

Request for Renewal of the Master Services Agreement with Salesforce.com Canada Corporation for Cloud-Based Services and to Amend Non-Competitive Blanket Contract Number 47023379

Date: June 29, 2023

To: General Government Committee

From: Chief Technology Officer and Chief Procurement Officer

Wards: All

SUMMARY

The City has been working to transform the public's experience in accessing and interacting with City services by providing simple, reliable, and connected services that anticipate customers changing needs.

Salesforce is the City of Toronto's Enterprise Customer Relationship Management platform. This platform's primary purpose is to centralize, track and manage customer interactions with the City regardless of the channel (for example, online service request portal, phone, email, or online chat) through which the customer is contacting the City. The Salesforce platform provides a quick and efficient mechanism for customers to get the information they need related to services the City offers, while at the same time providing the City staff with a centralized location, that is quick and easy, to find and manage interactions a customer has had with the City.

In 2017, the City selected Salesforce.com Canada Corporation through Request for Proposal Number 3406-17-0066, for the implementation of an Enterprise Customer Relationship Management solution. Following the contract award, the City and Salesforce.com Canada Corporation established a five (5)-year renewable Master Services Agreement, valid until July 31, 2023, to procure required Salesforce subscription licences towards realizing and supporting the City's Customer Service Strategy.

This platform was aimed to improve the customer experience when accessing City services and to efficiently manage approximately four (4) million annual interactions, including 1.3 million calls with Toronto residents, businesses, and visitors through the City's 311 contact centre.

Since establishing this agreement, the City has leveraged the Salesforce platform to transform the public's experience with City's services, fundamentally improving how they access and interact with the City. In December 2018, the 311 Toronto Customer Relationship Management Phase 1 pilot solution leveraging the Salesforce platform was launched. This solution enabled customers to book appointments for four (4) selected Toronto Water services and report noise complaints for investigation by Municipal Licensing and Standards via the City's online self-serve portal or by calling 311 as part of the integrated online service strategy. Building on the success of the Phase 1 pilot, in November 2021, the City launched Phase 2 of the 311 Toronto Customer Relationship Management solution, covering approximately 650 services offered by 311, such as: ice and snow related complaints, illegal dumping, missed garbage collections, potholes on roads & expressways, et cetera.

The following City divisions currently leverage the Salesforce Customer Relationship Management platform for their core customer service offerings: Customer Experience (formerly 311 Toronto), Municipal Licensing and Standards, Toronto Water, Human Services Integration, Economic Development and Culture, Children's Services, Toronto Office of Partnerships, Toronto Revenue Services, and Solid Waste Management Services.

To accelerate the digital delivery of programs and services and for continued enhancement of the customer experience, the City currently has several different initiatives underway.

The City currently has authorities under GL16.5 (Renewal of Proprietary Technology Maintenance Contracts Supporting the City Services from 2021-2025) and GL23.15 Amendment to Blanket Contract Number 47023379 with Salesforce.com Canada Corporation) for up to \$6,250,000 net of all taxes and charges (\$6,360,000 net of Harmonized Sales Tax recoveries) to renew the existing Salesforce licenses. The purpose of this report is to request General Government Committee authority to renew and extend the Master Service Agreement with Salesforce for a period of five (5) years effective August 1, 2023 and ending July 31, 2028 and to amend and increase the existing Non-competitive Blanket Contract Number 47023379 awarded under Staff Report GL16.5, with Salesforce.com Canada Corporation, to procure and renew new licenses and support services as required, until December 31, 2025, in the amount of \$1,643,621 net of all taxes and charges (\$1,672,549 net of Harmonized Sales Tax recoveries), increasing the Blanket Contract value from \$4,467,666 net of all taxes and charges (\$4,546,296 net of Harmonized Sales Tax recoveries) to \$6,111,287 net of all taxes and charges (\$6,218,845 net of Harmonized Sales Tax recoveries) under the same pricing, terms and conditions as the existing agreement, and in a form satisfactory to the City Solicitor.

