

## **Non-Competitive Contract with Hootsuite Inc. for Enterprise Social Media Management Platform**

**Date:** June 17, 2024

**To:** General Government Committee

**From:** Chief Communications Officer, Executive Director, Customer Experience Division (311 Toronto) and Chief Procurement Officer

**Wards:** All

### **SUMMARY**

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The purpose of this report is to request authority to enter into a non-competitive contract with Hootsuite Inc. for an enterprise social media management solution. A competitive procurement was attempted but unsuccessful. A non-competitive procurement is necessary to continue the City's contract for an enterprise social media management platform. The contract will be for an initial three (3)-year period from date of award to August 27, 2027 with the option to renew the agreement on the same terms and conditions for one (1) additional term for a two (2)-year period, in the total amount of \$853,343 net of Harmonized Sales Tax (\$868,362 net of Harmonized Sales Tax recoveries).

The initial contract was awarded to Hootsuite Inc. in February 2020 during a possible labour disruption to centralize the management and access to the City's numerous social media accounts and reduce reputational risk. The City made a non-competitive purchase and signed a one (1)-year contract with Hootsuite Inc. for their enterprise package. The contract was extended until August 27, 2024 to afford staff the opportunity to pursue a new agreement through a competitive process.

The competitive procurement process, which ran from October 6, 2023 to November 24, 2023, resulted in an unsuccessful outcome where no proponent met the City's requirements. Strategic Public and Employee Communications Division (SPEC), Customer Experience Division (CXD) and Purchasing and Materials Management Division (PMMD) are requesting approval to pursue a non-competitive agreement with the existing supplier, Hootsuite Inc. as the current agreement expires on August 27, 2024.

City Council 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 for each supplier, under Article 7, Non-Competitive Contract with Hootsuite Inc. for Enterprise Social Media Management Platform

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**

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The Chief Communications Officer, Executive Director of Customer Experience and the Chief Procurement Officer recommend that:

1. City Council authorize the Chief Communications Officer, Strategic Public and Employee Communications to negotiate and execute a non-competitive three (3)-year agreement, substantially in the form of the originally issued solicitation terms and conditions, from the date of award to August 27, 2027, and an option to renew for one (1) additional term of two (2) years, with Hootsuite Inc. in the amount of \$853,343 net of Harmonized Sales Tax (\$868,362 net of Harmonized Sales Tax recoveries), on terms and conditions satisfactory to the Chief Communications Officer, Strategic Public and Employee Communications, and the Executive Director, Customer Experience Division, in a form satisfactory to the City Solicitor.

## **FINANCIAL IMPACT**

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The total potential contract value including the optional period identified in this report is \$853,343 net of Harmonized Sales Tax. The total potential cost to the City is \$868,362 net of Harmonized Sales Tax recoveries.

Funding for the initial year in the amount of \$58,003 net of Harmonized Sales Tax Recoveries is included in the 2024 Operating Budgets for the participating divisions. Additional funding for the balance of the initial contract term will be included in their 2025-2027 Operating Budget submissions.

Should the City choose to exercise its option to renew for an additional two (2)-year period, then appropriate additional funding will be included in the 2027-2029 annual Operating Budget submission for the participating divisions.

The cost calculations for the optional (2) year period for the contract awarded to Hootsuite Inc. will remain fixed at the same rate of the initial term, without any inflationary increases.

Additional funding details are provided in Table 1 and Table 2 to follow.

Table 1: Financial Impact Summary of Recommended Contract for Initial Term (Net of Harmonized Sales Tax Recoveries)

Division	Cost Centre	Cost Element	Date of Award to December 31, 2024	2025	2026	January 1 to August 27, 2027	Total
City Manager's Office	CM0009	4465/Other	\$10,176	\$30,528	\$30,528	\$19,341	\$90,573
Customer Experience	TO9301	4465	\$12,211	\$36,634	\$36,634	\$24,422	\$109,901
Corporate Real Estate Management	FA0341	4465/Other	\$20,352	\$61,056	\$61,056	\$40,704	\$183,168
Environment and Climate	FA3036	4465/Other	\$8,480	\$25,440	\$25,440	\$16,960	\$76,320
Economic Development and Culture	ED0150	4465/4414	\$3,392	\$10,176	\$10,176	\$6,784	\$30,528
Toronto Water	TW1005	4414, 4199	\$3,392	\$10,176	\$10,176	\$6,784	\$30,528
Total			\$58,003	\$174,010	\$174,010	\$114,995	\$521,017

Table 2: Financial Impact Summary of Recommended Contract for Optional Term (Net of Harmonized Sales Tax Recoveries)

Division	Cost Centre	Cost Element	August 28 to December 31, 2027	2028	January 1 to August 27, 2029	Total
City Manager's Office	CM0009	4465/Other	\$10,176	\$30,528	\$19,678	\$60,382
Customer Experience	TO9301	4465	\$12,211	\$36,634	\$24,422	\$73,267
Corporate Real Estate Management	FA0341	4465/Other	\$20,352	\$61,056	\$40,704	\$112,112
Environment and Climate	FA3036	4465/Other	\$8,480	\$25,440	\$16,960	\$50,880
Economic Development and Culture	ED0150	4465/4414	\$3,392	\$10,176	\$6,784	\$20,352
Toronto Water	TW1005	4414, 4199	\$3,392	\$10,176	\$6,784	\$20,352

Division	Cost Centre	Cost Element	August 28 to December 31, 2027	2028	January 1 to August 27, 2029	Total
Total			\$58,003	\$174,010	\$115,332	\$347,345

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

## DECISION HISTORY

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No decision history.

