

STAFFORDSHIRE CONNECTS STRATEGIC ADVISORY BOARD

CRM Support Arrangements

Report of the Technical Manager

1. Purpose of Report

- 1.1. To enable an informed decision to be taken regarding alternative lower cost options to the existing CRM managed service and support arrangements.

2. Recommendations

- 2.1. That Option 1, as set out in section 4.3 below, is approved as the most appropriate way forward. This option is considered the more practical.
- 2.2. That the Technical Manager is tasked with drawing up a CRM support services requirements specification for an invitation to tender and to engage with County Council Procurement and Legal officers on the termination processes, the form of the ITT and procurement using SPRINT2 and Oracle licence negotiation.
- 2.3. That Capula Ltd are given immediate notice of partnership intentions.
- 2.4. That negotiation takes place with Oracle Corporation with regard to a new licence agreement for the partnership.

3. Background

- 3.1. On 1st April 2011, year 8 of the 10 year contract term with Capula Ltd for the support, maintenance and managed services for the Oracle LG45 system will commence. The partnership currently pay Capula £253k per annum.
- 3.2. Capula provide a maximum of 2 x FTEs on-site for management and support. The 2 engineers currently servicing this contract have been on this assignment for a number of years and therefore built up considerable detailed knowledge of the inner workings of the LG45 system and good relations with key users. They do not however have wider customer relationship management expertise.
- 3.3. These 2 front line staff receive little technical back-up from Capula as Oracle software applications are not Capula's main line of business. This lack of knowledge share is clearly an operational risk. Capula have been asked to address this matter but progress has been slow.
- 3.4. Capula do not support some peripheral parts of the system like the CRM email server, web services software etc

4. Options and Considerations

4.1. Oracle Licences

- 4.1.1. Oracle licences for use by the partnership are provided as part of the managed service offering from Capula Ltd. If the partnership were to terminate the Capula contract, we would need to enter into a new licence agreement with Oracle and this could open up a number of opportunities to:
 - (a) negotiate the licence scope to include any public sector body but not limited to Staffordshire county;

- (b) negotiate the number of licences required. At present licence numbers are massively over subscribed. The partnership pays Capula an annual amount of £84k for software maintenance based on these licence numbers;
- (c) position the partnership to be involved in the review of enterprise Oracle licences being conducted within Staffordshire County Council;
- (d) position the partnership to take advantage of a possible Oracle upgrade path to Oracle on Demand. This is a Software as a Service (i.e. cloud) subscription based externally hosted and managed solution that Oracle are offering to LG45 sites as a potential upgrade path.

4.2. **Continuance with LG45**

- 4.2.1. At the CRM workshop on Monday 1st March, partner's representatives concurred with the proposal to continue with Oracle LG45 until June 2013 at a minimum. This allows the partnership to;
 - (a) benefit from the developments works that have been proposed in outline that resulted from the gap analysis exercise;
 - (b) use the time to explore successor systems such as Oracle on demand;
 - (c) set a minimum of 2 years as the term for a new support contract with a third party provider.

4.3. **Option 1 – Replace Capula contract with an Oracle management consultancy**

- 4.3.1. The Capula contract is terminated and following a tendering process using the SPRINT2 framework agreement, an Oracle Certified Platinum Partner is chosen to take over support of the system. There are a select number of Certified Partners providing Oracle e-Business application and database support. These include but are not restricted to:

- Accenture
- Sopra
- Teamsolve
- Mokum Change Management
- Whitehouse Consultants
- Steria

4.3.2. **Benefits (Option 1)**

- 4.3.3. An indicative price of £84k per annum based on a 3 year contract was provided by one of the above named vendors. This would provide 1 x FTE on-site plus 24/7 support desk.

- 4.3.4. The CRM workshops and gap analysis have highlighted the need for some skills which are not present in the exiting core CRM team. Engagement with this type of partner will enable the partnership to draw upon high levels of Oracle expertise for business analysis, development, consultancy, training and strategic advice under a call-off arrangement within the contract.

- 4.4. Having an Oracle Certified Partner on board would help allay any fears within the partnership on continuity of service once Capula are no longer involved. In the event of the transition of knowledge from Capula being less than seamless, having a professional Oracle partner involved should help to mitigate the risks of service disruption.

- 4.5. Having another third party supply support would maintain the type of relationship that partners have worked with over the last 7 years. If the managed services were to move in-house, it would be a new direction with potential conflicts of interest.

