

**REPORT OF FINANCE MANAGER AND BUSINESS IMPROVEMENT AND IT  
MANAGER**

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**SUBJECT: MICROSOFT LICENSE SUITE UPGRADE**

**Background**

The majority of the Authority's IT systems and applications are hosted by a fleet of servers running Microsoft infrastructure server software, the authority email system is Microsoft Exchange and each desktop PC and laptop has Microsoft Office and Outlook installed.

As a result of budgetary constraints, the Authority has not upgraded the installed versions of server or desktop software for a number of years. As from 14 January 2020, Microsoft will no longer provide technical support or software and security updates for the server platforms the Authority's systems are running on and the same support will be removed for the installed versions of Exchange and Office on October 13, 2020.

**Risk Considerations**

- Continuing to use outdated and unsupported software presents a security risk to the Authority's systems and data as vulnerabilities in the software are no longer shielded from cybercriminals.
- Failure to maintain version currency at the server and client levels often negates the ability to utilise the latest versions of business software applications. This not only presents practical inefficiencies but incurs increased support maintenance and support costs for those systems.

**Financial Considerations**

Due to a change in Microsoft's defined qualification for third sector (Charity and Education) licensing programme, the Authority no longer meets the criteria for additional discounts.

Microsoft's licensing programmes are extremely complicated which has subsequently required a considerable amount of time and effort both on the part of Authority IT staff and the Authority's IT Solution and Services provider to map out the most efficient infrastructure configurations, apply the licensing structures and corresponding pricing.

Microsoft currently offers two 'flavours' of product:

**Option 1:** Hosted – Office 365 (including email) is hosted and supported by Microsoft.

This is licensed on an annual business subscription (revenue cost). The Authority has received an indicative quote of £48K per year for server licensing and the Office 365 platform.

The Office 365 suite presents significant collaborative and transformational working opportunities in addition to the traditional suite of email, word processing, spreadsheet and presentation software. Office 365 includes several seamlessly integrated productivity applications that are designed to cover collaboration needs at the organisational, departmental and team levels, providing a platform to enable true digital transformation. As a hosted solution, the Authority's back up and disaster recovery capability requirements are reduced.

The Authority does not currently have the revenue budget available to commit to this annual spend.

**Option 2:** On Premises – Office 2019 (including email) resides on the Authority's servers with technical support and updates provided remotely by Microsoft.

This is a perpetual license (i.e., one off capital cost). The Authority has received an indicative quote of circa £108K (one off cost) for server licensing and the Office 2019 platform.

Office 2019 (including email) is essentially the same suite of email, word processing, spreadsheets and presentation software currently used by the Authority with additional features and some improved capabilities. In comparison to Option 1, this is the compliance and risk mitigation option.

Option 2 presents a period of stability with a commitment from Microsoft to provide extended support (security updates) through to 2025. With the loss of eligibility for Microsoft's third sector licensing programme and taking current budgetary constraints into consideration, a one off capital cost of circa £108K is the most financially prudent choice for the Authority. The funding for the license will be from the Authority's capital Receipts Reserve.

## **Recommendation**

**Members are requested to approve expenditure of £108k to cover the provision of Microsoft licences through to 2025.**

(For further information, please contact Debbi Church, Business Improvement and IT Manager)