THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: April 2, 2010   REPORT NO: 10-042

ATTENTION: Council President and Council Members

SUBJECT: Council Docket Item
                Help Desk & Desktop Support RFP# 9530-09-A.

REFERENCE: RFP #9530-09-A

REQUESTED ACTION:
Approve the award of a Help Desk & Desktop Support Services contract to En Pointe
Technologies, Inc., based on the RFP Selection Panel recommendation.

STAFF RECOMMENDATION:
As a result of the competitive proposal selection process for RFP #9530-09-A, approve the
award of a contract with En Pointe Technologies, Inc., for Help Desk and Desktop Support
Services, for an initial one-year period with two 2-year optional extensions, at a cost not to
exceed $1,230,000 in the first year and a total five-year cost not to exceed $6,400,932.
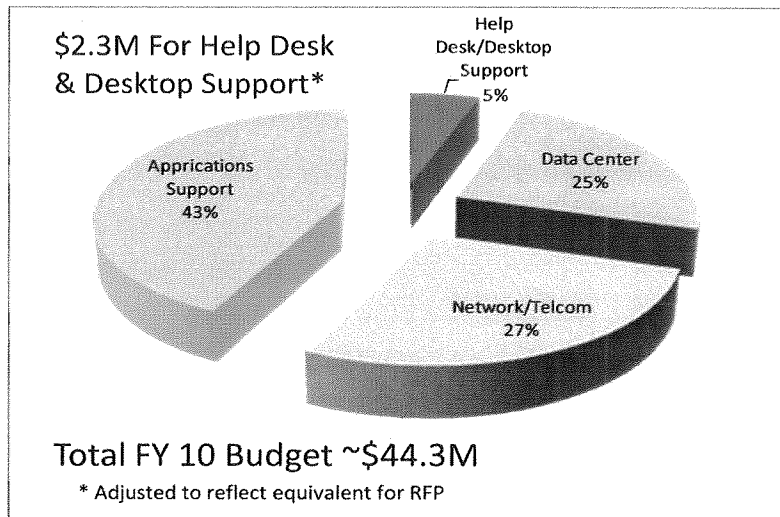
SUMMARY:
The City of San Diego (City) has outsourced this service to San Diego Data Processing
Corporation (SDDPC) for the last 30+ years. SDDPC provides additional outsourced
information technology (IT) services to the City in the areas of Data Center, Network and
Telecommunications, Applications Support, Procurement and Security. This has been a sole
sourced arrangement for these services with SDDPC without any competition during that period.
In Fiscal Year 2010, the City's budget for SDDPC is approximately $44M for these services.

The Help Desk and Desktop Support Service is the first of several RFP's the City will issue for
Information Technology services. The others being Data Center, Voice/Data Network &
Telecommunications, and Applications Support. The purpose of these competitive procurements
is not to eliminate SDDPC; the intention is to utilize a fair and competitive RFP process to
identify the best provider of help desk services for the City and identify cost savings.

The Purchasing and Contracting Department issued RFP #9530-09-A on September 8, 2009, on
behalf of the Department of IT. The RFP requested proposals to provide Help Desk and Desktop
Support services to the City, excluding the Police Department, to look into opportunities for cost
reduction for the service. These services include a Help Desk Services for all City employees to
get support for computer applications or computer hardware related problems and Desktop
Support Services where a technician is dispatched to fix computer related issues. The services

requested are currently provided by San Diego Data Processing Corporation at an annual cost of $2.32M, or approximately 5% of the service offerings provided to the City in Fiscal Year 2010.

