

## 18. TELECOMMUNICATIONS NETWORK SERVICES

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The purpose of this report is to gain approval for the selection of providers of the following telecommunications network services:

- Voice (telephone)
- Data
- Cellular
- Internet Service Provision (ISP)

### BACKGROUND

The current contracts with Telecom for the supply of voice (telephone) and data network services and cellular services expire in February next year. With the availability of competing networks, including TelstraSaturn's, it was decided to test the market by way of a Request for Proposals (RFP) process. It was also decided to include Internet Service Provision in the RFP.

### RFP PROCESS

Whilst the MIS Manager and his team, who are responsible for the supply of these services within the organisation, have a key role in the specification of requirements and selection of the networks involved, the Corporate Services Manager undertook responsibility for management of the overall process of the RFP. Given the financial amounts associated with these services (in excess of \$1M per annum) and the significance of these services to the Council, it was decided that the Director of Information and Director of Operations should also participate in the evaluation and the presentation of a report to the Council.

Key suppliers, considered potentially capable of meeting our needs, were briefed on our intentions to issue an RFP and, through a series of meetings, in particular with MIS staff, given the opportunity to be fully aware of what we were looking for.

Following Council approval on 28 June 2001, the RFP was sent to the following suppliers:

- Telecom
- TelstraSaturn
- Clear Communications
- Vodafone

Submissions of proposals closed on 26 July. Before that time, Clear indicated they would not be submitting a proposal, principally due to the cost of extending their network, to provide the coverage we need.

As the telecommunications market is highly competitive and prices offered were on the basis of being commercially sensitive the detailed breakdown of the various offers have been reported separately in the public excluded section of the agenda.

As expected, the RFP process has produced proposals which result in substantial savings for these network services over currently planned costs, the bulk of which lie in the MIS budget. Additionally, there are other benefits, in particular the future-proofing of network capacities.

The recommended option is to obtain the data, voice and ISP services from TelstraSaturn, and the cellular and specialised data circuits from Telecom, these being the lowest cost options in both cases. The specialised data services consist of 92 circuits to traffic lights outside the four avenues, two water telemetry circuits used by Water and Waste, and 'dark fibre' circuits to Police cameras around the city, paid for by the Council.

The key remaining dates in the process of the adoption of the new networks are:

- 27 September - Council decision on the service providers
- 28 September - commencement of detailed implementation planning
- 1 November - completion of contract negotiations
- 1 November - commencement of new ISP services
- 28 February 2002 - go live with new networks matching existing capacities
- 30 June 2002 - completion of introduction of upgraded Data Network.

#### **TERMS**

The contract(s) for each service are intended to be for terms shown in the recommendation below. These are the terms stipulated in the RFP, and are designed to be long enough for services that require significant infrastructural change so that the best supplier pricing is obtained, and short enough to offer flexibility for services which can more readily be changed.

**Recommendation:** That the MIS Manager and the Corporate Services Manager be authorised to enter into preferred supplier agreements including authority to exercise any consequent rights of renewal with the following suppliers for the telecommunications network services and terms shown:

<b>TelstraSaturn</b>	<i>Contract Term</i>
Data and Voice	3 years, with 2 rights of renewal for 1 year each
Internet	18 months, with 2 rights of renewal for 1 year each

<b>Telecom</b>	
Cellular	3 years, with 1 right of renewal for 1 year
Specialised Data	3 years, with 2 rights of renewal for 1 year each

#### **Chairman's**

**Recommendation:** That the above recommendation be adopted.