

COUNCIL AUTHORITY FOR CONTRACT AWARDS CONTRACT INCREASE

| | |
|-------------------------------|---|
| Project Award | Contract Increase – Microsoft Enterprise Licenses |
| Recommendation | Staff is recommending approval to proceed with a contract increase to Compugen Inc. for the renewal of a new 3-year Microsoft Enterprise Agreement with an annual contract amount of \$691,120 (total contract amount of \$2,073,360). |
| Purpose of Report | As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required. |
| Background information | <p>The Town relies on client and server-oriented software products from Microsoft Corporation for a wide range of internal and external technology needs. In order to maximize the benefits of previously acquired (and future-planned) Microsoft products and ensure optimal value for software licensing, the Town has previously enrolled in an Enterprise Agreement (EA) for its Microsoft suite of licensing. An EA, paired with appropriate Software Assurance (SA) rights for owned products, allows the Town the flexibility to continually deploy the latest cloud or on-premises versions of select Microsoft products (ensuring continued vendor support and compliance), provides 24x7 technical support, deployment planning services as well as unique license conversion and upgrade options as the Town continues to grow and software needs evolve.</p> <p>The Town of Milton has had a formal enterprise agreement through an authorized Licensing Solution Provider (LSP) for Microsoft services since 2019, with the most recent term running from July 2022 – July 2025 which was awarded to Compugen Inc. under tender 22-576. Since the start of the Town's current EA (July 2022) the organization has continued to grow and expand its technology offerings and in turn, its reliance on Microsoft software products, many of which have become critical to the day-to-day operations of the organization. In early 2025, in anticipation of an upcoming EA renewal, the Information Technology division performed an internal audit of existing Microsoft software products in use at the Town to ensure the organization is renewing and/or purchasing a Microsoft software package purpose fit for the organization and its continued needs and growth pattern.</p> <p>The Town's current 3-year EA expires on July 31, 2025. In order to limit disruption to existing services and retain future version upgrade rights for currently owned Microsoft products, the Town is required to enter into a new EA no more than 30 days after expiry of its outgoing EA. Failure to enter into a new EA prior to August 31st may result in a disruption to ongoing technology services and/or the Town losing the ability to renew and extend existing licensing benefits which would require the organization to repurchase</p> |

Schedule F

| | |
|--|---|
| | <p>previously-owned licensing rights at additional cost. The Town is opting for a contract increase to its existing LSP in lieu of a competitive tender for a new LSP for this EA renewal. The organization's current software pricing model is based on a Microsoft-standard government cost tier. Thus, overall EA pricing is not expected to fluctuate much between LSPs (the Town's previous tender award in 2022 had a 0.65% margin between the winning bid and the second lowest bid, a total difference of \$8,331 on a \$1.3M 3-year contract). Continuation through the existing vendor provides efficiencies and ensures continuity for the Town for this 3 year extension period.</p> <p>As such, the Town is recommending a total contract increase of \$2,073,360 (excluding taxes) be awarded to Compugen Inc. for the renewal of the Town's 3-year EA.</p> |
| Financial Planning Section: Budget Impact (Note 1) | |
| Account Number(s) Account Description Project Total Budget | 2216-3445 Software Annual Licensing N/A |
| Contract Budget (Note 2) Actual (Net of HST Rebate) (Note 2) Variance (Note 3) Funding Source | \$782,463 \$703,284 \$79,179 (F) Operating Budget |

Note 1: Financial impact includes any non-refundable portion of HST.

Note 2: Contract budget and actual represent annual funding and contract amount.

Note 3: Contract actuals are an estimate only. Spending relative to the approved budgets will be reviewed with Financial Planning and any variances reported through the variance process.