July 25, 2005

To: John Szerlag, City Manager

From: John M. Lamerato, Assistant City Manager/Finance and Administration
Jeanette Bennett, Purchasing Director
Gert Paraskevin, Information Technology Director

Subject**:** **Agenda Item:** Bid Waiver - Authorization To Purchase an Enterprise Content Management System

Recommendation

City management is requesting approval to purchase an Enterprise-wide Content Management (ECM) system from Liberty Information Management Solutions and Ricoh Business Systems, as well as other approved contracts. The contract would allow the City to purchase the necessary software, installation, training and maintenance at an overall reduced price. In return the City of Troy would act as a reference site for the LibertyNet product. All the components needed for a complete solution would be purchased from the vendors as outlined in Appendix A for an estimated total cost of $542,000 with annual ongoing maintenance of approximately $59,000.

Background

It was identified in 1995 by the Plante Moran Computer Implementation & Utilization Strategic Plan and then again in 2000 by the City's Document Management Committee, that the City is in need of an Enterprise Content Management solution. See specific details in Appendix B. The Committee's search for a system again in 2005 has resulted in an offer from LibertyIMS and Ricoh Business Solutions (the local vendor) for the City of Troy to become a reference site for their LibertyNet software product. LibertyIMS is located on the west coast and is trying to expand into the eastern part of the country. Appendix C contains a letter from Liberty/Ricoh outlining why the City of Troy would be an attractive reference site. The incentive they are offering is to provide the majority of their software licenses at no cost. In addition, they are willing to initially implement the software in two pilot departments for which we do not pay implementation fees until acceptance. As a result, there is virtually no risk to the City. Should the City take advantage of this offer it would save approximately $223,000 in software licensing and $24,000 in annual maintenance. In addition to saving money, this arrangement also creates an environment in which the vendor is extremely motivated to do a good job to ensure the pilot is a success, and continues to do a good job to ensure the city will provide positive references for them over time. There is no better environment for a successful software implementation.

Summary

The implementation of an enterprise Content Management system will not only help alleviate space issues and reduce labor involved in document retrieval, the city will also have the opportunity to perform some business process redesign. We will be able to identify records that can be captured and retained electronically, records that no longer serve a purpose and can be eliminated, identify opportunities for automating business processes (workflow), opportunities for re-defining record keeping procedures, and information sharing opportunities between departments or other government entities. Lastly, it will provide opportunities for improved customer service. Examples include quicker document retrieval and reproduction as well as access to documents via the city website.

Budget

Funds are budgeted in the Information Services Capital Fund, 401258. However, since this will be a multi-year project, funds will continue to be budgeted in successive years until project completion. Total funding for all years is estimated to be $542,000. Annual maintenance fees will move to the operating fund 258 after the first year.

Appendix A
Detailed Pricing

Ricoh Business Systems / Liberty Information Management Systems

Description (200 concurrent users)	**Cost**
Third Party Software	$11,078
Initial implementation and training for 2 departments	35,000
Additional implementation	15,000
Administrator Training	8,000
First year maintenance	51,612
Total	**$120,690**
Annual Ongoing Software Maintenance	$51,612
Hardware	
Bell & Howell Flatbed Truper Model production scanner	$7,745
Annual Ongoing Hardware Maintenance	1,110

REMC Contract
Hewlett Packard

Description	**Cost**
(2) DL380 Xeon 3.6GHz dual processor with 4GB memory (inc 3 years maintenance)	$11,688
Tape Backup Library (inc 1 year maintenance and installation)	29,498
Tape Backup Software including training	32,000
Storage Area Network (SAN) 2TB (inc 3 years maintenance and installation)	32,568
Total	**$105,754**
Annual Ongoing Maintenance	$6,277

State Contract
EDS

Description	**Unit Cost**	**Quantity**	**Total**
SQL Server 2000 Standard Edition Processor License	3,234	2	$6,468
Microsoft Windows Server 2003 Standard Edition	486	2	972
Total			**$7,440**

Graphic Sciences

Description	**Average Cost**	**Estimated Quantity**	**Total**
Back file conversion	.30	1,000,000	**$300,000**

Appendix B

Detailed Background

History

The Information Technology Department has been investigating document management systems for some time. The need for such a system was evident in June 1995 when Plante & Moran completed a Computer Implementation & Utilization Strategic Plan for the City of Troy. In their report they identified the following:

> *Numerous departments file and retain a variety of documents, photographs, and forms. Legally, maintaining hard copies of certain documents is mandated by the State and Federal governments. However, for other documents, an imaging/document management system should be implemented to enhance document filing/storage and retrieval to alleviate space constraints and improve staff efficiency.*

This observation still holds true, and even documents required to be kept in a human readable form (one of which is hard copy), can also be imaged to benefit from the retrieval and space advantages. Any paper documents that are imaged can be stored off-site to alleviate space constraints and then the image would allow for immediate access. In addition, relying solely on paper has some drawbacks: no disaster recovery mechanism, there is always a risk of misfiles and lost documents, only allows for single user access, they can be voluminous, and they are not easily duplicated and distributed.

