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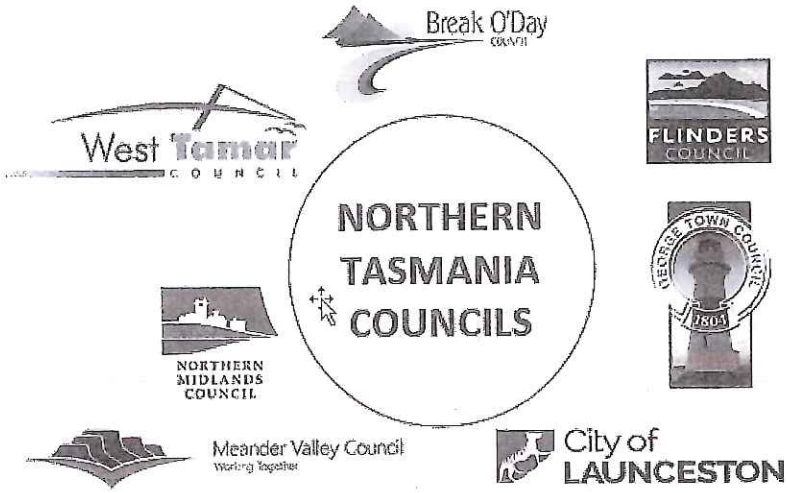

COMMON CORPORATE APPLICATIONS SOFTWARE FEASIBILITY STUDY

Final Condensed Report

August 22nd, 2020

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Key Study Limitations

The following should be noted and recognised:

a) The study did not involve visits to the Councils due to the majority of the information collection occurring during a period of Covid-19 restrictions being in place. Thus all information has been collected from conversations and appropriate documents. No information gathering or conclusions could be based upon visual means.

b) The study provides a high level view of the identified shared software concept feasibility factors to arrive at the stated conclusions. It is expected and recommended that more detailed evaluation be performed if it is decided to pursue the concept(s) further and before Councils commit to take any specific course of action to proceed in relation to same.

Contents

Glossary of terms

Term	Definition
Centre of Excellence (COE)	A CoE is a team that provides standards, best practice, support and training, and possibly resources within a focus area.
Corporate Applications (also known as Business Applications)	Software applications that support the core business of an organisation and are used commonly and consistently across it. For the purposes of this study, Geographic Information System (GIS) software has been excluded from the definition.
Resource sharing	This is a basic form of sharing. Typically an agreement is established to share resources across organisational boundaries. For example and in an IT context, one Council may have a specialist employee to manage IT Security, who is then, by agreement, made available to other Councils to provide a service to them.
Separate instance (or "independent instance")	A system configuration where the application software, its configuration parameters and the underlying database(s) are separate, independent and dedicated to the organisation who uses it.
Single instance (also termed "shared instance")	A system configuration where the application software, its configuration parameters and the underlying database(s) are common to all organisations who use it.
Shared service	A shared service is where a co-ordinated approach is taken by organisations (Councils) to deliver services to all that are participating in the arrangement. The service may be provided by one organisation, or a specific purpose collective entity, to others. The funding and resourcing of the service is shared and the providing organisation or entity becomes a service provider to the others.
Software as a service (SaaS)	SaaS is a software licensing and delivery model. Licensing is on a subscription basis rather than the traditional up-front acquisition of licenced rights to use the software plus annual support and maintenance costs. SaaS includes the applications software together with the underlying IT infrastructure, storage and database platform upon which the software operates. Users connect to and use the software via the internet.

BACKGROUND

The potential for resource sharing between Tasmanian Councils has been a recurrent topic within the local government industry and wider community for many years. Common and/or shared Information Technology (IT) platforms and services continue to be recognised as one of the essential pre-dependencies and foundations upon which other resource sharing initiatives can be based.

There has been reports and dialogue on the topic since the late 1990's, with a formal study completed in 2009 *"LGA Information Sharing – A Collaborative Approach to Innovative Practice in Information Technology Sharing"* (participants were Northern Midlands, Meander Valley and Launceston Councils.), and another in 2016/2017, *"Northern Tasmanian Councils Shared Services Study"* undertaken by KPMG. Both reports were similar in their conclusions in respect of Information Technology related opportunities.

The KPMG report states:

> *An immediate opportunity for the councils that will require a long term implementation is focused on the need to move to common technology platforms (specifically networks, infrastructure and applications) in order to fully leverage the combined scale of the councils.*
>
> *The benefit of common technology platforms is not in the technology cost or operations. Rather, the majority of the potential benefit in shared platforms is in the ability to consolidate and drive synergies in processes across all operations of the councils, regardless of their physical location, size and complexity. This includes the standardisation of all corporate applications (finance, procurement, human resources etc.) as well specialist technology platforms used for engineering & GIS, planning & design, asset management and risk management. (KPMG - Northern Tasmanian Councils Shared Services Study – Condensed Report — July 2017)*

The topic and findings have not been restricted to the North/North-Eastern region of the state. A shared services study commissioned by the Cradle Coast Authority (member Councils are Burnie, Central Coast, Circular Head, Devonport, Kentish, King Island, Latrobe, Waratah Wynyard and West Coast) and undertaken by New Horizons, concurred with the KPMG report in regards to the priority and role of Information Technology enabling other sharing opportunities. An extract from their *Shared Service Project Final Report, 8th September 2017*, states:

> *".....we've recommended Procurement and Information Technology to be the high priority functions. In Third Horizon perspective these are the highest priority functions considering that procurement is a key enabler to significant operational gains (e.g. works and services) and Information Technology enables the standardization and information sharing required for sharing corporate functions..."*

In December 2019 the General Managers of Councils within the North/North-Eastern region of Tasmania received a high level, conceptual presentation from Technology One Ltd which outlined an approach to the

adoption of a common corporate business applications suite for the Councils. Two primary options were presented:

1) The Councils each implement and operate independent installations (or "instances") of Technology One software. The benefits of this approach would be the potential to build common knowledge, skills and processes across the Councils in the region, and thus support broader resource sharing opportunities.
2) A "single instance" of the Technology One software that would be shared by Councils across the region. This option would offer higher potential benefits in respect of shared processes, lower acquisition and operational costs and a more extensive functional suite of software products.

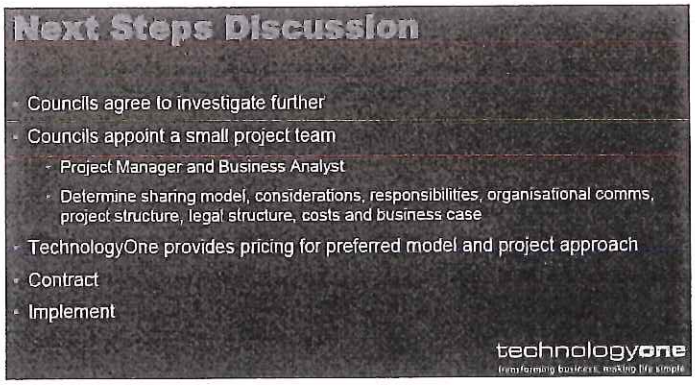
The General Managers of Break O'Day, Flinders, George Town, Launceston, Meander Valley, Northern Midlands and West Tamar collectively decided to initiate a project to assess the feasibility of the Technology One proposal.

This took the form of a functional software demonstration by Technology One to a group of employees from each Council in February 2020. Concurrently, Andrew Gall was invited to submit a project brief and proposal to undertake the feasibility assessment, which was subsequently selected by the General Managers.

PROJECT OVERVIEW

Scope & Objectives

The steps suggested by Technology One at the close of their December 2019 presentation informed the project brief at the highest level, albeit not all the activities and topics were proposed to be part of the engagement.



The project objectives proposed to and accepted by the General Managers were to:

a) ***Develop an inventory and understanding of the participating Councils' current corporate business applications systems, how they are managed and provided, and direct costs.***

b) ***Perform an assessment and arrive at a conclusion as to the advantages, disadvantages and feasibility of the various options for a shared service software platform presented by Technology One.***

The overall context of the engagement was a feasibility study, however the approach taken was not to simply examine the functional and/or technical feasibility of the Technology One options proposed. Determining feasibility included examination of organisational (Council), functional, technical, cost and vendor factors. Gathering and synthesising broader than just IT or corporate software application information has been performed so as to understand the broader picture and link "the why" of a potential shared service arrangement being implemented.

As a feasibility study, a recommendation as to the best option for the Councils' to adopt was not a stated objective. However the report conclusions will support the Councils deciding on the next steps to ultimately arrive at a decision. Suggested steps and criteria to assist the Councils' reaching a decision are also included at the end of this report.

Broader information than what was needed to support the stated scope and objectives of the study was collected, collated and analysed. It was relevant and valuable to do so to gain an insight into how the Councils

currently resource, manage and operate their information technology portfolios. The information has and will be useful to identify commonality and thus other potential sharing opportunities – whether in regards to IT procurement or technology management and operation – and could be a starting point to support the development of a broader regional IT strategy, if such an initiative were to be pursued.

Study Activities and Council Representation

Activities

The study involved:

- Council Information Discovery: A minimum of two interviews/discussions with nominated Council representatives plus collaborative completion, review and verification of the information captured.
- On-going liaison with Technology One's Tasmanian Account Manager and several meetings and further contact with their functional level specialists.
- Research and review of related reports and publications, including Council strategic plans and IT policies.
- Identification and research of related issues. Privacy implications of the single/shared instance model was the prime subject.
- Determining other Councils who have implemented a shared service model using Technology One software. Whilst two interstate Councils are exploring opportunities, none were sufficiently advanced to be a useful reference.
- Collation, comparison and analysis of the information gathered.

Council Representatives

The Council management and employees involved in the study were:

Break O'Day	Bob Hoogland, Manager Corporate Services
Flinders	Megan Boyes, Corporate Officer Jade Boyes, Team Leader/Finance Officer
George Town	Cheryl Hyde, Manager Corporate Services and Finance
Launceston	Louise Foster, GM Organisational Services Matt Gray, Manager of Technology & Information Services Michael Stretton, Chief Executive Officer
Meander Valley	Jonathan Harmey, Director Corporate Services Mark Simpson – IT Officer Mark Jones – Contract IT Consultant
Northern Midlands	Maree Bricknell, Manager Corporate Services Ben Morison – IT Officer
West Tamar	David Gregory, Manager Corporate

PROJECT OVERVIEW

All participants were open and supportive of the study and willing to participate in discussions and provide subsequent additional information. There were some difficulties for Flinders Council to be able to participate in the second interview and supply the information requested due to staff changes during the period, thus information collection for them remains incomplete.

Condensed report inclusions and format

This condensed report predominantly includes the key findings copied from the detail report, along with specific information where it was considered to be of high significance. A pre-dependency to being included in the key findings section was that the point be common to multiple Councils or is significant in regards to the overall shared service concept.

The detail report should be referred to for the lower level information and explanations that support the overall findings of the study.

Acknowledgements

The participation of the nominated Council representatives should be acknowledged and my thanks go to them. Whilst at times there were scheduling challenges and delays due to the commitments they were managing this is understandable, particularly when all were in the midst of managing the impact of Covid-19 pandemic restrictions.

Similarly I acknowledge and am appreciative of the staff of Technology One who were involved with the study. They invested significant effort in considering and responding to a multitude of questions posed to them, particularly in regards to the single instance option.

Insights

Background information for each Council including a summary of their IT systems and how they are managed, supported and resourced.

COUNCIL BACKGROUND INFORMATION

Facts and Figures

Council	Assessments	Population	Office locations	Employees (FTE)	Recurrent Income 2019-20 ($m)	Assets Managed ($m)
Break O'Day	6,000	6,000	3	50	14.0	145.0
Flinders	1,200	1,000	3	23	4.4	55.0
George Town	4,400	7,000	3	39	10.7	173.0
Launceston	32,600	67,500	10	490	110.7	1,905.0
Meander Valley	10,000	19,800	5	83	20.0	292.0
Northern Midlands	7,000	13,400	2	70	20.0	263.0
West Tamar	12,000	24,000	6	108	27.0	350.0
Totals	**73,200**	**138,700**	**32**	**863**	**206.8**	**3,183.0**

Strategies and Directions

The study activities included:

a) Each Council's formally published strategic plan was reviewed.

b) Council representatives were asked to outline what the internally facing strategies, directions, challenges and concerns for their organisation are.

c) Similarly, each were asked to outline the IT capability that would need to be developed or extended to support b).

d) Feedback about the impact and learnings from Covid-19 restrictions, in the context of IT systems, was sought.

KEY FINDINGS

> ***Councils' formal strategic plans state support for collaboration across Councils, including resource sharing initiatives.***

> ***The Council representatives who contributed to the study were open and supportive of it.***

> ***The implementation or extension of on-line services to support customer self-service is a common priority.***

> ***The implementation of mobile functionality to support employees in field based work is a common priority.***

> ***"Work from anywhere" facilities supported all Councils internally and with community service provision throughout the Covid-19 pandemic, with some commenting on the realisation that savings can result by doing more activities digitally. Their current facilities however are quite rudimentary.***

CURRENT STATE – INFORMATION TECHNOLOGY

Purpose and inclusions

The aim of this part of the study was to obtain an overview of:

a) IT Governance, management and related policies;

b) The existence and state of formal IT strategy;

c) Specific to IT roles and resources;

d) Service continuity plans, arrangements and responsibilities;

e) Approach and responsibilities for system security & threat management;

f) IT expenditure levels and comparison across the participating Councils and to Australian Local Government;

g) Each Council's IT operating environment - that is the services, infrastructure, platforms and primary application software used (excluding the corporate application products as they were are examined as part of the core focus of the study); and

h) Key IT challenges and concerns.

