



City of Racine, Wisconsin
Agenda BRIEFING MEMORADUM

AGENDA DATE:

April 11, 2022 – Finance and Personnel
 April 18, 2022 – Common Council

SUBJECT:

Communication sponsored by Alder Taft, requesting permission to enter into a three-year contract, 2022048 with Microsoft Corporation to purchase Microsoft 365 G3 and Defender for Endpoint.

PREPARED BY:

Adele Edwards, Chief Information Officer

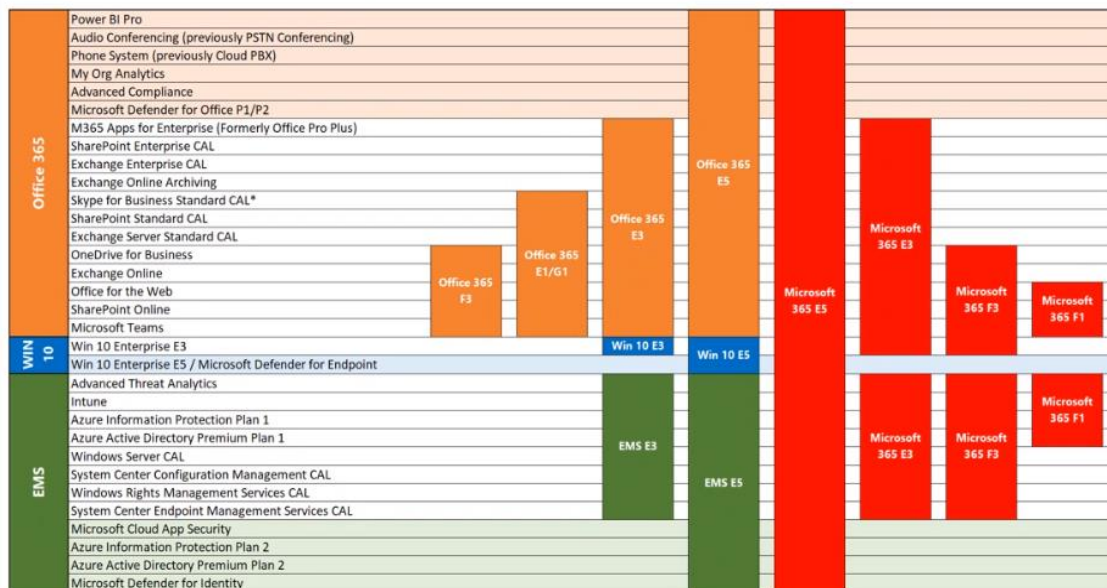
EXECUTIVE SUMMARY:

The Management Information Services (MIS) Department is requesting authorization to enter into a three-year contract with Microsoft Corporation to purchase Microsoft 365 G3 and Defender for Endpoint. The purchase will be done under an existing state contract with CDW #505ENT-M21-NASPOSVAR-01.

PROJECT BACKGROUND & ANALYSIS:

The City of Racine has used Microsoft products for over 20 years, including Office (Word, Excel, PowerPoint, etc.), Outlook email, and Exchange Server (email and calendaring server). Over 30 different products are sold in three different groups across six (6) different sales packages. Microsoft is the only company that makes these products, though there are similar products on the market (for example Google). While a move to a different product was considered, the cost to train city staff and implement new software would be prohibitive. (See figure below – the city currently pays for Office 365 G3 [G3 – Government 3, E3 is the same just for enterprise customers] orange bar)

Microsoft 365 Product Solutions



Our current three (3) year contract is up for renewal. The MIS department worked with Microsoft and a reseller to understand the complexities of the options. MIS assessed what the city currently pays for, uses, plans to use, and how quickly MIS expects to be able to implement any new software. MIS discussed the city's need for security and best practices.

The city currently pays for Office 365 G3 and a few other software that are purchased A La Carte. As a large (over 500 personal computers) stable organization, the city has purchased Microsoft's Enterprise Agreement. It is a volume licensing package offering pricing discounts (15% or more), Software Assurance (giving us access to the latest software at no additional cost, planning services, training, and 24/7 technical support), annual payments (contract is 3 years), and other benefits. Our analysis included the fact that if the city stays with the Office 365 set of software (orange in the picture) the city would not be able to move to the Microsoft 365 (red in the picture) set of software (includes more software) within the next three (3) years. A three-year contract allows movement within Office 365 (orange) or Microsoft 365 (red) but not across to the other set.

