

Amendment to Blanket Contract 47025775 with OnX Enterprise Solutions Ltd. for VMware Software Products and Support

Date: July 6, 2026

To: General Government Committee

From: Interim Chief Technology Officer and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend Blanket Contract 47025775 with OnX Enterprise Solutions Ltd., a Canadian supplier, increasing the contract value by \$3,016,786 USD (\$4,163,165 CAD) net of all applicable taxes and charges or \$3,069,881 USD (\$4,236,436 CAD) net of Harmonized Sales Tax recoveries for VMware software products and support.

The City uses VMware software to run multiple secure, independent virtual servers on the same physical hardware. This software reduces costs by ensuring efficient use of physical servers, while maintaining security and reliability for more than 2200 virtual servers to support the infrastructure behind many critical City services, including 311, Elections, Court Services, Geospatial services, and Employment and Social Services, as well as internal business applications relied upon by City staff.

In 2024, this contract was procured competitively through Request for Quotation Doc4583882337. The existing contract is valid until October 15, 2029, including two optional years. Following acquisition by Broadcom, VMware's pricing for software and support costs was increased industry-wide, making the remaining contract value insufficient to cover required renewals over the approved term.

This report recommends amending the existing Blanket Contract 47025775 to ensure uninterrupted operation of the City's virtual server environment to deliver critical services and comply with security, privacy, and regulatory requirements.

RECOMMENDATIONS

The Interim Chief Technology Officer and Chief Procurement Officer recommend that:

1. 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 the Interim Chief Technology Officer to amend Blanket Contract 47025775 with Onx Enterprise Solutions Ltd. by increasing the blanket contract by \$3,016,786 USD (\$4,163,165 CAD) net of all applicable charges and taxes or \$3,069,881 USD (\$4,236,436 CAD) net of Harmonized Sales Tax Recoveries, revising the current blanket contract value from \$8,057,302 USD to \$11,074,088 USD net of taxes and charges, and at the time of writing this report in May 2026, that \$1 USD = \$1.38 CAD.

FINANCIAL IMPACT

The Blanket Contract amendment request included in this report will increase the total blanket contract authority by an additional \$3,016,786 USD (\$4,163,165 CAD) net of all applicable charges and taxes or \$3,069,881 USD (\$4,236,437 CAD) net of Harmonized Sales Tax Recoveries and will increase the value from \$8,057,302 USD to \$11,074,088 USD (\$11,119,077 CAD to \$15,282,241 CAD) net of taxes and charges, and at the time of writing of this report in May 2026, that \$1 USD = \$1.38 CAD.

Funding for this amendment has been included in the 2026 Operating Budget submission for Technology Services Division and for future years will be included in future years' Operating Budget submissions for Technology Services Division.

Table 1 – Financial Impact Summary of Recommended Amendment (net of HST recoveries)

Division	Cost Centre	Cost Element	Currency	2026 (Oct-Dec)	2027	2028	2029 (Jan-Oct)	Total, net of HST Recoveries
Technology Services Division	IT1010	5020038	USD	\$234,605	\$963,759	\$1,052,754	\$818,763	\$3,069,881
			CAD	\$323,755	\$1,329,988	\$1,452,801	\$1,129,893	\$4,236,437

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

DECISION HISTORY

In October 2024, the Bid Award Panel granted authority to the Chief Procurement Officer to award Request for Quotation Doc4583882337 to OnX Enterprise Solutions Ltd. for VMware Software Products and Support for Technology Services Division.
<https://secure.toronto.ca/council/agenda-item.do?item=2024.BA102.1>

COMMENTS

The City uses VMware software to operate its virtual server environment, which allows multiple secure, independent servers to run on shared physical hardware. This platform supports the day-to-day operation of key City systems and the delivery of services by providing reliable computing capacity, monitoring, and vendor-supported updates.

Since the contract was awarded in late 2024, VMware has implemented industry-wide changes to its licensing and pricing model following its acquisition by Broadcom. These changes include revised licensing metrics which have increased the overall cost of maintaining VMware software and support for customers across the public and private sectors. As a result, the remaining contract value is no longer sufficient to cover required renewals and support over the approved term.

The requested amendment reflects broader market changes and is required to maintain uninterrupted operation of the City's virtual server environment to deliver critical services and comply with security, privacy, and regulatory requirements.

CONTACT

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SIGNATURE

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