Information from the detail report in regards to expenditure levels are worthy of inclusion in this summary report, and follow.

IT Expenditure

Note: Values stated should be regarded as approximations due to notional values being included to arrive at comparisons across Councils when specific values were not available or able to be calculated on an assured basis. (e.g. IT depreciation expense and IT infrastructure costs by system type.)

Budgeted expenditure on corporately managed IT for the Councils in 2019-2020 totalled $6.9 million. This includes capital, operational and depreciation expense and represents 2.4% of the Councils' total budgeted expenditure of $285.6 million and 3.3% of total recurrent income of $206.8 million.

Corporate software application operational costs accounted for $1.94 million, which equates to 28% of the total IT budget.

			IT BUDGET 2019-2020			
Council	**Assessments**	**IT Staff**	**Operational**	**Capital**	**Total**	**Corporate Applications***
Break O'Day	6,000	0	238,900	70,000	308,900	113,000
Flinders	1,200	0	109,000	0	109,000	41,500
George Town	4,400	0	171,000	20,000	191,000	87,900
Launceston	32,600	13	3,450,000	610,000	4,060,000	1,206,000
Meander Valley	7,000	1	387,400	205,700	593,100	129,000
Northern Midlands	12,000	1	355,000	70,000	425,000	155,400
West Tamar	12,000	3	800,000	400,000	1,200,000	207,200
Totals	**73,200**	**18**	**5,511,300**	**1,375,700**	**6,887,000**	**1,940,000**

* Corporate applications costs include annual licensing and support fees, labour, depreciation and IT infrastructure costs. Some of these costs were estimated due to the lack of specific values being available or being able to be calculated.

Benchmark Comparisons

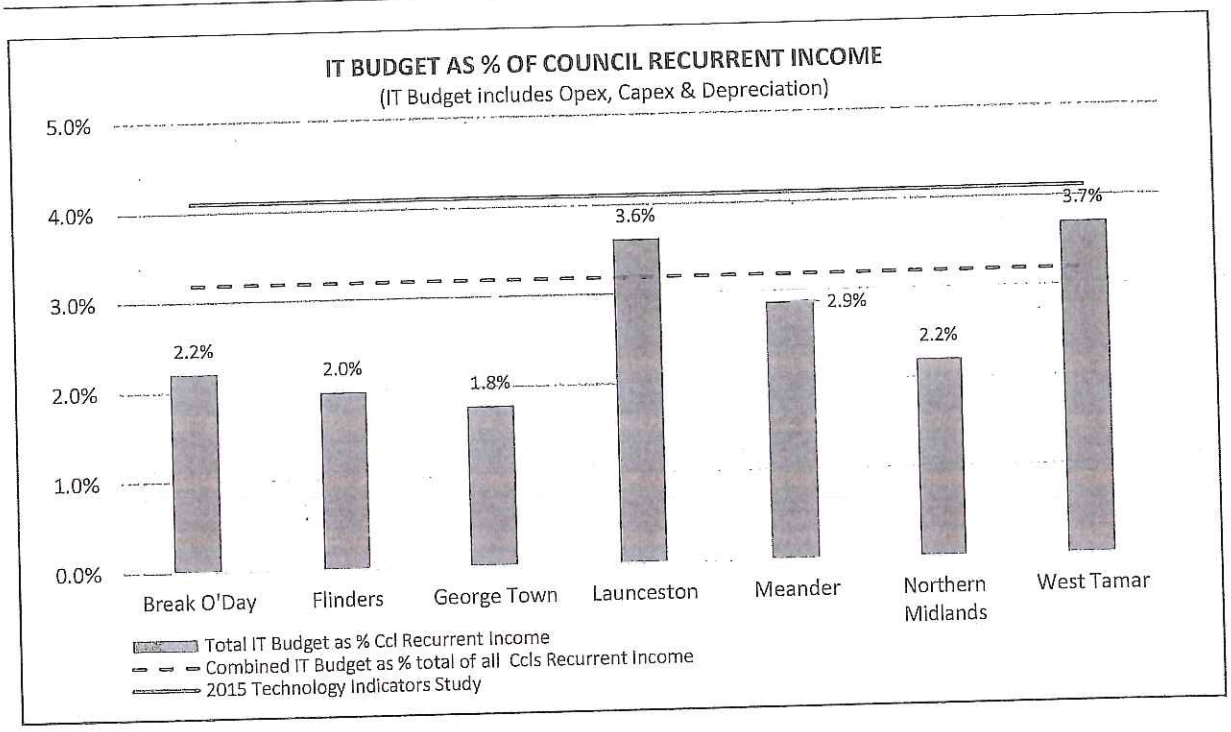
A common metric used to calculate and compare IT expenditure levels is IT operational expenditure divided by the organisation's total revenue. Other ratios are also commonly used, such as IT expenditure per employee and ratios between the number of IT and total employees. These measures have been calculated to provide a comparison of the level of IT investment and resourcing across the participating Councils.

The benchmark level of IT spending as a percentage of revenue varies greatly across different industries. The most recent external benchmarks for Australian local government able to be found were from a study performed in 2015. Despite their age they remain a valid comparison – arguably the averages then may be on the low side compared to now given the increasing level of technology uptake within local government and beyond.

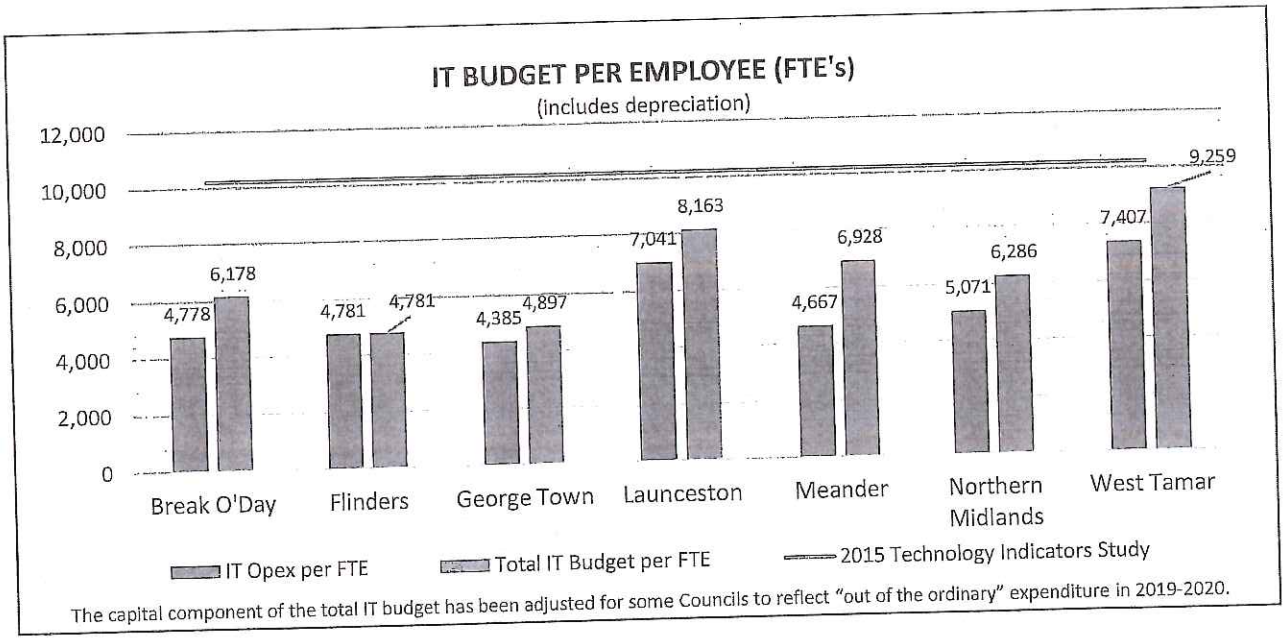
The benchmarks were sourced from the *2015 ICT Capability Assessment by Technology Indicators Pty Ltd.* That company specialised in researching and publishing ICT Indicators for Australian Local Government.

2015 ICT Capability Assessment - Technology Indicators Pty Ltd ©	
Indicator	**Average (Ccls with < 500 staff)**
ICT budget as % of revenue	4.1%
Total ICT spend per employee	$10,200
ICT staff as % of Council staff	2.9%
Number of staff per ICT staff	39

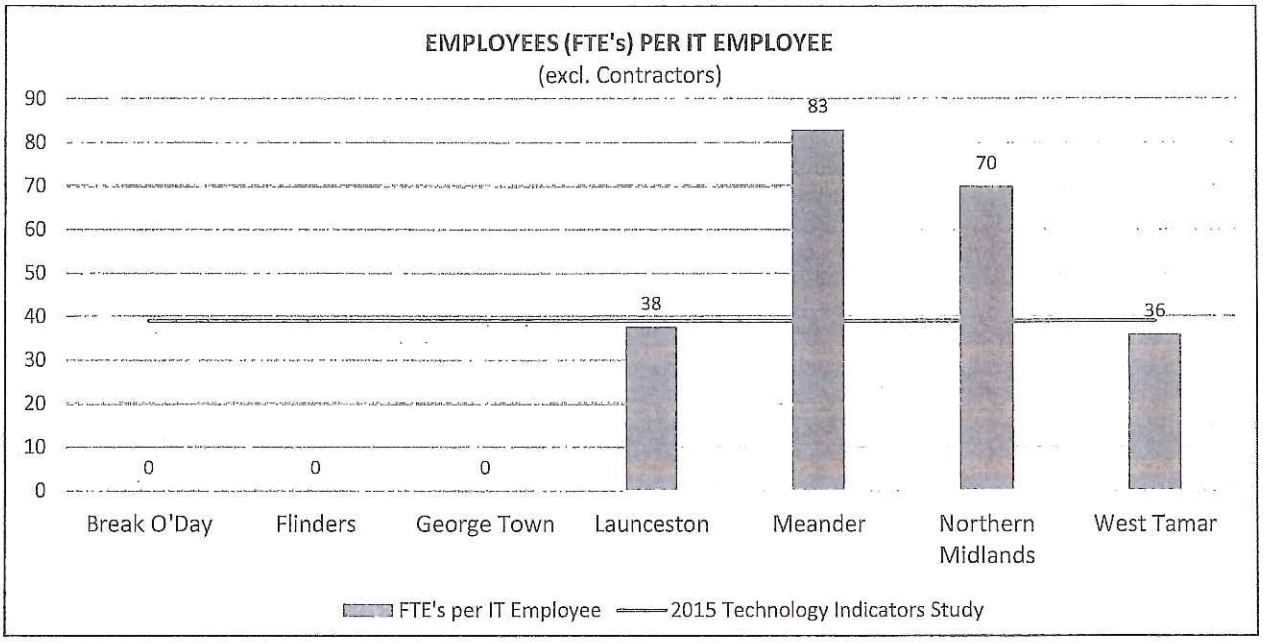
All the following values for Councils have been calculated based upon the 2019-2020 financial year combined with other relevant information supplied by the respective Council's representative for the study. Capital expenditure vales used for benchmarking purposes was adjusted for several Councils to reflect extraordinary items in the 2019-20 year.



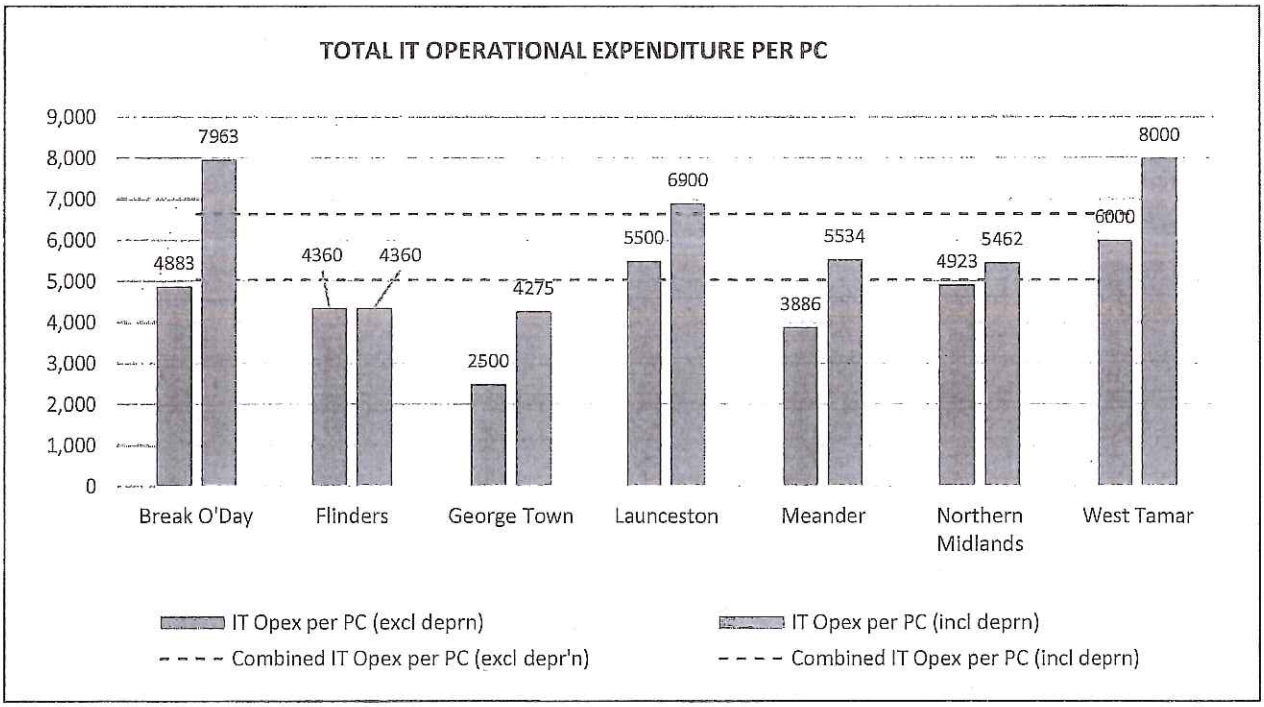
The expenditure level for all Councils is below the 2015 industry benchmark value of 4.1%
All Councils are below the average level for the region of 3.2% (adjusted), with the exception of Launceston and West Tamar.