General Government Committee approval is required in accordance with Municipal Code Chapter 195, Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year commitment limit for each vendor under Article 7, Section 195-7.3(D) of the Purchasing By-law or exceeds the

threshold of \$500,000 net of Harmonized Sales Tax allowed under staff authority as per the Toronto Municipal Code, Chapter 71, Financial Control, Section 71-11.1.

RECOMMENDATIONS

The Acting Chief Technology Officer and the Chief Procurement Officer recommend that:

1. The General Government Committee, in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law), grant authority to:
 - a) renew the Master Services Agreement with Salesforce for a period of five (5) years effective August 1, 2023 and ending July 31, 2028;
 - b) amend Non-Competitive Blanket Contract Number 47023379 with Salesforce.com Canada Corporation, and increase the Blanket Contract value by \$1,643,621 net of all taxes and charges (\$1,672,549 net of Harmonized Sales Tax recoveries) to procure and renew new licenses and support services as required until December 31, 2025, increasing the Blanket Contract value from \$4,467,666 net of all taxes and charges (\$4,546,296 net of Harmonized Sales Tax recoveries) to \$6,111,287 net of all taxes and charges (\$6,218,845 net of Harmonized Sales Tax recoveries) under the same pricing, terms and conditions as the existing agreement, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total contract expenditure increase is \$1,643,621 net of all taxes and charges (\$1,672,549 net of Harmonized Sales Tax recoveries).

There will be no minimum purchase commitment. All procurement will be done on an as-required basis, using existing approved Capital and Operating budgets.

Funding is available in the amount of \$759,954 net of Harmonized Sales Tax recoveries is included in the 2023 Council Approved Capital Budgets and 10-Year Capital Plans for Toronto Public Health and Customer Experience (formerly 311 Toronto) Divisions, as detailed in Table 1.

Table 1 - Capital Funding (Net of Harmonized Sales Tax Recoveries)

Program / Division	WBS Element / Cost Centre	2023		2024		2025		Total (net of HST recoveries)	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
Toronto Public Health	CPH001-33 (SOGR)			\$202,438	\$202,438	\$202,438	\$202,438	\$404,876	\$404,876
Customer Experience Division	CTO017-01 (former CCA267-02) (Council Directed)	\$355,078	\$355,078					\$355,078	\$355,078
Total		\$355,078	\$355,078	\$202,438	\$202,438	\$404,877	\$404,877	\$759,954	\$759,954

Annual operating funding in the amount of \$912,595 net of Harmonized Sales Tax recoveries will be included in the 2025 Operating Budget Submission of Toronto Public Health and Customer Experience Division (formerly 311 Toronto) as detailed in Table 2.

Table 2 - Operating Funding (Net of Harmonized Sales Tax Recoveries)

Program / Division	WBS Element / Cost Centre	2023		2024		2025		Total (net of HST recoveries)	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
Toronto Public Health	PH1051 CE4474					\$202,439	\$202,439	\$202,439	\$202,439
Customer Experience Division	TO9301 CE 4474 (Council Directed)			\$355,078	\$355,078	\$355,078	\$355,078	\$710,156	\$710,156

Total				\$355,078	\$355,078	\$557,517	\$557,517	\$912,595	\$912,595
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The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On May 27, 2021, City Council granted additional authority under GL23.15 to amend Blanket Contract Number 47023379 with Salesforce.com Canada Corporation to procure additional Salesforce licences and, to maintain the subscriptions until December 31, 2025 increasing the value of the contract by \$1,250,000 net of all taxes and applicable charges (\$1,272,000 net of Harmonized Sales Tax Recoveries) under the same pricing, terms and conditions of the existing agreement and in a form satisfactory to the City Solicitor. The first year renewal value (2021) under G16.5 was \$995,196. With the amendment, under GL23.16, the blanket contract value was increased from \$995,196 net of all taxes and applicable charges (\$1,012,711 net of Harmonized Sales Tax Recoveries) to \$2,245,196 net of all taxes and applicable charges (\$2,284,711 net of Harmonized Sales Tax Recoveries).

