6.4   Financial Reports

6.4.1 Supply & Implementation of a SaaS based Financial Management System - Tender CT021-025

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Recommendation(s)

That Council accepts the tender submitted by TechnologyOne Limited for:

1. Implementation fees $463,327
2. Ongoing operational SaaS fees as determined within operational budgetary constraints, for year 2 to 5 of $618,635pa., increased each year in line with CPI
3. For a period of five years plus three optional extensions of two years each at the sole discretion of Council.

There are adequate funds over the life of the contract in the current Budget 2021-22 and draft Financial Plan 2022-32 to award these contract works and the evaluation panel is confident in this Company's ability to complete the contract within the specified timeframes.

Attachments

1.   CONFIDENTIAL - CT021 025 Confidential memorandum [**6.4.1.1** - 5 pages]

Executive Summary

CSC currently utilises TechnologyOne financial management software, which has been in production within CSC and hosted 'on premise' by CSC for approximately 15 years. The current software will not be supported past 2024, which will result in CSC having no access to upgrades, fixes and patches associated with the software. The end-of-life process commences on 1 October 2022, with only limited legislative changes being supported for only another 12 months.

As such, the aim is to replace the existing 'on premise' TechnologyOne system with a fit for purpose integrated SaaS delivered financial management software solution. CSC issued the Request for Tender (RFT) on 22 May 2021 seeking currently marketed software solutions to provide enterprise financial management capability to replace the existing financial management and supplier invoice processing systems.

The Request for Tender resulted in three leading software options being shortlisted, of which the recommended tenderer software was deemed to best meet requirements, represent value for money in comparison to other software.

Background

The current TechnologyOne financial management software utilised 'on premise' by CSC for the past 15 years will not be supported past 2024, which will result in CSC having no access to upgrades, fixes and patches associated with the software.

The CSC Information Service strategic view requires proposals for new application delivery within CSC to be Software as a Service (SaaS).

SaaS is a cloud-based software delivery model in which the cloud provider develops and maintains cloud application software, provides automatic software updates, and makes software available to its customers (CSC) via the internet.

With the implementation of the *Local Government Act 2020*, specifically Part 4 in relation to 10-year financial plans, budget management and asset management, the current finance software will not be able to provide the level of technology support to enable adequate management and reporting.

As such, the aim is to replace the existing on-premise system with a fit for purpose integrated SaaS delivered financial software solution. CSC issued the Request for Tender (RFT) on 22 May 2021 seeking currently marketed software solutions to provide enterprise financial management capability to replace the existing financial management and supplier invoice processing systems.

The tendered requirements for a financial management system included the following modules:
- Accounts Payable (including automated invoice processing)
- Accounts Receivable
- Bank Reconciliation
- General Ledger/Cost Ledger (including budget and project ledgers)
- Purchasing/Procurement (including RFQ and contract management)
- Creation of financial plans, budgets and forecasts
- Project Management.

Tenders closed on 22 June 2021 with eleven submissions received from the following software vendors:

Civica Pty Ltd	InfoTech ANZ Pty Ltd
CountERPart Solutions Pty Ltd	Open Office Holdings Pty Ltd
Dialog Pty Ltd	Pagero Australia Pty Ltd
Deloitte Consulting Pty Ltd	Single Cell Mobile Consulting Pty Ltd t/a (Portt)
eCloud Business Services Pty Ltd	TechnologyOne Limited
Evolutionary Systems Pty Ltd	

Tender assessment was a multi-staged evaluation process. The first stage included a series of Pass/Fail questions to ascertain that only appropriate tender submissions proceeded. This stage saw one tenderer fail to proceed due to tendered price well above budget availability.

The following stages saw the evaluation panel perform a detailed assessment and score each submission. A shortlist was agreed, and product demonstrations were undertaken. Further information was sought from the recommended tenderer, and extensive reference checks were conducted.

The recommended solution includes deployment of the latest modules across the Financial, Procurement and Project Management domains, such as: eInvoicing, Intelligent Invoice Processing, Expense Management, Business Process Automation, Advanced Sourcing

(Tenders), Purchasing, Contracts, Supplier Portal, Project Lifecycle Management, Project Investment Prioritisation & Optimisation.

