



## Request for City Council Committee Action from the Department of the City Coordinator

Date: September 7, 2007

To: Chair, Council Member Paul Ostrow  
Ways and Means/Budget Committee

Referral to: None

**Subject: Performance Analysis of BIS/Unisys Outsourcing Contract –  
Reporting to the Ways and Means Committee.**

**Recommendation:** Receive and File information reporting back to Ways and Means Committee regarding recommendations set forth within the Performance and Compliance Review of Computing Resources, completed by EquaTerra, Inc..

**Previous Directives:** **Approval of Unisys contract (12/23/2002), Receive and File (5/22/2006) informing Ways and Means of the performance analysis of the Unisys contract by Excipio, Receive and File (10/16/06) informing Ways and Means of the results of the Performance and Compliance Review of Computing Resources of the Unisys contract by Excipio Consulting, report on process alterations as a result of Excipio's report, Receive and File (1/22/07) informing Ways and Means of the performance review evaluating the initial business case, analyze the results of the recent BIS customer satisfaction survey, and evaluate process and system controls with the managed services agreement.**

Prepared or Submitted by: Lynn Willenbring, Chief Information Officer, BIS 673-2927

Approved by: \_\_\_\_\_, Steven Bosacker, City Coordinator

**Permanent Review Committee (PRC)** Approval \_\_\_\_\_ Not Applicable **X**

**Note:** To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

**Policy Review Group (PRG)** Approval \_\_\_\_\_ Date of Approval \_\_\_\_\_ Not Applicable **X**

**Note:** The Policy Review Group is a committee co-chaired by the City Clerk and the City Coordinator that must review all requests related to establishing or changing enterprise policies.

Presenter in Committee: Lynn Willenbring, Chief Information Officer

**Financial Impact (Check those that apply)**

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the  Capital Budget or  Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan:  Action is within the plan.  Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

**Community Impact (use any categories that apply)**

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other

**Background/Supporting Information Attached**

The current contract with Unisys Corporation for outsourcing of IT services expires December 2009. In an effort to develop a sourcing strategy to prepare for renegotiation or competitive alternatives, Business Information Services (BIS) contracted with EquaTerra, a firm specializing in outsourcing agreements. EquaTerra completed an analysis of the current contract and a comparison to entities operating in a technology managed services environment.

The report recommends strategies to position ourselves for the best financial and operational results and to enable BIS to plan for an orderly approach to address the expiration of the current contract with Unisys Corporation.

Attachments: EquaTerra Summary

**Additional background on the outsourcing business case:**

In 2003, The City of Minneapolis entered into a seven-year managed service agreement with Unisys Corporation. The scope of services included in the outsourcing contract was the transfer of all IT assets to Unisys, the transfer of the (then) current data center operations to Unisys, and *Managed Services* that included: Help Desk Services, Data Center Services, Desktop Services, Network Administration Services, Asset Management Services, and Web hosting Services.

The following benefits, noted to be included in the vendor outsourcing services, were presented to City leadership at a Ways and Means Briefing on 12/23/2002:

- **End User Assistance**
  - 24\*7 phone support for Enterprise-wide users.
  - Microsoft Office user assistance.
- **Desktop Services**
  - Improved response to service calls.
  - Improved quality of service.
- **Data Center Services**
  - 24\*7 Systems Management.
  - Immediate Data Center re-location and cancellation of Hennepin County lease space.
  - Immediate Disaster Recovery services.
  - 24\*7 ECC (911) remote/dispatch support.
  - High availability Web hosting.
- **Security**
  - Comprehensive security administration.
- **Technology Refresh**
  - Improved refresh cycle for end user technology.
  - Improved refresh cycle for data center and network infrastructure.
  - Also, through 2001, capital needs were funded through SISF. The outsourcing model assumes the capital costs are funded through the operating budget.
- **Additional Benefits**
  - Shortage of trained technology workers – difficulty to recruit: cannot hire the skill sets we need to run operations at the current level of salaries.
  - This dilemma has made it necessary to hire contractors to provide the services at a higher cost.