

Outsourcing Contract:  
Recompete or Renegotiate

9/17/07

# EquaTerra Report

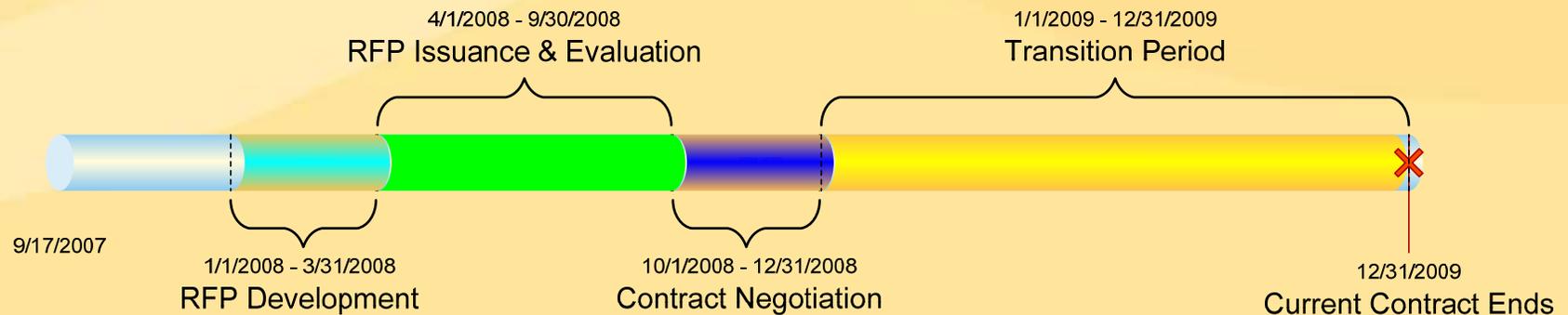
*Ways & Means Committee*

Lynn Willenbring, CIO



*City of Minneapolis*  
Business Information Services

# Recompete or Renegotiate?



# Recompete or Renegotiate?

- Independent recommendation sought
- Analysis of current contract related to industry standards and practices
- Review Areas:
  - Excipio Report
  - Current contract and amendments
  - BIS Customer Survey
  - Interviews with key stakeholders



# Recompete or Renegotiate? (WHAT)

- Recommendation:

*“Work with Unisys to build a service-tower-centric delivery model and pricing proposal to be used for a re-negotiation or, if necessary, a re-compete of services.”*



# Recompete or Renegotiate? (WHY)

- Current structure does not allow for direct management of services or costs
- Current contract scope is ambiguous in many areas, resulting in inconsistencies in service delivery



# Recompete or Renegotiate? (WHY NOW)

- Unisys will have an opportunity to provide a revised model with option to extend contract
- Unisys is motivated by possibility of expanding scope by year end
- If Unisys fails to meet our requirements, including pricing, time will allow for RFP

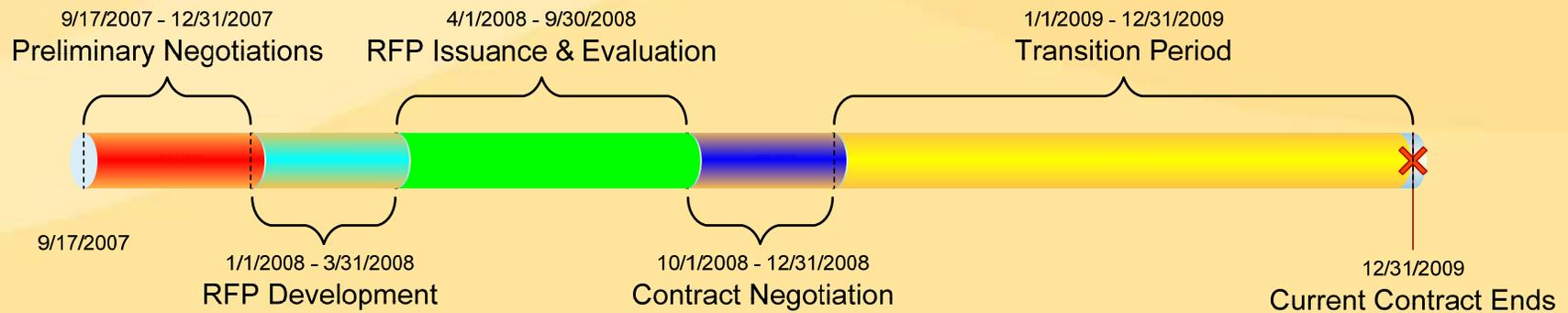


# Recompete or Renegotiate?

*All work done in preliminary negotiations would be necessary in preparation of an RFP*



# Recompete or Renegotiate?



# Recompete or Renegotiate?

RECOMPETE		RENEGOTIATE	
Pros	Cons	Pros	Cons
Better price	Staff time opportunity cost	Better price	No competition
Transparency	Transition will be lengthy	No transition	No transparency
New ideas	Steep learning curve	No learning curve	
	Disruption of services	Better situated to recompile on next contract	
	Must build new relationship	Relationship is critical in complex service delivery	Behaviors need to improve
		Location - currently have a vendor committed to Minneapolis	
		No staff time opportunity costs	



# Recompete or Renegotiate?

- Proposed Staff Direction:

*Direct that staff commence contract preliminary negotiations for a new contract contingent upon compelling evidence that the renegotiated contract is a better financial and service model for the city than would be obtained through competitive bidding.*



# Recompete or Renegotiate?

***DISCUSSION...***



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