## COMMENTS

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### Background

Social media is an important channel for communication, public education, awareness-building, collaboration and consultation with the public. It also enables recruitment of employees, volunteers and public appointees; research and marketing. It provides opportunities to build and maintain public trust, transparency and accountability in government.

Strategic Public and Employee Communications (SPEC) and many other City of Toronto divisions play a critical role in building awareness of the City's programs and services on social media and responding to residents' questions and complaints across various social platforms, such as Facebook, X (Twitter), Instagram, Threads and LinkedIn. Collectively, the main City of Toronto social media channels have approximately 1.2 million followers and garnered nearly 200 million impressions (post views) in 2023.

The City currently has 110 social media accounts across various social platforms, managed by more than 100 staff. An enterprise social media management solution allows staff to centralize and manage social media account access, permissions and activity for multiple platforms to ensure consistent and secure communication across all City social media channels and teams. The availability of advanced analytics enables the City to refine and optimize messages to increase engagement and audience reach.

With security and analytics in mind, Hootsuite Inc. was procured in February 2020 in the lead up to a potential labour disruption. The City made a non-competitive purchase and signed a one-year contract with Hootsuite Inc. for their enterprise package, Purchase Order Number 6050269 was issued at \$195,937 net of Harmonized Sales Tax. This Purchase Order was extended to August 27, 2022 in the final amount of \$383,876 net of Harmonized Sales Tax. The contract was extended three times until August 27, 2024. Purchase Order Number 6053693 was issued in August 2022 as a bridging contract, Non-Competitive Contract with Hootsuite Inc. for Enterprise Social Media Management Platform

with current expiry date of August 27, 2024 and current value of \$252,947 net of Harmonized Sales Tax.

Corporate Security uses the tool to monitor social media to obtain actionable intelligence on threats and personal intimidation (doxing) of senior City staff and elected officials, disruptive events that may jeopardize the safety of staff or the public, and threats to staff and the public at or near City properties.

Customer Experience Division (311 Toronto) provides the City of Toronto with a one-window brand and customer service system that supports residents, businesses and visitors, offering access to non-emergency City services, programs and information 24 hours a day, seven (7) days a week in more than 180 languages. Information inquiries or service requests are received via multiple channels, including X (Twitter). As 311 Toronto's existing tool used to manage social media accounts will be decommissioned in fall 2024, SPEC and Customer Experience Division (CXD) combined efforts to procure an enterprise social media management solution through a competitive process. Having all divisions use the same tool, instead of operating in silos, will streamline processes and provide greater customer service to the public. A single tool helps teams be more agile and responsive to public inquiries on social media.

In late 2022, SPEC and CXD, with support from Technology Services Division (TSD), Legal Services Division and Purchasing and Materials Management Division (PMMD), initiated the competitive procurement process to procure an enterprise social media management solution. The initiation of the Request for Proposal (RFP) was driven by the objective of securing a multi-year agreement through a fair, competitive and transparent process. The RFP, which was posted on October 6, 2023 and closed on November 24, 2023, received a total of six (6) bids, with two (2) vendors qualifying and progressing beyond the initial screening phase. During the subsequent round of evaluations by a panel consisting of staff from SPEC, TSD and CXD, it was determined that neither of the two (2) proponents met the specified business (functional) or technical (non-functional) requirements, resulting in severely low scores and the failure of the RFP. As the competitive procurement process was unsuccessful and a tool of this nature is vital to modern outreach and engagement of residents and businesses, SPEC, CXD and PMMD are requesting approval from City Council to pursue a non-competitive agreement with the existing supplier, Hootsuite Inc, and avoid a disruption of service.

## **Competitive Procurement**

With the objective of securing a multi-year agreement through a fair, competitive and transparent process, Request for Proposal (RFP) Number Doc4215607223 was issued on October 6, 2023. The Request for Proposal included the selection criteria for the evaluation. The solicitation closed on November 24, 2023.

Six (6) proponents submitted a proposal. Of the six (6) proponents, four (4) proponents (Hootsuite Inc., Emplifi Inc., Brandwatch and Mo Raquib Farooqui Hedge Fund Bankers Law Corporation) were deemed non-compliant and were not considered further. Three (3) out of four (4) proposals that failed did not meet the mandatory requirements, as they failed to satisfy all non-functional criteria of the RFP. The primary issue for all three

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Suppliers was agreeing to the City's legal terms and conditions upfront, without the opportunity for negotiation. Additionally, one of the four proponents failed because they did not submit all of the required RFP documents.

