



INFORMATION REPORT

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: March 19, 2012	
SUBJECT/REPORT NO: Annual Performance Reporting – Savings Generated from the Management of Information Services Contracts (FCS12022) (City Wide) (Outstanding Business List Item e)	
SUBMITTED BY: Roberto Rossini, General Manager, Finance and Corporate Services	PREPARED BY: Filipe Janicas 905.546.2424 ext. 5705 Deborah Hindley 905.546.2424 ext. 3925
SIGNATURE:	

Council Direction:

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

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:

Optimized Printing Equipment and Related Support Services and Supplies Update

The Ricoh printer deployment is complete with the last unit deployed on May 2, 2011.

Savings Highlights

Cost Comparison				
	(1)	(2)	(3)	(4)
Annual Costs:	2009 Annual Costs (Old Contract) (FCS10053: page 11, bullet 2)	Projected Annual Costs (New Contract) (FCS10053: page 11, bullet 2)	2011 Actuals (Ricoh - \$677,100) (Canon - \$200,000)	Difference
% Reduction		40%	50%	
Totals	\$ 1,750,000	\$ 1,044,000	\$ 877,100	(\$872,900)

- We are \$873,000 below 2009 costs (Column (1) minus column (3)) as reported in FCS10053
- We are \$167,000 below projected annual costs (Column (2) minus column (3))
- An additional unit type was introduced to lower costs.
- The opportunity to save through a lower monthly minimum commitment was created.

Deployment Highlights

It was anticipated that it would take 6 months to fully deploy from the day the first piece of equipment was installed. The first piece of equipment was installed on November 4, 2010, and the deployment was completed on May 2, 2011, just less than six months to the day. The agreed contract start date is May 2, 2011, and will run for five years from that date.

2011 Business Metrics			
Metric	2009 (Old Contract)	2011 (New Contract)	Difference (Annual)
Price per page	b/w - \$0.04550 colour - \$0.35000	b/w (blended)- \$0.03160 colour (blended) - \$0.09870	b/w – (\$0.01390) colour – (\$0.25130)
Minimum volume commitment	21,151,200	15,362,400	(5,788,800)
Number of Devices	569	467	(102)

Paper costs	\$188,767	\$120,400	(\$68,367)
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- **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 may increase as City staff move into new locations e.g. Lister Block, as these locations were not part of the original assessment. Printers that originally were not part of the scope of the contract e.g. plotters and specialty printers, are also being reviewed for replacement and will increase the final number. 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 deployed units to date is **467**. As a result of reduced unit numbers the print volume commitment is lowered and this provides the City with the opportunity to significantly reduce costs by reducing printing.

- **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 **1,086** trees annually. 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 present day, the City has saved **\$52,725.20** on paper due to the reduction in single-sided printing. The annualized projection on paper savings is **\$63,322.60**.

Environmental Highlights

2011 Environmental Metrics	
Metric	12 Month Projection
Tress Saved	1,086
CO2 Emission Reduction (in Kgs)	111,110
Energy Savings	\$23,700

- **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

- **Specialty Printers**

The current contract has allowed us to add two specialty printers to date. One is the replacement of the Ontario Works Cheque printer, as well as, the Payroll/Pension MICR Cheque printer. The volumes and costs of these devices are included in all of the above numbers.

- **Print Shop**

The Print Shop will also be included under this contract. The additional devices will allow the Print Shop to have two 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 \$70,000 from the sale of those units.

This is a corporate contract and staff from many departments participated on the various project teams. Savings received will be reflected across the City. The Information Services, Contract Administration Section will be responsible for the on-going management of the contract including cost verification and print fleet growth management.

Contract Administration will 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. On-Going 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, which will provide us 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.

Wireless Cellular Services and Devices Agreement 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.

At the signing of the contract, the City had a total of 839 Bell cell phones, 441 Bell Blackberrys, 220 air cards for use in mobile computers and 350 modems used for capturing data regarding vehicle location and telemetry such as sirens on, sirens off. During the last 12 months, IS has converted 269 high 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. In the 12 months staff has converted 79 higher cost TELUS cell phones and 190 TELUS Blackberry's to the new lower cost Bell network resulting in an estimated annual savings of \$66,000.

