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November 19, 2002

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Replacement of the Financial System

Recommendation:

It is recommended that the Board enter into an agreement with Vison/R4 Corporation, for the provision of a replacement financial system to Exhibition Place, in accordance with the terms and conditions set out in this report and such other terms and conditions required by the General Manager & CEO and the City Solicitor and subject to the approval by the City of Toronto of the funding for this project as contained in Board's 2003 Capital Budget Program.

Background:

At its meeting of September, 2002, the Board approved of the 2002 Capital Budget which included a project for the replacement of the present financial system.

Discussion:

The current financial system is a stand-alone; non-windows customized general ledger system operating on QNX software. The system was developed in 1987 to meet the Board's financial reporting requirements at that time. The manufacturer no longer supports the software and if a serious software failure were to occur the integrity of the Board's financial records would be at risk. The system is antiquated in comparison to today's fully integrated software systems and is unable to generate many of the pre-requisite management reports and therefore these reports have to be recreated outside of the system. Recently, staff have had to deal with minor data integrity issues, which have made reconciliations and data retrieval extremely problematic and time consuming.

At the beginning of 2002, staff began a process of considering the replacement of the current system in preparation for the Capital Budget submission. A staff team which included representation from the National Trade Centre, the Canadian National Exhibition and the other

various operational and financial stakeholders, was established with the mandate to recommend to senior management a replacement financial system.

The process undertaken by the staff team included an assessment of the Board's current financial processes; the development of a detailed list of requirements for the replacement system; and evaluation criteria. An external consultant, Prior & Prior & Associates, was retained to facilitate this process. The final list of requirements for a replacement financial system also included show and event management in order to better manage and integrate the operational side of the Board's unique business into the new system.

In May, 2002, the Board through the Purchasing and Materials Management Division of the City of Toronto's Finance Department issued a Request for Proposal (RFP) for the provision of a new financial system. The RFP listed each of the over 400 requirements identified as being mandatory, necessary or desirable and required the submissions to cover functionality in the following areas: show and event management, general ledger, encumbrance accounting, budgeting, procurement, disbursements management, customer management, inventory management and asset management.

Seven proposals were received from the following proponents: Blue Habanero Inc., Cedar Enterprise Solutions Inc., Payment Link Corporation, SAP Canada Inc., Telus Enterprise Solutions, Ungerboeck Systems Inc. and Vision/R4 Corporation.

The staff team analyzed the submissions received in accordance with the evaluation criteria outlined in the RFP namely:

1. Business functionality – how well does it meet the business requirements?
2. Product history – does the vendor and the software have a good track record?
3. Ease of use and training – is the software intuitively obvious or difficult to use?
4. Ease of implementation – does the software require a major implementation effort or not?
5. Potential cost of implementation – how much will this cost Exhibition Place?
6. Software pricing – what will be the upfront cost?

Since implementing such a system is a long-term investment, the seven submissions were costed out over a ten-year time frame, to provide the Board with a reasonable measure of the total cost of ownership. The present value of future expenditures was calculated using a discount rate of 8 percent.

Following the initial review, three short-listed proponents were required to give a "scripted demonstration" to demonstrate how their software would handle typical business situations at Exhibition Place with respect to the functionality and show and event requirements, and to answer questions relating to the proposed software and proposal itself. A second series of software demonstrations were held; where each proponent was given the opportunity to provide a standard "road show" demonstration tailored to the interests and concerns of staff, with an emphasis on the show and event Management component of the RFP.

Each initial demonstration meeting included members of the staff team, as well as other operational and financial stakeholders from all program areas. At the request of Exhibition Place, City of Toronto IT staff also participated in the second demonstration and in the evaluation process and offered their opinions and comments during the evaluation of the different products.

Following the intensive assessment above, Exhibition Place staff are recommending the proposal from Vision/R4 Corporation as it offers the most functional software solution that would best serve the current and future interests of the Board at the lowest cost. The initial cost of purchase and installation is estimated to be \$267,378 which is within the allocation of the 2003 Capital Budget and over the next ten-year period the cost of financial system is estimated to be \$318,490 to cover annual license maintenance costs, upgrades and technical support. The external consultant concurs with this recommendation.

The proposed terms and conditions of the agreement with Vision/R4 are as follows:

1. Vision/R4 to provide 31 concurrent users licenses for the 11 Apogee modules identified in the pricing summary dated June 20, 2002, at a cost of \$176,400.00.
2. Vision/R4 to provide 31 Progress relational database management software licenses, at a cost of \$18,940.00, plus 20 MS Windows Terminal Services licenses at a cost of \$2,800.00. The Terminal Services license will be shared by the 120 casual users, with a maximum of 20 users accessing the software at any one time.
3. Vision/R4 to provide 20 days of initial staff training on the various modules at a total cost of \$20,000.00. Pivotal users will receive hands-on training from a Vision/R4 trainer, and they will then be able to train casual users of the system.
4. Vision/R4 to prepare the software tape and to install the software on the main server at Exhibition Place at a cost of \$3,000.00.
5. Vision/R4 to provide one additional server as configured in Section 5.3 of the proposal with 1,028MB of memory, at a cost of \$2,000.00
6. Vision/R4 to provide implementation support to Exhibition Place, to work with staff in configuring the software, to meet business requirements, such as overseeing data conversion, if any, to setting up tables, to develop an appropriate chart of accounts, etc., and to provide project management services at an estimated cost for these services is \$34,200.00.
7. Exhibition Place to pay annual software license maintenance costs of \$3,030.00 for Progress, and \$26,460.00 for Apogee. These charges cover software upgrades and technical support for the Apogee software.
8. Vision/R4 will offer a discount on the cost of the Apogee and Progress software of 5%, if payment of the software cost is made within 10 days of receipt of the software.

9. Vision/R4 has provided written assurance that their system would be fully compatible with the City budget system (as required by City of Toronto Finance staff) and the Vision/R4 system would be able to transfer budget data back and forth with the Toronto SAP system. Vision/R4 will include this functionality at no charge to Exhibition Place.
10. All other terms and conditions which are satisfactory to the General Manager & CEO and the City Solicitor.

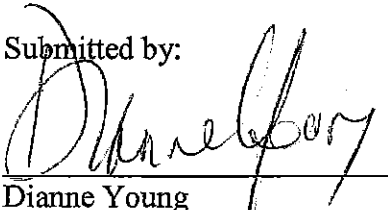
Conclusions:

This report recommends entering into an agreement with Vision/R4 Corporation for the provision of a replacement financial system, and related services under the terms identified.

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Submitted by:



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