CITY OF CHICAGO
DEPARTMENT OF PURCHASES
CONTRACTS AND SUPPLIES
ROOM 403, CITY HALL, 121 NO. LA SALLE ST.

JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT

COMPLETE THIS SECTION IF NEW CONTRACT(S)

For contract(s) in this request, answer applicable questions in each of the 4 major subject areas below in accordance with the Instructions for Preparation of Non-Competitive Procurement Form on the reverse side.

Request that negotiations be conducted only with___Taleo, Inc.___.for the product and/or services described herein.
Name of Person or Firm

This is a request for:_____(**One-Time Contract** per **Requisition #**_____(copy attached) or __X___ **Term Agreement** or **Delegate Agency** (Check one). If Delegate Agency, this request is for "blanket approval" of all contracts within the
(Attach List)   (Program Name)

COMPLETE THIS SECTION IF AMENDMENT OR MODIFICATION TO CONTRACT

Describe in detail the change in terms of dollars, time period, scope of services, etc., its relationship to the original contract and the specific reasons for the change. Indicate both the original and the adjusted contract amount and/or expiration date with this change, as applicable. Attach copy of all supporting documents. Request approval for a contract amendment or modification to the following:

Contract # _____See DPS_____   Company or Agency Name: Taleo, Inc.
Specification # _____See DPS_____   Contract or Program Description: DHR Hiring & Onboarding (Taleo)
Mod # _____See DPS_____   (Attach List, if multiple) See DPS

See DPS – This is an amendment to an existing, approved Sole Source. Contract is pending completion by DPS and Law.

Original Name	Telephone	Signature	Department	Date

Indicate SEE ATTACHED in each box below if additional space needed:

S. S. R. B.
DATE___7/12/06
APPROVED____
CONDITIONALLY
APPROVED___4-0-1
RETURN TO DEPT____
DISAPPROVED___

06 JUN 28 AM 11:28

( ) PROCUREMENT HISTORY (Project History)

1. Describe the requirement and how it evolved from initial planning to its present status.

As part of the outcomes of the DHR Hiring & Onboarding Initiatives funded by OBM, it has become obvious that a pre-built/packaged Hiring & Onboarding application is needed to address multiple needs within the end-to-end City-wide Hiring Process. Over the years, multiple applications (including Oracle HR) have been built or utilized to provide partial solutions to various portions of the City's hiring process. These applications have many shortcomings and a best-of-breed solution will vastly improve the overall City-wide Hiring and Onboarding processes.

Additional factors have indicated the need for a pre-built/packaged Hiring & Onboarding application, including: the ongoing and increasing public scrutiny surrounding the City's Hiring process, DHR's need for integrity and timeliness of the Hiring process (benefiting potential applicants, City Departments and City employees), the ability to audit steps in the process to ensure monitoring, City-wide Hiring & Onboarding Business Process Analysis and Redesign findings, inability of Oracle HR or Oracle Recruiting suite to meet the City's needs, etc.

In May, the Sole Source Board approved the BIS acquisition of Software from Taleo, Inc. to meet DHR's enterprise needs around improving the City's Hiring and Onboarding processes (i.e., Time to Hire, Detailed Hiring Provision requirements, etc.). The Sole Source request was approved because there is currently no mechanism in place to purchase software.

In addition to Taleo Software, the City needs to procure professional services to assist the City with the Taleo implementation.

2. Is this a first time requirement or a continuation of previous procurement from the same source? If so, explain the procurement history.

First time requirement. Modification of approved Sole Source to include Services.

3. Explain attempts made to competitively bid the requirement. (Attach copy of notices and list of sources contacted)

Search for application that met all requirements and determined that only 1 product met requirements.

Modification to approved Sole Source to include Services is a result of an unsuccessful attempt to procure services through the Task Order Request (TOR) process.