Combined Cellular Annual Costs

Cost Comparison of Old Contract and New Contract					
		(1)	(2)	(3)	(4)
Device Type	No. of units (OLD) NEW	2010 Annual Cost (old contract – FCS10029(a):page 7)	Projected Annual Cost (new contract - FCS10029(a):page 7)	2011 Annual Cost (new rate plans)	Difference
Bell Air Cards	(220) 209	\$151,140	\$140,580	\$ 75,240	(\$ 75,900)
Bell Modems	(350) 417	\$240,450	\$223,650	\$150,120	(\$ 90,330)
Voice Overage/Text		\$ 54,293	\$ 0	\$ 0	(\$ 54,293)
Bell Cell Phones	(839) 860	\$221,496	\$201,360	\$206,400	(\$ 15,096)
Bell Blackberry	(441) 732	\$306,936	\$275,184	\$439,200	\$132,264
Bell Totals		\$974,315	\$840,774	\$870,960	(\$103,355)
Telus Blackberry	(210) 15	\$235,267	n/a (not included in original cellular contract report (FCS10029(a)))	\$126,332	(\$108,935)
Telus Cell Phones	(153) 74	\$170,366	n/a (not included in original cellular contract report (FCS10029(a)))	\$126,332	(\$44,034)
Bell and Telus Totals	(2213) 2307	\$1,379,948	n/a	\$1,123,624	(\$256,324)

Note: The above costs reflect the actual plan costs (committed costs). The remaining Telus Devices are in the process of being converted over and the intent is to complete this by the end of 2012.

Savings Highlights

- We are \$256,324 below 2010 total cellular device costs (Column (1) minus column (3))
- We are \$30,645 above our projected Bell contract savings target of \$134,000 (as per FCS10029(a)) page 6. The difference is attributed to;
 - An increased demand for Bell Blackberrys which includes the conversion from Telus Blackberrys
- Savings on air cards and modems have been achieved by properly managing data plans in accordance to use (as oppose to monthly unlimited rate plans).

Prior to this contract, the City was paying approximately \$54,000 annually due to exceeding the pooled number of minutes allocated to all users and text messaging. 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.

The Information Services Contract Administration Team 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 are putting the appropriate plans in place to minimize these costs.

Currently, Information Services is developing a Business Intelligence Tool to enable the next phase of management of the cellular contract that will include the functionality to have invoices provided electronically to each user for verification. The cellular management tool will also allow the Information Services Contract Administration Team to better capture information and monitor actual costs allowing us to put the appropriate changes in place to further reduce our expenses.

Corporate Print Program December Statistics 2011 (Effects of Duplex Printing)

