Guidelines for purchasing software and electronic services

Procurement Services has modified the policies and process associated with faculty, staff, and departments buying low-risk software and electronic services for university-related purposes, as described in SPG 601.03-3. Departments, units, and individuals are now granted limited authority to purchase software and electronic services, thus eliminating a lengthy contract negotiation and the need to get Procurement Services approval prior to purchase. The key element is the emphasis on *low-risk* software and services whose use brings little or no legal or operational risk to university data, operations, or systems.

This process does not include the many software packages available for faculty, staff, and department use from ITS Software License and Distribution, HITS, the College of Engineering's CAEN, or umichITAM.

Real risk can only be controlled by developing a legal agreement with the company. If a contract is required, Procurement Services remains available to work with the appropriate information security office and the Office of the Counsel to ensure adequate safeguards are included in the contract.

The process for purchasing software and electronic services with a P.O. has also been streamlined. For more information on purchasing software, please review the helpful tips.

What Is Low Risk?

A low-risk software package is one that does not connect over a network with a third party, usually the supplier, but that can be downloaded and runs entirely contained within the campus network and computing environment.

A low-risk electronic service is one that does not involve storing sensitive or private data on a third-party system. The measure of risk for a service depends on the kind of data you use with it.

Software

Software, both online and shrink-wrapped, may be purchased using a P.O. or P-Card provided that:

- The total cost does not exceed $5,000 if using a P-Card
- The total cost does not exceed $10,000 if using a P.O.
- No data classified as high or restricted in terms of sensitivity resides on the third-party providers servers

Externally hosted software

Externally hosted software is also referred to "Software as a Service" or SaaS. It is software that is developed and hosted by the SaaS supplier and which the end user accesses over the Internet. Unlike traditional packaged applications that users install on their computers or servers, the SaaS supplier owns

the software and runs it on computers in its data center. The customer does not own the software but effectively rents it, usually for a monthly fee.

Such software may be purchased using a P.O. or P-Card provided that:

- The total cost does not exceed $5,000 if using a P-Card
- The total cost does not exceed $10,000 if using a P.O.
- No data classified as high or restricted in terms of sensitivity resides on the third-party providers servers
- No critical business functions are dependent upon the service
- No personally identifiable information about individuals is stored on the supplier's site
- No confidential information is used within the site
- The vendors are not granting themselves a license to use data loaded into the site
- A unit's core operations will not be impacted if the vendor closes abruptly and without warning; Student information (such as grades, advising notes, or other academic information) is not being loaded into the service

Special Note for Software Developers

Code libraries designed to support software development may also be purchased using this expedited purchasing process. You must check the license agreement for the library since some packages grant themselves a license to your products. Faculty or staff developing new inventions that they wish to develop commercially should also contact the **Office of Technology Transfer**.

Available Help

Any issues or questions regarding installation of software can be directed to the ITS Service Center at 4HELP@umich.edu or calling 734-764-HELP.

Further Help

Questions should be directed to Procurement Services at 734-764-8212, prompt 2. or by emailing procurement.services@umich.edu.