



STAFF REPORT ACTION REQUIRED

Microsoft M365 User License Renewal – Award of Contract

Date: April 22, 2025

To: Toronto Public Library Board

From: City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval to award a renewal of contract to Softchoice Corporation for the supply of Microsoft licenses and subscriptions to support Toronto Public Library's (TPL) digital and IT strategies.

Microsoft has recently changed its licensing framework for public libraries, shifting from the Academic licensing model to the Not-for-Profit license scheme. This change has resulted in significant cost increases for TPL, with annual license costs more than doubling compared to the previous agreement. Despite advocacy efforts through library associations, Microsoft has maintained these licensing changes that impact public libraries across North America.

The term of the contract is three years, and the estimated value of the commitment is \$3,437,715, excluding Harmonized Sales Tax (HST). TPL has anticipated this increase and adjusted the 2025 budget accordingly. Through

strategic restructuring of the Microsoft products licensed, TPL has achieved cost avoidance of \$750,000 over the proposed three-year contract term. TPL leverages an Ontario Education Collaborative Marketplace (OECM) contract for software license products and related services to benefit from advantageous terms and administrative efficiencies, under which Softchoice provides Microsoft licenses and subscription services.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approve a renewal of contract with Softchoice Corporation for the supply of Microsoft software licenses for a three-year term at a cost of approximately \$3,437,715, excluding HST.

FINANCIAL IMPACT

The commitment value of the award to Softchoice Corporation over a three-year period is approximately \$3,437,715, excluding HST. The estimated capital and operating costs are shown in the following table.

	Year 1	Year 2	Year 3	Total
Capital Cost	\$183,912			\$183,912
Operating Cost	\$1,084,601	\$1,084,601	\$1,084,601	\$3,253,803
				\$3,437,715

For TPL the cost of licenses has more than doubled. The total cost over three years under the previous agreement and licensing model was \$1,340,000. As noted, under the new agreement and licensing model, the total commitment over a three-year term is \$3,437,715. This is after TPL's strategic restructuring of the Microsoft products licensed, which resulted in cost avoidance of \$750,000 over the proposed three-year contract term.

TPL adjusted the budget in 2025 in anticipation of this increase and the new Microsoft license costs have been included in the approved 2025 operating budget for TPL. The estimated capital costs have also been included in the approved 2025 capital budget for TPL.

The Director, Finance & CFO has reviewed this financial impact statement and agrees with it.

ALIGNMENT WITH STRATEGIC PLAN

TPL's Strategic Plan (2025-2029) includes multiple objectives which are enabled through Microsoft licensing and services. The strategic objectives of *'Equip staff with the skills to support development of digital literacy'* and *'Equip staff to champion and promote library services'* focus on ensuring TPL staff are equipped with the necessary tools and technologies to deliver exceptional customer service.

DECISION HISTORY

At its meeting on January 24, 2022, the Library Board approved [Microsoft M365 User License Renewal - Award of Contract](#). This license renewal enabled expanded adoption of Microsoft technology and services in support of TPL's Digital Strategy.

At its meeting on January 25, 2021, the Library Board considered the [Digital Strategy 2020-2024](#) and approved TPL's Digital Strategy. The goals for Priority 5 of the Digital Strategy, Adaptive Technology Environment, include *'improving access to technology for staff and customers'* and *'adopt a modern security approach to improve cybersecurity and TPL's overall security position'*.

ISSUE BACKGROUND

Historically, Microsoft has recognized public libraries within the Academic licensing framework, resulting in significant discounts on products compared to commercial list pricing. This discounted licensing model has empowered public libraries to deliver a broad range of digital literacy services and ensured staff are suitably equipped with necessary productivity solutions.

Recent Licensing Changes

Beginning in October 2022, Microsoft has introduced changes to the licensing framework available to public libraries. As contracts are being renewed, all public libraries are required to transition from the Academic framework to the

Not-for-Profit license scheme. This change has resulted in varying but significant financial increases for public libraries across North America, including TPL.

Industry-Wide Response and Advocacy

As the financial impact of these changes has become more prominent, TPL has participated in advocacy efforts through multiple channels:

- Canadian Urban Library Council
- American Library Association
- Urban Libraries Council

These collective efforts have urged Microsoft to recognize the unique value proposition of public libraries as both customers and community partners. The advocacy emphasizes the broader benefits of maintaining affordable pricing models for public libraries, including digital literacy development and community access to technology.

Impact on TPL

Despite these advocacy efforts, Microsoft has maintained its licensing changes, and TPL – like other public libraries – is facing substantially increased fees for products and services upon contract renewal. These increases directly impact TPL’s operating budget and necessitate strategic decisions about technology investments to mitigate the overall increase.

COMMENTS

OECM is a not-for-profit collaborative sourcing partner for Ontario’s education sector, broader public sector and other not-for-profit organizations. OECM contracts with reputable suppliers through an open and competitive tendering process to offer a wide range of products and services and generate savings for public sector organizations through collaborative sourcing. TPL is eligible to take advantage of services and pricing offered under OECM contracts. TPL has employed Softchoice through agreement OECM 2018-318-01 to provision Microsoft licenses and subscription services.

Investment in Microsoft licenses represents a foundational component of TPL's Digital Strategy, delivering significant value across three critical domains:

1. Community Digital Literacy and Empowerment

- Managing over 2,000 public-access Microsoft Windows computers that serve as essential gateways to digital literacy and resources for community members, particularly benefiting those facing technological barriers
- Enabling inclusive access to technology through the Microsoft productivity suite, helping bridge the digital divide in Toronto's diverse communities

2. Operational Excellence

- Empowering 2,200+ library staff through Microsoft 365's collaborative tools, enabling seamless service delivery across all service points
- Leveraging Microsoft Fabric, Data Factory, Azure SQL, and Power BI Pro to transform raw data into actionable insights that drive service improvements

3. Enterprise Cyber Security Management

- Protecting customers and staff alike through centralizing security monitoring via Microsoft Sentinel, safeguarding millions of annual digital engagements
- Maintaining compliance with privacy regulations through Microsoft's comprehensive security framework

As a public library, TPL serves as a crucial access point for customers to gain exposure to Microsoft technologies, enabling diverse user groups and fostering digital literacy within the community. This partnership enables Microsoft to demonstrate its commitment to public good while expanding its user base through exposure to thousands of daily library users.

CONCLUSION

Microsoft software solutions are fundamentally woven into TPL's mission of delivering equitable public access to information and digital literacy. As one of North America's largest public library systems, the deployment of Microsoft technologies extends far beyond basic productivity tools – it represents a comprehensive digital transformation that serves both TPL staff and the Library's diverse community of Torontonians. Renewal of Microsoft licensing

ensures TPL staff and customers alike are enabled with necessary productivity and cybersecurity tools.

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SIGNATURE

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