

<b>TO:</b>	<b>CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE COMMITTEE MEETING ON FEBRUARY 27, 2012</b>
<b>FROM:</b>	<b>JOSEPH EDWARD CHIEF TECHNOLOGY OFFICER</b>
<b>SUBJECT:</b>	<b>DESK PHONE COMMUNICATIONS SERVICES SINGLE SOURCE</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Chief Technology Officer with the concurrence of the City Manager, the following actions **BE TAKEN** with respect to the provisioning of telephone communications services for The Corporation of the City of London (City) and London Public Library (Library):

- (a) The proposal submitted by Telus Communications Inc., 148 Fullarton Street, London, ON N6A 5P3 for a one time buy out of our existing contract at their proposed price of \$126,047 for City equipment and \$13,219 for Library equipment HST extra **BE ACCEPTED**;
- (b) That the Civic Administration **BE AUTHORIZED** to undertake all the necessary administrative acts that are necessary in connection with this matter;
- (c) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or having a purchase order relating to the subject matter of this approval.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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*Information Technology Strategy – (Item # 11 – Finance and Administration – January 16, 2012)*

<b>BACKGROUND</b>
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**Purpose**

On August of 2004, a Request for Proposal RFP04-11; (54.5.1.) (19/28/BC) was awarded for an eighty-four (84) month term for a Telephone communications services provider. After evaluation and benchmarking against predetermined criteria, Telus Corporation was awarded the contract. The contract with Telus Corporation will expire on March 31, 2012 with the option to purchase the equipment or to extend the leasing period.

On January 16, 2012, Technology Services Division (TSD) presented to the Council, the City of London Information Technology (IT) strategy to leverage IT as a strategic asset to enable growth and service excellence. This strategy was developed to enable the Corporation to achieve the results outlined in the City of London strategic plan by aligning IT investments with Corporate priorities. Unified communications strategy is identified as one of the strategies to be developed and implemented within the next 3 years to increase efficiency, effectiveness and reduce overall cost.

The Unified Communications strategy will review the current and future communications needs of the Corporation, taking into consideration, major initiatives currently underway within the Corporation, such as Service London, collaboration with Service Ontario and with other inter-jurisdictional bodies, the emerging technologies such as mobile, cloud and shared services model to bring in revenue and/or to reduce the overall operating and capital cost. This strategy will also take into consideration the communication technology needs of Boards and Commissions.

In addition, the Unified Communications strategy will help guide the Corporation on the most effective and efficient way of acquiring, managing and converging various communications technologies, including land phones, mobile devices, email, instant messaging, texting, fax and other messaging services. It will also explore ways of effectively using these technologies to achieve improvements in productivity and long term cost savings.

Development of the unified communication plan is already underway. The recent corporate email technology upgrade has positioned the Corporation to better utilize Unified Communications services in the future. This desk phone Communications Services initiative is also part of the overall IT strategy for implementing a unified communication system. Depending on the final plan, this could include land and mobile voice and data communications services. Combining all forms of communication services within a single strategy will increase the purchasing power of the Corporation and will result in lower operating costs, while enabling enhanced functionality to our business to improve the services provided to our citizens.

### **Partnership**

The City of London has been in a key partnership with the London Public Library over the term of the current telephone system. Savings and business improvements for both the City and the Public Library have been realized over the term of the contract. The joint purchase of these phone systems have resulted in more savings to the City and to the Library and by extension higher return on investment (ROI) for our Citizens.

### **Discussion**

Based on the businesses and technology analysis conducted the current desk phone technology is still very much a current technology and has more years of shelf life. Instead of 'rip and replace' this existing technology, TSD recommends keeping the current technology for few more years and build on it. This initiative will leverage the current technology in place today, create a solid platform for the future enhancement of today's technology while allowing TSD and the Library to reduce operating costs and to reinvest the savings into more cost effective future technologies, enabling process improvement while building enhanced value for the users and the community. This will also enable the Corporation to maximize the return on investment made in this technology. This approach is very much aligned with the IT investment strategy presented to the Council on January 16, 2012 of reducing the operating cost and redirecting the investment more towards projects associated with innovation and growth. Please see Appendix "A". For these reasons, the following recommendations are being made:

- Both the City and the Library purchase their respective Telephone systems. For the buyout of the current Telephone system, a purchase vs. lease assessment was completed with purchase providing greater savings. Please see Appendix "B".
  - Purchase cost for the City: \$126,047; and
  - Purchase cost for the Library: \$13,219.
- For on-going support, a market assessment was completed with two potential vendors, with Telus and another provider having almost equal bids. Over the span of the RFP, Telus has been a valuable partner and has been instrumental in ensuring the phone system was functioning and supported as it was designed to. Both the City of London and the Library have been achieving value from Telus in supporting their respective systems.
  - Continue with Telus on a month to month basis for an ongoing support of the system for a one year term; and
  - On-going support for the City is \$125,832 per year and for the Library is \$18,996 per year.

### **Financial Impact**

- TSD and Library both have capital funding within their current respective 2012 budgets to cover the purchase; and
- TSD and Library both have operational funding within their respective 2012 budgets to continue with the current monthly financial levels of support with Telus.

### **Conclusion**

Purchasing the equipment at the end of the contract and continuing with ongoing support would allow the City to leverage this technology and increase the ROI. In addition, the buyout will allow a Unified Communications Technology Strategy to be fully developed and allow for a formal purchasing process to follow.

**Purchasing Process**

Approval for this selection is requested in accordance with the Procurement of Goods and Services Policy, revised (December 6, 2011), Section 14.4 Single Source Procurement, sections (d) and (e).

Library approval is by the Library CEO and in accordance with Library procurement policy (F-AM-02), sole source authority.

**Acknowledgements**

This report was prepared with the assistance of Joel Morris, Paul Gardner, Ted Doholis; TSD, Tom Travers; Library and Chris Ginty CPPB Purchasing & Supply

<b>SUBMITTED &amp; RECOMMENDED BY:</b>	<b>REVIEWED AND CONCURRED BY:</b>
<b>JOSEPH EDWARD CHIEF TECHNOLOGY OFFICER</b>	<b>MIKE TURNER, DEPUTY CITY TREASURER</b>
<b>RECOMMENDED BY:</b>	<b>CONCURRED BY:</b>
<b>TIM DOBBIE CITY MANAGER</b>	<b>SUSANNA HUBBARD KRIMMER CHIEF EXECUTIVE OFFICER and CHIEF LIBRARIAN LONDON PUBLIC LIBRARY</b>

Attachment:

- Appendix A: IT Strategy-Investment Strategy
- Appendix B: Purchase vs. Lease

Cc: John Freeman, Manager of Purchasing and Supply