

Item No.	Classification: Open	Date: 19 December 2012	Meeting Name: Gerri Scott, Strategic Director of Housing and Community Services
Report title:		Gateway 3: Change Request Decision Approval - Customer Services Contract	
Ward(s) or groups affected:		All	
From:		Richard Selley, Head of Customer Experience	

RECOMMENDATIONS

1. That the Strategic Director of Housing and Community Services formalises the approval of the change request relating to the CSC contract with General Dynamics Information Technology Ltd. to provide an Avaya call centre specific telephone and quality management system by 1 June 2013 at a cost of £1.15 million.

BACKGROUND INFORMATION

2. On 23 November 2004, the council let a ten year contract with Pearson Government Solutions, which became Vangent Ltd. After acquisition by General Dynamics Vangent have now changed their trading name to General Dynamics Information Technology Limited (GDIT Ltd.). The contract is for the provision of customer services to run from 31 May 2005 to 30 May 2015. These included the provision of a telephone Customer Service Centre (CSC), the delivery of the services in the council's three Service Points (SP), an e-mail response service, translation services and associated functions including a fulfilment service and complaints receipt service. The value of the contract in 2012/13 is around £13M per annum. The savings that are likely to be accrued in the first year of operating an in house service are planned to be in the region of £3m, with a potential for more in future years.
3. A mutual termination of the contract has been agreed to take effect by 31 May 2013.
4. The GDIT Ltd. contract includes the provision of a telephony system. As part of the Council's Customer Services Transition Programme GDIT Ltd. will no longer provide telephony to the Council and a replacement system will be required.
5. Southwark council is committed to putting the customer at the heart of all its activities and deliver high quality, value for money services. The ability for customers to be able to access council services via a range of access channels and achieve enquiry resolution at the first point of contact is a key part of delivering excellent services. This means a call centre specific telephony system continues to be a core necessity for the council in order to understand what the demand is for council services, who is using council services and why, it is important to collate this information. It is only in understanding the demand for services that the council may direct its resources appropriately and deal with unnecessary demand. It will also ensure that customers are speaking to the officer best able to deal with them. It gives managers the tools needed to improve both quality and speed of answer in the

contact centre. It will also be key in the delivery of telephone self serve and assisting with channel shift.

KEY ISSUES FOR CONSIDERATION

Key aspects of proposed change request

6. In order for the Council to establish its own in house Customer Service Centre, it must purchase a system through which the centre will receive customer telephone calls. The call centre telephone system forms the foundation of customer service provision.
7. Benchmarking with other local authorities has shown that implementations of call centre telephony range in value from £1 million - £1.5 million depending on system and features. Both the London Borough of Havering and London Borough of Bexley implemented similar Avaya systems at a cost of around £900k excluding any project costs and additional services. Their project costs were estimated at £150k. So the overall cost for comparison £1.05 million. The London Borough of Hackney purchased a similar system through partners Damovo for an estimated £1.3 million.
8. The Council have identified in consultation with GDIT Ltd and Sabio that the implementation of an Avaya Aura ACD and ancillary software will replicate and improve the current CSC telephone solution and associated service processes services delivered through the CSC both in and out of hours.
9. The contact centre technology and operation is a highly specialist environment. Sabio will deliver that technology platform as a specialist integrator that can provide not only the technical aspects but are focussed on bringing alive the significant operational and customer service benefits that the council can achieve in line with the programme to support the Fairer Future vision. Sabio and the Southwark Project team are designing that platform right now in line for deployment into the new contact centre next year. Sabio have a 4 year support agreement for that contact centre technology that ensures that this focus is consistent for at least that period. The cost of support is included within the proposed cost.
10. The proposal is a fixed cost of £1.15 million, which is average for an implementation from this manufacturer and for this specification. The cost includes project costs, integration, design and build, testing and training of the CSRs on the new system. The live by dates are noted in Appendix 2. Services will be configured based upon 'as-is' service procedures and manuals. For more details of the scope and build of the solution see Appendix 1. The payment schedule is included in Appendix 3.
11. The delivery of the proposal is in 5 phases. See Appendix 2.
12. At the end of May 2013 when the contract with GDIT Ltd. ends, Southwark will own the Avaya hardware, hardware related to the Avaya solution, software and the associated licenses.
13. Changes to the scope of the proposal will be at additional cost.

