

**ITEM 5. EXEMPTION FROM TENDER – CAPABILITI LEARNING
MANAGEMENT SYSTEM**

FILE NO: S094474

SUMMARY

The City utilises a range of business and technology systems to manage human resources (HR), including a payroll and employee management system, a recruitment system and a learning management system.

The City has a contract with Veritec Pty. Ltd. to supply Capabiliti LMS, a learning management system that supports the City's management and delivery of staff training and development.

The City's contract for Capabiliti LMS expires on 31 May 2017.

To take advantage of advances in technology and to better integrate the existing HR systems, including the learning management system, the City tendered for an integrated Talent Management Suite (TMS) including a module for Learning Management. The new TMS will be a key enabler for Workforce Services to deliver service improvements consistent with the City's draft Digital Strategy and the Information and Technology Strategic Plan. The tender was finalised and implementation of the TMS commenced in 2016. Modules are being implemented in a phased approach.

On 21 March 2016, Council granted an exemption from tender to allow a one year extension of the contract for Capabiliti LMS to maintain business continuity during the transition to the new TMS. The TMS Project Plan originally scheduled the Learning Management to be the first module to be implemented. For operational reasons, it was subsequently decided to implement the Recruitment module first, followed by the Learning Management module.

This report seeks approval for a further extension of that exemption from tender for an additional 12 months.

The financial commitment for this contract exceeds \$150,000.

RECOMMENDATION

It is resolved that:

- (A) Council approve an exemption from tender for the extension of contract for the Capabiliti LMS system because, by reason of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders;
- (B) Council note the reasons why a satisfactory result would not be achieved by inviting tenders are:
 - (i) the implementation of a new integrated HR Information System, including Learning Management, is already underway; and
 - (ii) the extension of the contract with Veritec Pty Ltd will ensure continuity of Learning Management services during the transition to the new HRIS; and

- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the variation to the contract with Veritec Pty Ltd for the purpose of supplying the Capabiliti LMS learning management system for a term of one year and for a contract sum as indicated in confidential Attachment A to the subject report, and otherwise on terms acceptable to the City.

ATTACHMENTS

Attachment A: Contract Variation Costs – Capabiliti LMS (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. In May 2011, following a Request for Quote, Council approved a three year contract for Intelledox Pty. Ltd. to supply a hosted Learning Management System. This system supports the City's management and delivery of staff training and development.
2. In August 2012, the Capabiliti LMS was purchased from Intelledox by Cordelta Pty Ltd which then sold Capabiliti to Veritec Pty. Ltd. in January 2014.
3. On 17 March 2014, Council approved a variation to the existing contact for an extension of up to two years to 31 May 2016.
4. To take advantage of advances in technology and to better integrate the existing HR systems, including the learning management system, the City tendered for an integrated Talent Management Suite (TMS) including a module for Learning Management. The tender was finalised and implementation of the new TMS commenced in 2016. Modules are being implemented in a phased approach.
5. On 21 March 2016, Council approved an exemption from tender to allow for an extension of the existing contact for 12 months to maintain business continuity during the transition to the new TMS. This extension will expire on 31 May 2017.
6. The TMS Project Plan originally scheduled the Learning Management to be the first module to be implemented. For operational reasons, the Project Control Group decided to implement the Recruitment module first, followed by the Learning Management module.
7. As a result, the City will not be ready to move over from Capabiliti LMS to the new Learning Management module in the TMS before the contract expires.
8. This report seeks approval for an exemption from tender to allow a further extension of the contract for Capabiliti LMS for up to one year to maintain business continuity.

KEY IMPLICATIONS

Organisational Impact

9. This proposal will allow Workforce Services to continue to deliver services to the City's employees and managers using the existing Learning Management system, until that system is replaced by modules of the new Talent Management Suite.
10. This proposal will also allow adequate time for a smooth transition to the new TMS, including, if required, the migration of historical data from the current systems into the TMS.

Risks

11. If the current contract for Capabiliti LMS is discontinued, the City will be unable to provide automated training request and approval processes and will require additional resources to manage manual processes. The accuracy and completeness of employee training records will be put at risk. Furthermore, the City will no longer have an online e-Learning repository. There will be significant disruption to the City's online training and the City's capacity to both manage and provide a quality training program for employees.

BUDGET IMPLICATIONS

12. There are sufficient funds allocated in the 2016/17 operating budget and the draft 2017/18 operating budget to vary the contract, subject to it remaining within CPI.
13. The supplier does not offer a month-by-month extension; however, project staff have obtained a quote for six months and 12 months and will only extend to 12 months should unexpected delays be encountered in the deployment of the new Learning Management module.

RELEVANT LEGISLATION

14. Attachment A contains confidential commercial information of the supplier 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.
15. 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

Implementation of the Learning Management module of the new Talent Management Suite commenced	13 February 2017
Current contract for Capabiliti LMS expires on	31 May 2017
Cut over to the new Learning Management module scheduled	31 August 2017
Six month extension to contract for Capabiliti LMS will expire on	30 November 2017
Optional further six month extension to contract for Capabiliti LMS will expire on	31 May 2018

OPTIONS

16. Develop internally, or source externally, a system to replace Capabiliti. Costs, resourcing and data transfer risks make this option impractical.

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