

## CT5815 ENTERPRISE SYSTEMS PROJECT - CONTRACT EXTENSION

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Report Author: Director Corporate Services

Responsible Officer: Director Corporate Services

Ward(s) affected: (All Wards);

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

In accordance with the definition included in Section 3(1)(g)(i), (g)(ii) of the Local Government Act 2020, the attachments to this report are considered confidential information as they contain private commercial information (trade secrets); and private commercial information that would unreasonably expose a business, commercial or financial undertaking to disadvantage.

### SUMMARY

Council is part-way through implementing a fit for purpose 'whole of organisation' enterprise system solution on a Software as a Service (SaaS) platform. In plain language, the 'YRConnect' program involves implementation of a suite of connected software modules that replace numerous legacy systems covering Council's core services and functions. Council has an ongoing need for this system and provision of related support services to implement, support and maintain this solution. This need is currently met through Technology One Limited ("TechOne") via contract CT5815 Enterprise Systems Project which expires 27 March 2024. This contract provides for an extension of another five (5) years subject to the approval of Council.

Approval is sought from Council:

- To enter a contract variation which extends the current contract by a further four (4) years, commencing 28 March 2024 to facilitate completion of system implementation and for ongoing provision of the SaaS platform and related support and maintenance, which is estimated to cost \$4,905,236 exclusive of GST (\$5,395,760 inclusive of GST) over the 4 years.

The Council Evaluation Panel comprising the Director Corporate Services, Acting Manager Information Technology, Manager Strategy and Transformation and Procurement Coordinator recommend extension of the TechOne contract.

## RECOMMENDATION

### *That*

- 1. Council approves the variation to extend contract CT5815 with Technology One Limited for four (4) years for the estimated total price of \$4,905,236 exclusive of GST.**
- 2. The Chief Executive Officer be delegated authority to sign the contract documents.**
- 3. The Director Corporate Services be delegated authority to extend the contract term on the terms set out in the Contract and any amended terms proposed by Technology One Limited or Council.**
- 4. The confidential attachments to this report remain confidential indefinitely as they relate to matters specified under section 3(1)(g)(i), (g)(ii) of the Local Government Act 2020.**

## RELATED COUNCIL DECISIONS

At its meeting on 26 March 2019, Council endorsed the awarding of CT5815 Enterprise Systems Project to TechOne for an initial contract period of five (5) years with provision of an extension of another five (5) years subject to the approval of Council.

*Refer to Attachment 1 – CT5815 Enterprise Systems Project Tender Evaluation – Amended Motion (minute).*

## DISCUSSION

### *Purpose and Background*

CT5815 Enterprise Systems Project commenced on 28 March 2019. The key objectives of implementing this enterprise-wide system (known internally as “YRConnect”) include:

- Mobility - Any Device, Anytime, Anywhere computing;
- Cloud - Cloud “First” sourcing (IaaS / SaaS);
- Digitisation - supporting sustainable and innovative work practice, improved collaboration, functionality and flexible work; and
- Single view of Customer - One Customer, One record.

The benefits for Yarra Ranges Council include high system stability, system cybersecurity, data integration across Council services, provision of a self-service customer interface and streamlining of almost 80% of Council processes.

*Refer to Attachment 2 – CT5815 Enterprise Systems Project – Tender Evaluation Report including Confidential Attachment (Confidential) for details pertaining to the procurement process undertaken including evaluation and award to TechOne.*

At the date of writing, the implementation of YRConnect is nearing the end of Phase 1 and in the plan/deliver stages of Phase 2.

Under Phase 1 of the project the following modules have successfully been implemented:

- Financials and Procurement;
- Enterprise Budgeting;
- Intramaps;
- Enterprise Asset Management;
- Customer Request Management; and
- Human Resources and Payroll.

Planning is currently underway for implementation of the Phase 2 modules:

- Strategic Asset Management;
- Corporate Performance Management;
- Property and Rating Module; and
- Enterprise Content Management.

*Refer to Attachment 3 – CT5815 Technology One Implementation Progress Summary Report (Confidential) for:*

- Visualisation of overall project progress against schedule;
- project deliverables achieved to date by module against time, scope, budget, and risk assessments, including deliverables scheduled for completion by 27 March 2024 (end of the initial contract term of five (5) years); and
- visual representation of progressive technical architecture change.

### ***Proposed terms of contract extension***

The opportunity to extend the term of the current contract has arisen at this time in the context of negotiations with TechOne regarding ongoing fees and other charges.

Officers have negotiated revised terms for current and future SaaS fees and TechOne consulting rates (for ongoing support services) as incorporated in a 4 year extension to the current contract.

*Refer to Attachment 4 – Variation to Agreement with Technology One (Confidential).*

### ***Options considered***

Council could seek an alternative ‘whole of organisation’ enterprise systems solution on a Software as a Service (SaaS) platform by running another Expression of Interest (EOI) or tender process. As these processes are time consuming and costly, this option would only be considered if the TechOne solution was deemed no longer ‘fit for purpose’ or no longer in Council’s ‘best interests’ to pursue. Council Officers do not believe this is the case.

