

City of Minneapolis

RCA Provision of IT Services

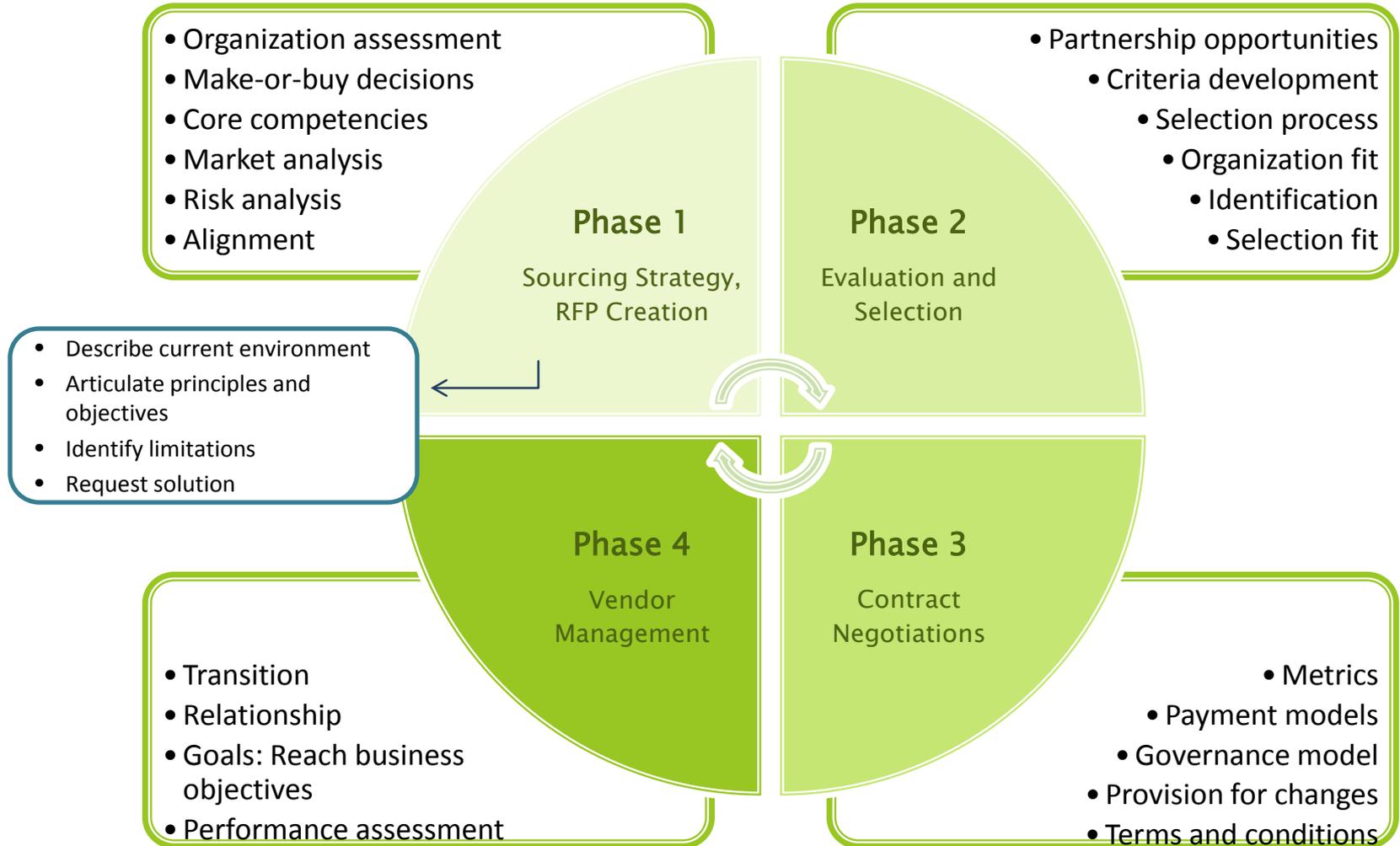
Committee of the Whole – February 11, 2015



Background

- IT Services contract with Unisys signed 12/2002
- Unisys contract renegotiated in 2007
 - Reduced cost, added service levels and services
- Unisys contract renegotiated in 2010
 - Reduced cost, outsourced more services
- Council informed IT the Unisys contract would not be renewed in 2015 and an RFP would be required.
 - Provide time for thoughtful process and potential transition to new supplier

