

Q. INFORMATION SYSTEMS**SYSTEM UPGRADES (POOLED), p. 71 of 81, \$1,076,000****PUB 33.0**

In the description of the purchase of the Microsoft Enterprise Agreement three options are outlined. Please provide the Cost Benefit Analysis that was used to determine that the chosen option is the least expensive.

A. The Company considered the following options when determining the least expensive Microsoft software purchasing strategy:

1. Do nothing now and upgrade once within three years;
2. Renew the existing Microsoft Enterprise Agreement (“MEA”); and
3. Purchase licenses under a Select Agreement from a third party reseller.

Table 1 below provides cost estimates associated with the purchase and ownership of the Company’s personal computer (“PC”) software under these three options.

Table 1 Cost Estimates for Microsoft Software			
Software	(Option 1) Upgrade Once in Three Years ¹	(Option 2) MEA Renewal ²	(Option 3) Purchase under Select Agreement ³
Total for Microsoft Licenses with MEA		\$ 271	
Windows Professional Upgrade	\$ 225		\$ 421
Office Professional	551		1,030
SharePoint Portal Server and SQL Server CAL ⁴	85		148
Systems Management Server CAL	49		86
Exchange Server CAL	80		141
Windows Server CAL	35		61
		x 3 years	
Total (per PC)	\$ 1,025	\$ 813	\$ 1,887

¹ This is current pricing from Microsoft and is subject to possible price fluctuations.

² This pricing is fixed for the 3-year term of the contract.

³ This is current pricing from xwave for the initial license and upgrades and is subject to possible price fluctuations.

⁴ CAL is a Client Access License.

1 Renewal of the existing MEA (Option 2) provides an overall cost savings of
2 approximately 21% as compared to Option 1 and 57% as compared to Option 3. The
3 MEA pricing model (Option 2) is structured such that for the Company's requirements
4 it is always less costly than other available options.

5
6 Renewing the MEA distributes fixed purchasing costs for software over three years, and
7 provides the Company with the flexibility to install any version of the software products
8 as required including the most recent versions of the software upon expiry of the
9 agreement.

10
11 Purchasing software licenses under either Option 1 or Option 3 is not operationally
12 efficient, since they introduce increased administrative effort and additional costs each
13 time a new software license is required.

14
15 As shown by this analysis, renewing the MEA remains the least expensive option for
16 the purchase of required Microsoft software licensing.