



STAFF REPORT ACTION REQUIRED

Use of the Province of Ontario's Volume License Agreement for Procurement of IBM Licenses, and Amendment to Blanket Contract 47018744 issued to KTL Group Inc.

Date:	May 28, 2015
To:	Government Management Committee
From:	Chief Information Officer, Information & Technology Division and Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:\2015\Internal Services\I&T\Gm15007I&T (AFS 21471)

SUMMARY

The purpose of this report is to seek authority to enter into an Agreement with the Minister of Government Services (MGS), to utilize their Master Volume License Software Agreement (Agreement # MGS-IBM-VLA 001) with IBM Canada Limited (IBM), and to facilitate the procurement of IBM Commercial-off-the-Shelf (COTS) software and related support services. These IBM suite of software are used to support City's network infrastructure, web development and the City of Toronto's external web presence.

The benefits of utilizing the Volume License Agreement (VLA) include access to the same software licence and related terms and conditions that are more favourable than IBM's standard software licence agreements, and in addition, which provide greater discounts on IBM list prices from various authorized resellers.

This report also seeks City Council authority to extend the expiry date from June 30, 2015 to October 31, 2015 and to increase the value of the existing non-competitive bridging Blanket Contract (47018744) issued to KTL Group Inc. by \$250,000 net of HST (\$254,400 net of HST recoveries), for the supply and delivery of maintenance and support for various IBM Licensed Programs and any additional IBM licenses.

RECOMMENDATIONS

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

1. Council authorize the Chief Information Officer to enter into an Agreement with the Minister of Government Services to utilize the Master Software Agreement #MGS-IBM-VLA 001.
2. City Council grant authority to amend the existing non-competitive bridging Blanket Contract (47018744), issued to KTL Group Inc. for the supply and delivery of maintenance and support for various IBM Licensed Programs and any additional IBM licenses from \$500,000 net of GST by an additional \$250,000 net of HST to a revised total value of \$750,000 net of HST (\$763,200 net of HST recoveries) and; also extend the expiry date from June 30, 2015 to October 31, 2015.

Financial Impact

The additional amount of \$250,000 net of HST (\$254,400 net of HST recoveries) to cover the maintenance and support for various IBM Licensed Programs and any additional IBM licenses will increase the current Blanket Contract from \$500,000 net of HST (\$508,800 net of HST recoveries) to a grand total of \$750,000 net of HST (\$763,200 net of all taxes).

The required funding in the amount \$250,000 net of HST (\$254,400 net of HST recoveries) is funded within the 2015 Approved Operating and Capital Budgets of various City Divisions under Cost Elements 3420 and 4474. User programs will be charged back for the costs of their licenses.

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

DECISION HISTORY

Blanket Contract 47015055 was issued to the KTL Group (acting as the IBM Software Products reseller) from January 1, 2010 to December 31, 2012 with the option to renew for two (2) additional separate one (1) year periods, in accordance with the RFQ No. 3405-10-3011 and Bid Committee approval meeting number 166 on April 21, 2010.

Link to the Bid Committee report

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.BD166.1>. I&T did exercise both option years, and the contract expired on December 31, 2014.

ISSUE BACKGROUND

The Minister of Government Services (MGS) administers volume software licensing for commonly used software products and related software support services.

Use of the MGS Volume License Agreement has been made available on an optional basis to Provincially Funded Organizations such as municipalities. The City of Toronto can take advantage of the IBM Volume License Agreement without the need to negotiate additional terms and conditions by executing a Master Agreement Acknowledgement with the Province, and by conducting a competitive process to IBM's authorized resellers. The IBM VLA has been effective since April 1, 2010 and is a perpetual Agreement, which allows the City to enter into the Agreement at any point in time with the options to renew. The rates for IBM key products are subject to discounts between 45% and 70% off IBM's list prices.

Benefits of utilizing the VLA include access to the same software licence and related terms and conditions that are more favourable than IBM's standard software licence agreements, and providing greater discounts on IBM's list prices. The discounts on IBM key products are available only through an IBM authorized reseller and is not available directly from IBM.

A bridging non-competitive Blanket Contract (47018744) was issued to KTL Group Inc. in December 2014 for a period of six (6) months from January 1, 2015 to June 30, 2015 in order to complete the process of leveraging the MGS Volume License Agreement with IBM.

Further extension to the bridge contract is required for another four (4) months from July 1, 2015 to October 31, 2015 in order to execute the Acknowledgement Agreement, issue a RFQ for an IBM reseller and to enter into a contract.

COMMENTS

In order to continue to provide the City with competitive prices for the supply and delivery of various IBM commercial off-the-shelf software and related support services, it is recommended that the City utilize the Province of Ontario's MGS Volume License Agreement with IBM and secure a reseller through a competitive process.

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SIGNATURE

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ATTACHMENTS

Master Software Agreement (Agreement # MGS-IBM-VLA 001)