



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 1, 2012

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - CONTRACT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND INFOR GLOBAL SOLUTIONS, INC. FOR SOFTWARE LICENSING AND MAINTENANCE

SUMMARY:

The Information Technology (IT) Division is requesting approval to award Contract No. 39634 to Infor Global Solutions, Inc. (INFOR), a Michigan Corporation, to renew the required annual software license and maintenance of the mainframe-based enterprise financial software used by the City of Los Angeles Harbor Department (Harbor Department). The annual software license and maintenance fee is required for the Harbor Department to continue to use the INFOR financial system and to receive software updates and support. Renewing the software license and maintenance is necessary to allow the Harbor Department to continue to operate at its current level without business interruption. It is anticipated this will be the last year INFOR software license and maintenance fees will be renewed because the Harbor Department is implementing a new Enterprise Resource Planning (ERP) system that includes new financial software.

The proposed contract is for an amount not-to-exceed \$310,858 for a term of one year. The recommendation to award Contract No. 39634 to INFOR is based on INFOR's bid response. INFOR is the only company that can provide software license and maintenance fees for its proprietary software.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside contractors to perform this work than City employees;
2. Approve the contract with INFOR for an amount not-to-exceed \$310,858 for a one year term;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said contract; and

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4. Adopt Resolution No. _____.

DISCUSSION:

Background – The Harbor Department has used INFOR financial software on its mainframe computer for over 25 years. The software is used for enterprise financial information management and is interfaced with other systems that require financial information. The software modules used by the Harbor Department include: General Ledger/Budget, Fixed Assets, Financial Controller, Accounts Receivable, Accounts Payable, and Purchasing. The INFOR financial system collects and processes critical data for these business areas to support daily operations, decision support, and other information needs. Without the financial systems, the Harbor Department would not be able to process its business financial transactions, including receiving funds, paying bills, or processing most financial reports.

It is anticipated this will be the last year INFOR software license and maintenance fees will be renewed because the Harbor Department is implementing a new ERP system that includes new financial software. The INFOR license and maintenance fee will be required until all processing has been migrated to the new ERP system, which is anticipated to be implemented in October 2012, and post-implementation activities are completed. The maintenance fee provides critical updates and technical support which will be needed to complete and close out financial processing in the current system even after the new ERP system has been implemented. For example, updates are required from INFOR for the annual 1099 processing which will occur in early 2013. Other critical maintenance and support include support for auditor reports, month/year-end processing, and resolving system errors. The ERP project is currently on-schedule. If the ERP project has unforeseen issues that delay the completion of its implementation and post-implementation activities beyond June 30, 2013, then staff may submit a separate, future request to renew INFOR software license and maintenance fees beyond the expiration of the proposed contract.

Proposed Contract – Renewal of the annual INFOR software license and maintenance is required for the Harbor Department to continue to operate at its current level without business interruption. The software is patented and proprietary to INFOR. Payment of the software license and maintenance fee allows the Harbor Department to continue to use the software. In addition, renewal provides for product updates (e.g. – security patches) and access to INFOR technical support for problem determination and resolution.

The Contracts and Purchasing Division issued Bid F-789 in May 2012. The recommendation to award Contract No. 39634 (Transmittal 1) to INFOR was based on INFOR's bid response. The proposed contract is for an amount not-to-exceed \$310,858 for a term of one year. This amount is approximately 6% more than the prior year's

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annual fee, which is a typical increase for software license fees, and in line with the 5-6% increases for the past three years of:

- 2011 - \$293,262
- 2010 - \$276,662
- 2009 - \$262,959

INFOR is the only company that can provide software license and maintenance fees for its proprietary software.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a contract with INFOR for renewal of an annual software license and maintenance of the mainframe-based enterprise financial software. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no employment impact in the five-county region.

FINANCIAL IMPACT:

The financial impact of adopting the proposed contract with INFOR is the commitment of \$310,858 in Fiscal Year 2012/13. This amount is for one year of software license and maintenance fees, which includes the authorization to use the software, product updates, and access to INFOR technical support. Funding for the amount of the proposed contract is available in the IT Division budget in Center 0640, Program 000, Account 54110.

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A Termination for Non-Appropriation of Funds Clause (also known as a Funding Out Clause) is included in the contract.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Contract as to form and legality.

TRANSMITTAL:

1. Contract with Infor Global Solutions, Inc.

FIS Approval: KL (initials)
CA Approval: CBB (initials)

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