To be successful in the implementation of Taleo software, the City needs to procure management consulting and implementation services from Taleo. In order to follow the established Procurement process, BIS issued a Task Order Request (TOR) to all approved Management Consulting MCAs (17 companies). Only one proposal was received and that proposal was rejected as lacking in scope and understanding of the City's needs. See attached copy of notices and list of MCA vendors contacted.

4. Describe all research done to find other sources. (List other cities contacted, companies in the industry contacted, professional organizations, periodicals and other publications used).

Gartner White papers on the Human Resource Management Software space and emails/conference calls with Gartner Human Resource expert consultant. Classified as Large Enterprises, companies contacted about Hiring and Onboarding include Sara Lee, Hyatt, Officemax, IntermountainHealthcare, Agere Systems, and Acxiom.

5. Explain future procurement objectives. Is this a one-time request or will future requests be made for doing business with the same source?

Following the successful implementation of Taleo's ASP software and a yet to be determined initial licensing duration (i.e., 2 years) a future objective is to renew the licensing subscription to their product for additional terms. Possibly, it can be procured under the City's Hardware/Software term agreement in the future.

The need for Taleo services are anticipated throughout the successful rollout of their software and periodically as they develop new product releases/enhancements, or as needed by the City.

6. Explain whether or not future competitive bidding is possible. If not, why not?

Software – Taleo is included as a manufacturer under the City-wide Hardware/Software Term Agreement RFP. Hopefully, future procurements can be made under that agreement.

Services – Future competitive bidding is possible, even though the most recent TOR was unsuccessful.

( ) ESTIMATED COST

1. What is the estimated cost for this requirement (or for each contract, if multiple awards contemplated)? What is the funding source?

Software

Preliminary cost estimates are identified as approximately $323,000/year, for non-variable related ASP costs. Assuming a 2 year contract term, preliminary fixed cost estimates are identified as approximately $646,000. Other costs may include approximately $85 per use in background checking of applicants/employees with Taleo's Verify product. DHR will determine the number of occurrences and appropriateness of this variable cost, but is currently assumed to be 3,500 background checks, for an expected variable cost of $297,500. **Total estimated costs are $943,500 for software and applicant processing (i.e. background checking).**

Please note that the costs may also change, depending on the scope of Software functionality that results from the City's officially signed requirements.

Initial funding is to be provided by the already established DHR eNote funds (006-0C11-0332005-1120-11020021), with ongoing funding to be provided from the Corporate budget.

Services

Costs for consulting services depend on the resource type, but range from $125-$250 per hour. Phase one is the project Discovery/Definition phase of the project. Phase one costs are estimated at $180,432 on a time and materials basis. Management consulting and implementation services costs are estimated at $631,680 through the end of 2006 on a time and materials basis. **The total estimated costs for consulting services in 2006 are $812,112 with additional services needed for 2007 to complete the Taleo implementation project.**

Calendar year 2006 funding was based on the high-level project plan and budget prepared by the DHR Initiatives Team that incorporated the project plan prepared by the vendor and is to be provided by established and approved DHR eNote funds (006-0C11-0332005-1120-11020021), with 2007 funding expected to come from 2007 eNote funds.

Please note that estimated cost is a budget and actual costs may vary from the budget, based on the scope of services agreed to in the resulting contract and resulting from the findings and recommendations that result from the Discovery/Definition phase.

2. What is the estimated cost by fiscal year, if the job project or program covers multiple years?

Software – Approximately $323,000/year, for non-variable related ASP costs and approximately $148,750 for variable costs. Please note that estimated cost is yet to be finalized as there are variables costs associated with the product and those variables will be identified by DHR during the Discovery/Definition phase of the project as the Business Process Analysis work progresses.

Services – The total for consulting services in 2006 is estimated at $812,112 with additional services needed for 2007 to complete the Taleo implementation. Our initial estimate for 2007 is $631,680. Please note that estimated cost is a budget and actual costs are likely to differ based on the actual length of time needed to complete the Discovery/Definition phase and the agreed upon scope of the implementation effort based on the findings and recommendations from the Discovery/Definition phase.

