

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: July 23, 2014

SUBJECT: Procurement Authorization Amendment -
Supply of Microsoft Software

ACTION ITEM

RECOMMENDATION

It is recommended that the Board authorize the issuance of a contract amendment with Compugen Inc., for the Supply of Microsoft Software, to increase the upset limit amount by \$5,000,000 resulting in a revised upset limit amount of \$11,500,000.

FUNDING

Sufficient funds have been included in the 2014-2023 Capital Budget under the 7.15 Service Delivery Management program which was approved by City Council on January 29 & 30, 2014.

Funds have also been included in the approved 2014 TTC Operating Budget and will be included in future operating budgets as required.

BACKGROUND

Based on a competitive process, the Province of Ontario (Province) issued a contract with Compugen Inc., for the Supply of Microsoft Software from October 1, 2010 to September 20, 2013, with an option to renew for an additional three (3) years at the same rates, terms and conditions. The Province's Select Plus Agreement with Compugen Inc., offers the highest level discount from Microsoft and allows Broader Public Sector (BPS) entities to issue purchase orders under the same terms, conditions and discounted pricing rates. Under the Province's agreement, the supply of Microsoft software is based on Microsoft's Select Pricing Model where a customer can order Microsoft software products on an as required basis with no minimum ordering requirements. The TTC would not be able to obtain better pricing for its Microsoft software license purchases.

Since the TTC qualifies as a BPS entity under the Province's contract, TTC issued a contract to Compugen Inc., for the Supply of Microsoft Software in the total upset limit of \$4,000,000 for the period November 27, 2012 to September 30, 2013. The City of Toronto also utilizes the Province's agreement and issued a contract to Compugen Inc. for the supply of Microsoft software under the same Select Pricing Model.

In 2013, the Province extended its contract with Compugen Inc. from September 30, 2013 to September 30, 2016 under the same terms, conditions, and pricing. Subsequently, the TTC approved an extension to its contract for the same period including an increase in the upset limit by \$2,500,000 to address ongoing requirements resulting in a revised total upset limit of \$6,500,000.

The TTC participated in a review completed by the City of Toronto in 2013 and in a report titled "Staff Report for action on Microsoft Licenses Reseller Selection" adopted by City Council December 16, 2013 it was concluded "*Based on a comprehensive review of options for licensing of Microsoft products, staff recommend that the City continues to adopt a Select Plus Agreement and revisit licensing options ahead of the Select Plus Agreement expiry in 2016.*"

DISCUSSION

Funds spent to date on software licenses were required for various planned and budgeted State of Good Repair projects such as: the upgrade of the TTC Corporate Email Exchange environment; Lync Enterprise Communications; Windows Operating System upgrade including the Office suite of products; the Corporate Document Management System; and for net new hardware, operating systems and databases.

In 2013, TTC contacted Microsoft to initiate an "Effective License Position" (ELP) process to review all Microsoft Licenses installed for compliance and appropriateness. As a result of the review, additional funds were spent to ensure licenses were compliant, standardized and optimized based on Microsoft's licensing changes and the needs of the TTC. This will be an ongoing process as business needs and licensing requirements change.

As part of the ongoing modernization and alignment of software tools, staff have developed an enterprise architecture technology road map and life cycle across all hardware, software, application platforms to ensure a consistent use of technology, the availability of appropriate business tools and consistent reliability of the technical environment. This resulted in improved requirements planning and forecasted expenditures of approximately \$5,000,000 for the provision of additional licensing on an as required basis for: standard client and server software for new hardware (\$1,303,000); ongoing software upgrades for Corporate Document Management (\$700,000); Windows Server Operating Systems (\$1,600,000); database consolidation (\$615,000); enterprise application integration (\$110,000); system authentication of identity credentials (\$90,000); contingency for new unplanned requirements (\$582,000) which are included in the planned and budgeted State of Good Repair projects during the period of July 2014 to Sept 30, 2016.

JUSTIFICATION

Approval of this amendment will ensure timely delivery of approved software and license compliance for ongoing and new information technology infrastructure; support upgrades and consolidation of the technical software and application environment; ensure the TTC's information technology infrastructure is maintained in state of good repair and for future technology development needs and scalability to the changing technology environment at the TTC.
