

## **Tender – Reject and Negotiate – Provision of Virtual Customer Assistant and Live Chat Solution**

**File No: X019245**

**Tender No: 1886**

### **Summary**

The Virtual Customer Assistant and Live Chat Solution aims to improve the City's service capability for our community. The initiative will enable the City to provide information services to its residents and businesses 24 hours a day, seven days a week, as well as set the foundations to address the growing needs of a digitally literate and increasingly multilingual community.

Digital services are now the preferred method of interaction for people who use our services. Many of the City's residents, businesses, workers and visitors wish to transact with the City online and expect to be able to find information quickly

The proposed digital services will improve the digital experience for the community by enabling staff to interact with those who prefer digital conversational mediums. The services will also improve the time it takes to respond by providing immediate automated responses to frequently asked, selected queries. In the future the solution will be capable of supporting multilingual interactions.

The proposed digital services will complement the City's existing services. The City will continue to provide phone and face to face services for those who prefer this, or are unable to access the City's digital services.

Key benefits for the City's residents, businesses, workers and visitors include:

1. Improving the experience by making it easy to locate the information quickly and easily when navigating the City's digital services.
2. Meeting the needs and increasingly sophisticated expectations of our digitally literate community where new norms of communication around messaging and chat have developed.
3. Developing a robust 24 hour, seven day a week digital service that will help manage the shift from telephony services.
4. Developing a digital service presence that has the ability to support individuals where English is not their spoken language.

Conversational technology is an established technology and has already been introduced by many government organisations such as the Australian Tax Office, IP Australia, the NSW Department of Education, NSW Transport and the City of Adelaide, as well as in many large commercial organisations such as the Commonwealth Bank and Jetstar.

A tender was conducted to select a technology platform and implementation supplier. The City proposed to enter into an initial three-year agreement with two optional one-year extensions for a possible total of five years. Based on the evaluation, this report recommends that Council reject all of the tender submissions for Tender - Provision of Virtual Customer Assistant and Live Chat Solution and enter into negotiations with suitably qualified suppliers.

## Recommendation

It is resolved that:

- (A) Council reject all tenders received for the Provision of a Virtual Customer Assistant and Live Chat solution for the reasons set out in the Tender Evaluation Summary, Confidential Attachment A to the subject report;
- (B) Council does not invite fresh tenders, as it is considered that inviting fresh tenders may not attract additional suitable suppliers over and above those that have responded to this tender;
- (C) authority be delegated to the Chief Executive Officer to enter negotiations with any person with a view to entering into a contract in relation to the subject matter of the tender;
- (D) authority be delegated to the Chief Executive Officer to execute and administer a contract with the suitable vendor following completion of the negotiations;
- (E) authority be delegated to the Chief Executive Officer to execute and administer two optional extensions to the contract, if appropriate, the first for one year and the second for one year; and
- (F) Council be informed of the successful supplier by CEO Update.

## Attachments

**Attachment A.** Tender Evaluation Summary (Confidential)

## Background

1. The City has a commitment to developing and expanding its digital services and programs.
2. Recent research undertaken by the City indicates that digital is the preferred medium of interaction, with 79 per cent of respondents saying they want access to Council services in one online place. The research also identified the need to find information more easily and quickly.
3. Currently, the City does not provide a digital conversational service for our community. Large segments of the City's residents are digitally literate. Analysis indicates that more than fifty per cent of customers use a chat medium to communicate and share information every day.
4. The proposed digital conversational service will complement the City's existing customer services. The City will continue to provide phone and face to face services for those who prefer those services or who are unable to access the City's digital services.
5. The City has a large community of residents and visitors who were born overseas who may require or prefer to receive services in languages other than English. In the future this solution will be capable of supporting multilingual interactions.
6. Conversational technology is an established technology and has already been introduced by many government organisations such as the Australian Tax Office, IP Australia, the NSW Department of Education, NSW Transport and the City of Adelaide, as well as in many large commercial organisations such as the Commonwealth Bank and Jetstar..
7. The proposed solution will support the following:
  - (a) provide a preferred means of communication to the community;
  - (b) enable 24/7 immediate response to targeted queries;
  - (c) provide an on-demand digital capability to help intelligently guide interactions with the City;
  - (d) provide the capability to better service the community's multilingual needs through capabilities in natural language processing; and
  - (e) provide a capability to extend digital services across additional conversational services into the future.
8. As a platform that will deliver key services into the future, it is essential that the City acquires a supplier with the capability to ensure the initiative is set up for future success.
9. The City has conducted a tender to select an appropriate supplier. The City proposed to enter into an initial three-year agreement with two optional one-year extensions for a possible total of five years. The scope of the tender was designed for broad market coverage and wide appeal.

