

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

WORKSHOP AGENDA REQUEST

TO: Board of Commissioners

FROM: Shawn Frederick, Central Services Director

DATE: May 12, 2025

RE: Microsoft Office 365 Licensing

STATEMENT OF ISSUE:

Our current systems are outdated, leading to inefficiencies, security vulnerabilities, and operational disruptions. These limitations have resulted in outdated licenses and increased security risks. Without modernization, we remain exposed to compliance risks, cyber threats, and inefficiencies that hinder productivity across departments. Additionally, Microsoft's volume licensing program has been retired, making it imperative for Jefferson County to transition to Microsoft 365. Without this shift, we risk losing access to essential software updates, security patches, and the ability to meet compliance requirements necessary for operation.

ANALYSIS: Improved Communication. Microsoft 365 gives users tools to keep communication centralized and straightforward across Teams and Outlook. Teams provide an instant messaging function where comments can be added and files uploaded at the same time, which is useful for cross-department collaboration and when co-authoring documents. You can also 'at' people on Teams so they receive a notification that the comment is aimed directly at them. All these features mean you can be in constant and immediate contact with teams and individuals wherever they are located and at any time.

The ability to access files anywhere. Microsoft 365 allows the County to store all the files in the cloud. This means they can be accessed on any device, from any location with an internet connection. In Jefferson County where, mobile working can be essential, being able to access all the apps and files you need when out of the office is invaluable.

Microsoft 365 is more secure than our current environment. The security features help protect both individuals and businesses from attacks and unexpected events. For example, Outlook comes with strong email encryption, while other apps allow you to set strict limitations to who can view and edit your documents. All Microsoft 365 data is stored in the cloud, preventing data loss.

Staying compliant with software licenses is crucial to avoid legal penalties, protect your company's reputation, prevent operational disruptions, strengthen security posture, maintain good relationships with software vendors, and ensure efficient cost management by avoiding unnecessary license purchases through proper tracking and auditing.

FISCAL IMPACT: Microsoft 365 operates on a subscription-based model, meaning the County will need to budget for recurring costs. This is different than previously available one-time license purchases. The recurring subscription costs for Microsoft 365 for 380 licenses is 141,975.60 per year.

In 2025, We have received a grant for \$80,000 from the Secretary of State. The grant requires the County to expend funds first and then submit for reimbursement. The remaining implementation cost is \$61,975.60, to be paid by General Fund if approved. Moving forward the recurring costs for annual licensing increases to \$141,975.60 a year and would be factored into cost allocation models for IT services in each department. A special appropriation would need to be brought forward to avoid losing grant funding.

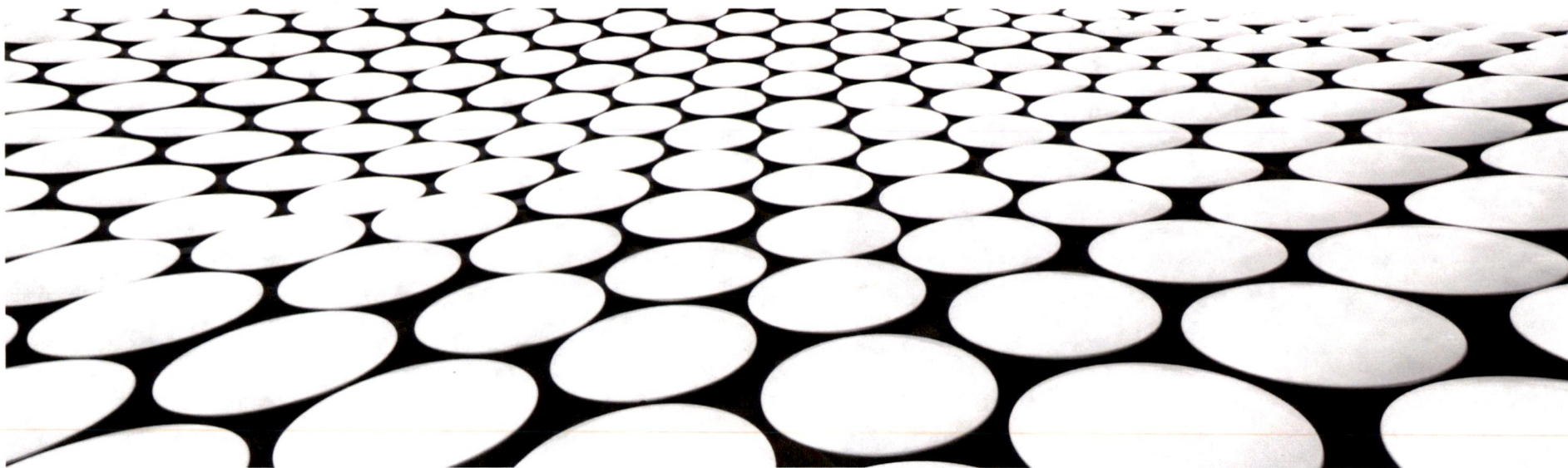
RECOMMENDATION: We recommend moving to the G3 licensing model using the \$80,000 grant and ask the Board to commit to approving a supplemental appropriation for the remaining \$61,975.60 to cover the cost of our first year of service.