$2.3M For Help Desk & Desktop Support*

Help Desk/Desktop Support 5%

Data Center 25%

Network/Telcom 27%

Apprications Support 43%

Total FY 10 Budget ~$44.3M
* Adjusted to reflect equivalent for RFP

THE SELECTION PROCESS
The selection team consisted of seven members representing a cross-section of City departments and approximately 55% of City staff, excluding the Police Department:

- Alfred Bajet – Engineering and Capital Projects
- Susan Infantino –Fire-Rescue
- Jim Myers - Development Services
- Linda Schmidt – Public Utilities
- Brian Ruark – Library
- Kamal Scott – Information Technology
- Noel Gilchrist – Information Technology – Chairperson

These staff members were selected as they have a good understanding of the specific IT needs and expectations of their departments, have a strong IT background, and have an average of 18+ years of experience each within the City.
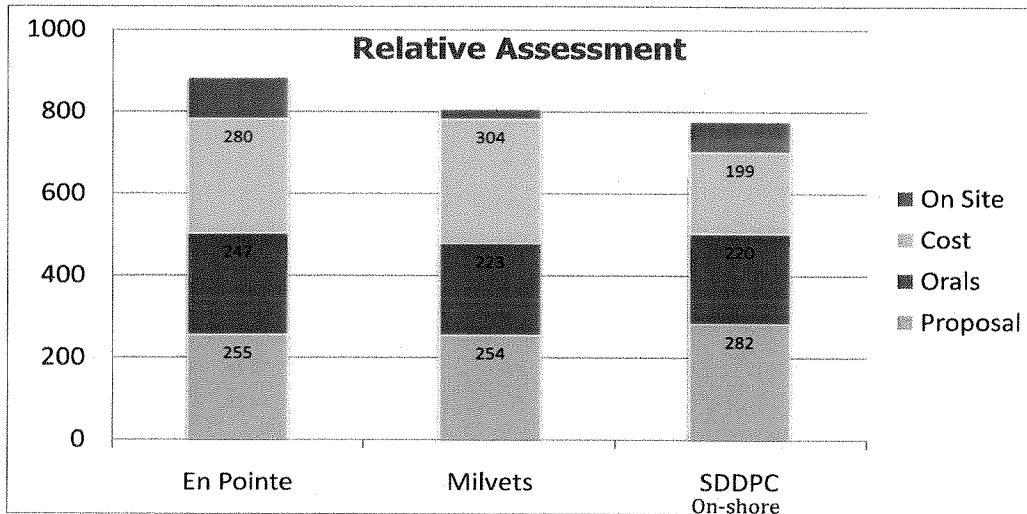
THE RFP PROCESS
The RFP process followed standard Procurement and Contracting procedures and guidelines under the supervision of Hildred Pepper, Director, Purchasing and Contracting Department. This is a fair and repeatable process that is currently being utilized for the procurement of all services for the City.

The selection team was briefed on the procedures and protocols before they were handed the RFP responses. The team was instructed to make their assessment based on the submitted proposals, orals presentations and other interactions within the framework of the RFP; past history with any specific submitter, including the current provider, was not to be considered as part of this evaluation.

The established evaluation criteria for Best Value for the RFP were:

- Responsiveness to the request for proposal
    - Requested info included, thoroughness of response, proposed project approach, clarity of response
- Staffing Plan
- Provision for required disciplines, participation of the Firm's key personnel, qualifications of personnel
- Firm's capability to provide the services and expertise and Past performance
    - Background, relevant experience, previous relationship of the firm and subcontractors on similar projects, specific experience on Municipal projects, other pertinent experience, resources, past/prior performance, capacity/capability to meet the City's needs
    - A site visit was added post-RFP issue for the short-listed vendors to ensure due diligence so that the City was able to verify capability and observe live call center operations. (Section M - RFP Evaluation Criteria)
- Equal Opportunity Contracting Program (EOCP)
- Cost

Nine companies submitted proposals that were reviewed by the team. Following criteria established within the RFP, the proposals were evaluated and independently scored; and then, based on established criteria, three proposals were selected for further consideration. The three finalist firms were invited back to give an oral presentation on their proposed solution.

Relative Assessment

	En Pointe	Milvets	SDDPC On-shore
On Site			
Cost	280	304	199
Orals	247	223	220
Proposal	255	254	282

The scoring criteria were established for submitted proposals and the oral presentations as represented above.

After evaluating the written and oral presentations, site visits were performed to get a first hand view and assess their capabilities; and an opportunity for a "best and final offer" was provided. The site visits were deemed essential to perform due diligence, validate capabilities, and observe

live call center operations. This was in compliance with Section M of the RFP. No scores were attributed to the Site Visits but a relative assessment was made based on the capabilities.

