



**STAFF REPORT  
ACTION REQUIRED**

**Amendment to Sole Source Purchase Order No. 6027876  
to Vignette Corporation for Professional Services**

<b>Date:</b>	May 6, 2010
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Information Officer, Information & Technology Division Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2010\Internal Services\pmmd\gm10019pmmd (AFS # 12003)

**SUMMARY**

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This report requests authority to increase the value of Purchase Order No. 6027876 by \$750,000.00 and to amend the purchase order end date to December 31, 2010 for professional services from Vignette Corporation, being the only sole developer and owner of the proprietary software and services required by the City for professional services. This increase will bring the total amount spent with Vignette Corporation to \$1,225,904.00 net of GST and HST recoveries. Vignette Corporation is a wholly owned subsidiary of Open Text Corporation.

The maximum staff authority limit of \$500,000.00 net of all taxes has almost been reached through the cumulative value of previous sole source dollars spent by the Information & Technology (I&T) division for professional services required from Vignette Corporation.

To address future years, a subsequent report will be sent to Budget Committee requesting authority to spend up to \$1,000,000.00 net of HST recoveries per year for future sole source procurement for I&T and other divisions for professional services from Vignette Corporation for years 2011 to 2014 as requested during the annual capital budget approval process and funding to be identified in the I&T 2011 to 2020 Capital Budget and Plan.

The approval of this amendment for 2010 is critical to allow work already underway to continue with the enterprise-wide rollout of web content management to and to improve the management and publishing of content on the City's public web site. To continue to

meet our 2010 targets, the key resources already engaged from Vignette Corporation are essential to ensure continuity to staff, product knowledge, best practice for implementation and overall direction. Vignette Corporation services will be required at various levels based on scope, complexity and knowledge transfer needs over the life of the project estimated to continue for the next 2 to 4 years. This is based on estimated time required to strategically transition 44 divisions and units over to a new user centric way of managing web content and constructing a new web site that reflects a design that addresses how the public wants to interact with the City on the City's public web site.

## **RECOMMENDATIONS**

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

1. City Council grant authority to amend and increase the purchase order value for sole source acquisitions to Vignette Corporation, a wholly owned subsidiary of Open Text Corporation, for professional services from \$475,904.00 net of GST by \$750,000.00 net of GST and HST recoveries for a revised total value of \$1,225,904.00 net GST and HST recoveries for ongoing work for the remainder of 2010 as requested by the I&T Division.

### **Financial Impact**

Listed below are the total amounts (net of GST) approved through the sole source process for expenditure to Vignette Corporation as requested by the I&T Division June 2008 to March 2010:

<b>Date</b>	<b>\$ value of sole source</b>
June 2008	\$22,104.00
June 2009	\$132,300.00
November 2009	\$150,500.00
March 2010	\$171,000.00
<b>Total expenditure</b>	<b>\$475,904.00</b>

To continue work for the period from June 2010 to the end of December 2010, the amended request results in an increase of \$750,000.00 net of GST and HST recoveries from \$475,904.00 net of GST (as presented in the above table) for a total value of \$1,225,904.00 net GST and HST recoveries for professional services of Vignette Corporation in 2010. Funding for 2010 is available in the 2010 approved Capital Budget for Information and Technology in accounts CIT045-01 (Web Development).

For future years of 2011, 2012, 2013 and 2014, the estimated yearly expenditure of up to \$1,000,000.00 net of HST recoveries is based on the projections for acquiring Vignette

Corporation professional resources which will be requested during the annual capital budget approval processes for a total of \$4,000,000.00 net of HST recoveries. Calculations are based on negotiated hourly rates for professional services. The estimated cash flows (net of HST recoveries) are as follows:

2010	2011	2012	2013	2014	Total
\$1,225,904.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$5,225,904.00

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

### **DECISION HISTORY**

In November 2002, Vignette Corporation through RFP No. 9144-02-7134 was awarded a contract, approved by City Council to establish the City’s Enterprise Level Web Content Management Solution.

Link to City Council decision document can be found at:

<http://www.toronto.ca/legdocs/2002/agendas/council/cc021126/admin14rpt/cl009.pdf>

The City entered into an agreement with Vignette Corporation effective October 1<sup>st</sup>, 2006 for maintenance and support services for the Vignette Content Management software programs for version 6 and future upgrades. That agreement was for maintenance and support services and excluded onsite resources needed for services such as architecture design, upgrade or installation support, application development, performance and assistance with site emergencies. The agreement states that onsite resources are available as a separate time and materials service as agreed to on one or more separately executed statements of work.

