



## REPORT FOR ACTION

### **Award of Request for Quotation Document Number 2963148010 to Fully Managed Inc., for the non-exclusive supply of ServiceNow Cloud Subscription Services for Various Divisions**

**Date:** December 21, 2021  
**To:** General Government and Licensing Committee  
**From:** Chief Technology Officer and Chief Procurement Officer  
**Wards:** All

#### **SUMMARY**

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The purpose of this report is to seek authority to award Request for Quotation (RFQ) Document Number 2963148010 to Fully Managed Inc., for the non-exclusive supply of ServiceNow Cloud Subscription Services for Various Divisions for a period of three (3) years with the option to renew for two (2) additional one (1) year periods.

A new award to the second low bidder, Fully Managed Inc., is required because the original contract with Deloitte LLP was terminated due to non-compliance with the agreement.

#### **RECOMMENDATIONS**

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The Chief Technology Officer, Technology Services Division and the Chief Procurement Officer recommend that:

1. The General Government and Licensing Committee, in accordance with Section 195-8.4.A of the City of Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Request For Quotation Document Number 2963148010 to Fully Managed Inc., for the non-exclusive supply of ServiceNow Cloud Subscription Services for Various Divisions for a period of three (3) years with the option to renew for two (2) additional one (1) year periods in the amount of \$43,709,674 net of all applicable taxes and charges (\$44,478,964 net of Harmonized Sales Tax recoveries) including all optional renewal terms.

## FINANCIAL IMPACT

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The total potential contract expenditure is \$43,709,674 net of all applicable taxes and charges (\$44,478,964 net of Harmonized Sales Tax recoveries) including all optional renewal terms.

Funding for 2022 is included in the Staff Recommended Capital Budget for Technology Services Division. Additional funding for years 2023-2024 will be included in the future year Operating and Capital Budget Submissions for Technology Services. Should the City choose to exercise the optional periods, then additional funding will be included in the 2025 and 2026 Operating Budget Submissions for Technology Services.

City Divisions will be able to draw upon the contract on an as-needed basis by issuing Contract Release Orders (CROs) against the contract subject to validation of funding at the time of issuance and approval by the Division Head of the requesting division. Individual cost centres will be identified by the Divisions on each CRO as it is issued against the contract.

Table 1: Expected Financial Impact by Year and Cost Centre, net of HST Recoveries

WBS Element / Cost Centre	2022	2023	2024	2025 (Option Year 1)	2026 (Option Year 2)	Totals (5 years)
CIT046-12-02	\$ 630,912	\$ 2,951,040	\$ 620,736	\$ -	\$ -	\$ 4,202,688
IT1089	\$ -	\$ -	\$ 2,951,040	\$ 3,520,092	\$ 3,869,424	\$ 10,340,556
Ad hoc (Various)	\$ 875,136	\$ 5,046,787	\$ 6,381,095	\$ 8,145,457	\$ 9,487,245	\$ 29,935,720
<b>Subtotals</b>	<b>\$ 1,506,048</b>	<b>\$ 7,997,827</b>	<b>\$ 9,952,871</b>	<b>\$ 11,665,589</b>	<b>\$ 13,356,669</b>	<b>\$ 44,478,964</b>

The Chief Financial Officer and Treasurer have been provided the financial impacts for review as part of the 2022 budget process.

## DECISION HISTORY

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On August 18, 2021 the Bid Award Panel exercised the power of a Standing Committee pursuant to Section 195-8.3A(3) of the Municipal Code, Chapter 195, Purchasing, to grant authority to award a contract in accordance to Deloitte LLP for a term beginning on the date of award and ending on July 31, 2024, with an option at the City's discretion to renew the term for up to two (2) additional one (1) year periods ending July 31, 2025 and July 31 2026 respectively. The total value of the award, inclusive of the optional additional terms, was \$38,968,859 net of all taxes.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.BA149.4>

## COMMENTS

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This acquisition is intended to accelerate improvements in managing access and availability of services, service requests, and streamlining services, such as helpdesk support, troubleshooting procedures, and other areas. The ServiceNow cloud platform was selected after conducting various Vendor Day presentations to the City in August 2019.

### Procurement Process

Request for Quotation Document Number 2963148010 was issued on June 8, 2021 for the non-exclusive supply of ServiceNow Cloud Subscription Services. The Request for Quotation closed on June 23, 2021. No addenda were issued.

At time of closing Purchasing Materials Management Division received and opened five (5) submissions.

Table 2: Summary of Bids received for Request for Quotation Ariba Document Number 2963148010, including Bid Price:

Supplier Name	Bid Price (including H.S.T.)
DELOITTE LLP	\$44,034,810.76
Fully Managed	\$49,391,976.05
CONFIGURETEK INC	\$50,804,780.36
EY	\$51,583,638.63
Fishbone Analytics Inc.	\$94,075,748.89

The bid submissions have been reviewed by Technology Services Division and Purchasing and Materials Management Division and was found to be in conformance with the Request for Quotation requirements.

On August 18, 2021 and pursuant to Section 195-8.3A(3) of the Municipal Code, Chapter 195, Purchasing, the Bid Award Panel exercised the power of a Standing Committee to grant authority to award a contract in accordance with the Contract Details set out in a report dated August 12, 2021 from the Chief Procurement Officer. An award was made to Deloitte LLP ("Deloitte") for a term beginning on the date of award and ending on July 31, 2024, with an option at the City's discretion to renew the term for up to two (2) additional one (1) year periods ending July 31, 2025 and July 31 2026 respectively. The total value of the award, inclusive of the optional additional terms, was \$38,968,859 net of all taxes.

On September 24, 2021 the City was advised by Deloitte that it wished to re-negotiate the terms of the Request for Quotation, to which it had in its submission already agreed.

On November 29, 2021 the City advised Deloitte that the terms and conditions of a Request for Quotation are not negotiable. On December 1, 2021 Deloitte LLP responded to confirm that it would not agree to comply with the City's terms and conditions. Therefore, the request from Deloitte to renegotiate the terms and conditions was not accepted and the award was withdrawn.

The City is consulting internally with its Legal Team to determine next steps in its treatment of Deloitte's withdrawal from previously agreed terms and conditions and is seeking legal opinion regarding the City's rights to recover any additional costs incurred as a result of rescinding the original award and the subsequent award to another bidder.

A new award to the second-lowest bidder, Fully Managed Inc., is therefore required.

General Government and Licensing Committee approval is required in accordance with Municipal Code Chapter 195, Purchasing, Section 195-8.4.A where Standing Committee is authorized to make an award on any solicitation provided the conditions of the section are met but where funding exceeds \$20,000,000.

The Fair Wage Office has reported that Fully Managed, Inc. has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

## **CONTACT**

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## **SIGNATURE**

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