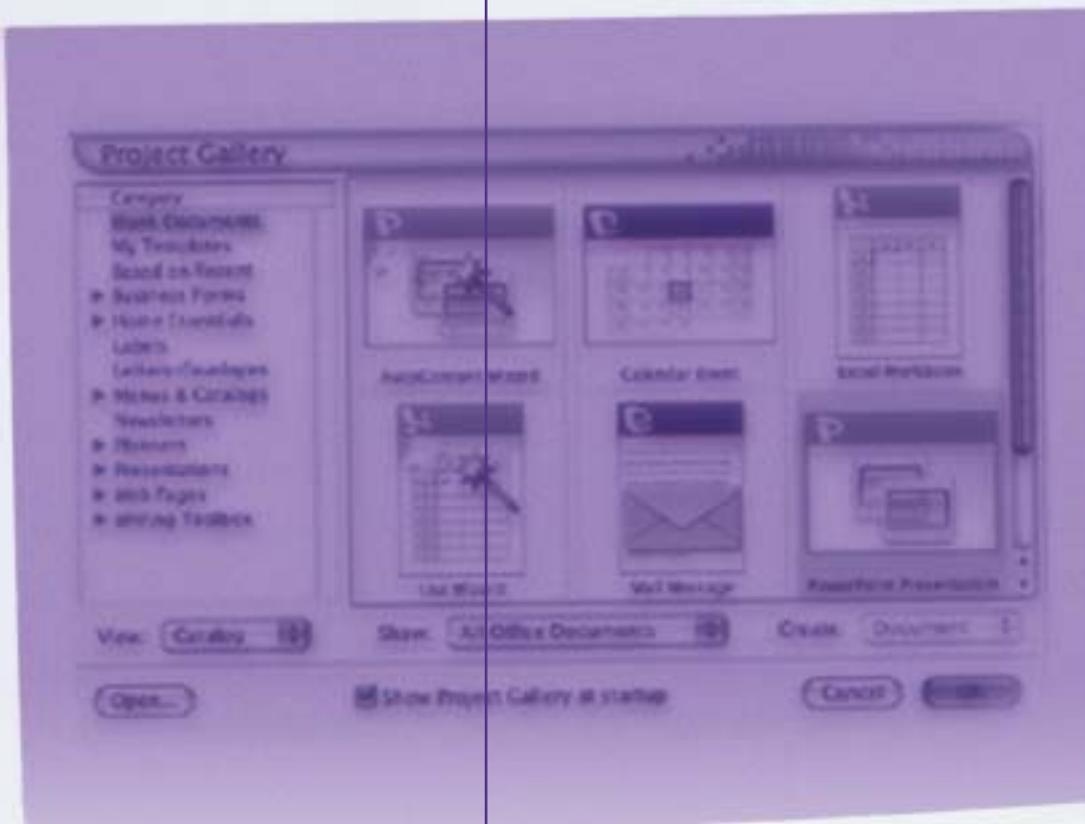


Guidance to Schools purchasing Microsoft Products

The Becta Microsoft
Memorandum of Understanding



British Educational Communications
and Technology Agency

The British Educational Communications and Technology Agency (Becta), on behalf of and at the request of the Secretary of State, has signed a new agreement with Microsoft Ltd in relation to their licensing framework for schools. It establishes significant savings to schools in England choosing to license Microsoft software. The agreement also extends to schools in Northern Ireland, Wales and Scotland.

The reductions in cost take effect from 1st January 2004. Taking account of current spending patterns and the cost of Microsoft products to schools at the start of the current financial year, it is expected that total savings to schools in England will reach £46 million over three years, with a further £2.5–3.5 million anticipated being saved by schools in the Devolved Administrations over the same period. Depending on the products they purchase, schools

are likely to spend 20–37 per cent less than might have been expected in the absence of this new agreement. No school is under any obligation to purchase Microsoft software or to change their preferred way of working. There is no intention to limit or restrict the choices that schools currently have.

Charles Clarke, Secretary of State for Education

'It is vital that we equip all our children with the ICT skills that a 21st-century economy demands. This agreement is a significant step towards ensuring that this happens.

