

TRAFFORD COUNCIL

Report to: Council Leader
Date: 1 June 2022
Report for: Decision
Report Of: Graeme Bentley, Director of Finance and Systems
Report Author: Paul James, Chief Digital Officer

Report Title:

Customer Relationship Management (CRM) System Replacement

Executive Summary:

The Council was given notice that the current Civica CRM system would no longer be supported after 6 June 2023. The Council therefore needs to identify, source and implement a replacement CRM solution. Options to extend use of the existing Civica CRM solution beyond June 2023 are being considered as 15 months is not sufficient time to source and implement an alternative solution.

The Council has already committed to M365 and the Microsoft Power Platform, so investigated whether the Microsoft Dynamics 365 Customer Service solution would be the most suitable CRM solution from a business, technical and architectural perspective. A review was undertaken during March and April and has concluded that Dynamics would be a good choice for Trafford Council.

An urgent decision is requested as the procurement of the Council's Microsoft licences through a new Enterprise Agreement needs to commence the week commencing 5 June 2022 to allow sufficient time for the procurement to be completed by the renewal date of 30 June 2022. The Enterprise Agreement includes the Council's M365 licences, Microsoft Power Platform licences, and upon approval of this proposal the Microsoft Dynamics 365 Customer Service licences.

Recommendations:

That the Council Leader is asked to:

1. Approve the business case and proposal to fulfil the Council's future core CRM requirements with the Microsoft Dynamics 365 Customer Service solution.
2. Note the strong alignment of implementing Microsoft Dynamics with existing IT and Digital commitments.
3. Approve, based on the urgency, that this decision shall not be subject to the call-in process.

Contact person for access to background papers and further information:

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Background Papers: CRM Replacement CLT Report – April 22; Trafford's Digital Platform (Microsoft) - CLT Update Feb 22

Relationship to Corporate Priorities	The Digital Strategy and implementation of a replacement CRM is a key enabler for all three of the Council's priorities.
Relationship to GM Policy or Strategy Framework	It will increase Trafford's digital maturity in several capabilities prioritised with the GM Digital Maturity Framework.
Financial	The implementation costs of the new system are estimated to be £2.1m and a budget is included in the capital programme. The annual revenue costs of the new system will ramp up based on user numbers to a full year impact of £165k; this is £26k higher than the current budgetary provision but it is expected that this will be more than offset by additional efficiencies once the system is fully operational. The cost of extending the existing Civica system for up to two years is up to £475k which will be financed in part from the capital budget provision and existing revenue budgets.
Legal Implications:	None
Equality/Diversity Implications	A DPIA will be undertaken to ensure that the implementation of the solution, and the services that operate on the platform, are inclusive.
Sustainability Implications	None
Carbon Reduction	Increasing the range, quality, and use of the Council's online services will contribute to carbon reductions.
Resource Implications e.g. Staffing / ICT / Assets	Additional resources will be required to implement the solution, and these are included within the capital scheme.
Risk Management Implications	A full assessment and management of risks will be undertaken as part of the programme delivery governance.
Health & Wellbeing Implications	None
Health and Safety Implications	None

1 Background

- 1.1 The Civica Customer Relationship Management (CRM) system provides the core customer records and interaction activity for the Council's Customers Services function, and HR services for the Council and GM Police. In addition to the core customer records, the Civica system provides web portals, online forms and workflow capabilities.
- 1.2 Civica advised the Council in December 2021 that it was ceasing to support the Civica CRM system from 6 June 2023. The deadline reflects that underlying Microsoft components used to operate the Civica system are ceasing to be supported by Microsoft from that date. The Council therefore needs to select, procure and implement an alternative CRM solution ahead of the deadline. This presents a significant challenge and risk as the implementation of a CRM system typically takes 3-4 years and took 7 years to implement the Civica CRM system in Trafford.
- 1.3 The Council has begun to introduce new approaches to digital re-design and invested in digital tools to support application development and process automation. The Microsoft Power Platform is the main tool in use, which covers elements that the Civica CRM system currently provides. While the investment in new tools provides greater flexibility and automation capabilities, there remains a need for a core CRM system to store customer records and support customer interactions. The replacement CRM should therefore provide the core customer functions but exclude the additional functions that will be provided by the Microsoft Power Platform and other digital tools Trafford have already committed to under the Digital Strategy.
- 1.4 Trafford were originally advised that the deadline of 6 June 2023 on the existing Civica CRM system was a hard stop but have since progressed discussions with Civica to potentially extend the use of the existing system for a further one to two years. The risks and costs of extending the Civica contract are currently under review. The timescale for replacing the CRM would still be challenging even if the option to extend by one to two years is taken.

