Leveraging Your State Universities' Software Licensing to the Max: Opportunities, Benefits and Retrospective Review

Project Overview Summary
Presented by
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The idea of negotiating a Microsoft software licensing agreement for all Ohio's public universities originated at a meeting of the IUC-CITC in June 1998.

What is the IUC? What is the CITC? The IUC refers to the Inter-University Council of Ohio and the CITC refers to the Council's CIO Committee. The IUC is a voluntary educational association of thirteen (13) public universities and two free-standing medical colleges. According to the IUC documents, the purpose of the association is to "facilitate the development of common interest and concern of its members and to assist in sustaining and improving the quality of public higher education". The Council consists of the president from each of the member institutions and the position of the IUC chair rotates annually among the members. The Council operates with five standing committees of senior university officers: Provost, Business & Finance, Student Affairs, Legislative Representatives and Human Resources. Special ad hoc committees may be established to consider particular subjects or issues (e.g. the Campus Information and Technology Committee, the Legal Counsels, the Purchasing Group, etc.). All committee recommendations are reported back to the association for final consideration of action. The activities of the IUC are carried out through the office of Executive Director James E. McCollum and his staff in Columbus, Ohio.

Once the basic terms and conditions of the negotiated agreement were agreed to by the concerned IUC committees, Microsoft presented three legal and inter-related documents: 1) a Microsoft Education Select Master Agreement that was signed by the IUC Executive Director and Microsoft; and 2) a Microsoft Select Education Enterprise Enrollment Agreement (Custom) that was signed by each participating university, Microsoft and the selected large account reseller; and 3) an Amendment to the Master Agreement to cover issues such as Work At Home Rights, Year 2K Warranties, Extension Options, etc. Each participating university provided its FTE statistics on the Enrollment Agreement it signed. A reseller was selected via an RFP collaborative effort involving representatives from the IUC Purchasing Group, the CITC negotiating committee and the IUC assistant director, Cindy McQuade. And to tie the selected reseller to its RFP commitments, the IUC and the reseller signed a separate legal document. Throughout the project, the Office of Legal Counsel at Ohio State University provided exemplary legal services to the IUC and was the primary liaison with Microsoft's legal team.

All legal documents were signed by mid September 1999 and the Master Agreement became effective on 22 September 1999. In anticipation, the CITC had created an IUC-Microsoft consortium on 31 July 1999 to coordinate the implementation of the contract. Colleagues at Indiana University were very helpful to members of this consortium as they gave us permission to adapt and copy related information from their web site. We are very grateful for their cooperation.
Outcomes and Achievements Summary
Presented by
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The custom enterprise license provides a Microsoft software suite to 275,165 Full Time Equivalent faculty, staff and students. Because part-time faculty, staff and students are figured into the FTE formula as fractional values, the actual number of persons covered is much higher than 275,165. The desktop software consists of Office 2000 Professional, Office 98, Visual Studio Pro, Front Page, Windows 32-bit Operating System Upgrades, and BackOffice Client Access License. Software is provided for Windows and Macintosh platforms.

Standard and Enterprise servers are allotted per 100 FTEs so that a total of 2750 servers were distributed to the schools based on their FTE count. These included Windows NT/2000, SQL and Exchange servers.

The license agreement contains several key provisions. The students own the software and may use their existing versions indefinitely after they leave school. This is an important legal issue in view of the mass distribution of the software. It would be problematic trying to recover the software from all departing students. Faculty and staff may use the suite at home and on campus. The license for use of the software on the campuses is perpetual. Copies purchased with institutional funds for faculty/staff are owned by the institution and remain with the institution after a faculty or staff leaves. The latest versions of software are available over the life of the license.

The cost of the license per FTE per year is extremely low. In addition, the pricing, once set in the first year is fixed over the three-year term of the agreement. School budget needs for this are predictable from year to year. Finally, schools may resell the licenses to students, thus allowing schools to recover some of the cost of the license.

