



Financial Management System – Award of Contract to ‘Move to the Cloud’

Date of meeting 14 December 2018

Date of report 19 November 2018

Report by Assistant Chief Executive

1. Object of report

To recommend that the Committee approve the award of a 5-year contract to Technology One (UK) Limited (T1) for the provision of a Financial Management System in a cloud environment following the Software as a Service (SaaS) model.

2. Background

T1 was originally purchased via an OJEU tender process and has been in use since 01/04/2009. The system has been developed over the years and has been upgraded several times. The current system utilised by SPT and managed onsite will eventually be out of support with T1, as their core service model is moving to SaaS. There are many benefits to moving to SaaS, some of which are detailed below: -

- **Predictable Operating Costs:** Moving to the cloud removes the overhead of hardware and other IT costs, which allows internal costs to be reduced.
- **Improved Compliance:** T1 ensures that security and business rules are enforced.
- **No need for future capital expenditure** – By adopting Cloud services, there is no longer the requirement to fund capital investments in hardware, and upgrade projects. The latest software updates are automatically deployed to the Cloud.
- **Minimise business risk** – The T1 Cloud is built on a policy of high availability, with built in redundancy and includes a robust backup regime to ensure data is recoverable.
- **Greater Operational Efficiency / Mobility:** Once upgraded to the cloud SPT would be able to take advantage of Ci Anywhere functionality. Ci Anywhere allows the system to be securely accessed via phones and tablets and allows processes to be completed via email, such as authorising requisitions. There is no additional licensing / software cost to take advantage of this functionality, however consultancy time would require to be purchased to implement the change.
- **Reduced cost of in-house expertise** – The T1 Cloud will reduce the need for in-house technical expertise to administer, support and upgrade the application internally, as this is included as a Managed Service.

Agenda Item 12

The above are generic benefits to moving to the cloud system, but there is also a specific business need to move to the SaaS solution. In the UK, Making Tax Digital comes into force in April 2019, which forces organisations to submit their VAT return in a prescribed way. Only the cloud version of T1 has this functionality and therefore it is imperative that SPT moves to the cloud based service to ensure continuing HMRC compliance.

3. Outline of proposals

As T1 are already SPT's core software provider the purchase of the services will be facilitated as a direct award with a Voluntary Ex Ante Transparency (VEAT) notice sent to OJEU.

The proposal is to sign up to a five-year maintenance agreement with T1 under the SaaS model. The five-year contract costs are shown in the table below, which are fixed and therefore not subject to any inflationary increase: -

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
SaaS	£92,850	£34,819	£34,819	£34,819	£34,819	£232,126

Several quotes were received for the SaaS service, all with varying payment profiles between years. The recommended payment profile has greater costs in year one, but yields a 6% saving compared to other quotes over the 5-year contract life.

For comparison the current annual maintenance cost that is paid to T1 for the system is £36,190. As well as the current maintenance costs SPT incurs other ongoing costs, which would be reduced / mitigated with the cloud solution. The other ongoing costs are SQL server licenses, Operating System licenses and staff time to maintain the technical aspects of the system. In addition, moving to the cloud would slightly reduce SPT's carbon footprint as one physical server would no longer be required.

The cloud system will have the same look and feel as the current system and therefore there is no need for any significant retraining. SPT would need to test the system before implementation and there will be technical input required from Digital, but the internal resources required for the implementation will not be significant and can be contained within current workloads.

On successful implementation to the cloud, other opportunities will be assessed to ensure that the system is continually upgraded in line with best practice.

4. Conclusion

The award of a 5-year contract to Technology One (UK) Limited for their Software as a Service solution will ensure SPT is on the latest product version and ready for Making Tax Digital.

5. Partnership action

The Partnership is recommended to approve the award of a 5-year contract for Software as a Service to Technology One (UK) limited at a total cost of £232,126.

6. Consequences

Policy consequences *None.*

Agenda Item 12

Legal consequences	<i>None.</i>
Financial consequences	<i>The cost of implementing the new system can be contained within the current years revenue budget and will be included within budgets for future years.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

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