



**STAFF REPORT
ACTION REQUIRED**

Non-Competitive Proprietary Professional Services and Software from Verint Americas Inc. for Upgrades to the Lagan Enterprise Case Management and the Integrated Knowledge Base Component

Date:	April 20, 2016
To:	Government Management Committee
From:	Chief Information Officer Chief Corporate Officer Director, Purchasing & Materials Management
Wards:	All
Reference Number:	P:\2016\Internal Services\311\Gm16002-311 (AFS# 22924)

SUMMARY

The purpose of this report is to request authority to negotiate and execute a non-competitive agreement with Verint Americas Inc. (Verint), to provide proprietary professional services and software to upgrade Lagan Enterprise Case Management (ECM) and the integrated Knowledge Base used by 311 Toronto. The estimated value is not to exceed \$754,856 net of HST (\$768,141 net of HST recoveries).

City Council approval is required in accordance with Toronto Municipal Code, Chapter 71 Financial Control, Section 71-11A, where the total amount of \$754,856 net of HST (\$768,141 net of HST recoveries) exceeds staff authority of \$500,000.

RECOMMENDATIONS

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

1. City Council authorize the Chief Corporate Officer and Chief Information Officer to enter into a non-competitive contract with Verint Americas Inc. to provide proprietary professional services and software to implement the upgrade of Lagan Enterprise Case Management and the integrated Knowledge Base in the amount of \$754,856 net of HST (\$768,141 net of HST recoveries). on terms and conditions satisfactory to the Chief Information Officer, Information & Technology, and the Chief Corporate Officer, and in a form satisfactory to the City Solicitor.

Financial Impact

It is estimated that the cost of the upgrade to Lagan Enterprise Case Management (ECM) and the integrated Knowledge Base is to be \$754,856 net of HST (\$768,141 net of HST recoveries). Funding in the amount of \$768,141 is included in the 2016 Approved Capital Budget and 2017-2025 Approved Capital Plan for 311 Toronto. Funding details are provided below:

Year	WBS Element	Cost Element	Net of HST Recoveries
2016	CTO013-01	4199 / 4995	\$768,141

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

DECISION HISTORY

On September 26 and 27, 2007 City Council granted the authority under GM7.12 to approve the Preferred Proponent recommended through this procurement process for advise on the evaluation results of the Best and Final Offer Process (BAFO). This option was invoked as part of the 3-1-1 Technology Solution Request for Proposal (RFP) No. 3412-07-3010. The following is the link to City Council Decision Document:
<http://www.toronto.ca/legdocs/mmis/2007/gm/bgrd/backgroundfile-6466.pdf>

On May 11 and 12, 2010 City Council granted the authority under GM30.18 to consent the assignment of the Support and Maintenance Agreement to a third party, as recommended by the Executive Sponsor and the Chief Information Officer, subject to the successful execution of a Support and Maintenance Agreement with BearingPoint LP. The following is the link to City Council Decision Document:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM30.18>

ISSUE BACKGROUND

The City issued Request for Proposal No. 3412-06-3061 on April 28, 2006 for a 311 total solution and it was cancelled on February 7, 2007. The City reissued Request for Proposal No. 3412-07-3010 on March 13, 2007. The call was limited to Pre-Qualified Proponents as identified through Proposal No. 3412-06-3061. After the evaluation process, BearingPoint was the successful proponent and was awarded the contract. Lagan Technologies (Lagan) was the subcontractor for the Customer Relationship Management (CRM) portion, Lagan ECM, of the contract.

On September 26 and 27, 2007 Council approved to implement 311 Phase 1 and Phase 2 integration. Due to the bankruptcy of BearingPoint, an Assignment and Assumption Agreement (contract) was signed between the City and Lagan on September 21, 2009.

On November 2010, Lagan was acquired and became a subsidiary of KANA Software (KANA).

In February 2014, KANA was acquired by Verint. The official merger date between Lagan and Verint was February 1, 2015.

