



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2019 July 4

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## MULTIFUNCTION PRINTERS– CONTRACT AWARD

### **Recommendation**

*It is recommended that the Finance & Facilities Committee:*

- 1) Receive Report No. 025-19FFC for information; and*
- 2) Recommend that the Board of Health approve entering into a contractual agreement with Xerox Canada for the provision of office and production multi-function devices.*

### **Key Points**

- MLHU staff examined options for the provision of competitively priced office and production multi-function devices (MFDs) with the intention to increase productivity and decrease costs.
- MLHU directly contacted three suppliers to obtain new fleet solutions and pricing options.
- Ontario Education Collaborative Marketplace (OECM) was contacted to provide access to the master agreements they finalized in May 2018, and three additional bids were solicited directly from their list of service providers.
- The contract term is five years in duration, commencing July 1, 2019, and the contract value is estimated at \$153,000, which represents a 62% (\$56,000 annual) decrease in costs from the previous contract.

### **Background**

An “MFD,” or “multi-function device,” is an office or production digital device that incorporates the functionality of multiple devices into one in order to provide centralized document management. A typical MFD, for example, may combine the functionalities of a photocopier, printer, scanner, and fax machine.

The previous contract was awarded in 2014 for a five-year term to Compugen Inc., which included eighteen devices at MLHU’s three locations, as follows:

- 1) Strathroy – 1 device
- 2) 201 Queens Avenue – 1 device
- 3) 50 King Street – 16 devices

A usage report was obtained from the current service provider and analyzed to determine both current and future needs. The monthly usage report in [Appendix A](#) identified several devices that were underutilized based on volume. The projected savings identified in the 2018 approved Program Budgeting Marginal Analysis proposal was \$23,221.44.

## 2019 Request for Quote

In May 2019, MLHU contacted Xerox Canada, which is the present MFD service provider. Two additional vendors, Canon and OE Canada, were contacted directly to obtain competitive pricing and recommendations for an optimal fleet solution. Three submissions were received from these suppliers. OECM also provided pricing from three more vendors: Sharp, Ricoh, and 4Office.

OECM is a not-for-profit collaborative sourcing and supplier partnership management organization whose goal is to generate savings and process efficiencies to public sector and not-for-profit organizations by offering collaboratively sourced and competitively priced products and services through marketplace supplier partner agreements. OECM follows the Broader Public Sector Procurement Directive issued by the Ontario Management Board of Cabinet and effective April 1, 2011. The directive sets out rules for designated BPS entities on purchasing goods and services using public funds.

## Evaluation

Vendor proposals were reviewed by Procurement staff to verify fleet capacities, vendor service levels, and application support. These proposals were also analyzed to calculate product costs and relocation costs, and to determine cost savings and value-added services. A total of six submissions were received and recommendations made based on the combination of cost factor and best business solution. The selected solution needed to ensure a smooth transition to the new agreement with minimal impact on daily operations, considering both the reduction in the number of units and the organization's relocation. Additional considerations included costs associated with the removal and return of Compugen equipment to their Asset Management Warehouse in Toronto (estimated at \$4,500); supply and maintenance inclusion; lease payment incentives; and guaranteed quality of onsite service response time.

Pricing varied for a five-year term as a result of the type of equipment provided, software license costs, and costs per copy. The range of pricing is from \$343,898.89 (high) to \$135,658.00 (low). The lowest cost options were not selected as they also provided the slowest copying rates on the equipment selected. The recommended vendor is offering the best overall solution based on all of the additional considerations listed above.

## Conclusion

As a result of the quote process, it is recommended that the contract be awarded to Xerox Canada for the supply of office and production multi-function devices for a period of five years.

The new contract represents a cost decrease of 62%, or \$56,000.00 per year, from the previous five-year term. This result was achieved following multiple discussions with the three vendors (Xerox, Canon, and OE Canada) and OECM (representing Ricoh, 4Office, and Sharp). OECM will oversee the new customer service agreement and ensure the supplier provides appropriate agreement management and support.

This report was prepared by the Procurement and Operations Team, Healthy Organization Division.



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