



Date: _____ April 11, 2006
 Committee Meeting Date: _____ April 20, 2006
 Board Meeting Date: _____ May 4, 2006
 ACTION X DISCUSSION _____ INFO _____

BOARD MEMORANDUM

TO: Administration and Finance Committee
 Santa Clara Valley Transportation Authority
 Board of Directors

THROUGH: Michael T. Burns
 General Manager

FROM George W. Barlow
 Chief Technology Officer

SUBJECT: Oracle Site License Renewal

RECOMMENDATION:

Authorize the General Manager to enter into a contract with Oracle Corporation for software licenses and maintenance support for Oracle products for a period of five years. The contract amount shall not exceed \$1,626,702

BACKGROUND:

Consistent with VTA’s Technology Strategic Plan, we have established a technology architecture that standardizes technologies used in systems at VTA. This standardization means that as we invest in new systems, we strive to ensure that these systems run on the technology architecture we have defined. This approach reduces the lifecycle costs of business applications. Oracle applications (database, management and development tools) are included in our standard technologies. To ensure that these technologies continue to perform successfully, we purchase licensing as well as annual support agreements from the software or hardware vendors. These support agreements give VTA access to upgrades, bug fixes, patches and vendor technical support personnel.

Five years ago, to capitalize on the opportunity to reduce technology support costs, VTA entered into a contract with Oracle based on a site license model rather than a model based upon

individual licenses for each software application. This contract licensed VTA for up to 1,500 named users. This enabled VTA to run approximately 24 databases including Oracle management and development applications. This site license decision generated a five year cost savings of more than \$670,000 as compared to cost of purchasing individual application licenses. This contract expires May 31, 2006.

VTA's use of Oracle software products continues to grow. The opportunity, therefore, to capitalize on site license pricing also continues. Key business applications that run on the Oracle database include VTA's Enterprise Resource Planning System (SAP R/3), Bidding, Dispatch and Timekeeping (BDT) system supporting coach and train operator payroll, the Silicon Valley Rapid Transit Electronic Document Management System (EDMS), and Primavera Expedition which supports construction contract management processes at VTA. Future technology projects, such as the potential expansion of the Electronic Document Management System functions, implementation of vendor and employee self service, and implementation of on-line employment applications, indicate that VTA's use of Oracle based software technology will continue to expand.

DISCUSSION:

Over the life of the current contract VTA has implemented new business applications, and purchased new server hardware. Consequently, VTA now requires additional licensing. To purchase the additional licensing and support VTA could use the current contract. This would result in a five year cost increase of \$378,000 as indicated below.

Projected cost under current contract:

Year	Named Users	# DB Instances	License Cost	Maintenance Cost	Total Cost
2001	1500	24	\$401,000	\$ 994,000	\$1,395,000
2006	2490	33	\$546,480	\$1,226,520	\$1,773,000

By negotiating a new licensing model based upon number of processors, VTA needs to purchase named user licenses for only two Oracle products, Diagnostic Packs and Oracle Database Enterprise edition. This action reduces overall costs as indicated below.

Projected cost under negotiated new contract:

Year	Named users	# DB Instances	License Cost	Maintenance Cost	Total Cost
2006	860	33	\$385,035	\$1,241,702	\$1,626,702

(License Cost per user = \$447.72; Annual maintenance cost for 58 processors = \$1, 241,702

This licensing model enables VTA to continue to use a suite of several Oracle products to manage and support the Oracle databases that run VTA's key business applications and accommodates anticipated growth over the next five years.

ALTERNATIVES:

We have a significant number of VTA applications including SAP running on Oracle databases; there are no practical alternatives.

FISCAL IMPACT:

The funds for this purchase will be included in the current year's operating budget and future operating budgets over the term of the contract.

SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:

Based on the limited scope of work and no subcontracting opportunities, no specific goal has been established for this contract. Contractor is encouraged to make reasonable efforts to utilize SBEs in its procurement of ancillary services and products associated with the performance of this contract.

Prepared by: Doug Beley