Report

To: Executive Committee, Faculty Senate

From: Microsoft Task Force

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Re: Microsoft Campus Agreement

As directed by the Executive Committee of the Faculty Senate, the Microsoft Task Force has developed the following position paper with respect to the issues surrounding the question of whether OSU should enter into a Microsoft Campus Agreement (MSCA). Currently, approximately 70% of the OSU faculty and staff (2233 FTE) have already entered into the MSCA at a department level. The task at hand was to research and report on the pros and cons of adopting the MCSA campus wide.

The eight Committee members gathered information from a wide variety of individuals and print media. With the aid of Scott Williams, Microsoft Corporation Marketing Manager for Education, the Committee was able to contact representatives at various universities already having signed an MCSA (i.e., Carnegie-Mellon University, Notre Dame University, Seattle University, University of Alaska, University of California (state system), University of Maryland) to ascertain any concerns or problems resulting from the signing of such an agreement. In addition to individuals at these institutions, the Committee obtained invaluable information from Aaron Howell, Tony Korwin, Greg Scott, and Brian Thornson, and Earlene Ferris on the OSU campus. Overall, the Committee comprehensively investigated financial, legal, and ethical issues related to the signing of such an agreement.

The report is organized with a brief description of what the agreement entails, followed by the findings of the committee. Findings are organized by general areas of concern.

I. The Microsoft Campus Agreement

A detailed overview of the MCSA can be found at Microsoft's website. The URL is http://www.microsoft.com/education/pricing/campusagree/. Microsoft has recently revised its agreement for release in May (it is now Microsoft Campus Agreement Version 2.0) and has added a few additional software products and options. The list of software is as follows:

- Microsoft® Office® Standard & Professional Editions
- Microsoft Office Macintosh® Edition
- Microsoft Windows® Upgrades
- Microsoft BackOffice® Server Client Access License (CAL)
- Microsoft FrontPage®
- Microsoft Visual Studio™ Professional Edition
- Microsoft Office Starts Here™/Step by Step Interactive by Microsoft Press

MCSA Version 2.0 now offers the following Add-On Products (at an additional cost):

- Microsoft Project®
- Microsoft Windows® 98 Starts Here™ by Microsoft Press
- Microsoft Windows NT® Workstation Starts Here™ by Microsoft Press
- Microsoft Web Publishing Step by Step Interactive by Microsoft Press

(The "Starts Here" software packages are interactive tutorials for the various operating systems and Office).

OSU departments who bought into the agreement this past October entered a one year agreement for MCSA Version 1.0, with the rights to run the licensed software. In addition, the MCSA licenses all upgrades and downgrades of the software throughout the term of the agreement. At the end of the agreement, departments must decide one of the following, (i) renew the license, (ii) extend the licenses to be perpetual, or (iii) remove the software from your machines. The prices negotiated for OSU were as follows:

For under 3000 FTE $44.95
For over 3000 FTE $39.95
For students $19.00

While students are not currently under contract, an agreement was reached between OSU and the distributors that all of the students may participate even it the all of the faculty and staff doesn't. OSU would just have to include the entire student FTE in the contract.

II. Concerns of Other Universities

Overall, those universities who have already signed an MSCA expressed no concerns beyond those elaborated in the following pages. It is important to note, however, that Microsoft did not freely provide a list of ALL institutions with signed agreements. It is presently estimated that 150 institutions have signed an MSCA. It is certainly possible that the names provided were selectively provided. Alternatively, Microsoft consistently stated its desire to protect the privacy of its member institutions.

The February 12, 1999 issue of *The Chronicle of Higher Education* reports that some universities (e.g., Georgia Institute of Technology, Montclair State University) are beginning to voice concerns about the cost of Microsoft Campus Agreements as well as the relative compatibility of its software products with operating systems. Alternatively, the Microsoft Campus Agreement is perceived in a positive light by Indiana University, University of Southern California, and the University of Texas.

The April 8, 1999 issue of *The Chronicle of Higher Education* has reported Microsoft has made several significant changes in its Campus Agreement program in response to institutional concerns of program cost. These changes are reflected in the sections that follow.

III. Financial Considerations

One of our tasks was to determine, if possible, the costs associated with the purchases of Microsoft products vs. the costs of a campus agreement, either department wide or campus wide. In doing so it is important to understand why departments agreed to the MSCA in the first place. Many of the larger departments as well as central computing services have already bought into the agreement (e.g., Community Server, Crop and Soil Science, College of Forestry, etc.). The reason for doing so is two-fold:

1. It saves money in software upgrades because they have a high machine/FTE ratio.
2. It provided departments the opportunity to be legal in terms of Microsoft licenses.
3. It streamlines the administration of computers.

