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July 25, 2004

Councillor Peter Mileczyn, Chair, e-City Committee
Toronto City Hall, Suite C51
100 Queen Street West
Toronto, Ontario M5H 2N2

Dear Councillor Mileczyn,

Re: **Request for Proposal No. 3401-04-3216**
Supply, Delivery and Installation of Desktop and Notebook Computers,
Related Products and Services

The topic of computers is a technical one and Councillors need to be properly informed about all of the issues surrounding this very important RFP in order to satisfy themselves that the correct decisions are being made. Those who did not have the benefit of hearing the e-City Committee's deliberations are owed the same level of detail as those who did. I disagree with the responses that I received to my many concerns during the deliberation process and wish to re-state my concerns to the RFP's contents. I am deeply disappointed that a number of key issues that I brought to the Committee have been ignored. Given the City's history with computer acquisitions, I feel compelled to express and explain my concerns.

Chips and Processors

The two computer processor manufacturers that supply the North American market are Intel and AMD. These two companies share the marketplace on an approximate 2/3 to 1/3 basis. Among industry insiders, it is an accepted fact that the most recent major advancements in processor design have been made by AMD, and not Intel. That is not to say that Intel will not eventually catch up to AMD, but at the moment, AMD has a product on the market that Intel has yet to rival.

When I first learned that the RFP would specify only Intel product, I immediately asked staff to consider widening the scope to allow for AMD-based solutions to be considered as well. That request was criticized and ultimately ignored.

I have been advised that AMD is anxious to hasten the change of attitude by corporate IT towards it's new 64-bit product. As an incentive to do just that, they have offered to provide the successful proponent with all of the processors required for the City's RFP at cost provided that the savings are passed along to the City. Despite the potential for substantial savings and technological advancement, I was advised that the decision to proceed only with Intel product had already been made. To add insult to injury, my attempt to broaden the RFP was interpreted by some as a cynical ploy to "push" AMD product.

64- vs. 32-bit Technology

Ten years ago, the computer industry moved from 16-bit, "486" based technology to 32-bit, "Pentium" based technology. Within a three month period, following the introduction of Windows 95, all 486-based computers were rendered virtually worthless.

We are at a similar crossroads today with the move from 32- to 64-bit processing capability. Unlike 10 years ago, there is no operational impact of anticipating the change, as all current software has been proven to run seamlessly using both. More importantly, there is no additional hardware cost in making this advance. There is only the troublesome and overwhelming possibility that if we purchase 65 million worth of 32-bit computer hardware today, it will be rendered worthless long before its anticipated 4 year lifespan is reached.

Microsoft will release a 64-bit version of Windows XP sometime this fall, and will release a new operating system, currently code named "Longhorn", in mid-to-late 2005. The new operating system will run both 32-bit and 64-bit software. In a recent edition of PC World Magazine, generally accepted as an authoritative media outlet to the desktop computing community, Bill Gates, is quoted as saying, "Between now and the end of 2005, we'll go from very few 64-bit chips to

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Today, we have the opportunity to purchase computers that are state-of-the-art, and will have a reasonable resale value. In the alternative, we can spend 65 Million dollars to purchase computers that will be as worthless as the 486s were following the introduction of Pentium processors and Windows 95. By closing the door on AMD and their generous offer to the City, we have effectively guaranteed the latter course.

Proponent's Requirements

Our Executive Director Information and Technology, stated to me early in this decision making process, that his preference was to see the RFP awarded to Dell, HP, or IBM. During a recent meeting that I arranged between our Executive Director and an informed associate who has been providing me with unbiased guidance throughout this process, our staff member indicated that his preference was to still see the RFP awarded to one of these three vendors.

In reading Clause 5.2 of the RFP, it appears now that only these "preferred" suppliers can be chosen. This clause effectively prevents any other company from bidding, including the third largest computer manufacturer in Canada, and another GTA-based manufacturer, both of whom enjoy world-class reputations for excellent product and service. I have further been advised that the RFP's requirement for 2 serial ports, narrows down the list even further, as the vast majority of the industry has migrated towards a single serial port in order to make room for additional USB ports.

In my opinion, it is clear that a preferred supplier was chosen in advance of the RFP's release a blatant violation of the City's Purchasing Policy that will likely result in our spending more to receive less.

Timing

The RFP is dated July 9 and the stated Closing Deadline is noon on July 28. I understand from our Purchasing department that the deadline has now been extended to August 3. However, I also understand that the RFP was not made available to anyone, other than those on our bidders list, until July 19. The RFP is very technically detailed and contains a number of administrative requirements, which even under the best of situations and administrative capability would require lengthy lead time to produce. For us to risk precluding any worthy proponent on this basis is to do ourselves a grave and needless disservice.

As the City embarked on the process of replacing our aging computers, City Council asked the e-City Committee to review the above-noted RFP to ensure that the City was getting the best possible value for its money. It was my hope that the Committee would provide objective oversight and critique of the Information and Technology department's plans. I cannot help but reach the conclusion that instead, it simply rubber stamped the department's predetermined intentions. In my opinion, the RFP proposes that we purchase soon-to-be-obsolete computers from a pre-determined supplier and pay more than we should in the process.

I respectfully remain,



Mike Del Grande
Councillor, Ward 39, Scarborough Agincourt

c.c. Ms. Elaine Dunk, Committee Administrator
Mayor and Members of Council