

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON TUESDAY, JULY 23, 2013
FROM:	JOSEPH EDWARD CHIEF TECHNOLOGY OFFICER INFORMATION TECHNOLOGY SERVICES
SUBJECT	RFP13-01 PRINT OPTIMIZATION

RECOMMENDATION

That, on the recommendation of the Chief Technology Officer, Information Technology Services, the following actions **BE TAKEN** with respect to the Print Optimization Request for Proposal for managed print services, including multifunctional devices, legacy printers, centralized print facility and software licensing solutions.

- a) That the submission from Xerox Canada Ltd., 1398 Wellington Road South, Suite 2-6, London, ON N6E 3N6 for implementing a Print Optimization strategy for managed print services for multifunctional devices and legacy printers for the City of London and their submitted annual cost of hardware, software and services of \$467,472.34 (excluding HST) **BE ACCEPTED**;
- b) That the submission from Canon Canada Inc., 6390 Dixie Road, Mississauga, On L5T 1P7 for implementing a Print Optimization strategy for the centralized print facility for the City of London and their submitted annual cost of hardware, software and services of \$263,103.00 (excluding HST), **BE ACCEPTED**;
- c) That the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this contract; and
- d) That approval hereby given **BE CONDITIONAL** upon the Corporation negotiating satisfactory prices, terms and conditions relating to the subject matter of this approval;

it being noted that the annual cost of this contract is within the existing operating budget for printing services, and there are no increases over the four year term.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Information Technology Strategy – Finance & Administration Committee, January 16, 2012

BACKGROUND

“Organizations often overlook print, although Gartner has found that organizations that manage their printer, copier, MFP and fax fleets can save up to 30% of their printing costs.”

- Gartner Research Group

Current State

The City of London is in contract with Canon Canada Inc. to manage the City’s printer fleet and central print facility. Canon provides hardware, service, toner and print services staff to meet the day to day print requirements of the City. The current 4 year contract expired February 1 2013 with an option for an extension of an additional year. The annual cost per impression contract cost fluctuated due to volume variances. The cost of the contract for the last 12 months of the contract was \$1,014,144. Colour print volume has increase by 47% year over year for the past 3 years where as black and white volume has increased by 6% year over year. Overall print volume has increased by 20% year after year. In the long run, this trend is unsustainable.

Industry Objective

In 1988 IBM predicted a paperless environment within 10 years. Print has increased by a minimum of 10% year over year since 1988. It is just since 2010 that print volumes have remained constant over the past few years and print reduction is forecasted in the years to come.

The implementation of document management solutions has provided organizations the backbone to allow for workflow digitization. The key to print reduction is understanding where the opportunities lay and the transformation of the current process to a digital process.

Implementation of Managed Print Services and Work Flow Digitization is the focus of organizations to take control of their out of control print volume increases and associated inefficiencies and costs.

Strategy and Decision

Information Technology Services (ITS) submitted a three-year IT Strategy to the Council in January, 2012. This strategy identified needs for implementing energy efficient technology to reduce the carbon footprint, reducing the amount of printing and to implement workflow solutions to improve operational efficiency. As part of the IT strategy, ITS also submitted a financial strategy to achieve the goals and objectives outlined in the strategy. The financial strategy included optimization of licenses, application rationalization, optimizing software and hardware maintenance agreements and cancelling and/or renegotiating contracts, etc. to reduce the overall operating costs to reinvest the savings on strategic business-IT projects to improve efficiency and effectiveness.

The City reviewed the option of extending the Canon contract for one additional year but determined, based on market pricing and conditions, the potential for cost savings was present. Along with reduced costs, the new contract will provide the City with the opportunity for work flow improvements, improved management software and print less strategies, thus reducing volumes. This would also allow ITS to leverage the other technology initiatives being implemented in the Corporation. Thus it was decided that, in the best interest of the City and its taxpayers, the City would go to market to procure a solution that focused on `Print Less Strategies`.

Project Objective

The following objectives were established to measure the success of this project.

- Replace current devices with more energy efficient devices to reduce the carbon footprint
- Engage with a partner who practices “print less strategy”
- Implement technology tools to monitor and manage print volumes by service areas/divisions
- Leverage and rationalize technologies to reduce the overall cost of ownership and increase the value of the technology investment
- Reduce the overall operating cost of printing by 20-30% and implement a print reduction strategy for continuous cost optimization
- Identify opportunities to improve the process and eliminate the need for printing

The project will deliver the following benefits:

- Workflow digitization = Improved efficiency and print less
- User and department accountability = Reduced print and management metrics
- Secure print = Increased security and reduce print
- Managed print services = Improved efficiency and print less
- Paper reduction = Reduce paper use by 2 to 4 million sheets per annum = 240 to 480 trees saved per annum
- Carbon footprint reduction = up to 40% reduction in carbon footprint
- Hardware reduction = up to 30% less landfill waste

- Sustainable print cost avoidance = \$250,000 per annum, which will be reinvested in future initiatives to further reduce printing and provide business process improvements.

On June 25, 2013, Council approved an Enterprise Content Management (ECM) and Record Management project. Replacement of the current fleet with new devices will be completed prior to implementing the ECM solution. This will enable leveraging technologies needed for both initiatives. Print optimization project and ECM project will be integrated to increase efficiency and reduce cost.

Purchasing Process

In February of 2013, Purchasing & Supply and Information Technology Services with a diverse evaluation group including London Police Services issued a Request for Proposal (RFP), RFP13-01, for Print Optimization, a project to acquire and implement a print optimization solution to provide the City with Managed Print Services (MPS) for Multifunctional Devices, Managed Print Services (MPS) for Legacy Printers, Operation of our Centralized Print Facility (Print Services); and procure the required Software License for these Solutions.

Twelve (12) qualified vendors were invited and the RFP for Print Optimization was advertised and posted on our website. The City received six (6) compliant submissions from Canon Canada Inc., OE Canada Inc., Cell-A-Net Inc., Xerox Canada Ltd., Ricoh Canada Inc., and Sharp Electronics of Canada Ltd. The City’s evaluation team reviewed and scored these proposals based on Equipment, Servicing and Pricing criteria.

The highest scoring submissions were received from Xerox Canada Ltd., for managed print services for multifunctional devices and legacy printers portion of this contact and Canon Canada Inc., for operating our centralized print facility; both proponents are in compliance with our terms, conditions, specifications and requirements in all areas.

The Contract Period will be for a period of four (4) years, commencing no earlier than August 1st, 2013 with an option to renew for either two (2) one (1) year periods or a month to month option at the sole discretion of the City of London; the costs for the optional extension are firm for a two (2) year period.

Financial Impact

Funding for this expenditure is provided in the current 2013 operating budget and pending 2014 and 2015 operating budgets.

Acknowledgements

This report was prepared with the assistance of Chris Ginty CPPB, Procurement Officer, Purchasing and Supply and Vicky Hobson, Manager III, Information Systems.

SUBMITTED & RECOMMENDED BY:	REVIEWED AND CONCURRED BY:
JOSEPH EDWARD, CHIEF TECHNOLOGY OFFICER FINANCE AND CORPORATE SERVICES	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

cc: John Freeman, Manager of Purchasing and Supply;
Chris Ginty, Procurement Officer.