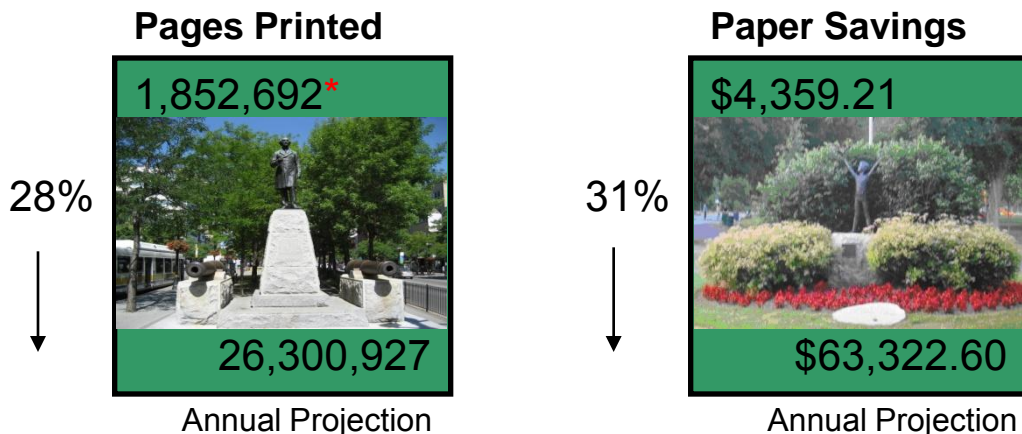
Optimized Print Project



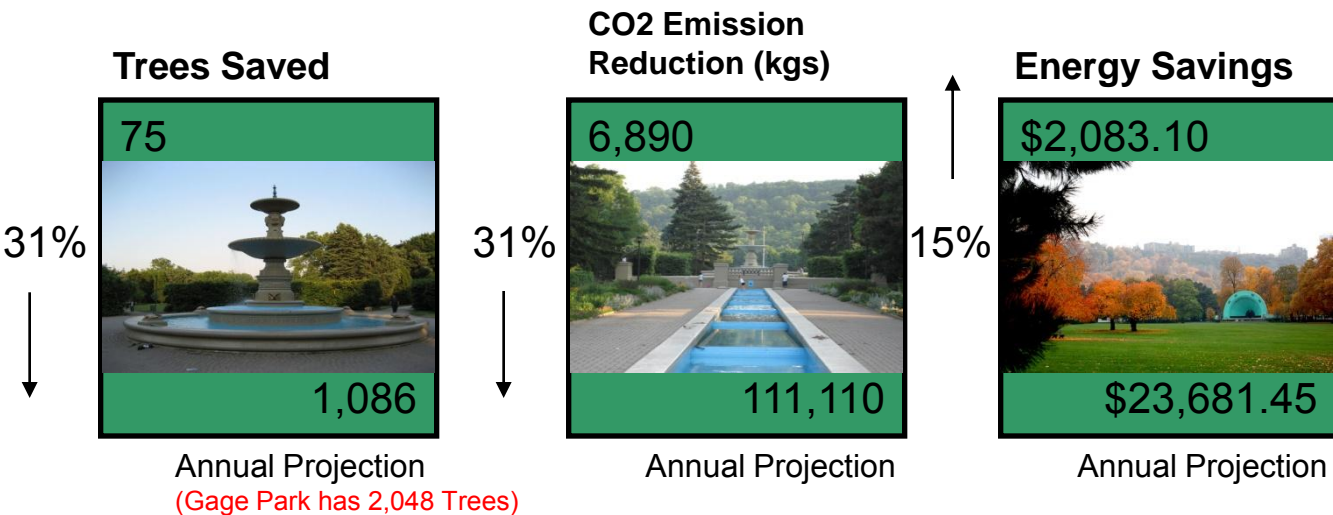
Hamilton
Information Services

Current Deployment Status – 100%

Business Metrics



Environmental Metrics



Key Performance Indicators

<u>KPI</u>	<u>2009</u>	<u>2011</u>	<u>Target</u>	<u>On Track</u>
Operational Costs	\$1,745,000	\$927,000	\$1,044,000	Yes
Staff per Device Ratio	5.2 to 1	7.1 to 1	5.6 to 1	Yes
Colour to B&W Ratio	5.4%	5.3%	<8%	Yes

* Monthly projection from RFP was 2.7M printed pages per month. This is a savings of 850,000 printed pages which would save an additional \$5,950 in paper savings and save 102 more trees for this month.

