

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology **Date of Meeting:** May 20, 2009

Agenda Item: Microsoft Contract Approval

- Proposed Policy Action Approval Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Board Policy 5.14, Procurement and Contracts, adopted June 21, 2000, requires approval by the Board of Trustees for contracts of two million dollars or more.

Scheduled Presenter(s): Ken Niemi, Vice Chancellor - Chief Information Officer

Outline of Key Points/Policy Issues:

An agreement has been negotiated with Microsoft Corporation that enables Minnesota State Colleges and Universities to purchase products for three years at the current price level. Microsoft Office Suite is used on all campuses and the System Office for daily work. Procurement of the proposed licenses will be completed in accordance with Board Policy 5.14, Procurement and Contracts. The estimated cost is at \$1.5 million annually, for a three year estimated total of \$4.5 million.

Individuals from the Office of the Chancellor ITS division and the State of MN Attorney General's Office were involved in the negotiations of this agreement.

Background Information:

The Office of the Chancellor negotiates a system-wide Microsoft Agreement on behalf of all system institutions. By consolidating these negotiations, it allows Minnesota State Colleges and Universities to create a larger license base, creating the ability to receive significant volume discounts for our institutions.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION
Microsoft Contract Approval

BACKGROUND

The System Office negotiates a system-wide agreement on behalf of all system institutions. By consolidating the negotiations at this level, it allows creation of a larger license base, which enables the system to receive significant volume discounts for our institutions. The terms of the agreement will result in an estimated annual savings of \$270,000 for system-wide costs. The current agreement expires June 30, 2009. The current negotiations are for the period July 1, 2009 through June 30, 2012. This agreement will allow Minnesota State Colleges and Universities to “fix” the price at the current level for the duration of the agreement. This contract must be renewed annually, even though the pricing is valid for the entire three year period.

The table below illustrates the historical costs of these licenses for Minnesota State Colleges and Universities.

Period Of License	Licenses Total Cost
July 1, 2003 through June 30, 2004	\$ 815,543.00
July 1, 2004 through June 30, 2005	\$ 865,425.71
July 1, 2005 through June 30, 2006	\$ 905,605.86
July 1, 2006 through June 30, 2007	Institutions Billed Directly, Cost Not Available
July 1, 2007 through June 30, 2008	\$ 1,293,408.34
July 1, 2008 through June 30, 2009	\$ 1,390,290.73

The System Office has worked closely with the State of Minnesota Attorney General’s office throughout this process to insure that all legal obligations are being met. Once this agreement is approved, the System Office will utilize a vendor that has already been approved by the Department of Administration. The vendor is listed under the Master Contract program. Minnesota State Colleges and Universities are authorized to utilize this program under the CPV purchasing agreement.

The System Office will contact all institutions to determine their licensing needs for each fiscal year. Once the license requirements are determined, the System Office will provide each institution with their financial obligation for the license renewal. The

System Office then works with each institution to insure the necessary purchase orders are created for each institution. The System Office ITS department, in conjunction with the System Office Business Office, will create a single purchase order for these licenses annually. The System Office ITS department will work with the System Office Business Office to create an invoice for each installation appropriately. By following the above process, each campus will receive the licenses they require at a reduced cost.

RECOMMENDED COMMITTEE MOTION:

The Finance, Facilities and Technology Committee recommends that the Board of Trustees adopt the following motion: The Board of Trustees approves execution of an agreement with Microsoft Corporation. The annual agreement is not to exceed a value of \$1,500,000, with an option to renew for two additional years for a total value of \$4,500,000. The Board directs the Chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD OF TRUSTEES MOTION:

The Board of Trustees approves execution of an agreement with Microsoft Corporation. The annual agreement is not to exceed a value of \$1,500,000, with an option to renew for two additional years for a total value of \$4,500,000. The Board directs the Chancellor or his designee to execute all necessary documents.

Date presented to the Board: May 20, 2009