The following is the link to City Council Decision Document:

<https://secure.toronto.ca/council/agenda-item.do?item=2021.GL23.15>

On October 27, 28, and 30, 2020, City Council granted the authority under GL 16.5 to renew Proprietary Technology Maintenance Contracts supporting the City Services from 2021-2025. A new Non-Competitive Blanket Contract Number 47023379 for Salesforce.com Canada Corporation was issued under the authority of this Staff Report GL 16.5 for a total potential amount of \$5,000,000 net of all taxes (\$5,088,000 net of Harmonized Sales Tax recoveries) to maintain subscriptions on existing licences with Salesforce.com Canada Corporation, spread over 5 years. The additional licence subscription for 311 and their renewals thereof with Salesforce.com Canada Corporation has the same nature and will be added to Blanket Contract Number 47023379.

The following is the link to City Council Decision Document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL16.5>

Blanket Contract Number 47021645 was amended on July 28, 2020 to increase the target value by \$97,827.12 from \$2,009,926.00 to \$2,107,753.12 net of all taxes for license renewals for the period August 1, 2020 till December 31, 2020.

On June 18 and 19, 2019, City Council granted additional authority under GL5.10 to enter into an amending agreement with Salesforce.com Canada Corporation to renew the licence subscriptions on a one (1)-year basis from August 1, 2019 to July 31, 2020, and increase the value of the contract by \$1,037,061 net of all taxes (\$1,055,314 net of Harmonized Sales Tax recoveries), revising the contract from \$972,865 to \$2,009,926, net of all taxes. As a result, Blanket Contract Number 47021645 was amended.

The following is the link to City Council Decision Document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.GL5.10>

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On June 14, 2017, the Bid Award Panel granted the authority under BA27.3 to award a contract for Request for Proposal Number 3407-17-0066 to Salesforce.com Canada Corporation for the Phase 1 implementation of an Enterprise Customer Relationship Management solution to support the City's Customer Service Strategy. As a result, Blanket Contract Number 47021645 for \$972,865 net of all taxes was issued.

The Bid Award Panel award document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BA27.3#>

COMMENTS

Following the Bid Award Panel authority in June 2017, a five-year Master Services Agreement was established in July 2018 with Salesforce.com Canada Corporation to support the City of Toronto in delivering digital services to the City's residents and businesses. As a result, Blanket Contract Number 47021645 was awarded to Salesforce.com Canada Corporation under Request for Proposal (RFP) Number 3406-17-0066 to purchase cloud subscription services to implement the enterprise Customer Relationship Management Phase 1 pilot.

Renewal Details

Since January 2021, subscription renewals of existing Salesforce licenses have been purchased under the spending authority of GL16.5 (Renewal of Proprietary Technology Maintenance Contracts Supporting the City Services from 2021-2025). The validity date of the blanket contract aligns with the authority of GL16.5. A new blanket contract will be issued for such renewals in early 2026 in accordance with the authority of an anticipated new report for the non-competitive proprietary software maintenance, support, and subscriptions renewals, including the remainder of term of contract for the Master Service Agreement.”.

The initial renewal value (2021) under G16.5 was \$995,196. With the amendment under GL23.16, the blanket contract value was increased by \$1,250,000 net of all taxes and applicable charges (\$1,272,000 net of Harmonized Sales Tax Recoveries) from \$995,196 net of all taxes and applicable charges (\$1,012,711 net of Harmonized Sales Tax Recoveries) to \$2,245,196 net of all taxes and applicable charges (\$2,284,711 net of Harmonized Sales Tax Recoveries).

On February 24, 2022, the Blanket Contract was renewed for Option Year 1 (January 1, 2022 to December 31, 2022), the value was increased by \$1,000,000 net of all taxes (\$1,017,600 net of Harmonized Sales Tax Recoveries), from \$2,245,196 net of all taxes (\$2,284,711 net of Harmonized Sales Tax Recoveries) to \$3,245,196 net of all taxes (\$3,302,311 net of Harmonized Sales Tax Recoveries).

On January 16, 2023, the Blanket Contract was renewed for Option Year 2 (January 1, 2023 to December 31, 2023), the value was increased by \$1,222,470 net of all taxes

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(\$1,243,985 net of Harmonized Sales Tax Recoveries), from \$3,245,196 net of all taxes (\$3,302,311 net of Harmonized Sales Tax Recoveries) to \$4,467,666 net of all taxes (\$4,546,296 net of Harmonized Sales Tax Recoveries).

