



## **Procurement Authorization - IBM Maximo Software Licenses and Support Renewal**

**Date:** October 29, 2024  
**To:** TTC Board  
**From:** Chief Financial Officer

### **Summary**

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The IBM Maximo Asset Management software serves as a centralized platform enabling the TTC to effectively manage critical asset data, including inventory, maintenance history, and condition assessments. It provides integrated functionality for asset life-cycle planning and work order management, streamlining operations and improving asset oversight.

The Maximo Implementation Program, initiated under the TTC's Five-Year Corporate Plan, is working to standardize Maximo for fleet and infrastructure assets across the TTC.

Successful implementations have already been completed for streetcar assets and subway tracks. Ongoing efforts are underway and are progression for the remaining assets, including buses, subway systems, subway structures, signal systems, electrical systems, communication systems, streetcar infrastructure, buildings, and facilities are progressing.

The purpose of this report is to seek the TTC Board's authorization to award a contract to IBM Canada Ltd. for the renewal of IBM Maximo Licenses and Support. The total contract value is \$22,778,219.98, inclusive of HST, for a 10 year term, commencing on January 1, 2025. These expenditures are funded from the TTC's Operating Budget and 10-Year Capital Plan. TTC Board approval is required as this contract award exceeds the Chief Executive Officer's delegated authority threshold of \$5 million.

The current agreement for Maximo License and Support will expire on December 31, 2024. Approval of this contract will facilitate the renewal of existing licenses and the procurement of additional licenses, ensuring continuity of business operations with IBM Maximo and supporting the ongoing initiative to standardize its usage across all TTC assets.

## Recommendations

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It is recommended that the TTC Board:

1. Authorize the award of a contract for Enterprise Asset Management License and Support Renewal to IBM Canada Ltd. in the amount of \$22,778,219.98 (inclusive of HST), for a ten-year term commencing January 1, 2025.

## Financial Summary

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The total value of this contract award for the supply of IBM Maximo License and Support for the 10 year term, commencing January 1, 2025, is \$22,778,219.98 inclusive of HST, which encompasses both capital and operating costs. Table 1 below summarizes the total capital and operating contract values of the 10-year term:

**Table 1: Contract Value of the 10-year Term**

<b>Contract Value (\$000s)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030-2034</b>	<b>Total 10-Year Term</b>
Capital	1,560	-	-	-	-	-	1,560
Operating	1,750	1,840	1,913	1,990	2,069	10,316	21,218
<b>Total</b>	<b>3,310</b>	<b>1,840</b>	<b>1,913</b>	<b>1,990</b>	<b>2,069</b>	<b>10,316</b>	<b>22,778</b>

The capital and operating funding implications of this award for the 10 year term are summarized and presented below.

### Capital Expenditures

The capital expenditures associated with the contract amount to \$1.41 million, net of HST rebate. These costs encompass the additional IBM Maximo licenses required for the expanded use of the product to support the Enterprise Asset Management capital work currently underway across the TTC for both fleet and infrastructure assets.

The capital expenditures for each year of the contract term are outlined in Table 2 below:

**Table 2: Capital Expenditures by Year**

Contract Value (\$000)	2025	2026	2027	2028	2029	2030-2034	Total
Additional IBM Maximo Licenses	1,380	-	-	-	-	-	1,380
<b>Total (not including HST)</b>	<b>1,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,380</b>
HST Non-Rebatable (1.76%)	25	-	-	-	-	-	25
<b>Total (including Non-Rebatable HST)</b>	<b>1,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,405</b>
Rebatable HST	155	-	-	-	-	-	155
<b>Total Authority (including HST)</b>	<b>1,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,560</b>

Funding for these capital expenditures is included in the TTC's 2024-2033 Capital Budget and Plan Program 7.19, Enterprise Asset Management (EAM) System, which was approved by the TTC Board at its meeting on December 20, 2023 and by City Council at its meeting on February 14, 2024.

The total project cost for the EAM System project is \$29.93 million, of which \$12.14 million has been spent to the end of 2023 and annual cash flow funding from 2024-2026 totalling \$17.789 million, as presented in Table 3 below. This available funding will support the acquisition of additional IBM Maximo licenses.

