



INFORMATION REPORT

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: April 15, 2013	
SUBJECT/REPORT NO: Annual Performance Reporting – Savings Generated from the Management of Information Services Contracts (FCS13018) (City Wide)	
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SIGNATURE:	

Council Direction:

At the April 27, 2011 meeting of Council, Item 6(d) of the General Issues Committee Budget Report 11-005(c), which reads as follows, was approved:

“6. Information Services Contract Savings and Incentives (FCS11024) (City Wide) (Item 8.2) (GIC – April 1, 2011)

(d) That staff commit to providing Council with annual performance reporting to communicate the status of savings generated from management of IS contracts.”

Information:

Executive Summary

This report will provide an update on the Corporate Print Contract, the Corporate Cellular Contract and the Corporate Desktop and Cellular Device Contract.

1. Optimized Printing Equipment and Related Support Services and Supplies Contract Update

The Ricoh printer deployment was completed with the last unit deployed on May 2, 2011. The original implementation consisted of replacing 569 printers with 467 new

Ricoh multi-function print devices. This reduction in the printer fleet was the result of detailed analysis of print needs section by section. An additional 17 devices were added in 2012 to meet the needs of staff in the Lister Block and in the recreation centres opened or re-opened in 2012. This additional number of devices also included 3 cheque producing printers in the finance department.

This contract has resulted in savings of \$1,650,000 during the initial 20 months. This consists of \$872,900 in 2011 and \$777,100 in 2012 when compared to the 2009 spend of \$1,745,000 under the previous contract. The actual spend for the network print contract in 2012 was \$972,899 – \$71,100 below the projected annual spend of \$1,044,000. As per report FCS10053 (Office Printing Equipment and Related Support Services and Supplies Contract), no budget savings were identified as departmental budgets did not align with actuals. Table 1 of report FCS13018 provides details on the Print Contract costs.

2. Wireless Cellular Services Contract Update

The Corporate Wireless Cellular Device contract was awarded to Bell Mobility with an effective date of December 1, 2010. The initial cellular device roll-out was completed in April 2011.

At the signing of the contract, the City had a total of 2,147 cellular devices (combination of Bell and TELUS devices). At the end of 2012, the cellular fleet had grown to 2,406 devices (with only 5 TELUS devices remaining) consisting of cell phones, Blackberry's, air cards for use in mobile computers and modems used for capturing data regarding vehicle location and telemetry e.g., sirens on, sirens off. Table 5 of report FCS13018 highlights the number of each device type and the growth over the past 2 years.

In spite of the net increase of 254 devices (53 additional modems, 96 additional phones, 136 additional Blackberry's and 31 fewer air cards), our annual savings for 2012 was \$451,685 below our baseline of 2010.

Please note the additional 254 devices represent an annual cost of \$125,000 based on an annual average contract cost of \$492 per device. The total savings over 24 months is \$708,000. Table 6 of report FCS13018 provides additional detail on these savings.

3. Desktop and Mobile Computer Contract Update

The Corporate Desktop and Mobile Computer contract was awarded to Dell Canada in 2011. This was followed by the approval of Desktop Policies and Procedures at the February 22, 2012, Council meeting. These approved policies included a Lifecycle Policy indicating standard desktop and mobile computers will be replaced every 5 years and upgraded workstations and upgraded notebooks will be replaced every 4 years.

Prior to this, the replacement cycle was every 3 years regardless of equipment category.

The deployment of Dell computers began in July 2012 and, to date, staff have deployed 1,201 Dell devices (852 desktop computers and 349 mobile computers) - replacing devices that met the lifecycle guideline only. At this point, all computers meeting the replacement cycle guideline have been replaced. Moving forward, monthly replacements will continue as the remaining equipment meets the lifecycle criteria.

When old computers are replaced, they are sold to a 3rd party re-seller. The City has received \$38,000 during 2012 for end-of-life computer equipment.

The desktop contract did result in contract savings of \$541,577 in 2012 and \$282,000 in 2012. These savings were reflected in departmental budgets.

The balance of the units are to be replaced over the next 2 years. Staff will be reconciling the inventory and will further evaluate the potential for further budget savings in 2014 and 2015.

When comparing the new contract prices to the previous contract prices, the City has saved \$458,270.00 in the first 6 months of this contract. These savings are based on unit cost comparisons only. They do not include additional costs for accessories. Table 8 of report FCS13018 provides additional details on the desktop contract.

