

CONFIDENTIAL AGENDA

27 CONFIDENTIAL ITEMS

27.1 ENTERPRISE RESOURCE PLANNING (ERP) REPLACEMENT PROJECT

Document #: 23/79739

Department: Corporate and Community Services

Pursuant to Section 90(2) and (3) of the Local Government Act 1999, the information to be received, discussed or considered in relation to this agenda item is:

- (d)(i) commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party
- (d)(ii) commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.

PURPOSE

For Council to endorse the Enterprise Resource Planning (ERP) solution design, proposed suppliers, costings including contingency funds, and the commencement date for implementation.

RECOMMENDATION

That Council endorse the Enterprise Resource Planning (ERP) solution design, proposed suppliers, costings and contingency funds, and the commencement of implementation as detailed in this report.

and

RECOMMENDATION

Section 91 Order

That having considered report 27.1 Enterprise Resource Planning (ERP) Replacement Project in confidence under Section 90(2) and (3)(d)(i),(d)(ii) of the Local Government Act 1999 (the Act) the Council, pursuant to Section 91 (7) and 91 (9) of the Act orders that the agenda report, attachments, minutes and supporting documentation relevant to report 27.1 Enterprise Resource Planning (ERP) Replacement Project be retained in confidence and not available for public inspection for a period of 12 months.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance and Leadership

Strategy: 5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk and emergency management

BACKGROUND

On 28 June 2023, Council endorsed Open Office (refer Attachment 1) as the preferred supplier for the ERP replacement including the potential for both new, and existing, applications needed to cover

those extra requirements that were not met by Open Office's solution. Following on from this, Council's Tender Evaluation Panel (Panel) met on 22 August 2023 and considered an overview of the draft design solution, as prepared and presented by Council's Leader Systems and Technology. This meeting included feedback from the Panel relating to the design and applications proposed to support the Open Office system and form the Overall Solution (OS). At the conclusion of the meeting, all Panel members agreed and happy to move forward and cost the OS.

The Panel met again on 16 September 2023 to be presented with the final design architecture and costs and the Panel agreed to progress with presenting the proposed solution to Council for endorsement.

DISCUSSION

The final ERP design is built around the Open Office solution. This offers the features of a modern and user-friendly system including staff and customer portals; iPad/tablet, mobile phone and computer compatibility for Council office and field staff and residents' usage; customisable online forms (eForms); customisable reporting and workflows; online payment gateway; multi-factor authentication (MFA), and audit trails and third party identity management.

Whilst Open Office fulfils most of the functional requirements for Council, most notably the Assets and Infrastructure, Development Services, Customer Service and Engagement and Finance, as with most solutions considered, excluding those software solutions that were deemed cost prohibitive in the evaluation process, not all requirements can be met through a single source supplier. Therefore, the Panel recommend that complementing applications (Pulse Software and Chronicle) be integrated with Open Office solution to ensure best practice of Strategic, Audit and Risk, Human Resource and Customer Services are achieved. Project Management and integrated reporting capabilities are also included in the Pulse Software solution which will prove to be most beneficial to staff.

Council currently utilises an assets management solution (Conquest), electronic documents records management system (Content Manager), mapping solution (ArcGIS), finance budgeting tool (Magiq) and a payroll tool (elementTIME). The Panel agreed that these systems work well and recommend that they be retained and integrated into the OS architecture. Data can be shared across functions where required.

Council utilises other external applications being SA Planning Portal, Dogs and Cats Online, in addition to Council's web and intranet sites, all of which will continue to be used as standalone applications and will not be incorporated into the OS.

The OS is cloud based. This reduces the complexity, overhead management and limitations of having an ERP solution that relies on infrastructure being connected within one of Council's offices. Council laptops and other devices will gain efficient access to the new Overall Solution regardless of location, provided internet connectivity is present.

To help support the implementation, regular Council and supplier meetings will occur to provide the opportunity for current issues and next steps to be discussed and planned for.

The path of least impact to Council and residents will be of primary consideration during all decisions.

The implementation phase is expected to take approximately 18 months, to allow for adequate data extraction and importing, integration, development (where required) and integrity testing. A number of these processes may be able to be performed consecutively, however business-as-usual functions, including customer service, needs to be taken into consideration to avoid adverse impacts.