Unfortunately, arriving at a real dollar value on the amount currently spent on products covered under the MSCA is not possible. Even estimates of the amount are suspect. Purchasing checked with the OSU Bookstore and added in the amount that goes through their office. The figure was just under $90,000 for a single fiscal year. The problem is that purchasing has no way of counting the software that is purchased through other channels using a VISA. We suspect that this happens quite frequently. Also, every time there is a new release of a

product, the amount OSU spends spikes significantly, so one year estimates are not accurate. A real cost benefit analysis is therefore difficult to conduct. Below are some findings derived from consultations with purchasing and several computer administrators on campus.

Dollars and Cents- Desktop/FTE Ratios

If a department has student labs (i.e. the lab machines are owned by the department), the agreement becomes very attractive because OSU pays by FTE and may put the software on any department owned equipment. But for departments that have only a few machines, the agreement may not provide the best solution. Below are OSU's costs for MS products and media, available through price agreements with OETC (http://www.oetc.org/swprice.html). This is for departments NOT under any campus agreement:

MS OFFICE PRO (PC) $45
MS OFFICE PRO (MAC) $40
WINDOWS 95/98/NT (upgrade) $40
WINDOWS 98/95/NT (new license) $79

Note: Many may not know they can get licenses for MS products at these prices, and assume the $199 educational price at the OSU Bookstore is the going rate.

These prices provide a single license for a single PC. It does not provide the media. With today's CD Recorders, it is not difficult to find a copy of MS Office, so the media really is not an issue.

If a department has a few machines it's not really worth it to pay $40/FTE each year when they can get the licenses at the above prices. Generally speaking, upgrades occur every three years. So, the cost of upgrading a single PC to a new operating system (upgrade) and the latest Office Suite is approximately $32/year.

The real dollar savings for many of the departments can be estimated with ratio of desktops to FTE. For instance, Community Server, who provides computing services for many of the smaller departments on campus, bought in for 789 FTE. This covers ALL of the machines in computer labs provided by Information Services as well as departments hosted on the Community Server. Their cost, under the Microsoft Agreement is $35,000/year which provides licenses for roughly 2100 desktops. Their desktop to FTE ratio is somewhere on the order of 3 to 1. Granted many of these are Macs, which don't take advantage of O/S upgrades, but for Office suite upgrades alone, the agreement saves them money. In addition, if a department on the community server network starts a small graduate computing lab, their software costs are covered under the agreement. Administrators of the machines for IS/Community server considered the agreement to be well worth it.

Using the Community Server departmental agreement as an example, consider the following, assuming 2100 desktops (1200 PCs, 900 other):

Under Microsoft Agreement $35,000/yr.

O/S Upgrade: $45 * 1200 = $54,000 or $18,000/yr.
PC Office Upgrade: $45 * 1200 = $54,000 or $18,000/yr.
MAC Office Upgrade: $40 * 900 = $36,000 or $12000/yr.

TOTAL $48,000/yr.

Therefore an organization, such as the Community Server, saves $13,000/year through the agreement. In addition faculty and staff can use the software at home as well.

Obviously smaller departments do not benefit from such a high ratio. A table of typical ratios one might find in individual departments and the relative costs follows:

Machine/FTE Ratio	Agreement Cost/Yr./FTE	Upgrade Costs/Yr./Machine*	Savings/Yr./Machine
0.75	$45	$20	$-25
1	$45	$33	$-12
1.5	$45	$49	$4
2	$45	$66	$21

*Assuming $100 every three years for an upgrade/machine

The "break even" point is somewhere around 1.3 machines per FTE. It seems that any department with a PC for each faculty member and a few graduate students or "community " desktops is going to benefit from the agreement.

Other Intrinsic Value

There are other intrinsic values in the agreement that are beyond dollars and cents. One is that faculty and staff benefit from the products at home as well as at campus. Another value is that associated with non-licensed Microsoft products on campus. Computer administrators saw the agreement as a chance to finally get a grip on the licensing issue. With the age of recordable CD-media, software piracy is rampant and difficult to control. As a result, illegal copies of Microsoft software exist on many machines on campus. This is not only the case on faculty and staff machines, but in the administered labs as well. The agreement made entire departments and computer labs immediately legal. Administration of which licenses go where has always been burdensome for computer administrators. The agreement made this problem go away.