Annual Spend Comparison

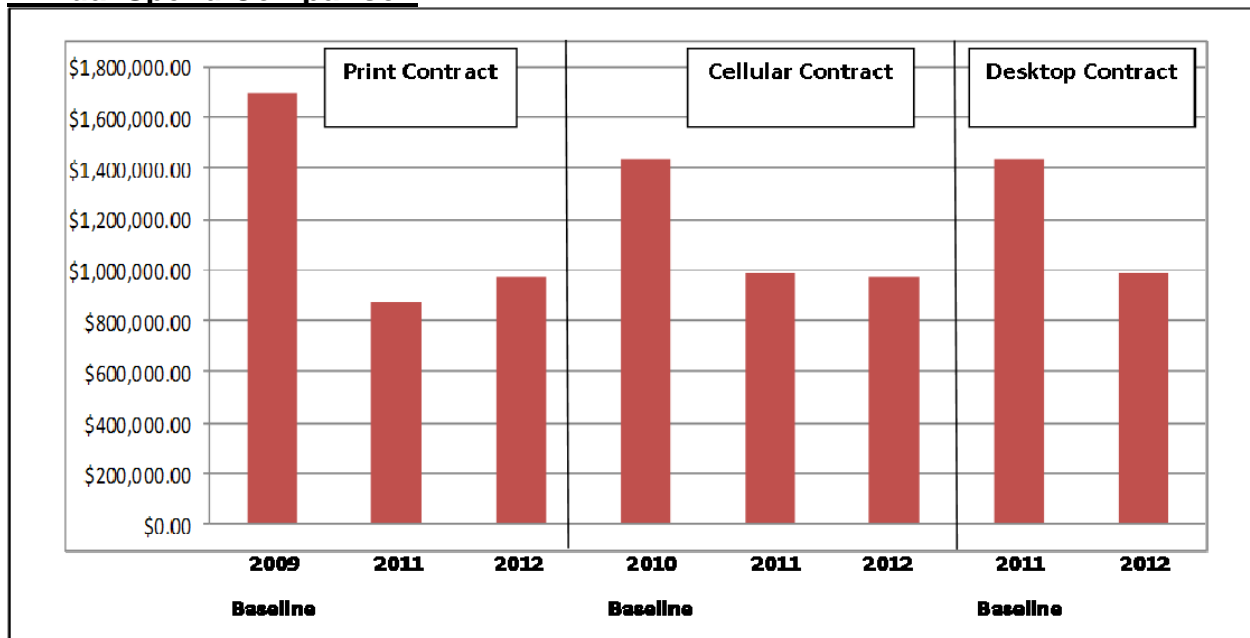


Chart 1 – Annual Spend Comparison

Corporate Contract Details

Optimized Printing Equipment and Related Support Services and Supplies Contract Update

- Total savings since contract inception are \$1,650,000 (see Table 1 of report FCS13018).
- Pooling of print volumes across all similar devices has resulted in savings of \$49,346.31- (see Table 2 of report FCS13018). Pooling across printers did not exist in the previous contract.
- Double-sided (duplex) printing (which is mandated in the Governance Policy) has saved 14.5 million sheets of paper and contributed towards a savings in paper costs of \$125,425 since contract inception - (see Table 3 of report FCS13018).
- Printer related calls to the IS Service Desk have dropped in 2012 by 1,211 calls when compared to 2011 volumes.
- The City has reduced the number of printers by 85 as a result of a detailed needs assessment.
- Print volume reduction has saved 1,917 trees - (see Table 4 of report FCS13018).
- CO₂ emissions have been reduced by 176,799kgs (see Table 4 of report FCS13018).
- Energy costs have been reduced by \$36,800 (see Table 4 of report FCS13018).

Print Contract Cost Comparison			
Annual Costs:	2009 Annual Costs (Previous Canon Contract)	2011 Actuals (Ricoh - \$677,100) (Canon - \$200,000 – previous contract)	2012 Actuals
% Reduction		50%	44%
Annual Spend	\$1,750,000	\$877,100	\$972,900 (Projected annual spend was \$1,044,000)
Savings from pre-contract actuals		(\$872,900)	(\$777,100)
Total Savings over 20 months from Print Contract		\$1,650,000	