3. Explain the basis for estimating the cost and what assumptions were made and/or data used (ie. budgeted amount, previous contract price, current catalog or cost proposal from firms solicited, engineering or in-house estimate, etc).

Software – The basis of the estimated software costs was formed by the Vendor with City-supplied input and is represented by the most recent pricing proposal received from Taleo. SEE ATTACHED – Pricing Proposal.

Services – Calendar year 2006 funding is based on an estimate of hourly rates and the resource hours in the high-level project plan prepared by the DHR Initiatives Team that factored in the project plan prepared by the vendor.

4. Explain whether the proposed Contractor or the City has a substantial dollar investment in original design, tooling or other factors which would be duplicated at City expense if another source was considered. Describe cost savings or other measurable benefits to the City which may be achieved.

Software - N/A

Services – Simplicity and substantial cost savings can be achieved by contracting directly with Taleo for Taleo related consulting services. No other firm has their level of domain expertise with the Taleo product.

5. Explain what negotiation of price has occurred or will occur. Detail why the estimated cost is deemed reasonable.

Initial pricing proposal was rejected due to lack of negotiation. The current pricing proposal includes a 25% discount, however, additional negotiations and cost reductions are expected. The currently provided estimate is reasonable in comparison with the cost to develop and maintain such a system in-house, and more importantly, the expected cost of vendors' products in this market segment is comparable to its competitors.

( ) SCHEDULED REQUIREMENTS (Project timeframe/estimated length of service required by consultant)

1. Explain how the schedule was developed and at what point the specific dates were known.

The schedule was developed by the DHR Initiatives team with input provided by Taleo. Currently, a detailed project plan exists for the "Discovery/Definition" phase of the project. The detailed implementation plan and schedule, which will outline the entire project's timeframe, resources and scope, will be prepared during the Discovery/Definition phase.

2. Is lack of drawings and/or specifications a constraining factor to competitive bidding? If so, why is the proposed Contractor the only person or firm able to perform under these circumstances? Why are the drawings and specifications lacking? What is the lead time required to get drawings and specifications suitable for competition? If lack of drawings and specifications is not a constraining factor to competitive bidding, explain why only one person or firm can meet the required schedule.

N/A

3. Outline the required schedule by delivery or completion dates and explain the reasons why the schedule is critical.

The City would like to implement a Best Practices Hiring Process as soon as is feasible. Additionally, City departments are constrained by the ability of DHR to successfully fill all open positions in a timely fashion. The City's Hiring process needs to be timely, accurate and auditable as soon as possible.

Work is scheduled to begin in July, 2006.

4. Describe in detail what impact delays for competitive bidding would have on City operations, programs, costs and budgeted funds.

Delays will result in the inability to perform City-wide services to City Departments and constituents, because of DHR's very manually intensive process in filling Departments' open positions in a timely fashion. Each day that goes by without Best Practice HR software and Business Processes negatively affects the City (i.e., adherence to the guidelines of the detailed hiring provisions which results in a length time-to-hire, City departments cannot hire personnel in a timely manner, etc.)

(   ) EXCLUSIVE OR UNIQUE CAPABILITY (of consultant)

1. If contemplating hiring a person or firm as a Professional Service Consultant, explain in detail what professional skills, expertise, qualifications, other factors make this person or firm exclusively or uniquely qualified for the project. Attach copy of cost proposal and scope of services.

Software - Taleo is the only vendor with a product that meets all of the City's requirements:

- ❖ Easily Configurable
- ❖ Easily Maintainable
- ❖ Integration with Oracle Applications and/or Oracle APIs
- ❖ Product Functionality - Recruiting/marketing through Hiring (Human Resources Management):
  - – Workforce planning — Demand planning; supply planning
  - – Requisitioning — Job descriptions; approval workflow; job posting
  - – Candidate acquisition — Referral management; candidate application; candidate screening/assessment; candidate marketing; candidate scoring/search
  - – Applicant tracking — Applicant workflow; communications/correspondence management; interview management; background checking/drug screening; "on boarding"
  - – Reporting/analytics — Regulatory reporting; standard reporting/analytics; advanced analytics
  - – Resume scanning
  - – Job board posting
  - – Passive candidate acquisition
  - – Resume parsing
  - – Assessments
  - – Search
  - – Background checking
- ❖ Product Usability
- ❖ Vendor Commitment

Services – Taleo is the manufacturer of their software and no other vendor has their domain expertise.

