



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

Date: January 16, 2007

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

Referral to: None

**Subject: Performance Analysis of BIS/Unisys Outsourcing Contract –  
Reporting back 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 Excipio Consulting.

**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.**

Prepared or Submitted by: Jayne Khalifa, Deputy City Coordinator, 673-2466

Lynn Willenbring, Director Information Services and Customer Relations, 673-2927

Jodi Molenaar-Hanson, Senior Financial Analyst, 673-3188

Approved by: \_\_\_\_\_, Steven Bosacker, City Coordinator  
\_\_\_\_\_, Karl Kaiser, Chief Information Officer  
\_\_\_\_\_, Patrick Born, Chief Financial Officer

**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.

Presenters in Committee: Jayne Khalifa, Deputy City Coordinator; Lynn Willenbring, Director Information Services and Customer Relations; Patrick Born, Chief Financial 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**

In an effort to evaluate the progress and success of the outsourcing contract, Business Information Services (BIS) and Finance departments contracted with Excipio Consulting, a firm specializing in technology analysis, to conduct a performance analysis of the IT managed services contract. The purpose of this performance review – as outlined in the Master Contract Agreement – was to evaluate the initial business case (financial and non-financial benefits), analyze the results of the recent BIS customer satisfaction survey, and evaluate process and system controls within the managed service agreement. There is language within the managed services contract that allows for such an analysis, "After month 18 of the Term of Agreement, the City may contract with an outside third party to conduct an independent assessment to determine that technology, financial value and Service Levels provided under this Agreement are equal to or greater than other organizations receiving similar services."

The performance analysis was completed in October 2006 and Excipio Consulting presented their findings of the performance analysis to the Ways and Means Committee. As a result of that presentation, the Ways and Means Committee directed staff to report back to the Ways & Means/Budget Committee in three months with an update on how the recommendations set forth within the Performance and Compliance Review of Computing Resources, completed by Excipio Consulting, have been responded to and what actions the Finance Department and BIS plan to take to address them. The Committees also directed

the Permanent Review Committee (PRC) within three months to review the findings of the report and develop a list of best practices for City contract administrators to follow when entering into large contracts for City services.

Attachments: BIS Department Response Memo, Finance Department Response Memo, and Permanent Review Committee (PRC) Response Memo.

**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 SISP. 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.