'The issue of software licensing is a complex and difficult one. But the hard work and positive attitude of both Microsoft and Becta has resulted in an excellent outcome that will quite simply help schools to get more out of ICT.'

Owen Lynch, Chief Executive, Becta

'I am very pleased that Becta has achieved this new agreement. Becta is working proactively with the ICT Industry on behalf of schools, enabling them to procure and develop a sustainable, dependable, ICT infrastructure.'

Guidance to Schools

Becta has entered into negotiations with Microsoft and arrived at a pricing model that takes account of the total spend on Microsoft software by all UK schools. The outcome of these negotiations is a Memorandum of Understanding (MoU) between Becta and Microsoft. This MoU applies to schools in England, Scotland, Wales and Northern Ireland.

What you need to do now

The agreement will only affect you when, or if, you need to buy new or upgraded Microsoft software licences. If you have no current requirement for new or upgraded licences then you do not need to take any action.

How to access the new prices

The Becta Microsoft prices are available both for Select Agreement and School Agreement purchases. These agreements are explained in the licensing options section below.

You will be able to purchase Microsoft software licences at the new discounted rates from an authorised reseller, from your LEA (where appropriate) or from a local purchasing consortium. To ensure that you are getting the best possible price, you should ask your supplier to confirm that they are purchasing through a Master Agreement that is eligible to attract the Becta Microsoft discounts.

Prices after discount are variable, so it is still worth shopping around to get the best deal.

Licensing options under the Becta Microsoft MoU

Select Agreement

The Academic Select Agreement is a volume licensing scheme that allows schools to purchase software licences at a fraction of the cost of purchasing an off-the-shelf 'Full Packaged Product' for each computer.

Under the Select Agreement, the media (the CDs or DVDs from which the software is installed) is provided separately from the actual licences that allow the software to be installed on individual computers. With this model a school can simply purchase the number of licences it requires to run

the software on its computers without the need to purchase multiple copies of the software itself. As a Select Agreement licence has no media 'attached', the school is permitted to copy the media for its own internal use.

All Select Agreement licences purchased are 'perpetual' meaning that the school may keep the software in use for as long as it wishes. In reality, however, it is likely that after a few years the school will wish to update the software. Where a suitable Microsoft Upgrade product exists, this can be achieved by purchasing upgrade licences under the Select Agreement.

Where a school wishes to update its software at regular intervals, it can purchase the 'Software Assurance' option at the time of purchasing the original Select Agreement licences. This allows the school to upgrade the product purchased to the latest version at any time during the period of the Software Assurance (typically two years).

Microsoft School Agreement

The Microsoft School Agreement differs from the Select Agreement in that licences are non-perpetual. The software is licensed on a year-by-year basis with costs being calculated based on an annual count of the number of computers in the school above a set specification. There is no need for a 'Software Assurance' option, as upgrade rights are included by default, allowing schools to run any version of the software they have licensed under the agreement.

A School Agreement can offer significant savings over Select Agreement licensing, particularly for larger schools. However, it has the disadvantage of being an 'all or nothing' scheme. As such, it is not cost effective to mix and match the School Agreement with other Microsoft licensing schemes. Whilst the School Agreement is particularly suited to schools wishing to license or upgrade all their Microsoft software in one go, there are a number of factors that will affect the cost of each licensing route. An authorised reseller or your LEA (where appropriate) will be able to assist you in calculating the relative costs of School Agreement versus Select Agreement for your particular circumstances.

How it works

As a result of the new agreement, Microsoft have consolidated existing short-term discounts into their ongoing pricing structure and introduced significant additional discounts into their pricing for schools. This new price band is achieved by aggregating the amount of

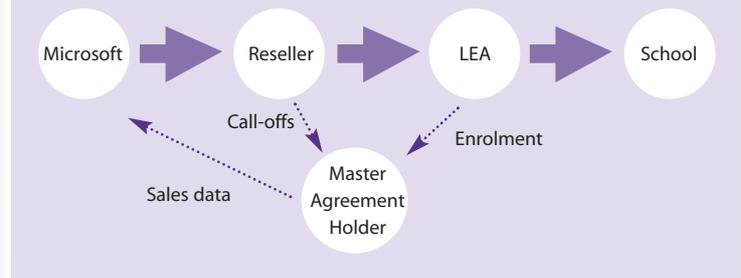
Microsoft software purchased by schools nationwide and applying the relevant discounts to all schools regardless of size or number of software licences purchased.

