

Exemption from Tender and Contract Variation - Customer Relationship Management Services for the National CitySwitch Green Office Program**File No:** **X018227.008****Tender No:** **RFQ 127/12 (Contract no. 218)****Summary**

This report seeks an exemption from tender for Customer Relationship Management (CRM) Services for the National CitySwitch Green Office Program and requests Council approve a 12-month contract extension (with an option for a further 12 months under certain circumstances) for the services delivered by Jaythom Pty Ltd (EngageRM).

The CitySwitch Green Office program started in 2005 and became a national program in 2009 through a partnership between other capital-city councils. CitySwitch National partners are City of Melbourne, North Sydney Council, Perth City Council and Adelaide City Council, with NABERS (administered by the NSW Government) being an associate member. The City has been the national administrator of City Switch since 2009, with partners signing Memorandums of Understanding with the City and each making a financial contribution to the program.

The City is exploring options to transition national administration of the CitySwitch National Program to another Local Government partner from 2022. This transition, along with maintaining the current level of program delivery, is the subject of a new Memorandum of Understanding with program partners that will be in operation from July 2021 to June 2022.

One of the key service delivery components of the program is a Customer Relationship Management system that is accessed and used by all funding partners. Jaythom Pty Ltd was selected to provide Customer Relationship Management services through a competitive request for quotation process in 2012.

Since 2012, Jaythom Pty Ltd has been successfully delivering this service that enables our partners in the CitySwitch program to operate in their jurisdiction. As the CitySwitch program is currently in a transition period it is not an opportune time to make significant changes to the services delivered to, and funded by, City Switch program partners.

A 12-month extension of the existing contract with Jaythom Pty Ltd to deliver Customer Relationship Management services (with an option for a further 12 months under certain circumstances) would align the contract and service delivery with the transitional Memorandum of Understanding. It would also maintain the current delivery of the CitySwitch program for our funding partners, and is the most cost-effective and resource efficient solution for the program at this time.

This report recommends that Council grant an exemption from tender for Customer Relationship Management Services for the National CitySwitch Green Office Program for these reasons, and that Council approve a 12-month contract extension (with an option for a further 12 months under certain circumstances) with Jaythom Pty Ltd.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender to extend the term of the existing contract for Customer Relationship Management Services for the National CitySwitch Green Office Program by reason of extenuating circumstances, noting that a satisfactory result for the City would not be achieved by inviting tenders at this time;
- (B) Council note the reasons that a satisfactory result would not be achieved by inviting tenders for this work are:
 - (i) the goods or services can be provided by a supplier already engaged on the specific project with existing knowledge and experience working with national partners;
 - (ii) continuity of services by an existing supplier will provide certainty and confidence to our funding partners during a time of transition to a new program coordinator; and
 - (iii) the underlying system has been heavily customised to provide the CitySwitch Customer Relation Management service. Due to this level of customisation, if a new supplier is required to host, support and maintain the system, they would first need to re-build the system and spend a significant amount of time and effort in verifying and familiarising themselves with the current system to ensure that they could provide effective support and maintenance services;
- (C) Council approve a variation of the contract for Customer Relationship Management Services for the National CitySwitch Green Office Program with Jaythom Pty Ltd to extend the terms of the contract by 12 months with the option of a further extension of 12 months if appropriate;
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the variation to the contract with Jaythom Pty Ltd; and
- (E) authority be delegated to the Chief Executive Officer to exercise the option referred to in (C), if appropriate, and negotiate the price to extend the contract accordingly.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The CitySwitch Green Office program started in 2005 and became a national program in 2009, through a partnership between other capital-city councils.
2. CitySwitch National partners are City of Melbourne, North Sydney Council, Perth City Council and Adelaide City Council, with associate member NABERS (administered by the NSW Government).
3. The City has administered the national program since 2009, with members signing a three-year Memorandum of Understanding with the City and making a financial contribution to the program.
4. The City is exploring options to transition administration of the CitySwitch National Program to another Local Government partner in 2022. This transition, along with maintaining the current level of program delivery, is the subject of a new Memorandum of Understanding with program members that will be in operation from July 2021 to June 2022.
5. A Customer Relationship Management system is one of the key service delivery components that the City provides in its role as national co-ordinator of the CitySwitch National program. The system is accessed and used by all funding partners.
6. In August 2012, the City went to market through a competitive request for quotation process to establish a cloud-based Microsoft Dynamics Customer Relationship Management system to help manage the contacts and sustainability performance data for the national CitySwitch Green Office program.
7. In October 2012, the City entered a contract with Jaythom Pty Ltd, to 30 June 2015. The contract has since been varied a number of times to maintain the service to the program.
8. Since 2012, Jaythom Pty Ltd have successfully delivered the Customer Relationship Management system to enable our partners in the CitySwitch program to operate in their jurisdiction.
9. The CitySwitch program is a national business engagement program and cannot operate effectively without a Customer Relationship Management system in place to co-ordinate these engagement activities. The service comprises an ongoing subscription to the Customer Relationship Management platform for the national network of CitySwitch program managers.
10. An externally managed system is the only option for a program delivered with external stakeholders who cannot access existing internal City of Sydney services.
11. The transition of the CitySwitch program over 2021/22 is likely to impact the scope of the program, as well as services required for delivery including the Customer Relationship Management system.
12. As the CitySwitch National program is in a period of transition it is not an opportune time to make significant changes to the services delivered to, and funded by, City Switch program partners.