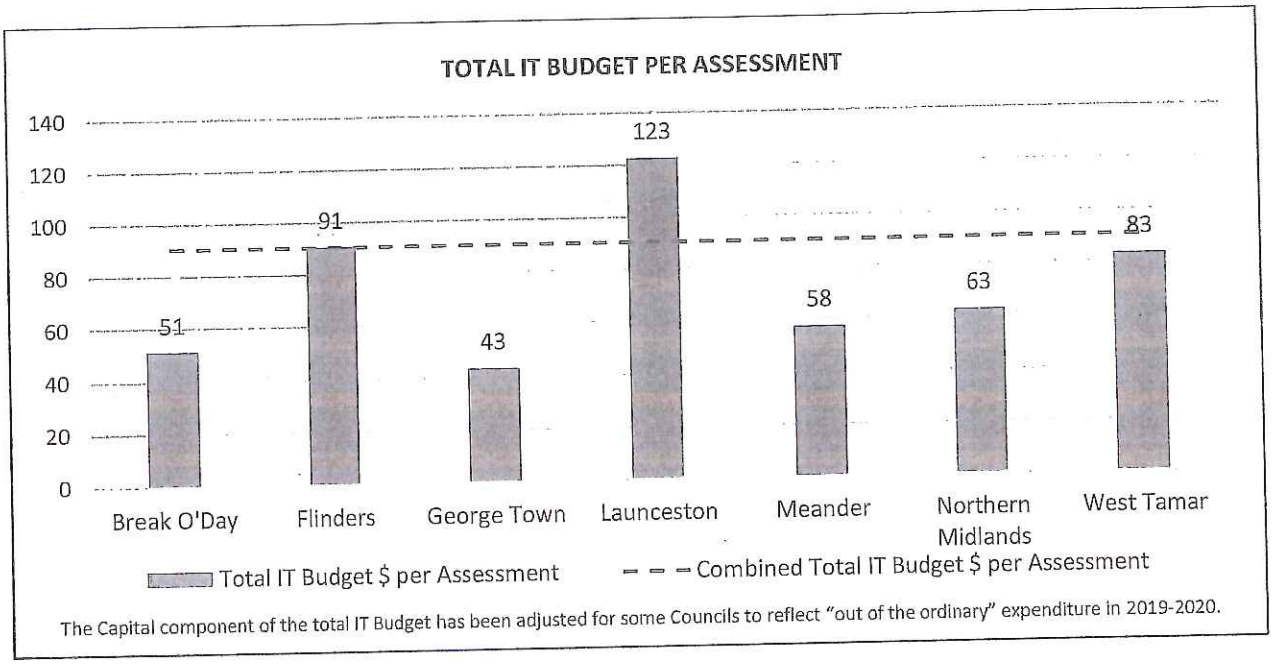
The IT expenditure per FTE for all Councils is below the 2015 industry benchmark value of $10,200



Employees per IT Employee is a form of internal service indicator. Launceston and West Tamar is at the average level for local government based on the 2015 study. All other Councils are above (or nil), highlighting that they have lower numbers of IT roles to provide IT administration and services within their organisation.



Whilst not a truly representative indicator of expenditure per device in the age of an increasing number of mobile devices (as distinct from desktop and notebook PC's upon which the values are calculated) "Total IT Opex" per PC nonetheless provides a useful indicator of the level of IT investment. It also indicates the cost of providing and maintaining a "'PC and all associated software and supporting infrastructure". It would be reasonable to expect that the higher the cost the greater level of IT functionality available to, and value realised by, the organisation.



This ratio illustrates the variation in IT budgeted expenditure per number of assessments in each municipality. It provides an indication of the level of technology investment being made by each Council to support the organisation and provision of services to their communities.

KEY FINDINGS

- ***Total budgeted IT expenditure for the Councils was $6.9m*** in the 2019-20 financial year. This includes software, services, labour and depreciation. Of the $6.9m, ***costs attributable to corporate applications approximates $2m.***
- All of the Councils have a ***level of IT expenditure that is below the average for local government***, based on a 2015 study and commonly used ratios.
- The ratios and comparisons presented highlight the ***inequality of IT investment across the Councils***.

  This fact then leads to contemplation of whether the efficiency of operation and level of service provision to the communities that each Council provides is also unequal. Similarly the functionality and facilities available to employees to perform their roles.
- There is ***commonality across the Councils in a number of IT operational areas*** that involve identical infrastructure, platforms and software and therefore skill sets to administer. This leads to a conclusion that further exploration of ways to share knowledge and approaches; learn from each other; resource share; or implement shared services beyond the corporate application software platforms has the potential to identify positive outcomes.
- All Councils mentioned that their ***corporate application vendors have, or are in the process of redeveloping their software offerings*** *that has/will result in projects to implement new versions being needed.* As a consequence ***Councils are at a stage of needing to make a decision*** as to their future path.
- ***Microsoft 365 services have been implemented to some degree, or are on the agenda to consider***, in all Councils.
- There are concerns about the ***risk of single person dependencies***.
- ***There may be financial benefits to be leveraged from joint IT procurement in some areas.*** The level of benefit would depend upon the nature of the product or service. For some, the volumes represented by the collective Councils vs individually may have no significant impact. For others areas of procurement, they may.
- ***Microsoft software is common to all with over 750 MS Office licences. The annual cost is estimated to be in the vicinity of $400,000.***

  A Microsoft licence reseller was contacted and advice sought on the possibility and merits of a joint licensing agreement. Their advice was that recent and forthcoming licensing changes will mean that there will be no cost benefit, however individually Councils may wish to consider transitioning to a standard licensing model that could be adopted by all.

Objective #1

Develop an inventory and understanding of the participating Councils' current corporate business applications systems, how they are managed and provided, and direct costs.

CURRENT STATE - CORPORATE SOFTWARE APPLICATIONS

Purpose and inclusions

Study activities were designed to gain an understanding the Councils' current corporate software applications environment, costs, directions and challenges. They included:

a) Researching and collating a schedule of all corporate application products used by the Councils;

b) Similarly, a schedule of other software used for common functions, such as GIS, agendas and minutes, corporate planning and reporting etc. was collated;

c) Identifying and summarising the component costs of the corporate applications and comparing the same across the Councils. The section from the detail report is included below, due to the importance of the topic and there needing to be a clear understanding of the basis of calculation of the costs and comparisons;

d) Ascertaining, through discussions with the Councils' representatives, what currently works well along with what the challenges and obstacles to achieving greater value from their corporate applications are;

e) Gaining an understanding of the current directions of the products presently used. (Note that this was obtained from the Council representatives, not the vendors themselves.); and

f) Discussing each Councils own plans in regard to their corporate applications. (Information from the detail report has been included in this condensed version also.)

Costs

	Corporate Application annual operational costs by component				
Council	**Licensing, Support & Mtce**	**Infrastructure & Environment (Notional)**	**Depreciation**	**IT Admin & Support Labour (notional)**	**Total Current Costs**
Break O'Day	58,000	5,000	50,000	0	**113,000**
Flinders	35,500	4,000	2,000	0	**41,500**
George Town	81,700	2,000	4,200	0	**87,900**
Launceston	566,000	40,000	200,000	400,000	**1,206,000**
Meander Valley	87,700	8,750	12,500	20,000	**128,950**
Northern Midlands	97,900	2,500	35,000	20,000	**155,400**
West Tamar	90,000	25,000	76,000	16,200	**207,200**
Totals:	**1,016,800**	**87,250**	**379,700**	**456,200**	**1,939,950**

Note: Values stated should be regarded as approximations due to notional values being included to arrive at comparisons across Councils when specific values were not available or able to be calculated on an assured basis. (e.g. labour, IT depreciation expense and IT infrastructure costs attributable to corporate applications.)

To arrive at a valid comparison of current operational costs to those of the proposed Technology One options, consideration has been given to components beyond the current licensing and support charges levied by the Councils' software providers. In addition to those charges are costs related to the supporting IT infrastructure

and systems environment, depreciation (on the assumption that the initial licensing and implementation costs of the existing products would have been capitalised), and IT staff administration and support labour costs attributable to the applications. Labour costs to administer the applications beyond IT staff have not been considered.

The Technology One proposals are for SaaS based applications. This means that supporting on premise server and storage infrastructure costs would not be incurred and there would be less labour expended managing the technical aspects of the software. As SaaS is provided and charged for on a subscription basis, the cost becomes fully operational in nature. Councils will not purchase and own the rights to the software in perpetuity, thus an up-front capital cost for the software will not be incurred. This in turn means that depreciation will not apply, although if the proposal is proceeded with, the current written down value of the Councils' current products will presumably be accounted for as a loss on disposal.

Infrastructure & environment cost savings are unlikely to be realised in the short term if SaaS based applications are proceeded with. It is only at the time of infrastructure replacement that lower capacity equipment may be needed and savings realised.

Labour cost savings due to reduced technical management will not be to the extent of a full position. Based upon the author's experience at the City of Launceston it would be a maximum of 0.2 x FTE, and probably less.