2. Does the proposed firm have personnel considered unquestionably predominant in the particular field?

Software - N/A. This is a software purchase.

Services - Taleo is the manufacturer of their software and no other vendor has their domain expertise. In addition, a recent search on a large national job board for Taleo experienced implementation consultants in the Chicago area returned only one viable candidate.

3. What prior experience of a highly specialized nature does the person or firm exclusively possess that is vital to the job, project or program?

Software - N/A. This is a software purchase.

Services - Taleo is the manufacturer of their software and no other vendor has their domain expertise. In addition, a recent search on a large national job board for Taleo experienced implementation consultants in the Chicago area returned only one viable candidate.

4. What technical facilities or test equipment does the person or firm exclusively possess of a highly specialized nature which is vital to the job?

Software - N/A. This is a software purchase.

Services - Taleo is the manufacturer of their software and no other vendor has their domain expertise.

5. What other capabilities and/or capacity does the proposed firm possess which is necessary for the specific job, project or program which makes them the only source who can perform the work within the required time schedule without unreasonable costs to the City?

Software - N/A. This is a software purchase.

Services - Taleo is the manufacturer of their software and no other vendor has their domain expertise.

6. If procuring products or equipment, describe the intended use and explain any exclusive or unique capabilities, features and/or functions the items have which no other brands or models, etc. possess. Is compatibility with existing equipment critical from an operational standpoint? Explain why.

Taleo is the only vendor with a highly compatible infrastructure with the City's infrastructure (Web Services, Business Objects, Oracle, etc.). They are also the only profitable, publicly traded vendor in this market segment and are audited by an independent auditor and are SOX compliant. They are deemed to be the best long term provider for the City of Chicago. .

7. Is competition precluded because of the existence of patent rights, copyrights, trade secrets, technical data, or other proprietary data? Attach documentation verifying such.

n/a

8. If procuring replacement parts and/or maintenance services, explain whether or not replacement parts and/or services can be obtained from any other sources? If not, is the proposed firm the only authorized or exclusive dealer/distributor and/or service center? If so, attach letter from manufacturer.

n/a

(　) OTHER(if available)

1. Explain other related considerations and attach all applicable supporting documents (an approved Information Technology Strategy Committee (ITSC) form, an approved Request for Individual Contract Services form, etc.)

In order to follow the established Procurement process, BIS issued a Task Order Request (TOR) to all approved Management Consulting MCAs (17 companies). Only one proposal was received and that proposal was rejected as lacking in sufficient scope and understanding of the City's needs.

APPROVED BY: _____   6/27/'06   _____   7/1?/06
　　　　　　　　Department Head　　　　　　**Date**　　　　**Board Chairperson**　　　　**Date**
　　　　　　　　Or Designee

Taleo ⋅✗⋅ Talent Drives Performance

4140 Dublin Blvd, Suite 400
Dublin, CA 94568

July 10, 2006

David Topazian
Assistant CIO
Business & Information Services
City Of Chicago
Daley Center, Room 2700
50 West Washington Street
Chicago, Illinois, 60602

David

Taleo Corporation is pleased to submit this letter of understanding to assist the City in its implementation of the Taleo Hiring and Onboarding Application Service Provider (ASP) software. The following outlines scope, services and cost;

Software
Preliminary cost estimates are identified as approximately $323,000/year, for non-variable related ASP costs. Assuming a 2 year contract term, preliminary fixed cost estimates are identified as approximately $646,000. Other costs may include approximately $85 per use in background checking of applicants/employees with Taleo's Verify product. DHR will determine the number of occurrences and appropriateness of this variable cost, but is currently assumed to be 3,500 background checks, for an expected variable cost of $297,500. Total estimated costs are $943,500 for software and applicant processing (i.e. background checking).