Table 1 – print cost comparison

Savings from Pooling of Printers			
	2011	2012	Totals
January		(\$2,811.41)	(\$2,811.41)
February		(\$1,923.20)	(\$1,923.20)
March		(\$2,369.29)	(\$2,369.29)
April		(\$2,323.59)	(\$2,323.59)
May	(\$2,876.79)	(\$2,173.20)	(\$5,049.99)
June	(\$1,921.18)	(\$2,704.36)	(\$4,625.54)
July	(\$2,597.73)	(\$2,810.86)	(\$5,408.59)
August	(\$2,421.24)	(\$3,007.50)	(\$5,428.74)
September	(\$2,620.48)	(\$2,636.03)	(\$5,256.51)
October	(\$2,412.12)	(\$2,222.75)	(\$4,634.87)
November	(\$2,094.64)	(\$2,522.76)	(\$4,617.40)
December	(\$2,601.93)	(\$2,295.25)	(\$4,897.18)
Savings from Pooling	(\$19,546.11)	(\$29,800.20)	(\$49,346.31)

Cumulative Savings from Print Pooling	\$49,346
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Table 2 – Savings realized through pooling of printers

Savings from reduced paper usage					
	2011 Contract Metrics			2012 Contract Metrics	
Metric	2009 (Old Contract)	2011 (New Contract)	Difference (Annual)	2012 (New Contract)	Difference (Annual)
Price per page	b/w - \$0.04550	b/w (blended)- \$0.03160	b/w - (\$0.01390)	b/w (blended)- \$0.03129	b/w - (\$0.01421)
	colour - \$0.35000	colour (blended) - \$0.09870	colour - (\$0.25130)	colour (blended) - \$0.09848	colour - (\$0.25152)
Minimum volume commitment	21,151,200	15,362,400	(5,788,800)	15,788,400	(5,362,800)
Number of Devices	569	467	(102)	484	(85)
Paper costs	\$188,767	\$120,400	(\$68,367)	\$131,640	(\$57,127)

Savings to date from reduced paper usage	\$125,494
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Table 3 – Savings from reduced paper usage

- **Price per Page**

The projected price per page is shown as a blended rate for comparison to the baseline rate. There are different prices per page for each printer type to enable more accurate billing.

- **Minimum Volume Commitments**

Minimum volume commitments for each printer type will be pooled across the corporation. This will enable the City to only pay overage when all pooled minimums have been exceeded, allowing the City to pay actual usage. The previous contract did not provide this flexibility.

- **Number of Devices**

The number of printers increased by 17 in 2012 mainly due to new locations such as the Lister Block and new or re-opened recreation centres. The number of devices originally estimated was 569 but through the negotiation of an additional machine type and the diligent needs assessment of all sites, the actual number of units deployed to date is 484. The original deployment was 467 printers, with the addition of 17 new units, the fleet now consists of 484 devices – this is 85 printers fewer than under the previous contract. Printers that originally were not part of the scope of the contract, e.g., plotters and specialty printers are also being reviewed for replacement which may increase the final number.

- **Paper Costs**

The estimated paper costs are calculated using current paper contract costs. It is estimated that, by duplex printing alone, which is mandated in the Print Governance Policy, the City will reduce its paper usage, thereby saving over **1,917** trees over the past 20 months. For reference, Gage Park has 2,048 trees. These savings in trees are translated from the number of individual sheets of paper saved. Since the deployment of the first Ricoh printer, to the end of 2012, the City has saved **\$125,494** on paper due to the reduction in single-sided printing.

Environmental Highlights

Environmental Metrics		
Metric	2011	2012
	8 months	12 months
Trees Saved	738	1,179
CO2 Emission Reduction (in Kgs)	68,095	108,704
Energy Savings	\$15,787	\$21,014

Total Trees Saved to date	1,917	Equivalent to almost all the trees in Gage Park
Total CO2 Emission Reduction to date	176 metric tons	Equivalent to the driving of 32 vehicles for 1 year
Total Energy Savings to date	\$36,801	Equivalent to the hydro consumption of 38 homes

Table 4 – Environmental Metrics

Trees Saved

All of the new Ricoh devices have the capability to duplex print and are configured for duplex mode, by default. The number of trees saved is based on the assumption that 1 tree makes 8,333 sheets of paper. By knowing how many pages were printed in duplex mode, we can calculate the number of trees saved.

- **CO2 Emission Reduction**

The paper manufacturing process generates CO₂. This represents the estimated CO₂ saved by not having to manufacture the sheets of paper saved through duplex printing.

- **Energy Savings**

This represents the estimated cost-savings resulting from the usage of the different Energy Saving modes vs. having the devices remain continually in the standby condition.

Other Highlights of Print Contract

- **Specialty Printers**

The current contract has allowed us to add 3 specialty printers (MICR cheque producing printers) to date. The volumes and costs of these devices are included in all of the above numbers.

