

ServiceNow Procurement Issue Update

Date: March 8, 2022

To: General Government and Licensing Committee

From: Chief Procurement Officer, Chief Technology Officer and the City Solicitor
the Chief Procurement Officer, Purchasing and Materials Management, the Chief
Technology Officer, Technology Services and the City Solicitor

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report is about litigation or potential litigation that affects the City of Toronto.

The attachment to this report contains advice or communications that are subject to solicitor-client privilege.

SUMMARY

This report responds back to General Government and Licensing Committee request for an update on the approach being taken to address the situation with Deloitte in connection with the award of the ServiceNow Subscription licenses as set out in GL28.6, "Award of Request for Quotation Document Number 2963148010 to Fully Managed Incorporated, for the Non-exclusive Supply of ServiceNow Cloud Subscription Services for Various Divisions".

RECOMMENDATIONS

The Chief Procurement Officer, Chief Technology Officer and the City Solicitor recommend that:

1. City Council direct that Confidential Attachment 1 remain confidential in its entirety, as it contains advice which is subject to solicitor-client privilege.

FINANCIAL IMPACT

There is no financial impact from the adoption of the recommendations in this report. The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

General Government and Licensing Committee at its meeting on January 14, 2022, adopted as amended, GL28.6, "Award of Request for Quotation Document Number 2963148010 to Fully Managed Incorporated, for the Non-exclusive Supply of ServiceNow Cloud Subscription Services for Various Divisions" and requested the Chief Procurement Officer and the Chief Technology Officer to report to the next General Government and Licensing Committee on March 22, 2022, on the approach being taken to address the situation with Deloitte Inc.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.GL28.6>

COMMENTS

The City issued a Request for Quotation for the non-exclusive supply of ServiceNow Cloud Subscription Services. As set out in GL28.6, Deloitte LLP was the lowest bidder and was awarded the Request for Quotation. Deloitte Inc., ultimately refused to enter into the agreement that arose from the award, prompting the need to award to the second lowest bidder, Fully Managed Incorporated.

The Chief Procurement Officer and the Chief Technology Officer have consulted with the City Solicitor on what steps the City may take with respect to Deloitte's refusal to agree to the terms and conditions of the Request for Quotation. The confidential attachment sets out the advice provided.

Based on the advice in the confidential attachment, the Chief Procurement Officer has suspended Deloitte from being awarded the upcoming procurement for Integration Services of ServiceNow licenses. Deloitte has agreed to the suspension, including waiving formal notice of the suspension process and that it will not bid on the upcoming procurement for Integration Services of ServiceNow licenses. Deloitte further indicated that it values the relationship with the City and has learned from this particular matter.

CONTACT

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1