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## MEMORANDUM

TO: Rebecca Grill  
FROM: Tony Warkoczewski  
DATE: April 11, 2019  
SUBJECT: Migrating the City of West Allis e-mail system to O365 ('the cloud')

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As you know, it's been a difficult task for us in IT to keep the City's e-mail system functioning. The main cause of this is our e-mail engine (Microsoft "Exchange 2007") is over 10 years old. Additional factors contributing to this include providing all City employees with e-mail accounts in late 2017 and the proliferation of mobile devices syncing to City mailboxes. You've also seen this manifest itself in the form of e-mail slowdowns and frustrations with timely e-mail delivery.

Two options are available to help us out of this situation. The first is to perform an upgrade to our on-premise e-mail system. The other is to migrate to Microsoft's Government cloud platform leveraging the Office 365 (O365) suite of products. We asked an independent consultant (ITP Consulting) to help assess these options. A five year ROI was conducted, showing that the O365 solution is more expensive by a margin of about \$15K a year, but it's an apples to oranges comparison. The out-of-the-box "G1" base O365 suite comes with many of the collaboration tools like instant messaging, in-out boards (presence awareness), and enhanced video conferencing capabilities that we would not get with an on-premise upgrade. Next, Microsoft has been hinting that their going forward products will only be offered via cloud/subscription models. Finally, a natural fear of the cloud is more exposure to computer fraud or information leakage. Microsoft has built a special platform just for Public Sector customers that meets all of the Federal security requirements. It's estimated that 30% of public institutions are already using O365, including the cities of Milwaukee and Waukesha.

IT had requested \$50,000 to cover this cost via a 2018 Capital Improvement Process (CIP). When looking at options on how to procure the subscription costing, we also had two choices to consider. The first was to contract directly with Microsoft; the other was to leverage a value added reseller (VAR). Our research quickly pointed to the VAR path as the better option. They are able to beat Microsoft Direct on price and they can help simplify the billing (imagine getting one annual bill from the VAR versus 675 monthly bills from Microsoft). Our Purchasing Department contacted CDW-G for a quote because of our existing relationship with them and they hold the Wisconsin State contract. They were able to get us a price of just over \$6 a month for a G1 level license where Microsoft's stated cost is \$8 a month. That translates to an annual fee of \$55,000. The \$50,000 CIP request will cover the bulk of this; the remainder will come from the IT Joint Venture Account.

For all of these reasons, IT strongly recommends accepting the quote from CDW-G for an annual fee of \$55,000 to migrate our on-premise e-mail system to O365. The term of the agreement is three years (for a total commitment of \$165,000).

Don't hesitate to call if you have any questions.