10. Based on the tender evaluation, it is recommended that Council reject all tender submissions for the Provision of a Virtual Customer Assistant and Live Chat solution, and enter into negotiations with suitable providers.

### **Invitation to Tender**

11. The tender was advertised in The Sydney Morning Herald, The Daily Telegraph and on the City's e-Tender portal on Tuesday 27 November, 2018 with final submissions closing on Friday 18 January, 2019.

### **Tender Submissions**

12. Eight submissions were received from the following organisations:
  - Carrington Associates Asia Pacific Pty Ltd, IBM and LivePerson;
  - Deloitte Consulting Pty Ltd;
  - Fujitsu Australia Limited;
  - IP Soft Australia Pty Ltd;
  - Tridant Pty Ltd;
  - VERSA Voice Labs Pty Ltd;
  - Virtual Knowledge Pty Ltd (Trading as Creative Virtual); and
  - YGSoftware Pty Ltd.
13. No late submissions were received.

### **Tender Evaluation**

14. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
15. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
16. All submissions were assessed in accordance with the approved evaluation criteria being:
  - (a) proposed solution:
    - (i) alignment of the product / solution with the City of Sydney functional requirements; and
    - (ii) alignment of the product / solution with the City of Sydney non-functional requirements;

- (b) organisation and industry experience:
  - (i) company profile;
  - (ii) resources (including sub-contractors / third parties); and
  - (iii) reference projects;
- (c) implementation approach including:
  - (i) implementation plan;
  - (ii) methodology;
  - (iii) project schedule / timeframe; and
  - (iv) methodology and approach to maintaining and upgrading the solution;
- (d) training and support:
  - (i) training plan;
- (e) value add:
  - (i) proposed innovations that will add value to the project for the Council; and
  - (ii) other modular or included functions not specifically requested but which the City may require in the future;
- (f) Work Health and Safety;
- (g) financial and commercial trading integrity, including insurances;
- (h) quality management; and
- (i) price.

### **Performance Measurement**

17. The tender required that the proposed solution will need to comply with support and service levels as specified in the tender contracts.

### **Financial Implications**

18. There are sufficient funds allocated for this project within the current year's capital works budget.

### **Relevant Legislation**

19. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.

20. 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.
21. 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.
22. By resolution dated 7 August 2017, Council delegated to the Chief Executive Officer authority to approve entering into contracts involving estimated expenditure or receipt of less than \$5 million, in consultation with the Chief Financial Officer.

### **Critical Dates / Time Frames**

23. Council approval to reject and negotiate tender - August 2019.
24. It is anticipated that the City will complete negotiations and execute a contract with a suitable service provider by December 2019.

### **Options**

25. Cancel the tender and re-advertise. This option is not recommended as it is considered this will not attract additional submissions that will meet the City's product, quality, implementation capability and support requirements.
26. Reject the tender and negotiate with suitable service providers to provide and implement the solution and delegate authority to the Chief Executive Officer to enter into a contract. This option is recommended.

### **Public Consultation**

27. No public consultation has been undertaken
28. Internal stakeholders have been consulted during the procurement process.

### **SUSAN PETTIFER**

Director - People, Performance and Technology

Stuart Wong, IT Project Manager