ITEM NUMBER: 10.3

CONFIDENTIAL REPORT

PROCUREMENT POLICY EXEMPTION

Pursuant to Section 87(10) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Audit and Risk Committee upon the basis that the Committee consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that the Audit and Risk Committee will receive, discuss or consider:

b.   **information the disclosure of which –**

      i.   **would reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the Council; and**

      ii.   **would, on balance, be contrary to the public interest;**

d.   **commercial information of a confidential nature (not being a trade secret) the disclosure of which –**

      i.   **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; and**

      ii.   **would, on balance, be contrary to the public interest.**

Recommendation – Exclusion of the Public – Section 90(3)(b and d) Order

1.   **That pursuant to Section 90(2) of the *Local Government Act 1999* the Audit and Risk Committee hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 79/24 Procurement Policy Exemption in confidence.**

2.   **That in accordance with Section 90(3) of the *Local Government Act 1999* the Audit and Risk Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 79/24 Procurement Policy Exemption on the following grounds:**

    b.   **pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business.**

    d.   **pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a third party.**

    In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

3.   **The Audit and Risk Committee is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.**

Item No:	10.3
Subject:	**PROCUREMENT POLICY EXEMPTION**

Summary

This report seeks a waiver of tender and recommends to Council to approve a contract variation to continue using the TechnologyOne SaaS platform for up to seven more years.

The rationale for not going to tender and approving the contract variation is that the evidence from other councils that have undergone a tender or reviewed their TechnologyOne service, has demonstrated limited benefit as they have found TechnologyOne to be the preferred provider at this point in time. Costs for this tender and review process are between $0.558M and up to $1.744M for a two-year tender. Transitioning to a new (Enterprise Resource Planning or best-of-breed) system requires substantial costs, disruption and risk, incurring around $9.0M in costs over a number of years to change systems. Accepting the contract variation, with the discounted offer with additional functionality of the new modules council requires, provides potential savings of $2.6M over seven years.

Recommendation

That the Audit and Risk Committee recommends that Council:

1. **endorses the exemption to the Procurement Policy for a contract variation to continue utilising the TechnologyOne Software as a Service (SaaS) Enterprise Resource Planning (ERP) platform; and**

2. **authorises the Chief Executive Officer to negotiate, execute, and administer the contract variation relating to the TechnologyOne SaaS platform on terms acceptable to the City of Holdfast Bay (CHB) for a maximum seven-year contract variation; and**

3. **notes the budget allocation for the TechnologyOne SaaS fee is included in the draft 2024-25 budget and subsequent future budgets will include the uplift in the significantly discounted SaaS fee.**

RETAIN IN CONFIDENCE - Section 91(7) Order

3. **That having considered Agenda Item 10.3 79/24 Procurement Policy Exemption in confidence under section 90(2) and (3)(b and d) of the *Local Government Act 1999*, the Audit and Risk Committee, pursuant to section 91(7) of that Act orders that the report, attachment and minutes be retained in confidence for a period of 12 months and/or the Chief Executive Officer is authorised to release the documents when the contract is signed and that this order be reviewed every 12 months.**

Background

Since December 2004, the Council has utilised TechnologyOne's Enterprise Resource Planning[1] (ERP) platform for Financial Management, Human Resources and Payroll, Supply Chain Management, Asset Management, Reporting and Analytics, Collaboration and Workflow Automation and Property and Rates Management modules. The ERP platform was initially used as an on-premise software system executing on council-owned information technology infrastructure. In March 2016, council transitioned from the on-premise version to a Software-as-a-Service[2] (SaaS) platform, also known as cloud-based.

In September 2018, council renewed its agreement with TechnologyOne to provide an ongoing service in a cloud-based environment and signed a seven-year contract ending in September 2025.

Report

The TechnologyOne ERP system is council's core IT system which is deeply embedded across the organisation's operations. There has been significant staff effort, time, resources, and expertise council has invested in TechnologyOne since 2004.

With the current contract ending in September 2025, our IT Department has been considering what council's options are with our IT system moving forward. These options include:

- Going out to market (tender etc) to test the market for functionality and pricing.
- Extending the current contract and maintaining existing functionality.
- Extending the current contract and increasing the functionality of the system to meet future demands.

The option to go to the market will require a long lead time, therefore it is important to confirm our procurement strategy early. As part of our due diligence TechnologyOne was approached to get an understanding of the future of their product offering.