4.5.1. **Risks and Issues (Option 1)**

- 4.5.2. To obtain the kind of price as given indicatively above, vendors would want to have a contract term for an absolute minimum of 2 years. It may well be possible to have a rolling one year contract on an annual renewal and this may ease the procurement process but such a short term contract would attract a premium.
- 4.5.3. Tidy, timely and thorough hand over from Capula would be essential to enable a seamless transition from Capula to another support service provider. This will need to be carefully and closely managed.
- 4.5.4. At the moment Capula provide some development and configuration work which is not strictly support work as 8 years into the term, the software is stable and support activity does not warrant 2 x FTEs on-site. Under the new proposed support contract, this development and configuration would have to revert back to the CRM team albeit in the context of some additional development call-off days being available from the new support vendor.

4.6. **Option 2 – Replace with in-house support function**

- 4.6.1. The Capula contract is terminated and the application and its associated infrastructure are all supported in-house by Staffordshire County Council's ICT department under a service level agreement with partners.

4.6.2. **Benefits (Option 2)**

- 4.6.3. The CRM team are already in-house within the County Council's ICT department having moved out from direct Staffordshire Connects management last summer. So this option would deliver one true team working with greater harmony. Support and development workload could be balanced over the team as a whole.
- 4.6.4. Detailed knowledge of the inner workings of the system would be retained in-house building up a knowledge bank within the County Council. However, given the remaining life span of the system this is of marginal benefit.

4.6.5. **Risks and Issues (Option 2)**

- 4.6.6. Oracle LG45 does not have a safe long term future. Full support for the existing release ends in January 2015 and this should be seen as the very latest date for the partnership to be continuing with LG45. Oracle no longer invest in the product. Uncertainty over its future could deter staff being attracted to a permanent role for fears of job security. Being reliant solely on the contract market for staff carries with it costs and high risks and is not recommended.
- 4.6.7. The County Council does not have any existing Oracle applications trained support staff. The 2 existing Capula support staff have been approached to sound out their views on moving to County Council employment and have indicated they would decline such an offer. Similarly their longer term continuance in post were they obliged to transfer under any TUPE implication would be open to doubt.
- 4.6.8. Unlike Option 1, the partnership would not have the benefit of high levels of Oracle expertise to assist with the work plan.

5. **Conclusions**

- 5.1. The indicative savings in moving to new support arrangements and the possibilities to have a new licence agreement with Oracle, make these proposals worthwhile even if we are moving into the end game with LG45. Significant savings estimated at an absolute minimum of £100,000, may not be fully realised until the 2nd year of the new arrangement as there may be 1st year costs associated with the termination of the Capula contract and with the purchase of new Oracle licences.

5.2. Although Option 2 may generate marginally improved savings to the partnership it would be problematic in terms of resources and continuity of service and crucially would not enable the partnership to take advantage of Oracle expertise whilst a number of significant technologically demanding developments are proposed.

6. Detail of Recommendations

6.1. The implications in terminating Capula contract before full term are:

- (a) The partnership is obliged to give at least 3 months notice.
- (b) The partnership is obliged to pay the following Capula incurred costs arising from the termination:
 - a. Statutory redundancy costs for a maximum of 2 x FTEs
 - b. Any losses incurred on sub-contracts entered into by Capula. (It is believed that the Anix hardware support contract has a cancellation period).
- (c) However Capula are obliged under the contract to mitigate all costs claimed and demonstrate as much to partners.

6.2. Under the proposed new arrangements rather than having a single umbrella managed service contract, there would be a number of separate arrangements as below:

- (a) Contract for the support and maintenance of application software and database. This would cover all software including non-Oracle software. Included within this new contract would be a number of additional services currently provided by Capula such as:
 - regular update of CRM using NLPG data
 - call logging on hardware faults
 - gate keeping function for development and test to live service
 - system back-ups
 - database housekeeping
- (b) Licence agreement with Oracle including annual maintenance based on a significant downsizing of licence numbers.
- (c) Contract with a third party for the support of the hardware. Recommendation is to notate the existing contract with ACS (formerly Anix).

6.3. The following highlights the milestones required to enable a transfer of support arrangements for 1st July 2011. Note an overlap is proposed before formal handover where the incoming vendor has an opportunity to review the service for support readiness with the existing service provider still in place.

