

23 April 2019

MEMORANDUM

TO: CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES)

FROM: INTERIM INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) MANAGER

RE: QUOTE OR TENDER CONSIDERATION PLAN: PATHWAY SOFTWARE AGREEMENT

The renewal of the licensing, maintenance and support agreement for Pathway software presents a procurement situation where it is not feasible to obtain three (3) independent written quotes or to call for tenders for the renewal, as required under the Ipswich City Council Procurement Framework.

For such situations, the Local Government Regulation 2012 Section 230 allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a Tender Consideration Plan.

This Tender Consideration Plan provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to seeking quotes or to calling for open tenders, in particular for circumstances where the incumbent supplier and service is required to be renewed.

BACKGROUND

Licensing, maintenance and support agreements for ICT assets and solutions, particularly software, often present the following:

- Software solutions are often commissioned for a number of years following initial investment and implementation. The lifecycle of a core business solution is often excess of five (5) or even ten (10) years. To ensure investment is maximised, ongoing maintenance and support are required to ensure the functionality, security and stability of the software is maintained throughout the lifecycle.
- Software solutions enable Council staff to provide services to the community and, as such, solutions are embedded into daily operations. To replace a core business solution, there is a high level of organisational change involved, in addition to technical changes. An ICT sourcing and implementation project can often incur significantly more cost and introduce more organisational risk than that of a suitable maintenance arrangement.

- Software solutions that underpin many other solutions can easily become redundant and unsupported if not part of a strategic partnership with the relevant industry.
- It is often difficult to provide a realistic alternative or comparative provider and therefore clear choice against multiple solutions.
- Generally partnering with a long standing and well established industry specialist vendor, the risks to having a redundant solution is decreased.
- Often the proposition is not driven by price but rather by the identifiable quality of the solution and vendor, its fit within the organisation and industry with known support characteristics and a well-defined product road map.

Where an existing solution is considered fit for purpose, Council should continue to leverage, extend, renew and maintain the in-place software solutions to maximise the ICT investment. This presents a decreased risk posture and ensures the continued support and stability of an existing service without compromising the ability to meet future demands and requirements through the provision of software solutions.

PATHWAY SOFTWARE

Pathway is a core business solution that underpins a significant range of land and citizen administration functions and is well leveraged by multiple functions and Branches across Council.

Key functions and considerations of the Suite of software include:

- Customer Service and People Management
 - Central name/Address register
 - Customer request management
 - Bookings management
 - Registers
- Property Management
 - Property administration (land and property information)
 - Animal registration
- Revenue Management
 - Rates accounting
 - Valuations and mass appraisals
 - Accounts receivable
 - Income/receipting
 - Refunds
 - General ledger interface
- Regulatory Management
 - Applications
 - Licensing
 - Compliance and enforcement
 - Inspections

In conjunction with the current operating platforms and solutions, the development of the Business Transformation Program, Transformation Project #17 ICT Strategy (TP#17) is surfacing questions on ICC's future leverage of existing core platforms including Oracle and Pathway. Until this strategy position is resolved (anticipated end of July 2019) no clear or long term commitment to Pathway can be made. In light of this uncertainty it is recommended that ICC renews the current arrangement with Infor on a 12 month renewable basis.

This Tender Consideration Plan presents the procurement objectives and recommendations to provide continued maintenance and support for Pathways, and seeks approval to continue an existing agreement under the current agreement conditions.

1. The objectives of the plan

Scope

This plan has been prepared to support the procurement considerations and requirements to extend the agreement for licensing, maintenance and support of Pathway, in order to continue to leverage existing software.

Plan objective

This quote or tender consideration plan is intended to fulfil the following objectives:

1. Continue to deliver core ICT services and systems to enable Council operations and customer needs and support decision making/ planning
2. Document Council's decision not to seek quotes or tender for the provision of software maintenance and support to the current Pathway solution
3. Establish/ renew an agreed maintenance and support arrangement

While this plan provides an exemption for Council Officers sourcing tenders for the maintenance and support of Pathway, all other areas of the process will proceed in accordance with the Ipswich City Council Procurement Framework.

2. How the objectives will be achieved

Council's objective is to continue to deliver core business ICT services and systems for its operations and to demonstrate that value for money has been achieved in providing the solution.

The business objectives for Council in delivering core services and systems is dependent on the outcome of TP#17 ICT Strategy. Until this TP is complete and the outcomes and actions undertaken as a result of the recommendations of the ICT Strategy, in order to continue provision of essential and critical services to the City of Ipswich, Council will be required to maintain provision of existing core software solutions, including Pathway.

