



Storage Area Network (SAN) Upgrade – Award of Contract

Committee Strategy & Programmes

Date of meeting 2 February 2018

Date of report 12 January 2018

Report by Assistant Chief Executive (Business Support)

1. Object of report

To recommend the Committee approve the award of a contract for the provision of a new digital storage solution to Capito Ltd.

2. Background

SPT Digital maintain, operate and develop the organisation’s key IT infrastructure across two on-premise data centres and a dedicated cloud facility - an approach commonly referred to as a “hybrid cloud model”.

A critical component of this infrastructure is the Storage Area Network (SAN), which provides data storage for the entire organisation and, most importantly, enables capability for running servers as part of a virtual environment. Use of a SAN and virtualisation provide us with the scalability, agility and resilience required to respond to an ever-increasing set of computing demands.

The current SAN has reached “end of life” status and is now operating within an extended warranty period. This, combined with poor availability of spare parts and recent advances in storage technology, has prompted SPT to procure a replacement solution.

Traditionally, SPT have procured a SAN which has been removed and replaced at the end of its initial maintenance agreement; an approach usually referred to as a ‘forklift’ upgrade. This has resulted in sustained, substantial capital costs occurring roughly every five years, and we can safely assume that these figures would increase in the future if we were to continue with this approach.

As such, it was decided that the most cost effective means of delivering a replacement SAN would be to break the cycle of forklift upgrades and award a contract to replace the equipment based on a total cost of ownership (TCO) model. The resulting tender has been structured to reflect this new approach, specifying that equipment should be scalable and maintainable for the full lifecycle of the system, which could potentially be up to twenty years.

With a modern SAN solution operated in the above fashion, SPT can look forward to a range of benefits:

- Reduced capital and revenue expenditure through specification of a long term maintenance and upgrade agreement.

- Removal of the need to perform a time-intensive procurement exercise every few years to supply an entirely new system.
- Improved green credentials by negating the need to dispose of equipment every few years and reduced energy consumption.
- Access to the latest technologies allowing our organisation to benefit from a high speed, high availability computing platform.

This report further details the scope of works, tender process and subsequent recommendation for contract award.

3. Outline of proposals

The objective of this procurement exercise is to deliver a cutting edge, future proofed and robust Storage Area Network (SAN).

SPT have traditionally purchased a SAN solution outright and completely replaced it when it reaches “end of life” status. Taking this into consideration, we are now proposing a new approach which will result in a more ecologically sustainable and financially prudent method of obtaining digital storage that will grow with SPT in the coming years.

As a result of this need, it was decided to procure an enterprise grade, fully flash based storage solution with a comprehensive warranty and maintenance package, through an OJEU tender with TCO costings.

The Total Cost of Ownership costing comprised of:

- Equipment (total only);
- Installation;
- Training;
- Energy consumption;
- Parts, maintenance and upgrades; and
- Decommissioning.

Although the life span of the equipment is estimated to be around 20 years, it was deemed for evaluation certainty a reference five-year costing model would be utilised.

As such the resulting structure of the contract comprises a ‘year 1’ supply and install, with years 1-5 for maintenance. A contract Service Level Agreement (SLA) will be created with the preferred bidder as part of the contract completion.

SPT received six bids for this contract; however, two were non-compliant and were not evaluated.

4. Tender Evaluation (rounded scores)

Supplier	Price Score	Quality Score	Combined Quality & Price Score
Capito	56	40	96
NVT Computing	60	25	85
Proact	55	27	82
Simplify IT	41	25	66

The highest scoring bid, submitted by Capito, exceeded SPT's requirement by providing a detailed and clear response in all areas scored. Emphasis was placed on an approach which encompassed green credentials, security and longevity.

Capito also offer a service in which the annual cost of maintenance is held for the lifetime of the equipment which is estimated at 20 years which, if employed, will allow SPT to fully realise a long term strategic approach. The proposed contract will be for an initial five-year period, at which point the performance of Capito in support terms will be assessed prior to exercising this option. Should this option be utilised, the annual costs will be maintained at £15,624 per annum for the remaining 15-year period (£234,360 in total). This approach would result in a saving over the life of the asset of £233,000.

Capito's pricing is split as follows:

- **Capital expenditure:** £132,590
(including installation and initial system development)
- **Revenue expenditure for years 1–5:** £78,120.00
(including support and maintenance)
- **A total contract cost of £210,710**

5. Conclusions

The Most Economically Advantageous Tenderer was Capito.

The final cost of the contract is £210,710, comprising of two parts:

- Install of the equipment to be commenced as soon as possible, at a cost of £132,590.
- Once install has been completed to SPT's satisfaction, maintenance will commence for 5 years at a fixed cost of £15,624 per year (£78,120 in total).

The intent letter and unsuccessful letters will be issued once approval has been provided. A standstill period will be observed. The OJEU Award notice will then be issued after successful award.

6. Committee action

The Committee is recommended to approve the award of a contract and the installation and system support of a SAN solution at an initial contract value of £210,710 to Capito Ltd and, upon review of performance, agree an option for maintenance covering the remaining 15-year period of the asset life to be awarded at £15,624 per annum, totalling £234,360.

7. Consequences

Policy consequences	<i>None directly.</i>
Legal consequences	<i>None directly.</i>
Financial consequences	<i>The tendered sum is proposed to be accommodated within the 2017/18 Category 1 Project 17-052 for the provision of Storage Area Network.</i>
Personnel consequences	<i>None directly.</i>

Equalities consequences *None directly.*
Risk consequences *None directly.*

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