



STAFF REPORT ACTION REQUIRED

Procurement of SoftwareAG's Enterprise Application Middleware Tool

Date:	March 12, 2012
To:	Government Management Committee
From:	Dave Wallace, Chief Information Officer, Information and Technology Acting Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:\2012\Internal Services\PMMD\gm12003PMMD (AFS15108)

SUMMARY

A large part of the eCity strategy is to provide seamless coordination of service activities while reducing duplicate processes, improving delivery time, and reducing system build and maintenance costs¹. An important piece of the eCity Strategy is to offer public and internal services over the "channel of choice", including the electronic channel or web channel. The City of Toronto's eCity Strategy is wholly consistent with broader City priorities promoting effective customer service and smaller, less costly government.

This staff report explains the need for such a tool through an enterprise level implementation of the SoftwareAG webMethods tool (BPMS product suite).

The purpose of this report is to:

- Explain the need to leverage the competitive RFP process conducted by the Region of Peel to acquire an enterprise middleware tool to build application integration infrastructure similar to that of the City of Toronto; and
- Obtain Council approval to execute on an agreement between the Vendor (SoftwareAG) and the City of Toronto (that includes the pricing and service levels) to acquire an enterprise licence to be used by all City Divisions and Offices.

¹See reference: http://www.toronto.ca/council_highlights/2002/112602.htm
additional component-based development". *The ROI of SOA*, Jeffrey Poulin, Ph.D. and Alan Himler, MBA.

RECOMMENDATIONS

Chief Information Officer and Acting Director, Purchasing and Materials Management Division recommend that,

1. Council to grant authority to enter into a legal agreement with SoftwareAG BPMS product suite as the City Enterprise Application Integration product at a cost of \$1,400,000 excluding taxes to be paid over a 3 year period, satisfactory to the City Solicitor; and
2. Council commit cash flow funding of \$500,000 in 2013 and \$435,000 in 2014 all excluding taxes.

Implementation Points

With Council approval, the City will execute an agreement with SoftwareAG to purchase an enterprise licence for the use of the enterprise application middleware tool. Upon execution of the agreement, several City Divisions and Offices (see below) will use the platform to implement a number of priority project initiatives to meet the requirements for improved online service delivery to the public and to improve operational efficiencies.

The following table outlines those City Divisions and Offices that have approved 2012 and 2013 projects that would leverage the SoftwareAG enterprise application middleware tool.

Division / Office	Project Requiring EAM Tools
Municipal Licensing & Standards (ML&S) Division	Toronto Business Portal
Toronto 311 Office	Facilities integration Payment integration Automated workflow Scheduler process automation.
Revenue Services Division	Tax & Utility Billing and Collection Electronic Documents and Records Management (EDRMS) New Cashiering System
Children's Services Division	Children's Services Information System (CSIS3)
Accounting Services Division	Accounts Payable Transformation Account Receivable ePayment

Division / Office	Project Requiring EAM Tools
	Upgrade of Online Payments otherwise referred to as a Common Payment Component (CPC)
City Clerk's Office	Electronic Document and Records Management System (EDRMS) New Election System Archival Application replacement
Parks, Forestry & Recreation Division	eServices Volunteer & Donations Management Time & Attendance Management Work Asset Management
Court's Services Division	Web Lookup Interactive Voice Recognition solution Access to the common payment components.
Financial Planning Division	Financial Planning Analysis and Reporting System (FPARS)
Human Resources Division	Electronic Human Resource Management (eHR) eLearning
Pension, Payroll & Employee Benefits Division	Electronic Paystubs Employee Self-Service
Toronto Water Division	Automated Water Meter Reading
Purchasing and Materials Management Division	eProcurement
Toronto Building Division	Toronto Building Electronic Service Delivery (ESD)
Information & Technology Division	Electronic Service Delivery Integration Platform

Financial Impact

The capital funding requirement to Licence the SoftwareAG products listed in the agreement is \$1,400,000. The 2012 Approved Capital Budget and 2013-2021 Capital Plan includes cash flow funding for 2012-2014 as shown in the follow table:

2012	2013	2014	Total
\$465k	\$500k	\$435k	\$1.4M

In order to proceed with the award, funding must be committed for the future years. This report recommends approval to commit the funding, outlined above, for a net \$0 impact on the City's Approved Capital Plan.

There are no operating impacts in 2012 as a result of approval of this report. Maintenance fees will be incurred beginning in 2013. The 2013 and subsequent years' operating budgets will include funding for the maintenance costs, estimated to be \$100,000 in 2013, \$200,000 in 2014 and \$292,000 for 2015 and subsequent years all excluding taxes.

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

DECISION HISTORY

The City's eCity strategy, approved by Council in 2002², and updated in 2010 (by City Staff) provides a long-term plan to improve service quality, improve customer satisfaction, support administrative efficiencies and to reduce costs, through the modernization of City technology and systems. The acquisition of the SoftwareAG enterprise application middleware tool supports these key objectives and works towards creating a more integrated IT environment and common set of re-usable system functions.

The decision by Council to implement the Toronto 311 Call Centre and associated systems included the decision to also implement the webMethods product for its integration requirements. Toronto 311 uses the product to coordinate and integrate many different kinds systems to satisfy service requests from the Public.

