



Report to: General Committee

Meeting Date: October 19, 2020

SUBJECT: Award of Proposal 005-R-20 Supply and Implementation,
Unified Communication and VoIP Phone System

PREPARED BY: Mobasshirul Islam, Ext 2322
Sugun Rao, Ext. 4868
Rosemarie, Patano, Ext. 2990

RECOMMENDATION:

1. THAT the report entitled “Award of Proposal 005-R-20 Supply and Implementation, Unified Communication and VoIP Phone System;
2. THAT the contract for 005-R-20 Supply and Implementation, Unified Communication and VoIP Phone System be awarded to the highest ranked/lowest priced bidder, Unity Connected Solutions Inc. in the amount of \$1,364,866.34 inclusive of HST, to an upset limit of \$750,321.41 for the hardware, licenses, software, training and implementation costs and \$614,544.93 for nine years of warranty, ongoing support and maintenance;
3. THAT the hardware, licenses, software, training and implementation costs to the upset limit amount of \$750,321.41 be funded from capital project 18079, IT Life Cycle Asset Replacement, GL account 49-6150-18079-005 and capital project 19063, ITS - City Wide Telephone System Replacement, GL account 49-6150-19063-005, with a combined available budget of \$764,759.42;
4. THAT the cost of the warranty, support and maintenance fee for six (6) years in the amount of \$406,401.96 inclusive of HST and \$208,142.97 for the three (3) additional optional years be funded from #400-404-5461 with current annual budget of \$107,508.64 and subject to Council approval of the 2021-2029 operating budgets in the amounts of;
 - a. Year 1 (2021) - \$ 67,733.66
 - b. Year 2 (2022) - \$ 67,733.66
 - c. Year 3 (2023) - \$ 67,733.66
 - d. Year 4 (2024) - \$ 67,733.66
 - e. Year 5 (2025) - \$ 67,733.66
 - f. Year 6 (2026) - \$ 67,733.66
 - g. Year 7 (2027) - \$ 69,380.99*
 - h. Year 8 (2028) - \$ 69,380.99*
 - i. Year 9 (2029) - \$ 69,380.99*Total - \$614,544.93

* Optional Year Renewal

5. THAT surplus capital budget in the amount of \$14,438.01 in Capital Project 19063 be returned to sources; THAT the 2021 operating budget of #400-404-5461 be reduced by \$39,774.98;

6. THAT the Chief Information Officer and Senior Manager Procurement & Accounts Payable be authorized to execute the additional renewal years for the life cycle of the project (at the sole discretion of the City);
7. THAT Unity Connected Solutions Inc. be designated as the preferred vendor for the City's telephony service needs and for Mitel Hardware and software products for the term of this contract;
8. THAT the purchase orders may be adjusted to acquire additional Mitel hardware and software to support growth and/or future telephone system upgrade or integration related projects, subject to the Expenditure Control Policy and budget approval;
9. THAT the Chief Information Officer and Senior Manager, Procurement & Accounts Payable be authorized to approve any new purchases related to this contract needed due to growth and/or future telephone system upgrade due to change in technology or system integration with other applications related to the project during the term of this contract; subject to the Expenditure Control Policy and budget approval;
10. THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval to award the contract for "005-R-20 Supply and Implementation, Unified Communication and VoIP Phone System" to the highest ranked, lowest priced bidder, Unity Connected Solutions Inc., for a term of six (6) years with an option to renew for an additional three (3) year term.

BACKGROUND:

The City's current telephone system, purchased in 2011, is well past its expected service life and does not offer commonly available telecommunications features needed for a mobile and modern workplace. For example, softphone, an alternative to a physical desk phone, is a mobile client component that will enable smartphones to become extensions of the phone system. In addition the new system offers integration of the Contact Centre customer relationship management (CRM) system and the email messaging system, enhancing customer service.

The age of the system also puts it at risk of failing, which could impair the city's ability to deliver services. The manufacturer has long discontinued production and support for this system and its parts, making the City reliant on refurbished equipment. Technical assistance, bug fixes, and system updates are no longer available from the manufacturer.

The Call Centre software, which is critical for the operations of the City's Contact Centre is old, and lacks major functions that are needed in order to offer the necessary level of customer service experience.

