



Request for City Council Committee Action from the Department of

Date: May 16, 2006

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

Referral to: None

Subject: Performance Analysis of BIS/Unisys Outsourcing Contract

Recommendation: Receive and File information on contract and its scope which is less than \$50,000 (requires no approvals).

Previous Directives: Approval of Unisys contract (12/23/2002)

Prepared or Submitted by: Jodi Molenaar-Hanson, Sr. Financial Analyst, 673-3188

Approved by: _____, Steven Bosacker, City Coordinator
_____, 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: Heather Johnston, Director Management and Budget

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 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.

In an effort to evaluate the progress and success of the outsourcing contract, Business Information Services (BIS) and the Finance department wish to conduct a performance analysis of the managed services contract. This performance review – as outlined in the Master Contract Agreement – is 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.

In preparation for this project, a review of the contract was performed and language pertaining to this analysis was identified in the contract - which states, "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."

Once a third party vendor has been selected, the Finance department will manage the performance analysis project and report back to the Ways and Means Committee on September 18th, 2006, with the results of the analysis. Attached is the agreed upon scope of work for the outsourcing performance analysis.