

Part B of this report is **not for publication** for the reasons stated in paragraph 6.2.

Procurement Committee**On 13 February 2007**

Report Title: **Part A: Extension of the Capgemini Agreement for development and support of the Siebel Customer Relationship Management (CRM) system**

Forward Plan reference number (if applicable): **V55 and V56**

Report of: **Director of Corporate Resources**

Ward(s) affected: **N/A**

Report for: **Non-Key Decision**

1. Purpose

1.1 To seek Member agreement to extend the Capgemini Agreement for development and support of the Siebel Customer Relationship Management (CRM) system for a 6 month period from January 2008 to June 2008.

2. Introduction by Executive Member

2.1 I concur with the recommendations set out in this report to extend the Capgemini Agreement for a further 6 month period, as this represents the most acceptable solution pending the outcome of IT Services' strategic review of the current Siebel CRM managed services.

3. Recommendations

3.1 That Members agree to extend the contract for the above project, as allowed under Contract Standing Order (CSO) 13.02, in accordance with the recommendations in paragraph 14 of this report.

Report Authorised by: **Director of Corporate Resources**

Contact Officer: **Ian Wellbelove, Development Programme Manager, IT Services**
telephone no.: 020 8489 4674
e-mail: ian.wellbelove@haringey.gov.uk

4. Executive Summary

- 4.1 The contract with Serco Ltd (formerly ITNet) to support the hardware environment for the Siebel CRM solution is valid from July 2001 to June 2008.
- 4.2 The contract with Capgemini for development and support of the Siebel CRM software application is valid from January 2005 to January 2008.
- 4.3 In 2007 IT Services will undertake a strategic review of the current Siebel CRM managed services to assess the options for insourcing part or all of the services, or to re-let the contracts as a single package to an external managed service provider following an open competition.
- 4.4 At present the Serco and Capgemini Agreements are coming to an end at varying dates during 2008, and it is recommended that the Capgemini Agreement is extended for a further 6 month period from January 2008 to June 2008 to align it with the expiry of the Serco Agreement should it be decided to re-tender these contracts as a single package.

5. Reasons for any change in policy or for new policy development (if applicable)

- 5.1 N/A

6. Local Government (Access to Information) Act 1985

6.1 The following background documents were used in the preparation of this report:

- 'Siebel Development' report presented at Procurement Committee on 04 January 2005; and
- 'Extension to the Capgemini Technical Services contract for the development and support of the Siebel (CRM) application' report authorised by the Assistant Chief Executive (Access) on 06 October 2006.

6.2 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).

7. Background

- 7.1 IT Services let a contract to Serco Ltd (formerly ITNet) to support the hardware environment for the Siebel CRM solution from July 2001 to June 2008. The development and support of the software application was awarded to Capgemini in January 2005 for a period of 2 years, and including the option to extend for a

further 12 months authorised in October 2006 under CSO 13.01 (a)(i), the contract will now end in January 2008.

7.2 In 2007 IT Services will undertake a strategic review of the current Siebel CRM managed services with the objective to assess the following options:

1. re-let the contracts as a single package to rationalise the existing supplier base and achieve economies of scale
2. identify best value alternative solutions
3. assess insourcing opportunities

7.3 If as a result of this strategic review the recommendation is to continue with a full or partial outsource of the managed service by an external provider, the proposed contract strategy will be to re-let the Serco and Capgemini Agreements as a single package. The anticipated high value of this contract will require that the procurement process commences during 2007 to ensure the new contract is let well in advance of the expiry of the current contracts with Serco and Capgemini in 2008.

7.4 At present the Serco and Capgemini Agreements are coming to an end at varying dates during 2008, and it is recommended that the Capgemini Agreement is extended for a further 6 month period from January 2008 to June 2008 to align it with the expiry of the Serco Agreement and enable the re-tender of these contracts as a single package.