Campus Wide vs Departmental Costs

Currently 2233 FTE are enrolled at a negotiated price of 44.95/FTE. The total university FTE is 3111 for faculty/staff. The price per FTE decreases to 39.95/FTE when the OSU reaches the 3000 FTE mark. It is important to note that these figures are below that noted on the Microsoft web site, thanks to the prices negotiated by Earlene Ferris. If the total university bought into an agreement, the price would drop for individual departments if we charged each for their percentage of FTE. The savings may not be worth it if many of the remaining departments did not wish to participate in the agreement because their desktop/FTE ratio was 1 or less, or for some other reason. It would be burdensome for them to participate even if it saved other participants money. From an administrative standpoint, a campus wide agreement definitely would be easier to maintain and deploy.

Students vs. Faculty/Staff Costs

The list price is currently $19 per student. OSU negotiated with Microsoft and worked out a deal where all of the students may participate even if all faculty and staff choose not to do so. In addition, the agreement sates "if a department meets the 500 FTE faculty/staff minimum requirement and signs a Campus Agreement, the department or school can also include the student option for 100% of the students enrolled in the department(s)/school(s)." OSU would find this option less than feasible because tracking would be impossible and it would promote the pirating of software. Under the newest version of Microsoft's Campus Agreement, student software may be kept by all students after they graduate.

IV. Comparisons with Other Campus Agreements

MICROSOFT CAMPUS AGREEMENT: provides licenses for Windows 98, Windows NT, Office Pro (Word, Excel, PowerPoint, Access, Outlook), BackOffice, FrontPage, and Visual Studio Pro (Visual Basic, Visual C++, Visual J++, Visual InterDev, Visual FoxPro). OSU would pay an annual fee based on the current number of staff and students on campus, not the number of staff and students actually using the software:

Annual fee for 3,100 FTE staff: $42 x 3,100   = $130,200 (reflects a discount from reg. rate of $48)
Annual fee for 15,000 students: $17 x 15,000 = $255,000

Total   = $385,200 per year

COREL LICENSE PROGRAM "UNIVERSAL": Corel offers an agreement to license WordPerfect Suite 8, which includes the following: Corel WordPerfect 8, Corel®

Quattro® Pro 8, Corel® Presentations™ 8, CorelCENTRAL™ with fully integrated Netscape® Communicator, and Dragon NaturallySpeaking™.

It is important to Note that this list does not include an operating system. So this solution does not stand on its own. Most people running Corel applications would probably be most comfortable having their PC running Windows. A distributor would need to be contacted to get an exact quotation, but the licenses would likely cost around $15 per student and around $50 per staff member. There are two big differences between this agreement and the Microsoft agreement. First, the program is set up so that students go to a convenient location and buy the software for themselves. Second, for machines on campus, we would only have to pay for enough licenses to cover the maximum number of concurrent users of the software. In other words, we don't have to buy licenses for people who are not using the software. In fact, if we are willing to set up license servers, we do not have to pay for everyone who uses the software. We only have to pay for the maximum number of people using the software at any one time. However, the difficulty of setting up campus-wide license servers might mean we would end up buying a license for every user.

FREE SOFTWARE: A third alternative is using the (free) Linux operating system and the (virtually free) StarOffice suite of productivity tools. Linux is a free implementation of Unix that seems to be growing rapidly in popularity. StarOffice is an application suite developed by a company in Germany. To quote a StarOffice supplier, "StarOffice is a fully integrated, Microsoft Office compatible office suite which provides you the proper tools for nearly all tasks. No matter if you write letters or articles with the word processor (StarWriter), create lists with the spreadsheet program (StarCalc) or with the new graphic program (StarDraw) fantastic 3D images - StarOffice is complete and provides you all proper functions. Additionally, a database - powerful and, at the same time, simple to use (StarBase), an impressive presentation program (StarImpress) and an event planner (StarSchedule) belongs to the standard equipment. With StarOffice Internet fans can read e-mails and newsgroups, surf in the World Wide Web and also download file from the Internet. Thanks to this completeness, changing from other office suites to StarOffice is simple and quite possible. Users can open Microsoft Office files in order to convert spreadsheets, presentations and texts."

This option does not provide all the functionality offered by Microsoft in its licensing agreement, but it includes the applications used by most people most of the time (word processor, spreadsheet, drawing program, presentation program, and database). It is a little rough around the edges, but a site license is only $1,000 for the entire campus. Most individuals would not be very comfortable going to this environment, but it does illustrate that no-cost alternatives do exist.

V. Restrictions Concerning Use of Software Not Covered in Agreement

According to a Microsoft Campus sales representative, who said that the agreement makes no mention of other software; there would be no legal (contractual) restrictions. Microsoft will also continue to support and develop products for Macintosh computers, so those products will be available as well. Products being offered are identical to products that can be purchased off the shelf at any software distributor so other than the usual cross-platform/cross-software problems that come with any MS product there should not be increased difficulty.

