

SURREY COUNTY COUNCIL**CABINET****DATE: 26 MAY 2015****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****LEAD OFFICER: PAUL BROCKLEHURST – HEAD OF INFORMATION MANAGEMENT & TECHNOLOGY****SUBJECT: APPROVAL TO PURCHASE ADDITIONAL MICROSOFT LICENCES FOR OFFICE 365 AND ASSOCIATED IMPLEMENTATION****SUMMARY OF ISSUE:**

The council's Corporate Strategy, agreed by Cabinet in February 2015, highlighted the importance of a digital strategy in the delivery of services to residents and delivering corporate priorities. An important element of the digital approach is technology which will facilitate collaboration across public services for the benefit of residents, and provide the right tools to enable staff to work flexibly. Implementation of the strategy will be undertaken in phases with reviews of current technology and as part of this, a move to Microsoft Office 365 for the council's email and calendar systems is recommended. The adoption of Microsoft Office 365 for this functionality will facilitate document collaboration across boundaries and will enable staff to work from anywhere and using any device.

This report seeks approval from Cabinet to award an extension to the existing Microsoft Enterprise Agreement to Specialist Computer Centre for the provision of Microsoft Office 365 licences to commence on 1 July 2015, and for implementation costs for Office 365.

RECOMMENDATIONS:

It is recommended that:

1. The council migrates its email and calendar system from Lotus Notes to Microsoft Office 365, purchases extended licences as described in this report, and engages with Microsoft and other implementation partners to assist with the migration.

REASON FOR RECOMMENDATIONS:

The adoption of Microsoft for the council's email and calendar requirements will facilitate the delivery of the council's digital strategy. The new system will enable collaborative working with partners and will deliver enhanced flexibility. The technology will ensure that the council's technical platforms are modern and comparable with the very best technologies in both the public and private sectors.

DETAILS:

Background and options considered

8. Surrey has been a long-time user of Microsoft Office as a productivity tool, which is utilised by over 90% of organisations globally and is universally recognised as “Best in class”.
9. The Enterprise Agreement (PSA09) was signed in 2009 and was recognised as the most commercially advantageous agreement that Surrey could sign at this time.
10. The Head of Information Management and Technology and Surrey’s Chief Digital Officer considered at length how Office 365 would support Surrey’s Digital agenda and presented their findings to a Cabinet meeting on the 25 November 2014 where Office 365 adoption was verified to support Surrey’s Digital aspirations
11. The recommendation to move email from Lotus Notes to Office 365 is based on the following:
 - Office 365 is universally recognised as industry standard software, and using it is recognised widely as best practice. It is also similar in look-and-feel to email applications users often use at home.
 - Office 365 allows access to non-sensitive email from any device (including home PCs), allowing users to work more flexibly. This is especially important as we have in the region of 4000 users who don’t have SCC provided equipment
 - People with skills in Office 365 are easier to find. It has become more expensive and hard to find Lotus Notes expertise due to reducing skills available in the market.
 - The look-and-feel of the different applications within the Office 365 suite is very similar, reducing time for users to learn new applications, or find features.
 - The Office 365 platform offers key security compliance guarantees; including exacting information on where Surrey’s “Data at Rest” (where our information is located).
 - Office 365 has integration support from over 90,000 software partners in the IT industry – therefore allows for Surrey to be flexible in the solutions chosen when going to the market for new products that will need to integration with our productivity suite. Other vendor offerings have far reduced capability in this area.
 - Office 365 gives Surrey the opportunity to have mail located in-house and in the Microsoft cloud all through the same software. This is advantageous should we need to move our data back in-house quickly – or subsets as required (Sensitive PSN data for example). Other vendor offerings are cloud-only and commit us fully to their services.

- Office 365 has in-built support to enable integration with many other applications used by council staff. The council has had to spend significant time and money on bespoke developments to integrate these with Lotus Notes. Office 365 integrates already with a number of enhancements made to systems such as SAP or Norwell (legal case management) – where competing offerings from other vendors do not.
- Better collaboration opportunities with partners, districts and boroughs, all of whom are using a Microsoft-based email platform. This includes East Sussex County Council, and would enable us to have a unified mail platform for Orbis.

Implementation

12. The project to implement Office 365 is in planning, looking at the best approach for implementation, taking into account any consultancy and support that Microsoft can offer. In parallel, the project team is gathering details of user requirements which will inform the phasing and speed of the rollout. Present plans are looking to start a pilot in Q3 2015, with a completion by Q2 2016.

Business Case

13. This report seeks approval to increase the licence commitment from £0.9m to £1.4m per annum to reflect the migration to Office 365.
14. Surrey has done an extensive amount of work evaluating alternative Mail and Calendaring systems to the current Lotus Notes system with Microsoft Office 365 being considered the best suited for Surrey's ambitions. This will add an additional cost of £0.26m to the Enterprise agreement for upgrades to key software, and up to £0.1m for the Office 365 E3 licences, which will be purchased on a per-user, per-month basis. We will also have the capability to purchase "kiosk" licences for non-corporate IT users such as school lunchtime supervisors, to enable them access to Surrey's systems. This will cost a further £0.1m for 4000 users. However, these only need to be purchased on a per-user, per-month basis.
15. Following migration part of the Lotus Notes licences will no longer be required, saving the council £0.1m per annum.
16. To effect this change of moving from "Lotus Notes" email system Microsoft has committed to £73,741 of Consultancy support for technical design, implementation and migration, at no cost to the council.
17. This report recommends that the current framework contract for the provision of Microsoft Licences to commence on 1 July 2015 is awarded to Specialist Computer Centre under the Sprint II government Framework. The price that the Licence Agreement reseller has quoted is regulated and has been benchmarked by the Crown Commercial Service (CCS).
18. There are additional implementation costs for project management, training, co-existent software and possibly some time from an implementation partner. The estimated cost of implementation is £550,000, which is provided for in the IMT budget.