COMMUNITY ENGAGEMENT PLAN

Confidential Report - Not Applicable

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Chief Executive Officer

- Tender Evaluation Panel
- Leader Systems and Technology

POLICY IMPLICATIONS

PO058 Procurement and Purchasing Policy

PO091 Risk Management Policy

Information Technology Strategic Plan 2020-2025

BUDGET AND RESOURCE IMPLICATIONS

Budget Allocation:

Implementation

The budgeted allocation for implementation of the OS is \$1,001,819. Final best estimated costs for the OS solution is \$809,810. The remaining balance being \$192,009 (19.2%) will be retained as a contingency. This step is not new, or creative, however the 80% rule been identified in the cumulative knowledge of the thousands of ERP implementers who have gone before us. Our implementation plan is going to consist of hundreds of tasks that can be categorised into ‘needs’ and ‘wants’ – 80% of our available budget covers most, if not all, of these. The use of the final 20% surplus budget will be put towards remediating any unexpected problems, allowing the flexibility to fix any issue quickly, and wisely.

Supplier	Service Provided				Grand Total
	Data Extraction	Implementation	Integration	Development	
Adroit (element)	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000
Chronicle	\$ -	\$ 36,000	\$ 10,000	\$ -	\$ 46,000
Conquest	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000
ESRI	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000
FYB	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000
MAGIQ	\$ -	\$ 29,000	\$ 10,000	\$ -	\$ 39,000
Open Office	\$ -	\$ 296,225	\$ 54,000	\$ 10,000	\$ 360,225
Pace Setter Services	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Pulse	\$ -	\$ 127,585	\$ 71,000	\$ 30,000	\$ 228,585
Miscellaneous	\$ -	\$ 16,000	\$ -	\$ -	\$ 16,000
Total	\$ 50,000	\$ 504,810	\$ 215,000	\$ 40,000	\$ 809,810

Project Budget (Remaining Balance) \$ 1,001,819

Contingency Funds \$ 192,009

Contingency Funds (Percentage) 19.2%

Ongoing Costs

The costs for the current and consecutive two years are outlined below. Years three and onwards expected to be similar as 2025/26 with the assumed annual indexation of 5%.

It is proposed that Civica Authority will remain in place until all of the data has been successfully exported out of Authority and imported successfully into the new OS. A breakdown of the existing and new costs for this year, and the two following financial years, is listed in the table below.

It is expected that once the OS is completed the ongoing costs will \$413,977 and under budget by 14.9%.

Application Supplier	Application	2023/24 Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
ArcGIS	ESRI ArcGIS Online (GIS System)	\$ 13,750	\$ 13,750	\$ 14,438	\$ 15,159

MAGIQ	Chameleon (on premise)	\$ 8,200	\$ 8,200	\$ -	\$ -
Civica	Authority	\$ 95,210	\$ 95,210	\$ 99,971	\$ -
Adroit	Element Platform	\$ 16,956	\$ 16,956	\$ 17,804	\$ 18,694
Conquest	Asset Management System	\$ 13,000	\$ 13,000	\$ 13,650	\$ 14,333
FYB	Content Manager	\$ 23,236	\$ 23,236	\$ 24,398	\$ 25,618
Sub-Total - Existing Applications		\$ 170,352	\$ 170,352	\$ 170,260	\$ 73,804
Chronicle	Cemeteries/Customer Service	\$ -	\$ 5,000	\$ 5,250	\$ 5,513
Civica	Authority (Read Only)	\$ -	\$ -	\$ -	\$ 10,000
Conquest	Asset Management System	\$ -	\$ 22,000	\$ 23,100	\$ 24,255
MAGIQ	Chameleon (Cloud)	\$ -	\$ 17,113	\$ 17,969	\$ 18,867
Open Office	ERP	\$ 278,110	\$ 168,300	\$ 176,715	\$ 185,551
Pulse	ERP (Supplementary)	\$ -	\$ 85,064	\$ 89,317	\$ 93,783
PowerBI Pro	Reporting	\$ -	\$ 1,600	\$ 1,680	\$ 1,764
To be advised	Customer Portal MFA	\$ -	\$ 400	\$ 420	\$ 441
Sub-Total - New Applications		\$ 278,110	\$ 299,477	\$ 314,451	\$ 340,173
Total - ERP Solution		\$ 448,462	\$ 469,829	\$ 484,710	\$ 413,977
<i>Annual Movement (\$)</i>			\$ 21,367	\$ 14,881	-\$ 70,734
<i>Annual Movement (%)</i>			4.8%	3.2%	-14.6%

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Council’s current ERP (Civica Authority) system has reached end of life and is no longer fully supported by its developer. Failure to upgrade Council’s ERP system in a timely manner will expose the organisation to substantial risk, including but not limited to:

- Should the product fail, it may not be able to be repaired to a functional operating state.
- Inability to generate financial reports and perform end-of-month processes.
- Difficulty with paying creditors and employees, and difficulty with reconciling payments from debtors and residents.
- Inability to access the Names and Addresses Register
- Inability to access rating information, community land register, and plant and heavy equipment information.