REVIEWED BY:

 5/6/25
Mark McCauley, County Administrator Date

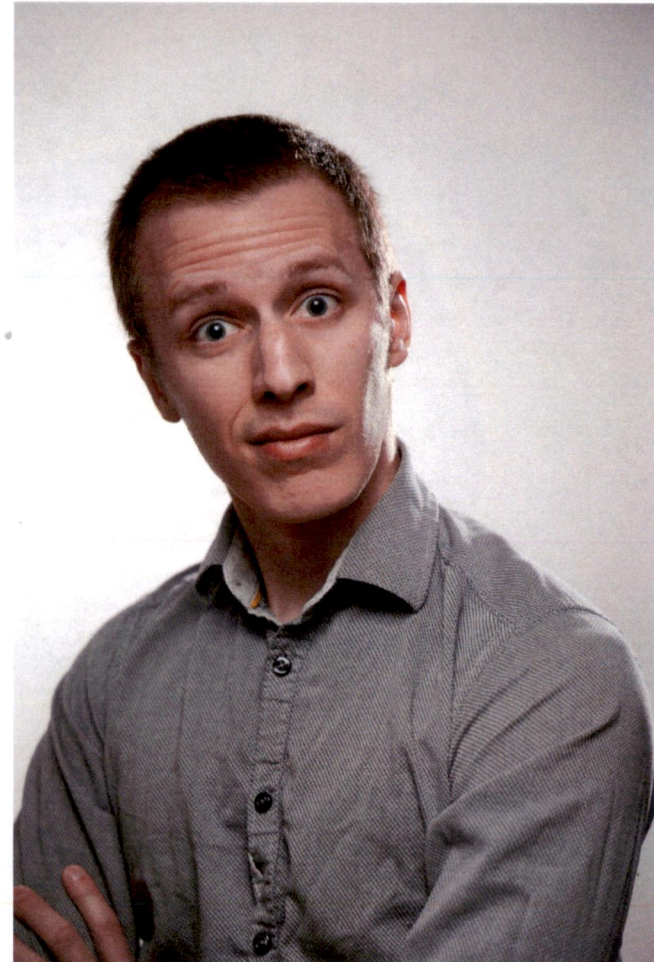
MICROSOFT OFFICE 365 IMPLEMENTATION

JEFFERSON BOARD OF COUNTY COMMISSIONERS WORKSHOP



WHERE ARE WE NOW?

- In a Hybrid System
- Exchange Online (Outlook)
 - Volume Licensing no longer offered by Microsoft.
- Word, Excel, PowerPoint, and Outlook
 - Licensed per device (non transferable).
- Zoom for virtual meetings
 - Licensed per individual.
 - Meeting security and record maintenance not centrally managed.
- Third Party VPN software
 - Individually licensed per user.



