

**Item Title:** Three-Year Agreement with SHI International Corporation for Microsoft Licensing

**Specific Action Requested:**  
That the Board of Commissioners:

- 1. Approves a thirty-nine-month Enterprise Agreement with SHI International Corporation to provide licensing for Microsoft Office 365, Windows Enterprise, Server, and SQL. The request is to authorize the County Manager to execute a contract on behalf of Wake County for this agreement.**
- 2. Approves a no-interest Installment Payment Plan with Key Government Finance for the initial fifteen-month term of the contract. The request is to authorize the County Manager to execute a contract on behalf of Wake County for this agreement.**

**Item Summary:**

**Purpose:** The Board of Commissioners must approve all multi-year contracts entered by the County.

**Background:** The county uses Microsoft software for end user computers, office productivity tools, as well as backend servers and databases. The new Enterprise Licensing Agreement will combine all Microsoft components into a single coterminous contract with a thirty-nine-month term.

**Board Goal:** This action supports standard County operations and does not relate to a specific Board initiative.

**Fiscal Impact:** This agreement provides the County volume-level pricing utilizing the State of North Carolina's purchasing contract 208C for Microsoft licensing which is pre-negotiated by the State for use by State and Local Governments. That contract vehicle continues to be the most cost-effective procurement source for the specific set of Microsoft products Wake County requires. Funding is included in Information Services Operating budget. The total of the thirty-nine-month agreement is \$6,058,057.

**Additional Information:**

The Information Services (IS) Department is responsible for ensuring that licenses for all computer system components are properly maintained and upgraded as required by specific vendor agreements and to maintain proper network security.

The County uses Microsoft operating systems for personal computers as well as the majority of servers in the County data center. The County also uses Microsoft Office 365 for cloud-based productivity applications including Exchange Online for email, SharePoint Online for collaboration, Teams for unified communications, as well as access to the online and desktop Microsoft Office software suite. The current licenses are maintained under a combination of Enterprise and Select Licensing Agreements. The new Enterprise Agreement will add Windows Enterprise licensing which allows the County to maintain current versions of the Windows Operating System. This is particularly important with the increased cadence of major Windows updates and shortened lifecycles. The new agreement will also consolidate all Microsoft licensing to a single agreement and align renewal dates. In order to align licensing dates and add Windows Enterprise licensing, the first term of the Agreement needs to be for a 15-month period. To accommodate the increased cost of the 15-month term, a no-interest Installment Payment Plan with Key Government Finance will spread the cost over FY 20 and FY21. The payments fit within the existing IS Operating budget for Microsoft Licensing.

This agreement provides the County volume-level pricing for purchasing licenses and “software assurance”, a support add-on for the specified products that also provides the ability to upgrade to the latest software version without repurchasing the newer product. In order to continue access to volume pricing and allow the County to continue software assurance on the licenses purchased under the previous agreements, the County wishes to enter into a new thirty-nine-month agreement with Microsoft. This will preserve entitlement to the latest software versions, which is very important both from an operational standpoint and from the standpoint of maintaining network security.

The new consolidated Microsoft purchasing agreement, as well as the previous agreements utilized the State of North Carolina’s purchasing contract 208C for Microsoft licensing which is pre-negotiated by the State for use by State and Local Governments. That contract vehicle continues to be the most cost-effective procurement source for the specific set of Microsoft products Wake County requires. SHI, Inc. is the current servicing agent of that contract and has quoted the needed items, per the State contract pricing. The total thirty-nine-month cost of \$6,058,057 is spread across the agreement period of June 1, 2020 through August 31, 2023 as follows:

<b>Payment Due Date</b>	<b>Term</b>	<b>Amount</b>
6/30/20	15 months	\$2,330,030 (spread over 3 payments to Key Finance)
8/31/21	12 months	\$1,864,013.80
8/31/22	12 months	\$1,864,013.80

The agreement covers all current Microsoft licensing. Additional licenses can be procured as needed at the contract rate.

**Attachments:**

1. SHI Quote # 18355595 dated January 24, 2020
2. SHI Quote # 18356117 dated January 24, 2020
3. Microsoft Enterprise Enrollment Documents
4. Key Government Finance Installation Payment Agreement