One additional but very significant accomplishment was the creation of the IUC-Microsoft consortium to oversee the operational implementation of the license on each of the campuses. A whole range of information has been shared, ranging from technical knowledge and legal interpretations to user documentation, procedural questions, to rollout distribution statistics and the sharing of overstocked media. A listserv discussion list for the consortium members led to a desire for the technical folks at the schools to share knowledge and quickly led to a listserv for them. It has fostered an environment where knowledge sharing could be encouraged and developed.

As for failures, the most notable was the inability of the negotiating team and Microsoft to get the license signed before the beginning of most schools’ new academic year. A number of factors contributed to this, the most important being the need for coordinated communications among so many participants. Long periods were needed to communicate the proposal from the CIOs to provosts, financial officers, purchasing officials and to presidents as each level approved and made recommendations.

Another contributing factor was complex legal negotiations. Microsoft did not give schools a draft of the license until late May even though they had been working since January to get schools to agree to their proposal. Microsoft did not include points into their draft license that had been agreed on, such as home use for all products in the desktop suite and enterprise servers. These had to be negotiated back in to the license. Some of the items contained in the draft license were taken out at the last minute, such as access to products that replace a product in our suite. Apparently, Microsoft salespeople were not always getting corporate approval of things they were proposing.

We also wanted some base level of support access to Microsoft by phone as part of the license, but at the pricing we were discussing; they would not include that.
In the end, however, the overall agreement has turned out to be a large success. The great majority of objectives were indeed achieved. Distribution of the desktop suite has been extensive at most of the schools to date. It has provided a great value for use of the software at these Ohio schools.
Importance and Relevance Summary
Presented by
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Given that a Consortium of the 15 institutions was created to accomplish the contract and manage it throughout its life, we had an opportunity to leverage our knowledge for others and ourselves.

To establish a collaborative effort of this magnitude, look to statewide groups that may currently exist, such as a statewide consortium of your CIOs or Purchasing Directors. For management of a multi-campus software effort, create a group with one representative from each institution and one representative appointed by purchasing. Establish a sub-group that issues the RFP and evaluates responses. Within your campus, bring together your purchasing, IT, retail point of sale, library, as well as distributed technology support staff.

We identified these critical success factors:
• Overriding Need
• Top Level Support
• State flagship university or large institution on board
• Established relationship among CIOs, Purchasing Directors, and Campus Legal Counsels
• Strong leadership on the team and good software negotiators
• Collaborative Team
• Communication among all involved
• Central campus funding plan

Potential pitfalls include lack of established procedures, timing for involvement of purchasing and legal teams, time to communicate when so many people are involved, the business climate which may not support your LAR long-term, and the collaborative university culture.

Positive reactions on campus came from the support folks who were pleased that upgrades were pre-funded, and nearly everyone was amazed at the purchase price.

Negative reactions on campus came from faculty were concerned that this contract might lead to reduced software options on campus. This was not an effort to impose Microsoft on campus, but an effort to obtain the most widely used software as economically as possible.

There was criticism of the contract restrictions. Criticism also came in response to implementation after the academic year began. Among our inter-university group, we found that the contract lends itself to multiple interpretations.

Total costs to administer the campus-wide agreement involve an eligibility and tracking system for multiple points of sale, customer license agreement storage, CD duplication, a loan program for those products students cannot purchase, a point of contact for contract and customer issues, and web site management.

With respect to savings under this contract, it seems that the largest and smallest institutions clearly saved money. It is not as clear for mid-sized institutions. A potentially higher cost must be balanced against the clear advantage of campuswide distribution and the many other benefits of this license.

Additional Recommendations:
• Commit staff to manage the program.
• Discuss implementation details with schools in your immediate area.
• Evaluate competitive software vendors to see if they have comparable programs.
• Establish a collaborative relationship with your points of resale and libraries.
• Adapt your anti-piracy campaign.

We have been asked by the CIOs who chartered our consortium to leverage our experience and knowledge into additional software contracts. We are targeting virus protection, statistical analysis, and web tools. Time will also need to be allocated towards establishing a formal statement of process and how to improve it so that it scales for additional contract management.