City of Hamilton Printer Fleet Summary



Green Reporting



Optimized Print Project



RICOH

Green Reporting



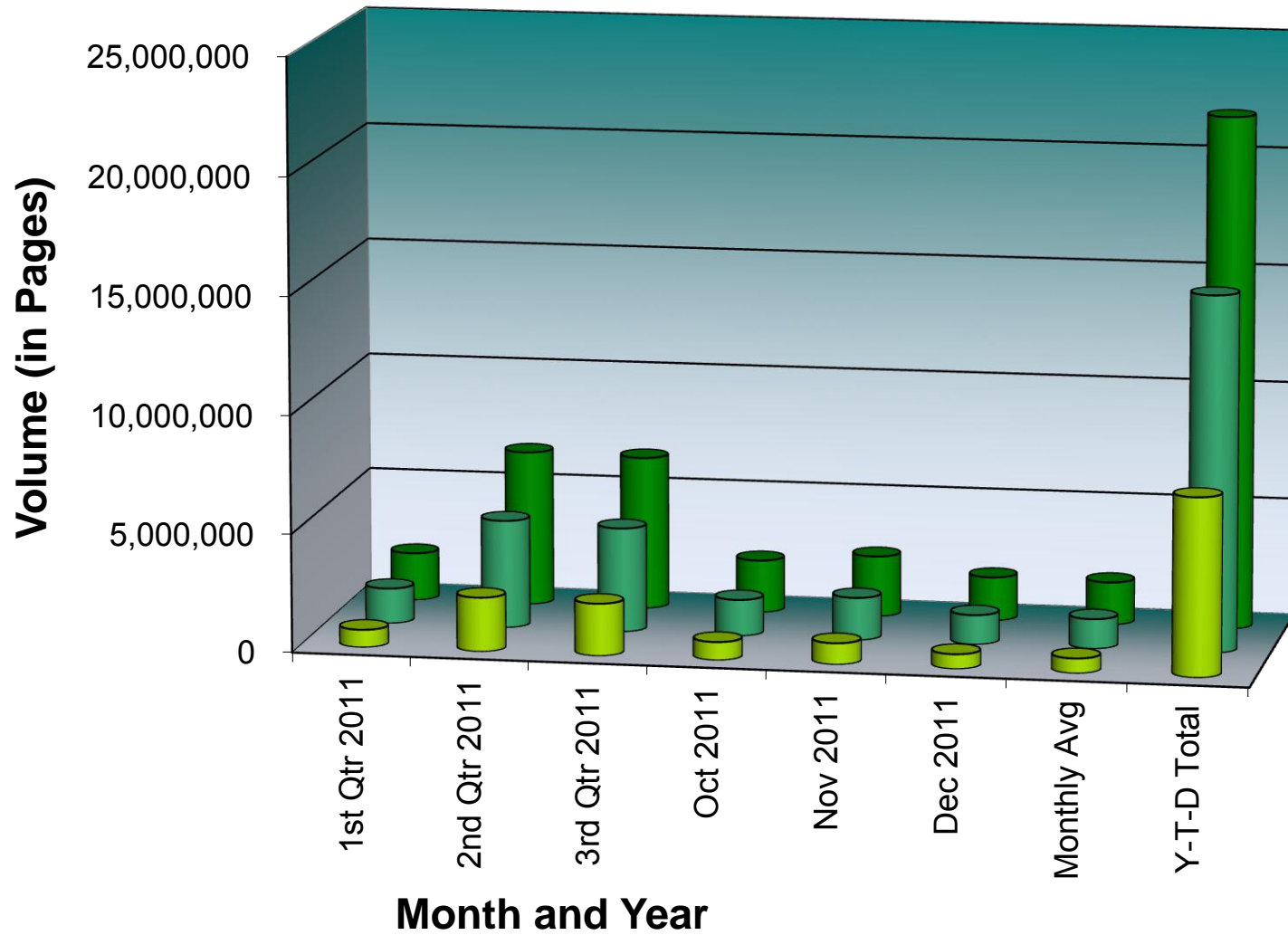
City of Hamilton Fleet (467 Devices)	1st Qtr 2011	2nd Qtr 2011	3rd Qtr 2011	Oct 2011	Nov 2011	Dec 2011	Monthly Avg	Y-T-D Total
Total Pages	2,028,564	6,569,186	6,491,471	2,232,662	2,579,684	1,852,692	1,812,855	21,754,259
Total Duplex Pages	1,495,215	4,570,197	4,414,095	1,538,062	1,801,285	1,245,489	1,255,362	15,064,343
Duplex %	73.7%	69.6%	68.0%	68.9%	69.8%	67.2%	69.2%	69.2%
Sheets of Paper Saved	747,607.5	2,285,098.5	2,207,047.5	769,031.0	900,642.5	622,744.5	627,681.0	7,532,171.5
Paper Savings (\$ 0.007/Sheet)	\$5,233.25	\$15,995.69	\$15,449.33	\$5,383.22	\$6,304.50	\$ 4,359.21	\$4,393.77	\$ 52,725.20
Trees Saved (8,333 sheets of paper = 1 tree)	89.7	274.2	264.9	92.3	108.1	74.7	75.3	903.9
CO2 Sequestered by Trees (KgCO)*	47.5	145.1	140.2	48.8	57.2	39.5	39.9	478.3
Manufacturing CO2 Avoidance (KgCO)**	8,223.7	25,136.1	24,277.5	8,459.3	9,907.1	6,850.2	6,904.5	82,853.9

*1 saved tree consumes 0.52917 Kg of CO2 per month

**Estimated CO2 saved by not having to manufacture the sheets of paper saved



City of Hamilton Fleet Green Report



■ Sheets of Paper Saved
 ■ Total Duplex Pages
 ■ Total Pages