Microsoft does not sell directly to customers, but uses a network of authorised resellers to distribute its software. Many LEAs purchase software on behalf of schools in their area in order to achieve the highest possible volume discounts.

Under the Becta Microsoft agreement, the supply chain and the relationship between the parties involved remain unchanged.

Under the new agreement, Microsoft has introduced a new price band that will be available to all schools in the UK, provided they can access an eligible Master Agreement, either through their LEA (as in figure 1), or directly (as in figure 2). Purchasing consortia and other 'aggregators' can sometimes offer lower prices

Figure 1: Microsoft software supply chain for schools purchasing through an LEA



than purchasing directly from a reseller, but only where they themselves are enrolled under an eligible Master Agreement.

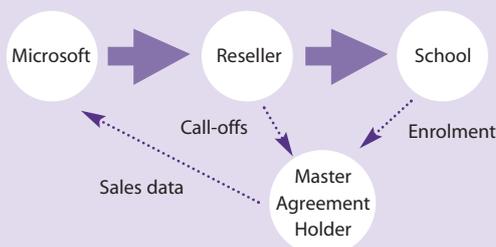
These new arrangements reduce the 'factory gate' prices that resellers pay Microsoft by 20–37 per cent. These savings should be passed down the supply chain and result in a similar percentage reduction in the price that schools pay for Microsoft software.

Summary

The Becta Microsoft agreement offers significant savings to all schools wishing to purchase Microsoft software. The arrangements do not change the supply chain in any way and therefore most schools will receive the discounted prices by following their normal purchasing arrangements.

For schools that have previously been unable to access the most attractive pricing owing to the small volume of licences purchased, the agreement offers a route to prices based on nationally aggregated volumes.

Figure 2: Microsoft software supply chain for schools not purchasing through an LEA



Frequently Asked Questions

How do I get access to the new discounted prices?

If you purchase software under either Microsoft Academic Select Licensing or Microsoft School Agreement licensing, then the new pricing should be automatically available from your normal provider. As prices vary between resellers, however, it is worth shopping around.

If you purchase software under Microsoft Academic Open Licensing, to get the best pricing under the new agreement you should change to either Select Licensing or School Agreement licensing.

We are a small school, should we still consider Microsoft Academic Open Licensing?

No. As the Becta Microsoft agreement opens up the higher volume pricing to all schools regardless of the number of licences they wish to purchase, this will offer lower pricing than the Academic Open Licence.

Our school prefers to use alternatives to Microsoft software. Do I need to switch to Microsoft software now?

No. Becta Microsoft pricing arrangements are for the benefit of those schools that have already decided that Microsoft software is the best solution for them. Schools should feel under no obligation to purchase Microsoft software under this agreement.

How do I change to Select Agreement or School Agreement licensing?

Contact your LEA to see if they have access to a Master Agreement that is eligible for the Becta Microsoft discounts. If not, contact a Microsoft reseller to find out how to enrol under an eligible Master Agreement directly.

Where do I find resellers that have access to the Becta Microsoft prices?

The Microsoft UK Education website has links to these.

<http://www.microsoft.com/uk/education/how-to-buy/where-to-buy/>.

Do all Microsoft resellers sell both School Agreement and Select Agreement licences?

No. There are two types of authorised reseller that

have access to the Becta Microsoft prices. Authorised Education Resellers can sell School Agreement licences, whereas Education Large Account Resellers can sell both Select Agreement and School Agreement licences.

Do I still need to 'shop around' for the best price for Microsoft software?

The Becta Microsoft agreement defines a new lower 'factory gate' price that Microsoft charges its resellers for their products. There is likely to be a variation in the mark-up that different resellers and LEAs apply to licences sold, so it is always wise to check that you are being offered the most competitive price.

How do I 'shop around' under the Becta Microsoft agreement?

Contact a few Microsoft authorised education resellers and your local purchasing consortium, where one exists. If you currently purchase through your LEA you should find out what value-added services they offer with the licences and take these into account in your comparisons.

We currently buy all our Microsoft software from our LEA. Do we need to start buying from an authorised reseller?

