

### Detailed Analysis and Consideration of Alternative Options

The strategic options appraisal considered cost, risk, and improvement opportunity for four identified options. As part of the strategic options appraisal, a significant number of ‘pain point’ workshops were run with key stakeholders and subject matter experts. Through the pain point workshops, detailed analysis of the performance of current systems against the strategic objectives identified at para 3.6 of the report was undertaken. The workshops looked at areas where current systems create workflow barriers, require duplicate data entry or processing (e.g. re-keying), have technological limitations or lack integration points (i.e. can’t ‘talk’ to each other easily). The findings showed that there are a wide range of barriers and inefficiencies with no major scope for improvement possible and therefore this strongly supported the case for change. The summary findings for the 4 options were:



Further high level commentary on the findings in terms of cost, risk, improvement opportunity and an overall assessment is provided below with text highlighted as Red, Amber or Green in relation to risks versus benefits to the council. Financial modelling for all options was undertaken using a 13-year time period which covers the 3 years to implementation of a potential replacement plus a 10-year lifespan (i.e. similar to the life of current systems).

Option	Cost	Risk	Improvement Opportunity	Overall
1) Do Minimum	Mandatory upgrades, contract renewal costs, sub-optimal processes (‘pain points’), and limitations to	Risk of increased cost, and becoming out of date. Serious risk of suppliers withdrawing support (as has happened with older SAP,	Improvement opportunities would be limited to ‘tweaking around the edges’ as the fundamental system designs	Few, if any, of the Strategic objectives set out in para. 3.6 of the report can be delivered.

Option	Cost	Risk	Improvement Opportunity	Overall
	<p>extending the solution externally to generate revenue, makes this option the costliest to maintain.</p>	<p>Oracle and Microsoft products) within a matter of years leaving the council exposed and needing to procure and implement a replacement within a short timescale similar to the situation with Orbis Partners ESCC and SCC.</p>	<p>and architectures cannot be changed.</p>	
<p><b>2) Optimisation (Solution / Process Enhancement)</b></p>	<p>Potentially lower cost than going to market for replacement systems with associated implementation, and would enable some improvement to the current systems, both in process improvement and technology use.</p>	<p>There is a risk that strategic drivers will not be fully delivered, leading to a full implementation as well. As above, high risk of support for current systems being withdrawn by suppliers.</p>	<p>There is potential for some process standardisation and streamlining that would increase efficiency. However, the scale of improvement will be limited but there may be some quick wins that could reduce the effort for a future implementation</p>	<p>This option could only be considered alongside a longer-term full implementation / replacement. This would enable some early benefit realisation and a reduced implementation effort but effectively defers achievement of strategic objectives and carries high risks.</p>
<p><b>3) ERP Cloud</b></p>	<p>The financial model for this option reflects the higher end of an ERP implementation cost, however, both systems implementation and ongoing license costs can vary significantly depending on the vendor.</p>	<p>While this option carries the usual change adoption risks common in such transformational programmes, managed well, this option presents the least risk in delivering the strategic objectives and minimises other short and longer term risks.</p>	<p>Improved business process through significantly greater integration of data, processes and workflows together with enhanced technology to enable automation and linking to digital service offers. Extendable and future proofed solution will enable greater revenue generation.</p>	<p>This option will deliver savings, enabling automation through streamlined processes and integrated technology, improved data quality and enabling better business insight due to an all-in-one, highly integrated solution. There is medium to high probability of</p>

Option	Cost	Risk	Improvement Opportunity	Overall
				strategic objectives being met.
<b>4) Best of Breed</b>	The 13-year projected cost is similar to that of an ERP solution and while some savings can be made through optimised processes and enhanced technology, the ongoing support model of multiple systems is more costly	Higher risk of lack of integration, automation and single source of truth.	Greater functionality can be harnessed through newer technology, however there are challenges to integration and automate	Overall, this option provides improvement opportunities at similar cost to a one ERP solution, but carries higher risk in delivering the strategic drivers

A more detailed assessment of the options is provided below. The options considered but not recommended (Options 1, 2 and 4) are detailed below, followed by the preferred and recommended option (option 3).

Option 1 (Do nothing/minimum) and 2 (Optimise current solutions) do not require the council to go to market for a new solution.

**Option 1** is not recommended for the following reasons:

- there would be no improvement to existing processes or functionality and no alignment with the identified strategic objectives;
- the existing back office systems are not considered fit for purpose; they are not user friendly, lack functionality and are difficult to use due to the technology being outdated;
- officers would be required to continue using outdated technology that is difficult to use and lacking functionality;
- the council will continue to operate inefficiently with many non-value adding activities ('pain points') through dis-jointed processes and technological barriers to improving workflows;
- current reporting capabilities do not efficiently meet the business needs and access to actionable information will not improve;
- providing functionality to meet legislative and statutory business changes will continue to be relatively expensive and escalate in cost with the council's increasing IT&D estate complexity;
- officers in support service teams will be unable to move to more value-adding, non-transactional activity without the move to genuine universal self-service systems;
- due to a lack of systems integration there are many instances of dual-processing and dual-keying across different areas and no 'single source of truth' in terms of data held;

- Currently, licenced software will be left unused, representing sub-optimal value-for-money;
- Due to the age of the systems, there remains a significant risk of suppliers withdrawing support for the systems within a matter of years as has happened with older SAP, Oracle and Microsoft solutions recently.
- Mandatory upgrades, contract renewal costs, sub-optimal processes, and limitation to extend the solution externally to generate revenue, makes this option high risk and costly.

