

2. Confidential items

2.1 Confidential Report - ICT reform project

MOVED Cr Greaves.

1. That:

- a. *under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public, with the exception of staff on duty, be excluded from attendance at the meeting in order to consider this item in confidence.*
- b. *the Council is satisfied that it is necessary that the public, with the exception of staff on duty, be excluded to enable the Council to consider the report at the meeting on the following grounds:*
Section 90(3)(d) commercial information of a confidential nature (not being a trade secret) the disclosure of which -
 - (i) *could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - (ii) *would, on balance, be contrary to the public interest;*
- c. *accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.*

Seconded by Cr Themeliotis.

CARRIED

MOVED Cr Deakin.

2. *That Council notes the November 2016 proposal put forward by TechnologyOne to provide the City of Onkaparinga with a new Enterprise Resource Planning software system, OneCouncil included at attachment 1 to the agenda report.*
3. *That Council adopts the ICT Strategic Objectives as set out in Section 4 of the agenda report to underpin any corporate Enterprise Resource Planning software solution.*
4. *That Council:*
 - a. *Approve an exemption from the Procurement Policy to negotiate directly with TechnologyOne for the provision of the ERP system, OneCouncil on the basis that there is no other comparable vendor in the market which can offer a whole of business ERP software solution tailored to Local Government which will meet the majority of Council's strategic ICT objectives.*
 - b. *Delegate authority to the Chief Executive Officer (or his delegate) to negotiate contract terms and conditions with TechnologyOne for the ERP solution, OneCouncil.*
 - c. *Note that a Prudential Report into the ERP will be tabled for Council's consideration once negotiations have been completed for Council's decision.*

Seconded by Cr Hennessy.

Cr Olsen MOVED an AMENDMENT.

- 2. That Council notes the November 2016 proposal put forward by TechnologyOne to provide the City of Onkaparinga with a new Enterprise Resource Planning software system, OneCouncil included at attachment 1 to the agenda report.*
- 3. That Council adopts the ICT Strategic Objectives as set out in Section 4 of the agenda report to underpin any corporate Enterprise Resource Planning software solution.*
- 4. That Council:*
 - a. Approve an exemption from the Procurement Policy to negotiate directly with TechnologyOne for the provision of the ERP system, OneCouncil on the basis that there is no other comparable vendor in the market which can offer a whole of business ERP software solution tailored to Local Government which will meet the majority of Council's strategic ICT objectives.*
 - b. Delegate authority to the Chief Executive Officer (or his delegate) to negotiate contract terms and conditions with TechnologyOne for the ERP solution, OneCouncil.*
 - c. Note that a Prudential Report into the ERP will be tabled for Council's consideration once negotiations have been completed for Council's decision.*
- 5. That Council, subject to its final approval of the project:*
 - a. approve the setting aside of funding through borrowings as part of the budget process to cover the 2017-18 and 2018-19 direct costs for the software licensing and project implementation costs as per attachment 2 Financial project overview to begin implementation of the new OneCouncil software product from TechnologyOne.*
 - b. approve that the remaining 3 years of direct costs for the software licensing and project implementation costs as per attachment 2 Financial project overview not be funded through borrowings but from organisational operational savings to be found as a result of the first 2 years of implementation, noting the savings required total:*
 - 2019-20: \$1,237,053*
 - 2020-21: \$864,724*
 - 2021-22: \$891,286 .*
 - c. approve the setting aside of funding from the Contingency Reserve Fund commencing 2017-18 as part of the budget process and continuing over the life of the project for the costs associated with the internal change management, staffing and project management expenditure required for the successful implementation of the OneCouncil solution as per attachment 2 to the agenda report, Financial project overview.*
 - d. flexible arrangements for future budget considerations of borrowings for completion of other proposed projects.*

Seconded by Cr Parslow.

The AMENDMENT was PUT and CARRIED.

The MOTION, thus AMENDED, was PUT and CARRIED.

MOVED Cr Kilby.

