



**Corporate Policy and
Resources Committee**

**Wednesday 4 December
2019**

Subject: Customer Relationship Management System (CRM)

Report by:

Executive Director of Resources

Contact Officer:

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Purpose / Summary:

To seek approval to procure a CRM system,
including drawdown of capital monies and
provision of transitional revenue monies.

RECOMMENDATION(S):

To approve:

1. That the Authority can commence a procurement of a CRM system and award to the preferred supplier.
2. Approve the draw down up-to £130,000 of monies from the existing Customer First Capital Budget to cover the cost of the implementation activities.

IMPLICATIONS

Legal: None

Financial : FIN/137/20/TJB

There is a capital budget of £355k for the implementation of the Customer First Programme, which includes provision for a CRM system. This budget is funded from the Project Investment Reserve.

The Corporate Policy and Resources Committee will be required to approve £130k of expenditure from the Customer First Programme budget for the purpose of acquiring and implementing the CRM system.

The remaining balance will be utilised to incorporate the costs of service redesign and system development but will be subject of a future report.

Over the implementation plan period there is likely to be a duplication of costs in relation to transition from one software provider to another. These costs are detailed in the table at 35 below and identify an estimate £19k and £2.6k being required in years 1 and 2 respectively. These costs will be met from the ICT Reserve which has resources available for such costs. Savings will be accrued in Years 3 and 4, with the overall saving over the contract period estimated at £8K. The ongoing implications are estimated to be a £8K savings per annum, if all Services transfer to CRM as expected.

However, an estimated shortfall of £12.8K will be accrued if the Development Management Service does not transfer, and the equivalent support and maintenance (S&M) cost is made available for any future system provision, in the contract period. Ongoing revenue costs beyond the original contract period would be £4.5K.

£5k non-cashable efficiencies of ICT staff time, have been identified through the implementation of a cloud based system as they will no longer be required to maintain and manage the software and upgrades etc.

Staffing: No direct implications from the implementation of the system.

The service redesigns and system development will involve the need for resources and this will be subject of a future report.

Equality and Diversity including Human Rights :

System will be designed to ensure that equality and diversity requirements are met through the implementation of processes within the CRM system, and the design of the various screens and layouts.

Data Protection Implications :

System will hold personal Customer Data and protection and management of that data will be a key requirement of the system. A Data Protection Assessment (DPA) has been completed for this system.

Climate Related Risks and Opportunities:

None

Section 17 Crime and Disorder Considerations:

None

Health Implications:

None

Title and Location of any Background Papers used in the preparation of this report :

Risk Assessment :

Procurement risk will be mitigated through the use of Government Frameworks to reduce the potential implications of system selection.

Costs are calculated on an assumed phased approach to delivery, based on estimated staff numbers and assumed service redesign approach. Changes to staff numbers or delays in service redesign may affect the by year profile of costs to be accrued.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

x

No

Introduction

1. The Council are currently undertaking a transformation programme designed to ensure that the Authority is 'putting the Customer at the centre of everything we do', known as Customer First. This programme is focussed on service redesign, ICT business systems, ICT enabling technology, and customer experience improvements.
2. This report is related to making improvements in ICT Business Systems, and in particular Systems Review and Replacement activities, in order to provide modern, fit-for-purpose business systems which support the aspirations of Customer First; and seeks approval to procure a Customer Relationship Management System.

Background

3. As a business, the Authority currently relies on a portfolio of legacy systems and the strategy for application procurement has been driven by the needs of the individual business units to deliver specific business functions.
4. This means that the Authority now has a complex matrix of systems, many of which are not integrated or have weak integration, and this impacts the ability to provide a holistic view of customers or the business. Some of these legacy systems need review and attention due to:
 - duplication of capability across multiple systems;
 - lack of modern functionality;
 - inability to integrate;
 - lack of Supplier ongoing development; or out of support;
 - end of contract term;
 - high costs.
5. Some examples of this include :
 - Some of our systems have been in place for over 10 years; and in some cases have not updated or modernised for a digital workplace or a multi-channel customer operating approach;
 - Some systems provide capabilities beyond what the Authority is utilising, and the Authority is not realising value for money from these systems
 - Systems work in Silo and there is limited integration or data sharing to develop joined up working around our Customers, in line with our ethos for Customer First;
 - There are currently a number of separate document management systems in place, associated with specific business systems. Having separate repositories of documents means that the ability for a member of staff to look for a single record of document history for a customer is not possible without

searching multiple systems. Added to this is the fact that some of these document management systems has not been indexed effectively, resulting in staff having to spend significant time searching for the document they need;