Reasons for change request

14. With the decision to mutually terminate the contract on 31 May 2013, the council recognised a need to procure a replacement system that will meet existing demands as well as allow for future development by the council to ensure it remains fit for purpose.

Which Telephone System

15. The major suppliers in Call Centre technology are:
 - a. Cisco – a significant player in the enterprise space (40,000 – 80,000 users) their expertise is now in the unified communication space. Though they have dallied in the SME space, their focus is on large call centres with 1,000s of seats.
 - b. Siemens- they were significant players in the late '90s early '00s with many local authority and central government contracts. However, they limited their offering to a single product and lost market share.
 - c. Avaya/Nortel – with its recent take over of Nortel, Avaya posses the largest market share in the SME space with a number of local government, police and central government contacts. Ideal for multi channel use in small call centres 100 – 500 seats.
 - d. Genysis – a big player in the multi site, large contact centre arena. This highly complicated ACD package is ideal for in/outbound call centres spread over regions. Used by some major banks and insurance companies.
 - e. Mitel – Whilst Mitel are a player in the telephony enterprise infrastructure arena, they have almost no presence in the SME call centre arena with a market share of less than 2%. Their main selling point is the virtualization of call centre technology.
16. Avaya are the clear market leader in the SME call centre space and the only supplier to deliver a fully integrated solution dispensing of the need to hold and manage multiple contracts across call centre technology.
17. Having worked on a previous bid to deliver the above solution for the GDIT CSC, which was aborted due to the early end of the contract with the Council, Sabio Ltd are uniquely placed to be able to deliver a similar solution to the Council. Sabio spent several months in pre sales with GDIT identifying the CSC requirement. This knowledge will help them to reduce the implementation time of the Southwark solution.
18. Key benefits to solution
 - a. Single manufacturer in Avaya across the entire contact centre reducing points of failure by ensuring excellent integrations can be achieved
 - b. Single supplier in Sabio for the entire contact centre
 - c. Combined total cost of ownership of both projects reduced substantially by using the same platform and supplier
 - d. Rev & Bens team can operate with full contact centre functionality from day 1
 - e. Same technology platform for both phases the Revenues and Benefits and the new CSC decreases risk and Southwark skill set requirements to support
 - f. Revenues & Benefits can be easily absorbed into main CC function in October 2013

- g. Best in breed platform allowing for easy adoption of services that Southwark Council wish to offer their citizens in the future.
19. For organisations planning to introduce ACD, Compliance Recording, Quality Monitoring and/ or Workforce Management, Avaya is the only Vendor capable of providing a complete solution - eliminating the need for costly silos of technology or partnerships with a variety of vendors. This significantly reduces the total cost of ownership with a single structured upgrade path, single user interface, central master agent database and reduced overall software & maintenance expense.
 20. Furthermore, Avaya Impact 360 offers unique business integrations between each of the WFO process components providing deep linkage between Workforce Management, Training, Performance Management and Quality Monitoring.
 21. Work Force Optimisation is an element of the overall Avaya Aura solution and is the convergence of key contact centre functions that work together in support of a greater customer service strategy. Each function combines people, processes and technology to achieve an end result:
 - a. **Quality Monitoring** - Provides recordings and evaluations of the complete customer experience across multimedia touch points to achieve enhanced quality of service and offer dispute resolution. The technology provides the automated capture of agent voice/screen data allowing supervisors to spend time more productively coaching and supporting their agents.
 - b. **Workforce Management** – Drives efficiency and adherence, aids in planning, and helps facilitate optimum staffing and service levels. Through accurate workload forecasting and optimised scheduling of agents the business can achieve more efficient management of agent resources by ensuring the right agents are in the right place at the right time to maximise service levels and minimise cost.
 - c. **Performance Management/ Reporting** – Provides key performance indicators (KPIs) and scorecards that analyse and help identify staff strengths, areas for improvement, and trends. The technology will facilitate a process of continual performance improvement within the call centre through the proven management concept of balanced scorecards.
 22. There are a number of clearly identifiable opportunities for Southwark to realise substantial financial and operational savings with the Avaya contact centre platform:
 - d. During the scoping exercise for GDIT Ltd. Sabio identified anticipated operational savings of 10-12% on the FTE workforce - assuming a £23k including on costs FTE salary this translates to a **£230k-£276k saving** that could be realised. This savings could be realised by reductions in the use of agency staff and not filling vacant posts.