2 Microsoft Dynamics 365 Customer Service Proposal

- 2.1 A key requirement of the Council's replacement CRM from an IT and Digital perspective is alignment with the Microsoft suite of products already in use across the Council, and the work already underway to support digital transformation using the Microsoft Power Platform. The preferred option from an IT and Digital perspective is therefore Microsoft Dynamics 365 Customer Service.
- 2.2 An in-depth assessment was undertaken by a third party (UBDS) during March and April 2022 to understand whether Dynamics would meet the Council's business requirements and whether it would be financially viable. This included considering whether Dynamics would provide Customer Services, GMSS, Amey and other front-line services with the functionality they require to deliver improved customer experiences and to enable efficiencies. The assessment also presented the opportunity to validate the IT and Digital team's assumptions on Dynamics, and to gain a deeper understanding of how it could align with existing plans for the Council's digital transformation. The expected initial licencing costs and growth of the system were modelled to understand the long-term costs of committing to the system.

- 2.3 The assessment involved several workshops and consultation with stakeholders (including Councillors) from across the Council to assess the current state, and to produce an informed view of solving the Council's CRM challenges through digital transformation. The assessment endorsed the view that Dynamics was a good fit from a technical, architectural and skills perspective, with much of the existing IT infrastructure already on the Microsoft platform. It was acknowledged that many CRM solutions would ultimately fit and integrate, but it would require less work and present greater efficiencies if using Dynamics. Dynamics 365 Customer Service was identified as a good replacement for the core CRM functionality of the Civica system. Other Microsoft solutions already in use across the Council would provide the web portal functionality for customer visits to Council / GMSS online services. This strengthens the case for Dynamics and confirms that elements of the existing CRM will be replaced by solutions the Council has already committed to.
- 2.4 Dynamics is licensed using a subscription-based model, which allows the Council to scale up or down licence numbers as required, and to implement on a phased basis. The estimated costs of a phased implementation of Dynamics ramping up over three years has been modelled. The estimated licence cost when fully implemented is £165k per annum. This is more than the current licence costs for the existing Civica CRM contract, which was £139k in 2021/22. However, this would be an unfair comparison as any replacement CRM solution is likely to cost more than the current Civica licence costs. The Civica CRM contract costs have not increased for several years and Civica will be applying an inflationary increase to the Civica CRM contract if the proposed extension is taken. This would increase the existing Civica CRM licence costs to £165k per annum if the year two extension is taken.
- 2.5 There is a strong and compelling business case to replace the Civica CRM system with Dynamics. Dynamics would complement other Council investments in Microsoft digital tools which are supporting the digital re-design work due to be undertaken over the next 2-3 years.
- 2.6 It is proposed that the Council purchases the required Dynamics licences through the Council's Microsoft Enterprise Agreement. The terms and conditions within the Enterprise Agreement are based on the national DTA21 agreement which is negotiated between Microsoft and Crown Commercial Services on behalf of the public sector, to achieve best value. A specialist Dynamics implementation partner would be required and would be procured through an open OJEU procurement process.

3 Other Options

- 3.1 The Council could undertake an open OJEU tender with the CRM provider market to procure a core CRM solution (i.e. not the full enterprise solution) and an implementation partner to deliver the implementation. This will include consideration of the wider CRM market including the new Civica cloud-based CRM called Digital 360 and alternatives from other suppliers. This route would delay the implementation work by approximately 3-4 months and is highly likely to lead to the same outcome as alignment with existing Microsoft solutions would be one of the main Trafford requirements.

4 Urgency

- 4.1 This report is submitted to the Council Leader on an urgent basis.

4.2 A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interests.

4.3 This report should be considered as 'urgent business' and the decision exempted from the 'call-in' process for the following reason(s):-

- The Council's current 3-year Enterprise Agreement with Microsoft will end on 30 June 2022. The procurement of the new Enterprise Agreement has been prepared and needs to be launched during the week commencing 5 June 2022 to allow sufficient time for the procurement to be completed by the renewal date of 30 June 2022. The Enterprise Agreement includes all of the Council's Microsoft Licences and provides significant discounts to the normal commercial rates. A decision on whether the Council approves the proposal is required urgently so that the licences can be procured as part of the Enterprise Agreement renewal procurement.
- The timescale to implement a replacement CRM system is very short. Failure to implement an alternative CRM solution ahead of the Civica contract ending presents a significant risk to the Council's Contact Centre, online services, and GMSS functions. An urgent decision is required so that the procurement of an implementation partner and recruiting to programme resources can commence as quickly as possible. This will provide an additional 2 months to complete the work ahead of the end of the Civica CRM contract.

4.4 It is proposed therefore, that the decision contained in this report is therefore deemed to be urgent and cannot be reasonably deferred. It is also proposed that the decision, based on urgency provisions, is not subject to call-in to allow the Council to proceed with the urgent purchase and implementation of the replacement CRM.

Reasons for Recommendation

- The reasons for recommendation are set out at the start of the report

Key Decision : Yes

If Key Decision, has 28-day notice been given? No (see 'urgency of decision')

Finance Officer Clearance GB.....

Legal Officer ClearanceDS.....

DIRECTOR'S SIGNATURE 

To confirm that the Financial and Legal Implications have been considered and the Corporate Director has cleared the report prior to issuing to the Executive Member for decision.