The Master Services Agreement was established with an enterprise focus and anticipated future use of the platform for additional programs across the City. Hence, the terms and conditions and the pricing model in the Master Services Agreement have been structured to enable the City with the flexibility to leverage a “pay-as-you-go” subscription model. This model allows the City to adjust licence types and volumes to align to the City’s needs and priorities, as needed, on an annual renewal basis within the overall 5-year term. This approach also provides City staff the opportunity to validate the scalability and fit of the Salesforce solution as an enterprise Customer Relationship Management platform before expanding use across the organization.

Coming out of the pandemic, the demand and need to digitize services has increased significantly. The City is committed to transforming and digitizing the customer experience, improving how the public accesses and interacts with the City by enabling simple, effective, and efficient services through the channel of their choice (for example, online service request portal, phone, email, or online chat). Facilitating digital centric service delivery not only enables self-service options for the City’s visitors, residents and business, but also creates significant efficiencies for staff who deliver those services.

Existing Salesforce Digital Solutions

Several divisions are currently leveraging the Salesforce platform for their core customer service offerings:

- **Municipal Licensing and Standards** uses the Salesforce platform to manage the end-to-end noise complaint service request process which includes investigation and violation history, location information, and progress status. Municipal Licensing and Standards also uses the platform to manage the registration and life cycle of Short-Term Rental license applications.
- **Toronto Water** leverages the platform to enable self-service for residents to book and schedule appointments for Toronto Water services.
- **Solid Waste Management Services** The solution enables staff to have the ability to see all City interactions with a Solid Waste stakeholder in one place and work more effectively to increase waste diversion rate and to decrease the rate of contamination.
- **Children’s Services** leverages the platform to support the participant registration and standardization of attendance reporting for their EarlyON programs that run at non-City centers.

- **Human Services Integration** has used the platform to implement the Application and Support Centre, a customer support center that centralizes three (3) divisional phone and application centres and associated functions from Toronto Employment and Social Services, Children's Services, and Shelter, Support and Housing Administration.
- **Economic Development and Culture** leverages the platform to better identify opportunities for assisting businesses looking to move into or expand in Toronto as well as businesses at risk of downsizing or leaving.
- **Toronto Office of Partnerships** uses the Salesforce platform to collect and manage donations online in support of City initiatives, delivering a donor experience that is in line with industry standards and building a robust, consolidated database of donors for City programs; and
- **Revenue Services** leverages an aspect of the platform for its e-billing Solution, providing notification services for electronic billing ensuring residents and businesses are notified when bills are available.

The Salesforce platform aligns with the City's customer service vision and has already had several successful implementations through the above examples.

In-flight Salesforce Platform Initiatives

Technology Services Division with the partnership of several City divisions, currently has several different initiatives underway, for continued enhancement of the customer experience and to deliver further efficiencies to City divisions and their staff.

- Technology Services Division is working in partnership with Toronto Public Health to realize their Inspection Management System which is planned to be launched in the first quarter, 2024. This will consolidate all variations of inspections and investigations performed at Toronto Public Health including Food Safety, Environmental Health, Personal Service Settings, Rabies and Infection Prevention and Control. It will also support the generation of operational, key performance and management reports enabling effective monitoring of service delivery, and reporting to the public.
- Technology Services Division and Customer Experience Division (formerly 311 Toronto) are leading a City-wide, customer-centric, and integrated end-to-end complaints process that will enable:

1. **Improved Information, Navigation and Centralized Intake:** Customers will experience an easier interface to file a complaint about City services, as the new City-wide process will be clear, intuitive and customer-centric; guiding

customers through a seamless journey. Customers will have access to a centralized complaints intake process, through a channel of their choice – phone, online (including a mobile app), in-person and via mail.

