

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: December 17, 2008

SUBJECT: PROCUREMENT AUTHORIZATION AMENDMENT- VEHICLE
WORK ORDER, INVENTORY AND PURCHASING

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission authorize:

- a) A Purchase Order Amendment for the implementation support phase of the project in the amount of:
 - \$2,500,000 for the Vehicle Work Order system and;
 - \$415,000 for the Inventory system to a revised total upset limit of \$12,788,863.48 to IFS North America Inc. (IFS).
- b) A Purchase Order Amendment in the amount of \$675,000 to a revised total upset limit of \$5,068,114.17 to IFS North America Inc. (IFS) for the Purchasing Module Replacement system.

FUNDING

Sufficient funds for these expenditures were identified in the 7.2 Intelligent Transportation & Technical Systems, under Vehicle Work Order Systems Replacement and Inventory Replacement Projects (State of Good Repair Category) on pages 1387 - 1393 of the 2009-2013 TTC Capital Program as approved by the Commission on August 27, 2008 and City of Toronto Council on December 10, 2008.

Sufficient funds for the maintenance requirements for the vehicle work order / inventory and purchasing systems have been included in both the 2008 and 2009 approved TTC Operating Budgets to cover these expenditures.

BACKGROUND

The current Materials Management System (MMS) was purchased from Computer Associates in 1988. The implementation of the Inventory and Purchasing modules was completed in 1990. In 1995 the modules were upgraded to improve the systems material planning capabilities. The Accounts Payable module was implemented in late 1996.

The current Vehicle Maintenance System (VMS) and Subway Maintenance System (SMS) were implemented in 1989 and 1991 respectively.

The IFS program consists of projects to replace these aging systems with an integrated IFS application consisting of vehicle work order, inventory, purchasing and accounts payable modules. In July 2007 staff provided a status update presentation for the IFS Implementation to the TTC's e-Systems Committee. At this meeting the e-Systems Committee endorsed the IFS program consisting of Vehicle Work Order, Inventory, Purchasing, and Accounts Payable projects.

The IFS program is being implemented according to the IFS system development methodology supported by the IT Services Project Management Methodology. This involves three distinct phases:

- Analysis and Development;
- System Implementation;
- System Go-Live.

At the completion of each phase the project schedule and associated costs are further confirmed. The projects have essentially completed the analysis phase for the initial release(s) of the application and have commenced the system implementation phases where the solution components are being developed and tested. The timelines for the integrated testing and implementation of the various projects are being coordinated to facilitate a synchronized and consolidated implementation and go-live schedule. This analysis work has confirmed the level of additional IFS consulting resources required for system implementation and go-live.

DISCUSSION

Vehicle Work Order

The project strategy involves an initial implementation within the bus maintenance area versus rail maintenance. The analysis and development work involves documenting functional requirements, business processes and any required customization specifications. This work has been completed for the initial release in the non-revenue vehicle section and is underway for the remaining areas within bus maintenance.

Inventory and Purchasing

The core Inventory, Purchasing, and Accounts Payable functionality is tightly integrated from a technical and business perspective and must be implemented simultaneously. This entails a substantial level of risk. The project team has completed an in-depth analysis of this risk and has identified opportunities to mitigate the risk by dividing the implementation into two stages. The core functionality for all three business areas will be released as

during the initial stage; the e-procurement functionality will be released as a subsequent stage.

As a result, a purchase order amendment in the amount of \$2,500,000.00 is required to the IFS purchase order for Vehicle Work Order and \$415,000.00 for Inventory for IFS implementation support including a pilot launch in production for the non-revenue vehicles section. The revised contract amount will be \$12,788,863.48. A purchase order amendment in the amount of \$675,000 is required for Purchasing for IFS implementation and post-implementation support. The revised contract amount will be \$5,068,114.17. Work on these amendments is 0% complete.

JUSTIFICATION

The IFS product has been selected as the core replacement system for the current Vehicle Work Order, Inventory, Purchasing, and Accounts Payable systems. All of these projects are heavily committed having completed their initial analysis phases and are now in the implementation phase where the solution components are being developed and tested. Implementation of the IFS application suite will allow TTC to retire the aging MMS and VMS applications. The program has identified ways to implement the application in stages reducing overall program risk while allowing the business to receive the bulk of the application earlier than previously scheduled.

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