

Non-Competitive Contract with Cornerstone OnDemand Inc. for the City's Enterprise Learning Management System and Online Learning

Date: April 12, 2021

To: General Government and Licensing Committee

From: Chief People Officer and Chief Procurement Officer, Purchasing & Materials Management

Wards: All

SUMMARY

The purpose of this report is to request authority to enter into a non-competitive contract with Cornerstone OnDemand Inc. for professional services and licenses for the City's Enterprise Learning Management System and Online Content Libraries. The contract will be for an initial period of three (3) years commencing on January 1, 2022 to December 31, 2024, with two (2) additional option year renewals, in the total amount of \$6,738,687 net of Harmonized Sales Tax (\$6,857,288 net of Harmonized Sales Tax recoveries).

A contract was awarded to Cornerstone OnDemand Inc. in 2014 resulting from competitive call RFP # 3405-13-3008. The current contract expires on December 31, 2021. The new contract is requested to extend the Enterprise Learning Management System and Online Content Libraries due to compatibility reasons.

This integrated technology solution will:

- Support the City's transition to a holistic talent management approach
- Enable data and analytics capabilities to align learning and development resources to identified employee requirements
- Allow for online enterprise learning as classroom training continues to be cancelled due to COVID-19

This also supports the learning and development needs of City employees as remote working becomes increasingly prevalent.

In partnership with the Technology Services Division, an Enterprise Learning Initiative (ELI) Options and Exploration Seed Funding study was conducted in 2019. The purpose of the study was to determine whether the City should continue with the current vendor or return to market for a new solution. The report recommendation was to

Non-Competitive Contract with Cornerstone OnDemand Inc.

remain with the current vendor at this time and return to market or consider a transition to SAP Success Factors after the initial term has passed.

City Council approval is required in accordance with Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five year commitment for each supplier, under Article 7, Section 195- 7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

RECOMMENDATIONS

The Chief People Officer and the Chief Procurement Officer, Purchasing & Materials Management recommend that:

- 1. City Council authorize the Chief People Officer to negotiate and execute a non-competitive three (3) year agreement, commencing on January 1, 2022 to December 31, 2024, with two (2) additional option year renewals with Cornerstone OnDemand Inc. in the amount of \$6,738,687 net of Harmonized Sales Tax (\$6,857,288 net of Harmonized Sales Tax recoveries), on terms and conditions satisfactory to the Chief People Officer, People & Equity and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total amount of the proposed contract including all years identified in this report is \$6,738,687, net of Harmonized Sales Tax. The total estimated cost to the City is \$6,857,288 net of Harmonized Sales Tax Recoveries.

Funding in the amount of \$6,857,288 net of HST Recoveries, will be included in the 2022-2026 City Manager's Office Operating Budget submissions under cost centre CMO502 as required

Year	Total net of Harmonized Sales Tax	Total net of Harmonized Sales Tax Recoveries
2022	\$1,431,933	\$1,457,135
2023	\$1,303,810	\$1,326,757
2024	\$1,318,911	\$1,342,124
2025 (Option Year One)	\$1,334,238	\$1,357,721
2026 (Option Year Two)	\$1,349,795	\$1,373,551
TOTAL	\$6,738,687	\$6,857,288

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

DECISION HISTORY

On August 1, 2013, the Bid Committee awarded Request for Proposal No. 3405-13-3008 to Cornerstone OnDemand Inc. for the supply, delivery, implementation and support of a Learning Management System.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.BD136.9>

On January 4, 2021, the General Government and Licensing Committee adopted the recommendation to amend Blanket Contract 47018623 with Cornerstone OnDemand Inc. for Enterprise Online Learning.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.GL20.3>

COMMENTS

Learning Management System/Talent Management System

Cornerstone OnDemand (CSOD), known as Enterprise Learning Initiative (ELI) within the organization, is a robust talent management system that automates and centralizes corporate and division-specific data and records relating to learning and development within a single, central repository. Originally procured as a Learning Management System (LMS), it is intended to become the City's Enterprise Talent Management System.

ELI currently allows for learning to be delivered in a variety of modes and for staff to collaborate and share information about learning across the organization. This system will host the organization's new online performance management and succession management programs.

The system is an important communications channel to reach all City staff regarding COVID-19 updates and information including COVID-19 and service recovery resources and employee/manager self-search functions. It is the sole electronic platform that allows City staff who do not have City email addresses or access to the City's intranet to access current employee information and training. Divisions are also leveraging the technology to manage their division-specific learning needs and to track and report on legislatively required training and certifications.

