



RICHARD SANCHEZ  
CHIEF INFORMATION OFFICER

**COUNTY OF LOS ANGELES**  
**CHIEF INFORMATION OFFICE**  
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May 06, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

28 May 6, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Supervisors:

**AUTHORIZE CONSOLIDATION OF FIFTEEN ENTERPRISE LICENSE  
AGREEMENTS FOR MICROSOFT OFFICE AND APPROVAL OF A  
ONE-TIME APPROPRIATION ADJUSTMENT**

**(ALL DISTRICTS – 4 VOTES)**

**SUBJECT**

The Chief Information Office is requesting Board approval to consolidate fifteen Microsoft Enterprise License Agreements into a Countywide Microsoft Office 365 License Agreement, delegate authority to the Chief Information Officer to execute a Work Order under the Microsoft Master Services Agreement, and approval of a one time Appropriation Adjustment for the initiative.

**IT IS RECOMMENDED THAT THE BOARD:**

Approve and instruct the Chairman of the Board to:

1. Authorize the Director of Internal Services Department (ISD), as the County of Los Angeles' (County) Purchasing Agent, to proceed with the solicitation and award a five-year Countywide Microsoft Office 365 (Office 365) License Agreement at an estimated amount of \$14,200,000 per year.
2. Delegate authority to the Chief Information Officer (CIO) to execute a Work Order (WO) for an amount not to exceed \$2,200,000 under the Microsoft Master Services Agreement (MSA) for technical consulting services to migrate user and shared E-mailboxes to the Office 365 Exchange Online Service.

3. Approve the Appropriation Adjustment (Attachment I) that transfers \$7,177,000 from the Non-departmental Special Accounts budget unit and that re-directs \$7,086,000 in funding to the CIO's Information Technology Infrastructure Fund to provide necessary one-time funding for the initiative.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Currently, there are fifteen separate Enterprise License Agreements for Microsoft Office covering twenty-four departments at a total annual cost of \$10,970,206. The Enterprise License Agreements include a perpetual license for Microsoft Office and entitles subscribed users to software upgrades at no additional cost. Eight departments that do not have Enterprise License Agreements have purchased Microsoft Office perpetual licenses only and will be required to purchase new perpetual licenses at an estimated cost of \$1,656,000 each time they upgrade the Microsoft Office software. The remaining five departments (Community Development Commission, Arts Commission, Museum of Natural History, Los Angeles County Museum of Art, and Executive Office of the Board) are not included in this license consolidation initiative. However, the same terms and pricing are available to these departments should they choose to be included.

Office 365 is a User Subscriber License model that will provide significant benefits over the Enterprise License Agreement and perpetual license models, including:

1. License entitlements for up to ten devices per user for:
  - Microsoft Office Professional Enterprise Edition (Word, Excel, Access, PowerPoint, Outlook, and Publisher);
  - Microsoft SharePoint Enterprise Edition; and
  - Lync Enterprise Edition for web conference and messaging.
2. Storage of up to 50GB per user E-mailbox.
3. Unlimited E-mail archiving.
4. Secured online storage (OneDrive) with 25GB per user for collaboration and file sharing.
5. Service availability of 99.9 percent for online E-mail and SharePoint services.
6. Legal hold and eDiscovery services.

There will be a projected ongoing annual cost avoidance of \$2,475,000 to \$2,714,000 with the Office 365 User Subscriber License model after the first year of implementation, based on the current cost of Microsoft Enterprise License Agreements and ISD's cost for centralized E-mail services (estimated at \$8,101,648 annually). All Enterprise License Agreement payments will be cancelled starting in Fiscal Year (FY) 2014-15, and affected departments can apply the cancelled payments for their Office 365 user licenses. The Office 365 Online Services will adhere to the Health Information Portability and Accountability Act (HIPAA), Health Information Technology for Economic and Clinical Health (HITECH) Act, and California Criminal Justice Information Services (CJIS) requirements.

Approval of the recommended actions will provide for the acquisition of Office 365 licenses for 96,000 employees and technical consulting services to migrate user and shared E-mailboxes to Office 365 Exchange Online Service.

### **Implementation of Strategic Plan Goals**

The recommended action supports the County's Strategic Plan Goal Number 1, Operational Effectiveness. The Agreement offers increased flexibility to deploy Office 365 user licenses and online services for up to ten devices (desktops, laptops, mobile devices, and tablets) per user with significant annual cost avoidance over current licensing and operations.

