MEMORANDUM

Date: February 10, 2011

To: California State Lottery Commission

From: Linh Nguyen
Acting Director

Prepared By: Ellen Ishimoto, Deputy Director
Information Technology Services Division

Subject: Item 8(a) – Microsoft Enterprise Licensing Agreement Purchase

ISSUE

Should the California State Lottery Commission (Commission) approve the purchase of a three year Microsoft Enterprise Licensing Agreement for the Microsoft computer software used by the California State Lottery (Lottery)?

RECOMMENDATION

Staff recommends that the Commission approve the purchase of Microsoft's Enterprise Licensing Agreement. This Enterprise Agreement provides the Lottery with the best pricing for Microsoft product licenses, new product versions, technical support, and training. The term will be three years beginning March 1, 2011 and ending February 28, 2014. The total estimated cost will not exceed $780,000.

BACKGROUND

For the past 14 years, the Lottery has purchased enterprise licensing on Microsoft software products. The Lottery uses Microsoft Office productivity products such as Microsoft Word, Excel, Outlook, and PowerPoint. The Lottery also uses Microsoft business software products for the Sales Division and products used to build business applications such as the Lottery's intranet website and our business intelligence solution. Many of the Microsoft products are tightly integrated. For instance our Sales Force Automation System that is based on the Microsoft Customer Relationship Management software is integrated with Microsoft Outlook. Also, our business intelligence software will provide ad hoc reporting using Microsoft Excel.

DISCUSSION

Microsoft offers various volume licensing programs. The Enterprise Agreement for Government program is the best fit for the Lottery. The Enterprise Agreement program provides a simplified license management with a single agreement for all Microsoft products, allows adjustments once a year for all the product licenses covered instead of individual procurements throughout the year. It also includes the Microsoft Software Assurance program that entitles the purchaser to all upgrades and revisions to the software over the life of the agreement. Training for employees is included in the program along with 24/7 technical support, and on-site consulting services for deployment.