	Corporate Application annual operational costs by component				
Council	**Licensing, Support & Mtce**	**Infrastructure & Environment (Notional)**	**Depreciation**	**IT Admin & Support Labour (notional)**	**Total Current Costs**
Break O'Day	58,000	5,000	50,000	0	**113,000**
Flinders	35,500	4,000	2,000	0	**41,500**
George Town	81,700	2,000	4,200	0	**87,900**
Launceston	566,000	40,000	200,000	400,000	**1,206,000**
Meander Valley	87,700	8,750	12,500	20,000	**128,950**
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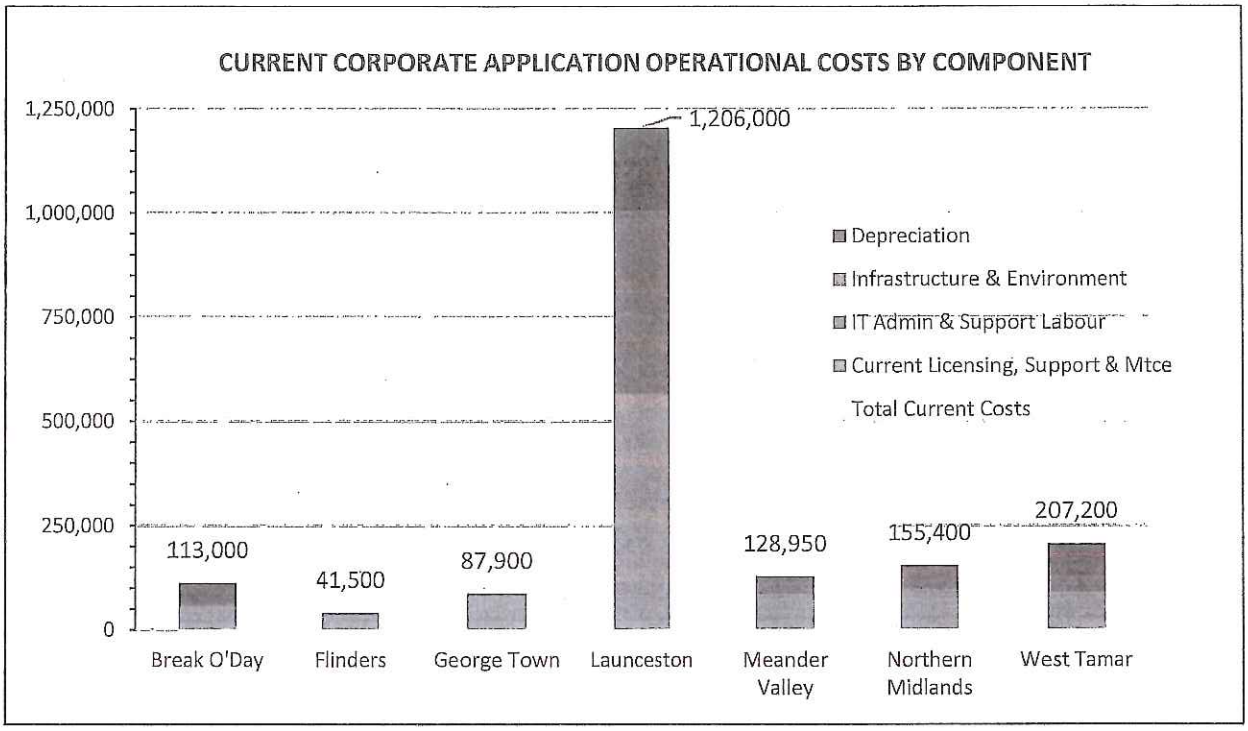
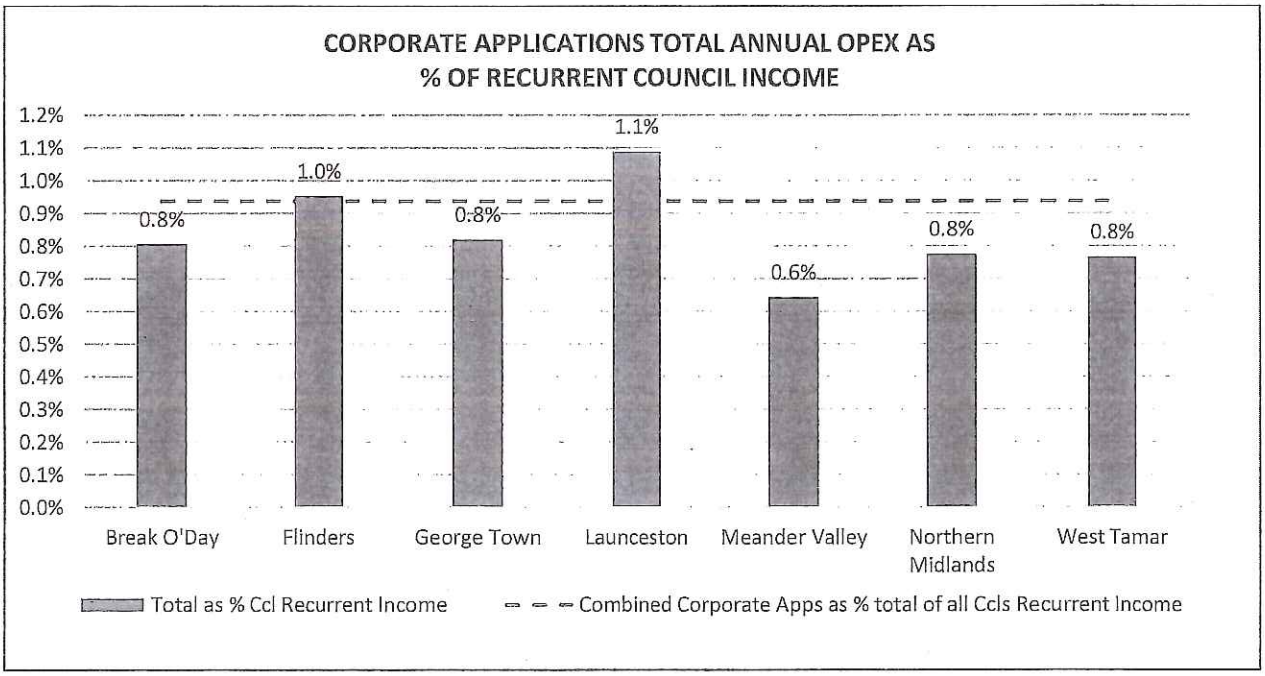
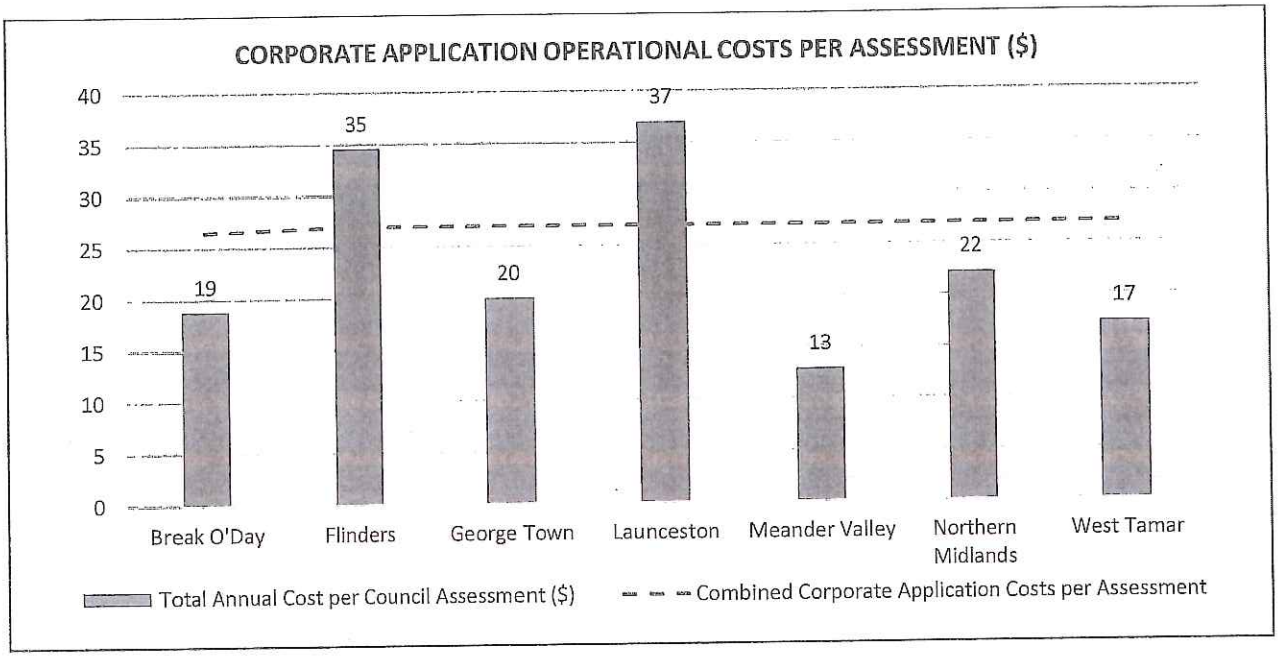


A graphical representation of total corporate applications operational costs.



This chart illustrates the different levels of funding, in percentage of recurrent income terms that the Councils allocate to corporate software applications.

CURRENT STATE - CORPORATE SOFTWARE APPLICATIONS



The corporate application costs per assessment ratio again illustrates the variation in expenditure across the Councils in the region.

Councils' future plans

Council	Intent (if shared service does not proceed or they choose not to participate)
Break O'Day	Look at options, including new, cloud based versions of PropertyWise, Navision and HPE Records Manager.
Flinders	Implement new, cloud based version of PropertyWise.
George Town	Market assessment and replace current software.
Launceston	Technology One Ci Anywhere version implementation will continue.
Meander Valley	Likely to assess the market in the foreseeable future. Aim is for updated or different software within the next two years.
Northern Midlands	Planning to move to the 3rd generation of Open Office, or other system, at the conclusion of the resource sharing investigation. Strategy has been to move away from unsupported applications. Lean on premise infrastructure and move to Cloud. Driven somewhat by there being limited IT resources (1 employee).
West Tamar	West Tamar would look to an incremental introduction of Altus modules (the replacement for SynergySoft) in the event that the shared service initiative does not progress. This may also be considered in the short-term even if the shared service model progresses depending on the timeframes.

All Councils have plans to transition to the new versions of their current products or assess the local government software market. A common comment was that they would not proceed with their individual plans until the outcome of this feasibility study was known and related decisions made.

CURRENT STATE - CORPORATE SOFTWARE APPLICATIONS

KEY FINDINGS

> ***Total corporate application annual licensing and support costs*** (the amount paid to vendors) ***approximates $1m.***

> **Total annual operational expenditure** (vendor costs + labour + depreciation + supporting IT infrastructure) on corporate application systems ***approximates $2m.***

> ***With the exception of Launceston, no Councils have corporate applications analyst roles dedicated to the administration, support and on-going development of their corporate application systems and process improvement based upon them.***

> ***All Councils have mature systems in place for the core functions of Financial Management, Payroll, Property, Rating and aspects of Regulatory and Information/Records Management.*** This can be expected as software to support these functions have been the mainstay of local government system requirements for many years.
>
> ***Other functions of Councils are supported by software and associated processes to varying degrees.*** Procurement is devolved and fully electronic in some, whereas others continue to use manual systems based around hard-copy order books and centralised data entry. Customer Request Management varies from integrated, workflow based systems to Excel worksheets supported by e-mail. Human Resources systems are relatively basic across all, with some not having specific for purpose software implemented.

> Managing and maintaining the assets of the community is a core role of Councils, reflected in ***the total value of assets across the seven municipalities approaching $3.2b*** and reinforced by the findings of KPMG that *"maintenance of infrastructure is generally the largest category of expenditure ranging from 30-57%." (Northern Tasmanian Councils Shared Services Study – Final Report, July 2017).* Thus ***well in excess of $60m per annum is expended in total by the Councils on asset maintenance.***
>
> It is notable in this context, and that effective management of the community's assets is a strategic objective for all Councils, that ***the maturity of asset and work management systems across the region varies significantly***. Some have implemented designed for purpose software products that are part of their corporate application suite or some from 3rd parties. Others depend upon in-house, single person developed and managed desktop PC database products to record and maintain asset records.

> Some have work management systems whereas others depend upon the Works Supervisor (or similar role) and his/her processes, to know what work has and is to be done. Timesheets are evidence of work being performed for the majority rather than activities being cross-referenced to the relevant asset record(s).
>
> Launceston is the only Council to have implemented integrated work management software that provides system generated works orders to manage and document scheduled work, along with ad-hoc work orders to initiate and track reactive work, including integration with Customer Requests.

> Mobility software to support field work – in both asset and property domains – has been implemented by Launceston. Most other Councils stated that the ***implementation of mobile applications as being part of their shorter term strategies and directions***

> ***With the exception of Launceston, none offer on-line services beyond a limited range of payment types and forms that can be completed on-line and e-mailed.***

CURRENT STATE - CORPORATE SOFTWARE APPLICATIONS

- ***Councils' current systems have functionality that is not used.*** Comments around resource constraints or the challenge of change management related.
- ***Integration within and between software products was stated as an area needing improvement.*** Such comments were made from Councils that use software from a mix of vendors and also those who have standardised on one suite of products.
- Several comments were made to say that the ***existing products are acceptable but not exceptional,*** with affordability seeming to be a reason for their acceptance.
- With the exception of the Cemetery Register, Dog Pound Register and Facilities Bookings modules used by West Tamar that is part of the IT Vision Synergysoft suite, ***no other module gaps have been identified between the Councils' current products and the Technology One proposals***.

  Note: This finding has been made as a result of a high level comparison only and will need to be subject to a deeper comparison by each Councils functional expert before final conclusions are made.
- ***Cloud/SaaS adoption was stated as a direction*** for some Councils.
- With all corporate application software vendors developing and transitioning to new generation products and thus Councils likewise having transition projects as part of their current and future plans, the timing of this study and the decisions that come from it, correlates to and ***provides a 1 in 10 year opportunity.***

Objective #2

Perform an assessment and arrive at a conclusion as to the advantages, disadvantages and feasibility of the various options for a shared service software platform presented by Technology One.

THE APPROACH TO DETERMINING FEASIBILITY

Whilst determining the feasibility and relative merits of the Technology One proposed options is a stated and key objective of the study, assessing the software (technology) options alone is not sufficient to determine overall feasibility of the shared software service concept. Thus a more holistic approach was adopted that included research of broader matters around each organisation (people) and how the options *support "the ability to consolidate and drive synergies in processes across all operations of the council"* [1] (process).

Considering and assessing all three aspects, with the addition of costs, will support the overall objective of the study providing Council's with sufficient information and confidence to decide on their next steps.

[1] *KPMG Northern Councils Shared Service Project Final Report, 8th September 2017,*

SHARED SOFTWARE CONCEPT – VISION, OPPORTUNITIES, DEPENDENCIES & ISSUES

Purpose and inclusions

It was essential to understand each respective Council's view of the shared service concept, the opportunities and benefits they foresee along with the issues and risks. Pre-dependent requirements were also canvassed, with the common item identified being the need for a governance framework and associated processes to be developed, agreed and committed to.

The information was gathered in discussions with the representatives of each Council and was relied upon to form a conclusion of concept's acceptability to the Councils, beyond the software product and technology factors.

Future vision

Responses to this question were incorporated into the overall output, apart from the narrative below provided by West Tamar's representative which painted quite a succinct picture.

- *If a single instance solution is introduced, in the short-term as a minimum I would expect centralised application support that would assist all councils and including fulfilling training needs, establishing users, security, help desk and guiding governance arrangements and policy. This would require the formation of a regional group/or specialist groups to review and approve any proposed changes. This could be complemented by identifying and supporting key people within each council.*
- *In the medium term this arrangement could then be expanded to other technology support functions and also be given the project of seeking and guiding more commonality across councils – including hardware, applications, network infrastructure, communications and development of common processes. But I'm not sure whether a level of technology support would still be required at a local level?*

- *Longer term the above should then allow more council provided services to be reviewed for centralisation (to a certain extent). Maybe GIS, supplementary valuations, revaluations, procurement, accounts payable, accounts receivable, customer call centres with extended hours, some regulatory functions.*

Other comments about the shared service concept

Again, the information below is included from the detail report and are the quotes of Council representatives. It captures the overall outlook towards and level of support for the concept.

> *We are here to service customers and community. Making it easier and more effective for them via shared services must have benefits and thus should be assessed and progressed.*
> *There is the potential to grow to a larger shared services arrangement, as once start using the same GL, Rating etc. the concepts of shared service centres and other initiatives all become realistic opportunities. This could still occur whilst having separate Councils.*
> *Make it happen!*
> *Supportive, and have been doing for some time. Council has always been open to sharing, but it is difficult for us to give back.*
> *The Onstream model (shared service entity for water authorities, prior to TasWater) had the potential to be very good, but outcomes were not realised.*

Information confidentiality in the context of the single instance model

Due to findings in respect of the Technology One Property product set's limited capability to support multi-organisation concepts, Council representatives were canvassed for their views on a situation of access to data being available from Councils who are not the data owner.