Original Request for Proposal

In 2000 a Document Management Committee was formed consisting of members from every department, to establish the requirements for a system and develop a request for proposal (RFP) document. At that time the City invited members of the Tri-County Cooperative to participate in the RFP process. Farmington Hills and Birmingham were both direct participants. However, a number of other communities were very interested and attended the demonstrations. The RFP was sent out to 27 vendors and we received responses from the following:

Responding Vendor	**Product**
Digital Paper	DocQuest
Triangle Computer	Triangle TDMS/DocImager
ImageSoft	OnBase
GA Computers	OnBase
DSS	Laserfiche
General Code Publishers	Laserfiche
Graphic Sciences	OTG
Integrity Systems/Anacom	OTG

After initial review of specifications and experience, several vendors were disqualified and one withdrew (General Code Publishers). Demonstrations were then arranged for the following:

Demonstrating Vendor	Product
Graphic Sciences	OTG
Anacom	OTG
DSS Corporation	Laserfiche
GA Computers	OnBase

After much review and discussion the City decided not to choose a system because there was no combination of software and vendor that met all our needs.

During this RFP process staff did, however, compile data collected from each department detailing the documents they store and how often they need to be accessed. In total the departments detailed approximately 12.5 million documents, of which 8.1 million had to be available to be accessed on a daily basis, 300,000 weekly and 208,000 monthly. The balance was accessed less often. It is clear that a large percentage of documents (65%) need to be readily accessible. As a result a great amount of area is being utilized to store documents in close proximity, and a great amount of effort is being expended to file and access these documents. An interesting note is that in order to make documents more accessible some documents are copied multiple times and stored in multiple departments. This exacerbates the space requirements and labor spent to duplicate and file these documents.

Elements of a Document Management System

A document management system, or more commonly referred to as an Enterprise Content Management (ECM) system, provides for a method to manage documents in electronic format. Converting documents to digital images allows for several advantages:

1. Provides for a disaster recovery mechanism. Should something happen to paper copies; the electronic copy would still be available. In addition, electronic copies can be easily backed up.
2. Electronic copies allow for high-density storage or in other words can be stored in a very small amount of space.
3. Allows multiple user access including access via the web.
4. Provides centralized storage control.
5. Can be rapidly retrieved and makes complex searches simple tasks.
6. Easily distributed. Can easily attach to email or become part of a workflow.
7. If allowed electronic documents can be easily updated or annotated. In addition changes can be tracked.
8. Easily duplicated. Electronic documents can easily be printed, copied to other electronic media and even converted to microfilm.
9. Allows for modifiable views such as with and without redaction and annotations, and at various zooms.
10. Provides the ability to control and audit access and security rights.
11. Improves the ability to find documents by providing multiple indexing options.

Current Search

Since the original request for proposal (RFP) went out for document management, City staff has periodically investigated software that is available on existing contracts. Most notably FileNet on the State of Michigan MiDEAL Program (formerly known as the Extended Purchasing Program) or an Oakland County contract, and Laserfiche available via the City of Farmington Hills under the MITN Cooperative (formerly known as the Tri-County Cooperative).

Filenet

Although Filenet was found to be a very robust product it was also very expensive. Quotes for the software, implementation, training and maintenance/support for 200 users for the first year ranged from $560,000 to $931,000. Annual ongoing maintenance was approximately $80,000.

Laserfiche

Most recently the Document Management Committee reconvened in January 2005 to investigate the bid award by Farmington Hills to DSS Corporation for Laserfiche software. The cost for software, implementation, training, and maintenance/support for the first year, for 200 users is approximately $344,000. Annual ongoing maintenance would be approximately $76,000.