Hootsuite Inc. failed the initial phase of the RFP as they did not agree to the legal terms which are standard for any technology RFP. As they failed in the initial phase they were not considered further for the requirements on features or technical specifications.

The remaining two (2) proposals advanced to Stage 2 - Evaluation Review. Table 2 below lists the Suppliers that submitted proposals.

A formal Selection Committee was comprised of seven (7) staff members. Two (2) members were from Strategic, Public and Employee Communications, one (1) member from Customer Experience Division and four (4) members were from Technology Services Division.

Purchasing and Materials Management Division (PMMD) provided ongoing support throughout the procurement process. All staff involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict-of-Interest Agreement to PMMD prior to the proposals being received. The Selection Committee evaluated the proposals in compliance with the criteria set out in the RFP.

None of the qualifying suppliers passed Stage 2 - Proposal Evaluation, the RFP is considered to have failed.

### **Cooperative Purchasing Agreement/Piggyback**

After an unsuccessful RFP process, staff explored options for similar contracts with other government entities across Canada to try and leverage their purchasing agreement clauses and piggyback off an existing contract. Multiple municipal, provincial and federal governments and agencies were contacted but most did not have a procurement process that could be leveraged either because they did not use a competitive process or because the necessary clause permitting a piggyback was not included in the process documentation. City staff identified a contract recently awarded by the Toronto Transit Commission (TTC) to another supplier for a social media management solution through a competitive RFP process, which included a piggyback clause. PMMD, Legal Services, SPEC and CXD explored the viability of leveraging that contract to enter into an agreement with the competitively selected supplier. Due to a lack of key documentation, it was determined that leveraging the TTC procurement process and contract would not be feasible or in the best interest of the City. Additionally, given the City's tight timelines to offboard more than 100 staff from the existing tool and onboard and train them on a new tool, combined with the TTC's minimal experience with their supplier, switching tools at this stage would be onerous and not provide adequate assurances around vendor or product satisfaction. Over the years, the City has developed a solid partnership with our current supplier and has been able to realize good value for our investment.

### **Non-Competitive Procurement**

The existing contract with Hootsuite Inc. expires on August 27, 2024, and a new contract is required to avoid a disruption in service and onboard the CXD-311 team. Switching tools at this stage would be onerous to offboard, onboard and retrain staff with no guarantee of satisfaction with a different product or vendor. In consultation with PMMD, Legal Services and Technology Services Division (TSD), SPEC and CXD are requesting to proceed with a Non-Competitive Procurement that satisfies the City's legal terms and conditions. This report is requesting City Council to approve the contract.

According to research and insights obtained from Gartner, Hootsuite Inc., a Canadian company, ranks among the highest-rated social media management solutions and excels in features such as comprehensive scheduling and detailed analytics. Hootsuite is used by many government agencies in Canada, including the Government of Canada, City of Brampton, City of Vancouver, City of Oshawa, York Region, Halton Region and the Ontario Securities Commission.

## **Risk Analysis**

The City currently has 110 social media accounts across X (Twitter), Facebook, Instagram, YouTube, Flickr, LinkedIn, Snapchat and Threads, managed by more than 100 divisional staff. The staff who manage these accounts are responsible for passwords, security, content creation, monitoring and scheduling. Not having a centralized social media management tool, or a break in service due to the expiring contract, creates security and reputational risks to the City.

Since 2020, the City has been using a centralized social media management tool (Hootsuite Inc.) that allows the City to improve its social media presence and streamline workflows, leading to more efficient and effective social media marketing and increased public engagement. The tool helps teams across the City manage multiple accounts in one place, including scheduling posts, responding to messages and monitoring analytics from a single dashboard, without needing to log in and out of different social media platforms using the individual account passwords.

Having a centralized tool enables SPEC to safeguard 110 social media accounts and passwords. During a public safety emergency or major incident/event, such as a labour disruption, environmental incident or a pandemic, SPEC can quickly assume control of the accounts, push out central and streamlined messages, and respond to emerging issues in real time. In extraordinary circumstances, like COVID-19, such a tool enables the City to centralize content creation and scheduling to support a stronger City voice and brand. Additionally, access to social media monitoring and listening capabilities helps the City obtain actionable information to protect City staff and property, as well as identify threats to the public and staff at or near City property.

Further, from CXD's perspective, not having a solution in place will lead to the inability to promptly respond to customer inquiries, complaints, or feedback on social media platforms, resulting in a decline in customer satisfaction and increased load on the phone channel. It will also reduce 311's brand visibility and engagement with 311's audience on social media, while also resulting in a loss of social media monitoring and analytics capabilities.

## CONTACT

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## SIGNATURE

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