Based on the evaluation of each firm's entire proposal, written proposal, oral presentation, and cost En Pointe Technologies, headquartered in Gardena, CA partnered with Gray Systems, a local San Diego based business to manage the Desktop Services was recommended by the selection team as the winning proposer.

WHY EN POINTE WAS SELECTED?

En Pointe delivers Help Desk solutions that are structured to increase customer satisfaction while decreasing the overall support costs by leveraging a multi-million dollar investment in one of the industry's leading Call Center applications which is the backbone of En Pointe's operations. Coupled with their qualified personnel and proven support processes, it enables them to deliver flexible, comprehensive and effective support for the City with the assurance that the City's technical support needs will be promptly and effectively addressed and resolved. Their call management system with its knowledge base sets in motion a carefully controlled response plan with built-in escalation procedures that ensure fast and effective service. Their Web access gives clients "real-time" information on support requests. Their operations provide competent and reliable toll-free "live-answer" dispatch and logistics coordination services 24 hours a day, 7 days a week. En Pointe's Help Desk personnel receive continuous training to ensure that both technical and customer interaction skills remain sharp. They reinforce their discipline with a rigorous quality assurance program where each operator's calls are monitored on a daily basis with feedback provided to ensure constant improvement.

En Pointe's customers include:

- Los Angeles World Airport
- Union Bank of California
- JP Morgan Chase
- Morgan Stanley
- Cedars Sinai
- Black and Decker
- Brigham Young University
- American Airlines
- Atlanta Public Schools

En Pointe will leverage their Gardena, CA based Help Desk operations to support all incoming calls by City employees 24x7. The off-hour support (7PM - 7AM) will provide value-added services by qualified Help Desk support personnel for support of all Help Desk related issues. Currently Help Desk operations after hours (5:30PM-7AM) consist of password resets handled by a data center/network operations operator as a secondary role supporting the Help Desk. The staffing models are based on En Pointe's experience and maturity in this arena as this is one of their core businesses supporting multiple customers.

En Pointe will partner with a local San Diego based company, Gray Systems Inc., to provide on-site desktop support personnel trained to deliver high quality solutions be based on the defined Service Level Agreement.

Gray Systems is a minority owned, woman-owned San Diego-based information technology firm that provides IT solutions to government and corporate clients in the United States and Latin America. In 2008, The US Department of Commerce recognized them as the "Technology Company of the Year" which illustrates the standard of excellence they strive to achieve.

Gray Systems' customers include:

- City of San Diego, SEDC – Network & Desktop Support
- IBM – Desktop Support
- Naval Medical Center, San Diego – Help Desk / Desktop Support
- US Postal Service – Help Desk / Desktop Support
- Navy NEPMU – Desktop Support
- UCSD – Software Development
- SPAWAR – Satellite Communication Software Engineering (Secret Clearance)
- Naval Hospital, Camp Pendleton – Records Management
- Metropolitan Transit Development Board – IT Staff Augmentation
- SAIC / SPAWAR – Lean Six Sigma & Project Mgmt (Secret Clearance)
- US Navy Public Works – Administrative Support (Secret Clearance)
- Apex Computer Systems
-

En Pointe's proposal high-lighted their best in class operations utilizing industry ITIL standards. ITIL (Information Technology Infrastructure Library) is the most widely accepted approach to IT service management in the world. ITIL provides a cohesive set of best practice, drawn from the public and private sectors.

They demonstrated the ability to execute and deliver a quality solution for the city, with committed to process improvement. Their demonstrated a strong delivery model, customer experience, resourcing strategy, metrics driven approach backed up by strong customer references.

WHY NOT SDDPC?
As a result of the oral presentation and the site visits, it became apparent that many of the facets of the SDDPC's proposal were not at the same level as the solutions proposed by the competing firms.

For example:

- SDDPC did not propose a QA process for managing the Help Desk and Desktop personnel, a critical element for on-going improvements.
- SDDPC proposed using their SAP CRM application as their helpdesk software solution. They were not able to show fully developed knowledgebase or scripting tools.