13. A 12-month extension of the existing contract with Jaythom Pty Ltd to deliver Customer Relationship Management services, with the option to extend for a further 12-months, would align the contract and service delivery with the transitional Memorandum of Understanding for the CitySwitch program. It would also maintain the current delivery of the CitySwitch program for our funding partners, and is the most cost-effective and resource efficient solution for the program at this time.
14. In June 2022, the City will either not be coordinating the national program or, if still coordinating the program, will be in the process of transitioning the program.
15. It is recommended that the contract be extended by 12 months (with an option for a further 12 months under certain circumstances) so that in the event that the transition process is not complete by June 2022, the process will be able to be finalised while still maintaining continuity of the Customer Relationship Management service. The further option will only be taken up in these circumstances and Council will be advised by CEO Update if the option is exercised and once the transition process has been completed.
16. A satisfactory result would not be achieved by inviting tenders for this work at this time as:
 - (a) the goods or services can be provided by a supplier already engaged on the specific project through existing knowledge and experience in the specific project;
 - (b) continuity of services by an existing supplier will provide certainty and confidence to our funding partners during a time of transition to a new program coordinator; and
 - (c) the underlying system has been heavily customised to provide the CitySwitch Customer Relation Management service. Due to this level of customisation, if a new supplier is required to host, support and maintain the system they would first need to re-build the system and spend a significant amount of time and effort in verifying and familiarising themselves with the current system to ensure that they could provide effective support and maintenance services.
17. The CitySwitch National Steering Committee supports the continuation of the system by the current provider, and their financial contributions will fully fund this continuation of service.
18. Jaythom Pty Ltd has provided a quote for extension of services. It proposes a one-plus-one year contract as referenced in Confidential Attachment A.
19. It is recommended that the contract is extended to enable continuity of service as the program transitions.

Financial Implications

20. The CitySwitch National Program Customer Relationship Management service is funded through contributions from national partners and administered by the City.
21. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates as detailed in Confidential Attachment A.

Relevant Legislation

22. The exemption from tender process has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Procurement and Contract Management Policy.
23. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
24. Attachment A contains confidential commercial information of the service provider 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.
25. 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

26. 30 June 2021 (project timeframe) – current contract end date where Customer Relationship Management services provided by Jaythom Pty Ltd will cease.
27. 30 June 2022 (project timeframe) – anticipated contract end, contingent upon transition process.
28. 30 June 2023 (project timeframe) – end date of 12-month option period which will be exercised only if the transition process for the CitySwitch program outlined in this report is not complete by 30 June 2022.

Options

29. An alternative option is to proceed with a request for quotation from other service providers of Customer Relationship Management systems. This option is not recommended because significant time and resources would be required to procure and onboard a new system. Additionally, procuring a new system now is premature when the results of the program transformation, and services required to enable this transformation, are not yet known.
30. Another option is not proceeding with the contract extension for Customer Relationship Management services by Jaythom Pty Ltd. This option is not recommended as it would have an impact on delivery of the CitySwitch national program and would negatively impact the City's relationships with our funding partners.

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