To:	Chief Administrative Officer	**Date:**	May 2, 2022
From:	Chris Knowles, Manager of Information Services		
Subject:	**Expansion of Microsoft Office 365 pilot**		

Recommendation(s)

1. That staff be authorized to bring forward accumulated funding from the Information Services Reserve ($64,000) to expand the Office 365 pilot program to the remainder of the organization effective June 1, 2022; and

2. That staff be authorized to amend the City's Financial plans accordingly to continue this program beyond 2022.

Purpose

Staff seek Council's approval for expanding the Office 365 pilot to the rest of the organization effective June 1, 2022.

Background

The City launched the Microsoft (MS) Office 365 pilot project in 2021 to improve intra-departmental collaboration and efficiency within the Development Services and Engineering permitting processes. Staff feedback has been positive, the pilot has proven effective in creating work task and communication efficiencies and has highlighted new opportunities for process improvement. Staff now recommend expanding the project and these capabilities to the rest of the organization. Doing so will standardize applications across all departments allowing for improved business processes and innovation using multiple new tools included with the upgrade, such as SharePoint, OneDrive, OneNote, and Teams.

Discussion and Analysis

Historically, the City purchased the Microsoft (MS) Office Suite of products every 5 years as part of the Information Services Capital program. The purchase is funded through the Information Services Reserve (ISR) Fund. Each year $16,000 of property tax revenue is transferred to the ISR to cover covered the cost of purchasing the Suite every 5-years. This was, at the time, the most financially advantageous way to acquire the software and stretch its value out over several years.

In 2018, the last time this Suite was purchased, legislation regarding data residency had not yet evolved to allow for the cloud hosted version (O365) of the Office Suite to be acquired and used. Now, however, O365 has multiple Canadian-hosted data centres and is fully compliant with both Provincial and Federal data protection and privacy legislations.

Staff theorized at the time whether that might be the last time the City could buy the on premise, non-cloud version of this software as Microsoft was shifting to a "software as a service" (SAAS) model and pushing its customers to O365 cloud subscriptions. This delivery shift to a

subscription model constitutes both an increase in annual cost, and a transition from being a capital expense to an operating expense.

The ISR has accumulated 4 years' worth of funding ($64,000) toward the next Office Suite purchase in the Information Services Reserve fund. Staff recommend utilizing these funds to acquire the software and to deploy these tools and allow the City to take advantage of the benefits they bring now. The funds in the reserve would cover the 2022 increase in licensing costs. A core operating budget increase for continuing this program into the future would be required. Staff estimates the core increase to be between $100,000 and $120,000 depending on staffing levels at that time and factoring in some additional savings the organization would realize because of deploying this suite of software.

At present, a situation exists where the O365 pilot group has capabilities that non-O365 staff do not. Further, it is difficult to share files and collaborate between these two groups due to having two different application environments in use in the organization. Expansion of the Office 365 program would address these issues and will realize immediate benefits. Additionally, the upgrade would complement the City's Application Systems Roadmap initiatives by enabling broader process improvement projects leveraging its component apps.

Council Goals/Objectives

The recommendation in this report supports Council's Organizational Excellence Goal/Objective by enabling greater process improvement/efficiency, team collaboration and communication.

Financial Implications

Approval of the O365 Pilot project expansion effective June 1, 2022 would require utilizing accumulated funds ($64,000) from the Information Services Reserve Fund to augment software licensing for the remainder of this year. Furthermore, a core operating increase (estimated between $100,000 and $120,000) would be required to provision this service annually beyond 2022.

Communication

Staff will work with the Finance Department to make the required changes to the financial plans.

Summary and Conclusion

Staff and Council have expressed a desire for all staff to have the same modern set of application tools and capabilities. Having conducted a successful pilot of the Office 365 SAAS platform, staff feel that there are significant immediate benefits and efficiencies to be gained operationally by expanding this software application suite to the whole organization as soon as possible. Staff recommend amending the 2022 Financial Plan to utilize reserve funds ($64,000) to purchasing MS O365 licensing for the remainder of this year. Subsequently, the City will need to amend and increase the core operating budget (estimated between $100,000 and $120,000) based upon licensing levels and some cost savings to provision this service annually moving forward.

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