

# **Award of Negotiated Request for Proposal Document Number Doc4530978523 to Deloitte LLP for the Provision of a Managed Security Services Provider for the City's Office of the Chief Information Security Officer (CISO)**

**Date:** April 28, 2025

**To:** General Government Committee

**From:** Chief Information Security Officer and Chief Procurement Officer

**Wards:** All

## **SUMMARY**

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The purpose of this report is to advise on the results of the Negotiated Request for Proposal (nRFP) Document Number 4530978523 for a Managed Security Services Provider (MSSP) for the City of Toronto's Office of the Chief Information Security Officer (CISO). This report is seeking approval from the General Government Committee to enter into an agreement with the recommended supplier, Deloitte LLP. This agreement will enable Deloitte LLP to continue delivering comprehensive cyber security operations and monitoring services for the City's network environment and digital assets, focusing on preventing, detecting, responding to, mitigating, and recovering from cyber threats and events.

The MSSP will provide the City with a 24x7x365 Security Operations Centre (SOC) to ensure continuous protection and oversight of the City's existing cyber security systems. Additionally, the MSSP will deliver essential services such as forensics, threat intelligence, device management, and ongoing vulnerability assessments, which are all critical to strengthening the City's overall cyber security posture and response capabilities. The current contract for these services will expire at the end of July 2025, and a new contract must be in place by August 1, 2025, to ensure uninterrupted service delivery.

## **RECOMMENDATIONS**

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The City's Chief Information Security Officer and the Chief Procurement Officer recommend that:

1. The General Government Committee, in accordance with Section 195-8.4 of Toronto Municipal Code Chapter 195 (Purchasing By-Law), grants authority to the Chief Information Security Officer, to enter into, and execute an agreement with the successful supplier, Deloitte LLP, being the top-ranked supplier meeting the requirements set out in the nRFP for the provision of a Managed Security Services Provider. The contract has an initial three (3) year term commencing (August 1, 2025, to July 31, 2028, with options for the City to extend the agreement for two (2) additional one (1) year periods for the amount of \$38,757,513.89 net of all taxes and charges (\$39,439,646.13 net of Harmonized Sales Tax recoveries), in accordance with terms and conditions as set out in the nRFP and in a form satisfactory to the City Solicitor.

## **FINANCIAL IMPACT**

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The total potential contract award amount, including all option years and a 20% contingency, is \$38,757,513.89 net of all applicable taxes and charges (\$39,439,646.13 net of Harmonized Sales Tax recoveries). The anticipated cash flows from 2025 to 2030 are detailed in Table 1 below.

Funding in the amount of \$3,184,565.68 is available in the 2025 Operating and Capital Budgets of the Office of the CISO, and additional funding for the remainder of the initial term will be included in its 2026-2028 Operating and Capital Budget Submissions. Should the City exercise the two additional optional periods, additional funding will be included 2028-2030 Operating and Capital Budget Submissions for the Office of the CISO.

The contract award value is higher than the original bid submission due to the continuous and planned expansion of cyber security services to City agencies and corporations. Since the RFP was closed, additional services have been identified and prioritized as necessary to support the onboarding of new entities and to address their unique cyber security requirements. These expanded services, which were not fully scoped at the time of this nRFP solicitation, have now been incorporated into the final contract award to ensure comprehensive coverage across all entities.

Furthermore, optional services proposed by the successful supplier, deemed valuable and aligned with the City's long-term cyber security strategy have also been included in the final contract scope. These optional services offer enhanced protection and flexibility and contribute to the increased contract value.

The contingency is crucial for onboarding agencies and corporations into managed security services, enhancing their cyber posture and addressing unforeseen needs throughout the contract. As cyber threats evolve and technologies advance, additional solutions and enhanced services may be required to safeguard the City and its agencies' and corporations' critical systems and data. Given the gradual extension of cyber services to these entities, estimating the exact demand is challenging. This contingency ensures that the City can respond to emerging cyber security risks and maintain a robust cyber security posture across all entities as operational needs and the technology landscape evolve.

