

43	15 Mar 10	Network & Administrative System Upgrade	<p><b>Reasons:</b></p> <p>(i) tenders for the supply of goods, the provision of services or the carrying out of works.</p>	discussion, reports, attachment and minutes	Concluded.	<p>Extend Confidential Order until September 2013.</p> <p>The Chief Executive Officer be delegated the authority to revoke all or part of the order and directed to present a report containing the item for which the confidentiality has been revoked</p>	5 Sept 11	NA	RELEASE 5 Sept 11
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**98 CONFIDENTIAL REPORTS**

**98.1 REPORT TITLE: NETWORK & ADMINISTRATIVE SYSTEMS UPGRADE**  
**DATE OF MEETING: 15 MARCH 2010**  
**AUTHOR: BRIAN STRAWBRIDGE**  
**AUTHOR'S TITLE: ACTING COORDINATOR INFORMATION TECHNOLOGY**  
**FILE NUMBER: 70/030/216**  
**DEPARTMENT: COUNCIL SERVICES**  
**DEPARTMENT MANAGER: NARELLE JEFFERY**

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Moved Councillor Zanker that Council:

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
  - (k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. Determine that the Chief Executive Officer, General Manager Governance & Projects, General Manager Vision & Compliance, General Manager Council Services, Manager Governance & Business Processes and the Minute Secretary be permitted to remain in the room.

Seconded Councillor Irvine and CARRED

Moved Councillor Brazher-Delaine that Council:

3. Awards tender 2009.017 Supply of IT Hardware, Networking Equipment, WAN Connectivity & Related Services to the companies listed below for the total three (3) year amount of \$520,000.

Tender Component	Tenderer	Amount
Component A & B	Datacom	250,000
Component C (Panel)	Datacom Synergy Plus	160,000
Component D	Internode	110,000

4. authorises the Chief Executive Officer to execute relevant contract documents.
5. Orders that pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes (other than the name of the successful tender with

the approved tender price) relating to this item be kept confidential and that the revocation of confidentiality be delegated to the CEO to determine when there is no legal or commercial need for continued confidentiality, and that this order be reviewed every 12 months.

Seconded Councillor Gamble and CARRIED

CONFIDENTIAL

**17. CONFIDENTIAL REPORTS****17.1      REPORT TITLE:      NETWORK & ADMINISTRATIVE SYSTEMS  
UPGRADE****DATE OF MEETING: 15 MARCH 2010****AUTHOR:                  BRIAN STRAWBRIDGE****AUTHOR'S TITLE:      ACTING COORDINATOR INFORMATION  
TECHNOLOGY****REPRESENTORS:      NIL****FILE NUMBER:          70/030/216****ATTACHMENTS:        NIL****DEPARTMENT:          COUNCIL SERVICES****DEPARTMENT          NARELLE JEFFERY  
MANAGER:**

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**PURPOSE**

To gain Council's approval to award tender 2009.017 Supply of Information Technology (IT) Hardware, Networking Equipment, WAN Connectivity & Related Services as highlighted below:

<b>Tender Component</b>	<b>Tenderer</b>	<b>Amount</b>
Component A & B	Datacom	250,000
Component C (Panel)	Datacom Synergy Plus	160,000
Component D	Internode	110,000

**RECOMMENDATION**

That Council:

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
  - (k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. Determine that the Chief Executive Officer, General Manager Governance & Projects, General Manager Vision & Compliance, General Manager Council Services and the Minute Secretary be permitted to remain in the room.

3. Awards tender 2009.017 Supply of IT Hardware, Networking Equipment, WAN Connectivity & Related Services to the companies listed below for the total three (3) year amount of \$520,000.

<b>Tender Component</b>	<b>Tenderer</b>	<b>Amount</b>
Component A & B	Datacom	250,000
Component C (Panel)	Datacom Synergy Plus	160,000
Component D	Internode	110,000

4. authorises the Chief Executive Officer to execute relevant contract documents.
5. Orders that pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes (other than the name of the successful tender with the approved tender price) relating to this item be kept confidential and that the revocation of confidentiality be delegated to the CEO to determine when there is no legal or commercial need for continued confidentiality, and that this order be reviewed every 12 months.

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#### **BACKGROUND**

Council's computing network comprises (approximately) 150 users across four primary business sites supported by 13 servers running a large variety of departmental and corporate applications. Council's servers, electronic storage capacity and associated computing hardware, inline with standard Asset Management lifecycle practices, are due for replacement to ensure the technical environment continues to add value to the daily business processes of the organisation.