With the results of the Core Service Review and efficiency studies, more and more online services being planned to improve customer service and to reduce costs, it is now essential to expand the use of this technology to an enterprise level.

BACKGROUND

The City has been using an application middleware tool as far back as 1998. In 1998 Toronto Water selected and purchased webMethods (then Active Software) after a internal market analysis of the different integration vendors by doing a functional and cost review for software integration tools. WebMethods had the highest evaluation based on functionality and cost. As a result, Toronto Water purchased the webMethods integration server and broker.

² See reference: http://www.toronto.ca/council_highlights/2002/112602.htm

On December 23 2003, Toronto Water renewed the contract with Software AG. This contract allowed Toronto Water to an unlimited licence for webMethods Integration Server and Broker products for use to connect its divisional systems.

In 2006 the City issued a Request for Proposal (RFP) 3412-07-3010 to obtain a 311 technology solution and service provider. Included in this RFP were requirements for the successful proponent to recommend an enterprise application middleware tool for the 311 rollout.

As a result of the 311 technology solution RFP process, Bearingpoint LLP was selected to assist the City in the architecture and implementation of an Enterprise Application Integration (EAI) platform. Bearingpoint's recommendation to the City was to use the webMethods product. The City accepted this recommendation as part of the agreement signed with Bearingpoint LLP for the 311 project and as approved by Council.

The Minutes of the Council of the City of Toronto dated September 26 and 27, 2007:
<http://www.toronto.ca/legdocs/mmis/2007/cc/minutes/2007-09-26-cc12-mn.pdf>

The Toronto City Council Decision Document Meeting No. 12, dated September 26 and 27, 2007 :
<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-09-26-cc12-dd.pdf>

The recommendation enabled the City to leverage the existing Toronto Water experience and technology investment in webMethods.

COMMENTS

To provide more electronic service offerings, the City needs to use a special adapter that links or integrates operational systems with a web interface. This adapter is called an enterprise application middleware tool. Such a tool will link the City's web site to innumerable systems that already automate, coordinate and fulfill service requests, schedule and book events, initiate work orders, and accept permit and licensing applications. In order to intelligently 'connect' the systems that perform these tasks an enterprise application middleware tool is required. Connecting these systems will result in improved process automation, less expensive system costs and faster service delivery.

The City Divisions and Offices are now at a stage where they require the Information & Technology (I&T) Division to invest in one tool for use across the enterprise and to leverage this tool on as many electronic and web enabled initiatives as possible. The I&T Division recognizes that a tool the City has already invested in – a tool provided by a vendor by the name of SoftwareAG called webMethods has been successfully used in the Toronto 311 Office and Toronto Water Division. Now the City needs to purchase sufficient licences to accommodate enterprise wide demand. To facilitate this exercise, the I&T Division is working with the Region of Peel (Peel) who have recently completed a thorough competitive process of such tools and they have selected webMethods from SoftwareAG. Built into Peel's contract is the ability for the City of Toronto to leverage

on pricing and terms established in the Licence Agreement and Master Agreement as a result of the RFP issued by Peel to allow the purchase of sufficient licences to accommodate the City's needs.

In May 2011 Peel conducted an RFP selection process to acquire an enterprise application middleware tool, technology, solution, professional services and support. In this RFP, Peel was *“seeking a vendor to provide an Enterprise Service Bus Middleware Tool (“ESB Middleware Tool”) to build the application integration infrastructure, including the technology for connection application, enabling data translation and transformation, providing intelligent routing and increasing application access to enable legacy integration, portals, and mobile integration”*

The Peel RFP was issued on May 10, 2011 and closed on June 15, 2011. Twenty four (24) proponents received the RFP and seven (7) compliant submissions were received. Upon review by the Peel Evaluation Team with input from Legal Services, two (2) proposals met the required technical requirements. SoftwareAG was the highest scoring proponent. The Peel contract was recommended for approval on October 27, 2011.

The Peel's purchase is intended to establish pricing and service levels which are accessible to other government services agencies, to allow for efficiency in purchasing resources across multiple organizations. Peel purchasing policies and procedures have been applied. As a result of the evaluation, SoftwareAG was the successful proponent in Peels' competitive procurement process.

The City also did a market analysis for this report to determine the competitiveness of the Peel pricing, and appropriateness and quality of webMethods product. Calls were conducted with the research firms Forrester and Gartner Groups.

The findings and advice was the webMethods is a market leader in software integration and are, in fact, the best and most cost effective solution. Key findings included:

- The software integration market is very competitive and as a result the initial software purchase price was the similar across vendors
- When comparing maintenance costs to competitors, webMethods was approximately 60% less than its competitors.

Peel has requested that the Vendor (SoftwareAG) include a clause in the agreement between the Region of Peel and the vendor (SoftwareAG) to establish pricing and service levels accessible to other broader government sector service providers.

CONTACT

Huw Morgan,
Head Architect,
Information & Technology Division
Tel.: (416) 392-6338
Email: hmorgan@toronto.ca

Elena Caruso
Manager, Goods and Services
Purchasing and Materials Division
Tel.: 416-397-4818
Fax.: 416-392-8411
Email: ecaruso@toronto.ca

SIGNATURES

Dave Wallace,
Chief Information Officer,
Information & Technology Division

Michael Pacholock,
Acting Director,
Purchasing & Materials Management