6. Through consultation undertaken with Council staff and customers, it is clear that the current environment causes inefficiencies, an inability to revise / streamline processes and frustration for all parties; the resulting impact being that customers cannot easily get multiple issues resolved via a single engagement approach as we cannot achieve a true 360-degree view of the customer. As the Authority continues to drive the digital agenda, the introduction of comprehensive self-service facilities which are fully integrated and can provide real-time end to end process realisation for customer will also be compromised.
7. At the start of 2018, the Authority developed a high-level ICT Strategic Roadmap. The roadmap was written following extensive consultation with staff and customers of the Council to ensure any reasonable requirements were incorporated into the new ICT arrangements.
8. The roadmap identified the need to consider the application portfolio at the Authority and contemplate ways of using enterprise software to deliver both more joined up end to end services in pursuit of customer excellence, and more commercially-minded business support and management functions.
9. Following the approval of the roadmap, a Soft Market Testing exercise was completed to allow the project team to understand the possibilities and opportunities available in the market and to help the scope of this project be developed.
10. The outcome of the market test was for the Authority to seek to procure a Customer Relationship Management (CRM) System, with a focus on enhanced customer management and process automation capabilities but with the potential for the solution to become a Corporate Enterprise CRM Tool, serving many of the front and back-office functions at the Council.

Enterprise CRM Vision, Philosophy and Benefits

11. Many businesses rely on Customer Relationship Management (CRM) to create efficiencies and deliver improved services in an ever-increasing multi-channel operating environment.
12. The Authority see that a CRM solution that brings together its customer-facing activity is key to our ethos of 'Putting the Customer at the Centre of everything we do'. It will be a key enabler to deliver a corporate 'single view of the Customer' across the organisation.

Core CRM Functionality

13. The Enterprise CRM solution shall be the primary solution managing customer-facing services across the Council.

14. The Solution will manage customer interactions regardless of the format or channel used. A customer will be able to contact the Council through a variety of self-service and mediated channels; and both the customer and any member of staff assisting them will have full access to the customer's history and any relevant contextual information. To facilitate this, the CRM element of the solution will become the key repository of customer data and transaction history.
15. Where possible, the solution will also manage the end to end process to support that interaction, including any service delivery completion if applicable. The Authority has an aspiration to move service processes from line of business systems to the Solution where appropriate. However, it recognises that some transactions will be more complex and require the retention of line of business systems for service processing/decision making. The enhanced CRM solution will therefore become the single view of the customer, either containing customer data and providing service functionality directly; or interfacing with systems which cannot be brought into the CRM environment.
16. The Authority has limited Customer Self-Service capabilities at this time, largely restricted to e-form based online transactions. Enhancing our Customer Self Service is a key part of any Enterprise CRM Solution.
17. The Authority are also keen to provide easy access to FAQs, information and guidance, including enhanced search capabilities, to both Employees and Customers to facilitate first time resolution. It would be desirable for this to be within a knowledgebase style solution or component, linked with or within the main CRM component. Development of this knowledge base for use through artificial intelligence virtual assistant type solutions is an aspiration.

