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Buying Solutions, the procurement arm of the UK government, yesterday proclaimed a new, better licensing deal with Microsoft. By securing best pricing terms for public sector bodies whatever their size (our italics), The Government could save us £75m over five years.

For the first time, Microsoft licenses are fully transferrable across the public sector. And all public sector bodies can buy the Microsoft apps they need, rather than having to buy the standard - presumably Office - application.

In other words, Microsoft will treat the UK public sector as a single customer, not as separate fiefdoms.

So why didn't Buying Solutions think of this already? Or more pertinently, why didn't it get this deal in place before? For years, it has bulked up public sector bodies to get better terms from Microsoft.

Slowly, the UK government has got better at negotiating these deals, and slowly Microsoft has ceded ground. The latest Public Sector Agreement (called PSAO9) shows that Microsoft no longer has all the bargaining chips.

For governments everywhere can always wave the Open Source card, even if they have no real intention of playing it. Here is what Angela Eagle, Exchequer Secretary to the Treasury, has to say about the deal, and in a Microsoft press release too.

This new agreement will contribute to the Government's efficiency targets in support of its Operational Efficiency Programme, and clearly demonstrates the huge benefits that can be achieved through collaborative procurement."

It also reinforces the Government's commitment to its Open Source Action Plan by setting up a facility to reuse and share licences across the public sector.

We are not sure that Eagle's quote write actually understands what Open Source is, but we applaud his or her efforts in smuggling the term into a Microsoft procurement press release.

Microsoft has set up a couple of live online meetings with Buying Solutions on May 13 and 14 to explain the new terms.