

SUPPORT AND MAINTENANCE CONTRACT FOR COUNCIL TELEPHONY

Submitted by: Executive Director, Resources & Support Services

Portfolio: Communications, Transformation & Partnerships

Ward(s) affected: All

Purpose of the Report

To seek Cabinet approval for the renewal of our telephony support and maintenance contract directly with Mitel Networks; the manufacturer of the Council's existing telephony system.

Recommendations

(a) That Standing Orders Relating to Contracts be waived on the grounds of 2b(v) which states 'goods and services are obtainable only from a limit numbers of persons or bodies'.

(b) That the support and maintenance contract be awarded to Mitel Networks (Mitel) with effect from 1 April 2013 for a period of three years.

Reasons

The manufacturer of the existing telephony system, Mitel, has submitted the most economically advantageous quotation for the work.

Mitel has provided a quotation for a three years fixed contract price (any new additional applications will need to be added at market price less discount) which helps ICT to budget for the next three years expenditure.

The Council has built an excellent relationship with Mitel over ten years.

1. Background

1.1 In September 2002 the Borough Council's telephony system was replaced and updated to take advantage of the latest technology and enhancements available. The Council was one of the first users of this new digital technology which utilises the Council's ICT network for telephone calls rather than having separate traditional telephone cables and exchange equipment at additional cost. Within Staffordshire, Newcastle remains as one of two authorities (alongside the County Council), with this digital telephone system. Currently the system at Newcastle is more developed and embedded than the County system with Newcastle being the only authority to have all of its locations attached to this telephone system with the ability to provide a wide range of facilities, which includes tele/home working.

1.2 Since the initial installation, the Council has purchased additional features and applications direct from the manufacturer to expand the system. These include the Corporate Contact Centre automated call system, voice recording, performance monitoring and more recently, the intelligent queue management tool¹. These additional facilities have also enabled

¹ Intelligent Queue enables the corporate contact centre to efficiently handle and retain callers in the telephone queue if all agents are busy. It provides callers with alternatives to waiting in queue and directs calls to the agents best qualified to handle their requests to aid first point of contact resolution.

Customer & ICT Services to absorb the switchboard function into the Corporate Contact Centre, which has improved the efficiency and timeliness of calls, whilst reducing costs.

- 1.3 The Council acts as a prime reference site for the manufacturer; hosting visits for major clients from private and public sectors. In return we receive a substantial discount on all goods and services and we also receive free engineer time on site during upgrades, equivalent to £1,200 per day².
- 1.4 The Council benefits from having access to engineers provided by the manufacturer who maintain and upgrade the system and have an in depth understanding of its setup, business requirements and the effects of their actions on users, which has been built over the years. This helps ensure that when work is undertaken, it can be carried out as scheduled without detrimental effect on the normal operations of the Council.
- 1.5 Direct support and maintenance from the manufacturer for the past ten years has ensured 99.9% availability of the system over that time. Almost all upgrades and changes have been configured without interruption to live services.

2. **Issues**

- 2.1 The Council has a duty to ensure that, whilst receiving an excellent level of service with the current provider, value for money is tested and obtained.
- 2.2 The Council is dependent on its telephony system, which handles in excess of twenty thousand calls per month. ICT have undertaken research which concludes that a telephony contract with a third party provider i.e. not the telephony manufacturer, introduces risk to the stable system and robust services we currently receive in terms of:
 - time taken to resolve issues;
 - lack of specialist knowledge due to the number and complexity of telephony systems supported by the third party contractor³;
 - increased cost in both resource and budgetary terms.

3. **Options Considered**

3.1 **Do Nothing**

The current maintenance contract with the manufacturer is due to end on 31 March 2013. Should no contract be in place after that date, the Council will not be licensed to continue to operate its telephony systems.

4. **Reasons for Preferred Solution**

- 4.1 Mitel have submitted the most economically advantageous quotation that provides a cost for service and maintenance fixed for three years, together with additional non chargeable services per annum. This also helps ICT in preparing budget profiles for the next three years.

² Based on current engineer cost per day

³ 3rd party providers support multiple telephony systems from manufacturers such as Avaya, Cisco, Nortel, Merridian, Siemens and a host of other providers. As such, the ratio of officially certified Mitel trained employees available at 3rd party sites is low. Research shows that their escalation process is to send a tier 1 engineer who would know the basics of a system, escalation is to tier 2 within their own organisation – a more specialist engineer, after which the call is escalated to Mitel.

4.2 The quotes by the three providers were evaluated on a quality:price split of 70:30. The quality element of the evaluation was based on the following criteria:

- The capabilities of the engineers sent to deal with system problems at the first, second and third line support. First line support generally involves relatively simple problems such as faulty hardware whilst third line support issues are extremely complex and relate to the structure or software issues requiring developer resolution.
- The partner status with Mitel as an Organisation.
- Value added services.

The results of the evaluation were as follows:

| Quality (70 points) | |
|----------------------|-------------|
| Company | Score |
| Quote 1 | 70 |
| Quote 2 | 28 |
| Quote 3 | 28 |
| Cost (30 points) | Score |
| Quote 1 | 30 |
| Quote 2 | 20 |
| Quote 3 | 10 |
| Overall Score | |
| Quote 1 | 70+30 = 100 |
| Quote 2 | 28+20 = 48 |
| Quote 3 | 28+10 = 38 |

Quote 1 obtained the highest scoring. This is from Mitel Networks UK.

4.3 The Council has consistently received excellent service from Mitel over a ten years period. This continued working relationship will benefit the Council in helping deliver 'digital by default' services, as the technology will underpin improvements in the delivery of customer related services and agile working.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 The outcome supports becoming a cooperative council by delivering cost and efficiencies savings linked to improved procurement and other cost saving exercises. It ensures we provide and improve access to the Council by our citizens, and supports the channel shift and digital by default agendas.

6. **Legal and Statutory Implications**

6.1 The recommendations are made in accordance with the Council's internal rules set out in the Constitution and with the European Procurement Rules and the UK regulations.

7. **Equality Impact Assessment**

No adverse impact has been identified as a result of delivering the recommendations.

8. **Financial and Resource Implications**

- 8.1 Standing Orders 2b(v) require us to go through a full tender process, due to the potential value of the contract. In this instance, due to the limited number of suppliers who can provide guaranteed access to Mitel certified engineers, we have sought quotations from three lead providers of support and maintenance for our current telephony system and to ensure best value.
- 8.2 Quotations were received from two third party suppliers and were higher than those quoted by Mitel. These costs are based on the provision of comparable services to the current core contract with Mitel over a three year contract.
- 8.3 Mitel Networks have proposed a fixed price three year contract for £67,865. The revenue budget currently assigned for support will cover this and actually represents a reduction on the previous contact value.
- 8.4 The fixed price ensures that there will be no increase in cost for the following three years and a further substantial discount is available on any future Mitel products procured by the authority.
- 8.5 Mitel have added additional value items at no cost to the authority to the value of £13K. These items would attract additional costs from the two third party suppliers.

9. **Major Risks**

- 9.1 Risks have been identified associated with telephony failure due to the following factors:
- Unqualified engineers.
 - Inappropriate/ incorrect guidance.
 - Stagnation of the telephony infrastructure.
 - Inability to deliver specialist solutions to meet Council needs.

A full Risk Log is available on request.

10. **Sustainability and Climate Change Implications**

- 10.1 There are no sustainability and climate change implications arising from this report.

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 Resolution of Cabinet - 24 March 2010, Item 2.