HALIFAX

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Item No. 15.1.2
Halifax Regional Council
June 18, 2019

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by

SUBMITTED BY: _____

Jacques Dubé, Chief Administrative Officer

DATE: May 31, 2019

SUBJECT: Award – RFP 18-379- IT Service Management System Software as a Service and Implementation Services

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ORIGIN

The expiry of the current contract for ServiceNow Software-as-a-Service Subscription.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79 Halifax Regional Council may expend money for municipal purposes. The recommended contract award complies with all of the pre-requisites for awarding contracts as set out in section 34 of Administrative Order 2016-005-ADM, the *Procurement Administrative Order*.

Section 36 of the *Procurement Administrative Order*, provides that Halifax Regional Council may approve contract awards of any amount.

Halifax Regional Municipality Charter, Section 111(5) The municipality may enter into a lease, lease-purchase or other commitment to pay money over a period extending beyond the end of the current fiscal year if, where the total commitment exceeds five hundred thousand dollars, the proposed commitment has been approved by the Minister.

RECOMMENDATION

It is recommended that Halifax Regional Council
1. Award RFP 18-379 - IT Service Management System Software as a Service and Implementation Services to the highest scoring proponent, KPMG for a period of five years at a total five (5) year cost of $1,488, 562 (net HST included) with funding as outlined in the Financial Implications section of this report with the option to extend annually for up to an additional four (4) years, pending Ministerial approval.

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2. Direct the CAO to execute an agreement with KPMG for the services subject to negotiation of terms and conditions acceptable to the CAO and approval of the agreement to form and authority by Legal Services, pending Ministerial approval and execute the ServiceNow User agreements which will be appended to the contract.

BACKGROUND

HRM implemented ServiceNow in 2014 to support the adoption of Information Technology Infrastructure Library (ITIL) and to provide a foundation for supporting the ongoing technology demands of the organization. ITIL is detailed practices for IT Service Management (ITSM) that focuses on aligning IT services with the needs of the business. The current ServiceNow solution includes:

- A Business Service Catalogue with incident resolution and service request completion targets to support Service Level Agreements.
- A Technical Service Catalogue outlining the various technical support services which underpin the business services and provide the information flow required by the Incident, Request and Change management modules.
- Technology Change Management process for tracking and managing change within the technical environments to minimize the impact of changes and reduce risk.
- Workflows for Incidents, Requests, and Changes to ensure work is approved and assigned to the correct resources at the correct time. This workflow enables consistency in services delivered to customers.
- A Knowledgebase of technical articles and processes within the ServiceNow tool which is used to ensure appropriate knowledge sharing and troubleshooting help. This knowledge sharing within the solution is critical to provide continuity of service especially as solutions and resources change over time. This knowledgebase improves efficiency by reducing the need to rediscover knowledge.
- A configuration management database (CMDB), which is a database that contains all relevant information about the hardware and software components used in an organization's IT services and the relationships between those components.

To date, ICT has implemented all the ITSM processes and applications listed in 'The Deliverables' section of RFP 18-379, Appendix A, using the ServiceNow platform. ICT plans to support the technology and organizational strategic direction through the development of additional efficiencies for the ITSM process and application, as well as develop new capabilities in the areas outlined in the RFP. HRM's current Software as a Service (SaaS) contract with a ServiceNow partner is ending in August 4, 2019. With no other solution or service in place to support the ongoing use of Service Now HRM's access to the solution will be turned off August 4, 2019 and the current provider of the service will provide an extract of the data contents from the solution to HRM.

DISCUSSION
RFP 18-379 was publicly advertised on the Nova Scotia Public Tenders web portal on October 22, 2018 and closed on December 5, 2018. Proposals were received as follows:
Deloitte,
Excalibur,
SuMO,
Accenture,
KPMG,
Avante Solutions

Proposals were evaluated by staff from ICT and facilitated by Procurement. based on the criteria listed in Appendix A – Evaluation Criteria. The resulting scoring is as follows:

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Proponent	Score (max 100)
KPMG,	98.43
SuMO,	92.87
Accenture,	89.8
Deloitte,	89.51
Avante Solutions	82.95
Excalibur	74.42

Per the terms of the negotiated RFP, ICT staff facilitated by Procurement and Legal Services entered negotiations with the highest scoring proponent to achieve a best value agreement. A Master Services Agreement with schedules, including a Service Level Agreement, has been negotiated to the satisfaction of HRM's negotiation team.

FINANCIAL IMPLICATIONS

The highest scoring proponent's cost for the IT Service Management System Software as a Service and Implementation costs is $1,427,384 plus net HST of $61,178 for a total of $1,488,562. This cost is shared across both operating and capital budgets as outlined below.

