

6. NETWORK LICENSE AGREEMENT

COMMITTEE RECOMMENDATION

That Council approve the award of a contract for a network license agreement with Oracle Corporation with a four year cost of \$843,738 plus taxes.

DOCUMENTATION:

1. Finance Commissioner's report dated 19 Mar 98 is immediately attached.

NEXT ITEM: page

Our File/N/Réf.
Your File/V/Réf.

DATE 19 March 1998

TO/DEST. Co-ordinator,
Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **NETWORK LICENSE AGREEMENT**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee and Council approve the award of a contract for a network license agreement with Oracle Corporation with a four year cost of \$843,738 plus taxes.

BACKGROUND

The Regional Municipality of Ottawa-Carleton selected Oracle as its corporate database standard in 1992 after an extensive evaluation. Separate licenses and maintenance agreements for Oracle databases are now in place as part of twelve applications used by RMOC and OC Transpo.

Plans for implementing new applications in 1998 which will require Oracle include the Financial systems, Water Billing System, GIS MAP, as well as other Year 2000 projects. Each project has included in its budget the license and maintenance for the database. Also extra licenses will be required for existing applications to address growth in the number of users.

Given the projected growth in usage, staff initiated discussions with Oracle regarding licensing alternatives. Oracle proposed their Network License Agreement but RMOC did not have sufficient users to qualify. Consequently staff met with the Cities of Ottawa, Gloucester, Nepean, Kanata, and Cumberland to pursue an umbrella network license that would benefit us all. Not all these municipalities have committed to going forward at this time; however Ottawa and RMOC together provide the necessary volume.

NETWORK LICENSE AGREEMENT

Under the network license, Oracle licenses the total number of named users and those users can then access any number of Oracle based applications on any server. Traditionally each server is licensed for the number of users on that server; if the application is ported to a new platform or to a more powerful model, transfer fees are applied. Multiple licenses are required for one user if they access multiple Oracle applications such as financials, human resources, GIS and maintenance management. Even a key user of only one application may have to be licensed twice if they test the application on the test server as well as interact with the production version.

The benefits for RMOC of the network license include the ability to use Oracle for any number of applications on any of five operating systems subject only to a limit on users; no tracking and reporting (except total named users); no transfer fees; no duplicate licensing of users, and a full credit for all previously purchased licenses and any unused maintenance payments. Basically administration is simplified, and the cost per user is reduced. A full credit for existing licenses will be applied by Oracle.

FINANCIAL EVALUATION

Based on an estimate of Oracle users over the next three years, taking us up to 1580, a cost comparison was done between option 1, continuing with individual licenses, and option 2, the network license.

| | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Total</u> |
|---|----------------|----------------|----------------|----------------|------------------|
| <u>Option 1 - Status Quo</u> | | | | | |
| New Licenses | 353,800 | 50,000 | 50,000 | 25,000 | 478,800 |
| Total Maintenance (5% annual incr.) | <u>122,200</u> | <u>129,300</u> | <u>146,800</u> | <u>159,600</u> | <u>557,900</u> |
| TOTAL | 476,000 | 179,300 | 196,800 | 184,600 | 1,036,700 |
| <u>Option 2 - Network License</u> | | | | | |
| License after credits | 351,979 | | | | 351,979 |
| Total Maintenance | <u>81,086</u> | <u>120,987</u> | <u>134,619</u> | <u>155,067</u> | <u>491,759</u> |
| TOTAL | 433,065 | 120,987 | 134,619 | 155,067 | 843,738 |

The network license yields a lower cost in every year and is \$192,962 less over four years based on very conservative growth estimates. If growth is greater, the savings could also be greater given the degree of users we expect to access multiple databases.

It is therefore recommended that all existing Oracle licenses be rolled into a new Network License Agreement for 1580 named users for a four year period commencing May 18, 1998. It is also recommended that for future years the funding for maintenance be pooled and administered by ISD.

Funds for 1998 expenditures (\$433,065 plus 15% tax = \$498,024) are available in the following accounts:

| | | |
|-----------------------|------------|-----------------|
| Water Billing | 912-17946 | \$ 54,200 |
| | 912-17924 | \$ 4,000 |
| | 012-12182 | \$ 13,000 |
| GIS | 912-17907 | \$ 50,000 |
| | 012-12753 | \$ 2,500 |
| ETD | 012-31124 | \$ 52,170 |
| FSR | 912-17942 | \$288,274 |
| HRIS | 012-12182 | \$ 25,000 |
| OC Transpo (recovery) | 54100-6145 | <u>\$ 8,880</u> |
| | | \$498,024 |

*Approved by
J.C. LeBelle*

FINANCE DEPARTMENT COMMENTS

For operating accounts, approval of this contact represents a pre-commitment of the 1998 Budgets. For capital accounts, funds are available as indicated below.

| | 91-17942 | 91-17924 | 91-17946 |
|-------------------------|------------------|------------------|-----------------|
| | \$ | \$ | \$ |
| Approved Budget to date | 6,325,000 | 364,000 | 462,000 |
| Total Paid & Committed | <u>(48,145)</u> | <u>(359,832)</u> | <u>0</u> |
| Balance Available | 6,276,855 | 4,168 | 463,000 |
| THIS REQUEST | <u>(288,274)</u> | <u>(4,000)</u> | <u>(54,200)</u> |
| Balance Remaining | <u>5,988,581</u> | <u>168</u> | <u>408,800</u> |

*Approved by T. Fedec
on behalf of the Finance Commissioner*