- **Print Shop**

The Print Shop is now included under this contract. The additional devices have allowed the Print Shop to have 2 high volume B&W devices with added finishing features for a lower cost per page than the previous single high volume device (\$0.0055 compared to \$0.0058). The Print Shop will now also have the ability to print in colour which will allow more jobs that are currently out-sourced to be produced in-house at a lower cost. It is anticipated that savings will still be achieved even with the addition of these devices.

- **Disposal of Old Printers**

A parallel project for the disposal of Canon printers that the City owned from the last contract has been on-going during the deployment of the new Ricoh printers and the City has realized \$64,000 from the sale of those units.

This is a corporate contract and savings received will be reflected across the various departments. The Contract Administration Section of the Information Services Division will be responsible for the ongoing management of the contract including cost verification and print fleet growth management.

Contract Administration continues to perform a number of activities to ensure the new print solution continues to reduce print cost, wherever possible, and add value through:

1. Controlling print fleet growth/costs – ongoing monitoring and analysis is required to ensure only proper growth or contraction happens with the printer fleet. The previous printer contract experienced significant growth after the initial deployment resulting in cost over-runs. Policies and Procedures have been developed to ensure the management of the new print environment.
2. Ongoing Reporting – As committed in the Print Management Policy, frequent reporting is critical in understanding both usage

and cost of the printer fleet. Regular reporting, through the use of automated print statistics capture, will provide us with the business intelligence to make the proper plan adjustments and reduce costs even further. Green Reporting is also available for all staff to view via the Optimized Print Program website ([//enet/printproject/default.asp](http://enet/printproject/default.asp)). These reports highlight the benefits and impact of duplex printing for the business and the environment. They also measure important Key Performance Indicators (KPIs) as they relate to the contract. For an example of the reporting that is available, refer to Appendix A of report FCS12022.

3. Contract adjustments – Timely contract adjustments will allow the City to maximize savings as changes in functional needs and accommodations inevitably happen.

Cellular Services and Devices Contract Update

The Wireless Cellular Devices contract was awarded to Bell Mobility with an effective date of December 1, 2010. The initial cellular device roll-out was completed in April 2011. The award of this contract allowed us to upgrade each device that was over 12 months old to a new model free of charge.

Inspire of the net increase of 254 devices (53 additional modems, 96 additional phones, 136 additional Blackberry's and 31 fewer air cards), our annual savings for 2012 was \$451,685 when compared to the previous contract. The total savings over 24 months is \$708,000. Table 5 of report FCS13018 highlights the number of devices by type while Table 6 of report FCS13018 provides additional detail on the savings received through this contract.

The Information Services Division staff converted all but 5 of the original 363 higher cost TELUS devices over to the lower cost Bell Mobility contract. The TELUS devices were originally acquired for the 'push to talk' two-way radio functionality which is no longer required in a number of areas due to technology advancements such as Blackberry email and text messaging. Table 6 of report FCS13018 indicates an increase in the annual cost for Bell Blackberry; however, it is important to note that part of this increase is off-set by the savings received by converting TELUS devices to the lower cost devices under this contract. The other reason for the increased cost for Bell Blackberry's is the number of devices; the Blackberry fleet has grown from 441 in 2010 to 850 devices by the end of 2012.

Number of Cellular Devices

Device Type	Number of Devices		
	2010	2011	2012
Bell Air Card	220	209	218
Bell Modems	350	417	436
Bell Cell Phones	839	860	897
Bell Blackberry	441	732	850
TELUS Cell Phone	153	74	5
TELUS Blackberry	210	15	0
	2213	2307	2406

Table 5 – Number of Devices

Cellular Costs and Savings

Savings from Current Contract						
Device Type	2010 Cost (old contract)	2011 Costs (new contract)	2011 Savings (new contract)	2012 Costs	2012 Savings	Cumulative Savings
Bell Air Cards	\$151,140	\$ 75,240	-\$75,900	\$74,115	-\$77,025	-\$152,925
Bell Modems	\$240,450	\$150,120	-\$90,330	\$147,665	-\$92,785	-\$183,115
Voice Overage/Text	\$54,293	\$0	-\$54,293	\$0	-\$54,293	-\$108,586
Bell Cell Phones	\$221,496	\$206,400	-\$15,096	\$220,857	-\$639	-\$15,735
Bell Blackberry	\$306,936	\$439,200	\$132,264	\$483,226	\$176,290	\$308,554
TELUS Blackberry	\$235,267	\$126,332	-\$108,935	\$0	-\$235,267	-\$344,202
TELUS Cell Phones	\$170,366	\$126,332	-\$44,034	\$2,400	-\$167,966	-\$212,000
Bell and	\$1,379,948.00	\$1,123,624.00	-\$256,324	\$928,263	-\$451,685	-\$708,009