Alternative options considered

23. **Continuing with Mitel Telephony**
The predominant issue with continuing with Mitel is the level of technological support and engagement. Mitel is not considered a significant player in this market and its provision of ancillary integrated technologies is poor and delivered through 3rd party suppliers and this would impact on effective management and development moving forward.

24. **The development of workarounds**
Developing workable solutions would be a large-scale project in itself and diminish the role of customer services to the council. CSC would have needed to learn these new ways of delivering services at a time of upheaval. It may also do irreparable damage to the image of customer service provision which would blight the council's ambitions for years to come. The knowledge and management of customers would be fragmented and the council would not be able to holistically improve service provision by understanding customer demand.
25. **Alternative procurement arrangements**
Due to the short time frame in getting a replacement telephony solution in place for 31 May 2013, undertaking an EU procurement process would not have been a viable option. The Council would have considered procurement through the IT supplier contract, however this option was not available as the current IT supplier contract is ending in January 2013.
26. Procurement would need to be completed by mid November 2012 to ensure an implementation by the dates specified in **Appendix 2**. None of the available framework agreements allows for a procurement process that can complete in that timeframe.
27. Furthermore, a significant benefit of processing this change request through GDIT is the ability to roll out the telephony early with GDIT training all staff prior to TUPE and implementation of the CSC in house. This de-risks the implementation from a Southwark point of view.

Future proposals for this service

28. If the council are to host the telephony solution "on premises" the infrastructure and licences would need to be in place so that that testing and migration could take prior to the 31 May.
29. The new incoming ITMS provider due to start in February 2013, will be engaged from October 2012 to enable the delivery of the telephony solution to the council's users desktop via the Citrix solution and to have an appropriate operation level agreement (OLA) agreed and implemented with GDIT Ltd..

Identified risks for the variation

30. **Commercial failure of the contractors.**
GDIT Ltd. are subsidiary of an established Fortune 100 company that has been serving the U.S. government for more than 50 years, this is considered an unlikely risk.
31. **Service failures.**
GDIT Ltd. fails to deliver a workable solution according to the timetable in **Appendix 2**. GDIT Ltd. have experience of providing a telephony solution, however this will be continually monitored as part of the ongoing project. The council will ensure the team from GDIT Ltd. have the necessary expertise. If

the likelihood of service failures increases the council will mitigate this risk through a series of workarounds. Failure of the hosting service is a low risk however the council will need to ensure that business continuity plans are in place.

32. **Service disruption leading to reputational risk**

This is regarded as a medium risk. There is a risk that poorly configured business processes in the Avaya telephony will impact on ability of the Council to deliver good quality customer services. The council must make sure the implementation team has a proven track record in Avaya telephony. The council puts good acceptance testing arrangements in place and payments are made based on successful acceptance testing and implementation.

33. **Unplanned expenditure**

Due to unexpected costs or costs incurred due to a high number of change controls requested by services the project significantly overspends. This is a medium risk. This is because the scope is defined as implementing 'as is' service/business process and systems integration. Services may have changing needs or request changes to the 'as is' process. These changes are all likely to incur extra costs through change control. The council must manage services expectations and ensure that only critical changes are put through to change control. Change Control will be monitored by the Transition Working Group and where required escalated to the Transition Board as appropriate. These will be managed on a case by case basis and will be managed as part of phase two and future development work by the council post 31 May 2013.

Policy implications

34. There are no direct policy implications. However telephony is important to the overall delivery of the council's customer access strategy.

Contract management and monitoring

35. The GDIT Ltd. CSC contract will remain in place until 31 May 2013 and remains the responsibility of the Strategic Director of Housing and Community Services, with day to day responsibility delegated to Head of Customer Experience.

36. In addition to the existing contract management and performance indicators, additional arrangements will be put in place to manage the change request to the contract and delivery of the Avaya Telephony solution. A project team has been put in place to manage the Telephony workstream which feeds into the Transition Working Group. This forms part of the overall Customer Services Transition Programme managed by the Programme Board.