In April 2013, a non-competitive contract agreement between the City of Toronto and Lagan was approved to provide professional services for an upgrade from Lagan ECM Version 7 to Version 8 without the Knowledge Base component. This was a major release upgrade to improve the overall performance and fixing critical defects. The cost of this upgrade was \$265,487 net of HST (\$270,160 net of HST recoveries).

Enhanced and new security features, as well as new functions, in the upgraded versions of both Lagan ECM and Knowledge Base, are now needed to resolve existing issues and eliminate current time-consuming manual processes as well as keep the solution current with the City's technology environment as part of the life-cycle management of solutions. The upgrades of both components have to be performed at the same time to ensure compatibility between Lagan ECM and Knowledge Base.

Due to Lagan ECM being a proprietary product, 311 Toronto is requesting a new non-competitive contract with Verint to provide professional services to upgrade Lagan ECM and the integrated Knowledge Base component to version 14 or higher. Verint reserves the proprietary rights and owns the intellectual property of their core product.

The project is planned in a two-phase approach: Phase 1 Discovery and Design, and Phase 2 Implementation. Currently the estimated total cost for both phases is \$800,000 net of HST (\$814,080 net of HST recoveries).

A non-competitive request for Phase 1 has been submitted to Purchasing and Material Management Division, valued at \$45,144, net of HST (\$45,939 net of HST recoveries). This Staff Report is to request the approval for Phase 2 which is estimated to be at \$754,856 net of HST (\$768,141 net of HST recoveries).

COMMENTS

311 Toronto uses Lagan ECM and the integrated Knowledge Base to assist 311 Contact Centre Service Representatives with initiating service requests and searching for information for customers. Verint reserves the property of their core product and as part of the Verint's maintenance contract with the City; any customized code residing in Lagan is considered as part of the Lagan core product.

The benefits of upgrading the Lagan ECM is to ensure that the product will function properly without compatibility issues within the City's technology environment and as part of the life-cycle management of solutions. . The upgrade will also ensure compatibility between the Lagan ECM and the Knowledge Base, enhance security features and resolve existing defects, and improve the overall user experience of the 311 Contact Centre Service Representatives. In addition, this upgrade will allow the authors/administrators of the Knowledge Base Software to eliminate some of the current time consuming manual processes, ensure better interaction, and improve effectiveness of the knowledge base.

Other City and 311 projects are dependent on the successful and timely upgrade of the Lagan ECM and the Knowledge Base. For example, the Enterprise Work Management System project, which is in an RFP evaluation phase, is selecting a vendor to implement a new system to replace the backend work order systems for 4 Divisions that Lagan ECM is integrated with. The new features and architectural designs of the upgraded Lagan ECM will have to be taken into consideration for the scope of the Enterprise Work Management System project. Future 311 integrations with other Divisions will thus have to take place after the Lagan ECM is upgraded.

311 Toronto has been using Lagan ECM and the Knowledge Base since 2009, and the solution plays a major role in the delivery of services to City of Toronto residents, businesses and visitors. To issue a new competitive call at this time to replace the existing software will introduce operational challenges, trigger additional efforts to train staff and would impact and delay the replacement of the backend work order systems that is used by the 4 other divisions.

Upon completion of Phase 1, the vendor will provide a project plan, design documents, and the fixed cost for Phase 2, which is expected to take approximately 6 months to implement. Once the upgrade is completed, it is expected that the overall user experience and system performance will be enhanced to provide better customer service to our residents, businesses, and visitors.

The current support and maintenance agreement by Verint for Lagan ECM and the Knowledge Base solution will expire on September 21, 2016. 311 Toronto will negotiate the support and maintenance agreement with Verint for future years in the second quarter of 2016. The cost of support and maintenance will be funded by 311 Toronto and covered under the following authority: GMC 8.8 for the renewal of Proprietary Information Technology Maintenance & Support Contracts from 2016-2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM8.8>

The Fair Wage Office has reported that Verint has reviewed and understood the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

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