Microsoft increased its software costs by 10% in 2022, which are included in the new prices.

After our analysis, MIS recommends the City of Racine purchase Microsoft 365 G3. This will give the city all the software currently used in Office 365 G3 as well as the software in the Enterprise Mobility and Security (EMS – green in above picture) increasing our security. Some of these items are already paid for A La Carte. Additionally, if during the next three (3) years the City would want to move to Microsoft G5 it could and get access to everything Microsoft offers in this set of software. To improve our ability to secure (prevent, detect, investigate and respond to advanced threats) our network endpoint devices (desktops, laptops, smartphones, servers, etc.) MIS recommends the city also purchase Defender for Endpoint. This software is not part of the Microsoft 365 G3 option and needs to be purchased A La Carte. If we move to Microsoft 365 G5, Defender for Endpoint would be included.

BUDGETARY IMPACT:

This is a three-year contract with a total cost of \$1,003,313.76. Funds are available in account #70113-57800 for FY 2022 and costs for subsequent years will be appropriated during the annual budget process.

RECOMMENDED ACTION:

The Mayor and City Clerk be authorized to execute and sign a contract, 2022048 with Microsoft Corporation to purchase Microsoft 365 G3 and Defender for Endpoint.

AMENDED

Supplemental questions (and answers) asked at the Finance and Personnel meeting April 11th.

1. Do all City Departments use this set of software?
 - a. Yes, all City Departments (Police, Fire, Finance, DPW, etc.) use the software. It includes Office (Word, Excel, PowerPoint, etc.), Outlook email, Exchange Server (email and calendaring server), and many others. Alders also use with their City supplied @cityofracine.org email.
2. Discuss more about looking at other replacement software, additional costs, and timelines.
 - a. Since all City staff (close to 800) staff use the Microsoft software, we have stored documents, emails, etc. in Microsoft formats, as well as, have known processes used for over 20 years tied to Microsoft's various software, moving to another software

suite such as Google would cost the city staff time to be trained to learn the new systems, time to acclimate to new process, and possible costs to convert data to different formats. Due to these and other reasons, we are not looking into moving non-Microsoft solutions in the next three years.

3. What is the cost differential from this contract compared to the prior?
 - a. Microsoft increased its prices by 10% across all software. We paid \$257,356 last year. Since our current three-year contract is ending, we needed to assess our options. If we stay with the current software suite (Office 365 G3) which we have used for the last three years, the new total three-year cost to the City of Racine would have been \$805,389 (\$268,463/year). The package we want to move to includes Enterprise Mobility and Security (EMS – green in above picture) increasing our security and only costing \$24, 447 more per year for access to eight more software items, and the A La Carte Microsoft Defender for End Point (\$41,528/year), for a total cost of \$1,003,314 (\$334,438/year).
4. Discuss the new security features.
 - a. We will have access to the following:
 - Defender for Endpoint - improves ability to secure (prevent, detect, investigate and respond to advanced threats) network endpoint devices (desktops, laptops, smartphones, servers, etc.)
 - Azure Active Directory - Identity and access management solution that helps safeguard user credentials and connect people securely to the apps they need
 - Microsoft Intune - Cloud-based unified endpoint management, access management, and data protection
 - Microsoft Endpoint Configuration Manager Systems - management software for managing on-premises PCs, servers, and mobile devices with cloud-powered insights
 - Azure Information Protection - Cloud-based data classification, tracking, protection, and encryption
 - Microsoft Advanced Threat Analytics - On-premises platform that protects against advanced targeted cyber-attacks and insider threats
 - Microsoft Secure Score Intelligent - insights and guidance that help maximize the security posture with Microsoft 365 and Azure
5. Is software maintenance, updates, etc. included in this purchase?
 - a. Yes, we pay one yearly cost for three years and everything is included. Extra costs would only be incurred if we purchased additional software not included in the Microsoft 365 G3 suite of software.

