



City of Port Moody

Report to Finance Committee

Date: July 2, 2020
Submitted by: Finance and Technology Department – Information Services Division
Subject: Transitioning to a Mobile Workforce

Purpose

To request an operating budget increase to purchase Office 365 subscriptions for staff to encourage remote work and collaboration in a post-COVID-19 workplace.

Recommended Resolution(s)

THAT the Information Services operating budget be increased by \$33,000 in 2021 and \$37,000 in 2022 to facilitate the purchase Office 365 subscriptions as part of the 2020 City computer replacements as recommended in the report dated July 2, 2020 from the Finance and Technology Department – Information Services Division regarding Transitioning to a Mobile Workforce.

Background

The City has historically purchased Microsoft Office licences when computers are upgraded (every four to five years). Although the City can continue to purchase full licences during the next hardware upgrade (fall 2020), the industry is moving towards Software as a Service (SaaS) and subscription-based products. Furthermore, the COVID-19 pandemic has highlighted the requirement for enhanced services to better facilitate staff communication.

Discussion

The year 2020 has brought a unique set of opportunities and challenges to the City. The COVID-19 pandemic has changed the way staff deliver services to the public and work on a day-to-day basis. The majority of the City's full time staff are now working exclusively from home or a hybrid home/office schedule. Pre-pandemic, the City did not have a remote workforce of any kind. In March, staff from all departments were quickly tasked to enable remote work. Although working very well, one of the key missing pieces is an organization-wide collaboration suite. Furthermore, with a disconnected workforce, it has become clear that every employee in the organization, from casual to full-time, requires access to email and collaboration tools.

Office 365 Components

Office 365 includes not only the traditional computer based Microsoft Office we are all familiar with (Word, Excel, PowerPoint, Outlook), but also access to several collaboration tools that the City currently does not subscribe to. Services include, but are not limited to:

Service	Description
Exchange Online	A hosted messaging solution that delivers the capabilities of Microsoft Exchange Server as a cloud-based service. It gives users access to email, calendar, contacts, and tasks from PCs, the web, and mobile devices. Provides larger mailbox sizes, which require less server disk space and result in long-term capital cost savings.
SharePoint Online	A web-based collaborative platform that integrates with Microsoft Office. SharePoint includes document management, but the product is highly configurable and can be used to share documents and information. Immediately, it would be used to replace our Intranet.
Office on the Web	Ability to open and edit Word, Excel, OneNote, and PowerPoint documents in a web browser, from anywhere with an internet connection, from almost any device.
Microsoft Teams	A chat and collaboration platform for Microsoft 365 customers designed to simplify group work. As well as the chat-based communications, Teams' integration with other Microsoft services allows users access to shared files and calendars, collaborative editing, and easy switching between voice, video, and text chat.
OneDrive for Business	An intelligent file sharing app for enabling collaboration from anywhere, on any device, while protecting data.
Microsoft Yammer	A private social platform for the internal organization. Includes familiar social networking tools such as: instant messaging, an update feed, @mentions, likes, groups, polls, hashtags, and announcements.
Microsoft Sway	An app from that makes it easy to create and share interactive reports, personal stories, presentations, and more.
Microsoft To-Do	Allows users to manage their tasks from a smartphone, tablet, and computer.

Office 365 Business Case

Information Services has been researching the value of implementing Office 365 for several years. The original 2020 proposed budget included a funding request for the City to move email services to exchange online, which is a small component of the Office 365 suite.

Post-pandemic, this request was withdrawn during budget deliberations as a cost-savings measure.

If the City was to purchase Office 365, Microsoft would handle all of the updates. Microsoft has positioned Office 365 as the last release through which Microsoft will manage all updates, with frequent updates replacing major named revisions. Updates to Exchange Online and SharePoint will also be handled by Microsoft, freeing up Information Services time to focus on projects that deliver a higher impact to staff and residents.

With Office moving to a SaaS subscription basis, it will no longer be a capital expense; it becomes an annual subscription and therefore meets the criteria of an operating expense. Office 365 changes the spend model for organizations from a capital expense model, where organizations updated the software as needed, and amortized the cost over its useful life, to a continuous annual expenditure for all licences.

The City is currently running Office 2013. Mainstream support (security updates for any bugs that emerge and releasing design changes) ended in April 2018. Extended support (stopped adding new features, still providing bug fixes and patches) ends in April 2023.

Transitioning to Office 365

Benefits:

- Enhanced collaboration;
- Microsoft offers 99.9% uptime;
- Automatic updates and access to new features;
- Reduced capital infrastructure costs;
- Reduced consulting costs for upgrades;
- Reduce “shadow IT” products, increasing the City’s compliance and privacy;
- Enhanced security; and
- Moving risk to the vendor.

Risks:

- Once data is moved into the cloud, you’re “stuck” in the vendor’s ecosystem;
- Requires strong internet network connections and high availability;
- Integrations can be more complex;
- Less control as new features are continuously released; and
- Higher annual operating cost.