Liberty IMS Offer

While considering Laserfiche software the committee also participated in a demonstration of a competitive product called LibertyNet. The committee gave positive reviews for LibertyNet. Liberty Information Management Solutions out of Costa Mesa, CA and Ricoh Business Systems, the local reseller, recognizing our interest and the advantages of having the City of Troy as a customer, offered the City an opportunity to become a reference site for their software in this area. They have a presence on the west coast, but are just now beginning to build a customer base on the east coast. Appendix C contains a letter outlining why the City of Troy is an attractive client for LibertyNet. As an incentive, they offered to provide the initial software licenses for up to 200 concurrent users at no cost with the exception of some third party software that is part of their system, but they do not own rights to (Native viewers, OCR software and PDF plus). In addition, they are willing to implement their software in two departments to prove its capability without any initial charges from them. There would be initial costs to purchase the necessary hardware to set up the system, but no software or implementation costs. At the end of that "pilot", if we were satisfied with the results we would agree to pay the implementation fees for those two departments and the third party software costs. We would then continue to roll the software out to the rest of the City, paying for any additional implementation assistance and training costs as we go. Our obligation at that point would be to pay maintenance fees on an annual basis and be available as a reference for their software. LibertyNet would also put together a case study featuring the City of Troy's implementation.

The potential savings as a result of this offer could not be ignored. It was advanced to and supported by the Document Management Committee. In fact some members voiced their preference for LibertyNet over Laserfiche including the IT department that views it as a superior product in terms of an enterprise solution.

Due Diligence – LibertyNet

There were still some questions about moving forward with LibertyNet, so as part of our due diligence we completed the following:

1) Confirmed with LibertyNet that they comply with the State of Michigan Optical Imaging Rules.

2) Contacted various LibertyNet local government references, and the overwhelming response was that LibertyNet was a very responsive company with a very good product. Cities contacted include City of Lakeland, FL; Volusia County, FL; City of Inglewood, CA; City of Olympia, WA; and City of Los Angeles, CA.

3) Worked with LibertyIMS and their local partner Ricoh Business Systems to develop a mutually acceptable proposal. The cost for software, implementation services, training, and maintenance for the first year is approximately $121,000 with annual ongoing maintenance of approximately $52,000. Ricoh has offered substantial savings if prepaid ($45,000 per year for three years, or $40,000 per year for five years). This option will be investigated further to determine if it is advantageous and in the city's best interest. The total cost includes 200 concurrent user licenses, and additional modules such as workflow, version control and auditing, web server, e-forms and database integration. The result is an estimated savings of $223,000 initially and $24,000 on annual maintenance over Laserfiche.

In addition to the software costs, hardware and back file conversion are also required as part of a complete Enterprise Content Management System. These costs would be incurred regardless of the software vendor.

- Hardware, hardware related software, and installation will be an additional $121,000 plus approximately $7,400 annual maintenance.
- Back file conversion is the process of scanning and indexing existing paper documents, currently stored in file cabinets, so they may be stored in electronic format. As departments are implemented their need for back file conversion will be carefully assessed. It would be cost prohibitive to convert all documents, therefore, as part of the implementation process each department will be meticulously reviewed to determine which documents to convert, and whether to handle them internally or send out to a conversion vendor. A rough estimate is 1,000,000 documents for an approximate cost of $300,000.

Appendix C

Liberty Information Management Systems Correspondence

City of Troy
500 W. Big Baver
Troy, Michigan
48084

July 19th, 2005

Attention: Gert Paraskevin
Information Technology Director

LibertyNet as a major EDMS software manufacturer expanding new business globally through a select partner channel relationship, to support our business objectives. Ricoh is a major partner for LibertyNet in the Midwest and we challenged them to find major cities to approach for our expansion with city government opportunities as we move eastward across the country.

Ricoh knowing the territory and with the timing for the City of Troy looking at an electronic document management solution, made LibertyNet's proposal to the city attractive for all parties involved. Providing a complete package of our Enterprise software and our supporting Liberty modules, piloting two departments within the City and having a premier partner locally to support the pre and post activity, makes this a good partnership for the City of Troy, Ricoh and LibertyNet.

LibertyNet and Ricoh both see the City of Troy as a leading center in the Midwest and with a high level presence with cities on the West Coast, LibertyNet's goal is to add high profile customers into this market. We value this new relationship and strongly feel our "best in class" software will serve the City of Troy with scalability, improve business processes in all departments, provide a guaranteed upgrade path with our technology as new products are released and an exceptional partner relationship locally to support your efforts. Ricoh's Advanced Solutions team has 40+ years experience nationally with Electronic Document Management technology.

We look forward to opening the door to a new era of technology for the City of Troy.

Sincerely,

Bruce Malyon
VP Sales Eastern Region