Should Council approve this recommendation, a project management plan will be developed and used to manage the implementation of the Overall Solution.

Priority will be given to risks, including those associated with migrating data from Civica Authority into Open Office and Pulse, and concluding the use of Civica Authority as soon as possible.

ATTACHMENTS

1. **Confidential - ERP - Agenda Report - 28 June 2023** [↓](#) 

CONFIDENTIAL AGENDA**27 CONFIDENTIAL ITEMS****27.1 ENTERPRISE RESOURCE PLANNING (ERP) REPLACEMENT PROJECT****Document #:** 23/50249**Department:** Corporate and Community Services

Pursuant to Section 90(2) and (3) of the Local Government Act 1999, the information to be received, discussed or considered in relation to this agenda item is:

- (k) tenders for the supply of goods, the provision of services or the carrying out of works.

PURPOSE

To provide relevant information in support of the recent open tender process for the Enterprise Resource Planning (ERP) Replacement Project (tender 228-2022), pursuant to the relevant sections of the Purchasing and Procurement Policy (PO058).

RECOMMENDATION

That Council endorse Open Office as the preferred supplier to replace the current Enterprise Resource Planning (ERP) solution, with the Tender Evaluation Panel to discuss the final solution design and costs, following endorsement.

and

RECOMMENDATION**Section 91 Order**

That having considered report 27.1 Enterprise Resource Planning (ERP) Replacement Project in confidence under Section 90(2) and (3)(k) of the Local Government Act 1999 (the Act) the Council, pursuant to Section 91 (7) and 91 (9) of the Act orders that the agenda report, attachments, minutes and supporting documentation relevant to report 27.1 Enterprise Resource Planning (ERP) Replacement Project be retained in confidence and not available for public inspection for a period of 12 months.

LINK TO STRATEGIC PLAN**Goal:** 5 Responsible Governance and Leadership**Strategy:** 5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk and emergency management

BACKGROUND

Council's current ERP (Civica Authority) system has been in use at Council for over 20 years. Due to its inherent technological limitations, and that it is end of life and no longer supported by Civica, it requires replacing. Through the Request for Tender (RFT) process, Council requested tenderers to provide a tender submission to replace this system with a modern ERP system that is flexible in its

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use; proactive and innovative in its development and functionality; user friendly in its operation; and focuses on the customer at its core on delivering the best outcome for both Council and ratepayers.

Following the closure of the RFT, the Tender Evaluation Panel met on two separate occasions to evaluate the submissions. The Tender Evaluation Panel (Panel) concluded that Open Office and IT Vision provided the best value for money in full consideration of the rating criteria, and based upon expert opinion, the Panel recommended to Council that both suppliers be invited to present their solutions to the Panel. In parallel, staff undertook further current user reference site checks for both potential suppliers. This recommendation was endorsed at the 22 February 2023 Special Council Meeting, minute reference 036/2023.

DISCUSSION**Initial Presentations****Open Office**

On Tuesday 21 March 2023, Regional Business Manager for Open Office - Peter Tuxford, including key operational and administrative staff, attended a hybrid in-person/online meeting with the Panel, to present their ERP Solution and answer any questions which may have arisen. The presentation consisted of the following:

- Company and Solution Overview
- Open Office "Community"
- Financial Management and Procurement
- Contract Management
- Rating Services (Rating and Property)
- Payroll/HR and Employee Self Service
- Customer Service and Community Engagement
- Development Services (Licensing and Compliance)
- Asset Management

Throughout the presentation there was good interaction between the Panel and the Open Office team. The Panel were able to ask questions freely and Open Office responded or took the question on notice. Following this initial meeting several Panel members provided follow up questions and Open Office conducted another presentation to the Panel via Microsoft Teams on 21 April 2023, consisting of the below:

- Community Assets
- HR Modules (that were not covered in the initial presentation)
- eForms
- Demonstration of Development Services applications (compliance, cemetery management, permit management, registers for lease and licenses)
- Information on how data can be linked from/to a mapping system

In addition to the above, Karin Geraghty (StratDigi - Council's specialist consultant on this project), sent a list of extensive questions to OpenOffice and had a Microsoft Teams meeting with them on Friday 31 March 2023 to discuss in further detail. Those responses have been provided to Council.

