

## **Non-Competitive Contract with ServiceNow for Licenses and Professional Services**

**Date:** May 19, 2026

**To:** General Government Committee

**From:** Chief Technology Officer and Chief Procurement Officer

**Wards:** All

### **SUMMARY**

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The purpose of this report is to request City Council authority to enter into a non-competitive contract with ServiceNow, a Canadian Business Subsidiary, for licenses and professional services in the amount of \$13,508,403 net of all applicable taxes and charges (\$13,746,151 net of Harmonized Sales Tax recoveries Recoveries) commencing from December 4, 2026 for a term of three (3) years with option to extend the contract by two (2) additional one (1) year periods. This report seeks to establish a total ceiling authority, with no commitment to spend the full amount.

ServiceNow is the City's enterprise platform for managing core Technology Services processes, including IT service desk tickets, projects and portfolios, applications, assets, and new technology requests. The platform provides a centralized portal for City staff to submit requests, track status, access knowledge articles, and route work through standardized governance and approval workflows – supporting ongoing compliance with audit recommendations related to IT asset and license management.

The City's current agreement with a reseller was competitively procured and expires December 3, 2026. This agreement provided stability during implementation, but it limits flexibility and pricing advantages.

This report recommends proceeding with a non-competitive agreement directly with ServiceNow to secure favourable commercial terms and enhanced discounts not offered through resellers, which supports improved cost predictability, better licence optimization, and greater flexibility as the City's use of the ServiceNow platform evolves.

A non-competitive procurement may be undertaken where both the proposed procurement and the supplier can be justified in good faith under an exception set out in Toronto Municipal Code Chapter 195, Procurement. This procurement will be proceeding under the exception related to Compatibility, where ServiceNow Canada

Inc. and the City have determined in good faith that both the proposed procurement and the selected supplier, along with the terms and conditions of the contract, are beneficial to the City (Toronto Municipal Code, Chapter 195, Procurement, Section 7.1.E).

City Council approval is required in accordance with Municipal Code Chapter 195, Procurement, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year (5) commitment for each supplier, under Article 7, Section 195-7.3 (D) of the Procurement 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 Technology Officer and the Chief Procurement Officer recommend that:

1. City Council authorize the Chief Technology Officer in accordance with Section 195-7.1(C) of Toronto Municipal Code Chapter 195 (Procurement), to negotiate and enter into an agreement with ServiceNow Canada Inc. commencing from December 4, 2026 for a term of three (3) years with options to extend the contract by two (2) additional one (1) year periods in the value of up to \$13,508,403 net of all taxes and applicable charges (\$13,746,151 net of Harmonized Sales Tax Recoveries), subject to terms and conditions in a form satisfactory to the Chief Technology Officer and City Solicitor.

## **FINANCIAL IMPACT**

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The proposed contract's total amount is \$13,508,403 net of all taxes and applicable charges (\$13,746,151 net of HST Recoveries). Funding for the contract term is included in the 2026 Operating Budget for the Technology Services Division. Funding for the remainder of the contract term will be included in future years' Operating Budget submissions for Technology Services.

Table 1 – Financial Impact Summary of Recommended Contract (net of Harmonized Sales Tax recoveries)

<b>Division</b>	<b>Cost Centre</b>	<b>Cost Element</b>	<b>2026</b> (Dec 4 - Dec 31)	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b> (Jan 1- Dec 3)	<b>Total</b>
Technology Services Division	IT2073	5050366	\$193,630	\$2,340,087	\$2,539,366	\$2,750,929	\$2,989,137	\$2,933,003	<b>\$13,746,151</b>

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

## DECISION HISTORY

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In January 2022, the General Government Committee granted authority to the Chief Technology Officer to execute a contract with Fully Managed Incorporated for the non-exclusive supply of ServiceNow cloud subscription services for various Divisions.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.GL28.6>

## COMMENTS

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ServiceNow is an enterprise service management platform that provides a centralized system for intake, tracking, and resolution of service requests, incidents, and workflow-based tasks. It supports configurable forms, ticketing, task assignment, approvals, status tracking, and reporting through standardized, automated workflows.

The City's current ServiceNow deployment is delivered through a competitively procured reseller agreement that expires on December 3, 2026. Transitioning to a direct contract with ServiceNow will secure more favourable commercial terms and access to enhanced discounts that are not available through a reseller model. An independent third-party review has confirmed that the pricing under the direct contract is competitive.

The City relies on ServiceNow to manage, govern, and oversee several core operational Technology Services functions that support day-to-day service delivery, accountability, and corporate oversight, including management of:

- **IT Service Desk Tickets** – ServiceNow provides a centralized system to log, route, track, and resolve IT service requests and incidents. This enables consistent service delivery, clear ownership, service-level tracking, and reporting across support teams.
- **IT Projects and Portfolios** – Supports the review, approval, and monitoring of technology projects through standardized governance stages. This provides visibility into demand, project scope, risk, resourcing, and alignment across the technology portfolio.
- **IT Applications** – Used as the system of record for the City's application inventory to support visibility into what applications exist, who owns them, how critical they are, and their lifecycle status. This enables informed decision-making about investment, risk management, standardization, and application retirement.
- **IT Assets** – Supports the management of information technology assets across their lifecycle, including inventory tracking, ownership, compliance, and reporting. This capability provides improved visibility into assets, supports audit and governance requirements, and enables more effective lifecycle and cost management.
- **New Technology Requests** – Provides a centralized intake and system of record for new technology requests. This enables consistent evaluation, prioritization, and alignment with corporate standards and available resources.

These ServiceNow tools are built into standard workflows used by staff, supporting consistent, repeatable approaches to service management, oversight, and accountability. Maintaining continuous access to ServiceNow is critical to operational continuity for these core functions and ongoing compliance with audit recommendations related to IT asset and license management.

The Fair Wage Office has reported that all recommended supplier has reviewed and understand the Fair Wage Policy and Labour Trades requirements, and each has agreed to comply fully.

## **CONTACT**

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Monika Matel-Sousa, Interim Deputy Chief Technology Officer, Enterprise Services Operations, Technology Services Division, 416-395-7267,  
[Monika.Matel-Sousa@toronto.ca](mailto:Monika.Matel-Sousa@toronto.ca)

Marianne Gonzalez Angulo, Acting Manager, Purchasing Client Services, Purchasing and Materials Management Division, (416) 338-3109,  
[Marianne.Gonzalezangulo@toronto.ca](mailto:Marianne.Gonzalezangulo@toronto.ca)

## **SIGNATURE**

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Farshad Kajouii  
Interim Chief Technology Officer

Geneviève Sharkey  
Chief Procurement Officer