Not necessarily. It is likely that your LEA has already enrolled under an eligible Master Agreement and has used its buying power to reduce reseller margins, so you should get a very good deal. It is always worth seeking price comparisons, however.

What are the actual levels of discount I should now expect to receive?

You should receive a discount between 20 per cent and 37 per cent compared with April 2003 prices.

Do I need to transfer my existing Microsoft licences to a new Becta Microsoft Select Agreement?

No. You do not have to transfer any licences. The terms and conditions of your existing licences with Microsoft remain unaltered by the Becta Microsoft agreement.

When can I get access to the lower pricing?

If you purchase under a Microsoft Select Agreement,

the new prices apply to all licences purchased from 1st January 2004. Any products purchased from that date should reflect the lower pricing.

If you purchase under School Agreement, the lower pricing will apply to all products available when you next renew your subscription.

If you purchase under Microsoft Academic Open Licensing, you will get the best price by moving to Select Agreement or School Agreement, depending on your particular circumstances.

I really don't know what licensing model I'm currently using. What should I do?

If you are purchasing Microsoft software after 1st January 2004, you need to ask your supplier to confirm on their quotation that the software is being provided under a Master Agreement that is eligible for the Becta Microsoft discounts. It is important, however, to understand your existing licences as these will be unchanged by the Becta Microsoft agreement.

We buy boxed Microsoft software as we need it from retailers. Do we need to buy in a different way now?

Yes. The Becta Microsoft agreement offers prices that are a fraction of those of fully packaged products.

My usual computer supplier has offered to supply some new PCs complete with Microsoft software (e.g. Office and Encarta) and licence. We have been assured that this will be at 'educational prices'. Does this mean that we will be automatically getting the Becta Microsoft prices?

Not necessarily. Only Microsoft authorised resellers have access to the Becta Microsoft pricing. If your computer supplier is not a Microsoft authorised education reseller, you may be paying too much for the Microsoft software.

Each PC we buy comes with Microsoft Windows software, pre-installed. Will we see a reduction in the cost of these PCs as a result of the MoU?

No. The licences supplied with new computers are called OEM (Original Equipment Manufacturer)

licences and are the subject of world wide legal agreements. The price of OEM licences will not be affected by the Becta Microsoft agreement.

I have been offered better prices for Microsoft licences than are available under the Becta Microsoft agreement. Should I purchase these?

The Becta Microsoft agreement will normally offer the most cost-effective route for schools to purchase licences for Microsoft software and it is very unlikely that genuine software will be available at lower prices. Care should therefore be taken to ensure that any 'bargain' licensing deals are genuine and legal. There is a significant amount of counterfeit and illegally imported Microsoft software on the market and the use of such software is illegal. It is the responsibility of the purchaser to verify the authenticity of any licences or media purchased. The 'How to Tell' website provides information on how to identify genuine Microsoft software (www.howtotell.com/uk).

We are an independent school, can we access the Becta Microsoft prices?

Yes. Contact any Microsoft Educational Large Account Reseller or Authorised Education Reseller to find out how to enrol under an eligible Master Agreement.

I have recently purchased Microsoft software. Can I recover the extra I have paid compared to the Becta Microsoft pricing?

No. As with almost all prices changes, it is not possible to back-date the scheme to cover purchases made before the agreement was in place. You will, of course, be able to make use of the new pricing for future purchases.

Can we purchase Microsoft software with our Curriculum Online E-learning Credits?

Currently the only Microsoft product available under Curriculum Online is Encarta, the multimedia encyclopaedia. If you wish to purchase Encarta using your e-learning credits, you will need to find a supplier who can accept e-learning credits as payment and can also access a Master Agreement that is eligible for the Becta Microsoft discounts.

Further Information

Becta

www.becta.org.uk

The Microsoft Education licensing helpline

To get through to the Microsoft Education Customer Care Team, please call 0870 607 0800. A Microsoft representative will be available to take your call from 8:00 am to 6:00 pm Mondays to Fridays, excluding English public holidays.

Email enquiries

You can also email your queries to: licensing@microsoft-contact.co.uk. In most cases you will receive a response to your email within 48 hours from Mondays to Fridays, excluding English public holidays.



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