at no additional cost. Training is an ongoing event and additional City Departments are receiving training as time permits. In comparison, CDWG, which is also a Microsoft Partner, sent the City a quote in 2015 for \$28,000.00 to do the actual email conversion, since they considered the extra conversion work a “project” at the time. Liftoff’s sole purpose is conversion and upgrading and they are not a large company, so their overhead is very little, compared to a company like CDWG. City IT has worked with Liftoff on occasional troubleshooting issues and they have continually been a fantastic resource and immediately available when needed. This is at no additional cost to the City since they are our current Office 365 E1 licensing partner. Due to the nature of the purchase, low-bid competition is not likely to serve the best interests of the City, yield the best value to the City, or result in the lowest price. The lack of any local vendors, the fact that the AOSG contract is a competitive contract used by others, and the value that Liftoff provides the City only benefits the City to continue the relationship already developed with Liftoff.

The Agreement for Online Services for Government (AOSG) Office 365 licensing costs between CDWG and Liftoff are the same, since it is a contracted price made available to Microsoft Partners.

Microsoft has reviewed City licensing in recent visits and determined that, due to their new licensing models and the virtual machine environment the City of Salinas maintains, the new G3 option is a more viable solution for the City, as the City needed to “True Up” their licenses with Microsoft. The Office 2010 licenses previously purchased cannot be “upgraded” for the new Office 2016 installation currently being used throughout the City. This “True Up” is when Microsoft identifies licenses needs and/or licensing deficiencies, and the City of Salinas needs to make changes to stay current on all Microsoft licenses. If the City of Salinas were to be involved in a software audit and there were any “findings” related to any software deficiencies, it can be very expensive to resolve those deficiencies. Due to this, and the fact that there are quite a few benefits to going to the G3 platform anyway, from the current E1 licensing we have in-place at this time, it makes sense to upgrade in order to be current and up-to-date on Microsoft Office licensing. Some of those upgraded Office G3 benefits are:

- An updated, click-to-run (C2R) Office 2016 installation with the most updated, current feature sets. This allows the City to avoid continually purchasing individual versions of Office as they are released on a single-purchase basis, as what happened with Office 2010. When an instance of Office 2010 is purchased, any additional purchases needed for each device and any feature enhancements or upgrades are not as easily available as the new click-to-run installations possess. Upgrades are automatic and included in the subscription.
- Allows the City of Salinas to upgrade to new versions of Office as they are released and this is included in the G3 package;
- The ability for any City employee to install Office 2016 on up to five devices at no additional cost. Since it is a subscription model, the Office 2016 license is immediately removed once the employee leaves the City, leaving the Office 2016 installation non-functional;
- Enhanced Federal compliance, including criminal justice(CJI) and federal tax information(FTI) systems;
- In-Place Hold and Litigation Hold;
- In-Place eDiscovery search, hold, and export features;
- Increased email inbox storage to 100 GB, from 50 GB;

Since the City of Salinas has benefitted immensely from the services Liftoff has provided over the past few years, it is the desire of the Finance Department and IT Division to continue this relationship with Liftoff until the City of Salinas needs to look elsewhere for services. Since the Agreement for Online Services for Government Agreement Contract offers the same contract pricing from any Microsoft Partner to their customers, and Liftoff was highly recommended by other government locations, the City of Salinas wants to maintain this partnership with Liftoff. The IT Division has rarely experienced this level of service from any vendor and Liftoff is a true model of how to take care of customers.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This staff recommendation supports the Council Goal of Effective, Sustainable Government.

FISCAL AND SUSTAINABILITY IMPACT:

The City of Salinas needs to license individual user devices, such as a laptop or virtual machine, to stay current. By moving to the G3 platform, licensing issues will be met and the City of Salinas is current on all email and Microsoft Office licensing.

Current Office 2016 Professional individual license – non-upgradeable - \$228.72, National IPA Technology Solutions Contract from CDWG. This is the lowest contract price for Office 2016 itself. Every device in the City requiring Office needs a separate license.

The annual licensing fees will be paid for by the Non-Departmental, Outside Services – Software Maintenance account, designated for software maintenance for the City.

The City has approximately 700 employees at any given time. A total of 710 licenses are being purchased for \$17 each per month, for a total of \$144,840 per year.

ATTACHMENTS:

Resolution

Proposed Master Services Agreement

Proposed Scope of Work