

Information & Technology's Desktop Software Replacement Project: 2014 and 2015 Capital Budget Adjustments and Accelerations

Date:	May 7, 2014
To:	Executive Committee
From:	Deputy City Manager & Chief Financial Officer
Wards:	All
Reference Number:	P:\2014\Internal Services\I&T\Ec14003I&T (AFS # 19631)

SUMMARY

This report requests authority to amend the Information & Technology's (I&T) 2014 Approved Capital Budget and 2015 – 2023 Capital Plan, by accelerating the 2015 Desktop Software project to 2014 to realize cost savings on required software and deployment assistance. This approach will increase the 2014 cash flow funding by \$5.223 million and reduce the 2015 planned expenditure by \$6.093 million that will result in direct cost savings of \$0.870 million.

This request is based on a time-limited proposal from Microsoft Canada that would provide a reduction in Microsoft Office software license costs (\$0.870 million) and a value of \$0.500 million in professional services credit resulting in a total value to the City of approximately \$1.37 million.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council authorize the acceleration of cash flow funding in Information & Technology's 2014 Capital Budget and 2015-2023 Capital Plan, with an increase to the 2014 cash flow of \$5.223 million and decrease to the 2015 cash flow of \$6.093 million that will result in a total project cost decrease and savings of \$0.870 million to Information & Technology's 2014 Capital Budget and 2015-2023 Capital Plan and no impact on debt.

Financial Impact

The Desktop Software Replacement 2014 project, which is funded from the I&T Equipment Reserve, is an approved capital project with a total project cost of \$26.861 million, of which cash flow funding of \$3.023 million in 2014 and \$7.020 million in 2015. Accelerating the 2015 cash flow will result in an increase in the 2014 approved cash flow by \$ 5.223 million and a decrease in the 2015 cash flow of \$6.093 million in the capital account EOL906983-33, WBS CIT702-02-05 as per the table below:

Sub-Project	2014 Cash Flow	2015 Cash Flow	Total Cash Flow
Desktop Software Replacement 2014 (CIT702-02-05)	\$3.023	\$7.020	\$10.043
Recommended Changes	\$5.223	(\$6.093)	(\$0.870)
Revised Cash Flows	\$8.246	\$0.927	\$9.173

There is no impact on debt. The savings of \$0.870 million will reduce the project cost and the contribution from I & T Equipment Reserve will be returned to the Reserve.

In addition, Information & Technology will receive \$0.500 million in credits that can be used to acquire professional services from Microsoft in 2014 for design, architecture and deployment.

DECISION HISTORY

City Council, at its meeting on January 29, 2014 approved Information & Technology's 2014 Capital Budget and 2015-2023 Capital Plan.

ISSUE BACKGROUND

The approved 2014 Capital Budget and 2015-2023 Capital Plan includes an upgrade from Microsoft Office 2007 to Office 2013 for approximately 19,500 desktop and notebook computers. I&T planned the Office license upgrades over 2014-2015 due to state of good repair needs as well as functionality with the new corporate email system being implemented in 2014-2015.

COMMENTS

In our continued efforts to drive financial efficiencies and accelerate the delivery of the new corporate email system implementation and related solutions, City staff have received a proposal from and negotiated with Microsoft Canada. The Microsoft Canada

proposal to the City will provide a discount of \$0.870 million by accelerating the purchase of all of the required software licenses into 2014.

The Microsoft proposal also includes a professional services credit with a value of \$0.500 million towards the purchase of services to support implementations of Microsoft products. The funds must be used with Microsoft Consulting Services and/or named Microsoft Certified Partners. This professional services credit will assist the City with successful implementation of products such as the new corporate email system and collaboration solution (i.e. Microsoft SharePoint) which will enable employees to share information easily across the organization.

This offer is conditional upon a purchase order for the software licenses being received via the Compugen Blanket Contract No. 4701780 by June 17, 2014. There is no adjustment or change required to the blanket contract.

In order to fund this accelerated software license purchase, the I&T Division needs authority to adjust its 2014 Approved Capital Budget and 2015-2023 Capital Plan to accelerate the 2015 planned funding to 2014 which will not impact debt, as these expenditures are funded from the I & T Equipment Reserve.

CONCLUSION

By accelerating a portion of the purchase of Microsoft Office software licenses into 2014, the City will realize a total value in terms of financial savings and professional services credits of approximately \$1.37 million.

CONTACT

Karthi Bala
Director
Strategic Planning and Architecture
Phone: 416-392-7559
Email: kbala@toronto.ca

John Davies
Deputy Chief Information Officer
Technology Infrastructure Services
Phone: 416-392-8494
Email: jwdavies@toronto.ca

SIGNATURE

Roberto Rossini
Deputy City Manager and Chief Financial Officer