



Corporate Report

NO: R164

COUNCIL DATE: June 27, 2005

REGULAR

TO: Mayor & Council DATE: June 17, 2005

FROM: General Manager, Finance, FILE: 1220-30-03-05
Technology & HR

SUBJECT: Supply and Delivery of Desktop, Workstation, LCD
Monitor & Notebook Computer Equipment.

RECOMMENDATION

That Council authorize staff to complete negotiations for desktop, workstation, LCD monitor and notebook computer equipment including software and support services with Dell Canada Inc. to enter into a 'manufacturer direct purchase' contract for one year at an estimated cost of \$512,000 excluding GST and PST, subject to terms and conditions acceptable to the City Solicitor.

BACKGROUND

Every year various older components of the City's Desktop, Workstation, LCD Monitor and Notebook computer equipment need to be upgraded, redeployed or retired to maximize our investment in technology and ensure that these assets properly support the City's infrastructure and applications. The City has an estimated computer equipment replacement recommendation as follows:

	2006	2007	2008
Quantities of various configurations	450	770	730

In May 2004, the GVRD released a Request For Proposals [GVRD RFP #04-045] for the supply and delivery of Desktop & Laptop computer equipment on a 'manufacturer direct basis', similar to the City's year 2000 RFP and Contract.

The GVRD requested that the pricing, terms and conditions of the Proposal be extended to other government agencies. Should the successful vendor agree to this provision, then participating agencies have the opportunity to enter into a contract with the successful vendor for the purchase of the service and commodities based on the terms, conditions, prices, and percentages offered by the successful vendor to the GVRD RFP.

The solicitation informed all Proponents that its overall objective was to select a personal computer manufacturer based on quality, strategy, and the ability of the manufacturer to provide the following benefits:

- Financial and quality advantages;
- Efficiencies through a direct relationship, no intermediaries to add confusion and cost;
- Equipment customization;
- System history information at source of manufacture [service and support];
- Customized Website ordering and tracking;
- Standardization;
- Standards based technology;
- Stable high quality ongoing support and repair; and,
- The establishment of a strategic relationship with a vendor that supports the City's goals.

In response to this RFP, proposals were received from the following:

- Dell Canada Inc.;
- HP Canada;
- IBM Canada, and
- BComm Computers.

DISCUSSION

Representatives from the GVRD, considered these proposals using a comprehensive evaluation process. The preferred criteria are listed as follows:

Operational Strengths

- Qualifications, Experience & Technical Requirements;
- Range of products, Warranty, Maintenance & Support;
- Manufacturer direct relationship;
- Manufacturer platform standardization, all designed to adapt as the City's business and technology needs change and grow;
- Timely delivery and flexible support services;
- Direct Service and Support;
- Electronically supported procurement; and,
- E-Catalogues.

Financial Performance

- Price;
- Long Term Pricing Model;
- Firm Discounts; and,
- Commonality of components, modules and docking solutions are designed to help lower total cost of ownership [TCO].

Upon conclusion of the evaluation process the evaluation team recommended Dell Canada Inc. as the successful Proponent.

Summary

The City will receive guaranteed minimum discounts for the life of the contract with Dell Canada Inc. including an aggressive list pricing structure for desktop, workstation, LCD monitor, notebook computer equipment and services. These confidential discounts are similar to pricing the City has received under its current discount structures.

It is expected that by combining the City's requirements, within the context of the RFP, the City will be able to leverage more value added pricing, service, and technology. There will be opportunities to reduce costs to the City over the term of the Contract through standardization, longer life cycle and equipment tracking and warranty work, as provided by Dell Canada Inc.

Based upon the City's expected inventory replacement forecast, future purchase costs are estimated as follows:

PC Role	<u>2006</u>	<u>2007</u>	<u>2008</u>
Desktop	\$300,000	\$330,000	\$576,000
Notebook	\$ 80,000	\$ 97,000	\$ 46,000
Workstations	\$ 75,000	\$ 51,000	\$ 51,000
LCD Monitors	<u>\$ 57,000</u>	<u>\$175,000</u>	<u>\$ 71,000</u>
	\$512,000	\$653,000	\$746,000

Figures based on budgeted 2005 unit costs excluding GST & PST.

The Dell proposal offers three major benefits:

- 1. Reduced Acquisition Costs:** The City will purchase, at significant discounts.
- 2. Reduced Total Cost of Ownership:** Dell's desktop standardization program promotes a total cost of ownership perspective and further reduces the City's overall hardware costs. Standard configurations will accommodate basic to advanced users. The total cost of ownership components include:
 - On-Site repair service options for next business day repair, and
 - Access to Dell Premier support for Dell certified IT experts.
- 3. Simplified Ordering Process:** Reduced lead-time by ordering standard hardware configurations designed specifically for the City.

CONCLUSION

It is recommended that the Council authorize staff to negotiate a contract with Dell Canada Inc. to implement a 'manufacturer direct purchase contract' of Desktop, Workstation, LCD Monitor and Notebook computer

equipment including software and support services for a period of one year at an estimated expenditure of \$512,000 excluding GST & PST, with renewal options for two additional years. Funding is available from the Information Technology Capital Programs.

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