

**RESOLUTIONS OF THE SUPPLY CHAIN MANAGEMENT BID ADJUDICATION
COMMITTEE: 12 OCTOBER 2020**

**SCMB 29/10/20 ORGAN OF STATE: DP5318_2018/20 – RENEWAL OF
MICROSOFT ENTERPRISE SUPPORT AGREEMENT**

Members of the Committee through a BAC Comments form raised questions and comments.

The Chairperson enquired whether any expenditure had been incurred since 30 June 2020.

The CFO's representative, Ms L Muller queried the equitability of the rates considering the first period is for 8 months and the second period for 12 months. Ms Muller also queried whether there is any reason for the reduction in the second year, or whether it is in fact for the full 12 months for the first year and the full 12 months for the second year, with the City only being billed for the first year after 4 months of support. Ms Muller queried whether these rates are firm in South African Rand or whether there is some exchange rate volatility that must be taken into consideration and whether forward cover were taken out. Ms Muller referred to 13.3 and 13.5 of Annexure C.

The officials responded that no expenditure had been incurred since the contract expired on 30 June 2020 until the replacement contract is in effect.

The cost of the services is based on scope, rather than timeline. Typically, what the Vendor would do is reduce the number of reactive hours on the contract to fit the timeline, however in the case of the City, this is 3 hours (which is paid for), the remainder of the reactive hours (97 hours) will be loaded with Software Assurance Benefits.

Software assurance is defined as "the level of confidence that software is free from vulnerabilities, either intentionally designed into the software or accidentally inserted at any time during its lifecycle, and that the software functions in the intended manner."

Microsoft Software Assurance helps boost organizational productivity with 24x7 technical support, deployment planning services, end-user and technical training and the latest Microsoft software releases and unique technologies—all in one cost-effective program.

Support services are procured and provisioned locally. Therefore, there is no exchange rate to be considered; offered rates are firm in South African Rand.



The clause is a general condition, which is not applicable to this particular service.

In response to further questions raised by the Chairperson regarding any expenditure incurred since 30 June 2020, Ms Z Tyala said that as there was no valid contract in place, no support services were procured from Microsoft in this regard since 01 July 2020.

Members of the Committee queried whether the contract had been vetted by the City's Legal Office.

The Director: SCM informed the meeting that this is not a Regulation 32 contract, but is a direct contract with another Organ of State, which is allowed by the SCM Policy. The Director said that in terms of the Policy any IT procurement above R50 million must be sourced from SITA and it does not exclude procurement below the value stipulated.

RESOLVED that for the reasons set out in the report and in accordance with clause 20.1 of the CCT's SCM Policy the State Information Technology Agency (SITA) be appointed for the Renewal of Microsoft Enterprise Support Services Agreement in an amount not exceeding R2 479 039.04 (excl. VAT) from 01 November 2020 until 30 June 2022.

ACTION: **B VUMASE, L MATYA** to communicate the decisions of the BAC to the tenderers and BEC.
FOR NOTING: **Z TYALA** to note the BAC decisions and apply the recommendations and decisions of the BAC.

This resolution complies with the Supply Chain Management Policy as approved by Council on 30 May 2019.



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ARNO VORSTER EMPLOYEE NO. 10300397
CHAIRPERSON: SUPPLY CHAIN MANAGEMENT
BID ADJUDICATION COMMITTEE

DATE:16/10/2020.....