



SUBJECT: Single source procurement request – ITSM replacement
TO: Corporate Services, Strategy, Risk & Accountability Cttee.
FROM: Burlington Digital Service

Report Number: BDS-05-23

Wards Affected: All

File Numbers: 201-02

Date to Committee: March 29, 2023

Date to Council: April 18, 2023

Recommendation:

Approve a single source procurement process and ongoing use of ServiceNow platform for the IT Service Management Software replacement and other uses as necessary with CDW Canada Corp. as the implementation partner and reseller for ServiceNow licenses; and

Authorize the Manager of Procurement Services to issue a purchase order and sign any associated agreements with the vendor named above, with content satisfactory to the Chief Information Officer and in a form satisfactory to the Executive Director of Legal Services and Corporation Counsel.

PURPOSE:

In order to comply with Procurement By-law 04-2022, City of Burlington Council approval is required for single source purchases with a value of \$100,000 or more. The purpose of this report is to seek approval to proceed with a single source procurement process to purchase IT Service Management software that will be utilized primarily in the BDS Department. This platform will also be used across the organization where opportunities exist for consistency, efficiency, and cost effectiveness. An IT Service Management solution helps employees in the organization communicate with BDS to obtain services or devices (e.g. laptop, phone, software) and request assistance for issue resolution (e.g. resetting password, computer problems). This is expected to be the standard IT Service Management software for a minimum of 5 years or for the useful life of the software.

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation
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Background and Discussion:

WHY ARE WE PURCHASING THE SOFTWARE?

Purchase of new IT Service Management software will solve the following issues:

1. **Replacement of old IT Service Management Software.** This request is to replace our existing on-premise IT Service Management software solution, which was purchased over 10 years ago by the City. There are current limitations with the product, which the vendor has not been able to provide a resolution. For this reason, we have explored options on the market to improve efficiencies and streamline processes. With the move to cross-department support teams for our various corporate solutions, a new solution is needed to better manage staff incidents and requests.

WHY SINGLE SOURCE TO CDW Canada Corp. (ServiceNow Software)?

Purchasing the ServiceNow software is considered the best value for the following reasons:

- **ServiceNow is a Market Leader in IT Service Management.** ServiceNow is an industry leader when it comes to IT Service Management software. It is ranked as a Leader for the 9th year in the 2022 Gartner ITSM Magic Quadrant and as a Leader in other advisory companies such as Forrester. ServiceNow appears in 8 Gartner Magic Quadrants that goes beyond IT Service Management and is seen as a platform leader.
- **CDW Canada Corp. is ranked as an Elite Partner of ServiceNow.** CDW Canada Corp. was named 2021 ServiceNow North American Partner of the Year and has over 100 people certified in IT Service Management. CDW Canada Corp. has successfully implemented ServiceNow modules in the public sector such as at the Region of Peel, City of Mississauga, Peel Regional Police, Waterloo Police, and the Town of Orangeville.
- **The solicitation of competitive Bids would not be economical to the City.** The Region of Peel has completed a procurement process and awarded to CDW Canada

Corp. to implement the ServiceNow IT Service Management solution. There is a clause in their contract that allows other municipalities to leverage their pricing. Leveraging the Region of Peel clause will save a large amount of staff time and cost of doing a full procurement, which would include resources from BDS, Procurement, Legal, Clerks, Finance, and other business units. Other municipalities such as the City of Mississauga and the Peel Regional Police have successfully implemented ServiceNow by leveraging this clause.

- **Alignment with the Burlington Digital Vision.** One of the key elements of the Digital Vision is Digital Enablement. Through this, we can digitally enhance service capabilities to address user needs quicker, increase time to market and invent new ways to create value. The ServiceNow purchase will meet this objective as it:
 - Supports common services by being built on a platform, which will allow for ease of maintenance, eliminates duplication of effort, more timely response to business needs and cost efficiencies.
 - Enables self-service functionality to empower users to independently build services, resolve issues, or answer questions through digital channels.
 - Reduces the number of products required to perform the IT Serviced Management function in the City and meets the needs of multiple departments supporting corporate and business applications that impact Burlington customers.
 - Minimizes the need for BDS resources on a day-to-day operational basis given it is already configured for our requirements, has modern/user friendly interface and has a long standing, proven company available to provide service.

Financial Matters:

Sufficient funding is available in the amount of \$300,000 CAD from BDS Budget CA0084 approved in 2023 to cover the software implementation and first year support costs as follows:

Estimated Implementation Cost	\$ 211,709.64 CAD
Estimated License Cost	\$ 59,731.08 CAD
YEAR ONE PAYMENT	\$ 271,440.72 CAD

After initial implementation, additional annual support costs for licenses for 72 users in the amount of approximately \$ 59,731.08 CAD.

The current operating budget for our existing IT Service Management tool is \$35,000. Moving to ServiceNow will result in a net impact over and above our operating budget by \$24,115.08.

Total Financial Impact

It is expected that this software will be the City's standard IT Service Management tool for at least the next 5 years. With estimated licenses costs of approximately \$59,731.08 CAD with a net impact of \$24,115.08 CAD, this represents an estimated total impact of at least \$96,460.32 CAD over 4 years. The price given is based on the estimate provided by CDW Canada Corp. for licenses purchased on a 5-year term.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

Utilizing the single source procurement process for the purchase of the ServiceNow software provides the best value as it allows for a move to a platform that is a market leader in the industry and fits with the digital vision the City is moving towards. This recommendation is contingent on the City being able to negotiate a contract with acceptable terms and utilizing the Region of Peel's pricing structure.

Respectfully submitted,

Chad MacDonald

Chief Information Officer

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.