



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6d

**ACTION ITEM**

**Date of Meeting** October 24, 2017

**DATE:** October 16, 2017

**TO:** Dave Soike, Interim Executive Director

**FROM:** Peter Garlock, Chief Information Officer

**SUBJECT:** Microsoft Enterprise Software License Agreement

**Amount of this request:** \$2,700,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute appropriate contract documents for the purpose of renewing the Port's Microsoft Enterprise Software License Agreement through December 31, 2020, at a cost not to exceed \$2.7 million.

**EXECUTIVE SUMMARY**

Approval of this request will allow the Port to continue receiving security patches, software upgrades, licensing discounts, and maintenance support for Microsoft systems and applications used throughout the Port of Seattle through December 31, 2020.

Microsoft's Enterprise Software License Agreement provides the Port of Seattle with discounted pricing on software upgrades, service packs, security updates, Microsoft training, and customer support services. This agreement also enables the Port of Seattle to purchase additional software licenses at discounted prices as needed. Renewal of this agreement will provide continued support of our currently installed Microsoft products for the next three years (2018 - 2020).

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not renew support. This would mean we would no longer receive critical security updates and upgrades for Microsoft enterprise software (Windows, Exchange, SharePoint, SQL, etc.). In addition, we would not receive assistance with any problems arising in the software. Our Microsoft applications would rapidly become outdated, and the risk of extended downtime due to software failure will increase.

**Cost Implications:** The significant costs related to a major security breach or operational failure due to unresolved software bugs cannot be determined.

**Pros:**

- (1) Operating expense funding initially lower.

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Cons:

- (1) We would not receive updates and upgrades and security patches for Microsoft enterprise software (Windows, Exchange, SharePoint, SQL, etc.)
- (2) We would not receive assistance with any problems arising in the software.
- (3) Without receiving updates and upgrades, we would have to purchase the current software again in a few years at an unknown cost, but almost certainly higher.

This is not the recommended alternative.

**Alternative 2** – Renew the support agreement to provide for another three years of support.

Cost Implications: \$2,700,000

Pros:

- (1) Receive updates and upgrades and security patches for Microsoft enterprise software (Windows, Exchange, SharePoint, SQL, etc.)
- (2) Receive assistance with any problems arising in the software.

Cons:

- (1) Commits an operating expense over a period of three years.

*This is the recommended alternative.*

**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$0	\$2,700,000	\$2,700,000
<b>AUTHORIZATION</b>			
Previous authorizations	0	0	0
Current request for authorization	0	\$2,700,000	\$2,700,000
Total authorizations, including this request	0	\$2,700,000	\$2,700,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

Annual amount expensed in Information & Communication Technology expense budget.

***Financial Analysis and Summary***

Project cost for analysis	\$2,700,000
Business Unit (BU)	Corporate
Effect on business performance (NOI after depreciation)	n/a
IRR/NPV (if relevant)	n/a

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CPE Impact	n/a
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**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

November 4, 2014 – The Commission authorized a three year renewal of the Microsoft Enterprise Agreement for the period (2015-2017) at an estimated cost of \$2.5 million

December 13, 2011 – The Commission authorized a three year renewal of the Microsoft Enterprise Agreement for the period (2012-2014) at an estimated cost of \$2.5 million.