IT Vision

On Tuesday 28 March 2023, the State Manager for IT Vision, Sebastian Sapio and his colleague attended an in person meeting along with several of his team attending via Microsoft Teams to present their ERP Solution to the Panel. The presentation consisted of the following:

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- Company and Proposal Overview
- Customer Relationship Management
- Altus Financials
- Altus Payroll
- Altus BI Reporting
- Open Office Integration

Following this meeting, the panel had many follow up questions, however it was decided that a secondary meeting would not be necessary due to their presentation not meeting the Panels expectations, and the proposed solution being far less compliant than that of Open Office's solution. It was also noted that their proposed solution costs are much higher and do not include numerous mandatory, and desirable, functions. The addition of these would only exacerbate the cost difference between the two.

Karin Geraghty (StratDigi) sent the same list of questions she provided to Open Office, to IT Vision for their consideration and the responses have been provided to Council.

Post Presentation Discussion(s)

On Tuesday 16 May 2023, the Panel reconvened to discuss their thoughts following presentations from both Open Office and IT Vision. Each panel member was given the opportunity to provide feedback on each solution package and what they had envisaged would be the best option for council.

Comments were made around IT Visions' lack of flexibility, usability, and functionality – they appeared to be the "middleman" supplying other company's products. IT Visions' "Community" is the solution developed and provided by Open Office which includes rates/property, development, and compliance. Procurement will also run from Open Office. An observation made by a panel member related to their frustration with IT Vision's presentation and their lack of transparency and open disclosure, whereas they felt a level of confidence and reassurance with the Open Office's team and their presentation. Other members of the panel concluded similarly. From a finance perspective, it was pointed out that either solution will be better than what council currently has, however Open Office was the complete package and more cost effective. Everything Open Office presented has been developed by themselves, or with assistance with trusted collaborators. It was noted also that Open Office's solution package was in "active status" and was not still in the production phase which was the case for IT Vision. Panel members agreed that IT Visions' provided Customer Resource Module (CRM – Salesforce) looked great but other modules were provided by other companies and this was not disclosed as expected and stated in the RFT Terms.

The consensus from this discussion was Open Office would be the best ERP solution due to their flexibility, usability and functionality. The solution is specifically designed for Local Government with excellent 24 hour, 7 day a week, responsive customer service and support with their AirTime support portal. This said, further discussions will occur to decide how some gaps in functionality will be addressed and this will be assisted by the creation of an ERP solution design diagram and document that will make it much easier for the panel and staff to visually understand the entire solution architecture and how departmental functional requirements will be met. Following further discussions with the Panel and formulation of the detailed design, a report will be presented to Council for their endorsement.

COMMUNITY ENGAGEMENT PLAN

Confidential Report - Not Applicable

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Chief Executive Officer

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- Tender Evaluation Panel

In preparing this report, the following external parties were consulted:

- Karin Geraghty (StratDigi)

POLICY IMPLICATIONS

PO058 Procurement and Purchasing Policy

PO091 Risk Management Policy

AS 4120 Code of Tendering

BUDGET AND RESOURCE IMPLICATIONS

Budget Allocation:

Item Description	Total Price (GST Exclusive)
ERP annual allocation (indexed by CPI each year)	\$280,000
ERP implementation and applications integration (as endorsed by Council at the Ordinary Council meeting on 22 February 2023)	\$1,026,996

New applications to cover any extra requirements not met by Open Office and existing applications that will be used as part of the ERP solution need to be integrated into Open Office at an additional cost. A final detailed design including costings will be presented after Open Office has been endorsed and approved to proceed by Council.

Council includes the value of the ERP contract amount in its annual operating Budget and will continue to do so in future.

For the 2023/2024 financial year Council has included provision to licence two ERP systems to assist in the transition from Civica Authority to the replacement ERP, as both systems will need to be in operation during the transition period.

Open Office has quoted the following prices based upon their tender submission and these exclude the integration of applications.

Note: The difference between implementation and integration, is that implementation is the initial installation and configuration of the Open Office environment, and integration is the creation of linkages between Open Office and the applications, so that data is accessible and transferable between each.