Enhanced CRM Opportunities

18. The Authority are also seeking to augment any customer management function in the core CRM solution with a range of enhanced CRM capabilities that allow us to develop into a truly customer-centric, effective and digitally enabled organisation. These enhancements include such functionality as:
 - the use of digital technology which facilitates enhanced service provision, and better utilisation of staffing resources;
 - capabilities to support the gathering of customer feedback; to gain an understanding of their experience, satisfaction, and service expectations;
 - capabilities that support the provision of customer insight and business intelligence, which informs the Authority on how best to serve its Customers; and to operate its business in that context;
 - capabilities to support scheduling and rescheduling of work/jobs; to facilitate end-to-end processing where possible;

19. The Authority are keen to use Artificial Intelligence (or similar) capabilities to support handling and resolution of simple enquires and basic transactional processes. The use of artificial intelligence and automation is seen as a key enabler for the Authority in the future. It will improve the Customer experience, increase the opportunity for first time resolution and reduce the processing time of service requests as well as releasing capacity for the frontline staff to deal with more complex situation and customers more in need of support.
20. Seeking feedback and input from our Customers is seen as an important part of service development and continuous improvement. The Authority requires the ability to seek feedback from customers at key points of engagement as well as more ad-hoc engagements to seek insight and more general feedback.
21. The Authority also seeks improvements to its mobile working capabilities in order to deliver services out in the field, in customers' homes or in businesses, thereby adding to the overall customer experience, and service efficiency.
22. As part of the aspiration to move the end-to-end processing into the Enterprise CRM system, the Authority would like the ability to schedule or reschedule works. These may be on a scheduled appointment basis, or jobs/works allocated to happen on a particular day (usually out in the field).
23. The Authority does not currently have any ability to take insight from Customer data; and a desirable element of this exercise is to provide the ability to create Customer Insight, and support the Councils in identifying improvement opportunities and service enhancements. An added benefit to this new approach is that it will enable the Authority to use analytics to become a proactive service provider who can predict future customer demand and offer value-added service, whilst reducing costs and increasing efficiency through early intervention.

CRM Benefits

24. The Authority is anticipating that the Enterprise CRM Solution shall bring the following benefits to its customer engagement and service delivery:
 - Supporting the delivery of high quality and consistent customer service;
 - Providing a central repository for customer and corporate data;
 - Providing an immediate view of the complete interaction and transaction history of every customer;
 - Enabling a dual people and property-based view of customers and transactions;
 - Delivering improved efficiency with routine and less complex processes deployed through self-service and/or automation;
 - Delivering integration with contact management services to provide screen popping and automated services, so improving the customers' experience;

- Delivering improved customer service, and greater customer satisfaction, through more interactions being handled (and resolved where appropriate) at first point of contact;
- Reducing the time taken to handle customer interactions and requests;
- Increasing self-service capabilities;
- Allowing improved reporting of frontline effectiveness and performance;
- Supporting end-to-end service processing;
- Freeing up of back office time to deliver more specialist tasks;
- Improving mobile and field working opportunities;
- Supporting a range of role profiles for both frontline and back office processing staff;
- Use of automation, AI or other digital enablers, to reduce manual handling of processing, and decrease processing time;
- Providing process design and build capabilities for the incorporation of service processes into the solution, integrated into the Core CRM capabilities.
- Becoming a front end to any retained corporate systems where incorporation into the Solution is not possible;
- Providing a single entry of data into retained back end data stores, so preventing duplicated / inconsistent data;
- Providing progress and key information from retained systems back to the CRM solution;
- Improved effectiveness and performance reporting for customer facing services

Systems Soft Market Test

25. Following the decision to move to a corporate wide CRM system, the Authority has undertaken a soft market test on a range of systems in the market, to identify the scope of products available, and indicative cost envelope of procuring such a system.
26. In line with the Cloud First principle of the Authority's ICT strategy, the products assessed are available as Software as a Service (SaaS).
27. In line with the Authority's Procurement Strategy, the products assessed are available for procurement through a Government Framework.
28. During the soft market test, it became clear that a number of functional and technical selection criteria was emerging as differential points between the various products:
 - a) Full customer and interaction management capability;
 - b) Omni-channel support for all contact channels;

- c) Capability to include end to end processing for many Council processes, including complex processing;
- d) GDPR support;
- e) AI Capability;
- f) Field and Mobile working, with offline capabilities and job scheduling capability;
- g) Ease of development, requiring limited technical skills;

29. The Authority assessed the products against a set of functional and technical assessment criteria, and were able to identify a short list of requirements and potential products.

