

ITEM 6. EXEMPTION FROM TENDER – MERCURY E-RECRUITMENT SYSTEM

FILE NO: S075990

SUMMARY

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

The City has a contract with Mercury Search and Selection Pty Ltd, trading as Mercury, to supply a hosted electronic recruitment system. The e-Recruit web-based system is a key component of the City's business systems.

The City's contract for Mercury e-Recruit expires on 17 August 2017.

To take advantage of advances in technology and to better integrate the existing HR systems, including the electronic recruitment system, the City tendered for an integrated Talent Management Suite (TMS) including a module for Recruitment 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 Talent Management Suite commenced in 2016. Modules are being implemented in a phased approach.

On 12 December 2016, Council approved a variation to the tender for the new Talent Management Suite to include additional customisation work. The time needed to develop and test this customisation has delayed the go-live for the Recruitment Management module, which is now scheduled for mid-2017.

It is not possible to migrate historical recruitment process data from Mercury e-Recruit into the new SuccessFactors TMS recruitment module. It is therefore necessary to operate both systems in parallel for a time to ensure that the historical process data can be captured in archive documents to be stored in TRIM.

This report seeks approval for an exemption from tender to allow an extension, for up to one year, of the contract for Mercury e-Recruit. The extension is needed to maintain access to historical data after transition to the new module, and to maintain business continuity in the event of any further delays in implementing the new module.

The contract for Mercury e-Recruit will be terminated when online access to historical data is no longer needed. This is estimated to be up to one year after go-live of the new module.

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 Mercury E-Recruit system because, for 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 Recruitment Management, is already underway; and
 - (ii) the extension of the contract with Mercury Search and Selection Pty Ltd will ensure continuity of recruitment 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 Mercury Search and Selection Pty. Ltd. for the purpose of supplying and upgrading the Mercury e-Recruit recruitment 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 – Mercury e-Recruit (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 November 2010, following a Request for Tender, Council approved a three year contract for Mercury Search and Selection Pty Ltd to supply a hosted Recruitment Management System. The e-Recruit web-based system is a key component of the City's business systems.
2. On 17 March 2014, Council approved a variation to the existing contact for an extension of up to three years to 17 August 2016.
3. To take advantage of advances in technology and to better integrate the existing HR systems, including the electronic recruitment system, the City tendered for an integrated Talent Management Suite including a module for Recruitment Management. The tender was finalised and implementation of the new Talent Management Suite commenced in 2016. Modules are being implemented in a phased approach.
3. 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 Talent Management Suite. This extension will expire on 17 August 2017.
4. On 12 December 2016, Council approved a variation to the tender for the new Talent Management Suite to include additional customisation work, namely the development of an interface to provide data relating to vacant positions from the chris²¹ payroll system. The time needed to develop and test this functionality delayed the go-live for the Recruitment Management module, which is now scheduled for mid-2017.
5. It is not possible to migrate historical recruitment process data from Mercury e-Recruit into the new SuccessFactors TMS recruitment module, due to the differences in data standards and process flows between the two systems. It is therefore necessary to operate both systems in parallel for a time to ensure that the historical process data can be captured in archive documents to be stored in TRIM.
6. This report seeks approval for an exemption from tender to allow an extension for up to 12 months of the contract for Mercury e-Recruit, payable on a month-by-month basis:
 - (a) to maintain access to historical data for a suitable period after transition to the new Recruitment module; and
 - (b) to maintain business continuity in the event of further delays in implementing the new Recruitment module.
7. When the Recruitment Manager advises that access to historical data is no longer required, the contract will be terminated as soon as practicable to minimise costs.

KEY IMPLICATIONS

Organisational Impact

8. This proposal will allow Workforce Services to continue to deliver services to the City's employees and managers using the existing recruitment system, until that system is replaced by modules of the new Talent Management Suite.

Risks

9. If the current contract for Mercury e-Recruit is discontinued before implementation of the recruitment module of the new TMS is complete, the City's capacity to manage recruitment functions will be impacted.
10. If historical recruitment data is not accessible, the City's ability to respond to any concerns relating to recruitment actions may be compromised.

Environmental

11. Storage space and paper usage is reduced because recruitment data is stored and processed electronically.

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.
13. Vendor fees are payable on a month-by-month basis. The terms of the contract provide for the City to terminate the contract at any time.

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

Planning and implementation of the Recruitment module of the new Talent Management Suite commenced	4 July 2016
Cut over to the new Recruitment module scheduled	23 June 2017
Current Mercury e-Recruit contract will expire on	24 August 2017
Access to historical data in Mercury e-Recruit is required until an estimated minimum 6 months after cut-over	23 December 2017
Access to historical data in Mercury e-Recruit is required until an estimated maximum 12 months after cut-over	23 June 2018

OPTIONS

16. Return to manual recruitment system or in-house solution. Costs, resourcing and data transfer risks make this option impractical.

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