It is important to note that the recommended tenderers solution is modular by design, a strategic platform that can be selected, purchased, and implemented at CSC's pace and only for the components Council wishes to invest in.

At the conclusion of the formal tender process the evaluation panel propose that the recommended tenderer be awarded the contract.

Policy Implications

The proposed new Finance System will support the following council Policies:
- 10 Year Financial Plan
- Annual Budget
- Procurement Policy.

Relevance to Council Plan

5.1 We practise responsible leadership
5.1.2 Manage our finances responsibly and leave a positive legacy for future generations.
5.1.3 Strive to be a customer focused organisation and be a great place to work.
5.1.4 Maximise value for our community through efficient service delivery, innovation, strategic partnerships and advocacy.

The recommended solution enables a modern, open, and scalable technology platform with best practice, configurable, enterprise solution delivered through a Software as a Service (SaaS) deployment model.

The solution delivers enterprise-wide control and integration of financial information essential to strategic decision-making and the power to track, monitor, control, analyse and report on any information within the general ledger, specific organisational projects, or procurement exercises.

Climate Emergency Consideration

Continues and increases the paperless office capability due to web based nature of the software solution.

Consultation/Communication

Internal communication has been undertaken to advise Council staff of the commencement of the Finance System redevelopment project in March and August 2021.

The Finance System Redevelopment project has adopted a formal project management methodology and associated governance structure, including:
- Project Steering Committee; comprised of several General Managers and Management positions within Council;
- Project Working Group: comprised of several Management and Team Leader positions within Council, with direct day to day involvement in a finance system.

Additionally, staff were invited to and participated in a two-day presentation from the recommended tenderer in November 2021.

The project will develop and deliver a detailed Communication and Stakeholder Management plan as part of the formal implementation stage with the recommended tenderer.

Financial and Resource Implications

The recommended tenderer has a final 5yr contract price of $2,937,865, comprising an implementation price in the first year of $463,327 and an annual service contract charge of $618,635 in contract years 2 to 5 (including $318,870 deferral of the first year SaaS service contract fee). This final 5yr contract price is $265,000 below the original tender price of $3,202,865.

There are adequate funds over the life of the contract in the current Budget 2021-22 and draft Financial Plan 2022-32 to award these contract works and the evaluation panel is confident in this Company's ability to complete the contract within the specified timeframes.

The total project implementation cost (excluding ongoing annual service costs) of $2,107,578 includes internal council project resource costs of $1,644,251 and vendor implementation cost of $463,327. This is against a current total budget of $1.775m, resulting in a budget increase of $332,578 being required in financial year 2022-23.

Original Tender Price – 5yrs (Implementation, Annual SaaS Fee, development environment and Reporting Database facility)	$3,202,865
Final Total Contract Price – 5yrs	$2,937,865
Recommended tenderer Implementation Cost (included in total contract price above)	$463,327
Ongoing service contract costs (including Annual SaaS Fee, development environment and Reporting Database facility)	$Nil – Yr 1 ($318,870 deferred to Yrs 2 to 5) $618,635pa – Yrs 2 to 5

Project Implementation Costs
(Vendor implementation and internal resourcing only)

Total Project Budget	$1,775,000
Estimated Total Project costs	$2,107,578
Total Project Budget Deficit (Due to new and additional costs - change management, data migration and IT system integration resources, and a project contingency - identified during RFT reference site visits and detailed system module analysis during commercial negotiations.)	$332,578

When compared to more recent software implementations across CSC (M365, SharePoint), where the resources were able to stall or postpone all other work until implementation was complete, the CSC resources associated with this project will be required to form a project team solely for the implementation period.

The necessity of business as usual and daily financial management obligations of the Finance team require resource backfill in their substantive role. This may also be applicable to other business representatives within the proposed project team.

The indicative high level project schedule is:
- Commencement   - May 2022
- Planning   @ 60 working days   - July 2022

- Implementation   @ 120 working days   - Dec 2022

The definitive go live date will be determined to ensure minimal impact to CSC business as usual.

Conclusion

The current TechnologyOne software will no longer be supported by 2024. The recommended tenderer software was deemed to best meet requirements, represent value for money in comparison to other software and offer a reduced risk profile due to the feedback from reference sites.