

**To:** California State Lottery Commission **Date**: January 9, 2008

From: Joan M. Borucki

Director

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Information Technology Services Division

**Subject:** Item 8(a) - Approval to Purchase Microsoft Software Licenses and

Assurance

## **ISSUE**

Should the California State Lottery Commission (Commission) approve the purchase of Microsoft Software Assurance and licenses for computer software on all personal computers and servers to be paid over three succeeding years (2008, 2009, and 2010)?

## RECOMMENDATION

Staff recommends that the Commission approve the proposed Microsoft Software Assurance and license purchase. If approved, the California State Lottery (Lottery) would be entitled to licenses, all maintenance updates, full release upgrades and technical support of Microsoft's software for all of its personal computers (PC's) and servers, including all in-house Internet Web Servers, for three years, from February 1, 2008 through January 31, 2011. The total estimated cost of the three year contract is \$675,000 to be paid in three annual payments.

## BACKGROUND

These agreements entitle the purchaser to all upgrades and revisions to the software over the life of the agreement at substantial savings over the cost of purchasing individual upgrades when they are released. The Lottery has purchased software maintenance on Microsoft products for the six previous multi-year contracts, encompassing the past eleven years.

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## **DISCUSSION**

Microsoft products are the foundation of almost all work done by Lottery staff: document creation, numeric analysis, website development and maintenance and many others. The program has proven very beneficial to staff, providing access to improved technical support, access to "e-learning" and interactive computer-based training.

On average, each software package is upgraded about once a year. Without Software Assurance agreements, costs would be significantly higher if separate individual upgrades were purchased. Moreover, the Lottery's staff time from Customer Support, Contracts, Budgets and Procurement to process the purchase of individual upgrades of the software products, would be unnecessarily burdened. This enterprise agreement allows adjustments once a year for all licenses covered instead of having separate procurements for each product. The agreement provides other benefits such as expanded technical support and on-line training access that would not be available if procured in pieces. Additionally, the agreement allows the Lottery to maintain the legal requirements to use the software while keeping our business operation in the mainstream.