Engaging in a review or tender process may not justify the allocation of time, resources, and finances required. Several councils in a similar position to Holdfast Bay have undertaken expensive tenders and reviews to assess the viability of alternative systems versus retaining TechnologyOne, only to ultimately opt to maintain their existing arrangement with TechnologyOne. The evidence from other councils demonstrates the benefit of TechnologyOne remaining the preferred provider.

The following councils performed a review and/or tender to find a replacement system for TechnologyOne. The outcome was these councils still selected TechnologyOne as their preferred provider:
- Northern Beaches Council
- City of Port Phillip

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[1] Enterprise Resource Planning (ERP) is a software system that integrates various core business functions, such as accounting, human resources, inventory management, and customer relationship management, into a unified platform. It enables organisations to streamline processes, improve efficiency, and gain better insights by centralising data and workflows across departments.

[2] Software-as-a-Service (SaaS) is a cloud computing model in which software applications are hosted by a provider and made available to organisations over the internet, typically on a subscription basis. This approach allows users to access and use software without the need for installation, maintenance, or Information Technology infrastructure management.

- City of Charles Sturt
- City of Port Adelaide Enfield

Other councils have selected other ERP providers, only to return to TechnologyOne due to implementation failures. The following councils selected Oracle as their preferred ERP provider but returned to TechnologyOne:
- Wyndham City Council
- Mornington Peninsula Shire

Within the local government sector there is currently deemed to be limited alternatives to TechnologyOne's capabilities to meet the business requirements. The market is very narrow in regard to other ERP products that meet local government needs.

Not all councils use TechnologyOne. Councils such as the City of Marion use an on-premise version of Civica and are determining whether to transition to a SaaS platform or another provider. The City of Salisbury, which uses IT Vision (acquired by ReadyTech in 2022), will continue to use this SaaS platform.

A tender process for a replacement system or systems would require significant time and resources over several years. Instead, value-for-money outcomes will be optimised through negotiation and leveraging council's long-term business partnership with TechnologyOne to minimise the costs required to achieve future functionality updates and implementation.

It has been estimated that a review of our ICT requirements would take around 12 months to complete and require a minimum of 4.5 internal FTEs, costing around $558,000. Further, a tender would take around 24 months to complete and require a minimum of 3.5 internal FTEs, costing around $1,115,000. This could also be undertaken by an external consultant and would cost a similar amount taking into consideration staff time required to assist in this review and tender evaluation.

Attachment 1—Enterprise Resource Planning (ERP) Tender, provides a high-level overview of the process, resources, and associated costs.

Refer Attachment 1

Transition to another ERP or Best-of-Breed System

Recognising that while there are potential alternative suppliers for other relevant systems, the large-scale expense, timeframes, risks, change management, and impact of a new ERP or best-of-breed review and implementation would be significant and may not offset any sufficient benefits to represent value for council.

Replacing TechnologyOne with another ERP or best-of-breed system has significant risks and costs. Some of the key risks are:

- Data Integrity and Migration—There is a risk of data loss, corruption, or inaccuracies, which can impact business operations and decision-making.

- Customisation Challenges—Customising and configuring the new ERP system to meet the organisation's specific needs can be complex and time-consuming. Over-customisation is a risk that can lead to higher costs, longer implementation times, and difficulties in future upgrades.

- Integration Complexity—Integrating the new ERP system with existing systems can pose challenges due to data format differences, protocols, and functionality. Failure to integrate systems effectively can result in data silos and inefficiencies.

- User Adoption and Training—Staff may resist or struggle to adapt to the new ERP system, leading to decreased productivity, errors, and frustration. Insufficient training and change management efforts can hinder user adoption.

- Disruption to Business Operations—The transition process may disrupt normal business operations, leading to downtime, delays in order processing, and potential revenue loss.

- Cost Overruns and Budget Management—Underestimating project costs or experiencing unexpected expenses can lead to budget overruns, strained finances, and difficulties securing additional funding.

The transition process would take around 24 months to complete and cost around $2,500,000 for a minimum of seven internal FTEs; $900,000 in external implementation costs; and $800,000 per year in licensing costs, for a total of $9.0M over seven years.

Therefore going to market and choosing a new ERP would need to provide significant reductions in pricing or functionality to offset the upfront costs as well as disruption to the organisation over a number of years.