3. How the objectives will be measured

Indicators for measuring the delivery of outcomes and success of use of this tender consideration plan include:

1. The provision of ongoing maintenance and support to ICC's core operational software, ensuring reduced risk of security exposure and interruption to daily business operations.

4. Any alternative ways of achieving the objectives and why the alternative ways were not adopted

In the current circumstance there are no known efficient or effective methods of achieving the objectives, outside of this contracting plan. The following options were investigated:

1. Alternative methods of engagement via Local or State Government Agreements under Section 234 or 230(f) of the Local Government Regulation 2012 were not selected as there were no suitable arrangements available for leverage for this solution.
2. Request for Tender was not selected as seeking tenders at this time is not considered in the best interest of Council due to:
 - a. outcomes of TP#17 are likely to have a broader impact on all ongoing core systems and solutions to support Council operations, now and into the future;
 - b. at this time, the current Pathway solution is fit for purpose; and
 - c. undertaking a Tender process for a replacement solution will take considerable time and effort in planning through to implementation and operations, which represents a high risk to Council's current operations and service delivery. Based on the recommendations of TP#17, where it is determined that Council will improve value and risk through a new solution or delivery method, appropriate planning and resources will be required to achieve successful outcomes

5. The proposed terms of the contract for the goods or services

Two (2) potential options are considered in establishing the proposed terms for the agreement:

1. Renewal of the current term where-by Council renew the licensing, maintenance and support agreement annually, incurring a 6% year on year increase.
2. Three (3) year locked commitment for licensing, maintenance and support remitted on an annual basis, incurring a 3% year on year increase for the period 1/07/2019 to 30/06/2022.

Costs associated with the options above are as follows, noting the comparison of costs over three (3) years to account for Option 2 above:

Period	Option 1	Option 2
1/07/2019 – 30/06/2020	\$ 351,271.32	\$ 351,271.32
1/07/2020 – 30/06/2021	\$ 372,348.60	\$ 361,809.46
1/07/2021 – 30/06/2022	\$ 394,688.46	\$ 372,663.74
Total	\$ 1,118,308.38	\$ 1,085,744.52

Note: all costs exclusive of GST.

It is proposed that Option 1 provides the least risk option to Council as this Option provides flexibility to renew annually pending the recommendations and outcomes of TP#17 ICT Strategy. Option 2, while providing comparative savings of \$32k over a three (3) year period, does not commit Council to an extended agreement term.

6. A risk analysis of the market from which the goods or services are to be obtained

The following general risks and mitigation strategies have been identified in relation to continuation of the annual maintenance and support agreement for Pathways.

Financial Risk		Risk Level
Likelihood	Possible	Moderate
Consequence	Major	
Comment	Ongoing support is required for the life of the solution. Solution replacement has a significant financial and organisational impact that requires careful planning and execution.	
Mitigation	Resolution of the Tender Consideration Plan with due consideration to the current position of Council in relation to in-flight Business Transformation Program and significant operational risks of non-renewal of maintenance and support agreement.	

Legal/ Governance Risk		Risk Level
Likelihood	Possible	Moderate
Consequence	Moderate	
Comment	The existing agreement has been in place since 2001, with an annual spend exceeding \$200k.	
Mitigation	Resolution of the Tender Consideration Plan with due consideration to the current position of Council in relation to in-flight Business Transformation Program and significant operational risks of non-renewal of maintenance and support agreement.	

Political/ Reputation Risk		Risk Level
Likelihood	Unlikely	Low
Consequence	Moderate	
Comment	Potential reputational risk exists in the instance of system outage as a result of un-maintained software or reduced access to vendor technical support.	
Mitigation	Renewal of maintenance and support agreement	

Environmental/ Public Health Risk		Risk Level
Likelihood	N/A	N/A
Consequence	N/A	
Comment	There is no Environmental or Public Health Risk.	
Mitigation		

Workplace Health & Safety Risk	Risk Level
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Likelihood	N/A	NA
Consequence	N/A	
Comment	There is no WH&S Risk.	
Mitigation		

Service Delivery/ Business Continuity Risk		Risk Level
Likelihood	Unlikely	Moderate
Consequence	Major	
Comment	There is a potential delivery/ business continuity risk in relation to this software if licensing and support are not maintained.	
Mitigation	Renewal of maintenance and support agreement	

Cyber Security, Security & Confidentiality Risk		Risk Level
Likelihood	Unlikely	Low
Consequence	Minimal	
Comment	There is no perceived Cyber Security, Security or Confidentiality Risk.	
Mitigation		