

NO: R238

COUNCIL DATE: December 20, 2021

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## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **December 15, 2021**

FROM: **General Manager, Corporate Services** FILE: **1345-01**

SUBJECT: **Award of Contract No. 1220-030-2021-029 for Service Management Tool Software and Services**

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## RECOMMENDATION

The Corporate Services Department recommends that Council:

1. Award Contract No. 1220-030-2021-029 to Avante Solutions Inc. for an initial three-year term in the total amount of \$975,128 including GST & PST, for the implementation, annual licensing, and support of Service Management Tool Software and Services;
2. Set the expenditure authorization limit for Contract No. 1220-030-2021-029 in the amount of \$1,072,641 (including contingency, GST & PST);
3. Approve the option to extend Contract No. 1220-030-2021-029 for one two-year renewal term at the City's discretion; and
4. Authorize the General Manager, Corporate Services Department to execute and approve all optional contract renewals related to Contract No. 1220-030-2021-029 within the approved annual expenditure authorization limit of \$287,626 per year, (including contingency GST & PST).

## INTENT

The purpose of this report is to obtain Council's approval to award Contract No. 1220-030-2021-029 (the "Contract") to Avante Solutions Inc. ("Avante") to implement their Service Management Software for a three-year term including implementation, annual licensing, and support, with the option to extend for one two-year renewal term.

## BACKGROUND

The service management solution for the City is currently provided by ServiceNow Inc. ("ServiceNow"). In April 2019, Council approved Corporate Report No. Ro61; 2019 ServiceNow Licensing and Support Subscription Agreement, attached to this report as Appendix "I", resulting in a three-year contract expiring April 30, 2022.

Service management software is integral to the delivery of efficient and effective Information Technology ("IT") services to the City. ServiceNow Software has been used by IT since 2009 for

delivering a wide range of functionality including Incident, Request, Problem, and Change management capability.

Subsequent to the initial implementation, additional software modules for Project Management, Resource Management, Capacity planning, and Governance-Risk-Compliance were added. The use of the current Service Management tool has expanded outside of IT to other City business areas including Fire Services, Marketing, Corporate Records, GIS, Corporate Security, Libraries, and IT.

## DISCUSSION

The City currently has a three-year contract with ServiceNow that expires April 30, 2022. Since the City has been using the current solution for 11 years, a market review was undertaken to ensure the City was receiving the best value for its Service Management solution.

### Evaluation

In April 2021, a Request for Proposal 1220-030-2021-029 (the “RFP”) was issued for the supply and implementation of a Service Management tool. The City received nine submissions to the RFP by June 16, 2021. An Evaluation team was formed including representation from many business areas across the City including Fire Services, Marketing, Corporate Records, GIS, Corporate Security, Libraries, and IT.

As provided in Table 1 below, the evaluation team shortlisted three vendors as having met the full requirement under the RFP. Accordingly, these three vendors were selected for further evaluation to demonstrate their solutions. The remaining six vendors did not meet the requirements under the RFP.

Table 1: Shortlisted Vendors

| Proponent                        | Cost for 3 Years + Implementation |
|----------------------------------|-----------------------------------|
| TMC IT & Telecom Consulting Inc. | \$627,250                         |
| Ivanti, Inc. (SaaS)              | \$648,475*                        |
| Avante Solutions, Inc.           | \$870,650                         |

\*Full implementation costs not included

Shortlisted vendors were asked to follow demonstration scripts that were used for evaluation purposes. Given the complexity of the different proposals, the evaluation process was lengthy. The shortlisted vendors were asked to provide specific demonstrations that were used for evaluation purposes. To this end, the shortlisted proponents were evaluated on functionality, added features, ease of use and scalability.

Based on the demonstration and evaluation process, the evaluation team has determined that Avante is the preferred proponent as they require minimal customization of their product to meet the full requirements of the RFP compared to their competitors. Avante has extensive experience delivering over 140 implementations to the public sector including local governments, crown corporations, and policing agencies across North America.

Key benefits of the Avante solution:

- **Reduced annual cost** - Annual licensing and support is over 50% less than our current contract due to a more favorable concurrent licensing model.
- **All-Inclusive licensing model** – No incremental costs to use other software modules that are available within the platform.
- **Ease of Use** – Improved client, support staff and administrator experience.
- **Decreased Total Cost of Ownership** –Low/No Code development means that coding and programming expertise is not required for all implementations.

## FUNDING

Funding for this Contract is available in the annual Corporate Services department's Operating Budget.

## LEGAL SERVICES REVIEW

The City's Legal Services Division have reviewed this report and have no concerns.

## SUSTAINABILITY CONSIDERATIONS

The award of contract for Service Management software supports the objectives of the City's Sustainability Charter 2.0. In particular, the Contract relates to the Sustainability Charter 2.0 theme of Infrastructure. Specifically, the Service Management software supports the following Desired Outcome ("DO"):

- All Infrastructure DO1: City facilities and infrastructure systems are well managed, adaptable, and long lasting, and are effectively integrated into regional systems.

## CONCLUSION

It is recommended that Council award contract No. 1220-030-2021-029 to Avante Solutions Inc. for the implementation, licensing, and support of Cherwell Service Management Software for an initial three-year term in the amount of \$1,072,641 (including applicable taxes and contingency) and authorize the General Manager, Corporate Services to execute the three-year contract with Avanti Solutions Inc. and one two-year renewal term in favour of the City.

