

ITEM 10. EXEMPTION FROM TENDER - PROVISION OF CITYSWITCH CRM SERVICES

FILE NO: S084792

SUMMARY

This report seeks exemption from tender under extenuating circumstances to allow the extension of the maintenance contract with the current supplier of the CitySwitch Green Office Customer Relationship Management system and platform.

CitySwitch is a national sustainability membership program, coordinated by the City of Sydney, for office-based businesses. In the City of Sydney 110 businesses have committed to improve the environmental performance of their offices, and these offices currently account for almost 1 million square metres.

The CitySwitch program utilises a cloud-based Customer Relationship Management (CRM) system to service the needs of its national network of program managers. The CRM system is hosted, licenced and supported through an external technology supplier.

After an initial build phase four years ago, the system has met service requirements at low annual subscription and support cost.

Under standard procurement policy, this contract should go to tender on completion of the current contract as it has reached the threshold for contract variations. However, due to the customisation already undertaken to develop the system and the low ongoing hosting and support costs, it is unlikely that a tender process will deliver demonstrated value for money.

The CRM system facilitates the work of the national CitySwitch program which services and supports office based businesses in partner local government areas in New South Wales, Victoria, South Australia and Western Australia to improve their sustainability and efficiency.

This report recommends that Council approve an exemption from tender to allow entry into a new maintenance contract with the current supplier.

RECOMMENDATION

It is resolved that:

- (A) Council approve an exemption to tender in accordance with section 55(3)(i) of the *Local Government Act 1993* noting that, because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders to supply CRM hosting to the CitySwitch program;
- (B) Council note the reasons why a satisfactory result would not be achieved by inviting tenders are:

- (i) going to tender would not deliver a competitive process due to the significant set-up costs (which may involve a re-development of the service) that would be incurred by an alternative supplier in order to provide effective ongoing support and maintenance services;
 - (ii) the proposed deliverables can be provided by a supplier already engaged on the specific project which will provide demonstrated value for money through existing knowledge and experience;
- (C) Council enter into a contract with the contractor noted in confidential Attachment A to the subject report for the continued hosting and support of the CitySwitch CRM platform for a maximum three year term (two year plus an option for a further one year); and
- (D) authority be delegated to the Chief Executive Officer to negotiate and approve the terms of the contract of the services agreement with the contractor noted in confidential Attachment A, provided that the contract is consistent with this resolution.

ATTACHMENTS

Attachment A: Contract Summary (Confidential)

(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only)

BACKGROUND

1. CitySwitch is a national sustainability membership program, coordinated by the City of Sydney, for office-based businesses, with over 750 tenancies across Australia committed to undertaking sustainability measures within their own organisation. The program was launched in 2005 as the three CBDs program by the City of Sydney, North Sydney Council and Parramatta Council, and is funded through contributions from external participating partner Councils and organisations in New South Wales, Victoria, South Australia and Western Australia. In the city of Sydney 110 businesses have committed almost 1 million square metres to the program, and in 2015 their collective carbon emissions were 19,400 tonnes per annum less than when they first reported to the program.
2. In 2012, a contract was awarded to develop a customised cloud-based CRM System with enhanced capabilities to manage the CitySwitch program's signatory reporting requirements and to enable partner councils to collaborate and share program information nationally.
3. The contractor was engaged through a request for quotation process in accordance with Council's policies and procedures.
4. The original design and system build took over six months. Additional development and customisations have since been carried out, making it highly specialised to the data collection and record sharing requirements of the CitySwitch program.
5. This report seeks an exemption to the standard procurement procedure under extenuating circumstances to allow continued contracting with the current CRM provider for a further three years. This will provide for the current funded term of the CitySwitch program to June 2018 and allow a provision for a further year, should the program be extended.

FINANCIAL IMPLICATIONS

6. Continuing this service with the current contractor can be covered within the CitySwitch national program budget.

RELEVANT LEGISLATION

7. The Local Government Act 1993 section 55(3)(i) states that the requirements for tendering a contract do not apply to a contract where, because of extenuating circumstances, a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders.
8. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
9. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

CRITICAL DATES / TIME FRAMES

10. The current contract will expire on 30 June 2016. The program seeks approval to extend the contract for two years to 30 June 2018, with an optional further one year should the CitySwitch program be extended.

OPTIONS

11. Options available are:
 - (a) endorse entering into a contract with the current contractor noted in confidential Attachment A for the supply, hosting and support of the CitySwitch CRM platform for a two plus one year term – as recommended; or
 - (b) seek submissions from potential suppliers via a public Request for Tender. This option is not recommended, as it would not deliver a competitive process due to the significant set-up costs that would be incurred by an alternative supplier in order to provide effective ongoing support and maintenance services.

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