Councils' Representatives Views

Responses (unmoderated) were as follows:

> *Expect would address through staff confidentiality policies and the like. 99% follow the rules. If a system manager can see everything that's ok. Depends upon how it works and levels of security and access that exits. Have confidence in people to do the right thing.*
> *All staff have responsibility for confidentiality and sign-off to same. Thus that principle and process would need to be extended as appropriate to include other Councils' information. Audit trails can support to some extent if needed. Generally is/should not be an insurmountable issue.*
> *Concerns around confidentiality of information. There will be some info that will not/should not be able to be shared/accessible and for which there will need to be controls around.*
> *While no legal reason this can't be done, some work would need to be done around notifying the parties whose data we are sharing that others will now have access.*
> *System should cater for it. (Records Management mentioned as a specific issue. Credit card data (PCI-DSS) will need to be clarified.)*
> *Manager and Officer level should not be able to see information across council boundaries. Core system administration staff would need to.*

Legislative Provisions

Leanne Purchase, Manager Governance at the City of Launceston was requested to provide advice on the matter. Her response was:

> *The Personal Information Protection Act 2004 (Tas) does not preclude the arrangement.*
>
> *It would require clarity and consistency in each Council's privacy policy and communication about how personal info is managed, disclosed etc.*
>
> *Additionally, if for example an officer from a Council was processing a transaction on behalf of another there would need to be consideration of the delegated authority that supports that for some transaction types.*

Conclusion

Whilst in a legislative sense there appears to be no impediments, the views of Council representatives vary as to the acceptability of data being accessible across boundaries. This matter will need to be considered by Councils in more detail so that an acceptable approach for all can be established.

KEY FINDINGS

- ***Support for the shared service concept was clearly evident*** through the discussions and comments made by the Council representatives.
- ***A shared IT service will be an enabler of regional initiatives.*** Without change, the lack of common IT based systems and processes will continue to be a reason not to pursue other sharing opportunities across the region.
- ***The early development of a governance framework is an essential step.*** The framework will need to include provisions to guide project prioritisation, funding contributions and cost allocation, support processes and monitoring.
- ***There will need to be a genuine partnership between the Councils*** built upon trust, transparency and balanced representation.
- ***A Centre of Excellence model should be implemented*** to support, sustain and ensure benefits realisation into the future.
- ***A standardised configuration for all Councils will be required*** to realise the potential benefits of standard systems and processes. This will need to be supported by formal change management processes to guide modifications, additions and changes.
- ***An increase in cost over and above what each respective Council currently incurs is not seen as an impediment provided that greater value is realised,*** any increases are reasonable, justifiable and sustainable in the longer term.
- ***There are no legislative barriers to information held by one Council being accessible by others*** however acceptance of the situation varies and needs further work and agreement by the Councils.
- ***Increased functionality and ease of use must result.***
- ***The supplier must provide a high quality of service*** – responsive support, reasonable change and development times and the product able to meet the needs of the Councils. The "sales pitch" must be delivered on.
- ***People, political, cultural and resourcing support*** for the initiative and the on-going service will be essential.

COMMENT

The following statement by one, represents the sentiment expressed by several representatives:

> ***"Solution/service would need to be 'turn-key' such that our Council can 'just use it'. We are not averse to refining but do not want to have to put significant effort into setting up from scratch. Simplicity of implementation and operation will be important."***

Local Government is a complex business. There are few industries that are involved in the range of activities, services and outcomes that Local Government is responsible for. It doesn't operate in just one or two domains. The range and functionality required of the software applications reflects this.

From the author's experience software has transitioned from being the quite rigid and inflexible products of some years ago to a situation of now offering great flexibility. Some product modules are effectively tool kits that are able to be configured to cater for each organisation's data and process requirements. The case of software capability being an obstacle to being able to achieve a desired outcome is by no means as common as it was some years ago.

Modern day software has brought with it the need to resource implementations and maintain or acquire skill sets to support the on-going operation, refinement and extension of use. Optimising configuration to business process is fundamental to achieving efficiency. Organisations have not been able to realise the potential benefit of the software products if they have not been able to invest in doing this. The term "you get out what you put in" comes to mind. Having said that, the Councils with low or no IT applications analyst type resources have my utmost respect, as they are largely needing to achieve the same outcomes as those with greater levels of resource capacity. After all, each Council has the same responsibilities to manage and provide predominantly the same services to their communities. A shared service arrangement should provide all participating Councils access to the types of resources needed to "put in to get out".

From the software vendors' perspective, they too have recognised that not all organisations have the capacity, capability or are willing to put significant investment into implementing and refining their software configuration. Again, from experience and observation, the pendulum has swung from the "open tool kit" to a pre-configured implementation approach based upon the common practices and requirements within an industry. Within the local government domain Technology One market this as their "OneCouncil" solution.

Whilst this approach supports simpler implementations the compromise is that the configuration may not be optimal for any one or collective of organisations. Thus I foresee that significant effort will be needed to understand, map and refine processes in some system areas so that a standard and optimised as possible configuration can be implemented across the Councils.

Whilst the desire of a simple implementation is understandable I do not believe that the implementation can or will be as simple as "turn-key". Nonetheless the effort in reviewing and standardising processes and reflecting them in software – if not already in the pre-configured solution – will be effort well spent on a number of fronts for all Councils. Indeed it will be essential if many of the outcomes foreseen and desired by the Council representatives are to be achieved.

THE TECHNOLOGY ONE PROPOSED OPTIONS

Technology One Proposal(s)

Technology One provided a proposal dated 6th July, 2020 upon which the assessment is based. There are variations between it and the high level concept and cost estimates that were presented to General Managers in December 2019.

The current proposal is included as Appendix #1 - Technology One's proposal of July 6, 2020

Alternative option

Towards the end of the study a third option was canvassed with Technology One. This would involve adopting the Enterprise Suite (Financials, Supply Chain, Asset Management and HR & Payroll) and the Electronic Content Management (ECM) in a single instance configuration to be shared across Councils. Council's existing Property and Regulatory systems could be retained as is, with simple data transfer used to post transactions to the Technology One financial ledgers.

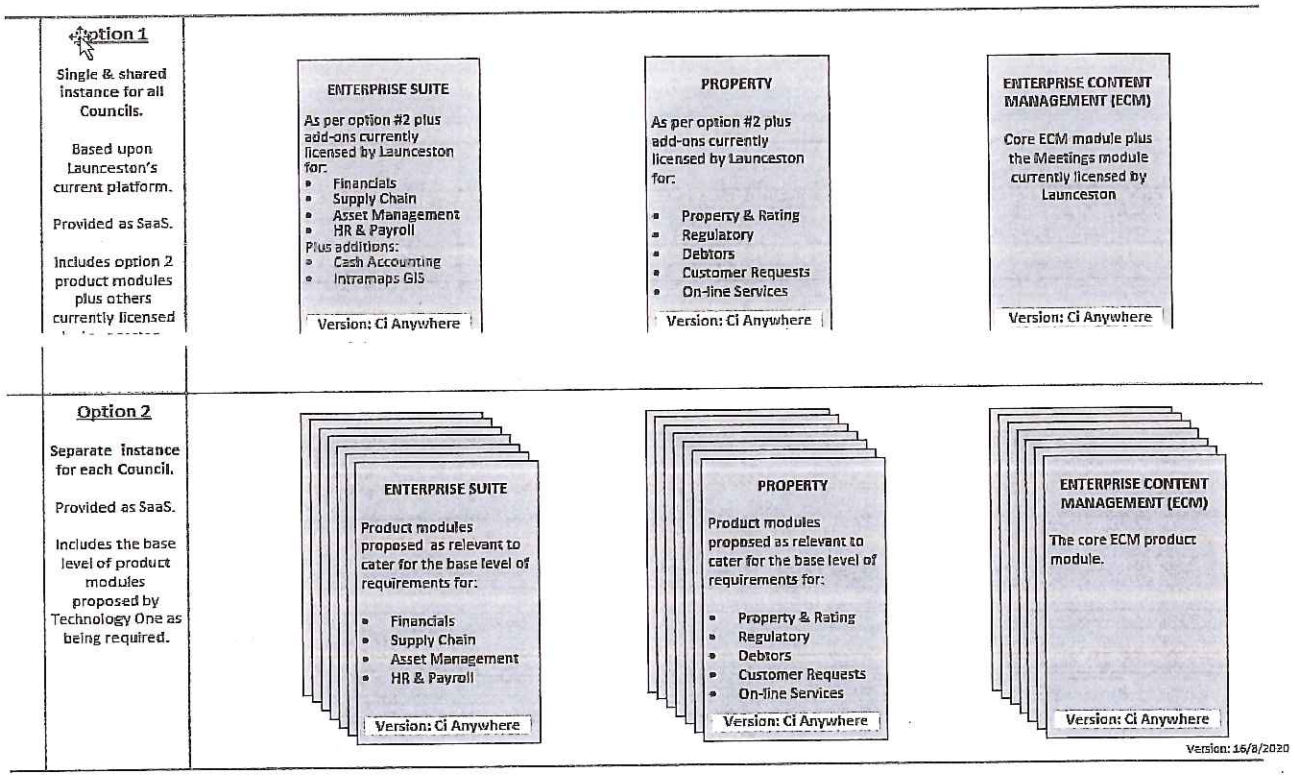
This model has some deficiencies although would alleviate information privacy concerns about the Technology One Property system not having multi-organisation capability to the level of the other product sets.

With the proposed high level implementation plan outlined in their proposal, it will be several years before Property and Regulatory systems would be migrated to Technology One, thus the alternative option outlined is effectively the default situation for a period of time.

Estimated costings and a suggested implementation approach have not been developed for alternative option.

THE TECHNOLOGY ONE PROPOSED OPTIONS

Overview of the proposed options



THE TECHNOLOGY ONE PROPOSED OPTIONS

Comparison of the key attributes

	Single (shared) instance	Separate (independent) instances
Operating model	Single, shared database and configuration. Same business processes across all participating Councils. Minor Council specific modifications where relevant and justifiable. Separate reporting & budgeting maintained.	Separate, independent database and configuration. Whilst operating as separate systems it is proposed that Councils collectively develop and implement standard business processes. Minor deviations from the agreed standard to be catered for where relevant and justifiable.
Contracted parties.	Technology One and the City of Launceston with Launceston having the rights to provide the software to the other Councils.	Technology One and the respective Council.
Proposal basis	Pricing based on seven Councils. Subject to change in the event that not all seven participate.	Pricing based on seven Councils. Subject to change in the event that not all seven participate.
Licensing basis	Enterprise licence based on total number of rateable [illegible] number of users of the products.)	Enterprise licence based on total number of rateable [illegible] number of users of the products.)
Annual cost	Additional $925,000 p.a. on top of those currently levied/paid by George Town, Launceston, Meander Valley and Northern Midlands. ($925k + $678k = $1.6m)	Provided for each individual Council. (refer Appendix #1 - Technology One's proposal of July 6, 2020) Total additional cost of $1,060,200 on top of current charges levied/paid by George Town, Launceston, Meander Valley and Northern Midlands. ($1.06m + $678k = $1.74m) Minimum fee per Council of $100,000 (applicable to Flinders)
Cost allocation basis.	Council's to determine. Launceston would need to be responsible for billing.	Direct.
Foundation for implementation	Launceston's database.	Launceston and Meander Valley migrate to SaaS. All other councils are new SaaS implementations.
Products/modules	Launceston's current products (as at July, 2020) with the addition of Intramaps to achieve a common spatial viewer for all Councils and the Cash Accounting module.	Minimum module set for all, including Meander Valley. Refer Appendix #2 – Product modules included within each option. Additional modules possible at additional cost.

THE TECHNOLOGY ONE PROPOSED OPTIONS

	Single (shared) instance	Separate (independent) instances
Requirements/constraints	Common set of Technology One and 3rd party systems. Single instance cannot be integrated to multiple disparate systems without additional cost and scoping.	
Assumptions	Launceston has completed the transition of the Chart of Accounts to the OneCouncil standard. Launceston has upgraded Enterprise Suite to Ci Anywhere.	
Implementation		
Implementation services cost estimate	$2,000,000	$2,100,000. Councils to apportion costs internally.
Implementation contracted parties	Technology One and the City of Launceston.	Single implementation contract with "Shared Service" entity.
Inclusions	Ci Anywhere SaaS for all Councils for all products.	Includes the transition of existing on-premise installations of Technology One to SaaS/Cloud for all current sites.
Exclusions	The cost of achieving the assumptions listed above. (i.e. Launceston's transition to OneCouncil standard Chart of Accounts and upgrade of Enterprise Suite to Ci Anywhere.)	Property Ci Anywhere upgrade for Launceston and Meander Implementation of additional modules at Meander Valley. (e.g. Asset Management implementation would be the responsibility of the Council implementation team.)
Council responsibilities	Data migration, end user training and implementation of the remaining sites after the initial.	Data migration, end user training. It is assumed that the Council implementation team will progressively take over tasks as additional Councils are implemented.
Implementation approach		Single design and documentation stage to create templates for all. Single implementation team training stage.
Implementation resource requirement from Councils	Dedicated 5 person team suggested.	Dedicated 5 person team suggested.
Implementation steps – phase #1	1. Migrate Launceston to SaaS/Cloud.	See overleaf.

