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**Transfer of City-Owned Oracle Database Software Licenses to Agencies, Boards and Commissions – Budget Advisory Committee Meeting on February 18, 2004**

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## **Briefing Note**

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### **Background / Issues**

At its meeting on February 18, 2004, the Budget Advisory Committee requested that the Commissioner of Corporate Services prepare a briefing note for the Committee's wrap-up meeting in March 2004 regarding the feasibility of transferring City-owned Oracle database software licences from the City to the Agencies, Boards and Commissions.

In December 1999, the City purchased 10,000 Network Oracle database software licenses and software maintenance for five years. Oracle database is a software program that organizes and stores data electronically for access and retrieval. It is a component necessary for many City computer applications to run.

At the time of purchase, the City traded in its existing Oracle database licenses of various types (runtime, concurrent, named user), replacing them with Oracle Network database licenses. The purchase was placed on lease with MFP Inc. and is part of the subject of the current Toronto Computer Leasing Inquiry.

The City Solicitor has reviewed this briefing note and provided comments.

### **Key Points**

1. The Master Software License and Services Agreement (Agreement) between the City and Oracle Corporation Canada Inc. (Oracle) provides for the transfer and assignment of the City's licenses to its Agencies, Boards and Commissions upon 60 days prior written notice by the City to Oracle and subject to the terms and conditions of the Agreement. The assignment can only take effect upon execution of an Assignment Agreement between the three parties in a form acceptable to Oracle.
2. Until all lease obligations to MFP respecting the Oracle licenses purchase are fulfilled later this year, the City Solicitor advised that MFP contractual documents reflect that the City requires MFP's consent to assign any of the Oracle licenses.

3. The existing Master Agreement between the City and Oracle expires on December 31, 2004 and a new agreement to cover future maintenance and support is necessary. In support of the negotiations for a new agreement, staff will undertake a review of Oracle license and license type needs, level of support required in 2005 and beyond, and the appropriate terms for future licenses and software support. The usage of Oracle database software is expected to grow as the City moves forward with its eCity vision and other initiatives such as 3-1-1. The structure of the current license holdings will be part of the negotiations to optimize license usage and plan for future requirements. Assignment of Oracle database licenses to the Agencies, Boards and Commissions will be included in the negotiations with Oracle.
4. Due to the unavailability of other previously owned Oracle database licenses and the reliance on only the 10,000 Network licenses, the City's Oracle Network license usage need is about 8,400 as of January 31, 2004. This number has been adjusted to remove inactive user names. Such inactive user clean up is conducted periodically. On this basis, it is feasible to assign to the Agencies, Boards and Commissions a small number of Oracle database licenses, at cost.
5. Should the City decide to assign Oracle licences under the Agreement if Oracle grants approval to do so, the Assignment Agreement should be negotiated to allow the Agency, Board or Commission the ability and option to manage the transferred Oracle licenses on its own for operational effectiveness. This is particularly important for the larger Agencies, Boards and Commissions.
6. As a result of the recent report of the Auditor General with respect to database security, all Oracle database licenses are to be centrally managed by Corporate Information & Technology Division, enabling better control of overall license usage based on business needs.

**Date:** March 22, 2004