

The Microsoft logo is displayed in large, white, three-dimensional letters on the exterior of a modern glass-walled building. The building's windows reflect the sky and surrounding environment.

# Microsoft products – packaging and pricing for local government

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Microsoft's Digital Transformation Arrangement (DTA) packaging and pricing attracted a good deal of concern and criticism from Socitm members earlier this year. Socitm responded by contacting Crown Commercial Services (CCS) in June and concerns were first voiced to Microsoft the following month. CCS also offered to help individual councils with any proposals that they were currently considering.

Since then, Microsoft announced further price increases to take effect in November 2018, generating further representations from councils to the Local Government Association (LGA) and ourselves.

Socitm, working with the LGA and CCS, has been engaging with our Microsoft colleagues to ensure that we are taking a lead position in conveying the issues and challenges facing the local government sector. These include the sector's experience with the escalating cost of Microsoft's products and services and the poor exploitation of the investments that have been made.

We have also contacted our LOLA international colleagues to ascertain whether they have similar experience to share and whether they would be interested in making joint representations to Microsoft.

**Now, we are working through a series of actions that were discussed at a meeting with Microsoft on 29 October.**

The Socitm logo features a stylized white 'S' inside a red circle, followed by the word 'Socitm' in a white sans-serif font. Below it, the tagline 'Delivering digital leadership' is written in a smaller white font.

**Socitm**  
Delivering digital leadership

# List of actions generated from the meeting:

## Microsoft (MS)

1. MS agreed to review/reconsider the pressure to sign up by December or risk an additional 5% price increase – Chris Perkins has responded to this point; approvals and communications in order to provide an extension to the December 2018 deadline for early commit renewal contracts to March 2019. This is intended help Local and Regional Government (LRG) customers have more time to secure budget approvals, which have been based on prices prior to the October 2018 volume licensing price adjustments.
2. MS have been asked to review its pricing policy in relation to local government. The request was made to receive the same discounted rates as education and the third sector. MS have been asked to escalate the dialogue internally in response to this request. This will require strategic engagement from Socitm and LGA.
3. Chris Perkins offered additional support to local government to maximise the value being derived from Microsoft products. This to be undertaken with a selection of local authorities across the spectrum of size and 'cloud' readiness.
4. MS confirmed that they had heard and understood the issues faced by local government, in particular around austerity when faced with price rises which further increases pressure on service cuts impacting citizens/tax payers directly.
5. MS undertook to articulate the way it can support the public sector with reducing costs and improving service – Chris Perkins to present a series of recommendations to support our specific requirements; these are not specifically restricted to licensing, but other value-add/optimisation opportunities too.
6. MS offer a "finance scheme" which spreads the cost of the purchase of products and services – requested that this payment option is incorporated into the case studies that MS will undertake with the three to five local authorities that will be identified.
7. MS also asked to confirm/clarify that if exchange rates fell consistently (i.e. the pound strengthens against the dollar) the DTA pricing will be reviewed.
8. Communication (via resellers) of changes needs to be improved in the future to help customers understand change and impact, so that they could plan for it in a timely manner.

## Socitm

9. Undertook to support MS to identify local authorities to participate in the case studies.  
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10. Undertook to engage strategically with Microsoft  
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11. Socitm to facilitate a workshop session with CCS and a small local authority representative group to discuss relevance and applicability of the Microsoft DTA and any changes that are needed to it.  
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## LGA / local government

12. Undertook to support MS to identify three to five local authorities to develop case studies  
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13. Undertook to consider options to assist with cost reductions within their own organisations to support cost reductions from MS.  
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14. Undertook to engage strategically with MS through setting up regular contact via Socitm/LGA/CCS  
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15. Local authorities asked to revert to MS with 'social value' impacts via Socitm/LGA.  
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## Keep in touch:

Please contact **Nadira Hussain**; nadira.hussain@socitm.net if you wish to raise further concerns or make any comments or suggestions that would be useful to us in taking forward the actions outlined here.

We will of course keep you updated and informed as we receive responses to the points raised.

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