

**CCS594: CONTRACT C23007 – ENTERPRISE RESOURCE  
PLANNING SYSTEM REPLACEMENT**

<b>Proponent / Owner</b>	: City of Albany.
<b>Attachments</b>	: <b>Confidential Attachment Under Separate Cover.</b>
<b>Report Prepared By</b>	: Manager Finance (S van Nierop)
<b>Authorising Officer:</b>	: Executive Director Corporate & Commercial Services (M Gilfellon)

**CONFIDENTIAL ATTACHMENT**

*It is recommended that if discussion is required regarding details contained within the Confidential Attachment, that the matters are discussed behind closed doors, in accordance with section 5.23(2)(c) & (e)(ii) of the Local Government Act 1995, being: a contract which may be entered into and information that has commercial value.*

**STRATEGIC IMPLICATIONS**

1. This item relates to the following elements of the City of Albany Strategic Community Plan or Corporate Business Plan informing plans or strategies:
  - **Pillar:** Leadership.
  - **Outcome:** Embrace innovation and best practice to improve business efficiencies and the customer experience.

**In Brief:**

- Council approval is sought to appoint the preferred tenderer to provide Enterprise Resource Planning software for the City of Albany.
- The contract shall be in force for a period of three (3) years from the date of award, with a mutually agreed and price negotiated option to extend for a further two (2) year period.

**RECOMMENDATION**

**CCS594: AUTHORISING OFFICER RECOMMENDATION  
VOTING REQUIREMENT: SIMPLE MAJORITY**

**THAT Council ACCEPT the tender RECOMMENDED by the evaluation panel in the Confidential Briefing Note and AWARD Contract C23007 Enterprise Resource Planning System Replacement.**

**BACKGROUND**

2. During 2023 the City of Albany engaged with Enterprise Resource Planning (“ERP”) vendors through a public Expression of Interest (EOI) process.
3. The EOI process was undertaken to source a proven, comprehensive and integrated ERP system that allows the City to adopt or leverage preconfigured business processes whilst also integrating with the City’s existing systems.
4. The result of the evaluation of the EOI submissions was a short-list of vendors the City invited to provide tender submissions, via a closed tender process (i.e., no requirement for public advertising).
5. Tenders were called for the ERP System Replacement from two (2) software providers.
6. The term of the contract for the ERP System is a period of three (3) years with a mutually agreed and price negotiated option to extend for a further two (2) year period.

7. The outcomes sought by the City from the implementation of a new ERP system include:
- Improved Customer Service
  - Empowering the City workforce through digitisation and self-service.
  - Configurable workflow functionality that improves internal business processes.
  - Improved efficiencies.
  - Promoting better information management, data integration and data sharing.

**DISCUSSION**

8. Tender documents were evaluated using the weighted attribute method. This method scored the evaluation criteria and weights their importance to determine an overall point score for each tender. The criteria are tabled below:

<b>Criteria</b>	<b>% Weight</b>
Functionality	45
Integration with Existing Systems	20
Implementation & Migration	20
Expected public and staff experience using the solution	10
Corporate Social Responsibility	5
<b>Total</b>	<b>100</b>

9. From the closed tender sent to two (2) software providers, the City received compliant responses from both providers.
10. The following table summarises the tenderers and the overall evaluation scores applicable.

<b>Tenderer</b>	<b>Weighted Score</b>
Tenderer A	495
Tenderer B (Preferred)	595

**GOVERNMENT & PUBLIC CONSULTATION**

11. An Expression of Interest Request was published in the West Australian on 31 May 2023 and the Albany Extra on 2 June 2023.

**STATUTORY IMPLICATIONS**

12. Regulation 21(1) of the Local Government (Functions and General) Regulations 1996 (Regulations) outlines that if a local government decides to make a preliminary selection from amongst prospective tenderers, it may seek expressions of interest with respect to the supply of the goods or services.
13. Regulation 21(3) goes on to state that if a local government decides to seek expressions of interest before inviting tenders, Statewide public notice that expressions of interest are sought is to be given.
14. Regulation 18 of the Regulations outlines a number of requirements relating to the choice of tender. Council is to decide which of the acceptable tenders is the most advantageous to Council. It may also decline to accept any tender.
15. Regulation 19 of the Regulations requires the Council to advise each tenderer in writing the result of the Council's decision.

**POLICY IMPLICATIONS**

16. The City of Albany Tender Policy and Regional Price Preference Policy are applicable to this item.
17. The value of this tender is expected to exceed \$500,000.00; therefore, Council approval is required as this exceeds the CEO's delegation.

**RISK IDENTIFICATION & MITIGATION**

18. The risk identification and categorisation relies on the City’s Enterprise Risk and Opportunity Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<b>Service Delivery:</b> Current ERP system (Synergy) technology is outdated and does not permit process and system improvements to provide a contemporary customer experience. If new ERP system is not approved the City’s ability to improve service delivery is stifled.	Possible	Moderate	Medium	Award tender to recommended tenderer who can provide modern, comprehensive and flexible service delivery functionality to facilitate improved customer experience, information flow, positive engagement and reduced response times.
<b>Business Operation:</b> Current ERP technology is outdated, with regular performance issues. Current ERP provider is no longer investing in current system and the product life is limited. Failure to update ERP system could result in a system that is no longer functional.	Possible	Severe	High	Award tender and commence new ERP system implementation project.
<b>Business Operation:</b> Failure to move to updated technology could increase system security risks.	Possible	Severe	High	Award tender to recommended tenderer who provides a modern system with improved security functionality.
<b>Opportunity:</b> Implement a system that uses contemporary technology and improves security of City data and systems.				
<b>Opportunity:</b> Enhanced customer experience through improved information flow, positive engagement, reduced response times, and updating the City’s e-Services capability.				
<b>Opportunity:</b> Establish a ‘single source of truth’ that will allow the City to create reliable and meaningful reports and dashboards to support informed decision making.				

**FINANCIAL IMPLICATIONS**

- 19. The value of this tender is in excess of \$500,000 which exceeds officer delegation and therefore the approval is referred to Council for consideration.
- 20. Within the City’s FY2023/24 budget is sufficient funding to cover any expense related to the commencement of the implementation of a new ERP system.
- 21. The cost of the initial implementation of the ERP system as well as the ongoing licencing fees will be funded from the City’s Information Technology Reserve and Municipal Funds. This is a consideration for future budgets and the City’s long term financial planning.

**LEGAL IMPLICATIONS**

22. Nil

**ENVIRONMENTAL CONSIDERATIONS**

23. Nil

**ALTERNATE OPTIONS**

24. Council may accept or reject the tenders as submitted.

**CONCLUSION**

- 25. The City has undergone a competitive process in line with the relevant legislation and established policies.
- 26. On reviewing the submissions, the evaluation team assessed Tenderer B as the most advantageous tenderer across the evaluation criteria for providing the City’s new ERP system.
- 27. It is recommended that the nominated tender be accepted.

<b>Consulted References</b>	:	<i>Local Government (Functions and General) Regulations 1996</i> Council Policy – Purchasing (Tenders & Quotes) Council Policy – Buy Local (Regional Price Preference)
<b>File Number</b>	:	C23007