Table 1: Financial Impact Summary of Recommended Contract (**Net of HST Recoveries**)

Year	Contract Term	Services GL Code: <b>4038</b> Cost Centre: <b>CCY001-09</b>	Services GL Code: <b>4038</b> Cost Centre: CY1001	Licenses GL Code: <b>4828</b> Cost Centre: CY1001	Total
Year 1	08/01/2025 – 12/31/2025	\$279,331.20	\$1,344,182.73	\$1,561,051.75	\$3,184,565.68
	01/01/2026 – 07/30/2026	\$391,063.68	\$1,881,855.82	\$2,185,472.45	\$4,458,391.95
Year 2	08/01/2026 – 12/31/2026	\$286,320.69	\$1,478,390.54	\$1,561,051.75	\$3,325,762.98
	01/01/2027 – 07/30/2027	\$400,848.96	\$2,069,746.76	\$2,185,472.45	\$4,656,068.17
Year 3	08/01/2027 – 12/31/2027	\$293,471.57	\$1,403,257.47	\$1,561,051.75	\$3,257,780.79
	01/01/2028 – 07/30/2028	\$410,860.19	\$1,964,560.46	\$2,185,472.45	\$4,560,893.10
<b>Total (Initial Term)</b>					<b>\$23,443,462.65</b>
Option Year 1	08/01/2028 – 12/31/2028	\$300,808.67	\$1,403,257.47	\$1,602,842.59	\$3,306,908.73
	01/01/2029 – 07/30/2029	\$421,132.13	\$1,964,560.46	\$2,243,979.63	\$4,629,672.22
Option	08/01/2029 – 12/31/2029	\$308,331.99	\$1,403,257.47	\$1,646,578.26	\$3,358,167.72

<b>Year</b>	<b>Contract Term</b>	<b>Services GL Code: 4038 Cost Centre: CCY001-09</b>	<b>Services GL Code: 4038 Cost Centre: CY1001</b>	<b>Licenses GL Code: 4828 Cost Centre: CY1001</b>	<b>Total</b>
Year 2	01/01/2030 – 07/30/2030	\$431,664.78	\$1,964,560.46	\$2,305,209.57	\$4,701,434.81
<b>Total (Option Years)</b>					<b>\$15,996,183.48</b>
<b>Total (Initial Term and Option Years)</b>					<b>\$39,439,646.13</b>

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

## **DECISION HISTORY**

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At its meeting on October 30, 2023, the General Government Committee adopted Item 2023.GG7.5, to amend Purchase Order Number 6051315 with Deloitte LLP to increase the contract value by \$6,100,000 net of all applicable taxes and charge (\$6,207,360 net of Harmonized Sales Tax recoveries ), revising the total contract amount from \$20,000,000 net of all applicable taxes and charges (\$20,352,000 net of Harmonized Sales Tax recoveries) to \$26,100,000 net of all applicable taxes and charges (\$26,559,360 net of Harmonized Sales Tax recoveries).

<https://secure.toronto.ca/council/agenda-item.do?item=2023.GG7.5>

At its meeting on July 20, 2020, the Bid Award Panel adopted Item BA93.1, Award of Negotiable Request for Proposal Call No. 3405-19-0086 to Deloitte LLP for a Managed Security Services Provider for a total potential contract value of \$20,000,000 net of all taxes (\$20,352,000 net of HST recoveries).

<https://secure.toronto.ca/council/agenda-item.do?item=2020.BA93.1>

## **COMMENTS**

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### **Procurement Process**

#### **Fairness Monitor**

During the preparation of the nRFP, the Office of the CISO retained Fairness Monitor services from P1 Consulting Inc. to provide the following:

- Oversee the nRFP process to ensure it is open, transparent, fair, and consistent.

- Address concerns related to accountability and fairness in the procurement process.
- Provide independent assurance of the integrity of the procurement process through a signed attestation report for the nRFP.
- Develop a final attestation report, which may be included in any required staff report to the Council regarding this procurement.

P1 Consulting Inc. concluded that the nRFP process adhered to the principles of openness, fairness, consistency, and transparency. A copy of the Fairness Monitor Report is included in Attachment 1 of this report.

### **Evaluation of Negotiated Request for Proposal (nRFP) Document Number Doc4530978523**

On July 17, 2024, the City issued a nRFP Document Number 4530978523 for the provision of the Managed Security Services Provider. The nRFP closed on November 4, 2024, and at the time of closing, proposals were received from the following eight (8) suppliers:

- Accenture Inc.
- Cyderes Inc.
- Deloitte LLP
- Ernst and Young LLP
- GoSecure Inc.
- International Business Machines Corporation
- Arctiq
- Stratejm Inc.

A formal evaluation committee led by Purchasing & Materials Management Division (PMMD), consisting of staff from the Office of the CISO and Technology Services Division (TSD), reviewed and evaluated the submitted proposals. All staff involved participated in evaluation training facilitated by the Fairness Monitor and signed Non-Disclosure Agreements and Conflict of Interest Declarations before commencing their assessments.