Refer to Attachment 2—Transferring to another System – for a high-level overview of the process, resources, and associated costs.

Refer Attachment 2

Opportunity to Accept Significant Savings

With the current contract ending in September 2025, TechnologyOne presented a proposal to council to purchase additional modules or functionality, currently not available in our current system configuration, which council has determined are required for our future organisational transformation. This proposal from TechnologyOne would deliver the additional modules and business benefits at a significantly discounted cost (57.5%). Administration has been in discussions over the last few weeks with TechnologyOne and negotiated their original offer down to the lowest figure they are prepared to offer. This negotiated offer needed approval from the TechologyOne Executive Team.

This offer needs to be accepted before 29 March 2024 or the offer will lapse with the significant discounts removed. The significant discounts are offered to have the transaction included in their current financial year that ends in March.

These modules are not included in our current configuration due to not being purchased with the current contract or due to the modules being newly developed over the last seven years. These are:

- CiA Live that enables data and functionality migration from the Connected Intelligence (Ci) to the Connected Intelligence Anywhere (CiA) platform. The key components are Property and Rates data and functionality. Key module required to move us into the CiA Live environment.

- Digital Experience Platform for Local Government (DXP LG) supports an external customer experience enabling ratepayers to access information and submit requests through an online system. It also supports our customer experience to access valuable information from across all services and therefore provide an increased service to customer enquiries.

- HR and Payroll Modules—such as e-recruitment, employee development, succession planning, and training management, to create a fully integrated employee lifecycle management system.

- Other functionality, such as Enterprise Cash Receipting (ECR), is designed to efficiently manage cash receipts, including payments from customers and clients. It provides features such as online payment processing, integration with banking systems, reconciliation capabilities, and reporting tools to track and manage cash flow effectively. ECR improves efficiency, accuracy, and transparency in financial operations by providing a centralised platform for managing cash receipts.

With the offer presented to the City of Holdfast Bay, several paths can be taken.

Option 1

- Ignore the offer; only purchase the CiA live module and don't purchase any other modules.

This option would significantly reduce council's ability to improve our systems to meet current and future demands. The list price for the current modules we have would still be higher than what we are currently paying. TechnologyOne could review its pricing on the current modules and increase them to their current list price which could significantly increase the price.

The current SaaS fee has been maintained at a lower level due to no Ci applied over the last seven years. This list price for current modules would be higher than what we are paying.

The base cost to City of Holdfast Bay over seven years is:

	CPI (Estimated)		2.6%	2.6%	2.6%	2.5%	2.2%	
SaaS Fees	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**Totals**
	1/07/2024	1/07/2025	1/07/2026	1/07/2027	1/07/2028	1/07/2029	1/07/2030	
Current Annual SaaS Fee (includes Removal of $3,517 for Animals and DA)	715,350	774,118	794,245	814,895	836,082	856,984	875,838	5,667,512
CiA Live	104,034	104,034	106,738	109,514	112,361	115,170	117,704	769,554
Updated Annual SaaS Fee	819,384	878,151	900,983	924,409	948,443	972,154	993,542	6,437,066

Option 2

- Accept the offer prior to 29 March 2024 and purchase the missing modules costing an additional $1,871,370 over seven years. This option would continue to provide the development path for our ICT systems over the next seven years.

The following table details the current SaaS fees plus the discounted missing modules fee. Since council has set the SaaS fee for the 2024-25 financial year, TechnologyOne has allowed the year one shortfall of $126,216 to be spread over the remaining six years. Further, the discounted offer is only valid until 29 March 2024.

	CPI (Estimated)		2.6%	2.6%	2.6%	2.5%	2.2%	
SaaS Fees	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**Totals**
	1/07/2024	1/07/2025	1/07/2026	1/07/2027	1/07/2028	1/07/2029	1/07/2030	
Current Annual SaaS Fee (includes Removal of $3,517 for Animals and DA)	718,334	774,118	794,245	814,895	836,082	856,984	875,838	**5,670,496**
Missing Module Uplift (Includes CiA Live and an additional 17.5% discount)	227,266	376,423	386,210	396,252	406,554	416,718	425,886	**2,635,310**
Updated Annual SaaS Fee	**945,600**	**1,150,541**	**1,180,455**	**1,211,147**	**1,242,636**	**1,273,702**	**1,301,724**	**8,305,806**
Adjusted annual SaaS fee due to year one budget	**819,384**	**1,171,577**	**1,202,038**	**1,232,730**	**1,264,219**	**1,295,264**	**13,232,23**	**8,308,436**

NB Note: the current annual year-one SaaS fee is lower due to the change in contract variation start date from September to July.

