



JUSTIFICATION FOR SOLE SOURCE CERTIFICATION

Sole Source Purchases are defined clearly, based upon a legitimate need, and are limited to a single supplier. Sole source purchases are normally not allowed except when based upon strong technological grounds such as operational compatibility with existing equipment and related parts or upon a clearly unique and/or cost effective feature requirement. The use of sole source purchases must be justified and shall be limited only to those specific instances in which compatibility or technical performance needs are being satisfied.

Sole Source Services are defined as a service provider providing technical expertise of such a unique nature that the service provider is clearly and justifiably the only practicable source available to provide the service. The justification shall be based on the uniqueness of the service, sole availability at the location required, or warranty or defect correction service obligations of the service provider.

This form must be filled out for the request to purchase any good or non-professional service that requires a competitive procurement process (informal quotes (\$1001-\$10,000), formal quotes (\$10,001 - \$19,999.99), or formal bid (\$20,000 or more) as defined in the LFUCG's Purchasing Manual. This form must be completed in its entirety and attached to the purchase requisition.

Note: Sole Source Purchase requests for goods exceeding \$20,000 will require approval by the Urban County Council by submitting an Administrative Review Form. A copy of this form must be signed off by Central Purchasing and attached to the Administrative Review Form.

Requesting Division

Name: Phillip Stiefel Division/Dept: CIO/Enterprise Solutions

Phone: 367-4912 Email: pstiefel@lexingtonky.gov

Type of Purchase: (x) Goods/Materials/Equipment (x) Services

Total Cost: \$616,366.69

Relicense PeopleSoft:	\$505,218.59
First Year Tech Support:	<u>\$111,148.10</u>
	\$616,366.69

Sole Source Request for the Purchase of PeopleSoft Oracle relicensing for Financials and Human Capital Management (HCM) modules. Cost also includes the first year of technical support/maintenance.

- One Time Purchase To Establish Sole Source Provider Contract
(subject to annual review and approval by Central Purchasing and/or Urban County Council)

Vendor Information

Business Name: Oracle America, Inc.

Contact Name: Tatiana Reiner, Applications Account Manager

Address: 1910 Oracle Way Reston, VA 20190

Phone: 703-364-1125 Email: Tatiana.reiner@oracle.com



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STATEMENT OF NEED: (Add additional pages as needed)

My division/department's recommendation for sole source is based upon an objective review of the product/service required and appears to be in the best interest of the LFUCG. I know of no conflict of interest on my part, and I have no personal involvement in any way with this request. No gratuities, favors, or compromising actions have taken place. Neither has my personal familiarity with particular brands, types of equipment, materials, persons or firms been a deciding influence on my request to sole source this purchase when there are other known suppliers to exist.

1. Describe the product or service and list the necessary features this product provides that are not available from any other option.

PeopleSoft Financials, Human Capital Management (HCM), associated middleware and licensing are proprietary products only available through Oracle.

2. Below are eligible reasons for sole source. Check one and describe.

Licensed or patented product or service. No other vendor provides this. Warranty or defect correction service obligations to the consultant. Describe why it is mandatory to use this licensed or patented product or service.

LFUCG has been using PeopleSoft since its implementation in 2005. The city's business processes, workflow, user base, and data are in a PeopleSoft format. Relicensing with Oracle is the only way to update the city's Enterprise Resource Planning (ERP) system without implementing an entire new ERP. Oracle is the only vendor that sells/licenses PeopleSoft products.

Existing LFUCG equipment, inventory, custom-built information system, custom-built data inventory system, or similar products or programs. Describe. If product is off-the-shelf, list efforts to find other vendors (i.e. web site search, contacting the manufacturer to see if other dealers are available to service this region, etc.)

The city has been using and configuring PeopleSoft since 2005 for payroll, accounts receivable, accounts payable, purchasing, job data, health benefit administration, general ledger, and more. Multiple custom interfaces and configuration to ancillary products are in place.

Uniqueness of the service. Describe.

The LFUCG has established a standard for this manufacturer, supplier, or provider and there is only one vendor. Attach documentation from manufacturer to confirm that only one dealer provides the product.

Factory-authorized warranty service available only from this single dealer. Sole availability at the location required. Describe.

Used item with bargain price (describe what a new item would cost). Describe.



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Other – The above reasons are the most common and established causes for an eligible sole source. If you have a different reason, please describe:

3. Describe efforts to find other vendors or consultants (i.e. phone inquires, web site search, contacting the manufacturer to see if other dealers are available to service region, etc.).

There was no effort to identify other vendors. Oracle is the only vendor that sells/licenses PeopleSoft products.

4. How was the price offered determined to be fair and reasonable?

(Explain what the basis was for comparison and include cost analyses as applicable.)

Oracle's price of \$505,218.59 for relicensing is extremely reasonable. Oracle's normal procedure is to price products in one of two ways. They would either engage you as a new customer and negotiate based on list price (scenario 1) or require payment of all years of "back maintenance" since cancelling with Oracle (scenario 2).

For either methodology, the current offering is considerably less than the two standard approaches. Oracle is offering a relicensing option to Lexington at a discount of 91.5%.

Current Oracle Offering: \$505,218.59
Scenario 1: New Customer: \$5,943,729.00.
Scenario 2: "Back Maintenance": \$1,374,237.00.

5. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier.

The heavily discounted pricing is associated with Oracle's fiscal year end (May 2016). It is doubtful that the city would be able to pursue relicensing for this price in the future.