Report Date: November 25, 2013
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Meeting Date: December 4, 2013

TO: Standing Committee on Planning, Transportation and Environment

FROM: Mark McDonald, Chief Information Officer
Nick Kassam, Chief Purchasing Official

SUBJECT: Award of Contracts for RFP PS20130876 - Value-Added Reseller: Data Centre and Client Hardware

RECOMMENDATION

A. THAT the City of Vancouver (the "City") be authorized to enter into three-year contracts, each with two one-year extension options, with:

i. Mainland Information Systems Ltd. ("Mainland") for the provision of data centre devices, software and professional services at a cost before sales taxes over the three-year term (based on projected spending) of approximately $3,814,957, and with the City's funding to be provided from the approved annual operating and capital budgets; and

ii. Compugen Inc. ("Compugen"), for the provision of client hardware devices, software, and professional services at a cost before sales taxes over the three-year term (based on projected spending) of approximately $10,603,964, and with the City's funding to be provided from the approved annual capital and operating budgets.

B. THAT the Director of Legal Services be authorized to execute on behalf of the City the contracts contemplated by Recommendation A above.

C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such legal documents are executed and delivered by the Director of Legal Services.

REPORT SUMMARY

The City's current contract for data centre devices, client hardware devices, associated software and professional services will expire on December 31, 2013.

This contract allows the City to replace its computer devices, monitors and data centre equipment pursuant to an ongoing program on the basis of defined product lifespans. To

ensure that the City is able to maintain its replacement program in a cost-effective and efficient manner, the City issued a Request for Proposals (PS20130876) in October 2013 to secure an agreement with qualified value-added reseller(s).

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy requires that contracts with values over $2 million must be approved by Council following review and recommendation by the Bid Committee.

The Bid Committee has considered and approved Mainland Information Systems Ltd. ("Mainland") and Compugen Inc. ("Compugen") as the successful proponents.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

As part of the Information Technology (IT) strategy, the City's standard device models are reviewed regularly to ensure that the City purchases only the devices that best fit the City's current business needs. The proposed client devices contract will support this strategy by providing the City the ability to change models to support mobility, whether this entails more Wi-Fi enabled laptops or smaller tablet devices. This contract will also support the City's ability to adjust models and refresh rates through providing a cost-plus option with no commitment to specific device models, categories or purchase volumes.

The IT department also regularly reviews and adjusts data centre computing technologies to optimize the data centre environment in order to meet changing business needs as well as to maximize overall cost efficiency. The proposed data centre contract will enable the City to have the utmost flexibility (in technology selection as well as in purchase volume) to acquire appropriate data centre technologies to support business transformation and operations as needed.

It is critical for the City to establish formal agreements with qualified vendors to ensure the ability to procure data centre and client hardware equipment, software, and professional services to meet operational and capital demands. Without such agreements, the City will see an increase in the cost of doing business, disruption of its IT equipment supply chain, and increased uncertainty in providing a stable IT service environment for City staff and the general public. The proposed agreements will help the IT department to improve its strategic position by transforming its vendor relationship model.

REPORT

Background/Context

The Request for Proposal ("RFP") was issued so that the City could select one or more qualified value-added resellers to provide data centre devices, client hardware devices, software, and related professional services for the City, VPL and VPD to meet current and future technology requirements.

The City requires volume and price certainty for its planned client hardware refresh program, and flexibility in the devices being procured on an as and when needed basis. By selecting preferred value-added resellers ("VARs"), the City expects to benefit from a vendor-agnostic procurement model, which offers the widest spectrum of product selection.

Strategic Analysis

The RFP was issued in accordance with the City's Procurement Policy. The City received proposals from four vendors in response to the RFP. The proposals were evaluated under the stewardship of Supply Chain Management to ascertain which offered the best overall value to the City through the work of an evaluation team comprised of representatives from various departments throughout the City. In determining which proposals offered the best overall value to the City, both quantitative and qualitative factors such as price, product and service offerings, business technology and sustainability were considered, among other factors.

Some of the criteria considered in the overall evaluation process included:

- Financial offerings;
- Ability to offer quality products and depth of products, comprehensiveness of inventory management systems, vendor certifications, demonstrated service levels in areas such as: operations and logistics, end-of-life disposition and reuse, packaging reduction and removal, and general responsiveness and efficiency of customer service;
- Ability to provide business technology solutions which incorporate electronic billing and payment options, reporting and on-line ordering; and
- Demonstrated ability to adhere to the City's values, including environmental, sustainability and innovation values.

Based on this evaluation, the evaluation team, concluded that the proposals submitted by the following companies met the City's requirements and provided best overall value to the City:

- *Mainland* for the provision of data centre devices, applications and professional services as set out in the proposal.

- *Compugen* for the provision of client hardware devices, applications and professional services as set out in the proposal.

Implications/Related Issues/Risk

Financial

Financial Planning and Analysis has reviewed the financing for data centre and client hardware, and concurs that for future capital purchases, capital funding will be approved at the appropriate time, and for future operating purchases, operating funding will be provided by the respective departmental operating budgets.

As a result of the RFP process, the City is able to achieve price certainty during the contract term, and will realize data centre and client hardware savings of approximately $200,000 and $169,000, respectively, based on improved pricing. As well, total three-year expenditure is forecast below historical spend due to decreased cost per server and per desktop device (with increased computing capability), and optimization of software licensing.

CONCLUSION

In summary, City staff recommends that the City of Vancouver, acting together with the Vancouver Police Board and the Vancouver Public Library Board, negotiate and enter into two separate, three-year contracts, each with the option to extend for two additional one-year terms, with the following:

i.   Mainland Information Systems Ltd. ("Mainland") for the provision of data centre devices, software and professional services; and

ii.   Compugen Inc. ("Compugen") for the provision of client hardware devices, software, and professional services.

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