

5.3 TENDER FOR PROVISION OF FINANCE AND CONTRACT MANAGEMENT SYSTEM (CF2020065: PN)

Responsible Officer: Jarrod Doake, Chief Operating Officer

RECOMMENDATION*

That Council:

- 1. Awards the tender from aaX for Part A Provision of Finance System, Contract No. 2020065A for an estimated sum of \$2,630,826 (comprising an estimated \$1,297,516 implementation cost and a fixed sum of \$1,333,310 for licence fees for the initial five-year term), with an estimated total contract value of \$6,009,355 inclusive of all available extension options (maximum contract term 15 years);*
- 2. Awards the tender from Open Windows for Part B Provision of a Contract Management System, Contract No. 2020065B for a fixed sum of \$158,378 for the initial five-year term, with an estimated total contract value of \$457,115 inclusive of all available extension options (maximum contract term 15 years);*
- 3. Approves an extra \$200,000 for contingency for the above two contracts;*
- 4. Authorises the Chief Executive Officer to execute the contract agreements; and*
- 5. Notes that both contracts are proposed to commence in December 2020, with an initial term of five years, and both contracts have two separate five year extension options, and authorises the Chief Executive Officer to approve these extension options subject to satisfactory performance.*

*(*Please note that all dollar figures are GST Inclusive unless stated otherwise).*

INTRODUCTION

Council has tendered for Provision of Finance and Contract Management System.

BACKGROUND

Oracle Financials was implemented at Council in 1996. The system has been in production since February 1997, initially to fulfil the requirements of Compulsory Competitive Tendering legislation.

There have been several upgrades of Oracle Financials and organisational structure changes since implementation including the following:

- Introduction of Oracle iProcurement for decentralised online requisitions/purchase orders system with email approvals of requisitions;
- With the introduction of Oracle iProcurement, additional validations and interfaces were created for Open Windows Contracts7 software;
- Introduction of Readsoft Invoices and ProcessIT for invoice scanning and online invoice approval system;
- Alpha numeric codes were introduced into the chart of accounts for Capital reporting for ease of identification; and
- Introduction of BIS, a financial reporting and budgeting software program from Civica.

The current Financials used by Council is an on-premise Oracle version (11i.5.10.2) and now only receives sustained support from Oracle. This means Oracle will provide support for database related issues and known issues, but will no longer provide patches for new bugs found or release security patches. As such, Council requires a significant upgrade to the current system and/or a new financial system in order to ensure support and updated functionality into the future.

Part B: Contract Management System

Council is currently using the on premise Open Windows (OW) Contract Management System (CMS) Version 7 for the management of all contract related activities. Version 7 has been superseded with a cloud based version 8 and technical support for version 7 will no longer be available from Open Windows in the near future.

Since both the Finance and Contract Management Systems require an upgrade, a tender combining the two requirements was issued allowing Council to award a single or multiple vendor solution based on best value.

The proposed new contracts are for an initial term of five (5) years with options to extend by two further terms of five (5) years each. This provides a basis for a long-term investment with this technology, however also provides opportunities for review and change of direction if required in the future.

NOTIFICATION

Stage 1 public notice seeking Expressions of Interest (EOI) was placed in The Age newspaper on 30th November 2019 and the Expression of Interest closed on 20th January 2020.

Shortlisted parties were subsequently invited to participate in a selective tender for this project on 15th June 2020 with submissions closing on 3rd July 2020.

TENDERS RECEIVED

9 tender submissions were received by the appointed closing time.

The tenders received are listed below:

No.	Tenderer	Technology Platform	Finance System	Contract Management System
1	Open Windows	Open Windows	✗	✓
2	Portt	Portt	✗	✓
3	Deloitte	Oracle	✓	✓
4	Open Office	Microsoft Dynamics	✓	✗
5	OST	CouncilFirst	✓	✗
6	Datacom	Datascape	✓	✓
7	TechOne	TechOne	✓	✓
8	aaX	Oracle	✓	✓
9	Accenture	Oracle	✓	✓

EXPRESSION OF INTEREST TENDER CONFORMANCE

All submissions were accessed for their compliance with the tender conditions including the contractual terms and conditions and the requirements of the response schedules.

