ITEM 10.   **TENDER - CLOUD HOSTING SERVICES**

FILE NO: **2015/510325**

TENDER NO: **1539**

SUMMARY

This report provides details of the results of a tender for the provision of Cloud Hosting Services.

In line with the City's endorsed Information, Communication and Technology Strategic Plan, the City is taking advantage of cloud based solutions. The City's public facing business systems are currently hosted on cloud facilities provided by Macquarie Telecom under a contract established in January 2012. The contract was for a period of three years, with an option to renew, for a further three years or to continue on a month to month basis.

Given the changing model for web hosting and the opportunity to take advantage of new and more flexible cloud hosting arrangements, the City determined that going to market was the most appropriate course of action.

The City invited tenders for the supply of cloud hosting services to support the City's public facing business systems, the most notable being the Online Business Services, available at http://online.cityofsydney.nsw.gov.au The tender proposed a three year contract with two, one-year, extensions at the City's discretion.

This report recommends that Council accept the tender offer of Tenderer 'J' for Cloud Hosting Services.

RECOMMENDATION

It is resolved that:

(A)   Council accept the tender offer of Tenderer 'J' for Cloud Hosting Services for a period of three years with the option of two, one-year, extensions;

(B)   authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and

(C)   authority be delegated to the Chief Executive Officer to exercise the option referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

           **(As Attachment A is confidential, it will be circulated separately
from the agenda paper and to Councillors and relevant senior staff
only.)**

BACKGROUND

1.   Consistent with the endorsed Information, Communication and Technology Strategic Plan, the City is considering and assessing cloud based solutions at each opportunity to source new or enhanced systems and facilities.

2.   The City currently hosts its public facing business systems on facilities provided by Macquarie Telecom under a contract established in January 2012 following a tender for web hosting services in 2011. The contract was for a period of three years, with an option to renew, for a further three years or to continue on a month to month basis.

3.   In late 2014, the City advised the supplier that the City would be going to the market because "it was likely that the City's preferred web hosting model would change and to take advantage of new and more flexible cloud hosting arrangements". The month to month provisions of the contract would prevail until new arrangements were made.

4.   In August 2015, the City released an open tender for competitive bids from a changing cloud services market.

INVITATION TO TENDER

5.   The tender was advertised in The Sydney Morning Herald and The Daily Telegraph, and on Council's E-Tender web site on 6 August 2015 and closed on 1 September 2015.

TENDER SUBMISSIONS

6.   Submissions were received from 10 organisations:

   • AC3

   • ASG Group Limited

   • Dell Australia Pty Ltd

   • HEQs Furniture Pty Ltd

   • IBM

   • InfoPlex Pty Ltd

   • Operations & Technology Group

   • Quorum Systems

   • RXP Services Limited

   • WebCentral Pty Ltd

7.   Two late submissions were received.

TENDER EVALUATION

8.   All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.

9.   The relative ranking of tenders, as determined from the total weighted score, is provided in the Confidential Tender Evaluation Summary – Attachment A.

10.   All submissions were assessed in accordance with the approved evaluation criteria, being:

      (a)   Meets the Specifications in the tender.

      (b)   Demonstrated capacity and technical ability to carry out the work under the contract.

      (c)   Implementation Plan.

      (d)   Ongoing Management and Support.

      (e)   Financial and commercial trading integrity, including insurances.

      (f)   Schedule of prices.

      (g)   Environmental management.

PERFORMANCE MEASUREMENT

11.   Performance measurement will be through monthly reporting to the City on the availability of the facilities, incident management and service requests against agreed targets.

FINANCIAL IMPLICATIONS

12.   There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.

RELEVANT LEGISLATION

13.   The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.

14.   Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:

      (a)   confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and

      (b)   prejudice the commercial position of the person who supplied it.

15.   Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

CRITICAL DATES / TIME FRAMES

16. The existing contract term expires on 15 January 2016, so migration to the new facilities must start by 1 December 2015 to ensure continuity of services.

17. Migration to the new services will commence three to four weeks after the new Agreement is signed.

OPTIONS

18. Should the City not proceed with the new contract for supply of cloud hosting services, it has the option to renew the existing arrangement for a further period of one or two years. This option is not recommended, as it would cost more and provide less flexibility.

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