VI. Instructional Impact

The committee identified two primary instructional impacts of campus-wide adoption of the MSCA: (1) pressure to use only MS software in classes, regardless of whether or not the MS software is the best available for the purpose; and (2) greater incorporation of computer technology into classrooms.

First, where a class uses a particular software package, faculty are likely to feel some pressure to use software included in the MSCA, regardless of the relative quality of the MSCA software. Whereas without the MSCA an instructor would be free to choose among all of the available options for their class, adoption of the MSCA will likely see decreased classroom use of competing software, even in cases where the competing software may be superior.

Second, adoption of the MSCA may result in some increased use of computer technology in classroom instruction and its requirement in homework assigned. Since the entire class would have access to the same software (though not necessarily a PC at home), instructors will presumably be more likely to incorporate computer demonstrations and computer-related homework into their courses.

VII. Infrastructure Requirements and Changes

The committee found no major requirements for infrastructure additions or changes resulting from the adoption of the MSCA. The primary need once the MSCA is in place would be for OSU to facilitate the distribution of the software and its upgrades. This would require the following procedures and infrastructure:

1. Acquisition of a copy of all software covered under the MSCA.
2. Some level of campus coordination, involving a minimum of (a) acquisition of software and upgrades; (b) accounting; (c) notification to the campus community of new software and upgrades; (d) duplication of software.
3. Duplication of the software onto a suitable number of CD-ROMs. This may require the purchase of CD-duplication hardware. Also, depending on the

workload incurred (largely dependent on the level of adoption - i.e., faculty and staff or campus-wide), this could require the hiring of part-time staff. Presumably a student worker would be sufficient in this area.

4. Campus-wide notification of upgrades to software. This could be handled through an email listserver, web page, etc., and should be of minimal burden.

5. Distribution of software to all units on campus. This could proceed in at least three ways: (a) distribution through key personnel in each unit, such as the departmental computer administrator or equivalent; (b) distribution via a check-out/loan program similar to the library system; or (c) allow units and users to fend for themselves with the knowledge that the software has been paid for and they simply must obtain a CD-ROM to copy the software from. Clearly a combination of (a) and (b) would be preferable. Possibly (b) could involve the Valley Library, although a faculty-and-staff-only adoption would require creation of a new circulation code at the library that enabled only faculty or staff to check out the CDs.

If the MSCA is adopted campus-wide (i.e., faculty, staff, and students), some level of additional coordination would likely be needed for students. If the software becomes needed in large numbers of classes, for example, it is likely that a large number of CDs would need to be made available by the beginning of every term.

<u>Issues Regarding Upgrades</u>: Upgrades would be available as soon as the software can be obtained from Microsoft, duplicated, and made available for distribution. The level and quality of organization will primarily determine the lag-time between Microsoft's release and its availability campus-wide for the MSCA here on campus. If the MSCA is well coordinated and sufficient resources exist for duplication and distribution, there should be minimal delay between the release of the software by Microsoft and its availability on campus. If the MSCA is poorly coordinated, or there are not sufficient resources available for duplication or distribution, then the lag-time could become large. As such, coordination and sufficient resources for duplication and distribution are critical to the success of any adoption by OSU of the MSCA.

The Campus Agreement is easy to terminate. Under Microsoft's newly revised Campus Agreement, institutions can back out of the agreement if it is determined not to be "working out." Previously, there was no escape clause during the period covered by the agreement. Given the minimal amount of infrastructure changes required for implementation, choosing to terminate would not compromise OSU operations in any significant manner.

VIII. Philosophical/Ethical Considerations

The Mission and Goals of Oregon State University state, "Oregon State University is committed to achieving recognition as a top-tier university and to facilitating the personal and professional growth of its students, staff, and faculty." Meeting these goals and guiding principles requires adequate technological support, including the highest quality in computer services. Exclusive licensing arrangements with leading software manufacturers can help achieve these goals efficiently, but may come at some cost to equity and university identity. The University should, therefore, carefully consider the following issues in addressing prospective licensing arrangements:

Will the arrangement:

1. Generate a conflict of interest for the university;
2. Risk subordination of the university's identity to industrial interests (e.g., will OSU be referred to as a "Microsoft university);
3. Transform higher education into a revenue commodity;
4. Enable equitable allocation of the university's resources and facilities;
5. Unfairly advantage or disadvantage any segment of the university;
6. Unite the university as a community;
7. Respect the decision-making autonomy of colleges, departments, and other administrative units;
8. Ensure that freedom of choice is preserved for faculty, staff, or students who may wish to "opt-out" of a given licensing agreement;
9. Have minimal impact on other valued university goals and priorities (such as resources for teaching);