

Pegues, Michael

From: Pegues, Michael
Sent: Wednesday, March 7, 2018 11:56 AM
To: Mervine, Richard; Strueber, Sandra
Cc: O'Connor, Robert; Garza, Juany; Hart-Burns, Scheketa; Bohman, Tina; Mesiacos, Theodoros; Donnell, William; Franco, Carl; Jenkins, Sherman; Saville, Mike; Bugg, Edward; Lofchie, Judd; Lyons, Martin S; Voigt, Alexandra; Alexandrou, Alex; Nelson, Chuck; Irvin, Richard
Subject: [18-0101] A Resolution requesting Professional Services from Crowe Horwath in the amount of \$98,725
Attachments: 337773_labor_rate_db.xlsx

Alderman Mervine,

Re: the abovementioned resolution discussed at **the Committee of Whole Meeting** on Tuesday 6 March 2018.

EXECUTIVE SUMMARY

- Addressing your concern on Technology Consulting labor rates, I am providing some additional information on **Labor Rate Assessment** to help compare specific labor rates by country, service area, skills and experience levels. This information should be used to compare a provider's proposed rates with the highs, lows and norms in the market.
- The objective is to provide an impartial comparison with current or proposed labor rates (in Resolution 18-0101) to enable a quick understanding of market pricing, which makes for more-effective discussion.
- The provided rates reflect the data collected by **Gartner's** sourcing analysts and *benchmarking* team. **Gartner**, Inc. is an American research and advisory firm providing information technology related insight for IT and other business leaders located across the world. Its headquarters are in Stamford, Connecticut, United States. It was known as Gartner Group, Inc until 2000, when it was then changed to Gartner. Research provided by Gartner targets CIOs, senior IT, marketing and supply chain leaders. Gartner clients include large corporations, government agencies, technology companies and the investment community. The company consists of Research, Executive Programs, Consulting and Events. Founded in 1979, Gartner has over 8,100 employees, including 1,280 in research located in 85 countries. Gartner uses [hype cycles](#) and [Magic Quadrants](#) for visualization of its market analysis results.

ANALYSIS

The attached Microsoft Excel ([See attached 337773_labor_rate_db.xlsx](#)) contains four worksheets as follows:

1. **Gartner Leader's Toolkit** — This sheet defines the Toolkit's intended use and limitations.
2. **Rate Classification Definitions** — This sheet defines the service areas used to classify the rates, the list of U.S. metropolitan cities, and what the rates include or exclude.
3. **Skills Level Definitions** — This sheet includes an overview of the common roles; years of experience in the role; and common characteristics of respective skills levels in the areas of autonomy, influence, complexity of work and business skills. Use this sheet to determine what skills level to look for in the rate tables.

4. **Labor Rates** — This is the main sheet to use. It provides a selection option to limit the rates shown. You need only to pick the country you wish to see rates for and the service area (as explained in the Rate Classification Definition sheet). The delivery location and reported currency are read from the detailed sheet.
- The tables shown provide the competitive, average and expensive rates, per day and per hour.
 - The rates are reported in the currencies shown in Table 1 below (euros, British pounds, U.S. dollars, Canadian dollars or Australian dollars) in the first section (I5 to P13). In the other five sections, a currency conversion is automatically done, based on the exchange rates on D28 to D37. You can modify these exchange rates to reflect current market conditions or your internal agreed-on rates (see Table 1).
 - Rates are provided per day and per hour, based on an eight-hour day. If you need daily rates calculated on a different number of hours per day, you can modify Cell L4 accordingly.

CONCLUSION

1. In summary, the *average* blended cost per hour for Crowe Horwath consulting is approximately = **\$220.00** (\$98,725 / 447)

Phase / Step	# of Hours	Cost
Step One: Initiate Project	13	\$3,765
Step Two: Assess	190	\$41,290
Step Three: Develop Plan	244	\$53,670
Total	447	\$98,725

2. Based on the analysis of labor rates provided by **Gartner** research, the Crowe Horwath blended labor rates are in line with **Competitive** rate of **\$234.65** (\$203.11 + \$266.20 / 2) for the Chicago metropolitan area for **Consulting Skills Level Definitions L4.5 & L5** (see worksheet tab Skill Level Definitions for more information)

Selected country and associated rate	Hourly rates in USD	Competitive	Average	Expensive	hrs/day
	L1	60.07	71.74	106.67	
	L1.5 - calculated	71.07	91.89	124.76	
	L2	82.08	112.04	142.85	
	L2.5 - calculated	98.35	141.61	188.94	
	L3	114.61	171.19	235.03	
	L3.5 - calculated	127.32	192.57	284.55	
	L4	140.02	213.96	334.07	
	L4.5 - calculated	203.11	303.74	404.15	
	L5	266.20	393.53	474.22	

EVIDENCE

- Gartner's sourcing analysts receive numerous inquiries on technology contract reviews. Between January 2016 and January 2018, 12% of those inquiries from end-user clients (from all markets) included labor rates. Over the same period, Gartner's benchmarking team analyzed over 400 deals, including over 18,000 labor rates.

- For further information on the independence and integrity of Gartner research, see "[Guiding Principles on Independence and Objectivity](#)."

I am more than happy to address any additional questions and/or concerns prior or at the next City Council Meeting.

Regards,



Michael R. Pegues

Chief Information Officer
Information Technology Division

City of Aurora

44 E. Downer Place

Aurora, IL 60507

Office: 630-256-3471

Cell: 630-465-2207

mpegues@aurora-il.org

www.aurora-il.org