- Support for the User web interface to provide incident information to City department application support personnel - SDDPC proposed a custom solution with grossly inadequate functionality and would require City funded enhancements to get it on par with Best of Breed.
- SDDPC's Costs were significantly higher than the other two finalists.

It appears that SDDPC, after reviewing the details of the winning proposal from En Pointe has attempted to offer a counter proposal on $1.36M to Council Members. Such actions are not part of the fair competitive process as SDDPC has based this after-the-fact knowledge of proposals from other entities. Furthermore, such proposals were made long after SDDPC and all other proposers were required to submit their last best and final offer to the City and therefore do not conform to the City's fair and transparent RFP process. The City should not consider late offerings by SDDPC as it will place the integrity of the City's entire RFP process for procurements of other goods and services at risk.

WHY NOT MILVETS SYSTEMS TECHNOLOGY INC?
The evaluation rated Milvets as the second best overall proposal. This is in large part due to the fact that during oral presentation and the site visits, many of the facets of the Milvets proposal were not at the same level as the solutions proposed by En Pointe.

For example:

- Milvets did not propose a QA process for managing the Help Desk and Desktop personnel; a critical element for on-going improvements
- Milvets has a 3rd party provider, Remedy, demonstrate a software solution for managing the Help Desk. The RFP requested a demonstration of an fully functional operational and client implemented solution and Milvets was not able to meet that requirement. And additionally they were not able to provide any live or recorded helpdesk examples. This created concerns as the City would be their first install base for such a solution with a steep learning curve at our expense.
- Milvets references indicated that they were not a prime contractor for any of their clients. This was an area of concern as the City required the vendor to support up to 54,000 incidents a year; a significantly large exposure.
- Milvets was not able to show the City staff a functionally call center/help desk due to "security clearance issues".

PROPOSED STAFFING MODELS
The terms of performance based contract are service level focused based on incident ticket volumes. The staffing details provided are each responders estimated FTE's.

Currently, SDDPC has an approximate staffing model of 25.6 FTE's to support the Help Desk and Desktop Support services.

En Pointe's solution has estimated 5 FTE's with Gray Systems in San Diego and 8 FTE's based in Gardena, CA. All Help Desk calls will be contractually bound to be managed in Gardena. Desktop support will be managed locally in San Diego.

SDDPC on-shore model defined 16.5 FTE's based in San Diego with all overflow calls being routed to Ohio.

SDDPC's off-shore model defined approximately 8 FTE's in San Diego with all Help Desk calls being managed remotely in the Philippines.
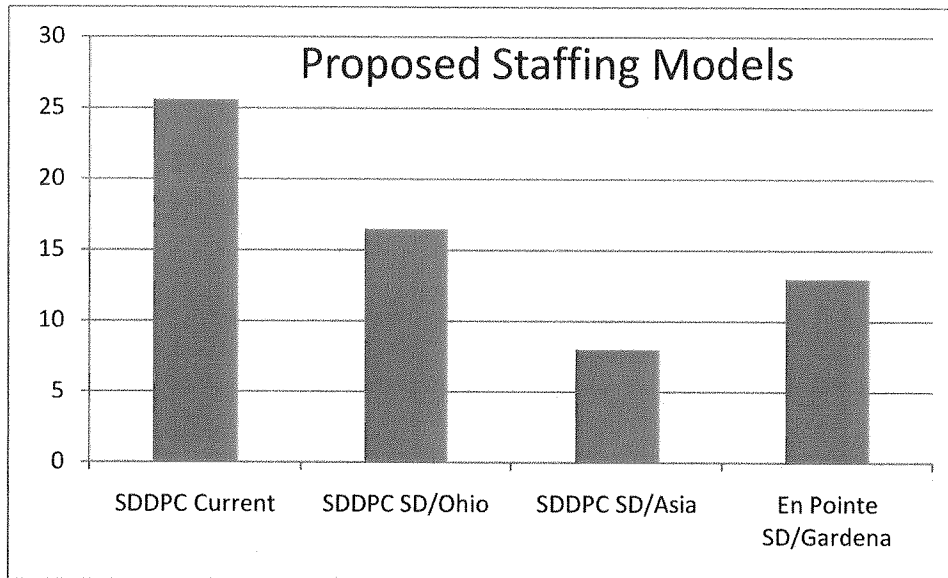
CURRENT ISSUES WITH SDDPC HELP DESK & DESKTOP SUPPORT
Current service issues with SDDPC were not considered in the RFP evaluation process, however, it is the team's opinion that En Pointe's solution addresses these areas of concern based on the quality of their response and reference checks on their capabilities.

