

**ITEM 12. EXTENSION TO CONTRACT – DATA NETWORK SERVICES
CONTRACT**

FILE NO: S076625

SUMMARY

The City of Sydney has more than 50 sites, external to Town Hall House, that are connected to decentralised data centres in Silverwater and Rosebery via dedicated data links. This arrangement is known as a Wide Area Network (WAN). The WAN allows these sites, including the City's depots, neighbourhood service centres, libraries and community centres, to link with the City's corporate systems and support local community services.

In November 2011, Via IP Pty Ltd was awarded a contract for the supply of data telecommunications and internet links for the City of Sydney's WAN. The contract had an initial term of three years with an option for an additional term of three years. The option for the additional term was exercised under delegation and will expire on 17 November 2017.

Technology and Digital Services, with support from Procurement, have recently held meetings with key industry suppliers to assess the market. It is apparent that, in what is already a rapidly changing industry segment, the situation is particularly dynamic due to a number of imminent company mergers, public offerings and the wider scale impact of the NBN.

This report seeks Council's approval to extend the existing contract by 18 months. This period is required to allow time for the detailed review of the WAN infrastructure and design; to prepare an appropriate specification of technical and new service requirements; conduct a new tender for future network services; and transition those services.

Council's current service provider, Via IP has agreed in principle to extend the existing arrangements for the 18 month period (including a six to nine month transition) ensuring that local sites will have continuous access to the City's systems and applications.

RECOMMENDATION

It is resolved that:

- (A) Council approve a variation of the Data Network Services contract to provide for an increase to the overall contract price for the extension of the contract term; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the variation of the Data Network Services contract to provide an increase to the overall contract price for the extension of the contract term.

ATTACHMENTS

Attachment A: Variation Costs – Data Network Services Contract (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. The City of Sydney has more than 50 sites external to Town Hall House that are connected to decentralised data centres in Silverwater and Rosebery via dedicated data links. This arrangement is known as a Wide Area Network (WAN). The WAN allows these sites, including the City's depots, neighbourhood service centres, libraries and community centres, to link with the City's corporate systems and support local community services.
2. In November 2011, following a Request for Tender, Council approved a contract for Via IP Pty Ltd to supply Data Network Services to deliver the WAN for a period of three years, with one option to extend for a further period of three years.
3. The option to extend this contract was exercised in November 2014. It was approved under delegation, as the expenditure remained within the financial implications presented to Council.
4. The City's reliance on these links and services to deliver its day-to-day operations has increased substantially over the last few years, as use of internet-based cloud services and data storage increases. The City's range of online services has also expanded substantially to meet operational needs and customer expectations for 24/7 availability.
5. With increased reliance on technology and availability, there is a need to re-evaluate the design of the City's network and the range of network management services that can be provided by a carrier or by staff.
6. Technology and Digital Services, with support from Procurement, have recently held meetings with key industry suppliers to assess the market. It is apparent that, in what is already a rapidly changing industry segment, the situation is particularly dynamic due to a number of imminent company mergers, public offerings and the wider scale impact of the NBN.
7. Council's approval to vary the contract to extend for a period of 18 months is sought, to allow time for a detailed review of the WAN infrastructure and design, to prepare an appropriate specification of technical and service requirements, and conduct a new tender for future network services.
8. The period of 18 months is considered necessary, as transition to an alternative provider would take six to nine months due to the long lead times needed to update network provider fibre routes and terminations, and the reconfiguration of the City's networking equipment to accommodate the changes.
9. The City has negotiated with the existing service provider to continue existing arrangements to ensure continuity of service for local sites and the community.
10. The City has received reliable services from the provider Via IP throughout the term of the contract at competitive market rates.

KEY IMPLICATIONS

Organisational Impact

11. This proposal will allow continued operation of the City's WAN until a new contract for provision of the network and associated services is established.

Risks

12. If the current contract with Via IP is discontinued, the City will be exposed to changes in services and pricing.

BUDGET IMPLICATIONS

13. There are sufficient funds allocated in the 2017/18 operating budget and forward estimates to vary the contract.
14. Vendor fees are payable on a month-by-month basis. The terms of the contract provide for the City to terminate the contract during that time with written notice.

RELEVANT LEGISLATION

15. *Local Government Act 1993, Local Government (General) Regulations 2005.*
16. Attachment A contains confidential commercial information of the supplier 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.
17. 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

18. The time frames are:

Review of network design and service model	November 2017 - January 2018
Prepare tender specifications	February – March 2018
Advertise and evaluate tender	April – June 2018
Approvals and contract execution	July – September 2018
Transition	Commencing October 2018

SUSAN PETTIFER

Director Workforce and Information Services

Olivia Simons, Acting Chief Technology and Digital Services