Under the supervision of PMMD and the Fairness Monitor, the evaluation committee assessed the proposals in accordance with the evaluation process outlined in the nRFP. The evaluation was conducted in four (4) stages:

- Stage 1: Mandatory Submission and Mandatory Technical Requirements
- Stage 2: Technical Proposal Rated Evaluation
- Stage 3: Pricing and Ranking
- Stage 4: Contract Negotiations

## Evaluation Criteria Table

Rated Criteria Category	Weighting (Points)	Minimum Threshold
<b>Stage 2A - Organization Capabilities</b>	<b>25</b>	<b>75% (18.75 out of 25)</b>
1 – Background and History (FORM B.2)	2	
2 – Corporate Capabilities (FORM B.2)	2	
3 – References (FORM B.2)	5	
4 – Social Procurement (FORM B.2)	1	
5 – Compliance with Agreement Terms (FORM B.3) Supplier's Representations, Covenants and Warranties (2 point) Insurance (2 point) Indemnities (5 points) Limitation of Liability (6 points) OR Full Acceptance of all provisions in PART 2 - Form of Agreement, including the above (15 points)	15	
<b>Stage 2B – Proposed Solution</b>	<b>70</b>	<b>75% (52.5 out of 70)</b>
5 – Technical Requirements (FORM B.2)	20	
6 – Functional Requirements (FORM B.2)	50	
<b>Pricing</b>	<b>20</b>	
<b>Total Points</b>	<b>115</b>	

### Stage 1: Mandatory Submission and Mandatory Technical Requirements

The first stage of the evaluation process consisted of two sub-stages:

#### Stage 1A: Mandatory Submission Requirements

In accordance with the nRFP, each supplier was required to submit the following documents by the closing time through the City's online procurement system:

- Bid Submission Form
- Cyber Requirements Screening Questionnaire Form
- Technical Proposal and Qualifications Forms
- Pricing Form

All eight (8) suppliers met the mandatory submissions requirements and advanced to Stage 1B.

### Stage 1B: Mandatory Technical Requirements

In this stage, each supplier was required to confirm the availability of all Functional and Technical requirements by submitting a completed Form B.1 – Mandatory Requirements. All eight (8) suppliers met the mandatory technical requirements and advanced to Stage 2 of the evaluation process.

### Stage 2: Technical Proposal Rated Evaluation

The second stage of the evaluation process consisted of two sub-stages:

- Stage 2A: Evaluation of Organizational Capabilities
- Stage 2B: Evaluation of Proposed Solution

In Stage 2A, the City evaluated the responses submitted in the Organizational Capabilities section. Suppliers were required to achieve a minimum threshold of seventy-five percent (75%) to advance to Stage 2B. Out of the eight (8) suppliers, four (4) met this requirement and moved on to Stage 2B:

- Accenture Inc.
- Arctiq
- Deloitte LLP
- Stratejm Inc.

In Stage 2B, the City evaluated the responses submitted in the Proposed Solution section. Suppliers were required to achieve a minimum score of seventy-five percent (75%) to proceed to Stage 3. Of the four (4) suppliers who advanced from Stage 2A, three (3) met the required threshold and moved on to Stage 3:

- Accenture Inc.
- Deloitte LLP
- Stratejm Inc.

### Stage 3: Pricing and Ranking

Stage 3 involved the scoring of the submitted pricing for each qualified bid in accordance with the price evaluation method outlined in the Pricing Form. The lowest-priced compliant bid received the highest score for pricing, with all other bids prorated accordingly.

Following the pricing evaluation, the scores from Stage 2 and Stage 3 were combined, and suppliers were ranked based on their total scores. Deloitte LLP received the highest combined score and was invited to proceed to Stage 4: Contract Negotiations.

### Stage 4: Contract Negotiations

The City commenced direct contract negotiations with Deloitte LLP on February 3, 2025, focusing on key areas, including:

- Review and adjustment of proposed response times and service levels

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- Clarification of scope assumptions
- Cost negotiation
- Alignment on terms and conditions

Negotiations are currently ongoing to finalize the agreement. Once completed, the Office of the CISO staff will review and confirm the final proposal, including pricing, terms, and conditions, in a form satisfactory to the City Solicitor before execution.

### **Fair Wage Office Review**

At the conclusion of the procurement process, the Fair Wage Office confirmed that the recommended supplier, Deloitte LLP, had indicated agreement to comply with the Fair Wage Policy.

### **DIVISION CONTACTS**

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### **SIGNATURE**

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Maneesh Agnihotri  
Chief Information Security Officer

Geneviève Sharkey  
Chief Procurement Officer

### **ATTACHMENTS**

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Attachment 1: Fairness Monitor Report