**Option 2** could provide limited benefits for the council through standardisation and rationalisation of processes employing the available software in a consistent way and could bring improvements that would support any future technology enhancements. However, this option is not recommended for the following reasons:

- only partial improvement and limited alignment with identified strategic objectives would be possible;
- business change costs, including management and staff training and support, will continue to need a costly support model to remain legally compliant and ensure the adequacy of internal controls due to the fragmented and customised systems estate;
- officers would be required to continue using outdated technology that is difficult to use and lacks functionality and capability;
- processes will remain fragmented and inefficient, with duplicate handling of transactional data without further, costly technology to interface the current solutions, improve integration and propagate master data across platforms;
- the current plethora of technology solutions and customisations makes the estate fragile and unable to be flexed with changing business, legal and statutory requirements;
- the council would need effectively need to undertake two significant/major upgrades/implementations within the next 10 years instead of one, which leads to greater cost and risk to the council.

In addition, Options 1 and 2 will not be able to maximise the savings potential that could be gained through better and newer technology. Financial analysis and modelling shows no significant savings could be made over the projected timescale of 13 years (3 years procurement and 10 year lifecycle for solution) and these options will also limit the council in extending the solution to enable revenue generation, therefore further increasing the true long term cost of these options.

**Option 4** Implementing a “Best-of-Breed” suite of solutions will provide some benefits including:

- technology that is a better fit with the council’s requirements and the identified strategic drivers for change;
- providing current technology with much enhanced integration, (mobile/remote) access, usability, input validation, self-service, workflow and reporting and dashboarding capabilities;
- opportunities to simplify the systems estate and provide, resilience, flexibility, and the necessary interfacing to enable much improved and simpler information management to provide a single source of truth for master data;
- a reduction in licencing costs by removing niche and unnecessary add-on modules and intermediary products that make up for gaps in current systems capability;
- opportunities to re-configure the technology and reference data to meet future needs, not replicating the past;
- enabling some savings, however, this would be suppressed due to the higher ongoing support cost of different systems.

However, this Option 4 is not recommended for the following main reasons:

- the requirement for developing interfaces between solutions to provide a fully integrated solution will add significant cost and complexity to the implementation and ongoing maintenance;
- consequently, there would be additional cost, effort, and risk to migrate current data across to separate solutions;
- there will be more than one supplier to manage, including the relationship between them, together with multiple relationships with incumbent “feeder” system suppliers. This will make contract management and performance management very challenging as suppliers often point to other elements of the estate as the cause of performance or processing issues;
- with different systems and no common user interface (GUI), there would be a greater business change effort to prepare, deliver and embed changes to policies, processes and working practices;
- in theory, the 13-year projected cost is similar to that of an ERP solution (Option 3) on the assumption that the best of breed estate can be implemented successfully and thereby achieves the desired aims and strategic objectives. However, the risk of an unsuccessful implementation that fails to meet all strategic objectives is significantly higher than for single supplier ERP (Option 4) and therefore the risk to achieving cashable savings is also higher;
- the council may need continued support from a third-party to manage their solution, depending on any customisations needed, where the out-of-the-box, vanilla solutions do not meet the council’s requirements;
- alignment of implementation periods is likely to be very challenging, given the different data migration requirements, which will introduce complexity and risk to the programme;
- data quality and migration – moving to new solutions may require extensive data quality remediation to ensure data is clean and ready for migration prior to Go Live on the new solutions; there is an inherently more challenging data migration path for this option due to migrating to more than one new system;
- lack of capacity and capability within the council, or through labour market shortages, to drive and deliver the programme.

**Option 3**, to procure a cloud ERP<sup>1</sup> solution, is shown to be the most viable option in terms of delivering against the council’s strategic objectives, whilst also having a more balanced risk profile. Option 3 provides all of the benefits of Option 4 but improves on all of these and significantly reduces the risk profile. The main differentiating significant factors for this are:

- moving to a cloud ERP solution creates a single source of truth for master data, which for a Best of Breed solution is unproven until implemented and therefore carries much higher risk. An ERP reduces the need for ‘stitching’ multiple data sources together to create uniform management information;
- there is a simpler data migration path (i.e. to one system solution) and consequently fewer third parties involved, considerably reducing implementation and delivery risks;
- the council can look to improve its reporting and business processes through the adopt-not-adapt ethos, helping it to achieve future savings through simpler and fewer processes,

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<sup>1</sup> An ERP (Enterprise Resource Planning) system solution is the industry term for an IT system that combines and integrates an organisation’s core business processes including financial, HR, Payroll, Procurement, Recruitment and other processes and functions onto one platform.

reduced interfacing and workflow exchanges e.g. web forms not having to pass through multiple systems, security protocols and authorisation processes;

- when analysing the system suppliers against the council's strategic objectives, ERP solutions appeared to be the best fit for the future direction of the organisation.

The recommendation is therefore for the council to progress Option 3, and procure an ERP cloud solution for its corporate systems. This option is expected to deliver an estimated overall saving of £2.42 million over 13 years (3 years procurement and 10 year lifecycle for solution) and will deliver other significant benefits including:

- only having one prime IT contractor to manage;
- technology that can specified at the outset to be configured close to the council's requirements (i.e. out of the box) and conform with the identified strategic objectives for change;
- access to the most up-to-date technology with optimal integration, (mobile/remote) access, usability, input validation, self-service, workflow and reporting and dashboarding capabilities as modern ERP systems are the leading edge for corporate systems solutions;
- a less complex estate than all other options providing enhanced resilience, security, flexibility and integration and, critically, providing a single source of truth for master data management;
- reduction in licencing costs by removing niche and intermediary products;
- optimising self-service which will enable resources to be redirected to value-adding professional and advisory services;
- providing an evergreen solution, regularly updated and patched by the supplier as part of the contract with minimal disruption or intervention;
- the lowest long term infrastructure and maintenance costs.