

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON TUESDAY JUNE 20, 2017</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>ELECTRONIC PROCUREMENT SOLUTION FOR SOLICITATION OF BIDS FOR CITY PROCUREMENT</b>

<b>RECOMMENDATIONS</b>
------------------------

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** with respect to the selection of an electronic procurement solution for the City of London:

- a) The submission from eSolutions **BE ACCEPTED** as the new electronic procurement solution for the solicitation of bids for the City's procurement requirements;
- b) The contract period for a three (3) year period with two (2) one (1) year options available, **BE ACCEPTED**, it being noted that this will be at no cost to the City;
- c) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this contract; and
- d) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or having an agreement relating to the subject matter of this approval.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
--

- Corporate Services Committee – May 28, 2013 - Electronic Bid Document Distribution for Procurement Implementation Plan

<b>BACKGROUND</b>
-------------------

**Purpose**

The purpose of this report is to seek Council approval to establish a three (3) year contract with two (2) one (1) year options with eSolutions to provide the electronic procurement solution for the solicitation of bids and receipt of electronic bid submissions for the City of London's procurement requirements.

**Discussion**

In September of 2013, the City of London commenced posting bid opportunities and bid results with Biddingo that had previously been made available on the City's website. This promoted further competition for City bid opportunities but did not automate the bid submission and evaluation process itself. The recommended solution moves the City's bid processes forward to the next level of automation and efficiency.

The City provides professional Procurement Services for over 100 City Services and manages over 100 Request for Tenders and over 60 Request for Proposals annually. In addition, Procurement Services are also provided for various informal and formal Request for Quotations that total up to \$300 million in spending. It is estimated that the City receives over 3500 bids annually using a manual process. This current process is dated and inefficient. Many public sector agencies have moved to an electronic procurement (eProcurement) process recently and it is recommended that the City adopt an eProcurement process which compliments our Lean Six Sigma initiative.

The benefits of an eProcurement process include a self-contained, dedicated system from start to finish with a robust digital audit trail. One of the most notable benefits is the “error proofing” of bid submissions so the City will only receive compliant bids to review. This will ensure that all bid submission addenda have been acknowledged by the bidder which has presented a challenge in the past.

The recommended solution will remove the need for paper submissions which eliminates waste and staff handling. The system will also negate the need to hold public tender openings, saving staff time and the need for bidders to attend in order to obtain bid information. Instead, transparency will be maximized with full bid summaries being publicly posted in a significantly reduced timeframe.

The City's Purchasing & Supply Management Team conducted an Informal Request for Proposal, inviting five (5) service providers to submit their electronic procurement solution for review. They were evaluated with the same criteria. There were two (2) sets of questions (Technical and Commercial) given to each service provider to address in the first stage. The top scoring three (3) service providers were invited to present their products as well as cover off specific scenarios. There was also a specific criteria and weighting used to score the three (3) service providers. The highest scoring service provider was eSolutions.

eSolutions currently provides their eProcurement services solution to the Cities of Kitchener, Hamilton, Burlington, Sarnia, Thunder Bay, Town of Oakville, Durham Region, Region of Waterloo, Regional Municipality of Halton and the Town of Halton Hills in addition to more than 100 Municipalities, Colleges and School Boards.

eSolutions' system is currently the only solution supported and endorsed by the Ontario General Contractors Association (OGCA) and that adheres to the new trade regulations for the Comprehensive Economic and Trade Agreement (CETA) and the new Canadian Free Trade Agreement (CFTA) that both come into effect on July 1, 2017.

Some highlights of the eSolutions eProcurement service are:

#### Completely Electronic submissions

- Create custom bid submission forms
- Generate cost analysis reports automatically after bid closing that are mathematically correct and requires no data entry from City Staff
- Receive ONLY compliant complete bids which “error proofs submissions”
- Reduces cost of printing, shipping, faxing and paper document storage
- Bids are submitted in a consistent, legible standardized format which makes it easier to compare and evaluate Contract Management
- Track insurance, WSIB, Performance and Annual Increases
- Automate notifications to staff and vendors for expired documents
- Generate customized reports (contracts expiring, renewing and closing)

#### Vendor Performance

- Evaluate vendor performance
- Track and monitor performance issues
- View performance matrix and reporting

#### Request for Proposal Evaluations

- Setup evaluation matrix with criteria and evaluations teams
- Evaluate and Score proposal submissions online for maximized collaboration
- Track the progress of the entire evaluation phase online in one centralized location

The annual cost for a bidder to become a member of eSolutions is \$165 + HST versus the \$250 + HST cost today with our current posting service, Biddingo. Individual bid opportunities can be purchased on a one-time basis for a reduced fee from both service providers with eSolutions being a lower cost. Bid documents can be viewed publicly for no cost with eSolutions.

#### **Risk Considerations**

The City of London has undertaken a Privacy Impact Assessment (PIA) and Threat Risk Assessment (TRA) to identify any potential privacy and security risks with implementing the new eProcurement software. This assessment has found the eSolutions service to be an acceptable risk.

**Financial Impact**

There is no cost to the City of London for this service. Revenue is generated for the City of London through document sales. The estimated annual revenue is \$15,000 (HST excluded) which is based on historical sales for the City of London procurement documents.

**CONCLUSION**
**Conclusion**

The submission by eSolutions demonstrated all of the requirements needed to propel the City of London's Procurement Team into the next generation of best procurement practices globally. A phased implementation is recommended starting with the 'least risk' procurements such as informal quotations, moving gradually towards a complete eProcurement solution in the spring of 2018.

**Acknowledgements**

This report was prepared by Geoff Smith and Steve Mollon, Managers of Purchasing & Supply Operations, John Freeman, Manager of Purchasing & Supply, Richard Pelletier, Project Manager Financial Systems and Darren Hack, Manager of Financial Systems and Controls.

<b>PREPARED BY:</b>	<b>RECOMMENDED BY:</b>
<b>GEOFF SMITH, CSCMP MANAGER, PURCHASING &amp; SUPPLY OPERATIONS</b>	<b>JOHN FREEMAN, CSCMP, LSSGB MANAGER, PURCHASING &amp; SUPPLY</b>
<b>RECOMMENDED BY:</b>	
<b>ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>	