

**Point-of-Sale System – Award of Contract**

Date:	January 29, 2018
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board approval for an award of contract for the supply and installation of a new Point-of-Sale (POS) system replacing the existing cash registers and other related equipment with an integrated solution provided by ITC Systems Inc. to be implemented across all 100 branches in 2018.

The Library issued a Request for Proposal (RFP) for the purchase of a new POS system. ITC Systems Inc. was the successful proponent.

TPL's 2016-2019 strategic plan calls for transformation to 21st century customer experience. The implementation of a new POS system supports this strategy by replacing out-of-date technology with a more streamlined solution, an integrated payment process for cash handling at branches that will result in enhanced customer service, operational efficiencies and improved accuracy associated with the financial reconciliation process.

Awards with a value greater than \$500,000 require Board approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. awards a contract for a Point-of-Sale system to ITC Systems Inc. for a total value of up to \$929,180, excluding Harmonized Sales Tax (HST), comprised of:
 - 1.1 \$813,980 of capital costs to be funded by the approved Integrated Payment Solutions capital project in the 2017-2026 capital budget and plan; and
 - 2.2 \$115,200 in operating costs for 2019 to 2022.

FINANCIAL IMPACT

The approved [2017-2026 Capital Budget and Plan](#) includes a \$2.250 million capital investment (over two years) in technology and equipment for Integrated Payment Processing (IPP) resulting in net operating budget savings of \$0.526 million. The IPP project includes a number of initiatives, including upgrading cash registers and other related equipment at service desks and improving the process for collecting fines from customers by introducing fines payment at the self-service check-out stations. The POS system is a component of the IPP capital project and the financial impact is described below.

The total amount of the award, \$929,180, is comprised of capital and operating costs over the first five years of the project as detailed in the table below. Awards with a value greater than \$500,000 require Board approval.

Point-of-Sale System Award Amount

<u>Year</u>	<u>Capital</u>	<u>Operating</u>	<u>Total</u>
2018	813,980		813,980
2019		28,800	28,800
2020		28,800	28,800
2021		28,800	28,800
2022		28,800	28,800
Total	<u>\$ 813,980</u>	<u>\$ 115,200</u>	<u>\$ 929,180</u>

The capital costs of \$813,980 include software and hardware costs, professional services and other costs, including onsite support, first year software maintenance and integration costs.

The operating costs of \$115,200 relate to annual software support and licensing for the POS software and represents a one-time annual incremental operating budget cost of \$28,800 starting in 2019.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

ALIGNMENT WITH STRATEGIC PLAN

TPL's 2016-2019 strategic plan calls for transformation to 21st century customer experience. The implementation of a new POS system supports this strategy by replacing out-of-date technology with a more streamlined solution, an integrated payment process for cash handling at branches that will result in enhanced customer service, operational efficiencies and improved accuracy associated with the financial reconciliation process.

ISSUE BACKGROUND

The cash registers used in branches are coming to end-of-life and in some cases can no longer be maintained as parts and support are no longer available for these units. The current process for receiving and accounting for fine payments at service desks requires multiple entries in non-integrated systems and is therefore inefficient and prone to potential errors. The implementation of the new POS system will integrate this work flow and eliminate the manual re-keying of customer fine payment amounts and reduce duplication of work and potential errors.

In addition, staff currently manually reconcile the payment data from three independent systems on a daily basis using spreadsheets. With the implementation of the new system, this very manual and time-consuming process will be automated as staff will receive integrated financial data feeds on a daily basis in a format that will enable quick and reliable financial reconciliation and reporting.

COMMENTS

The goals of the project to implement a new POS system are to:

- replace dated, end-of-life technology with a system that will improve customer service and cash handling through streamlined workflows;
- facilitate acceptance of library account information (barcode) stored in customers' mobile devices through the implementation of new scanners as part of the POS system; and
- improve reliability and automation of data transfer for financial transactions resulting in operational efficiencies and budget savings.

The implementation will be rolled out at all 100 branches throughout 2018.

Procurement and Evaluation Process

The Library issued a RFP for the purchase of a new POS system and received five compliant proposals.

A cross-functional evaluation team comprised of members from different departments reviewed the proposals and assigned scores for proponents' pricing and technical capabilities, including primary services and optional value added services.

The evaluation team shortlisted two of the highest-ranked proponents based on the aggregate scores of the proposals. These two proponents were invited to an interview and demonstration with the evaluation team. Following these interviews final scoring was completed and ITC Systems Inc. was identified as the successful proponent with the highest aggregate score.

CONTACT

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SIGNATURE

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