



**STAFF REPORT
ACTION REQUIRED**

**Amendment to Purchase Order No. 6032795 for
Information Technology Proprietary Software Support &
Maintenance of Microsoft Software Premier Support
Services**

Date:	April 24, 2015
To:	Government Management Committee
From:	Chief Information Officer, Information and Technology Division and Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:\2015\Internal Services\I&T\Gm15004I&T (AFS #21035)

SUMMARY

The purpose of this report is to seek City Council authority to increase the value of an existing Purchase Order (PO) No. 6032795 issued to Microsoft Canada Inc. for Software Premier Support Services by \$400,000 net of HST (\$407,040 net of HST recoveries) to cover the software support and maintenance for the period from May 1, 2015 to April 30, 2016. PO 6032795 was issued under the authority of GM32.20 (Information Technology Maintenance Contracts Sole Source Renewal 2011-2015) adopted by City Council on July 6, 7 and 8, 2010.

This increase would revise the current approved value from \$1,582,800 net of HST (\$1,610,657 net of HST recoveries) to a grand total of \$1,982,800 net of HST (\$2,017,697 net of HST recoveries).

The increase of \$400,000 net of HST (\$407,040 net of HST recoveries) is required to cover software support and maintenance costs as a result of utilizing Microsoft Canada Inc. support services to implement Microsoft Technology Platforms. The support services will be used to establish the Microsoft SharePoint platform architecture and infrastructure that will be leveraged by key initiatives outlined in the 2015-2024 IT Capital Budget and Plan and support employee collaboration related projects such as the Enterprise Project Management Upgrade in 2015 and the Civic Engagement, Toronto Progress Portals. These investments represent the foundation for future enterprise projects.

RECOMMENDATIONS

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

1. City Council grant authority to increase the value of PO No. 6032795 issued to Microsoft Canada Inc. by \$400,000 net of HST (\$407,040 net of HST recoveries) revising the current approved value from \$1,582,800 net of HST (\$1,610,657 net of HST recoveries) to a grand total of \$1,982,800 net of HST (\$2,017,697 net of HST recoveries).

Financial Impact

The additional amount of \$400,000 net of HST (\$407,040 net of HST recoveries) to cover additional software support and maintenance costs will increase the current Agreement from \$1,582,800 net of HST (\$1,610,657 net of HST recoveries) to a grand total of \$1,982,800 net of HST (\$2,017,697 net of all taxes). The amount of \$400,000 includes \$100,000 for the Enterprise Project Management project which is funded out of Work Breakdown Structure Element Capital Information Technology 049-06-01. The remaining \$300,000 is funded from various Cost Centers within the IT Operating Budget.

The required funding in the amount \$400,000 net of HST (\$407,040 net of HST recoveries) is included in 2015 Approved Operating Budget and 2015 Approved Capital Budget & 2016-2024 Approved Capital Plan for Information and Technology.

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

DECISION HISTORY

On July 6th, 7th, and 8th, 2010, City Council granted the authority under GM32.20 for Information & Technology Division and the respective City Divisions to enter into agreements with proprietary vendors for IT software and hardware maintenance services for a period of five (5) years from January 1, 2011 to December 31, 2015. The following is the link to City Council Decision Document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM32.20>

Year	2011	2012	2013	2014	2015	Total
GM32.20	\$200,000	\$210,000	\$220,000	\$230,000	\$240,000	\$1,100,000

Note: Table is taken from attachment A in GM32.20

On October 2nd, 3rd, and 4th, 2012, Information and Technology was granted approval by City Council under GM16.5 to amend the contracts that were approved through GM32.20 and to renew additional contracts that have reached either the \$500,000

cumulative threshold or will have exceeded the five (5) year commitment limit by end of December 31, 2015. The following is the link to City Council Decision Document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM16.5>

PO #	Year	Increases Required				Total Contract Increase Required	Revised Year Amended Contract Amount
		2012	2013	2014	2015		
6032795	GM16.5	\$55,650	\$85,650	\$87,750	\$87,750	\$316,800	\$1,416,800

Note: Table is taken from attachment A in GM16.5

On December 16th, 17th and 18th, 2013, Information and Technology was granted approval by City Council under GM26.12 to amend the contracts that were approved through GM32.20 and GM16.5 and to renew additional contracts due to growth of maintenance and support requirements (i.e. increased volume of work and usage). The following is the link to City Council Decision Document;

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM26.12>

PO #	Year	Increases Required				Total Contract Increase Required	Revised Year Amended Contract Amount
		2012	2013	2014	2015		
6032795	GM26.12	\$0	\$0	\$30,000	\$136,000	\$166,000	\$1,582,800

Note: Table is taken from attachment A in GM26.12

ISSUE BACKGROUND

Microsoft's maintenance and support is proprietary to the vendor and covers Support Account Management, Workshops, Problem Resolution Support, Support Assistance, and Information Services.

On July 6, 7 and 8, 2010 in Report GM 32.20, Council approved a five (5) year contract with Microsoft Canada Inc. for maintenance of software and hardware support due to proprietary reasons. On October 2, 3 and 5, 2012 in Report GM 16.5 and on December 16, 17 and 18, 2013 in Report GM 26.12, City Council approved the increase of the contract as outlined in the tables of the decision history of this report due to growth of maintenance and support requirements. The growth in maintenance and support requirements, in turn, is due to additional approved projects being undertaken since the contract was first established.

The requested amounts for 2013, 2014 and 2015 were estimates and represent "not to exceed" amounts over the three (3) year period for purposes of obtaining approval to

negotiate the contracts and are subject to Operating Budget approval in each year. The amounts in the approved GMC reports were based on the current support and maintenance requirements and potential future requirements. The annual software support and maintenance cost increase is required to add additional technical support hours from Microsoft. These additional support hours are needed by Information and Technology to utilize Microsoft support services to implement Microsoft Technology Platforms following the decision to use an enterprise SharePoint solution for key initiatives such as the Civic Engagement and Toronto Progress Portals and the Enterprise Project Management Upgrade.

All contracts described in the GMC reports, including PO No. 6032795 are currently being reviewed to include renewal options subject to future City Council approval in late 2015 for the next five (5) years.

COMMENTS

As a result of various key initiatives such as Civic Engagement, Toronto Progress Portal Projects and Enterprise Project Management Upgrade taken by the Information and Technology division, an increase of \$400,000 net of HST (\$407,040 net of HST recoveries) is required to cover additional software support and maintenance costs. Maintenance and support of the Microsoft Technology Platforms are proprietary to this vendor and covers Support Account Management, Workshops, Problem Resolution Support, Support Assistance, and Information Services.

In order to continue to provide the City with software support and maintenance with Microsoft, it is recommended that the City take advantage of the favorable rates originally negotiated. The pricing is based on, and is in accordance to the current support and maintenance requirements.

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