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CONTRACT EXTENSION FOR VIRTUAL PRIVATE NETWORK (VPN)

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, August 22, 2003, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. The competitive bidding requirements of the Purchasing By-law be waived and

2. Staff be authorized to extend a contract to FCI Broadband for Virtual Private Network (VPN) services at an estimated cost of $183,000 to December 31, 2004, and;

3. Staff be directed to research the availability of offerings from other vendors to provide viable and cost-effective VPN alternatives in the 2005 to 2007 period and prepare a report for Council by the middle of 2004.

2. PURPOSE

The purpose of this report is to seek approval to extend the VPN contract and describe the development of the Region's VPN and the process by which the contract was awarded to FCI Broadband and, to seek approval to extend the current contract with FCI Broadband for an additional 1 year term.

3. BACKGROUND

The Region's Wide Area Network (WAN) infrastructure effectively serves the business needs, providing reliable, high speed Internet access, email, file, print and application sharing. The Region's WAN consists of fiber optic lines that provide communications to the fifteen larger Regional sites. The remaining smaller remote sites require a solution that is more cost effective than fiber optics for the number of staff supported.

In order to accommodate these sites and to provide network access to home users, travelling users and business partners, Information Technology Services (ITS) researched alternatives to enable access to communication services and shared information to all Regional employees.

The technology that meets these business requirements is called a Virtual Private Network (VPN). A VPN uses the Internet to provide a secure connection between a remote computer or site and a private network such as the Region's network.

3.1 Request for Proposal P-00-53

In June 2000 the Region issued RFP P-00-53 seeking a vendor for the implementation of communication lines and associated hardware and services to support a corporate Virtual Private Network. Regional Council approved the award of a contract to FCI Broadband at its meeting of October 26, 2000.

4. ANALYSIS AND OPTIONS

4.1 Current Situation

The current VPN infrastructure has effectively served the business needs of the Region, providing reliable, high speed Internet access, email, file, print and application sharing to forty-one sites located throughout the Region. Other benefits include the ability for staff to extend their work day, access the Region's network while travelling and allow authorized business partners to access our network. All this functionality is possible by using a secure VPN over the Internet.

4.1.1 Current Investment in Infrastructure

The current VPN operated by FCI Broadband supports forty-one Regional offices, one hundred home and travelling users and eight business partners, at a cost of approximately $183,000 per year. Each site is connected via FCI Broadband's network over copper communications lines provided by either FCI Broadband's Digital Subscriber Lines (DSL) or other Internet Service Provider's (ISP's). Additional Regional offices were added throughout the term of the three year contract resulting in staggered contract terms with many expiring in 2005.

Should the Region re-tender the VPN at this time a new vendor would be required to install an entirely new network infrastructure which would greatly increase the complexity of the Region's VPN and reduce its reliability. In addition new fibre construction would require up to 12 months lead time which would significantly delay the addition of new sites.

Due to the Region's heavy reliance on the VPN for support of ongoing business operations, the current investment and difficulty of competing vendors to be cost effective, it is recommended that rather than re-tendering for supply and support based on the current VPN model, an extension to the existing contract with FCI Broadband be implemented.

The extension of the VPN contract would provide uninterrupted service to all users, more time for ITS resources to work on priority projects and ensure a continued high quality and stable VPN service.

4.2 Strategic Planning for the Future

The VPN operated by the Region is critical to the success of ongoing business operations. In order to provide cost effective, reliable services to the Region's various departments and offices, a strategic network strategy must be developed. This process is currently underway.

ITS will research the availability of offerings from other vendors to provide viable and cost-effective alternatives for VPN services in the 2005 to 2007 period and prepare a report for Council by the middle of 2004.

5. FINANCIAL IMPLICATIONS

5.1 Current VPN Costs

The monthly costs for the VPN infrastructure are included in the existing ITS branch 2003 budget and each department is charged for their home and travelling user costs. The ITS branch portion is approximately $13,000 per month and the total departmental portion is approximately $2,000 per month. For the current sites, total funds required to cover the requested extension period in the proposed 2004 budget is approximately $183,000.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal impacts associated with this report.

7. CONCLUSION

The contract extension requested in this report will allow Information Technology Services the necessary time to develop and a strategic network strategy while ensuring uninterrupted services to the Region's business operations.

Because new vendors would have to install new network infrastructure or could only bid on a portion of the VPN network where they have offerings which would make this portion of the network more complex and reduce its reliability, the competitive bidding requirements of the Purchasing By-law should be waived and the current contract with FCI Broadband be extended until the end of 2004.

ITS is performing a strategic network strategy and will research the availability of offerings from other vendors to provide viable and cost-effective alternatives for VPN services in the 2005 to 2007 period and prepare a report for Council by the middle of 2004.

The Senior Management Group has reviewed this report.