Table 6 – Cellular Cost Comparison

Savings Highlights

- Savings on air cards and modems have been achieved by properly managing data plans in accordance to use (as opposed to monthly unlimited rate plans).
- The 2012 costs are \$451,685 below 2010 cellular device costs. Total savings, to date, from the cellular contract is \$708,009 in spite of 254 additional devices since contract inception.

Prior to this contract, the City was paying approximately \$54,000 annually due to exceeding the number of minutes allocated to all users. This cost has been totally eliminated. This is due to the provision of free local evening calling from 6pm to 8am, free local weekend calling, free local incoming calls and free local Bell to Bell calling negotiated into the current contract.

The Information Services Contract Administration Team (ISCAT) has provided information sessions to all users that have received a new cellular device to educate staff on the Policies and Procedures approved by Council in November 2010. Staff is now aware of the cellular cost drivers and they are putting the appropriate plans in place to minimize these costs.

Over the past year, the Information Services Division has developed a Business Intelligence Tool to enable the next phase of management of the cellular contract which now provides the functionality required to have invoices provided electronically to each user for verification. The first electronic invoices were emailed to staff for the October 2012 invoicing cycle. During the first quarter of 2013, it is expected that staff will no longer disseminate hard copy invoices. This will free up finance staff to perform more value added functions. The cellular management tool will also allow the ISCAT to better capture information and monitor actual costs allowing us to put the appropriate changes in place to further reduce our expenses.

Corporate Desktop and Mobile Computer Device Contract Update

The corporate contract for desktop computers, mobile computing devices, monitors and peripherals was awarded to Dell Canada Inc. at the December 14, 2011, Council meeting through Report FCS11022(a). This is a 4 year contract with the option to extend two additional years. Council also approved a number of Policies and Procedures pertaining to this contract including implementing a 5 year lifecycle for Desktop Computers and Mobile computing. Prior to this, computers were replaced every 3 years.

The deployment of Dell computers began in July 2012 and, to date, staff have deployed 852 desktop computers and 349 mobile computer replacing the computers that were 5 years or older – refer to Table 7 of report FCS13018 for more details. At this point, all machines meeting the 5 year replacement cycle guideline have been replaced. There are 3,170 Hewlett Packard devices, less than 5 years old, remaining in the fleet and moving forward as this equipment reaches the 5 year time-frame outlined in the lifecycle policy replacements will take place.

When comparing the new contract prices to the previous contract prices, the City has saved \$458,270 in the first 6 months of this contract as outlined in Table 8 of report FCS13018.

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Desktop and Mobile Computer Details				
Month	# of HP Desktops	# of HP Notebooks	# of Dell Desktops	# of Dell Notebooks
Jan. 1	2805	1475	0	0
Feb. 1	2800	1474	0	0
March 1	2806	1481	0	0
April 1	2806	1481	1	0
May 1	2806	1481	1	2
June 1	2647	1427	154	64
July 1	2617	1412	182	98
Aug. 1	2533	1388	261	131
Sept 1	2317	1339	450	203
Oct. 1	2069	1295	693	269
Nov. 1	1934	1268	821	276
Dec. 1	1933	1341	852	349
Totals for 2012	1902	1268	852	349

Table 7 – Desktop/Mobile Computer Details

Current Contract Pricing Versus Previous Contract Pricing (as of December 31, 2012)				
	Dell's Deployed in 2012	Previous Contract Pricing	Dell Pricing	Savings
Standard Desktop	739	\$ 668,203.80	\$ 502,651.86	\$ -165,551.94
Upgraded Workstation	113	\$ 158,196.61	\$ 120,181.54	\$ -38,015.07
Standard Notebook	299	\$ 497,760.25	\$ 304,189.66	\$ -193,570.59
Upgraded Notebook	50	\$ 117,637.00	\$ 56,504.30	\$ -61,132.70
Totals	1,201	\$ 1,441,797.66	\$983,527.36	\$ -458,270.30*

Table 8 – Desktop/Mobile Computer Savings

*savings are based on unit cost comparisons only. They do not include additional cost for accessories