Process: Phased Approach



We spent the time to do it right

2013

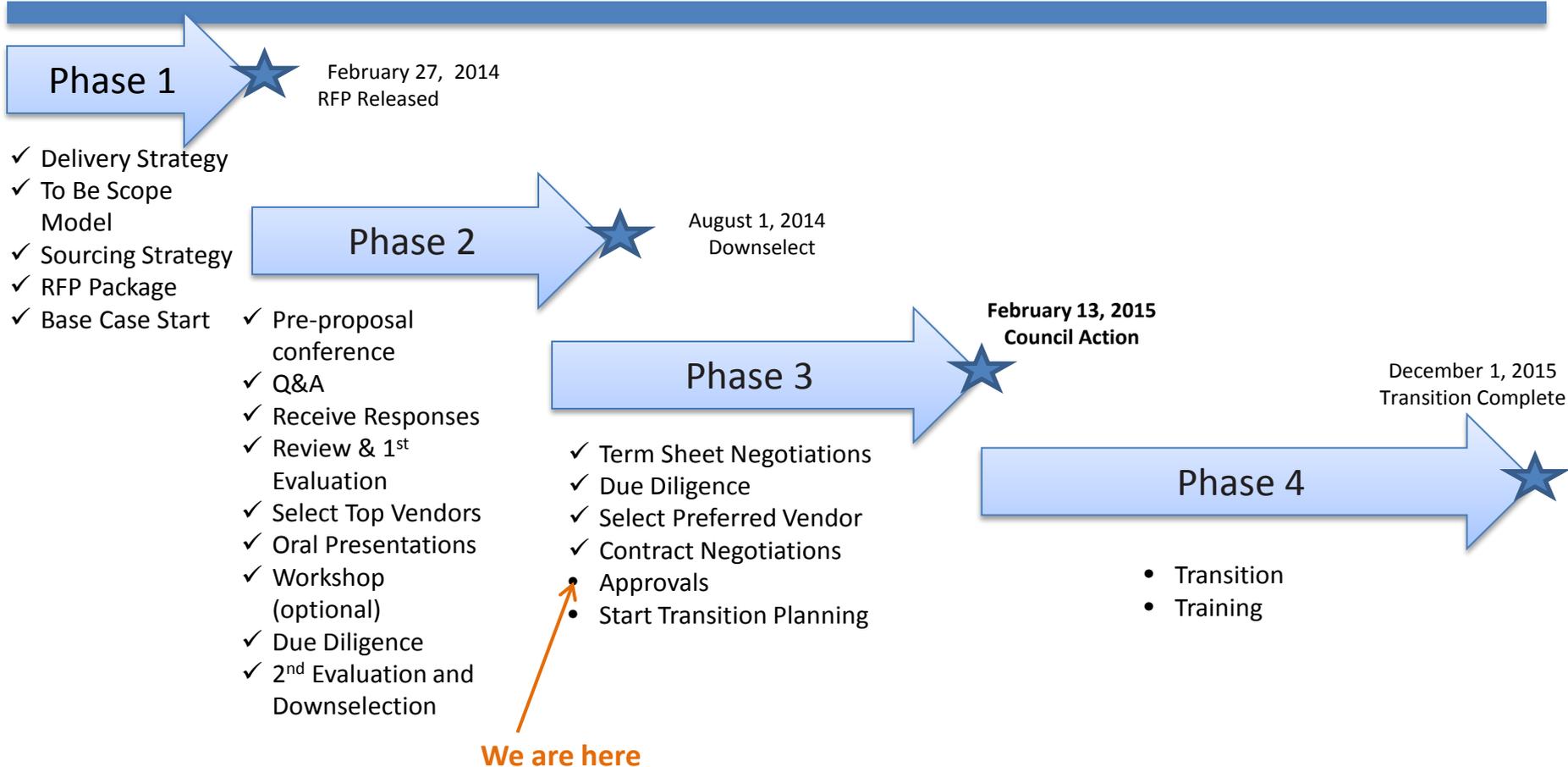
2014

2015

Oct Nov Dec

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec



Sourcing Principles

Elicited from Steering Committee & Working Group

- No offshoring
 - Employee-facing support to be U.S. based
 - City data top reside in U.S.
- 24x7 support—especially for Public Safety
- High availability of systems for Public Safety and key line of business systems
- Agile, quick IT solutions
- Innovation
 - IT is forward thinking
 - Ability to adopt new technology
- Flexibility—IT services are adaptive to changing needs