There have been issues with the quality of the service that the City Departments have been has receiving; in several instances certain departments have decided to manage these operations internally; demand dedicated SDDPC persons for support or simply not utilize the service offered by SDDPC. Other departments struggle on an on-going basis as the core principle of SDDPC's modus operandi in most cases is to provide minimal triage over the phone and dispatch a desktop person to resolve the issue. This very basic Tier 1 approach, which may seem very customer friendly as the impacted user/City staff gets face to face support, however, at a high cost per incident and is most cases leads to a delayed closure where limited staff need to support a larger volume of site visits. A hidden cost that is not considered is the "downtime" that the impacted user suffers while waiting for the resolution, especially in cases where higher quality of Tier 1 expertise would have resolved the issue during the call.

A very recent issue where standard procedures were not being followed that impacted Fire Station 36, where a call placed to the Help Desk on February 26, 2010, just after 5PM, where several Firefighters could not log onto their computers to perform a critical test with a limited window of opportunity and any delays in the Testing would have impacted a department wide, state-mandated face piece testing. The Help Desk was called to create a trouble ticket. The help desk advised that they would forward the issue to "fire" but they didn't know if anyone could

respond until Monday. This caused concern for the firefighters who escalated to their Battalion Chief who then called the SDFD IT Manager around 9PM. It turned out that the neither of the Fire ISA received a ticket from the Help Desk as of March 31st. This is an example of where the help desk did not follow the after-hours procedure which was established, and neither did they follow the escalation process when they did not receive a call back from SDFD's ISAs.

SDDPC implemented a SAP Customer Relationship Management solution about 2 years ago to improve their Help Desk operations and utilize a knowledge base and scripting to assist in the first call resolution of calls. They charged the City approximately $680,000 for this solution. The knowledge base has not been effectively utilized and the call statistics and reporting functionality is inferior to the solution it replaced.
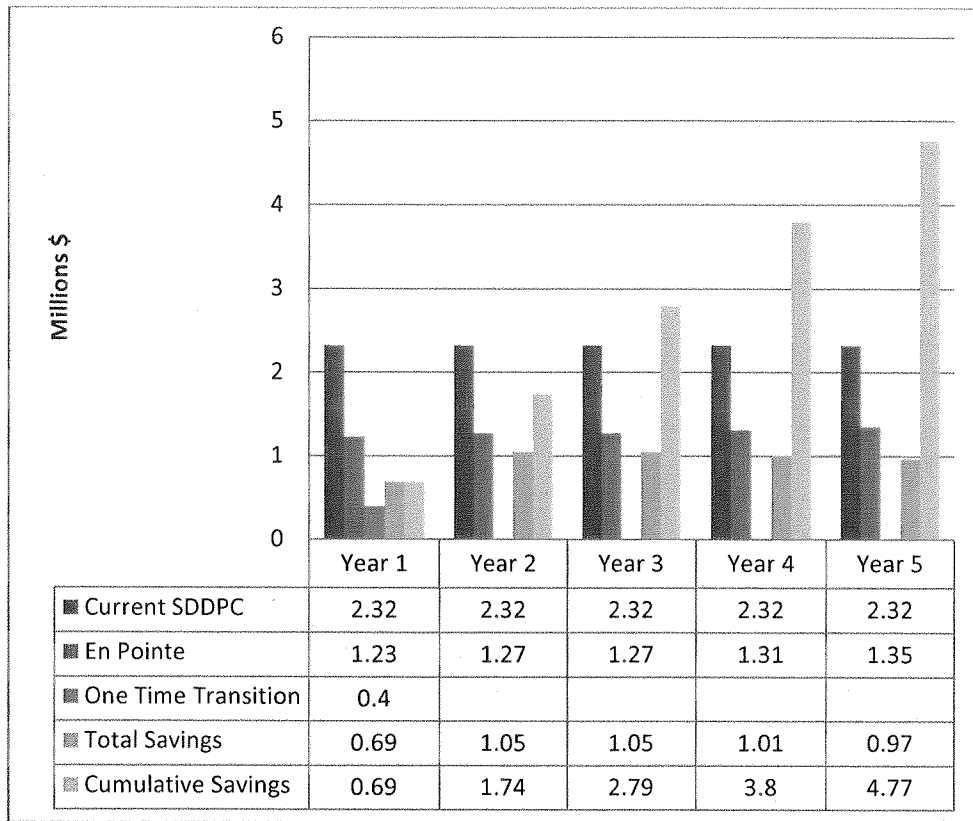
FISCAL CONSIDERATIONS:
En Pointe's proposal is $1,230,000. This proposal consisted of an increased base proposal to accommodate the on-shore of all Help Desk services, and includes the $30,000 in transition costs plus an adjustment for a 20% increase in call volumes. The City has the option of two 2-year extensions at a cost of $1,236,000 for year 2 and $1,273,080 for year 3, a cost of $1,311,242 in year 4 and $ 1,350,610 in year 5.