THE TECHNOLOGY ONE PROPOSED OPTIONS

	Single (shared) instance	Separate (independent) instances
	2. Technology One to implement initial pilot site, re-aligning Launceston's Enterprise suite to cater for multiple Councils. 3. Implement Property Ci Anywhere Request Management.	
Implementation phase #1 outcomes Note: There will be retrograde impacts on Launceston's current integration between Technology One products that will not be restored until ECM and Property product sets are transitioned to Ci Anywhere and to SaaS/Cloud.	Enterprise Suite transitioned to SaaS, multi-organisation ready and 1 new Council implemented. ECM – no change. Property – no change (remains as on-premise Ci for Launceston). Ci Anywhere Request Management implemented and integrated with Asset/Work Management.	See overleaf.
Subsequent stages	Refer high level concept below.	

Single instance high level implementation stages

Proposed Single Instance Approach						
Phase	Responsibility	Year 1	Year 2	Year 3	Year 4	Year 5
1	T1	CoL/Pilot CES into Cloud				
2	T1	CiA Request Management				
3	Councils		Migrate remaining councils CES/RM			
4	T1			CoL/Pilot Cia P&R/ECM		
5	Councils				Migrate remaining Councils P&R/ECM	

Separate (independent) instance high level implementation stages

Stage	Approach
Design Workshop and Documentation	Single/Combined
Configuration	Multiple/Individual
Implementation Team Training (ITT)	Single/Combined
User Acceptance Testing (UAT)	Multiple/Individual
Deployment	Multiple/Individual

THE TECHNOLOGY ONE PROPOSED OPTIONS

Proposed Separate Instances Approach						
Phase	Responsibility	Year 1	Year 2	Year 3	Year 4	Year 5
1	T1	Pilot CES New Implementation				
2	T1	CoL and MVC Cloud migrations				
3	Councils		Additional CES New Implementations			
4	T1			Pilot CIA P&R New Implementation		
5	Councils				Additional P&R New Implementations	

Product and module differences between the options

Details of the products and modules that are included under each option are included as Appendix 2 in the detail report.

THE TECHNOLOGY ONE PROPOSED OPTIONS

Ci and Ci Anywhere

Ci Anywhere Version Status

The following summary was provided by Technology One on August 18th, 2020.

> *The Core Enterprise Suite (Finance, Supply Chain, Assets and HR & Payroll) is over 95% converted to CiAnywhere. Customers are able to progressively implement functionality across each of the products. Around 50% of customers have commenced the implementation of CiAnywhere capability with new customers since around 2017 effectively implementing CiAnywhere only.*
>
> *The CiAnywhere version of Enterprise Content Management (ECM) was completed 2016. Around 90% of ECM customers are now using the CiAnywhere version.*
>
> *The CiAnywhere version of Property and Rating is currently in the prove stage, with a number of customers. The focus of the prove phase is the Property & Revenue Management and the Regulatory & Compliance Management components of the product. Once the prove phase has been successfully completed and the transition toolsets are available, then the product will be made available to the next wave of existing customers to commence transition implementations. Technology One will be working on detailed plans with our customers.*

Versions Proposed

Technology One's December 2019 proposal was based upon their Enterprise Suite (Financials, Supply Chain, Asset Management and HR & Payroll) and Enterprise Content Management (ECM) products being the "Ci Anywhere" generation of the products, ***combined with the older "Ci" version of the Property products*** (Property, Rating, Regulatory, Sundry Debtors, Animal Registrations, Customer Requests & On-line Services.)

As part of the feasibility study, Technology One Property specialists performed a comprehensive assessment of the two options. ***As a result, their recommended and only proposed option for either of the single/shared or separate instance configurations has changed to now be the Ci Anywhere version of all products (i.e. Enterprise Suite, ECM and Property)***

Single Instance vs Separate Instance - data and process segregation matters

One of the more significant research activities of the feasibility study was to understand the capability of the Technology One products to cater for multiple organisations – in terms of both data access and processing - within a single instance of data, software and the supporting system configuration parameters.

Findings were:

a) Products that fall within the "Enterprise Suite" (includes Financials, Supply Chain, Asset Management and HR & Payroll) and the Electronic Content Management (ECM) product are generally able to support the segregation of data and processes for each Council.

b) The Property product set does not offer the same capability as the Enterprise Suite and ECM product sets in this regard. The products have not been designed on a foundation of supporting the multi-organisation concept.

The single instance model will present the best opportunity (or perhaps a more appropriate term would be "catalyst") for Council's to undertake initiatives outside of the software itself that will support a standard approach to data and processes across participating Councils, as well as the pursuit of a shared services model in a true sense.

Implementation of the single instance option would be a single step to a common applications software platform for participating Councils, as distinct from the separate instance option which would involve at least a two-step process to ultimately achieve a single common platform. As such it represents the higher quantum of shorter term change and with that will come higher degrees of challenges, compromises and risks. However the realisation of greater gains and benefits that a truer shared service model offers, in a shorter timeframe, is foreseeable.

THE TECHNOLOGY ONE PROPOSED OPTIONS

KEY FINDINGS

In regards to the single, shared instance option:

> ***A pre-dependency for the single instance option to be practically feasible and advantageous to Councils is that they implement common and shared processes in a range of their functional areas.*** The single instance option will not effectively or efficiently support the Councils continuing to operate their business systems software, and the processes that depend upon it, in a fully independent, segregated manner. In colloquial terms, to do so would be a "square peg in round hole" scenario.

> ***Products that fall within the "Enterprise Suite"*** (this includes Financials, Supply Chain, Asset Management and HR & Payroll) ***and the Electronic Content Management (ECM) product are generally able to support the segregation of data and processes for each Council.***

> ***The Property product set does not offer the same capability as the Enterprise Suite and ECM product sets in terms of the multi-organisation concept.*** Further explanation and discussion with relevant people within the Councils will be needed to determine whether the situation, particularly in regards to information of each respective Council being accessible to others, is acceptable.

> ***Inclusion of the Technology One Intramaps GIS product is to support a common spatial viewer/ enquiry tool for all Councils that is integrated with the other Technology One products. It is not proposed to replace Councils existing GIS products used for spatial editing and analysis functions (e.g. ESRI and MapInfo).***

> ***The product modules/ functionality that are included in the proposal exceeds what the Councils (excl. Launceston) currently have available to them.***

In regards to the separate, independent instance option:

> Whilst operationally ***Councils would continue to act independently*** the Technology One proposal suggests and is based upon ***co-operation and collaboration between the Councils to design and establish common processes.***

> ***This also implies that there would be a common implementation team that would work across all Councils and post implementation that there would be a Centre of Excellence style team*** charged with preserving the commonality of configuration and processes, be the catalyst for knowledge sharing and the like and possibly provide training across the Councils.

> ***There would also be a strong case to establish a shared service to undertake system level administration activities.*** (e.g. user provisioning and security, higher level system configuration and parameter changes etc.)

In regards to both options:

> ***Data conversion and end user training is the responsibility of the Councils.***

> The proposal suggests ***that Councils would assume responsibility for some implementation activities after the initial new site is implemented.***

> ***A very high level, conceptual estimate suggests that a five year timeframe*** will be required to fully complete the implementation and transition of systems to a shared service.

COSTS ANALYSIS

Summary of costs for each option

Item	Option 1 Single/Shared	Option 2 Separate/ Independent	Option 3 Enterprise Suite & ECM only.
Software subscription p.a.	$1.6m	$1.74m	Not costed
Implementation estimate	$2m	$2.1m	Not costed

It should be noted that:

> Software subscription costs are as provided (i.e. no negotiation has occurred) and will be subject to variation in the event that not all seven Councils decide to participate.
> Implementation services costs are a broad estimate only.

Operational Costs Comparative Analysis

The following table of current corporate software operational costs was copied from earlier Corporate Applications Current State - Costs section. That section discussed the approach taken to determine the total operational costs of the applications.

Current total corporate application operation costs

	Corporate Application annual operational costs by component				
Council	Licensing, Support & Mtce	Infrastructure & Environment (Notional)	Depreciation	IT Admin & Support Labour (notional)	Total Current Costs
Break O'Day	58,000	5,000	50,000	0	**113,000**
Flinders	35,500	4,000	2,000	0	**41,500**
George Town	81,700	2,000	4,200	0	**87,900**
Launceston	566,000	40,000	200,000	400,000	**1,206,000**
Meander Valley	87,700	8,750	12,500	20,000	**128,950**
Northern Midlands	97,900	2,500	35,000	20,000	**155,400**
West Tamar	90,000	25,000	76,000	16,200	**207,200**
Totals:	**1,016,800**	**87,250**	**379,700**	**456,200**	**1,939,950**

Comparison to the Technology One proposal

Component	Current costs	Option 1 – Single Instance	% Var'n	Option 2– Separate Instance	% Var'n
Licensing, Support & Mtce	1,016,800	1,603,100	58%	1,738,300	71%
Infrastructure & Environment	87,250	excluded		excluded	
Depreciation	379,700	excluded		excluded	
Internal IT Labour	456,200	456,200	0%	456,200	0%
Totals for comparison	**1,939,950**	**2,059,300**	6%	**2,194,500**	13%
$ Variation to Current		**119,350**		**254,550**	
% Variation to Current		**6%**		**13%**	

COSTS ANALYSIS

The schedule illustrates that by excluding current IT infrastructure and environment costs and depreciation expense from the calculation of the total cost of the proposed Technology One options, the difference between:

> Option 1 – Single Instance and Current costs is an increase of $120,000 p.a. (or 6%)

> Option 2 – Separate Instance and Current costs is an increase of $255,000 p.a. (or 13%)

Note: It is considered valid to exclude the current Infrastructure & Environment and Depreciation costs from the comparison as under a SaaS delivery model they will not be incurred.

The single instance option offers significantly more value as it provides an additional range of software modules at a lower cost.

Cost variations by Council

Graphical representations of the variations between current and the proposed options for each Council are overleaf.

The most relevant comparisons to focus on are the values represented in solid colours, that is:

Total current costs vs

Technology One Single Instance + IT Labour vs

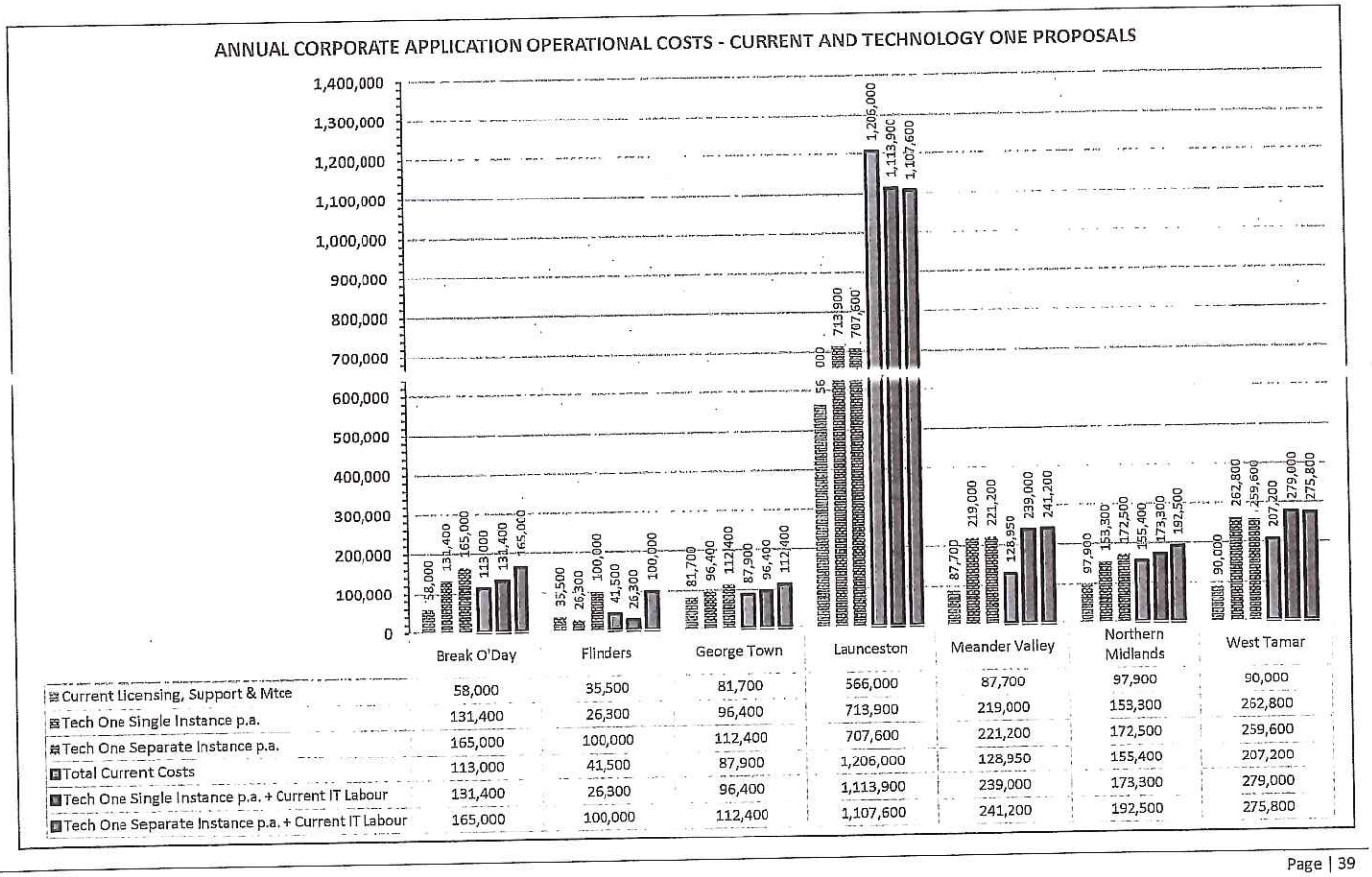
Technology One Separate Instance + IT Labour

