

To:	Warden Halliday and Members of Grey County Council
Committee Date:	July 12 th , 2018
Subject / Report No:	ITR-CW-04-18
Title:	Microsoft 365 License Agreement
Prepared by:	Jody MacEachern
Reviewed by:	Kevin Wepler, Director of Corporate Services
Lower Tier(s) Affected:	None
Status:	Recommendation adopted by Committee of the Whole as presented as per Resolution CW187-18; Endorsed by County Council on July 26, 2018.

Recommendation

1. That Report ITR-CW-04-18 regarding Microsoft 365 License Agreement be received; and
2. That staff be authorized to enter into a procurement agreement with CDW Canada Corp., an approved OECM (Ontario Education Collaborative Marketplace) supplier, to provide Microsoft 365 licensing for three years (July 2018 to July 2021) at an estimated per year cost of \$223,680.32, plus applicable taxes.

Executive Summary

Grey County IT staff is recommending consolidating Microsoft licensing and migrating current services to Microsoft 365. This product is the cloud-hosted email and office licensing model that Microsoft is encouraging customers to adopt.

Licensing Grey County users under the Microsoft 365 model would provide significant advantages. It would be easier to manage and audit, avoiding compliance issues with Microsoft. It will allow users to stay on the current versions of Windows, Office and email, without requiring investment of time and financial resources from Grey County staff. It will allow for policy-based management of the Corporation's networked devices, improving security. Moving to Microsoft 365 will offer better email services to staff, and better availability, especially in disaster scenarios.

Background and Discussion

Grey County relies on Microsoft products, including Microsoft Office, Microsoft Exchange (email), and much of the software required for running the network (user access, databases, servers, etc.). The ability to use the software requires the purchase of an annual license. Microsoft conducts frequent licensing

audits and failure to license all software appropriately will result in significant financial penalties being levied.

Grey County IT staff has traditionally purchased licenses and upgraded MS Office and Exchange as needed, while maintaining other types of licenses through annual agreements.

Microsoft is in the process of changing its business and licensing models, and is encouraging customers to adopt cloud-based solutions for email, office licensing as well as Windows licensing and general user licensing (collectively “Microsoft 365”). This licensing is based on a per-user, annual subscription-based licensing model. The 2017-2021 Grey County Technology Strategy Plan recommended assessing Microsoft’s web-based email and office licensing as a means to improve service and manage corporate email.

The County’s existing “volume licensing” agreement with Microsoft is due for renewal in July 2018, and the 2018 IT operating budget included expenditures for upgrading versions of both MS Office and MS Exchange. Both of these software are currently hosted on County premises.

Review of License Requirements

In preparation for the renewal of Grey County’s MS Volume Licensing agreement, IT staff engaged the company of CDW Canada Corp. (OECM approved vendor) and Microsoft to assess the County’s existing license use and requirements. This assisted staff in comparing scenarios for renewing the existing agreement, acquiring Microsoft 365 on a per-user basis, or using a blended licensing model that maintains some on-premise licensing for shared devices.

From this exercise, the County’s technology partners, and IT staff, strongly recommend pursuing Microsoft 365 licensing on a per-user basis. The main differences between this option and other scenarios is that the County would not maintain any on-premise licensing or email, and the County would license users who currently access a shared device (such as paramedics, long-term care home staff, and transportation staff in remote offices). The Microsoft 365 license is less expensive than renewing our current license in compliance with Microsoft terms. It is slightly more expensive than managing “device licenses” on shared computers in remote offices, but it comes with several benefits and allows IT staff to replace other applications to increase the realized savings and improve service delivery. Financial comparison scenarios are provided in the Financial section of this report.

Security, Business Continuity, and Software Management

One of the main benefits to licensing Microsoft 365 is the ability of IT staff to apply policies to all corporate devices, far beyond the ability of IT department’s current set of tools. For example, IT can schedule Windows updates, or hold them back if there are known compatibility issues (a feature not available in the standard version of MS Windows 10).

Microsoft 365 includes licensing for a product called InTune, which could replace the existing mobile device management software. The software can be installed on virtually all endpoints, whether those devices are running Windows, Android, or Apple operating systems.

