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| Wards Affected: <i>All Wards</i> |
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APPROVAL TO TENDER FOR MICROSOFT EXCHANGE (EMAIL) SERVER

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Executive Summary:

This report sets out a recommendation for approval to tender to obtain the necessary hardware to implement the upgrade of Microsoft Exchange (email) Server 2010 from the current Exchange 2003

The most advantageous contract approach will be selected based upon standard framework contract responses for nationally agreed product sets and pricing. A START document gives further details and is available on request.

1. Recommendation(s)

- 1.1 That tenders be invited for the supply of hardware (servers and storage) to upgrade the Council's systems to Microsoft Exchange 2010.

2. Issues

- 2.1 The Council's Constitution and contract procurement procedures require all procurements in excess of £100,000 to be approved by the Cabinet Procurement Committee. This includes both the decision to formally award contracts and the decision to authorise officers to commence tender processes.
- 2.2 A capital project to replace the current Microsoft Exchange servers was proposed in 2011. In accordance with the Council's project management requirements a project START document was created that identified the strategic requirement to replace the aging email system at an estimated cost of £150K and has been subjected to scrutiny of CPRC. The START (part of the standard project management process for the Council) document was approved as part of the Capital programme in February 2012 and approval to spend was granted at the CPRC on 28th May 2012 with approval from Cabinet being sought on 25th July 2012.
- 2.3 Microsoft Exchange is the central hardware/software infrastructure which delivers the email service to desktop clients. It should be noted that the procurement of the latest MS Exchange software does not form part of the procurement as the Council already own the licenses to upgrade the server software version to Exchange 2010. The upgrade of the hardware will be used as an opportunity to update the Server software as part of the refresh. In addition the current version of Microsoft Exchange (2003) is going end of support and the implementation of new technologies for supporting the Public Access Strategy have dependencies on the latest version of Microsoft Exchange being available.

2.4 The tender forms part of an overall programme of change affecting the Council's ICT systems and infrastructure. Via this proposed tender the Council is seeking to deliver the strategic objectives in the updated ICT Strategy (2010-2012) and as updated in the MTFP report to the Cabinet in December 2011.

2.5 Consultation and Policy

- (a) This software upgrade has been considered at the Corporate ICT Group.
- (b) The requirement specification is clear in that the Council will seek to procure the necessary hardware (servers and storage) required to migrate the current user-base on to Microsoft Exchange 2010. This upgrade will also support the exploitation of the full functionality MSOffice 2010 which has recently been procured.

2.6 Specification Objectives

- (a) The procurement aims to ensure that the Council continues to use formally supported software in compliance with the Government Code of Connection. Microsoft software versions are supported across a 10 year lifecycle and that period ends in 2012/13 for the Microsoft Exchange 2003 version currently in use across MKC.

2.7 Evaluation Criteria & Panel

- (a) The **MEAT** evaluation of tenders will be as follows:
 - i. Price @ 100% (estimated to be £150,000)
- (b) Tenders submitted will be evaluated by a panel comprising of the retained ICT client team together with relevant technical staff drawn from Mouchel IT services.

2.8 Contract Terms and Conditions

- (a) Tenders will be sought for a supply of ICT hardware contract starting on or shortly after 22/08/2012 with a requirement of a 5 year maintenance warranty.
- (b) The Council's will enter into the supply contract using the Council's standard terms and condition.
- (c) The expected tender value is likely to be under the European Tendering limits and therefore the tender will offered as an open tender in order to make the supply opportunity accessible to local businesses to bid for the work.
- (d) The Council's Senior Client Officer for the procurement is the AD IT and e-Government. On-going management of the contract will be undertaken by the IT and e-Government Service Group operating in close consultation with other specialist stakeholders in Mouchel IT Services. Due to the dependency of the Public Access Strategy project implementation time

scales it is requested that authority to award be delegated to Corporate Director – Resources, Head Of Strategic Procurement, and Assistant Director (Democratic Services) for agreement.

2.9 Risk Mitigation

- (a) The recommendation to CPC manages the risk that if the supply of the necessary ICT Servers and storage is delayed it will have an impact on the implementation of the Public Access Strategy.