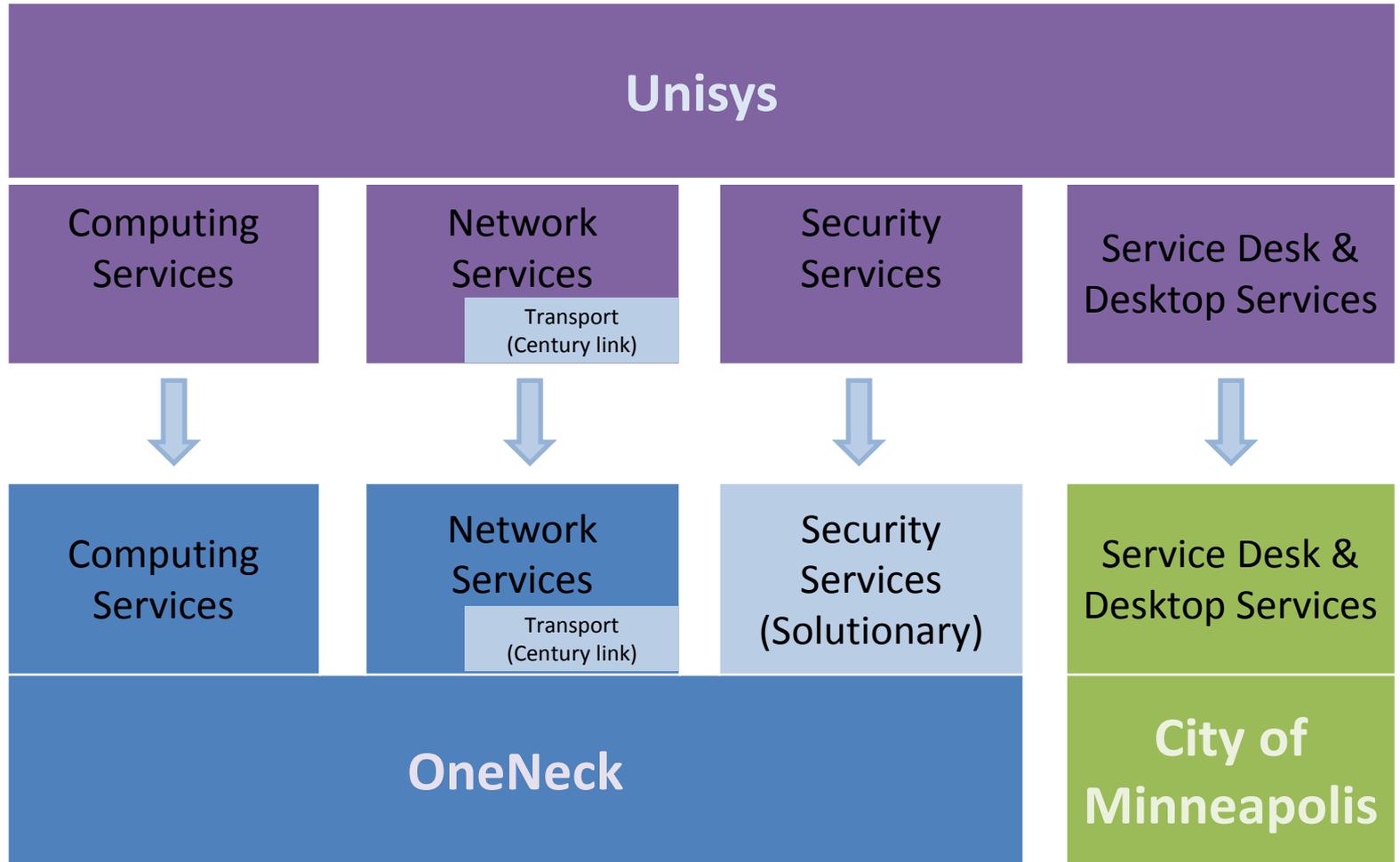
Key Sourcing Objectives

- Operational costs are in line with industry
- Minimal business disruption and business risk
- Keep barriers to exit low
- Contract levers for responding to budget reductions
- Vendor management is a core competency
- Increase infrastructure and security automation
- Suppliers are accountable for performance
- Improve quality of services as measured by client satisfaction
- Solutions evolve with industry innovations