Option 3

- Don't accept the current March offer and continue to purchase the additional modules when required at list price. If the additional modules are purchased at list price it would cost an additional $800k per annum.

The additional modules costs will increase by 7.4%, and the discount will be removed, as detailed in the following table.

	CPI (Estimated)		2.6%	2.6%	2.6%	2.5%	2.2%	
SaaS Fees	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**Totals**
	1/07/2024	1/07/2025	1/07/2026	1/07/2027	1/07/2028	1/07/2029	1/07/2030	
Current Annual SaaS Fee (includes Removal of $3,517 for Animals and DA)	715,350	774,118	794,245	814,895	836,082	856,984	875,838	**5,667,512**
Missing Module Uplift (without discount and increase of 7.4%)	104,034	801,045	821,872	843,241	865,165	886,794	906,303	**5,228,453**
Updated Annual SaaS Fee	**819,384**	**1,575,16**	**1,616,117**	**1,658,136**	**1,701,247**	**1,743,778**	**1,782,142**	**10,895,966**

Accepting the offer by 29 March 2024, will reduce the Council budget allocation by $2,587,530 over seven years compared to uplifting the current modules on current pricing.

Note: the forecasted CPI figures come from the Long-Term Financial Plan.

Exemption to Procurement Policy

For the CEO to execute a variation to the current contract, it is recommended that Council approves an exemption to the Procurement Policy for a waiver of tender. This is recommended, as discussed in the report, as going to tender may not achieve an outcome that will provide council financial benefits over and above a contract variation with TechnologyOne. This could be tested through a tender process, however there are significant costs that will need to be allocated to this tender process, which Administration believes would not be a good use of public money.

Due to the tight timeframe to accept the offer, it was recommended that Council considers and approves the policy exemption subject to the Audit and Risk Committee endorsing this exemption. Council is meeting on Tuesday 26 March 2024 and will consider the purchasing policy exemption.

Budget

The 2024-25 draft operating budget includes an allocation of $819,000 for the TechnologyOne SaaS fee. If the contract variation is executed that incorporates the additional modules as identified in this report, subsequent financial years will require an uplift of approximately $376,000 per annum.

If the procurement exemption is not endorsed, Administration will reassess the options moving forward which may include a review and tender process which will require significant additional funds as highlighted in the report.

Life Cycle Costs

The life cycle costs for the TechnologyOne system are only the SaaS fee payable each year. In 2024-25 this fee will be $819,000 and if the contract variation for the significantly discounted additional modules is approved, an uplift of $376,000 per annum (indexed by CPI) from 2025-26 will be required.

Strategic Plan

Our Holdfast 2050+ Strategic Plan – Using efficient technology to meet all strategic plan targets.

Council Policy

The report aligns with the Council's Procurement Policy.

Statutory Provisions

Not applicable

Written By: Manager Innovation and Technology

General Manager: Strategy and Corporate, Sharon Wachtel

Attachment 1

Enterprise Resource Planning (ERP) Tender

Performing an Enterprise Resource Planning (ERP) tender involves a structured process, utilising various resources and incurring costs. Below is a high-level overview of the process, resources, and costs involved:

Preparation Phase:

- Define Requirements: Gather input from stakeholders across departments to understand their needs and pain points. Define functional, technical, and budgetary requirements for the ERP system.
- Market Research: Conduct research to identify potential ERP vendors and solutions that align with the defined requirements.
- Budget Allocation: Determine the budget for the ERP implementation project, including costs for software, hardware, implementation services, training, and ongoing support.

Request for Information (RFI) Phase:

- Develop an RFI document detailing the organisation's requirements, goals, and expectations.
- Distribute the RFI to selected ERP vendors to gather information about their solutions, capabilities, implementation methodologies, support services, and pricing structures.

Vendor Evaluation Phase:

- Evaluate ERP vendor responses based on predefined criteria such as functionality, scalability, flexibility, technology stack, vendor reputation, financial stability, and alignment with organisational goals.
- Shortlist vendors who meet the minimum requirements for further evaluation.