Procurement Strategy

19. This new agreement will future proof MS licensing and reduce future expenditure. This purchase of Microsoft licences ensures the council remain fully compliant during the proposed Equipment Desktop refresh in 2015/16.
20. There has been no negotiation of a new agreement as Surrey will remain on PSA09 for one more year and the Licence Agreement Reseller is the incumbent with a regulated % uplift on licences which has been benchmarked with CCS.
21. The PRG (Procurement Review Group) has approved the structure of the agreement and the associated commercial obligations.

Key Implications

22. By awarding a contract to Specialist Computer Centre for the provision of Microsoft licences to commence on 1 July 2015 the Council will be ensuring that we are fully compliant with Microsoft's licensing during the desktop refresh programme and during migration of email systems to Office 365.
23. IMT Contract managers will manage licences in conjunction with Specialist Computer Centre. Due to the flexibility of the agreement to contract according to the council's usage, there will never be any wastage or "Over Licensing".
24. The management responsibility for the contract lies with IMT Contract Management and will be managed in line with the Contract Management Strategy and plan as laid out in the contract documentation improvements in performance.

Competitive Tendering Process

25. The licenses will be procured with the reseller Specialist Computer Centres using the Sprint II Framework which was let by the Crown Commercial Services. The uplift on cost price is 1.9%.

CONSULTATION:

26. Over the last few months, Procurement and IMT have been meeting with several market suppliers to ascertain the most appropriate licensing option. Various MS licensing options (Select, EA, and ESA) have been considered and evaluated against our requirement and best value for money.
27. Extensive consultation has also taken place with the Software Licensing team at Crown Commercial Services (CCS) to determine what is the most appropriate license structure for Surrey's future ambitions.
28. Various partner resellers have been consulted but due to the fact that there is only one year left to run of PSA09 and due to the fact that the uplift is regulated and benchmarked it has been decided to remain with Specialist Computer Centres to contract under the Framework "Sprint II".

RISK MANAGEMENT AND IMPLICATIONS:

29. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Surrey need to ensure that licensing remains compliant, or may be subject to legal action from Microsoft	Award Contract
Reputational	Surrey need to ensure that licensing remains compliant, or may be subject to action from Microsoft	Award Contract
Service	Lotus Notes is no longer able to support the ambitions of Surrey.	Update existing infrastructure to migrate from Lotus Notes to Microsoft Office 365
Customer Impact	During transition to Office 365, there will be a period of overlap with Lotus Notes	Purchase co-existence tools to ensure that customer experience is as seamless as possible
Customer Impact	Some users will only be familiar with Lotus Notes	Appropriate training and communications will be employed. Extensive training resources are available from Microsoft.

Financial and Value for Money Implications

30. Implementation of Office 365 will start with a pilot in August 2015. This licence purchase is necessary to provide the base platform for the implementation. Bulk purchasing the licences in advance has enabled the provision of £73,741 of consultancy from Microsoft that would not have been available if the licences were purchased piecemeal.

31. The licences for Office 365 are in two parts:

- £264,000, additional spend on enterprise licences to make us "ready" for Office 365
- £160,000 (max) for the Office 365 licences themselves – these only need to be paid on a "per-user, per-month" basis.

The enterprise licences need to be purchased in advance, at licence renewal (June 2015). There is no advantage to purchasing these licences at another time, as the cost is per year, from July 2015-June 2016. Purchasing them at any other point during the year will cost the same, but incur more administration costs.

32. There are additional implementation costs for project management, training, and possibly some time from an implementation partner. The estimated cost of implementation is £550,000, which is provided for in the IMT budget.

33. Migrating to Office 365 will result in

- a more efficient workforce, as non-PSN email will be available to users at home
- reduced infrastructure costs (as the bulk of the organisation's email will be stored in the cloud – this is appropriate and cost-effective for the type of data stored)
- lower costs in training of staff, as Microsoft skills are more prevalent
- improved responsiveness to business-drive demand, as less costly customisations will be required
- more streamlined interfacing to partners (districts, boroughs and neighbouring councils), who all use Microsoft-based email

34. If this licence purchase isn't made, this will delay the move to Office 365, and incur ongoing costs for Lotus Notes. It will block the capability to integrate email with line-of-business applications; reduce workforce flexibility; and reduce the capability for partnership working.

Section 151 Officer Commentary

35. The Section 151 Officer confirms the report clearly sets out the reasons for the recommendations to extend the council's subscription of Microsoft Licences and to migrate the council's email from Lotus Notes to Office 365. The additional cost of £0.4m for licences and £0.6m for implementation can be met from within existing budgets.

Legal Implications – Monitoring Officer

36. It is recommended that approval be given to purchase the licences for a one-year period so that we can legally use the Microsoft software and remain fully compliant.

Equalities and Diversity

37. An equalities impact assessment will be carried out as part of the implementation of this project.

WHAT HAPPENS NEXT:

38. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	03 June 2015
'Alcatel' Standstill Period	n/a
Contract Signature	15 June 2015
Contract Commencement Date	01 July 2015

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