Accordingly an RFP was issued to obtain proposals that will provide the City with Unified Communication (which combine multiple enterprise communications channels, such as messaging, voice and video calling) and a Voice over Internet Protocol (VoIP) (the phone system that leverages the data network to connect phones) phone system. The call centre system needed for the Contact Centre was also included. City business requirements included support and maintenance of the system for a term of six (6) years, with an option to renew the contract for additional three (3) years.

BID INFORMATION:

Advertised, place and date	January, 14 2020
Bid closing date	February, 20 2020
Number picking up documents	13
Number responding to bid	5

Due to the COVID pandemic, the project was put on hold pending evaluation of all capital projects. In June, the project was re-started and evaluations of submissions, demonstrations, and negotiations commenced thereafter.

PROPOSAL EVALUATION

The bid evaluation team was comprised of staff from the ITS department, Contact Centre and Library, with staff from Procurement acting as the facilitator. Staff evaluated five (5) proposal submissions.

The evaluation was based on pre-established evaluation criteria as listed in the Request for Proposal: Price 30%, Experience and Qualification of the Bidder 10%, Technical Requirements 35%, Project Understanding, Methodology & Delivery Management 25% and Product Demo 20%, for a total of 120% with resulting score as noted below.

As part of the evaluation process, proponents for the top three ranked proposals were invited for demo/interview sessions.

Bidder	Total Score Technical and Financial (out of 100)	Score for Demo (Out of 20)	Final Score (Out of 120)
Unity Connected Solutions Inc.	88.47	18.54	107.01

Unity Connected Solutions Inc. was the highest ranked, lowest priced bidder. Scoring highest on its technical submission, Unity also demonstrated a thorough understanding of the project and its requirements via the Interview and Question/Answer Segment.

The City is receiving a complete solution including installation and support to ensure a successful deployment and positive transition to the new solution. The Unity proposed solution includes: full installation services with their core expertise in IP telephony, networking and call centres; a full reseller and manufacturer support model of the entire solution for nine (9) years; local, dedicated sales and support teams; full preventative and proactive remote monitoring of the voice and data solution; an improved customer support

experience to ensure the City of Markham transitions to the new communication systems smoothly; and special discounting being presented up to 70% Off Manufacturer List Pricing as part of this award.

After evaluation was completed, Procurement staff negotiated with Unity, the highest ranked/lowest priced bidder and achieved a 15% (\$246,663 inclusive of tax) cost reduction from their initial proposed price as allowed under the Purchasing By-Law, while still maintaining the same level of project deliverables.

The following is the negotiated savings:

	Hardware, licenses, software, training and implementation	Warranty, support and maintenance Years 1 – 6	Warranty, support and maintenance Years 7 – 9	Total
	\$	\$	\$	\$
Original Bid Submission	765,948	525,036	320,544	1,611,528
Negotiated Fee	<u>750,321</u>	<u>406,401</u>	<u>208,143</u>	<u>1,364,865</u>
Award savings	15,627	118,635	112,401	246,663
% Reduction	2%	23%	35%	15%

In addition to the above, Procurement also negotiated the following value-added components:

- 12 remote professional services hours per month on an as required basis for any moves, adds and changes for 3 years – value equivalent to \$ 1,648 per month
- Decommissioning and removal of all existing hardware at no additional cost
- Early payment discount of 2% Net-20 days

OPTIONS/ DISCUSSION:

The telephone system is an important component of the infrastructure supporting delivery of services to City residents and businesses. It is a critical service for both Fire and Contact Centre operations.

Unity's Mitel Solution includes the following enhancements not available with the current City telephony system:

- Mobility features for mobile workers that will enable staff to communicate as effectively from the road as they would from their desks. It includes different "find me / follow me" twinning features that enable users to receive calls on their smart phone and transfer calls seamlessly with their desk phone and also place outgoing calls from their mobile devices.
- Unified messaging delivers voice mail and/or email notification to users' email mailboxes allowing staff to access their voicemail using City provided smartphones, outlook client or outlook web access. This enables users to share and

manage their communications in the most convenient and effective way, enhancing productivity and customer service.