As a result of the upgrade of the Vignette product to Vignette version 7 and the need for onsite assistance, the City entered into a service agreement on May 15<sup>th</sup> 2008 for onsite assistance with the product installation and configuration for the upgrade to Vignette version 7. This was initiated through sole source procurement as Vignette Corporation is the owner and developer of the software which is proprietary to Vignette Corporation. There is still no other company that can provide the required services.

Under the “Statement of Work” schedule in the Agreement, Vignette Corporation provides on-site technical resources, expertise and assistance to the City technical resources to install and configure the most current Vignette products/programs within the City’s Development Environment, and to also include an assessment for the licensing structure for the Testing Environment and Production Environment. As sole developer and owner of the software Vignette Corporation has a unique status not available to other service providers.

An amendment to the agreement dated May 15, 2008 was made on June 12<sup>th</sup> 2009 in order to provide further professional services outlined in a statement of work that included the following:

- Performed technical reviews of the installation and configuration of the Vignette product installed by City technical resources within the City's testing environment and, at the option of the City, the City's production environment.
- Provided technical expertise to transfer knowledge and assist City's technical resources with the installation and configuration of the Vignette product into the City's testing environment and/or the City's production environment.
- Performed a review of the existing application programming interface (API) developed by the City.
- ongoing work to:
  - Provide Vignette content expertise to strategically provide knowledge transfer that is integral to the City-wide implementation out to divisions over the next 2-4 years.
  - Provide planning and project guidance with recommendations for approaches to facilitate the City-wide adoption of content management such as integrating multi-faced metadata, running parallel sites, caching, deployment strategies, strategies for handling of PDF files, images, friendly URLs, blueprint for implementation, navigation and presentation concepts planned for portal delivery and impact on managing content through Vignette, and technical implications within City's environment should Digital Asset Management Module (DASM) be considered for future.

## **ISSUE BACKGROUND**

The total cumulative dollar value spent to date by the I&T division for the procurement of professional services through the sole source process to Vignette Corporation is \$475,904.00 net of GST. The cumulative total is approaching the maximum limit threshold of \$500,000.00 net of all taxes allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11.

Within the I&T 2010 Capital project budget, it is estimated that an additional \$750,000.00 net of GST and HST recoveries will be spent acquiring Vignette Corporation professional services for I&T and other divisions as needed to continue ongoing work in rolling out web content to other divisions.

As the Web Foundation project is an ongoing project that will continue into future years, it will be critical to continue to purchase services from Vignette Corporation for the remainder of 2010 and future years.

Under the overall management of the Web Foundation program, the management and publication of web content will be rolled out to divisions through 2011 to 2014 who provide content for the City Web site. Projections up to \$1,000,000.00 net of HST recoveries per year will be needed to hire Vignette Corporation for professional services

through the sole source procurement process to support the City's divisions in this transformational undertaking.

The project has a number of drivers that are part of key strategic initiatives ranging from divisional content readiness, integration and web delivery of services. Some examples of this include MyToronto.ca, integration to 3-1-1 online service requests, knowledge base and Kiosks, identity management web portal, introduction of collaboration and social media technology, and the alignment to eService strategy and bundling of services. Each will introduce new complexities. The work of a City-wide implementation is based on a phased approach premised on implementing a number of Schedules of work as the City progresses through each phase. The City does not currently have expertise in these new and complex areas. The challenges relate to keeping pace with the changing public demands for new capabilities and the need to balance this against what the project team staff can handle will require the continued assistance of Vignette Corporation and 'fill' the gap for knowledgeable and skilled resources. Vignette Corporation services are critical for knowledge transfer to staff and to ensure delivery of the web components of the initiatives mentioned. Vignette Corporation services will be required at various levels based on scope, complexity and knowledge transfer needs over the life of the project estimated to continue for the next 2 to 4 years. This is based on estimated time required to strategically transition 44 divisions and units over to a new user centric way of managing web content and constructing a new web site that reflects a design that addresses how the public wants to interact with the City on the City's public web site.

Without the approval to exceed this limit it will not be possible to keep moving forward timely and efficiently.

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## **SIGNATURE**

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