### **FISCAL IMPACT/FINANCING**

The initial estimated one-time cost for FY 2013-14 is \$14,263,000 for 95,520 Office 365 User Subscriber Licenses and services to migrate user and shared E-mailboxes to Office 365 Exchange Online Service. This cost will be partially offset by \$7,086,000 from re-directed Enterprise License Agreement payments that are due to Microsoft under the current agreements. One-time funding will be provided from the Non-departmental Special Accounts to the CIO to cover the remaining \$7,177,000. Beginning in FY 2014-15, ongoing annual cost for Office 365 User Subscriber Licenses will be funded through individual department's Operating Budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

While the acquisition of software licenses falls within the authority of the County Purchasing Agent, the purchase of Office 365 User Subscriber License is inclusive of an online service component that exceeds the authority of the Purchasing Agent, and requires Board approval.

### **CONTRACTING PROCESS**

The purchasing of the Office 365 User Subscriber License will be accomplished in accordance with the County's Purchasing Policies and Procedures established by ISD. The technical services for the migration of user and shared E-mailboxes will be performed under a Microsoft MSA WO, upon Board approval of the recommended action.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will provide improved licensing entitlements for the use of Office 365, SharePoint, as well as web conferencing, messaging, and secured online storage to support collaboration and file sharing for County users.

### **CONCLUSION**

The Executive Office, Board of Supervisors, is requested to return a stamped copy of the approved Board letter and the original Appropriation Adjustment signed by your Board to the Chief Information Office, 350 S. Figueroa St., Suite 188, LA World Trade Center, Los Angeles, CA 90071.

The Honorable Board of Supervisors

5/6/2014

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Respectfully submitted,

A handwritten signature in black ink that reads "Richard Sanchez". The signature is written in a cursive, flowing style.

RICHARD SANCHEZ

Chief Information Officer

RS:pg

Enclosures

c: Chief Executive Officer  
Executive Officer, Board of Supervisors  
County Counsel

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BA FORM 04092014

BOARD OF SUPERVISORS  
OFFICIAL COPY

June 23, 2014  
DEPT NO: 060

COUNTY OF LOS ANGELES

**REQUEST FOR APPROPRIATION ADJUSTMENT**

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

**AUDITOR-CONTROLLER:**

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

**ADJUSTMENT REQUESTED AND REASONS THEREFOR  
FY 2013-14  
4 - VOTES**

SOURCES		USES	
<b>INFORMATION TECHNOLOGY INFRASTRUCTURE FUND</b>		<b>INFORMATION TECHNOLOGY INFRASTRUCTURE FUND</b>	
B16-IO-92-9846-40033		B16-IO-2000-40033	
REIMBURSEMENT OF COSTS - CHARGES FOR SERVICES		SERVICES & SUPPLIES	
<b>INCREASE REVENUE</b>	<b>7,086,000</b>	<b>INCREASE APPROPRIATION</b>	<b>14,263,000</b>
<b>INFORMATION TECHNOLOGY INFRASTRUCTURE FUND</b>		<b>NONDEPARTMENTAL SPECIAL ACCOUNTS</b>	
B16-IO-96-9911-40033		A01-CB-6100-13690	
OPERATING TRANSFERS IN		OTHER FINANCING USES	
<b>INCREASE REVENUE</b>	<b>7,177,000</b>	<b>INCREASE APPROPRIATION</b>	<b>7,177,000</b>
<b>NONDEPARTMENTAL SPECIAL ACCOUNTS</b>			
A01-CB-2000-13690			
SERVICES & SUPPLIES			
<b>DECREASE APPROPRIATION</b>	<b>7,177,000</b>		
<b>SOURCES TOTAL</b>	<b>21,440,000</b>	<b>USES TOTAL</b>	<b>21,440,000</b>

**JUSTIFICATION**

Reflects an increase in appropriation and revenue to consolidate fifteen Microsoft Enterprise License Agreements into a countywide Microsoft Office 365 License Agreement.

**ADOPTED**  
BOARD OF SUPERVISORS

*Gevork Simdjian*  
AUTHORIZED SIGNATURE      GEVORK SIMDJIAN, MANAGER, CEO

~~# 28~~ **MAY 06 2014**  
BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR---

- ACTION
- RECOMMENDATION

- APPROVED AS REQUESTED
- APPROVED AS REVISED

AUDITOR-CONTROLLER

BY *[Signature]*

CHIEF EXECUTIVE OFFICER

BY *Matthew McP...*

B.A. NO. **190**

DATE **April 21, 2014**

DATE **April 22, 2014**