SECTION C

SCOPE OF SERVICES

City of San Diego Overview

The City of San Diego has currently outsourced a significant portion of its information technology (IT) services and operations, including data center, telecommunications, and voice/data networks to an existing shared service provider. The incumbent is San Diego Data Processing Corporation (SDDPC), a public-benefit non-profit corporation of which the City of San Diego is the sole member, and includes SDDPC's Consultants, subconsultants, and other third-party service providers.

Key Operational Highlights for Fiscal Year 2009 (July 2008 – July 2009)

- Approximately 8,150 network devices at 370 sites
- Approximately 10,500 telephone extensions
- Over 200 city business applications, including:
    - SAP v.6 ERP (primarily Finance, Logistics, & HCM)
    - Microsoft Exchange Server 2007 (over 9,000 accounts)
    - Water/Sewer Utilities Billing
    - Tax Collection (Business Tax, Rental Tax, Transient Occupancy Tax)
    - Geographic Information Systems
    - Law Enforcement Systems
    - Building Permits & Inspections
    - Fleet Maintenance
    - Data Warehouse Reporting
    - Reservation Systems
    - Records Management
    - Work Order Management
    - Web/Internet Services

Project Overview

The City is considering competing information technology (IT) service operations that are currently outsourced to the San Diego Data Processing Corporation, and has formed a cross-functional core team to assess and identify potential IT operations for outsourcing. The City seeks a Sourcing Advisor to develop a sourcing strategy for its IT services, with two additional options: (Option #1 – CLIN 2) to provide additional services in developing scopes of service for Request(s) for Proposal(s) for data center services, telecommunications, voice, and data network services currently being provided by SDDPC and its Consultants, and (Option #2 – CLIN 3) to provide proposal evaluation, selection, transition management services, and developing metrics and contract controls, resulting from any RFP responses received in response to Option #1

above. The primary drivers for this RFP are to optimize service and reduce costs for the City, including options for consolidating data center services with adequate redundancy and high availability for business continuity, and for convergence of the voice and data networks using current technologies.

The Sourcing Strategy should include an analysis and recommendations of bundling of the services versus individual RFP's for each service. The strategy should include an estimate of potential cost savings and with supporting assumptions/documentation to backup the savings for each scenario. The City is open to discussing other potential sourcing options as proposed at the discretion of the Sourcing Advisor.

Through this RFP, the City is seeking an expert Sourcing Advisor, that is highly experienced in the IT service areas identified, to assist the City's core team in its creation of an overall IT sourcing strategy and, optionally, to assist with the definition of the initial scope and development of specifications for Request(s) for Proposal(s) for specified IT services, and to assist in the selection of outsourcing vendor(s), as applicable.

The Sourcing Advisor should have:

1. A strong understanding of Data Center, Network/Telecom and Applications Support operations.
2. Client references to support its responses and have demonstrated prior experience in both the sourcing strategy as defined above as well as in the creation of the RFP and capabilities to support proposal evaluation, selection, and implementation services, resulting from any RFP responses.

The selected Sourcing Advisor should provide its approach for Sourcing Strategy Development as further defined below for Phase 1, and then provide its approach for optional Phase 2 and Phase 3 Outsourcing RFP Development, Evaluation, Selection, Negotiations, and Transition Management support for the identified IT services. The firm selected as the Sourcing Advisor under this RFP shall be prohibited from submitting a proposal, either directly (as prime Consultant) or indirectly (as a joint venture, partnership, subconsultant or otherwise) in response to any RFP issued as a result of this Sourcing Strategy and its optional scopes of work.

Timeline

The following timeline is a high level outsourcing plan (subject to change) and assist potential proposers understand the City's overall plan and expectations.

- Selection of Sourcing Advisor — July 2010
- Phase 1 - Sourcing Strategy Process — August – October 2010
- Sourcing Strategy Approval — December 2010
- Phase 2 - RFP Development Process (Optional) — January 2011
- Phase 3 - RFP Submittal, Vendor Evaluation/Selection, Negotiations and Transition Management (Optional) — February 2011
- Transition Implementation based on, Phase 3 Option — October - December 2011

Scope of Sourcing Advisory Service

The following is a summary of expected scope of the advisory service requested by the City for this RFP. The primary role of the Sourcing Advisor will be to assist the City's core team, led by the City's Chief Information Officer (IT Director); in creating an IT Sourcing Strategy, and optionally in each step of outsourcing IT services (optional Phase 2 and Phase 3). The Sourcing Advisor is expected to supply technical outsourcing expertise in IT and to provide advice to the City's core team. The City prefers a senior or partner level consultant who is highly experienced in outsourcing of all IT operations to provide the key advisory service. Additional consultants are to be used when necessary. Phase 2 and Phase 3 of the advisory service are optional services and the City may, at its sole discretion, award these services separately or together at a later time.

(In the scope summary below, "assist" means that the City's core team will lead the task and the advisor will assist the City's core team to successfully complete the task. "Lead" means the advisor will "lead" the task by working with the City's core team.)

Phase 1: Sourcing Strategy

- Review the City's preliminary scope and identified operations for outsourcing
- Review the City's current IT service definitions and costs
- Conduct market analysis and provide comparables, trends, benchmarks, and best practices, especially related to outsourcing by public sector agencies (this entire task is to be led by the advisor)
- Assessment of current IT business operations, including documentation of existing data center services and telecommunications, data, and voice network services (this list is not all-inclusive):
    - Processes (including problem management, configuration management, backup, disaster recovery, etc.)
    - Support structure
    - Batch management
    - Server Inventory and Deployment Diagram(s)

    - Server Utilization
    - Network management
    - Voice network infrastructure transition to Voice-Over-IP
    - Data network infrastructure
    - Network security
    - Other documentation deemed important by Sourcing Advisor
- Financial analysis including potential cost savings
- Benefit and risk assessment
- Create a draft Sourcing Strategy, including pro's and con's with cost/benefit and risk analyses for each potential sourcing option, for the City
- Assist with presenting the recommended Sourcing Strategy to the City Council

Phase 2 (Optional): Develop Request for Proposal for Outsourcing IT Services

- Lead the development of technical specifications for one or more Request(s) for Proposal(s) for identified IT services, based on Sourcing Strategy from Phase 1
- Provide input and assist in the development of business case with recommendation of final scope for IT services sourcing (based on Phase 1 deliverables). Contents of business case for each identified service may include:
    - Assessment of current IT business operations, including documentation of existing data center services and telecommunications, data, and voice network services
    - Financial analysis including potential cost savings
    - Benefit and risk assessment
    - Best-in-class outsourcing vendors and their profiles
    - Vendor selection strategy (RFP vs. negotiation to the degree permitted by a public agency)
    - Negotiation, transition, and change management strategies

Phase 3 (Optional): Outsourcing Vendor Selection, Transition Management

- Assist in the vendor selection processes
    - Assist in vendor research
    - Assist in the evaluation of vendor presentations and proposals
    - Assist in the development of vendor selection recommendations
- Lead in the development and negotiation of outsourcing agreement
- Assist in the development of a transition plan including the change management and communications plans
- Assist in the development of necessary governance organization and processes to manage outsourcing agreement
- Assist in the development of performance measurement and monitoring guidelines for outsourced services