Future Opportunities

Microsoft is continuously updating and adding new features to Office 365. There are also upgrade packages the City could consider in the future to enhance usage, security, and compliance. Furthermore, opportunities to migrate records management and telephony systems would provide enhanced mobility for remote workers.

Backups

Microsoft does a good job of disaster-based backups to maintain uptime in the case of hardware failures or security incidents. For instance, backups of SharePoint and OneDrive are completed every 12 hours and kept for 14 days. However, there are limitations:

- to be able to access this backup, Microsoft Office 365 support must be contacted directly;
- individual items, mailboxes, or a corrupted mailbox will not be recoverable, and in these cases, a full site restore is the sole option; and
- when employees leave the organization, the data in their Office 365 accounts will be deleted within 30 days, unless it is moved or backed up.

For any organizations moving to or using Office 365, backup solutions are not part of the decision-making process. Organizations that have not been proactive in examining and using a backup for Office 365, are leaving themselves vulnerable to data losses. Microsoft may improve backup functionality in the future, but for now, organizations need to be aware of the risks that when there is data loss, there may be few options aside from a full site restore, which also may not be always possible. Therefore, as part of any Office 365 purchase, a third-party backup licence must also be purchased for each user. This additional cost has been included in the proposed costs.

Incremental Cost

A mix of different Office 365 licences would be required across the City. Full-time and part-time staff would receive an O365 Enterprise E3 licence that includes full desktop use of Microsoft Office. Staff that primarily work outside of an office setting would receive a less expensive licence (O365 Front Line Worker F3) that provides web-only versions of email and office. Full device licences of Office would be purchased on shared computers to enable “front line workers” to use Office while at City facilities. Microsoft supports non-profit organizations with a free version of Office 365, for which all Library staff would qualify.

For backup, licences of Veeam Backup for Microsoft Office 365 are required to connect to the City’s existing backup infrastructure. This is a per user annual cost for the 682 licences required.

An existing annual budget of \$30,000 for Microsoft Exchange and \$4,500 for the Intranet would be repurposed to Office 365 as both of those products would be replaced. The total annual cost of Office 365 for the City is \$104,500. An additional \$70,000 annually is required. This would be phased in through 2021 (\$33,000) and 2022 (\$37,000) and represents an estimated 0.07% tax increase in each of those years (based on 2020 figures).

To help phase in the cost of Office 365, staff are proposing to use operating surplus funds from the City’s computers lease renewal 2020. Work was under way at the start of the year to release an RFP for computer replacement, which was delayed because of the pandemic. New computers will be ordered in the second half of 2020, which has created an operating surplus of \$46,500. Staff are proposing to use these surplus funds to cover additional costs in 2020 and smooth the budgetary impact over two years.

Office 365 Annual Budget Required	
Office 365 E3 annual user licence	
Office 365 F3 annual user licence	
Office 365 A1 annual user licence	
Veeam Backup for Office 365 annual user licence	\$104,500
Less: Existing Annual Budget	
Exchange Maintenance	\$30,000
Intranet Maintenance	\$4,500
Total	\$34,500
Total additional annual budget required	\$70,000

A year-by-year breakdown of the impacts to the annual budget:

2020 Annual Budget Impact	Total	\$0	
Office 365 and Veeam Backup Cost		\$43,500	*Aug to Dec Only
Existing Budget		-\$30,000	
Operating Surplus		-\$13,500	

2021 Annual Budget Impact	Total	\$37,500	
Office 365 and Veeam Backup Cost		\$104,500	*Full Year
Carry forward from 2020		-\$33,000	
Existing Budget		-\$34,500	
<i>Budget Increase</i>		-\$37,000	

2022 Annual Budget Impact	Total	\$33,000	
Office 365 and Veeam Backup Cost		\$104,500	*Full Year
Existing Budget		- \$71,500	
<i>Budget Increase</i>		- \$33,000	

Other Option(s)

Staff could purchase standalone versions of Microsoft Office 2019, however, this standalone version does not deliver any of the collaboration tools staff require to transition to a mobile workforce. It is also likely that Microsoft will push all customers to the SaaS model and only offer Office 365 in the future. An additional annual budget of \$22,000 would be required to purchase the stand-alone versions of Microsoft Office.

Financial Implications

\$33,000 operating budget increase for 2021 and an additional \$37,000 operating budget increase for 2022.

Communications and Civic Engagement Initiatives

Communication of changes and training would be required for staff.

Council Strategic Plan Objectives

Implementing Office 365 would meet Council's Strategic Plan objective of Exceptional Service – Ensure City employees are engaged, properly equipped to do their work effectively, and motivated to build their careers in Port Moody.

Report Author

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Report Approval Details

Document Title:	Transitioning to a Mobile Workforce.docx
Attachments:	
Final Approval Date:	Jul 13, 2020

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - Jul 10, 2020 - 8:47 AM

Dorothy Shermer, Corporate Officer - Jul 10, 2020 - 10:47 AM

Rosemary Lodge, Manager of Communications and Engagement - Jul 12, 2020 - 4:48 PM

Tim Savoie, City Manager - Jul 13, 2020 - 11:16 AM