Please note that:

> ***The single/shared instance options costs shown have been allocated on a per assessment basis.***

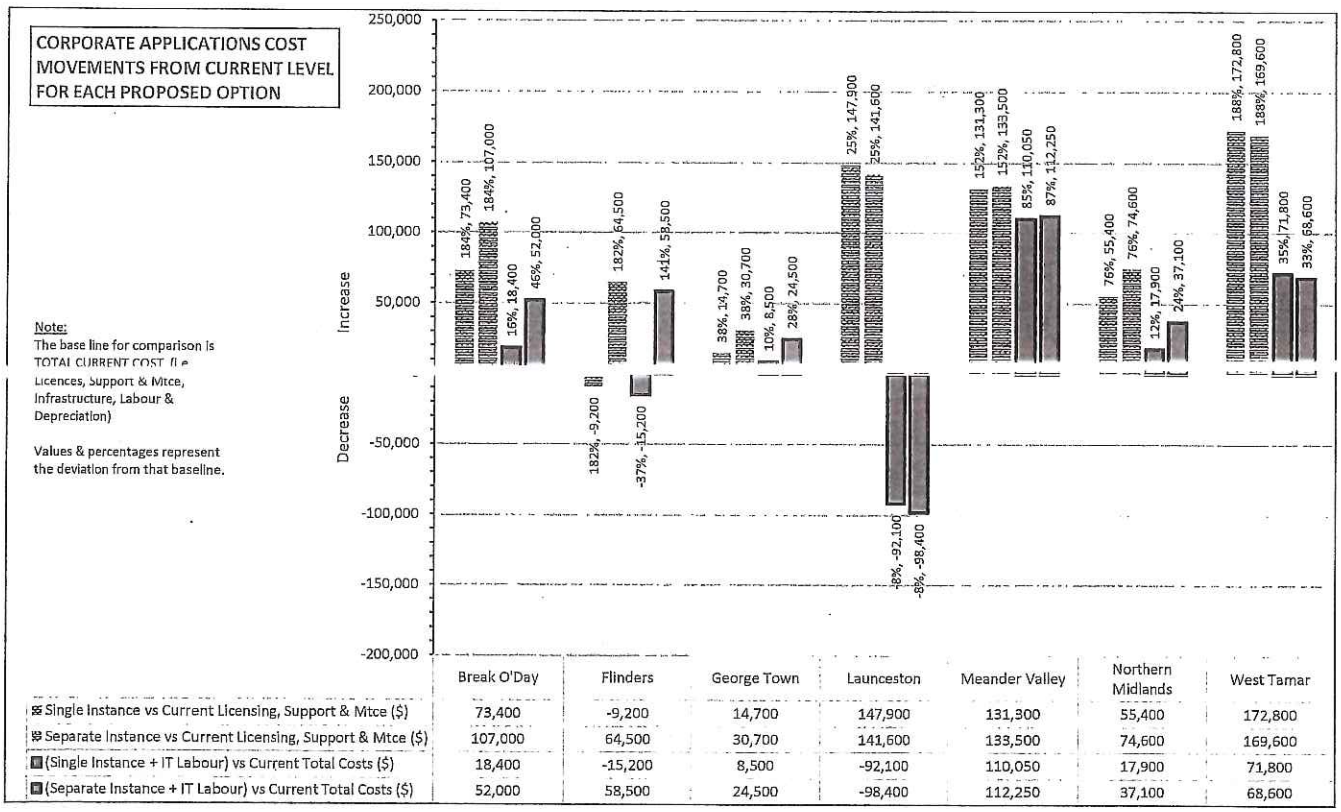
> ***The separate/independent instance option costs have been allocated according to the information included in the Technology One proposal.***

COSTS ANALYSIS



	Break O'Day	Flinders	George Town	Launceston	Meander Valley	Northern Midlands	West Tamar
Current Licensing, Support & Mtce	58,000	35,500	81,700	566,000	87,700	97,900	90,000
Tech One Single Instance p.a.	131,400	26,300	96,400	713,900	219,000	153,300	262,800
Tech One Separate Instance p.a.	165,000	100,000	112,400	707,600	221,200	172,500	259,600
Total Current Costs	113,000	41,500	87,900	1,206,000	128,950	155,400	207,200
Tech One Single Instance p.a. + Current IT Labour	131,400	26,300	96,400	1,113,900	239,000	173,300	279,000
Tech One Separate Instance p.a. + Current IT Labour	165,000	100,000	112,400	1,107,600	241,200	192,500	275,800

COSTS ANALYSIS

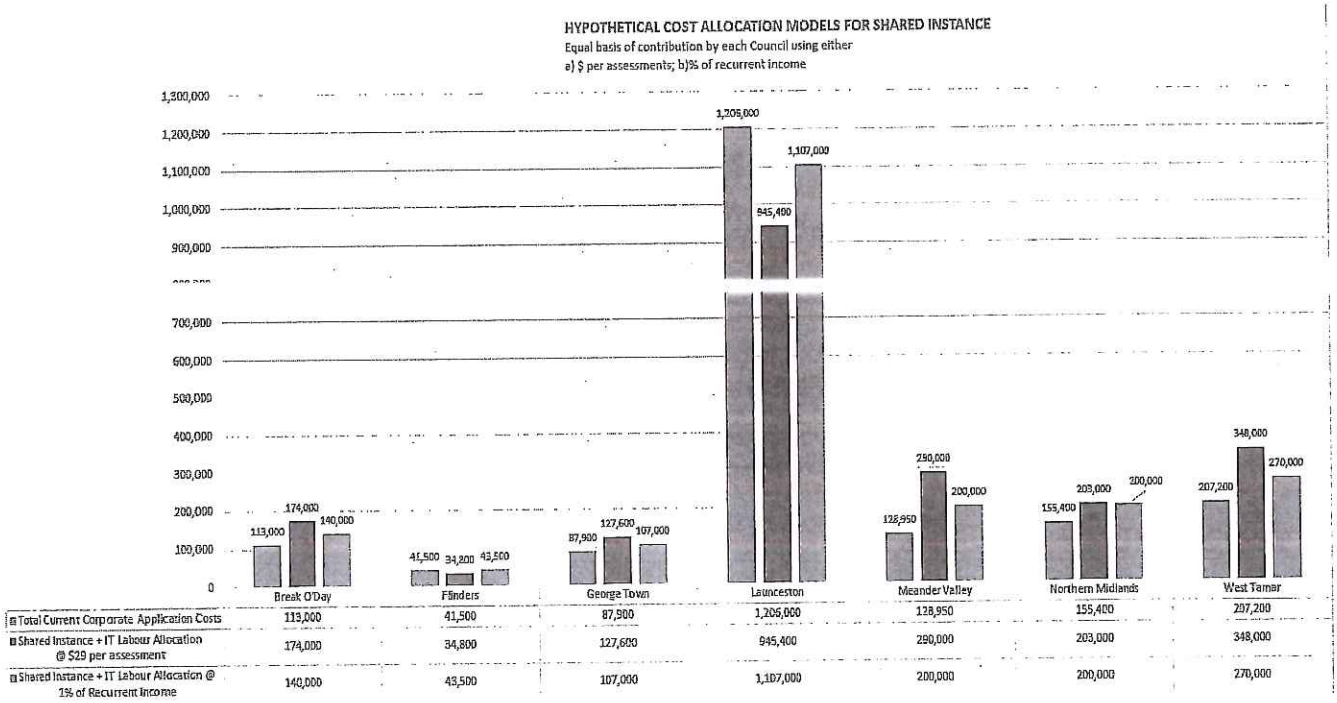


	Break O'Day	Flinders	George Town	Launceston	Meander Valley	Northern Midlands	West Tamar
Single Instance vs Current Licensing, Support & Mtce ($)	73,400	-9,200	14,700	147,900	131,300	55,400	172,800
Separate Instance vs Current Licensing, Support & Mtce ($)	107,000	64,500	30,700	141,600	133,500	74,600	169,600
(Single Instance + IT Labour) vs Current Total Costs ($)	18,400	-15,200	8,500	-92,100	110,050	17,900	71,800
(Separate Instance + IT Labour) vs Current Total Costs ($)	52,000	58,500	24,500	-98,400	112,250	37,100	68,600

COSTS ANALYSIS

Hypothetical Cost Allocation Models

Refer to the following page for explanatory comments.



	Break O'Day	Flinders	George Town	Launceston	Meander Valley	Northern Midlands	West Tamar
Total Current Corporate Application Costs	113,000	41,500	87,900	1,205,000	128,950	155,400	207,200
Shared Instance + IT Labour Allocation @ $29 per assessment	174,000	34,800	127,600	945,400	290,000	203,000	348,000
Shared Instance + IT Labour Allocation @ 1% of Recurrent Income	140,000	43,500	107,000	1,107,000	200,000	200,000	270,000

COSTS ANALYSIS

Allocation of software subscription and application analyst labour costs would need to be considered and agreed if a comprehensive shared service were to be implemented by and for the Councils.

Principles of equality should be considered when developing options for the same. Two possible foundations could be a fixed $ charge per assessment within each municipality; or a standard % of recurring income. The former ($ per assessment) relates to the basis of licensing / subscription charges that Technology One applies, thus could be considered a more valid approach.

The chart on the previous page illustrates the levels and variation of costs between current total corporate application costs, a fixed amount ($29) per assessment and a percentage (1%) of recurring income, for each Council. The rates used result in a yield that approximates the $2.1m total cost of the shared instance option.

These models have the effect of distributing the labour costs of the Councils who currently have IT personnel involved in the administration, support and development of corporate application based systems processes, across all Councils.

Implementation Costs

- The Technology One provided implementation costs are broad estimates only. They do not include allowances for travel, accommodation or other incidentals. Their proposal specifies some exclusions and responsibilities assumed to be the Councils' (e.g. data conversion, training). Estimates of greater accuracy will only be able to be developed after a number of decisions are made, for example which Councils are participating, is the approach to implementation feasible etc.
- Further consideration of how implementation costs could be allocated is needed, especially in regard to the single/shared instance option. This can only be done with some collaborative discussion and after other decisions are made.
- Technology One have provided a schedule of implementation costs per Council for Option 2 in their proposal. Refer: Appendix #1 - Technology One's proposal of July 6, 2020
- The proposal suggests that a dedicated five member team be formed to manage the implementations. This does not reflect the time that will need to be allocated by various others to each Council's respective implementation project. A model whereby key employees in functional areas are seconded to the implementation project, then return to their roles once complete armed with the knowledge they have gained should be implemented. Regular roles should be back-filled.
- From experience and discussion with industry peers over time one of the common downfalls of systems implementation planning is not understanding or under-estimating the true cost of implementation. Figures of professional services equating to 50% of implementation costs have been quoted.

Within the context of the above, a very broad estimate of the minimum total implementation cost is:

Item	Estimate	Basis
Professional Services	2,000,000	
Implementation team	2,500,000	5 members, thus $500k p.a. over say 4-5 years.
Provision for other	500,000	Incidentals, Contingencies, Other resources
	5,000,000	

KEY FINDINGS

> ***Annual operational costs for the Technology One single instance option at $2.06m will notionally be $120,000 (or 6%) higher than the current total budgeted operational expenditure for corporate applications across all Councils.***

> ***Annual operational costs for the Technology One single instance option at $2.2m will notionally be $255,000 (=13%) higher than the current total budgeted operational expenditure for corporate applications across all Councils.***

Note: The operational costs used for comparison exclude any remaining depreciation, or loss on disposal, attributable to the Councils' current products that would be decommissioned.

> ***The single instance option offers greater value due to the inclusion of a greater range of software modules at a lower cost.***

> ***If a shared service model were proceeded with consideration would need to be given to developing a cost allocation model built upon the principles of equality.*** Possible models identified and modelled were based upon a fixed charge per assessment or fixed percentage of recurrent income.

> ***The Technology One provided implementation services estimates are only one component of overall project implementation costs. At this stage total costs in the vicinity of $5 million would seem a relevant ballpark estimate.*** *An allocation model for the implementation costs has not been presented as estimates of greater accuracy will only be able to be developed after a number of decisions are made.*

FEASIBILITY ASSESSMENT

Objective #2: Perform an assessment and arrive at a conclusion as to the advantages, disadvantages and feasibility of the various options for a shared service software platform presented by Technology One.

The feasibility assessment outcomes should be considered in the context of the study being an initial, higher level exercise to guide a decision as to whether the shared service concept and Technology One options should be considered further. Some factors will need to be the subject of further assessment to prove or disprove feasibility of the concepts and solution proposed.

The overall assessment has been based upon a range of categories and factors. A non-condensed version of what is included below can be found in the detail report.

Summary of the feasibility assessment

Legend	
✓	Assessed as feasible without qualification.
✓	Assessed as feasible with qualification/further consideration needed.
✗	Considered not to be not feasible at this stage.

