

VII. STANDING COMMITTEES**B. Finance, Audit and Facilities Committee**Purchase – Computing System UpgradeRECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be delegated authority to execute contracts as appropriate for a three year agreement for hardware, software and installation services from Unisys Corporation to upgrade the University's administrative computers and to acquire a third computer for a remote site/disaster recovery installation, in an amount not to exceed \$6,300,000 plus sales tax; and for financing agreements as determined necessary.

BACKGROUND:

Since 1967 the University of Washington has been partnering with Unisys (formerly Burroughs) Corporation for its mainframe computer platform. This relationship includes a series of transactions over the years related to equipment acquisition and equipment maintenance requirements, as well as the software licensing and software support necessary to sustain the University's student, financial, personnel, and resource management information systems. This computing environment also supports some of the administrative system requirements for UW medical centers.

Over the past ten years, it has been more cost effective for the University to replace or upgrade its computer environment rather than to pay software licensing and equipment maintenance fees for the old equipment. These upgrades to the Unisys computing environment have been occurring on an average of every three years, the last one being executed December 2003. These upgrades have not only addressed the rapidly escalating administrative computing capacity requirements for the UW, but have also introduced significant state of the art technology solutions, enabling substantial improvements to the efficiencies of our computing and data communications environment. Enhanced performance is increasingly delivered by software improvements rather than hardware, resulting in the software license costs being the preponderance of the total cost to the UW.

The current Unisys equipment and software license agreement expires in January 2007. If at the expiration of the current agreement, a new acquisition agreement has **not** been executed, the UW would be required to pay monthly charges for existing equipment and software licensing fees in an amount over \$400,000. Over the last few months, Unisys and UW representatives have been engaged in negotiations for a new equipment acquisition, software license agreement to take effect prior to January 2007. The upgraded technology increases the speed and

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capacity of UW's Unisys systems. As a result of those discussions, equipment and software licensing products having a list price of \$9,426,000 million for three years' use have been proposed by Unisys in a new three year agreement at a cost not to exceed \$6,300,000 plus sales tax. This offer expires September 30, 2006.

Highlights of the Unisys proposal include:

- Deployment of the newest technology available (installation would begin within 30 days of an executed agreement)
- Increase the number of systems from two to three, enabling deployment of one machine in Eastern Washington for disaster recovery purposes. Events during the last several years related to acts of terrorism and natural disasters have dramatically reinforced the need for a reliable, robust disaster recovery/business resumption capability
- Introduction of a new product offering model Unisys refers to as "Metered Use". This model is offered for their most powerful platforms, with their highest performance hardware (significantly faster than the existing environment), and enables the customer to prepay for estimated utilization over the next 36 months for a fixed price. The agreement will contain safeguards that will limit UW risk of under/over utilization. The monitoring tools accompanying this new pricing model will allow us to manage our cycle consumption and make more informed decisions in modifying cycle consumption and mainframe resource deployment, literally being able to turn up the processing speed to complete high volume production runs in the same numbers of cycles but much shorter elapsed time.
- Expanded options for network connectivity, supported by Unisys commitment to enhanced product development
- Support of heritage tape requirements
- Trade-in value of existing equipment
- Improved electricity conservation at a time when our main data center facility is at capacity
- Faster CPU and I/O performance and improved I/O connectivity

The University will continue to pay for ongoing maintenance and support costs. The maintenance costs for the upgraded systems will be about the same in the first year as are the costs for the current systems, approximately \$1 million. The Unisys agreement calls for maintenance cost increases to be capped at 6% per year.

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Funding for the acquisition is available from University operating budgets. The Vice Provost for Planning and Budgeting will determine if it is advantageous to finance the acquisition costs.

The Washington State Department of Information Services, which has oversight for information technology acquisitions by state agencies and institutions, has been asked to approve this acquisition. This request has been approved by the Vice President for Computing and Communications, the Vice Provost for Planning and Budgeting, the Information Technology Advisory Committee, and the Executive Vice President.