Background: Oracle has recently engaged with the City of Rochester Hills to bring up a compliance issue with the way the city has licensed the following modules: Human Resources, Payroll, Employee Self Service and Time & Labor. The city has asked Denovo to assist them with getting compliant and reselling the software licenses through their partner agreement with Oracle.

These modules are priced based on an employee metric. Oracle defines an employee as **Employee:** is defined as (i) all of your full-time, part-time, temporary employees, and (ii) all of your agents, contractors and consultants who have access to, use, or are tracked by the programs. The quantity of the licenses required is determined by the number of Employees and not the actual number of users. In addition, if you elect to outsource any business function(s) to another company, the following must be counted for purposes of determining the number of Employees: all of the company's full-time employees, part-time employees, temporary employees, agents, contractors and consultants that (i) are providing the outsourcing services and (ii) have access to, use, or are tracked by the programs.

Based on this definition per City of Rochester Hills Accounting department, there were 871 W-2's issued in 2022 (571 above the current licensed number of 300).

- 355 are what I think would be categorized as "agent, contractors or consultants". They are what we call "non covered employees" and that includes people that are very part time, maybe only paid for a single day in a year, such as election workers.

- 516 are employees (full time, part time, seasonal) and former employees that are still receiving benefits.

Denovo is providing the following quote for additional licenses:

o Add 600 additional licenses of each module to cover the current shortage, with room to grow
o Avoid paying back support before an Oracle Audit is initiated
o Denovo has secured a 45% pricing discount on behalf of the city that is good through the end of Oracles Fiscal Year 05/31/23
o Initial License fee and year 1 support to be invoiced by Denovo
o Pricing valid through 5/31/23

License	Metric	Quantity	Unit Price	List Price	45% Discount
HR	Employee	600	$185	$111,000	$61,050
Payroll	Employee	600	$225	$135,000	$74,250
Self-Service	Employee	600	$75	$45,000	$24,750
Time & Labor	Employee	600	$110	$66,000	$36,300
Total Employee Metric License Fees				**$357,000**	**$196,350**
Annual Support				**$78,540**	**$43,197**
Total Year 1 Fee Due				**$435,540**	**$239,547**