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Item No. 11.1.6
Halifax Regional Council
April 15, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 
Richard Butts, Chief Administrative Officer

Original Signed by 
Mike Labrecque, Deputy Chief Administrative Officer

DATE: 04/03/2014

SUBJECT: Award – Sole Source –Purchase of Adobe Software

ORIGIN

Approved 2013/2014 Operating Budget.

The requirement for cost effective procurement and licensing of Adobe Software for HRM Staff.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79, Regional Council may expend money for municipal purposes. Administrative Order #35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for Tenders and RFP's. The following report conforms to the above Policy and Charter.

RECOMMENDATION

It is recommended that Halifax Regional Council, in accordance with Administrative Order 35, Section 8(11A) sub-section (b) (attached as Appendix A),

1. Award the Sole Source purchase of Adobe Software licensing for HRM staff use to Adobe Systems Incorporated for a period of three (3) years at an annual cost of \$49,137.48 (Net HST included). The total value of the agreement is \$147,412.44 (Net HST included) with a term of three years with funding per the Financial Implications Section of this report; and
2. Authorize and direct the CAO to execute the enterprise agreement subject to terms and conditions agreeable to HRM and in accordance with the Financial Implications Section of this recommendation.

BACKGROUND

Adobe software is a standard part of HRM ICT's desktop productivity suite. There are multiple Adobe products installed on HRM staff computers today including Adobe Acrobat, which is extensively used for secure electronic document creation, transmission and information collection, and including the Adobe Creative Suite that is used for web and graphic design and Photoshop for digital photo manipulation.

This proposed award will move Adobe licensing from an á la carte purchasing model to an Enterprise Agreement, enabling accurate licensing counts, a standardization of application versions lowering support complexity and simplifying installation. This move to an Enterprise agreement will also eliminate billing back individual departments for software and lower overall cost of ownership and cost of support of Adobe software assets.

DISCUSSION

Currently Adobe licensing at the HRM operates on an á la carte model; meaning when Adobe software is required a single license is purchased and software provided and billed back to the business unit. This is labor intensive and does not afford HRM the bulk license savings that an Enterprise Agreement provides.

Staff recommends that HRM take advantage of an Enterprise Agreement with Adobe that includes multiple applications in a term licensing arrangement lowering overall cost of ownership, lowering the cost of support and ensuring licensing compliance. ICT will assume the ongoing yearly maintenance of the Enterprise Agreement.

The current purchase model has seen HRM spend \$26K per year in the last 2 years on Adobe software purchases. The current method does not qualify for software upgrade or support, meaning an application has to be repurchased when it becomes obsolete, a 3-4 year lifecycle. This model also adds complexity in versioning from a support perspective. Each version of Adobe software can react differently, adding complexity in the computing environment. HRM is also currently under licensed for Adobe products; this situation could lead to a software audit by Adobe Systems Incorporated and could result in fines or legal action. Establishing an Enterprise Agreement is the most cost effective approach for HRM to achieve compliance.

A comparison of options to achieve a fully compliant licensing state with Adobe based on current usage and spending patterns is referenced in the table below. To achieve a fully compliant licensing state and to upgrade software that is at or nearing obsolescence would cost \$126,400 in 2014-2015 using the current á la carte model. The 2015 and 2016 estimated spends in the á la carte model includes the replacement of software becoming obsolete in 2014 and 2015 respectively, and are based on 2013 spending adjusted by three percent per annum.

Options	2014-2015	2015-2016	2016-2017	Total
A la Carte:	\$126,400	\$26,780*	\$27,583*	\$180,763
Enterprise Agreement:	\$47,118	\$47,118	\$47,118	\$141,354

*Includes replacement of software becoming obsolete in 2014 and 2015

FINANCIAL IMPLICATIONS

Based on a cost of \$47,118 plus net HST in the amount of \$2,019.48 per year for a total annual cost of \$49,137.48 for a three year term for a total of \$147,412.44, funding will be available annually from Operating Cost Centre A743-6204. The budget availability for the current Fiscal Year has been confirmed by Finance.

The initial license counts allow for modest growth in the installed base for each title.

ENVIRONMENTAL IMPLICATIONS

Adobe Acrobat document software enables a reduction in the amount of printed material consumed by HRM staff, furthering HRM Council's goal of reducing corporate emissions by 30% below 2008 levels by 2020.

ALTERNATIVES

- a) Halifax Regional Council could decide not to proceed with the Adobe Enterprise agreement. This is not recommended as the operational costs of internal billing, multiple application versioning causing support complexity and non-discounted software costs under the current model are not favourable to HRM. Additionally, there is a risk of a software audit from Adobe Systems Incorporated if this agreement is not executed.
- b) Halifax Regional Council could direct staff to investigate alternative options for PDF software. This is not recommended as Adobe is the dominant market leader and originating developer of the PDF file format. Adobe software is the standard for HRM's imaging and graphics professionals and an alternative could result in additional costs for the conversion of existing documents and result in compatibility issues with other internal and external applications.

ATTACHMENTS

Appendix A - Administrative Order #35, Procurement Policy, Section 8(11)A

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Appendix A
Administrative Order 35
Procurement Policy Section 8 (11)
Sole Source/Single Source Purchases

(11) Alternative Procurement Practices may be used as follows:

A. Sole Source/Single Source Purchases. These occur:

- (a) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative.
- (b) Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists.
- (c) For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly.
- (d) For the purchase of goods on a commodity market.
- (e) For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor.
- (f) For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work.
- (g) For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases.
- (h) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership
- (i) For the procurement of original works of art.
- (j) For the procurement of goods intended for resale to the public.
- (k) For the procurement from a public body or a not-for-profit corporation.
- (l) For the procurement of goods or services for the purpose of evaluating or piloting new or innovative technology with demonstrated environmental, economic or social benefits when compared to conventional technology, but not for any subsequent purchases.