

Tender - Reject and Negotiate - T-2022-717 - Accounts Payable Invoice Scanning Solution**File No: X088492.001****Tender No: T-2022-717****Summary**

This report provides details of the tenders received for the Accounts Payable Invoice Scanning Solution.

The City is migrating its existing suite of TechnologyOne software to the cloud in 2023, to ensure that a number of our critical corporate systems (Financials, Purchasing, Budgeting and Forecasting, and Corporate Performance Management), continue to receive appropriate levels of vendor support into the future.

An essential element of the City's financial system is an Accounts Payable Invoice Scanning solution that enables the efficient capture and processing of vendor invoices into an electronic workflow system. The upgrade of the TechnologyOne software requires a new cloud-based and future-proofed document scanning solution that is compatible and integrated to the new TechnologyOne cloud platform.

The City therefore issued a tender to procure an appropriate Accounts Payable Invoice Scanning solution compatible with the TechnologyOne cloud platform, for an initial four-year agreement with two optional extensions (up to nine years in total).

This report recommends that Council decline to accept the tender offers received for the Accounts Payable Invoice Scanning Solution, and instead to enter into negotiations with suitable vendors for the provision of an Accounts Payable Invoice Scanning Solution.

Recommendation

It is resolved that:

- (A) Council decline to accept the tender offers received for the Accounts Payable Invoice Scanning Solution for the reasons set out in Confidential Attachment A to the subject report;
- (B) Council enter into negotiations with suitably qualified vendor with a view to entering into a contract in relation to the subject matter of the tender;
- (C) Council note the reasons for determining to enter into negotiations are that:
 - (i) there are critical time dependencies in that the Accounts Payable Invoice Scanning Solution needs to be implemented, tested and deployed alongside the TechnologyOne Cloud migration in August 2023, hence there is insufficient time to run a new tender process; and
 - (ii) during the tender evaluation, the City has identified suitable vendors that can meet the City's functional requirements, within the required timeframes;
- (D) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract on terms that are appropriate in relation to the subject matter of the tender;
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (F) Council be informed of the successful vendor via the CEO Update.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. The City of Sydney (City) processes around 35,000 vendor invoices annually, worth over \$490 million. It is critical that these invoices be processed via a document scanning solution, to enable them be captured and processed through an accurate and efficient electronic workflow system.
2. The existing document scanning solution was endorsed by Council back on 12 May 2014, however this software will not be compatible with the new suite of TechnologyOne software, which is being transitioned from an on-premises solution to a cloud-based Software as a Service (SaaS) solution in August 2023.
3. Implementation of the new software therefore needs to align to the TechnologyOne transition, to ensure the ongoing processing of invoices and payments to vendors.
4. The proposed solution will support the following:
 - (a) Out-of-the-box integration capabilities with the TechnologyOne SaaS platform.
 - (b) Ability to support the operational needs of our financial processes.
 - (c) Automated and intelligent processing of paper-based, email-based, and e-invoices into an electronic workflow system.
 - (d) Provision of improved document access for staff and suppliers to track invoices.
5. The City therefore conducted a tender to procure an appropriate software and implementation partner for an appropriate Accounts Payable Invoice Scanning Solution.
6. Following the tender evaluation process, it is recommended that Council reject all tender submissions for the Accounts Payable Invoice Scanning Solution, and enter into direct negotiations with suitably qualified vendors.

Invitation to Tender

7. A tender for the provision of the Accounts Payable Invoice Scanning Solution was published on 3 November 2022 directly via the City of Sydney's e-Tendering portal and on Supply Nation's website.
8. The tender was open for four weeks and closed on 1 December 2022.

Tender Submissions

9. Four submissions were received from the following organisations:
 - (a) Bloom IT Consulting Pty Ltd [ABN 52 123 077 047]
 - (b) Chartertech Pty Ltd [ABN 30 617 464 990]
 - (c) Outback Imaging Pty Ltd [ABN 18 102 594 883]
 - (d) Xcellerate IT Pty. Ltd [ABN 75 052 208 689]
10. No late submissions were received.

Tender Evaluation

11. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
12. The relative ranking of tenderers as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
13. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) Alignment of the solution submitted to the requested requirements.
 - (b) Organisational capability and implementation approach including the following:
 - (i) Company information
 - (ii) Previous experience
 - (iii) Capability and experience
 - (iv) Quality Assurance procedures
 - (v) Implementation plan and methodology
 - (vi) Fair Work requirements
 - (c) Training and Support including the following:
 - (i) Training plan
 - (ii) Methodology and approach to maintaining and upgrading the solution
 - (iii) Service Level options and model
 - (d) Work Health & Safety
 - (e) Financial and commercial trading integrity, including insurances.

Performance Measurement

14. The tender required that the proposed solution would need to comply with mandatory requirements and meet the service levels specified in the tender contract.

Financial Implications

15. Sufficient funds have been allocated, subject to the outcome of proposed negotiations, for this project within the current year's capital works budget and future years' operating expenditure forward estimates.

Relevant Legislation

16. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
17. 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.
18. 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.
19. 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

20. The TechnologyOne transition to the cloud project must be delivered by August 2023. As the Accounts Payable Invoice Scanning Solution is a critical component that supports payments through the TechnologyOne system, it is imperative that implementation of the invoice scanning solution commence by 31 May 2023.

Options

21. Option 1: Cancel and readvertise the tender. This option is not recommended as the scanning solution needs to be implemented by 31 May 2023, there is insufficient time to run a new tender process, and the evaluation panel have identified suitable vendors and solutions that can satisfy the City's functional and time requirements.
22. Option 2: Reject the tender offers received and negotiate directly with suitable qualified vendor(s). Delegate authority to the Chief Executive Officer to enter into a contractual arrangement and then implement the solution with the preferred vendor. The City believes that a contract that meets the City's business needs could be successfully negotiated. For this reason, this option is recommended.

Public Consultation

23. No public consultation has been undertaken.

BILL CARTER

Chief Financial Officer

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