



Report to: General Committee

Date Report Authored: June 16, 2014

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<b>SUBJECT:</b>	059-S-14 Purchase of Disk Storage System, Implementation and Maintenance Services
<b>PREPARED BY:</b>	Sugun Rao, Technology Manager, Ext. 4868 Rosemarie Patano, Senior Construction Buyer, Ext. 2990

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**RECOMMENDATION:**

**THAT** the report entitled “059-S-14 Purchase of Disk Storage System, Implementation and Maintenance Services.” be received;

**THAT** the City’s Tender process be waived in accordance with Purchasing By-Law 2004-341, Part II, Section 7, item 1 (g) which states “Where it is in the City’s best interest not to solicit a competitive bid”;

**THAT** the the contract for Purchase of Disk Storage System, Implementation and Maintenance Services be awarded to a preferred supplier “Scaler Decisions Inc.” in the amount of \$728,771 inclusive of HST;

**THAT** the total award of \$728,771 inclusive of HST, be funded from the Primary Data Centre Server Replacement project (Account #49-5350-14409-005) in the amount of \$244,394 and from the IT Disaster Recovery project (Account #49-6900-14083-005) in the amount of \$484,377;

**THAT** Scaler Decisions Inc. be the preferred supplier for a period of six (6) years, the life cycle of the product, effective September 1, 2014 (2014 – 2020) at the same itemized prices with an option for an additional two (2) year extension;

**THAT** the Chief Information Officer and Senior Manager of Purchasing and Accounts Payable be authorized to extend the contract for a further two (2) years (2021 - 2022);

**THAT** Staff be authorized to amend the purchase order amounts in years 2015 – 2022 to accommodate business needs for the purchase of the identified Disk Storage System products through Capital and Operating Budgets as approved by Council during the annual budget process;

**THAT** this report be brought forward to the June 17th, 2014 Council meeting;

**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 Purchase of Disk Storage System, Software Licenses, Implementation and Maintenances Services.

**BACKGROUND:**

The Disk Storage System is the component of infrastructure hardware and is critical to the City's business operations as it stores all corporate data such as emails, business systems data, digital files and documents, etc. The existing Disk Storage System has passed its useful lifespan of 6 years and are ready for replacement.

The City's Disk Storage system was purchased in 2006, with additional disks added in 2010 and 2012. In order to maximize the useful life of the original equipment, Staff extended the warranty through to April 2015, however, further warranty extensions are not available. The manufacturer has discontinued production and support for this system making the City reliant on refurbished equipments. It means that there is no longer any further technical assistance, bug fixes or system updates available from the manufacturer. Furthermore, disk usage is near capacity and upgrading the existing system is essential for continued business operations.

The proposed disk storage system will provide the current and projected data capacity requirements for the next three to four years. It will provide flexible and scalable storage that can be expanded or reallocated, as required. The new system will also enhance reliability and availability, while addressing the City's growing data storage requirements. The additional capacity will also improve performance and maintenance of the City's critical systems such as email, multiple business systems and the associated databases, and access to files and documents.

As part of the emergency preparedness strategy, the City is also working on having a Secondary Data Centre that is to be used for replication of the business systems and data currently at the Primary Data Centre. The Secondary Data Centre will ensure continuous operation of the City's essential business functions through rapid recovery in the case of Primary Data Centre failure. City staff are working on partnership opportunities with other municipalities in order to have this in place in 2015, without additional data centre costs. The new disk storage system also includes software for data replication and purchases will be made for Primary Data Centre and the Backup Data Centre in 2014 and 2015, respectively.

**Summary:**

- The proposed solution will enhance the City's ability to recover from a disaster by performing real-time fail over of critical business systems to the disaster recovery facility.
- The proposed solution offers tiered data storage, which basically moves the most frequently used files and programs to the faster (more expensive) disk drives and the less frequently used files to lower speed (lower cost) disk drives, thereby reducing overall cost while increasing performance for users accessing frequently used files.
- The proposed solution will provide enhanced data protection, reliability, operation cost, virtualization support, high availability architecture, scalability to accommodate future growth and more.

**OPTIONS/ DISCUSSION:**

On December 17<sup>th</sup>, 2013, Region of Peel (“ROP”) through a competitive bidding process awarded a contract to Scalar Inc. (“Scalar”) for their Disk Storage System. As per section 17 of their bid document, the ROP included a clause which allowed other Ontario government service agencies, including municipalities and police services to receive the established pricing and service levels, including discount levels from their contract.

The City of Markham has the option of tendering for the Disk Storage System. However, the ROP’s selection and subsequent award of the contract to Scalar was done through a competitive process that would be comparable to the City’s own tendering process.

Although, such tendering option would provide the City with competitive pricing, the amount/volume of equipment purchased is not significant enough to be an incentive for large price reduction by vendors. Additionally, ROP only received two (2) bids through their bidding process, which could be due to the business arrangement between the manufacturer and the resellers. If Markham were to tender this system, it is likely the bidder participation would not vary much from ROP.

Further, the City’s technical requirements match those of the ROP, with the exception of project scope and scale, which is considerably larger than that of Markham. Based on the ROP’s purchase volume and discount offered by the Scalar (68% lower than catalogue pricing) and the work effort related to issuing a tender, the option of tendering is not recommended. This approach also permits the City to participate with the ROP’s contract agreement pricing with Scalar for higher volumes, utilizing the substantial savings quoted.

The proposed manufacturer is also ranked as a leader in Disk Storage System technology by Gartner Inc.

#### **FINANCIAL CONSIDERATIONS AND TEMPLATE:**

The contract for “Purchase of Disk Storage System, Implementation and Maintenance”, in the total amount of \$728,771 inclusive of HST impact, be funded from the Primary Data Centre Server Replacement project (Account #49-5350-14409-005) in the amount of \$244,394 and from the IT Disaster Recovery project (Account #49-6900-14083-005) in the amount of \$484,377.

Project 14409 will be fully expended following this award. The remaining funds of \$568,923 (Original budget of \$1,053,300-\$484,377) in project 14083 are sufficient to cover the purchase of other Data Centre Infrastructure Hardware such as Backup Technology and Network Switch as budgeted for in this project.

#### **HUMAN RESOURCES CONSIDERATIONS**

Not Applicable

#### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not Applicable

#### **BUSINESS UNITS CONSULTED AND AFFECTED:**

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Not Applicable

**RECOMMENDED BY:**

6/13/2014

13/06/2014

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Nasir Kenea  
Chief Information Officer

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Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

Not Applicable