



NETWORK EQUIPMENT ACQUISITION, MAINTENANCE & SUPPORT AGREEMENT WITH BELL CANADA

TO:	Board of Directors
MEETING:	March 20-21, 2013 Ottawa
FROM:	Steven Guiton, Vice-President and Chief Regulatory Officer, Media Technology Services and Regulatory Affairs
DECISION SOUGHT:	Approval the network equipment acquisition and maintenance/support agreement for CBC/Radio-Canada.
NEXT STEPS:	Finalize the network equipment acquisition and maintenance/support agreement with Bell Canada
DATE:	March 11, 2013



A1. CONTEXT

s.18(a)
s.18(b)
s.20(1)(b)
s.21(1)(b)

- CBC/Radio-Canada currently owns approximately 2,800 network equipment assets (LAN and Internet) such as switches, routers, network analysis tools, web content filtering equipment, etc. located in 63 sites across Canada.
 - This quantity excludes Next Generation Converged Network (NGCN/WAN) network assets.
- There are currently two agreements with Bell Canada that are coming to term. These agreements cover:
 - Network equipment acquisition, including web content filtering equipment.
 - Maintenance /support service for existing and new network equipment.



A1. CONTEXT

s.18(b)
s.20(1)(b)
s.21(1)(b)

- CBC/Radio-Canada's requirements are associated with:
 - The purchase of equipment for new network installations or to refresh/replace currently installed, outdated equipment.
 - An increasing volume of acquisitions as a result of the addition of new production sites (2015 Strategy) and the increased convergence of IT/Broadcast installations.
 - The ongoing and new maintenance and support services associated with the growing base of network equipment assets.
- A request for Proposals (RFP) was issued on MERX in 2012 to select a supplier(s) for network equipment acquisition, including web content filtering and maintenance/support services.
- Bell Canada meets all selection requirements.
- This initiative supports the Strategy 2015 and Making It Happen objectives by reducing capital costs associated with the acquisition of new equipment, as well as reducing operating costs associated with the ongoing maintenance/support of network equipment.



A2. KEY DECISION ELEMENTS

s.18(a)
s.18(b)
s.20(1)(b)
s.21(1)(b)

- The proposed Bell Canada agreement would provide for:



A3. KEY BENEFITS, IMPACTS & RISKS

- Benefits:
 - The acquisitions of all network equipment, including web content filtering equipment, and network maintenance/support services will be secured at pre-negotiated discount levels.
 - This standing offer does not include any commitment to purchase goods or services, since individual purchases are based on project business cases.
 - Contributes to a more streamlined, administratively efficient procurement process, by avoiding a process that requires individual quotation for each project or purchase order.
- Risks:
 - No significant risks identified.



A4. OTHER OPTIONS CONSIDERED

Obtain quotations for each individual project or purchase order.

– Pros:

- Individual projects have full flexibility of how to procure network equipment acquisitions and maintenance/support services.

– Cons:

- Individual project purchases may not achieve the significant pre-negotiated discounts available based on the volume of business outlined in the RFP. As a result, individual projects may pay list price or negotiate discount levels based on small volume purchases thereby missing potential saving opportunities for the Corporation.
- Securing individual quotations is labor intensive and administratively inefficient.



A5. SUCCESS MEASURES

- With Board approval and the new executed agreement, Procurement will be advised of the standing offer and will use the selected reseller for all applicable quotations for individual requirements.
- Procurement compares the quotations received from the reseller to the pre-negotiated discount rates on a case-by-case basis.



A6. RESOLUTION

- That the President and CEO or the Vice-President and Chief Regulatory Officer, together with the Vice-President and Chief Financial Officer or their respective delegates be authorized to do all things necessary to negotiate, enter into and execute a network equipment and maintenance/support services agreement with Bell Canada on the terms presented, which may be modified at their discretion as necessary.



APPENDIX 1

NETWORK EQUIPMENT ACQUISITION, MAINTENANCE AND SUPPORT: COMPARISON OF LIST PRICE, CURRENT AND PROPOSED DISCOUNTS



APPENDIX 1 - COMPARISON OF LIST PRICE, CURRENT AND PROPOSED DISCOUNTS

s.18(a)
s.18(b)
s.20(1)(b)
s.21(1)(b)

Note: 2011-2012 products & services spending summary is used as a baseline.