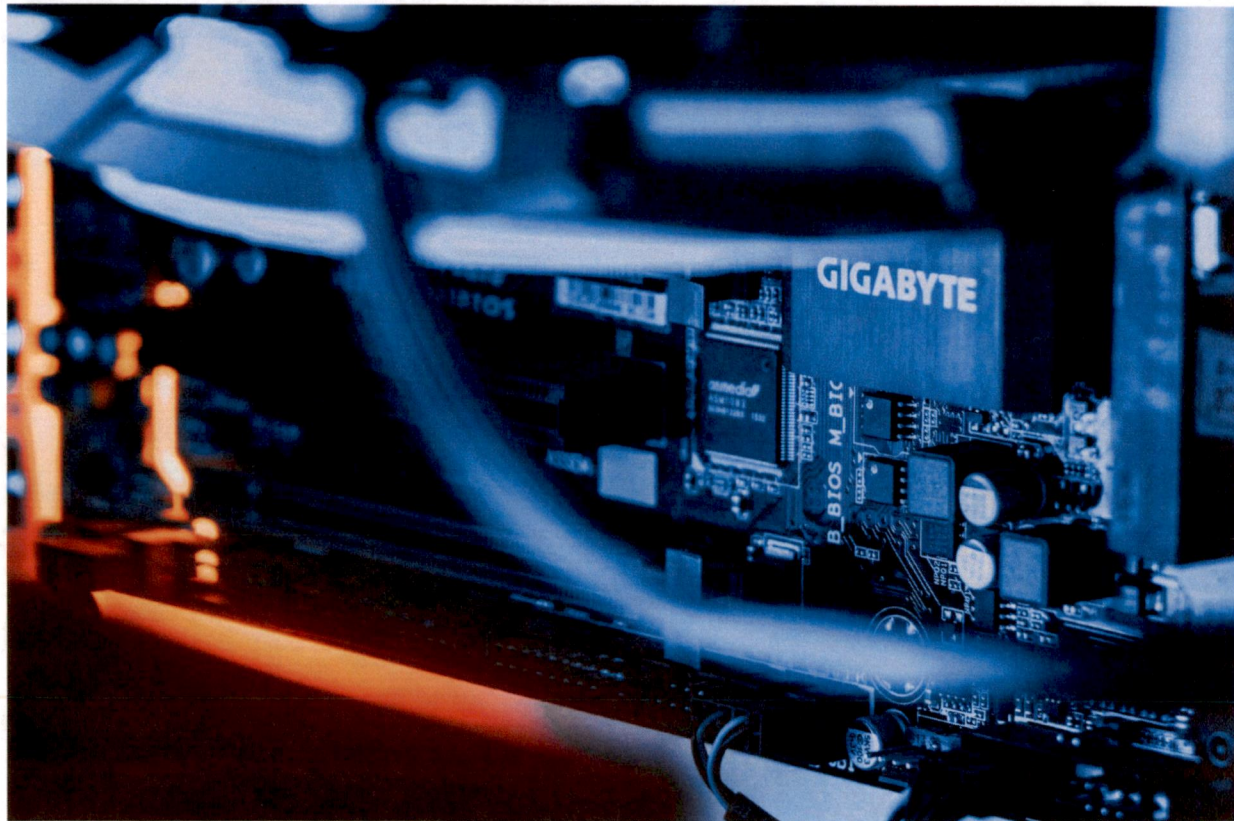
WHAT DOES OUR CURRENT ENVIRONMENT COST?

“Our current
environment already
costs much more
than we think.”

- \$24,000 in G1 and Microsoft Office Licenses.
- \$16,000 on Zoom Licenses for Public Health.
- \$22,000 for Netmotion (\$500 new Licenses and \$100 renewal)

MICROSOFT OFFICE 365 USAGE IN GOVERNMENT

- Used by 2 million companies worldwide.
- 100% Washington State Agencies.
- Many County and City governments.



MICROSOFT OFFICE 365

What's included in the G3 License

- Microsoft 365 Apps for Enterprise (Word, Excel, PowerPoint, and Outlook)
- Teams
- Outlook Web App
- OneDrive for Business
- Teams for Business
- Exchange Online
- Exchange Online Protection

Why is this better?

- Consistency
 - Most State, County, and Municipal governments have already made the switch.
- Security
 - The Cloud environment meets or exceeds all standards for data security and is regularly monitored and updated.
- Collaboration
 - Teams and SharePoint will increase efficiency by allowing work across silos.
- Accessibility
 - Ability to access files while working remotely.

WHAT WILL MS OFFICE 365 COST?

Office 365 is more expensive, but provides additional tools to enhance security, access, collaboration, and productivity for users.

- Year 1- \$141,975.60 per year (Assuming) 380 Licenses
 - \$80,000 to be paid by a grant, \$61,975.60 by the County.
- Year 2- \$141,975.60 per year Offset by elimination of \$24,000 in unnecessary Microsoft licenses. Approximately \$15000 in unnecessary Netmotion Licenses and the ability to eliminate nearly all Zoom and Goto licenses in the County.
- Year 3 and Beyond - \$141,975.60 per year to be paid through the IT cost allocation model.

WHAT WILL WE GAIN?



- An environment compliant with current licensing models.
- Saving approximately 1.5 Hours per FTE/ per week by using collaborative tools (approximately 26,800 hours based on 2024 EOY staffing).
- A simplified IT environment representing easier maintenance, sustainability, and security.
- Alignment with local, state, and federal agencies already operating in the 365 environment.

POTENTIAL TIMELINE FOR MICROSOFT OFFICE 365 IMPLEMENTATION

