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17

FINANCE, BUDGET AND EFFICIENCY

COMMITTEE RECOMMENDATION

The Committee concurred with the staff recommendation to approve Requisition No. 5-5730-092 and a contract amendment with GIRO, Inc. covering annual renewal of maintenance for proprietary software n the amount of \$27,233, for a total contract cost of \$113,015.

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July 24, 1995



Los Angeles County
Metropolitan
Transportation
Authority

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Los Angeles, CA 90017

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TO: FINANCE, BUDGET AND EFFICIENCY COMMITTEE

THROUGH: FRANKLIN E. WHITE

FROM: JUDITH T. PIERCE *J. Pierce*

SUBJECT: CONTRACT AMENDMENT WITH GIRO INC. FOR
PROPRIETARY SOFTWARE MAINTENANCE

RECOMMENDATION

Consider the Chief Executive Officer's report containing a recommendation to authorize and execute a contract amendment with GIRO, Inc. of Montreal, Quebec, Canada; covering annual renewal of maintenance for proprietary software. The estimated costs of this amendment is \$27,233 for a total revised contract cost of \$113,015.

DBE PARTICIPATION

Because the proposed amendment is for direct payment of fees for proprietary GIRO software products and services, no DBE goal was established.

ALTERNATIVE CONSIDERED

Since maintenance of proprietary software products is involved, the only real alternative to this contract extension is to seek such services on a demand basis and pay all time-and-materials charges that apply. By doing so, the following risks would be incurred:

1. Demand service is provided at the vendor's convenience and has a very low priority assigned to customers that seek it.
2. Product enhancements and modifications are not furnished automatically to demand customers. The burden of acquiring them would fall upon the Authority and, in most cases significant time-and-materials charges would apply. If the Authority elects not to extend this maintenance agreement, the exposure would be substantial and it is likely that overall systems reliability would be adversely affected.

IMPACT ON BUDGET AND OBJECTIVES

This procurement is funded in the Authority's FY96 Operating Budget under Account No. 50316, Work Order No. J000.

BACKGROUND

The subject software maintenance agreement is required to ensure that the Authority receives the latest system upgrades, enhancements and technical support for GIRO's proprietary mathematical runcutting software product, known as HASTUS. The software is used by the Scheduling and Operations Planning Department to optimize the scheduling of bus and rail operator assignments.

a. Justification

The HASTUS product is critical to the Authority since it provides scheduling optimization in bus and rail operator assignments. Use of the software greatly increases system efficiency and reduces the Authority's overall costs. Without it, the required scheduling tasks would be extremely difficult and time consuming.

b. Procurement Process

The Authority's Mathematical runcutting application is based upon a proprietary product from GIRO, Inc., which was acquired on a competitive procurement basis. There is an ongoing requirement for reliable vendor support for that software. This procurement is not being competed because it is an annual renewal of a proprietary software maintenance agreement. It is in the best interest of the Authority to extend the maintenance agreement through Fiscal Year 1996.

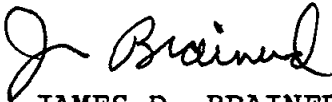
c. Cost Reasonableness

The proposed pricing of \$27,233, appears fair and reasonable. Maintenance fees are based on 15% of the current site license cost, which is consistent with current industry standards.

CONCLUSION

Based on the above information, the staff recommends that the aforementioned contract with GIRO Inc. be amended for an additional one-year contract cost of \$27,233.

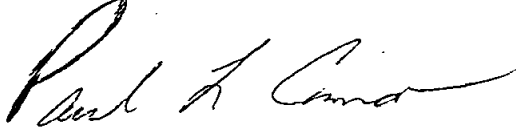
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