Evaluation Criteria

- Supplier Profile
- Relationship Management and Resourcing
- Apparent Level of Understanding
- Solution
- Fit with Sourcing Objectives and Principles
- Scope
- Transition
- Transformation
- Pricing
- Compliance and Agreement
- Terms and Conditions
- Performance

Service Provider Changes



OneNeck – Key Benefits

- Flexible, fast provisioning of new services
 - IT resource provisioning reduced from days/weeks to hours
- Competitive pricing relative to market and more favorable than competitors
 - No termination fee schedule
 - No baseline expenses—true consumption methodology
 - No IMAC (installs, adds, moves and changes) fees

OneNeck – Key Benefits

- Service levels and credit methodology more favorable than competitors
 - Some SLAs at 100%
 - No earn back capability
 - Financial remedies for critical service levels
 - City can establish new service levels
- Avoids supplier lock-in through favorable termination clauses
 - Termination for cause
 - Termination for convenience (including partial)
 - Termination for change in control
 - Termination for lack of funds

OneNeck – Key Benefits

- Exit flexibility achieved through use of third party for security services, and City control of standardized equipment and tools
 - If we terminate OneNeck, we can still use Solutionary for security
 - City defined scope model drives use of City determined IT standards
- Local data center, close proximity of secondary data center
 - Eden Prairie data center backed up by Des Moines, Iowa disaster recover center

Insourcing – Key Benefits

- Agility and flexibility require IT to be able to respond to changing business needs.
- Embrace consumerization of IT and advocate for department solutions.
- Provide a pipeline of employees for advanced IT positions.
- Creates jobs and aligns with City's racial equity goals.
- Easier transition to new outsourcing suppliers.
- Cost savings long-term.

Insourcing Structure

- **IT Service Desk**
 - 17 FTEs help employees 24x7 with IT service needs, installs, changes and problems
 - (3) Service desk supervisors
 - (10) Service desk agents
 - (1) Configuration management coordinator
 - (3) Business analysts
- **Employee Computing: Desk-side Support**
 - 13 FTEs install and maintain IT hardware and software
 - (1) Supervisor
 - (9) Support technicians
 - (1) Windows engineer
 - (2) COTS application support and packaging technicians
- **IT Service Management (ITSM) software**
 - 2 FTEs structure and automate workflow for tightly integrated delivery and management of IT services
 - (1) ServiceNow administrator
 - (1) Business analyst
- **Support position**
 - 1 FTE to negotiate, support and manage outsource provider to provide oversight and compliance auditing
 - (1) Contract administrator

Financial Information

Managed Services Transition

In Thousands

	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
<i>Annual Cost - Unisys (Existing Model)</i>	13,309	-	-	-	-	13,309
New Managed Services Contract	3,884	4,628	4,606	4,502	4,402	22,022
City Insource Staffing	3,499	2,874	3,101	3,337	3,414	16,226
Other City Managed Costs*	188	2,123	2,123	2,123	2,123	8,680
Contingency**	2,280	630	630	630	630	4,800
<i>Annual Cost - New Model</i>	9,851	10,255	10,460	10,592	10,569	51,728
Total Projected Annual Cost	23,161	10,255	10,460	10,592	10,569	65,037
<i>* Network Hardware, Licensing, Desktop Refresh</i>						
<i>**Pillsbury, Projects, Transport, OEM Maintenance, Unisys</i>						
	2010	2011	2012	2013	Est 2014	Proj 2015
Information Technology/Intergovernmental Services Fund Balance History (in thousands)	16,900	22,200	27,400	37,400	45,800	35,800

Request for Council Action

- OneNeck IT Solutions LLC 5 year contract with three 1 year options to renew, total contract value not to exceed \$22,025,000.
- Increase Pillsbury Winthrop Shaw Pitman contract by \$642,000 for a dedicated transition resource.
- Execute all necessary documents for transferring assets from Unisys to the City.
- Approve 2015 budget amendment for IT to provide for:
 - 33 FTEs for Service Desk and Deskside services
 - Costs associated with transition to new service provider

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Questions?