Operating Budget Summary:		
	Current Budget for Annual ServiceNow SaaS Fees	$251,205*
	New Annual ServiceNow SaaS Fees	**$250,784***
	Difference is Annual Savings of:	$ 421
		*Net tax included

Funding is available in ICT Business Applications operating Account A732 for the annual Software-as-a-Service Subscription costs. Subsequent years operating fees will be subject to approval of the ICT Operating Budget for the appropriate fiscal year.

Capital Budget Summary: Project Account No. CI000002

Cumulative Unspent Budget	$ 575,047
Less: Tender No. 18-379	**$(234,642)**
Balance	$ 340,405

RISK CONSIDERATION

Staff have identified several risks associated with the recommendations in this report. The risks considered rate: **VERY HIGH.** To reach this conclusion, consideration was given to the risks associated with the recommendation and alternative:

Recommendation: Approve Award for IT Service Management System Software as a Service and Implementation Services					
Risk Area	**Details**	**Likelihood**	**Impact**	**Risk Level**	**Mitigation**
No central repository of issue/incident tracking	ICT would have no tool to log and resolve issues/incidents or track progress. Assigning of work between groups within ICT would be manual. Delayed resolution of issues on all IT systems, including systems for Emergency Services.	Almost Certain	Extraordinary	Very High	Creation of Microsoft Office documents stored on shared R drive folder. Assignment of work between groups executed manually.
Loss of Knowledgebase	ICT's Technical and process documentation regarding system processes and remediation of issues would be lost. Inability to quickly find information to serve customers due to lack of search functionality. Delayed resolution of issues on all IT systems, including systems for Emergency Services.	Almost Certain	Major	Very High	Export article documentation from system and store on shared R drive folder. Loss of search functionality still exists.
Service Requests	Ability for ICT to fulfill requests to provide software or hardware services to customers is lost. Risk includes inability to track requests and ensure timely fulfillment. This includes requests for emergency services and public safety.	Almost Certain	Extraordinary	Very High	Manual process using email system or paper process would mean delays in fulfillment and increased risk of human error.
Work Prioritization	Inability to compare the multitude of work flowing through ICT and assign appropriate priority based on impact and urgency.	Almost Certain	Extraordinary	Very High	Manual effort with much room for error.
Service Level Management	ICT would have no system to measure performance and achieve committed service level targets for business units, including emergency services.	Almost Certain	Extraordinary	Very High	Manual calculation of manually tracked work would require additional human resources to achieve, although data would be limited.

Recommendation: Approve Award for IT Service Management System Software as a Service and Implementation Services					
Risk Area	**Details**	**Likelihood**	**Impact**	**Risk Level**	**Mitigation**
Reporting	No central repository of work in a system means a severe lack of reporting ability to measure ICT's performance in terms of issue resolution or request fulfillment. No ability to identify which technology pieces are experiencing issues or categorization of work to identify trends.	Almost Certain	Moderate	Very High	Manual counting of manually tracked work would require additional human resources to achieve.

ENVIRONMENTAL IMPLICATIONS

Not Applicable.

ALTERNATIVES

Council could choose to not award this RFP. The alternative would mean at the end of the current contract for Service Now, which expires on August 4, 2019, the solution would be turned off and no longer available for use as it is a Software-as-a-Service solution. Staff would receive a data file from the current vendor. ICT would have no method to use or maintain the information outside of its presented format. This format would force ICT to revert to manual processes such as Excel to manage the hundreds of systems, requests, changes, and or incidents. Reverting to Manual processes not recommended by staff.

ATTACHMENTS

Appendix A – Evaluation Criteria

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Appendix A – Scoring Criteria

Category	Weighting (Points)	KPMG	SuMO	Avante	Accenture	Deloitte	Excalibur
4.1 Communication Skills	5 points	4.16	3.41	3.73	3.57	3.92	1.93
4.2 Team Composition & Experience	10 points	8.57	7.15	7.2	7.1	7.9	3.21
4.3 Understanding HRM's Needs	5 points	4.37	3.58	3.41	3.54	4.27	1.51
4.4 Technical Solution	55 points	47.1	46.89	45.99	48.29	47	43.74
4.5 Quality Assurance and Communication	5 points	4.23	3.41	3.63	3.3	4.22	1.53
Sub-Total	70 points	68.43	64.44	63.95	65.8	67.31	51.92
Cost	30 points	30	28.43	19	24	22.2	22.5
Total Points	100 points	98.43	92.87	82.95	89.8	89.51	77.42