The Microsoft 365 licensing models store a copy of the County’s authorization database in the cloud. This could potentially allow for users at remote sites to authenticate against other cloud-based

applications using Grey County managed credentials, even if Grey County's data center was down. Staff could authenticate against their network device even in similar disaster scenarios.

The licensing includes anti-virus options for server and client, and therefore could replace existing anti-virus software. As well staff could implement management policies to facilitate acceptable network behavior on corporate devices.

Included in this software bundle is IT service management software (MS Systems Center). This management software would replace existing software that currently manages computers on the network. Systems Center allows IT staff to quickly report and assess the status on all network devices and MS licensing. It includes helpdesk software for managing IT services, and tools to align those services with a standard IT Service Management framework, such as ITIL (Information Technology Infrastructure Library) to assist with change management, asset management, etc.

Moving email to the cloud is a significant benefit to both the corporation in terms of service delivery, and IT staff managing MS Exchange. In Microsoft 365, IT staff are no longer managing which software version of Exchange is running and struggling to manage storage for large mailboxes. The Microsoft 365 mailboxes allow for 50 GB mailboxes for most users (compared with the current 2 GB limit IT imposes on most staff now). Email can also be managed according to corporate record retention policies (and held outside record destruction if flagged for legal matters or Freedom of Information requests).

With email in the cloud, the County would have better coverage for this service in several disaster scenarios. Microsoft will have their service duplicated across several geographic locations. Grey County staff would require only an internet connection, and not be reliant on Grey County's network (i.e. single point of failure) or local Internet Service Provider (ISP) to provide this service in an emergency.

Summary of Features

Purchasing Microsoft 365 licensing would add the following services that are part of Grey County's current licensing:

- Windows Enterprise licensing – manages windows licenses as a corporation, enforce policies for acceptable use, update schedules, etc.
- Microsoft Intune – mobile device management for apple, android and windows devices (would replace current device management software MDM).
- Re-instate software assurance on licensing – allows the County to update software without purchasing new licenses.
- Microsoft Systems Center – replaces helpdesk software. Also includes configuration manager and end point protection for advanced control and security of network devices.
- Windows Defender with advanced features – replaces current anti-virus software.
- Azure active directory – a cloud instance of Grey County's authentication database. Will allow for integration with other cloud based application, and cover staff for disaster recovery scenarios when the County's main data center is unavailable.
- Off-premise email – removes the burden of managing Microsoft exchange and increases service delivery to users:
 - Better availability in disaster recovery scenarios;

- Increased storage for individual mail boxes (50 GB for most users); 2 GB for users who don't need Microsoft Office;
- Enterprise management of the email system, allows for searching and managing all email accounts;
- In-place records retention for email;
- On-line archiving.
- Licensing would also include training options in MS products available to all staff;
- Licensing allows for use on up to five devices, including free participation for staff in MS Home (use of MS Office products on personal computers).

Legal and Legislated Requirements

Failure to license all software appropriately will result in significant financial penalties being levied.

Financial and Resource Implications

The three licensing scenarios explored by Grey County IT staff are outlined in the table below. Pricing is based on the competitively sourced OECM (Ontario Education Collaborative Marketplace) agreement. Prices have been shown as estimates, based on current OECM procurement pricing, not formal quotes, and would be revised slightly based on final counts on staff license requirements. This estimate is also the upper limits of a formal quote, as credit for some existing licensing from Microsoft is anticipated.

Option	Description	Price (Net HST)
1 – Microsoft 365 (preferred)	Windows enterprise licensing, office, and individual user licenses.	\$227,617
2 – Blended 365	Microsoft 365 licensing for administrative staff, device licensing on shared computers.	\$201,843
3 – Current	Renew current licensing in compliance with Microsoft licensing terms.	\$229,174

Although Option 1, which is preferred by staff, is more expensive than option 2, Option 1 provides more tools and control over the network, and allows IT staff to discontinue other licensed products (current anti-virus provider and help desk software) that will make the two options virtually the same in terms of cost.

Grey County IT staff have budgeted sufficiently for this project in the 2018 IT operating budget. Subsequent years would show an increase to cover the costs of MS licensing.

Relevant Consultation

Internal – Kim Wingrove, Kevin Wepler and IT Staff

External – CDW and Microsoft

Appendices and Attachments

[ITR-CW-02-17 Information Technology Strat Plan](#)