Further, the KBR Emergency Risk Management Plan identified a number of IT based opportunities to build upon the Disaster Recovery capabilities of Council, all of which are addressed in the Tender.

The scope of the contract is:

- Upgrade of servers, electronic storage capacity and associated computing hardware.
- All IT opportunities outlined in the KBR Emergency Risk Management Plan.
- Services for the implementation of the above.

The Tender was separated into the following sections (referred to as component A through D in this report):

- Hardware: Servers, storage capacity and associated hardware.
- Switching Equipment: Devices which connect all computing based assets (i.e. servers, storage capacity, personal computers, printers, etc) together.
- Services: Professional services to install and configure upgraded computing assets and systems.
- Connectivity: Provision of an offsite data processing facility.

As part of the development of the scope of the project it was assessed that best practice indicates that it is better for Council to lease the hardware rather than purchase as a capital expenditure item. This provides for a continuity of upgrade on a three yearly cycle.

A strategic review is also currently being undertaken on Council's Information Communication and Technology system which in its draft form highlights the need to upgrade Council's network system as a priority.

### **DISCUSSION**

In accordance with Council's Procurement policy, an open tender process has been undertaken to secure suitably qualified contractors to provide the services and computing hardware.

Eight organisations have provided responses across the four components as outlined below:

#### **Component A – Hardware**

1. Datacom
2. Dimension Data
3. Virtunet

#### **Component B – Switching Equipment**

1. Datacom
2. Dimension Data
3. Virtunet

#### **Component C – Services**

1. Comunet
2. Datacom
3. Dimension Data
4. Loftus IT
5. Synergy Plus
6. Virtunet

#### **Component D – Connectivity**

1. Internode
2. Telstra

Tenders have been evaluated by:

1. Brian Strawbridge – Acting Coordinator Information Technology
2. Doris Hajszan – Information Technology Officer
3. Graeme Douglas – Information Technology Systems Analyst
4. Tony Jordan – Graphical Information Systems Coordinator
5. The Evaluation Panel was assisted by Mr James Sinden from Adelaide Hills Council.

This tender has been evaluated against the following criteria:

Criteria	Weighting
<b>Component A - Hardware</b>	
Compliance	Mandatory
Proposed Solution	50%
Price	40%
Timeframes	10%
<b>Component B - Switching</b>	
Compliance	Mandatory
Proposed Solution	50%
Price	40%
Timeframes	10%
<b>Component C – Services</b>	
Compliance	Mandatory
Staff Experience	Mandatory
Proposed Implementation Methodology	35%
Price	25%
Capacity to deliver	15%
Mentoring	15%
Timeframes	10%
<b>Component D - Connectivity</b>	
Compliance	Mandatory
Experience	Mandatory
Proposed Solution	40%
Price	35%
Timeframes	25%

A summary on the evaluation process for each component follows.

#### **Component A – Hardware**

Datacom and Virtunet provided highly competitive solutions whilst Dimension Data were less competitive and mandated substantial changes to Council's *General Conditions of Contract*. To this end, Dimension Data was excluded from further review with the



Evaluation Panel corresponding with Datacom and Virtunet to ensure a direct comparison between their submissions could be made.  
Scoring summary:

Criteria	Datacom	Virtunet
Compliance	Yes	Yes
Proposed Solution	8x50% = 4.0	8x50% = 4.0
Price	9x40% = 3.6	8.5x40% = 3.4
Timeframes	7x10%=0.7	7x10%=0.7
Total:	8.3	8.1

It is recommended Datacom are appointed as Councils preferred supplier for computing Hardware for Component A of the Tender at a 3-year cost of \$200,000.

#### Component B – Switching

Datacom and Virtunet provided highly competitive solutions whilst Dimension Data were less competitive and mandated substantial changes to Council's *General Conditions of Contract*. To this end, Dimension Data was excluded from further review with the Evaluation Panel corresponding with Datacom and Virtunet to ensure a direct comparison between their submissions could be made.

Scoring summary:

Criteria	Datacom	Virtunet
Compliance	Yes	Yes
Proposed Solution	8x50% = 4.0	8x50% = 4.0
Price	9x40% = 3.6	8.5x40% = 3.4
Timeframes	7x10%=0.7	7x10%=0.7
Total:	8.3	8.1

It is recommended Datacom are appointed as Councils preferred supplier for Switching equipment for Component B of the Tender at a 3-year cost of \$50,000.