Rob Costanzo  
General Manager, Corporate Services

Appendix "I": Corporate Report No. Ro61; 2019 ServiceNow Licensing and Support Subscription Agreement

# CORPORATE REPORT

## APPENDIX "I"

NO: *R061*

COUNCIL DATE: *April 15, 2019*

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### REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 11, 2019**

FROM: **General Manager, Corporate Services**

FILE: **1345-01**

SUBJECT: **ServiceNow Licensing and Support Subscription Agreement**

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### RECOMMENDATION

The Corporate Services Department recommends that Council:

1. Approve a three-year contract renewal with ServiceNow Inc. for Licensing and Support Subscription at an annual (average) cost of \$442,549.00, including GST;
2. Set the total three-year expenditure authorization limit at \$1,460,000.00, including taxes and contingency; and
3. Authorize the General Manager, Corporate Services to execute the contract renewal with ServiceNow Inc. for a three-year term.

### INTENT

This report seeks Council authority for a contract renewal with ServiceNow Inc. ("ServiceNow") to provide software maintenance and licensing for a term of three years. ServiceNow is integral to the delivery of efficient and effective Information Technology ("IT") service to the organization which includes:

- IT Service Management;
- Service Request management for several City departments;
- IT Asset Management; and
- Business process automation services across the organization.

### BACKGROUND

ServiceNow is a leading provider of enterprise cloud computing solutions that automate workflows within and between departments in an organization helping to improve service quality and reduce costs.

ServiceNow was initially implemented in 2009 and, at the time, included an IT Service Desk suite, Incident, Problem, and Change Management capabilities and a self-service web portal for all City staff to submit and track requests to IT.

Since its implementation in 2009, the City has significantly expanded the functionality of ServiceNow to include the following:

- Self-serve password reset;
- Information Technology asset management tracking and reporting;
- Analytics and reporting;
- Project management and capacity planning;
- Automated manager request approval processes;
- Consolidated incident, problem, and change management;
- Staff self-serve portals for IT, Marketing and Surrey Fire Services; and
- Workflow automation – example: employee onboarding and off boarding.

ServiceNow’s capabilities have also been expanded to include automated governance/risk processes related to IT security and privacy legislation. In addition, the Parks, Recreation & Culture Department, Engineering Department and Surrey Fire Services are using ServiceNow to automate their request tracking and fulfillment business processes resulting in improved service to their customers.

Moving forward, ServiceNow functionality will be further expanded to include the following:

- Marketing - Equipment Booking Request Management;
- Marketing - Project Management;
- Media and Communication - Request Management;
- Research and Surveys Request Management;
- Records and Mail Room - Request Management; and
- IT Business Application - Release Management.

## DISCUSSION

In 2018, the BC government completed a competitive Request for Proposal (“RFP”) process on behalf of participating BC municipalities and selected ServiceNow as the most cost-effective solution. While the City was eligible to take advantage of the pricing negotiated by the Province, staff have directly negotiated more favorable pricing with ServiceNow, given our long-standing partnership.

### Pricing

The City’s current contract with ServiceNow expires on April 30, 2019. Under the terms of this contract the City has an option to renew for a one-year or three-year term. The recommended option is to renew for a three-year term. The table below compares the total cost of individual one-year contracts versus a three-year term contract (prices below include GST).

|   | Year 1    | Year 2    | Year 3    | 3 Year Total     |
|---|-----------|-----------|-----------|------------------|
| One-year contract terms                     | \$486,830 | \$535,513 | \$589,064 | \$1,611,406      |
| Three-year contract term                    | \$442,549 | \$442,549 | \$442,549 | \$1,327,648      |
| <b>Savings with a 3-year contract term:</b> |           |           |           | <b>\$283,758</b> |

By signing a three-year agreement with ServiceNow, the City will lock-in licensing rates at 2019 pricing and save \$283,758.00 over the term of the contract compared to engaging multiple single year contracts.

## ServiceNow Alternatives

ServiceNow provides a critical IT Service Management platform that the Information Technology Division depends on to deliver high quality, efficient and effective customer and technical support for the City. While other IT service management products exist, ServiceNow dominates this market with over 42% market share globally. Its robustness presently meets and exceeds the City's IT Service Management solution requirements.

It is very important for the City to renew this contract to avoid service disruptions and significant delays to planned initiatives. Accordingly, considerations of an alternative solution is not recommended at this time. Doing so would require significant time and cost (far exceeding the licensing costs) to complete a transition and would result in no greater value to the City.

Notwithstanding the above, staff will continue to closely monitor market developments and, prior to the end of the 3-year contract term, will determine if suitable alternatives are available for the City's consideration that can potentially deliver the same or higher level of quality, breadth of functionality and services, at a better value to the City.

## FUNDING

Funding for this contract renewal is available from the annual Corporate Services IT Operating Budget.

## Legal Services Review

Legal Services has reviewed this report and has no concerns.

## SUSTAINABILITY CONSIDERATIONS

Renewal of the ServiceNow Licensing and Support Subscription Agreement will support the City's Sustainability Charter 2.0. In particular, the renewal will assist in achieving the corporate sustainability objectives and strategies as set out in the City's Sustainability Charter 2.0, specifically:

- Objective #8: Work towards corporate financial sustainability.

## CONCLUSION

Based on the above discussion, it is recommended that the City renew its Licensing and Support Subscription contract with ServiceNow for a three-year term at a total three-year expenditure authorization limit of \$1,460,000.00, including taxes and contingency.



Rob Costanzo  
General Manager, Corporate Services

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