The City currently has a Contract with CSOD which provides for the supply, delivery, implementation and support of the enterprise-wide learning management system from 2014 - 2021 (initial three-year term plus five optional one-year renewals).

The initial capital purchase was for a three-year period and enabled the implementation of the system's Learning and Connect modules, licenses and support services. The additional five optional renewals of one year each allowed for the expansion of LMS capabilities as the system and its usage matured. Following that, the City began planning for future enablement of online performance management, succession

management, development planning and expanded online learning content. The Master Agreement allowed for flexibility to procure additional modules as well as online content.

In late 2019, the Succession Module was added and in early 2021 the Performance Module was procured, thus transforming ELI into a true Talent Management System. Also, two robust online libraries were procured in 2020 to ensure that, in the absence of in-class training, staff continue to have online learning to support the skills they need to deliver on divisional and City goals in 2021 and beyond.

ELI Options and Exploration Seed Funding Study

In 2019, the Strategy and Portfolio Review Committee (Technology Services Division), approved a capital project titled ELI Options and Exploration Seed Funding project. This project was tasked with completing an options analysis to provide insight that would be used to guide decision making on the future direction of an enterprise LMS solution for the City.

During the ELI Seed Funding Project, the following options were explored:

- continuing with the current platform, Cornerstone OnDemand;
- enabling the enterprise-wide LMS functionality within SAP SuccessFactors; and
- or proceeding with a competitive market call through an RFP process.

Gartner research identifies both Cornerstone OnDemand and SAP SuccessFactors as well-regarded software solutions in the talent management space. Cornerstone OnDemand meets the City's requirements for an LMS as well as a talent management system. An updated cost/benefit analysis found that the City is still realizing the financial benefits of Cornerstone OnDemand. Further realization of these benefits would be lost if the City were to switch vendors.

SAP SuccessFactors shows strong potential to meet the City's requirements. However, with the recent launch of SAP SuccessFactors to manage employee data and recruiting functions at the City, the Technology Services Division advised that staff will need to wait between 12-18 months to allow the program to stabilize before adding additional functionalities.

Proceeding to an open market call for LMS services will allow the City to competitively procure a software solution that meets our needs while balancing costs. However, a transfer to a new system requires resources and ensuring LMS service continuity is critical as the City has 29 divisions currently using ELI for division specific learning. Given these considerations, the ELI Seed Project recommended that the City continue with the current LMS platform with Cornerstone onDemand for an additional three years, plus two optional one-year renewal periods, and then explore the potential to go with SAP SuccessFactors or proceed with an open market call.

The benefits of this approach include:

- Capital cost avoidance of assembling a project team to develop a new RFP and implement a new LMS solution (original capital project costs was \$4.5M);
- Limited disruption to divisional users and ensure service continuity during COVID-19 when critical front line services require an LMS for training (lifesaving services such

as Fire Services, Senior Services and Long Term Care, Toronto Public Health, and COVID-19 response);

- Avoid significant work efforts by multiple divisions to transition to new system (e.g., People & Equity and Technology Services) who have prioritized their efforts to COVID-19 response; and
- Allowing time for SAP Success Factors stabilization (including fit/gap analysis)
- Limited exposure and risk of not executing and implementing a contract by December 31, 2021.

Alignment with other City initiatives

People & Equity is currently undergoing a three-year transformation with the goals of:

- increasing efficiency,
- modernizing the workplace culture,
- digitizing services,
- improving client experience, and
- keeping up with changing client demands.

To ensure the City has the right people to achieve our goals, the corporation needs the right programs and approaches to help attract, retain and develop its diverse talent so that we can achieve organizational objectives. The integrated ELI Talent Management System will enable us to achieve these goals by ensuring information can flow seamlessly through performance, development and succession management processes and programs.

As the City continues to modernize its workplace environment (e.g. ModernTO) to provide increased opportunities for staff collaboration, mobility and remote work, the ELI System will help to support these goals by providing a central platform for learning and development opportunities. The integrated ELI Talent Management System will be a platform where staff can learn and develop the right skills at the right time to achieve their professional development objectives.

Increased utilization of the system through the implementation of the talent development programs will also allow for continued support in the shift to data-driven decision making. Having information from various Talent Development programs in one integrated system will allow for increased opportunities for synergy, automation, transparency and reporting capabilities that will enable accountability and provide critical information for decision making, such as assessing and identifying current and future talent in the organization.

The Fair Wage Office has reported that Cornerstone OnDemand Inc. has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

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SIGNATURE

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