Monitoring will be based on:

- Information reported by the supplier in accordance with the contract
- Information from other parties (e.g. stakeholders)
- The ongoing relationship with the supplier
- Regular contract meetings to monitor progress
- Key acceptance points as part of the project plan
- Acceptance testing on the solution
- Regular project meeting to assess and control risk and issues arising from the project

- Conditional payment based on key milestones

Community Impact Statement

37. This proposal is to deliver a replacement of the telephony, so the successful delivery should enable there to be no impact on local people or communities from the service they receive from the current telephony regardless of the protected strands under the Equalities Act 2010.
38. A telephony system allows customers to contact the officer with the right skills to be able to deal with their query. It allows the council to track and ensure customer contact is effective. The loss of telephony could lead to a fragmentation in service and inconsistent outcomes from customers. The system will help enable the council to better understand customer's needs and provide more appropriate services. Call Centre telephony would ensure a more consistent level of service for all customers accessing council services through the call centre.

Financial Issues

39. Telephony costs are a part of a wider expenditure stream that has come about as a result of the move to deliver customer services in house. These transition costs will be met from appropriate funding sources as designated by the Director of Finance in consultation with the Strategic Director of Housing and Community Services.
40. This decision covers the GDIT Ltd. solution at £1.15 million. This proposal does not give an indication of the further development costs beyond the solution as delivered by GDIT Ltd. Any future releases will need to be budgeted and planned as part of the council's wider release strategy for the telephony solution.

Consultation

41. This is an operational replacement system to maintain current functionality and allow for future improvements in service delivery, so there is no change in service on which to consult.
42. Services are actively being engaged as part of the future development phase for the new telephony. The outcomes of these series of engagement discussions will form the basis of a telephony development project post 31 May 2013.

Other implications or issues

43. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

44. This report is seeking to formalise the approval of the change request relating to the Customer Services Contract (CSC) to provide a call centre specific telephone and quality management system. This change request will transfer the call centre to the ownership of the Council.
45. Paragraph 14 of the report explains that the reason for the change request is to ensure that there is a replacement telephony system in place to meet the existing demands once the CSC ends in May 2013.
46. The report describes in detail that various solutions have been explored and concludes that the Avaya system has been identified as the best product to meet the Council's need.
47. The report confirms that the cost of the proposal is a fixed cost and that the system and associated licenses will be owned by Southwark once the CRC ends. Paragraph 9 advises that the ongoing support of the system shall be provided by the supplier of the telephony system and shall be incorporated in the overall cost.
48. Paragraph 7 advises that a benchmarking exercise has been carried out with other local authorities which show that the cost of the implementation of this system is comparable with that of other authorities. This goes some way to demonstrate the Council is achieving value for money.
49. Paragraph 36 of the report advises that there are additional arrangements in place to manage the smooth transition and delivery of the Council's new solution.

Director of Legal Services

50. This report seeks the Strategic Director of Housing and Community Services formalisation of the approval of the change request to the CSC contract to provide an Avaya call centre specific telephony and quality management system, as detailed in paragraph 1. Whilst at this value the new services are subject to the EU procurement regulations, our contract with GDIT includes provision of a telephony system, and any replacement required may therefore be procured by way of change control without a tendering process, provided value for money is demonstrated. Paragraphs 7-9 set out officers' view on how value for money in purchasing this system is demonstrated.
51. As this change control does not exceed 10% of the CSC contract value then it may be approved by the relevant chief officer. Contract Standing Order 2.3 requires that this decision can only be made if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by the council. Paragraphs 44-46 confirm the financial implications.

Finance Concurrent (SD/Fin0729)

52. The costs included in this paper are an accurate reflection of the likely costs of implementing the telephony system. Some of these costs are transitional. These include the development of the system, training, migration, infrastructure and hosting costs. Other costs are incurred as a result of the ongoing management of the telephony. These are administration and support costs

and license fees. These costs would have previously been paid as a part of the GDIT Ltd. contract.

53. The transitional costs, which are in addition to the normal business as usual costs, will be met from the appropriate funding streams, as identified by the relevant directors. The ongoing telephony costs are part of the business as usual provision and will be met from the in house call centre budget that will be put in place from 1 June 2013. Previously, these costs would have been covered by the Vangent contract.
54. The telephony procurement is part of a wider move to bring the Call Centre contract in house. Overall, this will result in planned savings of £3m in the first year of operation with the potential for more in future years. Further assurance that this procurement delivers value for money is provided in the benchmarking work undertaken.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendations contained in the above report.