Category	Factors Considered	
SOFTWARE SOLUTION(S) PROPOSED	Do the proposals *"...support the ability to consolidate and drive synergies in processes across all operations of the council"* (*KPMG Northern Councils Shared Service Project Final Report, 8th September 2017,*) Can it/will they work? Are they suitable? Timeframes?	✓
ORGANISATIONAL	Degree of match with current strategies and policies.	✓
POLITICAL	Support for the concept, the number who may participate, agreement on how it will operate.	✓
PEOPLE	Acceptance of change; change management; skills and resources; risks.	✓
PROCESS	Governance framework and agreement. Willingness to develop, adopt and share standard processes across Councils.	✓
PRODUCT	Does the Technology One software as proposed: > cater for the Councils' current requirements? > align with the Council's vision, strategy and future plans?	✓

Category	Factors Considered	
	> have the potential to provide additional functionality and value than required in the short term? Maturity, usability, security.	✓ ✓
VENDOR	Commercially sustainable; Local Government focus; market penetration and success; product delivery; service and support; professional services; business relationship.	✓ ✓
TECHNICAL	Infrastructure, platforms and network communications.	✓
IMPLEMENTATION	Approach and planning. (More detail needed that can only be done if and as the initiative progresses.)	✓
COST & VALUE	Affordability and value for money.	✓
SUSTAINABILITY	Product; Costs/funding required; People	✓
LEGISLATIVE/REGULATORY	Local Government Act; Privacy and Information protection.	✓
FUTURE EXIT STRATEGY	Contracts and agreements; Data ownership; Ability to remove a Council's data from the shared instance.	✓

KEY FINDINGS & ASSESSMENT OUTCOME

> *Of the factors considered none, nor either, of the proposed options were assessed to be "not feasible"*

> ***There are factors that need to be subject to further research and discussion before a "feasible without qualification" ranking can be applied to either.***

> ***The more significant factors that need further consideration relate to developing an understanding and agreement between Councils for establishing common processes, sharing data and governance and administrative arrangements for a shared service.***

> ***If there is acceptance and agreement of common processes and shared data in some functional areas across the Councils the single/shared instance option is the most relevant and advantageous.***

> ***The concept and proposals should advance to the next stage of investigation, if there is support to do so on the basis of what has been presented in this report.***

RELATED ISSUES

Procurement

The legislative and policy requirements of Local Government will impact how the procurement of the SaaS and associated implementation services is carried out.

Given the level of expenditure an open market assessment process would ordinarily be required.

The role of the City of Launceston needing to be being an "anchor" participant in a shared service adds a further aspect to the procurement process.

On the assumption that the City of Launceston would not wish to embark upon a significant project to change their corporate software suite an open market process for a shared service then becomes one of inviting for tenders from suppliers of Technology One software. There is only one supplier.

The procurement of professional services for implementation activities could be approached in a more regular way as there is known to be at least one other company that specialises in Technology One software, beyond Technology One themselves. A possible scenario would be to create a preferred supplier type arrangement and use a mix of consultancy resources from multiple companies that best fits the work requirements.

Deciding on a procurement process would need to be a matter for the Councils to agree on, with relevant approvals sought if needed.

NEXT STEPS

In the event that management of the Councils decides and agrees to proceed further with the assessment of the concept, the suggested next steps are:

1. Each Council to consider and advise whether they wish to continue to participate in the assessment of the shared service concept. Changes to participation will impact on the following steps and will necessitate Technology One providing a revised proposal.
2. Communicate the initiative, its purpose and current status within each Council. Invite a relevant employee(s) from each functional area to be part of a cross Council team to be involved in the next steps.
3. Arrange a presentation and discussions with management and the nominated employees to explain and discuss the impacts of a shared service arrangement on software and processes. This would require representatives from each participating Council and Technology One product specialists. Appendix #3 – Single Instance Product, Data & Process Assessment would be a focus of discussion in those sessions.
4. City of Launceston to run an event to demonstrate and discuss their use of the Technology One software and associated processes to the other Councils.
5. Obtain a decision on the acceptability of data from each respective Council being accessible from others in the consortium, and identify the controls that would be required.
6. Determine whether there are opportunities for grant funding to assist with implementation costs.
7. Consider and decide upon a model for the allocation of implementation costs.
8. Commence research and collaboration to support the drafting of a shared service entity structure, governance framework and associated matters such as overall principles and the basis of cost allocation. There would be benefits to obtain input from those who have been involved with shared service establishment and management, whether in Local Government or beyond.
9. Technology One currently proposes that the single/shared instance service contract would be between Technology One and the City of Launceston, with Launceston having the rights to provide the software to the other Councils. Similarly the implementation services contract would be with the City of Launceston. Determine if this arrangement is agreeable to Launceston.
10. Obtain insight into each Councils view on how the development of common processes should and could proceed.
11. Decide whether to proceed to stage #3 of assessment.

<<End of report>>

APPENDICES

Appendix #1 – TECHNOLOGY ONE'S PROPOSAL OF JULY 6, 2020

Commercial in Confidence

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6-July-2020

Andrew Gall
Advisor – Northern Tasmania Regional Councils Shared IT Services
Andrew.Gall.au@outlook.com

Dear Andrew

Re: Northern Councils Shared Services

Thank you for the opportunity to provide these details for inclusion in your Feasibility Study in relation to the establishment of a Northern Councils Shared Services arrangement.

The details I am providing below are intended to provide further validation of the TechnologyOne costs presented to the Northern General Managers meeting in December 2019. These costs (ex GST) and timeframes are indicative only and subject to further approval by TechnologyOne based on the Councils selection of a preferred implementation model.

The alternative models under review are:

- A single SaaS instance containing all councils
- A separate SaaS instance for each council

Our responses provide the key commercial and implementation approach issues we have identified to date through our investigations. A detailed functional review of the single instance models is provided through the attached Shared Environment Analysis v1.0.xls.

TechnologyOne looks forward to moving to the next stage with the Northern Councils to fully quantify the preferred model.

Kind Regards,

Paul Curtis

Customer Account Manager

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Single Instance

- SaaS and Implementation contract would be with CoL and include the right to provide T1 software to additional councils
- The net additional annual SaaS Cost to CoL would be $925,000.
    - This is the additional cost on top of the existing ASM and SaaS fees from all councils.
    - Enterprise licence based on total rateable properties of all councils
    - The proposal would be to move CoL to the Cloud and increase the CoL property licence to support all councils.
    - The councils would apportion the SaaS cost internally.
    - The Modules are based on existing CoL modules with the addition of IntraMaps to provide a common spatial viewer across councils, and the Cash Accounting module to support a central treasury function.

- Implementation Estimate: $2,000,000
    - Councils would apportion the implementation cost internally
    - Councils effectively operate with a single back office but separate front offices. Maintains separate reporting and budget for each councils.
    - Requires a single configuration with only minor council specific modifications
        - Same business systems – both T1 & 3rd party systems, single instance cannot be linking out to multiple disparate systems. This will reduce integration requirements and costs
        - Same business processes
        - Same business outcomes
    - Assumes CoL have upgraded the existing Chart of Accounts to OneCouncil standard Chart of Accounts and upgraded CES to CiA. These costs are not included in the estimate.
    - The implementation would require a dedicated Council implementation team of 5 people to manage the project
    - T1 would migrate CoL CES to the Cloud and implement initial Pilot site (eg GTC). Implementation approach for CES is to realign CoL existing configuration to support multiple councils
    - Implement P&R CiA Request Management - SaaS to align with CES and support Asset Management integration
    - Councils are responsible for data migration, end user training and remaining sites after Pilot site.

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- Phase 1 approach:
  - CES – SaaS
    - ECM remains on premise with no integration to CES - SaaS
    - Regular imports/postings of transactions from P&R Ci - On Premise
  - P&R Ci/ECM - remains On Premise
    - Maintain existing ECM/P&R on-premise integration
    - Regular exports/postings of transactions to CES - SaaS
  - P&R CiA Request Management - SaaS to align with CES (for ALM integration)
    - No integration with ECM
    - Regular imports of Property/Land data from PR Ci - On Premise
    - Regular imports of Spatial

Proposed Single Instance Approach						
Phase	Responsibility	Year 1	Year 2	Year 3	Year 4	Year 5
1	T1	CoL/Pilot CES into Cloud				
2	T1	CiA Request Management				
3	Councils		Migrate remaining councils CES/RM			
4	T1			CoL/Pilot Ci P&R/ECM		
5	Councils				Migrate remaining Councils P&R/ECM	

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Separate Instances

- **Net additional SaaS Costs: $1,060,200**

Council	Additional SaaS	Implementation Type
Break O'Day	$165,000	New Implementation
Flinders	$100,000	New Implementation
George Town	$103,200	New Implementation
Northern Midlands	$138,000	New Implementation
West Tamar	$259,600	New Implementation
Launceston	$141,600	Cloud Migration
Meander	$152,800	Cloud Migration and ALM Implementation
	$1,060,200	

  - This is the additional cost on top of any existing ASM and cloud costs
  - All councils must agree and sign up to a separate SaaS Contract at commencement. Enterprise licence based on rateable properties for each council
  - Minimum SaaS fee of $100,000 per council.
  - CoL and MVC migrate existing configuration to Cloud
  - Minimum Module set (attached) for all councils including MVC. Councils can select additional modules at additional cost

- **"New Implementation" Estimate: $2,100,000**
  - Single implementation contract with "Shared Service" entity. Councils to apportion cost internally
  - Single Design and Documentation stage to create a template for all sites.
  - Single Implementation Team Training stage
  - Same business processes
  - Same business outcomes
  - The implementation would require a dedicated Council implementation team of 5 people to manage the project
  - Efficiencies in the implementation stages will be achieved where possible through running a single Design and ITT phase for all councils. Other stages will be run separately for each council. It is assumed that the council implementation team will progressively take over some tasks as additional councils are implemented.

Stage	Approach
Design Workshop and Documentation	Single/Combined
Configuration	Multiple/Individual
Implementation Team Training (ITT)	Single/Combined
User Acceptance Testing (UAT)	Multiple/Individual
Deployment	Multiple/Individual

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- Councils responsible for data migration and end user training

- Cloud Migration included in additional Saas Fee
- Cost excludes CiA P&R upgrade for CoL and MVC
- Implementation of additional modules at MVC (eg Asset Management) is responsibility of Council Implementation team

Proposed Separate Instances Approach						
Option	Responsibility	Year 1	Year 2	Year 3	Year 4	Year 5
1	TI	Pilot CES New Implementation CoL and MVC Cloud migrations	Additional CES New Implementations	Pilot CiA P&R New Implementation	Additional P&R New Implementations	
2	TI					
3	Councils					
4	TI					
5	Councils					

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Separate Instance Module List

LICENCE GROUP -
TechnologyOne Financials
Core
General Subsidiary Ledger and Management Functions
Accounts Payable
Reconciliation
Fixed Assets
External Systems Interface
Extensions
GL Reconciliaton
Recurring Documents
Connectors
XLOne Reporting for Financials
Business Analytics for Financials
ETL for Financials

LICENCE GROUP -
TechnologyOne Supply Chain Management
Core
Purchasing/Commitments
~~Connectors~~
XLOne Reporting for Supply Chain

LICENCE GROUP -
TechnologyOne Enterprise Asset Management
Project Execution & Delivery
Projects
Asset Management
Physical Assets Register
Maintenance Scheduling
Conditions & Inspections
Work Management
Work Orders
Work Requests
Work Schedule & Dispatch
Extensions
Asset Management GIS Mapping & Viewer Integration
GIS Data Synchronisation & Reconciliation
Connectors
XLOne Reporting for Asset Management
Business Analytics for EAM
ETL for Asset Management

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Separate Instance Module List

LICENCE GROUP -
TechnologyOne HR and Payroll

Core
Human Resources and Payroll
Organisation Management
BPA Forms
Timesheet Entry & Costing
Employee Self Serv
My Details
MyLeave
MyPay
MyTeam Details
MyTeam Leave
MyTeam Timesheets
Connectors
XLOne Reporting for HR & Payroll
Business Analytics for HRP
ETL for HR & Payroll
Workflow Maintenance for HR & Payroll

LICENCE GROUP -
TechnologyOne Corporate Performance Management

Core
Enterprise Budgeting

LICENCE GROUP -
TechnologyOne Enterprise Cash Receipting

Core
ECR Core
EFTPOS
Backoffice and Bpay
Product Connectors
Financials
Property

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Separate Instance Module List

LICENCE GROUP -
TechnologyOne ECM

Core

ECM Core

LICENCE GROUP -
Break Out Packs
Maximum Named

MyTimesheets

Asset Mgt Mobility - Inspections

Asset Mgt Mobility - Work Orders

MyWorkRequests

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Separate Instance Module List

LICENCE GROUP -
TechnologyOne Property
Core
Property Nucleus
eDocument Delivery
Billing & Revenue Management
Rating & Valuations
Debtors
Debt Recovery
Regulatory Management
Development & Building Applications
Licences and Permits
Certificates
Property By Law Enforcement
Bonds and Guarantees
Infringements
Animal Management
eProperty Online Services
[illegible]
eCustomer
eLodgements
eTracking
ePayments
eRequests
Integrations
GIS Integration - Navigation
GIS Integration - Embedded Mapping
GIS Integration - Data Sync & Reconciliation
Quick Address Integration
Extensions
Data Management
Connectors
XL One Reporting for Property
Business Analytics for Property

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