Request for Proposal (RFP) Phase:

- Develop an RFP document outlining detailed requirements, project scope, timeline, and evaluation criteria.
- Invite shortlisted vendors to submit formal proposals, including pricing, implementation approach, customisation options, support services, and licensing terms.

Vendor Demonstrations and Evaluation:

- Schedule demonstrations or presentations from shortlisted vendors to showcase their ERP solutions.
- Evaluate each vendor's presentation against predefined criteria, including ease of use, alignment with business processes, customisation capabilities, and user experience.

Contract Negotiation and Selection:

- Initiate negotiations with preferred vendors to finalise contractual terms, pricing, licensing agreements, implementation timelines, and support services.
- Select the vendor that offers the best fit regarding functionality, cost-effectiveness, and overall value proposition.

Resources Involved:

- Project Manager: Responsible for overseeing the entire ERP tender process, coordinating activities, and managing stakeholders.

- Functional Experts: Subject matter experts from various departments to define requirements and evaluate vendor proposals.
- IT Specialists: IT professionals who assess ERP solutions' technical compatibility, security, and integration capabilities.
- Procurement Specialists: These personnel manage the tender process, draft RFI/RFP documents, and negotiate contracts.
- External Consultants: Organisations may optionally engage external consultants with expertise in ERP selection and implementation to provide guidance throughout the process.

Costs Involved:

- Vendor Evaluation Tools: Costs associated with using specialised software tools or platforms for evaluating vendor responses and comparing proposals.
- Personnel Costs: Salaries or consulting fees for internal and external resources involved in the tender process.
- Travel Expenses: If on-site vendor demonstrations or meetings are necessary, travel and accommodation expenses may apply.
- Opportunity Costs: Time and resources spent by the organisation's staff on the ERP tender process, which could have been allocated to other projects or activities.
- Implementation Costs: While not directly part of the tender process, budgeting for ERP implementation costs should be considered, including software licensing fees, customisation, data migration, training, and ongoing support.

Performing an ERP tender requires thorough planning, careful evaluation of vendor offerings, and effective negotiation to ensure the selected ERP solution aligns with the organisation's needs and delivers value for money.

Attachment 2

Transferring to another System (either another ERP or Best-of-Breed system)

Transferring from one ERP system to another ERP system or a best-of-breed system is a complex undertaking that requires careful planning, coordination, and execution. Below is a high-level overview of the process, resources involved, and associated costs:

1. Planning Phase:

- Assessment and Requirement Gathering: Evaluate the existing ERP system's limitations, pain points, and areas for improvement. Gather requirements from various stakeholders across the organisation.
- Selection of New System: Determine whether to implement another ERP system or opt for best-of-breed solutions. Conduct market research, vendor evaluations, and feasibility studies to select the most suitable system.
- Budgeting: Allocate funds for software licenses, implementation services, customisation, data migration, training, and ongoing support.

2. Preparation Phase:

- Data Assessment and Cleansing: Analyse the existing data to identify inconsistencies, redundancies, and data quality issues. Cleanse and prepare the data for migration to the new system.
- Customisation and Configuration: Define customisation requirements and configure the new ERP system to align with organisational processes and workflows.
- Integration Planning: Identify integration points with other systems and develop integration strategies to ensure seamless data exchange between the new ERP system and other applications.

3. Implementation Phase:

- Data Migration: Extract data from the legacy ERP system, transform it into the required format, and load it into the new system. Perform data validation and reconciliation to ensure data accuracy.
- System Configuration: Configure the new ERP system based on the defined requirements, including modules, workflows, user roles, security settings, and reporting structures.
- Customisation and Development: Develop and implement customisations to address specific business requirements or enhance system functionality.
- Testing: Conduct comprehensive testing, including unit testing, integration testing, and user acceptance testing, to validate the new system's functionality, performance, and usability.

4. Training and Change Management:

- End-User Training: To facilitate a smooth transition, provide end-users with training on how to use the new ERP system effectively. Offer training sessions, workshops, and user documentation.
- Change Management: Develop change management strategies to minimise resistance to change and ensure user adoption of the new system. Communicate the new system's benefits and provide ongoing support to address user concerns.

5. Go-Live and Post-Implementation Support:

- Deployment: Execute the go-live plan, which launches the new ERP system into production. Monitor system performance and address any issues or glitches that may arise during the initial deployment phase.
- Post-Implementation Support: Provide post-implementation support to resolve issues, answer user queries, and optimise system performance. Establish service-level agreements (SLAs) with the vendor or internal support team to ensure timely assistance and maintenance.