Signature  Date..... 20.12.12

Gerri Scott, Strategic Director of Housing and Community Services

BACKGROUND PAPERS

Background Papers	Held At	Contact
None		

APPENDICES

No:	Title:
1	Scope of Work
2	Timescales and Phasing
3	Payment Terms

AUDIT TRAIL

Lead Officer	Richard Selley, Head of Customer Experience	
Report Author	Langa Ncayiyana, Client and Service Improvement Manager	
Version	Final	
Dated	19 December 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	N/a	N/a
Date final report sent to Constitutional Team		19 December 2012

**BACKGROUND DOCUMENT – CONTRACTS REGISTER UPDATE FORM –
GATEWAY 3**

Details	Original	Extension 1	Extension 2
Contract Name	GDIT CSR0726 Avaya Implementation		
Contract Description			
Contract Type	Single implementation		
Fixed Price or Call Off	Fixed Price		
Lead Contract Officer (name)	Langa Ncayiyana		
Lead Contract Officer (phone number)	02075255270		
Department	Housing and Community		
Division	Customer Experience		
Procurement Route	Change Request through existing supplier contract		
EU CPV Code (if appropriate)			
Departmental/Corporate			
Supplier(s) Name(s)	General Dynamics IT		
Contract Total Value	£1.15		
Contract Annual Value			
Contract Start Date	1 October 2012		
Initial Term End Date	1 June 2012		
No. of Remaining Contract Extensions	0		
Contract Review Date			
Revised End Date			
Comments			

Appendix 1

Scope of Work

Phase 1

- 1) Provide the existing Revs & Bens CSRs with the same telephony solution they currently use in Cottons Centre but accessed from CSR's in Tooley Street.
- 2) The Ultra Service is 'cloud' based and can be expanded if required. Initial implementation is for:
 - 44 CSRs
 - Voice Recording
 - Vangent Support and Maintenance
 - including current reports on-going
 - Supporting existing IVR and ACD

Phase 2

- 1) Build Avaya platform; hardware, software and licences delivered, installed and "lights on", target date 1st February 2013. The build will comprise the components to deliver in the subsequent phases:

Avaya components will include:

- Avaya Aura Contact Centre
 - Avaya Communication Manager
 - Work Force Optimisation
- 2) Wallboards – 6 licences (real time reporting) provided.

Phase 3

Design and configuration of Rev & Ben's environment:

- Agents inbound only
- Supervisors
- Skill based-routing
- Call Recording (PCI-DSS compliant)
- Reporting
- Training/Train the trainers.
- Train Revs and Bens Managers and CSR's to use Avaya solution and manage transition
- WFM for Revs & Bens using Avaya

Phase 4

Design and configuration of remaining services environments:

- Agents/Supervisors
- Skill based-routing
- Call Recording (PCI-DSS compliant)

- Reporting
- Training/Train the trainers/ Train Managers and CSR's to use Avaya solution and manage transition
- Re-point published telephone numbers from Ultra to Avaya

Phase 5

Move CSR's from Cottons Centre to Queens Road. The move is taking handsets and headsets with the people.

Appendix 2

Timescales and Phasing

- Phase 1:**
1st
November
2012 Support the 1st November move of Revs and Bens Team to Tooley Street deploying the existing Ultra solution
- Phase 2:**
1st
February
2013 Install Avaya Technology in Council environment (Tooley Street Data Centre)
Configure Avaya Platform to support Southwark Services (incl. Revs & Bens)
- Phase 3:**
1st March
2013 Migrate Revs & Bens to new Avaya Platform
- Phase 4:**
1st April
2013 CSC and Hellaby staff trained and utilising the new Avaya Platform
- Phase 5:**
May /
June
2013 CSR's migrate to Queens Road

Appendix 3

Payment Terms

	Order	Delivery	FDSTDS	UAT 01/02/13	R&B RTP 01/03/13	CSR RTP 01/04/13
Product	50%	50%				
Services	30%		25%	25%	10%	10%
Support	100%					
Hardware	100%					
H/w services		100%				
Management Fee	15% of above	15% of above	15% of above	15% of above	15% of above	15% of above
Operational Services						
Project Mgr		100%				
Service Set-up		100%				
Training				50%	50%	
Total invoice	£ 553,340	£298,493	£82,224	£117,109	£67,775	£32,890