The 20% threshold was established since the original submission did not account for the increased number of City staff using the systems with the recent HCM Payroll go live. The 20% incremental is a "not-to-exceed" cost and call volumes will be assessed on a monthly basis to determine any increment over the baseline. After the first year, as a comparison, the City will save approximately $1.1M per year based on the $2.32M the City is paying SDDPC in Fiscal Year 2010 for similar services.

After accounting for SDDPC's estimated one-time transition costs of $400K for the first year, the projected 5 year savings to the City is $4.77M.

[See chart on next page]

	Year 1	Year 2	Year 3	Year 4	Year 5
Current SDDPC	2.32	2.32	2.32	2.32	2.32
En Pointe	1.23	1.27	1.27	1.31	1.35
One Time Transition	0.4				
Total Savings	0.69	1.05	1.05	1.01	0.97
Cumulative Savings	0.69	1.74	2.79	3.8	4.77

MILESTONES

Based on Council Approval for this item in mid-April 2010, the Department of IT has established the following milestones with En Pointe starting their engagement and effective May 1, 2010, with transition for the Help Desk and Desktop operations from SDDPC concluding on July 31, 2010.

Phase	Start	End
Contract	15-Apr	15-Apr
Initiation	1-May	31-May
Planning	1-May	15-Jun
Execution	1-Jun	31-Jul
Go Live	1-Aug	
Stabilization	1-Aug	1-Nov

	1-Apr	15-Apr	1-May	15-May	1-Jun	15-Jun	1-Jul	15-Jul	1-Aug	15-Aug	1-Sep	1-Oct	1-Nov
Contract Presentation to Council													
Initiation Phase													
Planning Phase													
Execution Phase								✓					
Control Phase													
Closure (Stabilization) Phase													

CONCLUSION

In conclusion, the intention of the RFP Process was to utilize a fair and competitive process to look for opportunities for cost savings to the City and our taxpayers with a higher value of service than the City Departments are receiving today.

The proposed recommendation was a result of the rigorous and fair process that selected En Pointe Technologies as the winning proposal which will reduce the City's costs by over 41% with higher service levels.

The current operations are already outsourced to SDDPC for the last 30+ years. The intention of this RFP process is not to shut down SDDPC, but to create a competitive process for IT services to drive best value for the City of San Diego. The Help Desk and Desktop operations make up approximately 5% of SDDPC's revenues.

With the selection of En Pointe Technologies, the City of San Diego can expect a total anticipated saving of approximately $4.77M over a five year period.

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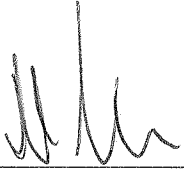
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After accounting for SDDPC's one-time transition costs of $400K for the first year, the projected 5 year savings to the City is $4.77M.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
Forwarded from Rules Committee without recommendation.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
City of San Diego – all departments (excluding Police).

Naresh Lachmandas
Department of Information Technology

Jay Goldstone
Chief Operating Officer