Resources Involved:

- Project Management: The project manager oversees the migration process, coordinates activities, and manages stakeholders.
- Functional Experts: Subject matter experts from different departments to define requirements, configure the new system, and provide user training.
- IT Specialists: IT professionals who manage data migration, system configuration, customisation, integration, and technical support.
- Change Management Experts: Professionals specialising in change management to facilitate organisational readiness and user adoption of the new system.
- External Consultants: Organisations may optionally engage external consultants with expertise in ERP implementation and change management to provide guidance and support.

Costs Involved:

- Software Licenses: Cost of purchasing licenses for the new ERP system or best-of-breed solutions, including any additional modules or add-ons.
- Implementation Services: Costs associated with implementation services provided by the vendor or third-party consultants, including system configuration, customisation, and data migration.
- Training Expenses: Cost of training sessions, workshops, and training materials for end-users and administrators.
- Change Management Costs: Expenses related to change management activities, such as communication materials, user workshops, and change management consulting services.
- Support and Maintenance: Ongoing costs for technical support, system maintenance, and software updates provided by the vendor or internal support team.

Transferring from one ERP system to another involves a significant investment in time, resources, and costs. Effective planning, stakeholder engagement, and rigorous testing are crucial for a successful migration that meets organisational objectives and delivers business value.

Confidential Minutes of the Ordinary Meeting of the City of Holdfast Bay held in the Council Chamber, Glenelg Town Hall, Moseley Square, Glenelg on 26 March 2024.

18.   ITEMS IN CONFIDENCE

18.1   **Procurement Policy Exemption** (Report No: 88/24)

<u>Motion</u> - Exclusion of the Public – Section 90(3)(b&d) Order   C260324/7717

1.   **That pursuant to section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 88/24 Procurement Policy Exemption in confidence.**

2.   **That in accordance with section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 88/24 Procurement Policy Exemption on the following grounds:**

b.   **pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business.**

d.   **pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a third party.**

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

3.   **The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.**

Moved Councillor Miller, Seconded Councillor Abley   <u>**Carried Unanimously**</u>

The report recommended to Council to provide an exemption from the Procurement Policy for a contract variation with our key ICT systems provider TechnologyOne to continue using the TechnologyOne SaaS platform subject to the review and endorsement of this approach by the Audit and Risk Committee.

The rationale for not going to tender and approving the contract variation is that the evidence from other councils that have undergone a tender or reviewed their TechnologyOne service, has demonstrated limited benefit as they have found TechnologyOne to be the preferred provider at this point in time. Costs for this tender and review process are between $0.558M and up to $1.744M for a two-year tender. Transitioning to a new (Enterprise Resource Planning or best-of-breed) system requires substantial costs, disruption and risk, incurring around $9.0M in costs over a number of years to change systems. Accepting the contract variation, with the discounted offer with additional functionality of the new modules council requires, provides potential savings of $2.6M over seven years.

<u>**Motion**</u>   **C260324/7718**

That Council, subject to review and endorsement by the Audit and Risk Committee:

1.   **approves the exemption to the procurement policy for a contract variation to continue utilising the TechnologyOne Software as a Service (SaaS) Enterprise Resource Planning (ERP) platform; and**

2.   **authorises the Chief Executive Officer to negotiate, execute, and administer the contract variation relating to the TechnologyOne SaaS platform including additional modules on terms acceptable to the City of Holdfast Bay (CHB) for a maximum seven-year contract variation; and**

3.   **notes the budget allocation for the TechnologyOne SaaS fee is included in the draft 2024-25 budget and subsequent future budgets will include the uplift in the significantly discounted SaaS fee.**

<u>RETAIN IN CONFIDENCE – Section 91(7) Order</u>

4.   **That having considered Agenda Item 18.1 Procurement Policy Exemption in confidence under section 90(2) and (3)(b and d) of the**

Local Government Act 1999, the Council, pursuant to section 91(7) of that Act orders that the report, attachment and minutes be retained in confidence for a period of 12 months and/or the Chief Executive Officer is authorised to release the documents when the contract is signed and that this order be reviewed every 12 months.

Moved Councillor Miller, Seconded Councillor Snewin   **<u>Carried Unanimously</u>**

CONFIRMED   9 April 2024

MAYOR