**Table 3: Enterprise Asset Management (EAM) System - 2024-2023 Capital Budget and Plan**

2024-2033 Capital Budget and Plan (\$000s)	LTD Actuals to 2023	2024 Budget	2025	2026	2027	2028	2029-2033	10-Year Total	Total Project Cost
Enterprise Asset Management (EAM) System	12,141	7,224	5,657	4,908	-	-	-	17,789	29,930

### Operating Expenditures

The operating expenditures forecasted to be incurred over the term of the contract represents the annual fees for software licenses and support for the IBM Maximo platform. The forecasted operating expenditures over the next 10 years of the contract is presented in Table 4 below:

**Table 4: Operating Expenditures by Year**

<b>Contract Value (\$000)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>Total</b>
IBM Maximo Software Licenses and Support	1,549	1,480	1,539	1,601	1,665	1,731	1,801	1,873	1,948	2,025	17,211
Contingency (10%)		148	154	160	166	173	180	187	195	203	1,566
<b>Total (not including HST)</b>	<b>1,549</b>	<b>1,628</b>	<b>1,693</b>	<b>1,761</b>	<b>1,831</b>	<b>1,905</b>	<b>1,981</b>	<b>2,060</b>	<b>2,142</b>	<b>2,228</b>	<b>18,777</b>
HST Non-Rebatable (1.76%)	27	29	30	31	32	34	35	36	38	39	330
<b>Total (including non-rebatable HST)</b>	<b>1,576</b>	<b>1,657</b>	<b>1,723</b>	<b>1,792</b>	<b>1,864</b>	<b>1,938</b>	<b>2,016</b>	<b>2,096</b>	<b>2,180</b>	<b>2,267</b>	<b>19,108</b>
Rebatable HST	174	183	190	198	206	214	223	232	241	250	2,111
<b>Total Authority (including HST)</b>	<b>1,750</b>	<b>1,840</b>	<b>1,913</b>	<b>1,990</b>	<b>2,069</b>	<b>2,152</b>	<b>2,238</b>	<b>2,328</b>	<b>2,421</b>	<b>2,518</b>	<b>21,218</b>

The 2025 license and support costs are projected to be higher than those in 2026 due to additional expenses to be incurred for upgrading the TTC's Maximo license entitlements from the legacy version to the most current platform. From 2026 onward, a 10% contingency has been added to the contract to account for any unforeseen growth in usage or expanded licensing needs.

Funding in the amount of \$1.11 million is included in the TTC's 2024 Operating Budget for expenses associated with IBM Maximo software subscriptions, as approved by the TTC Board on December 20, 2023 and by the City Council on February 14, 2024.

Additional funds will be included in future budgets based on each year's anticipated usage requirements and are subject to annual budget approvals, as noted in Table 4 above. It is anticipated that an additional \$438,800 will be required in 2025 and will be included in the TTC's 2025 Operating Budget submission to cover the anticipated costs of IBM Maximo software subscriptions.

## **Equity/Accessibility Matters**

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As highlighted in the TTC's 2024-2028 Corporate Plan, the TTC is dedicated to promoting and supporting diversity, accessibility, and inclusion in all its corporate policies, programs, and services. As a proud leader in providing accessible public transit in the City of Toronto, we are committed to ensuring reliable, safe, respectful, and inclusive transit services for customers. Enterprise Assets Management (EAM) System Implementation - Maximo project will provide a platform for TTC employees to support asset management-related processes. Maximo Asset Management uses the latest W3C Standard, WAI-ARIA 1.0, and Web Content Accessibility Guidelines (WCAG) 2.0.

## Decision History

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To date, contracts for the IBM Maximo Licenses and Support did not previously necessitate Board approval because their durations were shorter, and their values were below \$5 million. Staff authorized these contracts in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy.

At its meeting on September 24, 2024, the TTC Board approved an award of a contract to Infosys Public Services for Enterprise Asset Management (EAM) System Implementation Services with a total contract value of \$12.28 million. The contract provides for Maximo implementation professional services to ensure consistent utilization of Maximo across all business units at the TTC to support the EAM Program and improve data accuracy for insights and reporting.

