TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON MARCH 26, 2012
FROM:	JOSEPH EDWARD CHIEF TECHNOLOGY OFFICER
SUBJECT:	REQUEST FOR PROPOSAL 11-20 HEWLETT-PACKARD - VALUE ADDED RESELLER

RECOMMENDATION

That, on the recommendation of the Chief Technology Officer with the concurrence of the City Manager, the following actions **BE TAKEN**, subject to contract approval, for a three (3) year term, with an optional for two (2) additional one (1) year extensions, with respect to the supply of Hewlett-Packard (HP) Personal Computers (PCs), Laptops, Printers, Enterprise Servers and Data Storage:

(a)   The proposal submitted by OnX Enterprise Solutions Ltd., 231 Shearson Crescent, Suite 204, Cambridge, ON N1T 1J5 to provide HP Value Added Reseller (VAR) Distributor services **BE ACCEPTED**;

(b)   The Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this matter;

(c)   The Approvals 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;

(d)   The Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Computer Equipment Leasing Services - Board of Control Report dated September 29, 2010
Single Source Vendor of Record for the Purchase of Standard Computer Equipment - Finance and Administration Committee Report dated May 18, 2011.
Information Technology Strategy – Item # 11 – Finance and Administration – January 16, 2012

BACKGROUND

Purpose
To reduce the Total Cost of Ownership (TCO), and provide effective IT services to the City of London, Technology Services Division (TSD) has standardized IT equipment such as desktops, servers, laptops, printers, storage, etc. from a single manufacturer: Hewlett Packard Canada Ltd. (HP). TSD staff has been trained on this equipment and authorized to perform our own warranty work, which we are reimbursed for by HP. This arrangement has helped the City in delivering timely and effective service. This technology partnership has been in place since the late 1990s and was approved again by Council in 2011.

The City requested proposals to select a Value Added Reseller (VAR) Distributor for the supply of Hewlett Packard personal computers (PCs), laptops, printers, enterprise servers and data storage for a multi-year term, three (3) years, with an option to extend to five (5) years.

The role of the VAR is to interface between the City and HP on the following:

- Costing and purchase of standard equipment.
- Co-ordination of the shipment of products to the City from the VAR, and return upon maturity to the vendor.
- Product preparation for use in the unique City environment.
- Updates and seminars on product changes and model enhancements.
- Product training and extended technical knowledge.

Since the City is acquiring computer equipment through a third party Hewlett Packard Financial Services (HPFS), the City will be responsible for the installation and maintenance of computer equipment, as well as returns to the Leaseholder at the end of each contract term.

Purchasing Process
Request for Proposal (RFP) 11-20 was issued to seek submissions for a VAR partner to source PCs, laptops, enterprise servers and data storage and other peripherals annually. The City's current technology acquisition policy is to replace computer equipment every three (3) years. Consequently, the City's Technology Services Division attempts to replace all City computer equipment evenly over that three year period.

To reduce computer downtime and loss of productivity, the City has implemented a three year rolling plan and replaced 1/3 of the desktops and servers annually. For this reason, RFP 11-20 was issued with the intent of covering three full one-year roll-outs of computer equipment, each of which is expected to last for a three-year period. The estimated annual value of this computer equipment acquisition is approximately $2,000,000 per year or approximately $6,000,000 over three (3) years. A total of nine (9) proposal submissions were received and evaluated according to predetermined evaluation criteria disclosed within the RFP, as follows:

- Establish a long term Prime VAR/Distributor relationship for the purchase and delivery of products and services as detailed in the RFP;
- Maximize quality and reduce overall operating costs;
- Minimize inventory investment through "just in time" deliveries;
- Establish electronic business connections to systems that will help streamline price updates, ordering and invoice processing;
- Minimize the number of VARs that provide products to the City through consolidation of manufacturers and products to three Prime VAR/Distributor;
- Develop a working relationship with the City and the manufacturer(s) to provide "best fit" products from the selected manufacturer's product line;
- Provide superior pricing to the City along with a plan to ensure that pricing remains superior;
- Provide delivery of the equipment as required by the City;
- Provide and honour options for extended warranties or other similar options for equipment purchased by the City and kept beyond the manufacturer's basic warranty period;
- Honour the above agreement for a three (3) year term, with an option to extend to five (5) years; and
- Understand that this will be a signed agreement and the City reserves the right to cancel the agreement at any time if the City determines that it is not receiving superior prices, equipment and service.

This process provided the Evaluation Team with considerable technical, operational and financial information. As a result, OnX Enterprise Solutions Limited was selected as the bid providing the best overall value for the duration of the contract.

FUTURE DIRECTION

Though the rolling approach to replacing the City's computer hardware has worked well, there are some significant concerns with this approach as we head toward the future. Chief among these concerns is the large amount of resources spent on the uniform replacement of desktop computing devices.

Today, a large portion of any investment in hardware upgrades goes towards desktop computers. We provide the same desktop device to each corporate user, regardless of their actual usage or need. The management and maintenance of such a large fleet of desktop devices requires considerable on-going support from TSD.

In order to take a more strategic approach to corporate computing, TSD is re-imagining the desktop computer landscape within the City. As technology changes and business needs evolve, we will be reviewing our computing approach to better match user-needs with technology. By right-fitting computing devices with individual business needs, we can provide a higher return on investment to the Corporation than is being realized through the current "one-size-fits all" approach. The result will be a more efficient, effective, and economical approach to corporate computing that better supports City staff as they serve Londoners in their day-to-day business.

Additionally, there is a segment of the Corporation that requires full and secure access to their desktop applications from any place, at any time, and from any type of device. To support this demand, TSD will investigate a Virtual Desktop Initiative (VDI) and will provide a complete assessment for review in 2013.

As we roll out new technology, including new devices and the VDI, it is expected that the cost of managing and maintaining the City's IT equipment will decrease over time. Our goal is to reduce the cost of acquiring, managing and maintaining IT equipment by investing in the most appropriate tools to suit the various business of the Corporation.

Financial and Service Impact
The approved 2012 IT Budget has been funded to acquire the computer equipment in 2012.

See Appendix "A"

Acknowledgements
This report was prepared by Ian Mackay, Division Manager, Technology Services, and Chris Ginty, CPPB, Procurement Officer, Purchasing & Supply.

SUBMITTED & RECOMMENDED BY:	REVIEWED AND CONCURRED BY:
JOSEPH EDWARD CHIEF TECHNOLOGY OFFICER	MIKE TURNER, DEPUTY CITY TREASURER

CONCURRED BY:
TIM DOBBIE INTERIM CITY MANAGER

Cc: John Freeman, Manager of Purchasing and Supply