

November 10, 2010

ITEM NO. A4

**AUTHORIZATION TO ENTER INTO A CONTRACT WITH LAWSON SOFTWARE
FOR SUPPORT AND MAINTENANCE SERVICES**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners (“Board”) authorizes the Chief Executive Officer or his designee to enter into a contract with Lawson Software, Inc. for a two (2) year term to support and maintain the Lawson System, which serves as the Chicago Housing Authority’s (“CHA”) Enterprise Resource Planning (“ERP”) system, in an amount not-to-exceed \$430,115.75.

FUNDING
General Fund

AWARD/PROCUREMENT INFORMATION

Vendor: Lawson Software, Inc.
Three Ravinia Dr., #1250
Atlanta, GA 30346

Contract Type: Not-To-Exceed
Contract Amount: \$430,115.75
Contract Term: January 1, 2011 through December 31, 2012
Option Period: None

M/W/DBE Participation:

Direct ___ % MBE ___ % WBE ___ % DBE
Indirect ___ % MBE ___ % WBE ___ % DBE
Waiver X Yes

Section 3: N/A

___ #) Hiring _____ (\$) Subcontracting ___ (\$) Other Economic Opportunities

EXPLANATION

In 2004, the CHA issued RFS 04-01309-01 to replace its existing system applications for finance, human resources, payroll and purchasing to 53 pre-qualified vendors in the management consulting category and received 4 responses. Upon review and after an extensive and thorough competitive negotiation process, the CHA selected the joint proposal of Blackwell Consulting and Lawson Software for award under the procurement. As joint awardees, Blackwell and

Lawson cooperatively supplied and implemented the Lawson Enterprise Resource Planning system under Contract No. 9777. As a component of the implementation, Lawson Software, Inc. (“Lawson”) provided its copyrighted ERP software platform, system and applications (collectively, the “Lawson System”) to the CHA under a perpetual license term. At the time of procurement and award, the CHA negotiated annual support and maintenance pricing for up to five (5) years from the acceptance of the Lawson System. The CHA has exercised its rights to annual support and maintenance under Contract 9777 for each of the five (5) years since the completed implementation, and the negotiated pricing and terms for Lawson maintenance and support under Contract 9777 will expire on December 31, 2010.

Given the pending expiration of Contract 9777, the CHA now seeks to secure maintenance and support services for an additional period of two (2) years by entering into an annually renewable support and maintenance services contract with Lawson Software, Inc. to continue to support the Lawson System implemented and in use at the CHA. It was originally envisioned that the selected ERP system contemplated under RFS 04-01309-01 would suit the agency’s needs for a period between seven to ten years (presuming no significant changes in market conditions), and the Lawson System has performed to those expectations for the first five years since implementation. The Lawson System continues to serve valuable operations and functions for the CHA, and its future maintenance and support was approved for sole source procurement for the requested two (2) year contract term.

PROCUREMENT HISTORY

The Lawson System was procured as a result of a competitive procurement process under RFS 04-01309-01, released to the ITS “Pre-Qualified” vendor pool in 2004 for the purposes of designing and implementing an Enterprise Resource Planning system. Because of the proprietary nature of the software, platform and applications comprising the Lawson System, sole source procurement continues as a necessary requirement for the application’s support and maintenance needs, including foundation upgrades. The Department of Procurement and Contracts approved the original sole source procurement for the original Lawson Maintenance Service Agreement in 2004 as part of Contract No. 9777, formalizing the initial two year maintenance term with fixed pricing for additional annual maintenance and support terms for up to five years in total. Additionally, the Department of Procurement and Contracts later approved sole source procurement for the Lawson 9 Foundation Upgrade to the Lawson System implemented in 2007 to assure continued optimal performance and usability in accordance with the agency’s designated intent.

Based on the foregoing, it is in the best interest of the Chicago Housing Authority to enter into a two (2) year contract with Lawson Software, Inc. for Lawson Support and Maintenance in an amount not-to-exceed \$430,115.75.

RESOLUTION NO. 2010-CHA-140

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated November 10, 2010, entitled **“AUTHORIZATION TO ENTER INTO A CONTRACT WITH LAWSON SOFTWARE FOR SUPPORT AND MAINTENANCE SERVICES”**.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee, to enter into a two (2) year contract with Lawson Software for Lawson Support and Maintenance in an amount not-to-exceed \$430,115.75.