Financial Projections

30. During the soft market testing, the Authority were also able to identify an indicative cost envelop of the potential cost of a CRM system. Full and final costs will not be obtained until the completion of a formal procurement process.

31. Indicative costs are split into two components :

- a) Annual Charges.
These are charges related to Licensing, Subscription and Hosting of the system, payable each year of use; and are considered revenue expenditure.
- b) Implementation charges.
These are one-off charges for initial implementation of the product, and are considered capital expenditure.

32. These indicative costs were then included within the final soft market test to revise the short-list of products for selection.

33. It is not possible to definitively finalise costs of the short-listed products until a formal Procurement exercise is undertaken, however the cost envelope provided has allowed the Authority to identify the potential budget requirements, on, the basis of current staff numbers and assumed phasing of Service departments into the CRM system.

34. The costs are shown on the basis of a four year period, as procurement will be undertaken through a Government Framework.

35. The following table identifies the potential cost profile for Annual Revenue, subject to procurement.

Annual Licence, Support and Hosting	Year 1	Year 2	Year 3	Year 4	Total	Yr5 onwards
CRM System	£18,870.00	£45,180.00	£76,356.00	£89,142.00	£229,548.00	£89,142.00
<i>Dual Running Existing System Cost</i>	£97,469.86	£54,940.80	£0.00	£0.00	£152,410.66	£0.00
Total in Year Spend	£116,339.86	£100,120.80	£76,356.00	£89,142.00	£381,958.66	£89,142.00
<i>Current System Cost (if remain as is)</i>	£97,469.86	£97,469.86	£97,469.86	£97,469.86	£389,879.44	£97,469.86
Difference In Cost In Year	£18,870.00	£2,650.94	-£21,113.86	-£8,327.86	-£7,920.78	-£8,327.86
Total Difference in Cost <i>on assumption that licences will not start at beginning of year, and will be pro-rated in their initial year</i>				(Saving)	-£7,920.78	-£8,327.86
Total Difference in Cost <i>(excluding Development Management Licence Cost retention)</i>			£10,363.31	£10,363.31	(Shortfall)	£10,363.31
					£12,805.84	£4,477.98

36. On the assumption that all planned services can transfer to CRM, over the period of the anticipated contract, the Authority will have an estimated saving of circa £8K revenue costs against the current budget for equivalent systems. However, the Authority will need to invest during the first 2 years in the region of £19K and £2K respectively, and will then accrue savings in Year 3 and Year 4. This is as a result of the phasing of services into CRM, and the need to run some existing systems in parallel during that time.
37. Should the decision be made that the Development Management service would not transfer to CRM, then the Authority would have to allow for a shortfall of an estimated £12.8K, to enable a proportion of the original system revenue cost to be allocated to S&M of any future system. Any budget shortfalls would be met from the ICT Reserve which includes £400k to fund duplicated costs during implementation periods during the initial period and would be built into the Medium-Term Financial Plan (MTFP) from 20/21 onwards.
38. Ongoing revenue savings of £8K would be expected after the initial contract period.
39. The cost of capital investment for implementation is estimated at between £64,000 to £128,000, subject to further discussion during procurement activities.
40. The Authority have allocated £280,000 within the Customer First Capital Budget. This provides sufficient funds to cover implementation activities, whilst leaving further funding for other applications identified within the Corporate Enterprise Solution scope, including Omni-channel integrations, Artificial Intelligence, Process Automation and Customer Feedback solutions, which will be required to complete the enabling technology element of the Customer First vision and deliverables.
41. The provision of a CRM system, the ability to automate a number of manual or part-manual processes, and the ability to move simple tasks to the frontline, away from more costly specialist officers will mean cost-efficiencies will be generated from the Service-Redesign and the implementation of this system. Until Service Redesign on each service has been completed, it is not possible to identify the scale of those efficiencies, but it is expected that this will more than cover the cost of the system over its period of operation.