8. Budget

8.1 The cost for the provision of the Siebel CRM software application development by Capgemini will be funded from the IT Services capital programme budget.

8.2 The cost for the provision of the Siebel CRM support services by Capgemini will be funded from the IT Services revenue budget.

9. Description of Procurement Process

9.1 N/A

10. Consultation *(if applicable)*

10.1 Consultation has taken place with Customer Services and within IT Services.

10.2 This is an item published on the Council's Forward Plan V55 (15 December 2006-14 April 2007) and V56 (15 January 2007-14 May 2007).

11. Key Benefits and Risks

Benefits

11.1 Enables IT Services to undertake a full strategic review of the current Siebel CRM managed services to determine the most suitable option for the Council to take forward.

11.2 Enables the re-tendering of the contracts as a single package to:

- 11.2.1 achieve efficiencies in the resources and costs of procurement
- 11.2.2 rationalise the existing supplier base

11.2.3 achieve economies of scale

Risks

11.3 There are no known quantifiable risks.

12. Contract and Performance Management

12.1 The management of Capgemini's contract and performance will continue as set out in the existing Agreement.

12.2 Contract and Performance management will continue to be by means of monthly performance and availability reporting by Capgemini and by monthly service reviews held with IT Services to review Capgemini's performance against the service levels.

13. Summary and Conclusions

13.1 Currently the Serco and Capgemini Agreements are coming to an end at varying dates during 2008, and it is recommended that the Capgemini Agreement is extended for a further 6 month period from January 2008 to June 2008 to align it with the expiry of the Serco Agreement should it be decided to re-tender these contracts as a single package.

13.2 The benefits gained by synchronising the expiry dates of the Serco and Capgemini Agreements in order to re-let the contracts as a single package by open competition creates a single process for the evaluation of options as part of the strategic review and maximises achieve efficiencies in the resources and costs of procurement.

14. Recommendations

14.1 That Members agree to extend the Capgemini Agreement for development and support of the Siebel CRM system, as allowed under Contract Standing Order (CSO) 13.02, in the sum named in Part B Appendix for a further 6 month period from January 2008 to June 2008.

15. Equalities Implications

15.1 There are no known Equalities implications.

16. Health and Safety Implications

16.1 There are no known Health and Safety implications.

17. Sustainability Implications

17.1 There are no known Sustainability implications.

18. Financial Implications

18.1 There are no known financial implications other than as set out in paragraph 8 and Part B Appendix.

19. Comments of the Director of Finance

19.1 The Director of Finance has no additional comments to make.

20. Comments of the Head of Legal Services

- 20.1 The Council's contract with Caggemini for development and support of the CRM system is due to expire in January 2008.
- 20.2 Corporate Resource's Directorate seeks an extension of the contract from January 2008 to June 2008.
- 20.3 The value of the proposed extension of the contract (as detailed in Part B) is below the threshold for tendering in the EU under the Public Contracts Regulations 2006.
- 20.4 The contract has already been extended for 12 months under director's delegated authority.
- 20.5 Because this is a second extension, it is a requirement of Contract Standing Orders that the Procurement Committee approve the extension (under CSO 13.02).
- 20.6 The item has been included in the Council's Forward Plan V55 (15 December 2006-14 April 2007) and V56 (15 January 2007-14 May 2007).
- 20.7 The Head of Legal Services confirms that there are no legal reasons preventing Members approving the recommendations in the report.

21. Comments of the Head of Procurement

- 21.1 This request for an extension to the current contract is in line with the procurement code of practise.
- 21.2 The extension will allow the alignment of contract expiry dates and for a strategic review of the current services, which will identify the best procurement option to meet future requirements.
- 21.3 Contract and performance management structures are in place which will ensure the service continues to meet service levels.
- 21.4 The Head of Procurement supports this request for an extension to the current contract.

22. Use of Appendices / Tables / Photographs

- 22.1 None
- 22.2 Part B Appendix of this report contains exempt information.