[Procurement Authorization: Enterprise Asset Management \(EAM\) System Implementation Services](#)

## Issue Background

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The IBM Maximo Asset Management software solution serves as a centralized repository for critical asset data, enabling the TTC to maintain comprehensive asset records, including asset inventory, maintenance history, and condition assessments. Maximo provides automated and integrated functionality for asset life-cycle planning and management, including work order management.

Currently, while most TTC departments utilize Maximo to some extent, usage varies across departments. The TTC's Maximo Implementation Program aims to standardize and integrate Maximo across all business units. To date, the implementation has been successfully completed for streetcar assets and subway tracks. Ongoing implementation efforts are progressing for buses, subway systems, subway structures, signal systems, electrical systems, communication systems, streetcar infrastructure, buildings, and facilities. The award of the contract for EAM System Implementation Services, approved by the Board at its September meeting, is expected to accelerate these efforts.

As the existing contract for IBM Maximo Licenses and Support is set to expire on December 31, 2024, a new contractual agreement is critical to ensure the continued use of this platform for the effective management of the TTC's fleet and industrial assets.

## Comments

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IBM has transitioned from a traditional perpetual and user-based licensing model for its Maximo suite to a consumption-based model. In this new approach, licenses represent a pool of resources that can be consumed across the various modules within the Maximo suite of products.

Additionally, IBM now offers the option to procure software subscriptions through authorized resellers. The TTC assessed alternative sourcing opportunities to secure the

most competitive pricing and decided to proceed with a competitive procurement process, to ensure receipt of the most favourable pricing and terms for the required Maximo licensing and subscriptions.

A Request for Quotations (RFQ) was publicly advertised on the Bonfire and MERX e-Tendering websites, as well as the TTC website on July 16, 2024. A total of 25 companies downloaded copies of the proposal documents, out of which two submitted a quotation by the closing date of August 21, 2024. During the RFQ period, one addendum was issued. As this is a non-binding RFQ, there is no bid validity date.

## **Evaluation Process**

The following two companies submitted quotations by the RFQ closing date:

- IBM Canada Ltd.
- FAHM Technology Partners.

All responses received were reviewed to determine that the commercial requirements were met. All responses passed the initial compliancy review and proceeded to Stage I of the evaluation process.

### 1) Stage I – Mandatory Requirements:

Stage I consisted of the demonstration of compliance with the mandatory technical requirements outlined in the RFQ. Failure to meet these requirements would result in disqualification of the quotation. The two quotations were evaluated in accordance with the requirements of Stage I, and both quotations were found to have met the requirements of Stage I and subsequently proceeded to Stage II.

### 2) Stage II – Pricing: (100 points)

Following the completion of Stage I, the pricing submission forms were scored based on the pricing formula set out in the RFQ.

IBM Canada Ltd. received the highest overall score and was selected to proceed to the negotiation stage. TTC and IBM Canada Ltd. successfully negotiated an acceptable agreement and IBM Canada Ltd. is recommended for award of the contract.

## **Contract Scope**

The proposed contract will enable TTC to renew its IBM Maximo licenses and continue utilizing the suite of products for an additional 10-year period. By moving from the previous three-year term to a 10-year agreement, the TTC benefits from a locked-in pricing structure that eliminates the uncertainties associated with annual renewals and potential changes to licensing models. This extended timeframe also provides long-term cost predictability.

The contract also provides the TTC with the following:

- Additional licensing to support the expanded rollout of Maximo to enable asset management for all fleet and infrastructure assets.
- The entitlement to upgrade the Maximo platform from its current legacy version to the latest modern platform, offering cross-platform support (web and mobile) and enhanced capabilities for asset management, reporting, and predictive maintenance.

The proposed contract provides the TTC with the most competitive pricing, limiting base subscription costs to an increase of 10% compared to the previous agreement awarded in 2021, which operated under a different pricing model. This new contract grants the TTC the entitlement to access and utilize all modules within the IBM Maximo suite, which will be deployed as part of the TTC's Enterprise Asset Management Program. This is an improvement over the previous agreement, which restricted access to specific modules. Additionally, the TTC successfully negotiated cost savings by reducing the annual cost escalation rate to 4%.

## **Contact**

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## **Signature**

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