### ***Recommended option and justification***

It is recommended to exercise the contract variation to extend the contract period by four (4) years to complete project implementation by TechOne.

The ‘OneCouncil’ solution has continued to be the preferred solution by many Councils across Australia. The solution is a fit for purpose Australian designed product that is continuing to develop and meet the needs of Council in a dynamic digital environment.

In reaching this recommendation, key considerations include:

- Appraisal of TechOne’s performance. The project has embedded a ‘health check’ process that reviews project delivery success and software performance. This includes independent review of the user experience and key Council expert reporting on function. To date, installed software components have been performing to expectations and user acceptance is high. Much of the ‘whole of organisation’ benefit will be realised when all modules are connected, which is scheduled for late 2023;
- The consulting support provided to us by TechOne has enabled us to deliver the project by filling resource and expertise gaps when required. TechOne’s best practice methodology and expert guidance is relied upon to be able to deliver the project outcomes. They have the capability and direct support from their Research and Development Team to ensure the product is fit for purpose;
- The vendor relationship between TechOne and Council is maturing a foundation of trust and mutual investment. As a local government organisation, there is a limit to the software development and maintenance that can be performed using internal resources. A trusted, long-term partnership model ensures we are maintaining technology at pace with an intelligent partner. TechOne services many Local Government organisations and is growing a technology innovation and systems knowledge base that we are able to access and benefit from;
- TechOne is heavily focused on delivering a streamlined customer-centric experience for Local Government with 73% of Australian and New Zealand residents living in a Council that utilises TechOne software. Our partnership with TechOne ensures we are able to deliver the next generation of mobile-enabled technology to better connect with our community and future proof our digital capability;

- In terms of competitiveness, at the time of initial quote, similar solutions that offered a whole of council solution were evaluated and the TechOne product was selected as superior. Analysis of the market and Council's needs has been reviewed to ensure there have been no significant changes that would warrant pursuit of another EOI process and an alternative solution;
- The TechOne 'One Council' solution is aligned with our YR Ignite strategy (High Performing Organisation). We are already achieving better connectivity with simplified processes following the implementation of Phase 1 modules. Many manual and duplicated process have already been replaced with a positive end user experience being realised by our employees, field workers and customers; and
- Implementing a SaaS based solution has also improved our Cyber Security protection as TechOne now provides us with a multi-tiered security and privacy measures with the highest accredited procedures.

## **FINANCIAL ANALYSIS**

The estimated value of the contract extension period of four (4) years (to facilitate completion of system implementation and ongoing support and maintenance) to Council is \$4,905,236, exclusive of GST (\$1,226,309 per year).

Sufficient funds are available in the existing operational budget program. The budget also captures future savings from legacy systems (being replaced by the new TechOne system) that will no longer be required.

## **APPLICABLE PLANS AND POLICIES**

This report contributes to the following organisational strategies:

YR Ignite 2021–2025 Our Organisational Excellence strategy:

- We excel in thinking smart and good practice – Use the power of technology – We deliberately and appropriately use technology and digital systems to offer more targeted, accessible, and fit for purpose services (recognising that digital systems might be efficient but not always human friendly).

Digital and Technology Strategy 2022–2026 (draft):

- Digital Transformation Strategy – guides the organisation's digital transformation to improve customer experience by making the most of digital advancements.

## **RELEVANT LAW**

Not applicable.

## **SUSTAINABILITY IMPLICATIONS**

Not applicable.

## **COMMUNITY ENGAGEMENT**

Not applicable.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

No collaboration with other councils, governments or statutory bodies was sought, however Officers have spoken regularly with other councils who have or are currently implementing TechOne's 'OneCouncil' solution to gain insights and advice regarding best use of the system.

Regarding innovation, this contract supports the YR Ignite Strategy 2021-2025 and specifically the aims of 'Improve and Innovate'.

The 'OneCouncil' solution being implemented will deliver significant improvements to the Council's systems and the ability to serve and support the community through stronger and more integrated technology systems across Council.

## **RISK ASSESSMENT**

Risks and mitigation strategies have been considered as part of the initial selection process, the evaluation process to consider the proposed extension variation, as well as being built-into the YRConnect Steering Committee governance structure which oversees this project implementation.

- Project Loss: Without extending the contract, Council will not be able to deliver the project as a complete enterprise system or enjoy the benefits of operating with the fully implemented system, substantially limiting return on investment to date;
- Technology Risk: Various legacy systems have been retired following the go live of TechOne modules; and
- Technology Risk: A return to managing solutions on local servers rather than a cloud-based SaaS environment would increase Council's risk of a cyber attack as well as system and hardware redundancies.

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. CT5815 Enterprise Systems Project Tender Evaluation – Amended Motion
2. CT5815 Enterprise Systems Project – Tender Evaluation Report (Confidential)
3. CT5815 Technology One Implementation Progress Summary Report (Confidential)
4. Variation to Agreement with Technology One (Confidential)