



STAFF REPORT ACTION REQUIRED

Provision of Sole Source Professional Services from Microsoft Canada Inc. for Migration to Microsoft Exchange E-mail System

Date:	May 30, 2014
To:	Government Management Committee
From:	Chief Information Officer, Information & Technology; and Acting Director, Purchasing and Materials Management
Wards:	All
Reference Number:	P:\2014\Internal Services\PMMD\GM14006PMMD (AFS # 19725)

SUMMARY

This report seeks authority to enter into a sole source contract with Microsoft Canada Inc. to provide implementation services for the migration to the Microsoft Exchange E-mail system, in the amount not to exceed \$2,035,200.00 net of HST recoveries.

The sole source is requested in order to meet the urgent timelines to replace the current E-mail system. A Request for Proposal (RFP) #3405-13-3121 to select a proponent received only one proposal that met the minimum threshold. The successful proponent was subsequently disqualified during the negotiations process as they refused to meet a mandatory requirement of the RFP to provide a Letter of Credit to guarantee satisfactory performance.

RECOMMENDATIONS

The Chief Information Officer and Acting Director of Purchasing and Materials Management recommend that:

1. City Council authorize the Chief Information Officer to negotiate and execute a contract with Microsoft Canada Inc, for the provision of professional services to assist the City with its implementation of the Microsoft Exchange E-mail system, in the amount of \$2,260,000.00 including all applicable taxes and charges; \$2,035,200.00 net of HST recoveries, on terms and conditions satisfactory to the City Solicitor.

Financial Impact

Funding is included in the Information & Technology Division's 2014 Approved Capital Budget and 2015-2023 Capital Plan as E-mail Replacement Project (Capital Account CIT047-06-01); ITP906883-56).

Table 1 below sets out the maximum contract amounts for 2014 and 2015 net of HST recoveries.

TABLE 1

Cost Centre / Cost Element	2014	2015	Total
CIT047-06-01/4038	\$1,357,482	\$677,718	\$2,035,200

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

DECISION HISTORY

At its meeting of November 27, 2012 City Council approved the staff report: City of Toronto E-mail System Strategy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM18.10>

At its meeting of January 29, 2014 City Council approved the Information & Technology Division's 2014 Recommended Capital Budget and 2015-2023 Recommended Capital Plan, which included funding for the Microsoft Exchange E-mail Migration Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX37.1>

At its meeting of February 19, 2014 Bid Committee approved the Award of Request for Proposal No. 3405-13-3121 to Avanade Canada Inc. for Migration to Exchange 2013 Email Solution.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.BD165.1>

ISSUE BACKGROUND

The City's current Novell GroupWise E-mail system has presented a number of state of good repair and overall systems integration challenges for the City. City Council adopted the strategy to replace GroupWise with the Microsoft Exchange E-mail system.

RFP No. 3405-13-3121 for professional services to assist with the migration of the current E-Mail system to the Microsoft Exchange solution was issued November 13, 2013 with a closing date of January 3, 2014.

Two (2) proposal submissions were received by Messaging Architects Inc. and Avanade Canada Inc. by the closing date. A formal Selection Committee comprised of seven (7) members evaluated these proposals in compliance with the criteria set out in the RFP as follows:

- Stage 1 – Mandatory Compliance Review
- Stage 2A – Technical (proposal content)
- Stage 2B – Presentation and Interview
- Stage 3 - Cost

Both Messaging Architects Inc. and Avanade Canada Inc. passed Stage 1 and advanced to Stage 2A of the evaluation process. For Stage 2A a minimum score of 70% was to be achieved in order to proceed to Stage 2B. As a result of the Stage 2A evaluation, Messaging Architects Inc. did not meet the minimum score and therefore did not advance to Stage 2B. Avanade Canada Inc. met the 70% threshold score and proceeded to Stage 2B and 3. As a result of this evaluation, staff recommended Avanade Canada Inc. for award. Bid Committee approved the award to Avanade Canada Inc. in the amount of \$2,084,580.06 net of HST recoveries.

After lengthy contract negotiations with Avanade, they refused to meet a mandatory requirement their proposal had originally confirmed. As a result, a final contract in accordance with the terms set out in the RFP documents and Avanade's original proposal could not be met. Avanade was then disqualified on May 27, 2014.

COMMENTS

It was expected that there would be firms willing to submit acceptable proposals for the assignment, but this has since proven not to be the case. The City now faces considerable risk if it does not move forward with an alternative to assist with a timely migration of its E-mail system from Novell GroupWise to Microsoft Exchange. E-Mail is a critical City communications platform that interfaces with other technologies (such as BlackBerry devices) and is used in many facets of internal and public-facing service delivery. Further delay in the migration to Exchange will delay other projects dependent on this foundational technology.

Microsoft Canada was not permitted to bid on RFP No. 3405-13-3121 given the solution design and architecture included in the RFP was supplied by their professional services organization.

Given the failed RFP, and the critical nature of this project, Microsoft Canada has been approached to submit a quote for undertaking the migration to Microsoft Exchange. As this is their software, and they have completed the solution design and architecture, Microsoft Canada is best qualified to undertake the assignment due to their global skills and experience with migrations of this size and complexity. They are committed to a high

quality and rapid deployment and are highly motivated to see a successful implementation.

The quote of \$2,035,200.00 net of HST recoveries is considered to be highly competitive and is in fact lower than the tendered price proposed by Avanade. This price includes professional services to assist with the building of the solution within the City's technology infrastructure environment, and migration of existing Novell GroupWise E-mail accounts to Microsoft Exchange. Specialized software licences used to ensure accurate data migration is also included in the quoted price.

City staff have recently negotiated an agreement with Microsoft Canada for software licences that includes a professional services credit value of \$500,000 to purchase services from Microsoft Consulting Services and/or their named Microsoft Certified Partners. This professional services credit will be used in part to assist the City with the successful implementation of the new corporate E-mail system.

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

John Davies
Deputy Chief Information Officer – Technology
Infrastructure Services
Information & Technology Division
Tel.: (416) 392-8494
E-mail: jwdavies@toronto.ca

Jacquie Breen
Manager, Corporate Purchasing
Policy & Quality Assurance
Purchasing & Materials Management
Tel: (416) 392-0387
Email: jbreen@toronto.ca

SIGNATURE

Rob Meikle
Chief Information Officer
Information & Technology

Victor Tryl
Acting Director
Purchasing and Materials Management