First year cost:

Item Description	Total Price (GST Exclusive)
Annual Licence Fee	\$198,000
Implementation	\$348,500

Five-year cost:

Item Description	Total Price (GST Exclusive)
Annual subscription fee – Year 1	\$198,000
Annual subscription fee – Year 2	\$207,900
Annual subscription fee – Year 3	\$218,295
Annual subscription fee – Year 4	\$229,210

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Annual subscription fee – Year 5	\$240,670
Implementation	\$348,500
Total Cost of Ownership (5-year period including implementation/transition costs)	\$1,442,575

The tender submission provides licencing costs which are indexed at approximately 5% each year. It is anticipated that all costs will be identified after Council endorsement to proceed with Open Office and these will be disclosed with the final design of the ERP solution.

In addition to costs identified above, resourcing will be sought from departmental staff at the time that data is migrated from the old ERP solution to the new, which may require additional staff and/or contractual budget allocation.

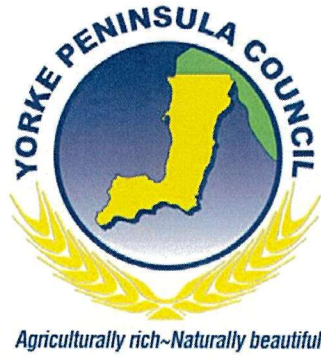
RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Council’s current ERP (Civica Authority) system has reached end of life and is no longer fully supported by its developer. Failure to upgrade Council’s ERP system in a timely manner will expose the organisation to substantial risk. Should the product fail there is the possibility that it may be unable to be repaired to a state satisfactory to maintain a number of day-to-day operations.

The tender evaluation process was undertaken as per Council’s PO058 Purchasing and Procurement Policy to ensure legislative compliance and minimise Council’s exposure to risk.

ATTACHMENTS

Nil



CONFIDENTIAL MINUTES

Council Meeting

(Subject to confirmation)

11 October 2023

B

**CONFIDENTIAL MINUTES OF COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, MINLATON TOWN HALL, 57 MAIN STREET, MINLATON
ON WEDNESDAY, 11 OCTOBER 2023 AT 6.32PM**

WELCOME

Mayor Darren Braund welcomed everyone to the meeting and declared the meeting open.

PRESENT: Mayor Darren Braund, Cr Richard Carruthers, Cr Naomi Bittner, Cr Alan Headon, Cr Kylie Gray, Cr Scott Hoyle, Cr Kristin Murdock, Cr Michael O'Connell, Cr Tania Stock

IN ATTENDANCE: Andrew Cameron (CEO), Ben Thompson (Director Corporate & Community Services), Dustin Guthberg (Director Development Services), Natalie McDonald (Minute Secretary)

LEAVE OF ABSENCE

Nil

APOLOGIES

Cr Trevor Clerke, Cr Roger Johns and Cr Adam Meyer.

CONFLICT OF INTEREST

Mayor Darren Braund reminded all Elected Members of the requirement to disclose any conflict of interest in relation to any matters before Council.

27 CONFIDENTIAL ITEMS

27.1 ENTERPRISE RESOURCE PLANNING (ERP) REPLACEMENT PROJECT

PURPOSE

For Council to endorse the Enterprise Resource Planning (ERP) solution design, proposed suppliers, costings including contingency funds, and the commencement date for implementation.

RESOLUTION

Moved: Cr Scott Hoyle
Seconded: Cr Tania Stock

That Council endorse the Enterprise Resource Planning (ERP) solution design, proposed suppliers, costings and contingency funds, and the commencement of implementation as detailed in this report.

CARRIED 234/2023 (11/10/2023)



RESOLUTION

Moved: Cr Alan Headon
Seconded: Cr Scott Hoyle

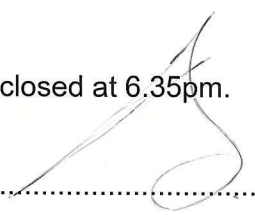
Section 91 Order

That having considered report 27.1 Enterprise Resource Planning (ERP) Replacement Project in confidence under Section 90(2) and (3)(d)(i),(d)(ii) of the Local Government Act 1999 (the Act) the Council, pursuant to Section 91(7) and 91(9) of the Act orders that the agenda report, attachments, minutes and supporting documentation relevant to report 27.1 Enterprise Resource Planning (ERP) Replacement Project be retained in confidence and not available for public inspection for a period of 12 months.

CARRIED 235/2023 (11/10/2023)

CLOSURE

The meeting closed at 6.35pm.



.....
Mayor Darren Braund

8 November 2023