Four submissions were deemed non-conforming and these submissions were not evaluated further.

EXPRESSION OF INTEREST EVALUATION

All members of the evaluation panel signed Conflict of Interest and Confidentiality forms and no conflicts were raised.

The remaining conforming tenderers were assessed in accordance with the evaluation criteria published in the tender documentation:

Pass/Fail Assessment Criteria	Score
OHS	<i>Pass/Fail</i>
Mandatory Insurances (if applicable)	<i>Pass/Fail</i>

The final evaluation resulted in three vendors who were most suited to be invited to the stage 2 selective tender.

STAGE 2 SELECTIVE TENDER CONFORMANCE SUMMARY

The submissions were accessed for their compliance with the tender conditions and the requirements of the response schedules.

One submission was deemed non-conforming and this submission was not evaluated further.

STAGE 2 SELECTIVE TENDER EVALUATION

The following information supports the evaluation panel's recommendations.

The final evaluation (including the price and non-price evaluation criteria) from the panel recommends aaX and Open Windows for the Finance and Contract Management Systems respectively as presenting the best value outcome for Council.

FINANCIAL IMPLICATIONS

Component	Implementation	Licences Year 1 – 5 (initial term)	Licences Year 6 – 10 (1st extension option)	Licences Year 11 – 15 (2nd extension option)	Total
aaX for Finance System (using Oracle Platform)	\$1,297,516*	\$1,333,310	\$1,539,536	\$1,838,993**	\$6,009,355
Open Windows for Contract Management System	\$31,878	\$126,500	\$138,351	\$160,386	\$457,115
Contingency	\$200,000				\$200,000
Total	\$1,529,394	\$1,459,810	\$1,677,887	\$1,999,379	\$6,666,470

*This includes \$363,513 maximum estimated cost (dependant on data quality) for data cleansing/migration and integration end points

**The fees for this term are estimates only as aaX/Oracle declined to propose the price adjustment mechanism for this extension term. As such, an estimate of 5% increase year on year has been applied for year 11 to 15 as a worst-case scenario.

aaX financials:

The initial contract term (five years) with aaX Ltd is expected to cost Monash \$2,630,826 (fixed sum \$1,333,310 for licences and estimated \$1,297,516 for implementation).

Post project implementation, the annual support and maintenance for the Oracle platform will be \$287,495 until Year 6 of the contract.

Total cost of the contract with aaX Ltd over the possible maximum 15-year contract period (inclusive of all extension options) is estimated to be \$6,009,355 based on their proposal to adjust the annual licence fee by 5% in year 6 and then a further 5% increase to the annual licence fee in year 9. The price increase details from year 11 onwards are subject to negotiation and as such, an estimate of 5% increase year on year has been applied for year 11 to 15.

Open Windows financials:

The initial contract term (five years) with Open Windows Ltd is expected to cost Monash \$158,378 (annual fixed sum \$126,500 for licences, \$31,878 for implementation).

Post project implementation annual support and maintenance for Open Windows platform will be \$25,300 until Year 5 of the contract.

The total contract cost with Open Windows Ltd over the maximum possible 15-year period (inclusive of all extension options) is estimated to be \$457,115 with costs beyond year 6 in the contract period adjusted assuming a 3% CPI increase per annum. Contract cost increases for the two separate five-year extension options have also been capped to CPI.

SUSTAINABILITY OUTCOMES

aaX have indicated they have numerous policies and procedures in relation to the environment sustainability. They also indicated that some of their team is located within the City of Monash and have indicated they would like to grow and support our community where possible.

Open Windows have also indicated that they have numerous policies and procedures in relation to the environment sustainability. They are located within Boroondara City Council.

CONCLUSION

That Council approves the recommendations contained within this report.