- The proposed solution comes with “softphone”, a software application that runs on a staff computer and functions as a virtual phone that appears graphically as a real phone on the users’ computer screens. This will enable all staff to have access to their business phone system from any location on City deployed laptop, tablet, or other portable computing devices. This provides an opportunity to reduce the number of fixed physical desk phones.
- Enhanced security that includes secure communication on all internal calls with strong authentication and end-to-end encryption.
- Call Centre Solution for the Contact Centre which includes a Computer Telephony Integration (CTI) function to display information about the caller from a CRM system, such as their contact details or call history helping Staff to take a more data-driven approach while interacting with their callers, enhancing the service experience.
- Ability to route calls coming into a central phone line for a specific city service to be to the appropriate on-duty Staff member wherever they are working.
- All outgoing calls made from the new system will always display the City’s primary number and the City of Markham name, a more professional approach that provides confirmation that the call is indeed from the City.

Currently, desk phones are deployed on almost all staff desks. Since March 2020, due to COVID-19, many Staff have successfully transitioned to working remotely, creating the opportunity to rethink what communication tools will be needed and how they will be used in future.

The recommended strategy is to deploy on-premise desk phones to only those users with specialized job functions that require physical desk phones. All other users will be provided soft phones, which are an application-driven phone on their corporate computers, and provides the flexibility to be used from the work office or home office. Users with corporate smartphones will also use soft phones that integrate with their smartphones. This approach provides the most efficient way to build in flexibility while providing tools to all users, and managing costs.

Based on these factors, staff recommends that the Unity Connected Solutions Inc. be awarded the contract 005-R-20 for the Supply and Implementation, Unified Communication and VoIP Phone System.

FINANCIAL CONSIDERATIONS

The cost of award includes 2 components: one-time costs for acquisition of hardware, software, licenses, training and implementation, and recurring operating costs for warranty, support and maintenance for 6 years, with an option to renew the contract for additional 3 years.

Capital Costs

The one-time cost in the amount of \$750,321.41, inclusive of HST impact, will be funded from Capital Project 18079, IT Life Cycle Asset Replacement, GL account 49-6150-

18079-005, and Capital Project 19063, ITS City Wide Telephone System Replacement, GL account 49-6150-19063-005, with a combined available budget of \$764,759.42. The surplus budget of \$14,438.01 will be returned to sources.

Project	Amount	
18079 - IT Life Cycle Asset Replacement	\$ 159,047.52	(A)
19063 - ITS City Wide Telephone System Replacement	<u>605,711.90</u>	(B)
Budget Available	764,759.42	(C) = (A) + (B)
One-Time Acquisitions and Implementation Cost	<u>750,321.41</u>	(D)
Surplus Budget to be Returned to Sources	14,438.01	(E) = (C) - (D)

Operating Costs

The award includes services of warranty, support and maintenance for 9 years, from January 2021 to December 2029, for a total amount of \$614,544.93, inclusive of HST impact, to be funded from GL account 400-404-5461, subject to Council approval of annual operating budget from 2021 to 2029. The terms are as follow:

Year of Term	Year	Maintenance Costs	
		Annual	Total Over Term
Year 1 to 6	2021 - 2026	\$ 67,733.66	\$ 406,401.96 (F)
Year 7 to 9	2027 - 2029	69,380.99	<u>208,142.97</u> (G)
Maintenance Costs over the Term			614,544.93 (H) = (F) + (G)

The 2021 operating cost per award is \$67,733.66. The current operating budget for telephony per award 009-R-11 renewal in 2017 is \$107,508.64. The 2021 operating budget will be reduced by \$39,774.98. Should the contract is renewed for additional 3 years, the 2027 operating budget will be increased by \$1,647.13.

2021 Budget Impact	
Current Annual Budget for Maintenance	\$ 107,508.64 (I)
2021 Maintenance Cost	<u>67,733.66</u> (J)
Saving for 2021	39,774.98 (K) = (I) - (J)

HUMAN RESOURCES CONSIDERATIONS

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

All department of the City including recreation, library, engineering, planning were invited in the workshops to discuss and gather their requirements prior to preparing the RFP. All the city departments would be directly or indirectly affected by the project as they all use the telephony system.

RECOMMENDED BY:

Trinela Cane

Commissioner, Corporate Services