



MEMO TO: Members of the City Council

FROM: Mayor John Marchione

DATE: October 16, 2018

SUBJECT: **Approval of a Consulting Services Agreement with HSO for On-Call Services for the Dynamics AX Enterprise Resource Planning (ERP) System in an Amount Not-to-Exceed \$650,000**

I. RECOMMENDED ACTION

Approve a Consulting Services Agreement with HSO for on-call services in support of the City's Dynamics AX Enterprise Resource Planning (ERP) system in an amount not to exceed \$650,000, for a period of three years with an option to extend the agreement for an additional two years.

II. DEPARTMENT CONTACTS

Malisa Files, Finance Director	425-556-2166
Dawn Johnson, Business Systems Analyst	425-556-2179

III. DESCRIPTION/BACKGROUND

Tyler Technologies currently provides break/fix support and some maintenance services for Dynamics AX, the City's ERP system. Tyler Technologies has announced plans to transition away from their role as a Dynamics support partner as Microsoft transitions the product to the cloud and offers it as a Software as a Service (SaaS) solution. This creates a need for the City to identify an alternate Dynamics support partner. The new support agreement would allow for approximately 1,000 hours of on-call support services each year over a three-year term with an option to extend. This provides a level of support which brings with it an opportunity to better leverage the systems inherent functionality, apply best practices in the use of the system, implement new modules and plan for the Dynamics AX system to transition to the cloud version of the product (Dynamics 365 for Finance and Operations).

A Request for Proposal (RFP) for on-call services was posted on June 19th, 2018. Seven proposals were received and reviewed by a team of Finance and Technology and Information Services (TIS) staff. Five firms with the most responsive proposals were interviewed the week of August 13th and each was given the opportunity to provide a best and final proposal within 3 days of the interviews.

HSO was deemed the most responsive and references were checked and found to be favorable. Since 1989, HSO has been a leading provider of enterprise resource planning software and implementation services. HSO's client base is made up of organizations ranging in size from 25 seats in a single country and location, up to over 6,000 seats spread over multiple countries and hundreds of locations. They have over 550 certified Dynamics professionals working for them and are a Microsoft partner. HSO is an active participant and ongoing sponsor of the Dynamics User Community of which Redmond is also a participant. HSO proposed a unique solution that meets Redmond's needs, including:

- Reactive support through their 24x7 service desk and managed service team.
- Proactive services to keep the City's current Dynamics AX 2012 healthy and performing well while we begin the task of moving to a D365 environment.
- Consulting services to move the City from its dependency on Tyler Technology customizations and solutions.
- A flexible and collaborative relationship, allowing the City to govern changes and set priorities to receive maximum value.

For these reasons, Redmond has chosen HSO to be our new partner of choice in the Dynamics environment

IV. PREVIOUS DISCUSSIONS HELD

Council has held previous discussions on HSO Consulting Services Agreement on the following dates:

- August 28, 2018 – Finance, Administration and Communications Committee of the Whole
- September 25, 2018 – Finance, Administration and Communications Committee of the Whole

V. IMPACT

A. Service/Delivery:

The City's Dynamics ERP system supports the day to day financial operations of Redmond. It is important to maintain and upgrade the system for maximum usability by staff as well as the Community. The attached contract will ensure continuity of financial operations in the City.

B. Fiscal Note:

The total amount of the contract equals \$650,000 over three years with the option to extend the agreement for two additional years.

VI. ALTERNATIVES TO STAFF RECOMMENDATION

Council can choose to:

1. Approve the Consulting Services Agreement as written,
2. Approve the Consulting Services Agreement with revisions. Or
3. Withhold approval of the Consulting Services Agreement. Staff would work to find alternative solutions for the support of the Dynamics AX product.

VII. TIME CONSTRAINTS

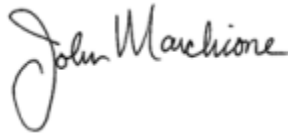
The Finance and Technology and Information Services Departments would like to finalize the contract as soon as possible so there is no break in service for the maintenance and support for the Dynamics AX product.

VIII. LIST OF ATTACHMENTS

Attachment A: Consulting Services Agreement with HSO



Malisa Files, Finance Director



Approved for Agenda _____
John Marchione, Mayor