Please note that the costs may also change, depending on the scope of Software functionality that results from the City's officially signed requirements.

Services

Scope - Taleo services will be used for the implementation of the Taleo software and integration with existing City systems. Additional services such as training may be required. Phase one is the project Discovery/Definition phase which will determine the specifics of subsequent phases.

Term -Taleo services are expected to be provided over a two year period with three, one year extension options.

Cost - Costs for consulting services depend on the resource type and range from $125-$250 per hour. The total estimated cost for consulting services on a time and materials basis is $2,985,000 as follows: 2006 - $855,000; 2007 - $1,290,000; 2008 - $280,000; 2009 - $280,000; and 2010 - $280,000.

Please note that estimated cost is a budget and actual cost may vary from the budget, based on the scope of services agreed to in the resulting contract and from the findings and recommendations that result from the Discovery/Definition phase.

We are looking forward to a successful implementation of the Taleo Solution to meet the Goals of the City Of Chicago Department Human Resources Hiring & Onboarding project.
Sincerely,

Frederic Lequient
VP Professional Services
Taleo Corporation

M E M O R A N D U M

To: Barbara Lumpkin, Chief Procurement Officer

From: David Goodman and David Topazian

CC: Lydia Murray, Jacqueline King, Hardik Bhatt

Date: June 22, 2006

Re: Request for Recommendation from DPS in Procuring Taleo Sei
approved Sole Source for Taleo Software (DHR Hiring & Onboarding {

Historical Overview:
In May, the Sole Source Board approved the BIS acquisition of Software fr(
enterprise needs around improving the City's Hiring and Onboarding proce.
Federal Monitor requirements, etc.). The Sole Source request was approv(
no mechanism in place to purchase software.

To be successful in the implementation of Taleo software, management co
which would be delivered by Taleo) are also required by the City. In order ·
Procurement process, BIS issued a Task Order Request (TOR) to all appr(
MCAs (16 companies). Only one proposal was received and that proposal
viable/incomplete.

Current Status/Need:
In order to stay on schedule with a planned early July start date, BIS needs
in how to correctly procure services directly from Taleo to enable a start da
Source for services, modification to the existing Software Sole Source to in
possible alternative, etc.).

Additionally, BIS needs to know the individuals assigned to the Taleo Sole
that the contract process can commence right away (being very similar in n
Sole Source ASP contract with CYS).

Sincerely,

Dave Goodman and David Topazian

Dave Goodman
Mayor's Office – Room 406
312-744-7135

From: Judith Mims
To: Zech, Rodney
Date: 6/27/2006 11:31:18 AM
Subject: Fwd: TASK ORDER PROPOSAL REQUEST - #2006-033-0001

Attached is the TOR announcement that went out to the approved vendors in the Management Consulting Group:

Applications Software Technology Corp
Blackwell Consulting Services
Bronner Group, LLC
ciber
Covansys
Crowe Chizek and Company
Diamond Cluster International North America
Dunn Solutions
EKI - Electronic Knowledge Interchange
Gartner Inc.
Keane
Quantum Crossings
SDI - System Development and Integration
Spherion
VIVA USA Inc.
West Monroe Partners
Westin Engineering, Inc.

>>> Judith Mims 06/02/06 4:22 PM >>>
ANNOUNCEMENT

TO: MCA VENDORS PRE-APPROVED UNDER SPEC. # 25470 FOR IT Management Consulting Services

DATE: June 2, 2006

PROJECT #: 2006-033-0001/DHR Hiring & Onboarding ASP Software Implementation Services (Taleo)

Please find the attached task order request issued on behalf of the City's Department of Business and Information Services.

If your firm decides that it will not be responding to this request, please forward a statement to the email address listed below.

Thank you -

Judy Mims
Contract Coordinator
Business and Information Services
City of Chicago
312-742-1817
jmims@cityofchicago.org