

Los Angeles City College Administrative Services "How To" Book	Contracting Procedures	VII E-6
How Do I Purchase or Contract for Software Licenses?		

A. Brief Description

A license agreement is similar to a lease in that it usually involves an agreement by which the licensor (vendor) assigns some, but not all, of his rights in an item to a licensee (District) and receives in exchange consideration. As compared to a lease, one principal object of the license format is to protect against the licensee's misuse of the licensed property by retaining certain aspects of ownership and binding the licensee to promise to observe and respect the licensor's prior right. A license provides a non-exclusive right to use an asset (software), implying that the asset also could be used by other parties. A license is a contractual device for conveying the right to use, rather than own as opposed to sale. Below is a brief summary of the acquisition process for software licenses.

B. How To

1. A license of software or any other intellectual property that qualifies as educational material may be procured without soliciting competitive bids or proposals (**Education Code section 81651**).
2. A license of software or any other intellectual property costing less than the bid statutory limit (\$72,400.00) is to be procured in the same manner as a regular purchase.
3. A license of software or any other intellectual property that equals to or cost more than the bid statutory limit must be processed through competitive bidding. (**Education Code section 81645**).
4. A license of software or any other intellectual property is generally procured by the Contracts and Purchasing Section except for licenses for commercial "off the shelf" software that :
 - a) Is intended for a single-user application.
 - b) Require installation on a single-used or computer desktop or laptop and does not involve the purchase of a site license or installation on a network server.
 - c) Cost less than the statutory bid threshold.
5. An "off the shelf" software license is generally entered into the purchasing system as a Purchase Requisition (PR) or a Purchase Order (PO) document; whereas, a larger-scale software license purchase, including any software maintenance agreement, is entered as a RFC (Request for Contract) document type. The PO is approved by the Vice President of Administration; whereas, the RFC (Request for Contract) is approved by the Contracts Manager.

6. For purchases concerning software, prior approval and consultation is required from the local IT Department to determine if the software is compatible with the existing operating system or free from viruses.
7. The software license and its related maintenance agreement should be filed together and kept by IT Department or the department utilizing the software.