#### Component C – Services

The evaluation processes for services was undertaken in a two stage process:

- Stage 1: Expression of Interest to identify organisations with the capacity to provide IT professional services.
- Stage 2: Organisations short listed from Stage 1 were invited to submit a proposal for the installation and configuration of deliverables outlined in components A, B and D.

Comunet declined to provide a response to stage 2 with Dimension Data forwarding a non-compliant reply. Subsequently, these organisations were excluded from the final evaluation.

## Scoring summary:

Criteria	Datacom	Loftus	Synergy	Virtunet
Compliance	Yes	Yes	Yes	Yes
Staff Experience	Yes	Yes	Yes	Yes
Proposed Implementation Methodology	8x35%=2.8	6x35%=2.1	8x35%=2.8	6.5x35%=2.3
Price	8x25%=2.0	5x25%=1.3	8x25%=2.0	6x25%=1.5
Capacity to deliver	8x15%=1.2	8x15%=1.2	8x15%=1.2	7.5x15%=1.1
Mentoring	8x15%=1.2	8x15%=1.2	8x15%=1.2	8x15%=1.2
Timeframes	8x10%=0.8	6x10%=0.6	8x10%=0.8	7x10%=0.7
Total:	8.0	6.4	8.0	6.8

It is recommended that Datacom and Synergy are appointed to a panel of preferred suppliers for IT professional services at a 3-year cost of \$160,000.

**Component D - Connectivity**

Internode and Telstra's replies addressed all requirements outlined in the Tender. However, excessive pricing excluded Telstra from being seriously considered. Site visits to Internode's facilities confirmed the quality of their response.

## Scoring summary:

Criteria	Internode	Telstra
Compliance	Yes	Yes
Experience	Yes	Yes
Proposed Solution	9x40%=3.6	9x40%=3.6
Price	7x35%=2.5	0x35%=0.0
Timeframes	7x25%=1.8	7x25%=1.8
Total:	7.9	5.4

It is recommended Internode are appointed as Council's preferred supplier for connectivity for Component D of the Tender at a 3-year cost of \$110,000.

In accordance with Council's Procurement policy the total value of the contract will be available to the public.

## **POLICY IMPLICATIONS**

### **1. Financial/budget**

The breakdown of expenditure by financial year follows:

<b>Component</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Hardware & Switching	30,000	110,000	110,000
Services	60,000	50,000	50,000
Connectivity	10,000	50,000	50,000
Total:	100,000	210,000	210,000

The above will be sourced from IT budgets and has been included in the longer-term draft budget process. All expenditure in line with standard Asset Management lifecycle practices have been included in the above table.

Council's endorsed budget for 2009/10 includes \$123,000 for the upgrade of the network system. This is however identified as capital expenditure whereas this recommended tender process utilises leasing of the hardware which will impact on Council's operating budget. This will therefore require a variation to the 2009/10 budget as part of the next budget review process.

### **2. Legal**

The Chief Executive Officer's financial delegations is up to \$500,000 therefore the requirement to submit this tender to Council for approval.

### **3. Staffing/Work Plans**

The implementation, configuration and ongoing maintenance of the hardware outlined in the Tender can be achieved with current staffing and identified contract resources. Contractor costs have been included in Component C.

It is noteworthy the proposed upgrades are required to underpin the daily business processes of Council. Without this upgrade, Council's computing assets will become technically obsolete with a substantial negative impact on staff productivity and customer service.

### **4. Environmental**

No positive or negative impact on the environment.

## **5. Social**

No social impacts.

## **6. Strategic Plans**

Goal 5 – Council Leadership

Strategy 5.1: Sustainable community finances and assets

Strategy 5.4: Organisational excellence

## **7. Risk Assessment**

Upgraded Disaster Recovery capabilities addresses all IT based issues raised in the KBR Emergency Risk Management Plan. Further, a risk assessment on the implementation of deliverables has been undertaken with appropriate remedies identified.

## **8. Asset Management**

Asset Management lifecycle and sustainable requirements have been factored into the recommendations contained in this report.

## **COMMUNITY CONSULTATION**

As a purely technical, internally focussed project community consultation is not applicable.