



Town of Newmarket
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Oracle Licensing Acquisition – Additional Information Information Report to Council

Report Number: 2019-06

Department(s): Legal and Procurement Services and Information Technology

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Date: March 25, 2019

In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Executive Summary (use if report is longer than 5 pages)

Not applicable.

Purpose

To provide Members of Council with the additional information that was requested at Committee of the Whole on Monday, March 18, 2019, related to Report Number 2019-31 from Procurement Services and Information Technology entitled “Oracle Licensing – Non Competitive Acquisition” (the “**March 18 Report**”). This is a companion report to Confidential Information Report #2019-07 with the same title and also dated March 25, 2019.

Background

The March 18 Report sought approval for a non-competitive acquisition of Oracle Licenses and Annual Support and Maintenance for a period of five years (2019-2024) for a total estimated amount of \$1,200,000 (the “**Oracle Licenses**”). The report explained that this purchase is permitted to be acquired without the need for a public procurement process given that compatibility with an existing product, equipment, facility or service is the paramount consideration. This exception is recognized in the Town’s Procurement Bylaw 2014-27, as well as in the applicable trade treaties.

In reviewing the Report, Members of Council asked that staff prepare an information report setting out some additional information to confirm that the Town continues to receive good value for the Oracle Licenses.

Discussion

Year over Year Comparison of Costs

As noted in the March 18 Report, the Town has been using Oracle Licenses for over 20 years. As previously reported by staff, the replacement of Oracle with another solution would need substantial consideration and planning given Oracle's integration with the majority of the Town's daily operations. That said, at each renewal, staff have always ensured that the Town receives good value for the Oracle Licenses and that the price to be paid remains fair. In particular, over the last 10 years of using the Oracle Licenses, the cost to the Town has increased by 3% year over year. These increases are considered reasonable when compared to CPI increases over the same time period.

What are other municipalities paying Oracle?

It is difficult to determine what other municipalities are paying for Oracle, since the specifics of negotiated prices are confidential to each municipality. For example, even though other municipalities may have public reports similar to ours which list the total price at the time of renewal, more information than that is needed in order to compare "apples to apples" and really understand what services are being provided.

Other Market Solutions

Although it is not recommended to switch to another market solution at this time for the reasons described in the March 18 Report, it is still possible to review the cost of similar services available on the market, to ensure that what the Town is paying is within a reasonable range. Staff continually reviews other database platforms for this reason, and keeps an open mind regarding whether it may be appropriate to covert systems based on all available facts. It can be difficult to get a perfect "like for like" comparison due to the complexities of the licensing models and varying degrees of products, however, a general sense can be obtained. Based on the latest review, staff feel confident that the pricing provided by Oracle is reasonable, and the solution continues to best suit the Town's needs at this time.

Review of Non-Competitive Acquisition Reports from Other Municipalities

As requested by a Member of Council, staff reached out to the Procurement Services Department of The Regional Municipality of York (the "**Region**") to glean information about how they prepare reports regarding legacy software solutions. Staff was advised that the Region does not have a standard template for non-competitive acquisitions. With respect to approval of legacy software solutions, Regional staff often seek approval on the basis of the exception available in the Region's Purchasing Bylaw, without always providing more information regarding best value. Newmarket staff also reviewed similar reports from other lower tier municipalities and found the content to be the same.

That said, Newmarket staff acknowledge the issue that has been raised by Council about the value in providing information around cost control, particularly in these

situations, and will ensure that this type of information is provided in Newmarket reports going forward.

Conclusion

It is important for staff to be able to move forward with the purchase of the Oracle Licenses in order to ensure business continuity at the Town. That said, staff are conscious of cost control and ensure that, even in the case of legacy solutions, the price charged by vendors is fair and reasonable. If ever a situation were to arise where that was not the case, staff would present Council with options for different paths forward, taking into account all costs involved as well as the other pros and cons to be considered. In this case, staff are confident that moving forward with the Oracle Licenses is in the best interest of the Town.

Business Plan and Strategic Plan Linkages

Procurement Bylaw 2014-27 and the applicable trade treaties support the *Well Managed* objective of the Town's strategic plan in the area of efficient management of Town resources.

Consultation

The Procurement Services Department of The Regional Municipality of York was consulted in the preparation of this report. Public reports from other lower-tier York Region municipalities were also reviewed for content and comparison.

Human Resource Considerations

None.

Budget Impact

The budget impact associated with the requested acquisition of the Oracle Licenses is described in the March 18 Report. There is no budget impact associated with this information report.

Attachments

None.

Contact

For more information on this report, please contact Karen Reynar, Director of Legal and Procurement Services at kreynar@newmarket.ca or 905-953-5300 ext. 2437.

Approval



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