2. **Seamless Triage and Life-Cycle Management:** An end-to-end complaints process will enable the City to track, assess, and triage complaints. Customers will be able to opt-in to receive status updates ensuring they are updated throughout its life cycle.
 3. **Pro-active Closing-of-the-Loop:** Customers will be informed by the City when their complaint is resolved or closed and they will receive relevant information in relation to their complaint and its investigation. Customers will also be given the opportunity to provide feedback on their complaints experience to enable continuous improvement of the process.
 4. **Intuitive Escalation:** Customers will be informed of an escalation process associated with their complaint. The escalation process will enable City's senior management to see an initial complaint and understand how it was handled, making the process much more efficient for all involved.
 5. **Enhanced Accountability:** The City will have one system to track complaints which will allow for City-wide reporting and accountability ensuring data driven decisions.
- Technology Services Division and Customer Experience Division are leading a Customer Service Satisfaction Survey and Feedback Management Solution to improve the end-to-end service request experience for City's customers by making them better informed on the status of their Service Request and to understand customer sentiments. This functionality will provide the City with valuable information to understand customer expectations, assess levels of satisfaction with 311 services and channels, identify opportunities for continuous improvement, and provide benchmarking data to set Key Performance Indicators. Data gathered from customer satisfaction survey will be used to highlight problem areas in a business, review performance of specific functions/services, analyse and evaluate customer relationships, isolate areas for improvement or develop ideas and strategies for new developments.

Technology Services Division in consultation with each partnering division, will lead the business case submission requesting capital funding in alignment with the transformation roadmap and divisional readiness.

As City divisions accelerate the digital delivery of programs and services, the renewed Master Services Agreement will enable the City to have a mechanism to acquire additional licenses in the future to support its transformation needs, as approved and funded.

Potential Future Use Cases

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In addition to our in-flight implementation, Technology Services Division in partnership with several City divisions is working on a multi-year roadmap that aligns divisional priorities and identifies opportunities to support their business and service modernization programs using the Enterprise Salesforce Customer Relationship Management solution. This cross-divisional strategy work will allow the City to ensure that it is maximizing the full potential of the Enterprise Salesforce Customer Relationship Management solution in a cost-effective manner while improving trust and confidence in City services.

- In partnership with Toronto Building, City Planning and Municipal Licensing and Standards, Technology Services Division is leading the planning to leverage the Salesforce platform for permits, licenses, and case management. Currently these divisions leverage the Integrated Business Management System platform, which is over 20 plus years old to support divisional operations including building permits, business licensing and permits, case management, by-law enforcement, development application review, et cetera.

In support of the continued transformation and improvement of the City's services, Technology Services Division conducted a market and jurisdictional scan, in partnership with KPMG and Gartner, to study the feasibility of divesting and migrating off the IBMS platform and for vendor identification and recommendation. The findings recommended that organizations like the City of Toronto with complex regulatory environments may consider application platforms like Salesforce Customer Relationship Management to meet its modernization and transformational needs.

- Technology Services Division has partnered with Municipal Licensing and Standards, as part of the broader Municipal Licensing and Standards Modernization, in leading the assessment to streamline, modernize, transform, and enhance the issuance of licences and permits by leveraging the Enterprise Salesforce Customer Relationship Management platform.
- Technology Services Division and Toronto Water have partnered to digitally transform Toronto Water services by enabling customers with the ability to access account-based information via self service, deliver operational efficiencies while enhancing employee productivity, speed and convenience of customer interactions and processes.

This staff report does not request the spending authority for these potential future initiatives Enabling additional programs that could be supported by the Salesforce platform, to bring greater efficiencies and a more enhanced Customer Experience, is pending detailed planning that would inform the future roadmap, including the financial implications and other resource requirements. As City teams accelerate the digitization of programs and services, staff will ensure to follow the procurement process and will prepare all required Staff Reports seeking Council authority for any additional funding required to enable the programs supported through the Salesforce platform.

Conclusion

The Salesforce Enterprise Customer Relationship Management platform is a key enabler for the modernization and transformational needs of various City divisions in alignment with the City's customer service vision towards transforming the public's experience.

Renewing the Master Services Agreement and amending the contract value in order to procure additional Salesforce licences and maintaining the subscriptions will further transform the public's experience with City services and fundamentally improve how the public accesses and interacts with the City.

The Fair Wage Office has reported that Salesforce.com Canada Corporation has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

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SIGNATURE

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