

To: Common Council
From: IT Director Eric Bushman - February 22, 2024
Memo RE: Transition to Microsoft Office 365

The City of Sheboygan is requesting replacing our current on-premises Exchange server and Microsoft Office products with Microsoft Office 365. This will be a significant step forward in our efforts to enhance collaboration, communication, and productivity within our organization.

Key Benefits:

1. **Enhanced Collaboration:** Office 365 provides a robust set of collaboration tools, including SharePoint, OneDrive, and Teams, enabling seamless communication and collaboration across the organization.
2. **Flexibility and Accessibility:** With Office 365, you can access your emails, documents, and applications from anywhere with an internet connection, promoting flexibility and remote work capabilities.
3. **Automatic Updates:** Office 365 ensures that you always have the latest features and security updates without the need for manual installations.
4. **Cost-Efficiency:** Moving to the cloud allows us to optimize our resources, reduce maintenance costs, and provide a scalable solution for our growing organization.

As we look to the future we need to replace our on-premise Exchange Email Server, Microsoft Office Products (Excel, Word, PowerPoint, etc.) and SharePoint solution. Our SharePoint End-of-support was 4/11/2023, Exchange is 10/14/2025 and our Office 2019 is 10/13/2026. To purchase on-premise perpetual licenses with 3 years of software assurance (allows free upgrades) for these solutions is estimated to cost \$284,815.

We are requesting a transfer of \$225,000 from the IT Fund Balance to the IT Outside Services account to cover the cost of the Microsoft Office 365 licensing. This \$225,000 will cover the cost of the licensing for the next 3 years. The estimated IT Fund Balance at the end of 2023 is \$913,000.

In addition to saving the city \$59,815 over the cost of purchasing the perpetual licenses we estimate that we will save another \$26,250 when it comes to upgrading our on-premise servers and storage.

Software	End Of Support	Server License with SA	CALs with SA Each	Users	Total CAL Cost	Total Cost
On-Prem Exchange 2019	10/14/2025	\$ 885	\$ 109.98	450	\$ 49,491	\$ 50,376
On-Prem Sharepoint 2013	4/11/2023	\$ 8,496	\$ 153.52	110	\$ 16,887	\$ 25,383
On-Prem MS Office Std 2021	10/13/2026	\$ -	\$ 746.63	280	\$ 209,056	\$ 209,056
Totals		\$ 9,381			\$ 275,435	\$ 284,815
3Year avg cost/Year		\$ 3,127			\$ 91,812	\$ 94,938
Hardware 7Year		Cost	Over 7 Years			
Exchange Server	1	\$ 1,500	\$ 214			
Exchange Storage in TB	1.5	\$ 4,650	\$ 664			
File Server	1	\$ 1,500	\$ 214			
File Storage in TB	6	\$ 18,600	\$ 2,657			
	Totals	\$ 26,250	\$ 3,750			