3. **Alternative Options**

The following options appraisals have been created:

Option 1 - “Do Nothing”. Essentially, don’t do anything; including not upgrading existing Exchange software. This is not a viable option. The Council is required to have formally supported, patched and maintained software to remain compliant with the Government Code of Connection. The current MS Exchange (email server) software will become non compliant (out of support) by 2013. The Council is technically already using up an ‘extended support period’ for this software. If the Council fails to remain compliant with the Code of Connection various critical services will be unable to operate (e.g. the Revenues and Benefits Service).

Option 2 – In this option the Council would adopt the use of a hosted Exchange service rather than invest in the hardware platform. Costs of this solution have been investigated. Mailboxes are available for £2.50 per user per month, which equates to £120,000 pa. Concerns as to the geographical location of the data centres have been raised, as they would need to be located in the UK to be compliant with the government Code of Connection. Warwickshire County Council have challenged this concern and have accepted the risk of hosting within the EC and are in negotiations with Central Government to moderate this requirement. They have been trialling a Goglemail solution for 100 users internally since September 2011. Their findings were due to be published in Summer 2012.

The Government e–Market place or “Cloudstore” was launched in February 2012 (<http://www.govstore.net>) to provide centrally procured cloud services. The number of services provided is growing all the time and a new offering: G101.001-2 provides an email exchange service on a cost per user per month for a standard mailbox. Concerns on the level of integration into line of business applications, resiliency and service level agreements have been raised and are being investigated. True costs for the solution are not currently clear. However, as with the Goglemail/Microsoft offerings, this solution would create a strain on revenue as this would represent an annual cost.

Option 3 (recommended) - Invite a tender for the supply of server & storage hardware to support the implementation of Exchange 2010. The Council has 2 purpose built data centres with failover facilities to provide an ideal installation location for the solution. The Council can flex the spare capacity within the current virtualised storage environment and hardware infrastructure to deliver the lowest cost option over the expected 5 year life of the project. The Council

already has the necessary Microsoft server and client licensing to implement the solution.

4. Policy

The tender seeks to implement the Council's current ICT Strategy policy adopted by Cabinet on 26/01/2010 and as further updated by the MTFP report to the Cabinet in December 2011.

4.1 Resources and Risk

The total anticipated contract spend is £150k based upon earlier modelling of various cost scenario.

Microsoft Exchange has been in use by the Council for over 15 years. Microsoft Exchange 2010 is now a mature low risk product offering systems integrity (few known bugs). Overall this change process will be on server infrastructure with little impact on users. The sheer scale of the change will raise the risk profile. Overall therefore the change is anticipated to have a LOW risk profile.

4.2 A separate Risk Assessment for this supply contract has been created within the GRACE risk management system and is available as a background paper.

4.3 The key OPPORTUNITY to be secured by this contract will be maintaining compliance with the Government Code of Connection and supporting the continued integration of the MKC Office software systems with the major line of business applications used by the Council.

4.4 It is assessed that the delivery of this contract provides a HIGH likelihood that a HIGH Impact will secure and maintain the service integrity targeted.

4.5 The key THREATS for this contract have been assessed as:

- Delays in availability of the new Exchange Server will have an impact on the delivery and implementation of the new technology currently being implemented as part of the Public Access Strategy

The governance measures set out in this report provide a basis to conclude that these threats, properly managed, represent a LOW Likelihood of a MEDIUM Impact.

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| Y | Capital | N | Revenue | N | Accommodation |
| Y | IT | Y | Medium Term Plan | N | Asset Management |

4.6 Carbon and Energy Management

The software obtained will be carbon neutral in its impact.

4.7 Legal

This tender is required to enable continuity of service in support of most of the Council's statutory obligations when current software support arrangements end.

The recommended tender process will fully comply with MKC procedure rules and UK and European legislation.

4.8 Other Implications

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| N | Equalities/Diversity | N | Sustainability | N | Human Rights |
| Y | E-Government | N | Stakeholders | N | Crime and Disorder |
| N | Carbon and Energy Policy | | | | |

Background Papers: START Document
 GRACE Risk Assessment