



## STAFF REPORT ACTION REQUIRED

### Provision of the Supply, Delivery and Maintenance and Support of Proprietary Oracle Licences from Oracle Canada ULC.

<b>Date:</b>	October 31, 2012
<b>To:</b>	Government Management Committee
<b>From:</b>	Acting Chief Information Officer, Information & Technology Division and Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2012\Internal Services\PMMD\gm12015pmmd (AFS # 16530)

#### SUMMARY

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This report requests authority to negotiate and enter into a 5-year single source contract with Oracle Canada ULC for the supply, delivery and maintenance and support of Oracle licences. The 5-year contract term will be effective January 1, 2013 to December 31, 2017, in the amount not to exceed \$24,777,203.53 net of HST recoveries, and in a form satisfactory to the City Solicitor.

#### RECOMMENDATIONS

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**The Acting Chief Information Officer and the Director, Purchasing and Materials Management Division recommend that:**

1. City Council grant authority to the Acting Chief Information Officer to negotiate and enter into a contract with Oracle Canada ULC for the supply, delivery and maintenance and support of Oracle licences for a 5-year contract term that will be effective January 1, 2013 to December 31, 2017, in the amount not to exceed \$24,777,203.53 net of HST recoveries, on terms and conditions satisfactory to the Acting Chief Information Officer and in a form satisfactory to the City Solicitor.

## Financial Impact

Listed in Table 1 below is a summary cost estimates by year of the Net New Licence Purchase and the Annual Maintenance Cost over a 5-year term effective January 1, 2013 to December 31, 2017:

<b>Table 1: Oracle 5-year Software Cost Estimates</b>						
	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>Total</i>
Estimated new license purchase	\$1,000,000.00	\$1,200,000.00	\$1,200,000.00	\$1,200,000.00	\$1,200,000.00	\$5,800,000.00
Estimated annual maintenance	\$3,161,740.00	\$3,414,679.00	\$3,687,854.00	\$3,982,882.00	\$4,301,512.00	\$18,548,667.00
TOTAL (net of HST)	\$4,161,740.00	\$4,614,679.00	\$4,887,854.00	\$5,182,882.00	\$5,501,512.00	\$24,348,667.00
TOTAL (net of HST recoveries)	\$4,234,986.62	\$4,695,897.35	\$5,259,330.90	\$5,274,100.72	\$5,598,338.61	\$24,777,203.53

The funding for additional licences and the first year annual maintenance services required by City divisions will be included in each division's respective operating and/or capital budgets.

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

At its meeting of June 19, 20 and 22, 2007, Council adopted a motion to authorize staff in the Information & Technology Division and the City Solicitor's Office to negotiate and enter into a contract with Oracle Canada ULC for the supply, maintenance and support of Oracle software products with a term ending no later than December 31, 2012 and in an amount not to exceed \$19,809,028.00 (net of taxes). Blanket Contract number 47013359 was issued to Oracle Canada ULC in the amount of \$10,403,736.67 (net of taxes) for Maintenance and Support for the period ending December 31, 2012. Blanket Contract number 47013371 was issued to Oracle Canada ULC in the amount of \$7,500,000.00 (net of taxes) for Oracle Licences for the period ending December 31, 2012.

<http://www.toronto.ca/legdocs/mmis/2007/gm/bgrd/backgroundfile-4169.pdf>

## **ISSUE BACKGROUND**

Information & Technology Division has the responsibility for centralized management of the Oracle Licence and Maintenance Support Contract, which is used by divisions across the City for the acquisition of required Oracle software licences and support.

Oracle is the leader in enterprise database technology. The City currently has an extensive investment in Oracle database products which is used across the City by various business applications such as 311, Email, SAP, Tax and Water, Parking Tag, On-line Registration, Public Health and Internet web sites.

A proprietary single source contract is required because Oracle Canada ULC is the proprietary owner and supplier of Oracle software licences and maintenance support services. There are no other vendors that can provide Oracle licences or support and maintenance.

The existing agreement with Oracle Canada ULC will expire on December 31, 2012. If a new agreement is not established, the maintenance and support of the City's existing Oracle database and data warehouse software products will not be available from Oracle Canada ULC. This will cause a severe risk to the 200+ Oracle databases currently used by the City's business applications.

## **COMMENTS**

New Licences Purchase:

It is anticipated that the City will spend approximately up to \$1,221,120.00 net of HST recoveries per year, between 2013 and 2017 for a total upset amount of \$5,902,080.00 net of HST recoveries, over 5 years for new licences required by City Divisions as new applications are developed. The estimated cost for new license purchase is based on the total annual purchases made by individual Divisions averaged over the past five (5) years.

Through lengthy negotiations, Oracle Canada ULC has agreed to offer a Price Hold which includes a better discount percentage compared to the current Provincial Volume Licensing Agreement (VLA).

Annual Maintenance and Support Services:

The estimated annual maintenance cost factors in the provision for a 5% annual growth in licences noted above plus an upset of 3% annual price increase. This will result in cumulative maintenance and support costs not to exceed \$18,875,123.53 net of HST recoveries over the term of 5 years effective January 1, 2013 to December 31, 2017.

Total new licence and maintenance and support costs over the 5 year term ending December 31, 2017 will be \$24,777,203.53 net of HST recoveries.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

## **CONTACT**

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## **SIGNATURE**

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Lan Nguyen,  
Acting Chief Information Officer

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Michael Pacholok  
Director, Purchasing and Materials  
Management