- 6. That the matter of the ICT reform project, having been considered by the Council in confidence under sections 90(2) and 90(3)(d) of the Local Government Act 1999 that an order be made under the provisions of sections 91(7) and (9) of the Local Government Act 1999 that the ICT reform project and the minutes and the report of the Council relating to discussion of the subject matter be kept confidential until after the completion of the finalised and agreed contract period.*
- 7. That, pursuant to section 91(9)(a) of the Local Government Act 1999, Council delegates the duty to conduct an annual review of the confidentiality order to the Chief Executive Officer, or their sub-delegate.*
- 8. That, pursuant to section 91(9)(c) of the Local Government Act 1999, Council delegates the power to revoke the confidentiality order to the Chief Executive Officer, or their sub-delegate.*

Seconded by Cr Gunn.

CARRIED

2.1 Confidential Report - ICT reform project

This is a regular or standard report.

Director: Alison Hancock, Director Corporate and City Services
Report Author: Alison Hancock, Director Corporate and City Services
Mark Gillespie, Manager ICT
Darren Styler, Manager Finance
Contact Number: 8384 0507
Attachments: 1. Proposal – Technology One November 2016
2. Financial project overview

1. Purpose

This report presents to Council for its consideration the major component of the ICT reform program, through the rationalisation of Council's several current core software applications to a single Enterprise Resource Planning (ERP) software system. The outcome will enable more effective and efficient business operations of the Council to occur, which in turn will provide a much improved customer interface.

2. Recommendations

1. That:

a. under the provisions of Section 90(2) of the *Local Government Act 1999* an order be made that the public, with the exception of staff on duty, be excluded from attendance at the meeting in order to consider this item in confidence.

b. the Council is satisfied that it is necessary that the public, with the exception of staff on duty, be excluded to enable the Council to consider the report at the meeting on the following grounds:

Section 90(3)(d) commercial information of a confidential nature (not being a trade secret) the disclosure of which -

(i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and

(ii) would, on balance, be contrary to the public interest;

c. accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.

2. That Council notes the November 2016 proposal put forward by TechnologyOne to provide the City of Onkaparinga with a new Enterprise Resource Planning software system, OneCouncil included at attachment 1.

3. That Council adopts the ICT Strategic Objectives as set out in Section 4 of the agenda report to underpin any corporate Enterprise Resource Planning software solution.

4. That Council:

- a. approve an exemption from the Procurement Policy to negotiate directly with TechnologyOne for the provision of the ERP system, OneCouncil on the basis that there is no other comparable vendor in the market which can offer a whole of business ERP software solution tailored to Local Government which will meet the majority of Council's strategic ICT objectives
 - b. delegate authority to the Chief Executive Officer (or his delegate) to negotiate contract terms and conditions with TechnologyOne for the ERP solution, OneCouncil.
 - c. note that a Prudential Report into the ERP will be tabled for Council's consideration once negotiations have been completed for Council's decision.
5. That Council, subject to its final approval of the project:
 - a. approve the setting aside of funding through borrowings commencing 2017-18 as part of the budget process for the direct costs for the software licensing and project implementation costs as per attachment 2 Financial project overview to implement the new OneCouncil software product from TechnologyOne and continuing over the five year project timeline of the project.
 - b. approve the setting aside of funding from the Contingency Reserve Fund commencing 2017-18 as part of the budget process and continuing over the life of the project for the costs associated with the internal change management, staffing and project management expenditure required for the successful implementation of the OneCouncil solution as per attachment 2 Financial project overview.
6. That the matter of the ICT reform project, having been considered by the Council in confidence under sections 90(2) and 90(3)(d) of the *Local Government Act 1999* that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the ICT reform project and the minutes and the report of the Council relating to discussion of the subject matter be kept confidential until after the completion of the finalised and agreed contract period.
7. That, pursuant to section 91(9)(a) of the *Local Government Act 1999*, Council delegates the duty to conduct an annual review of the confidentiality order to the Chief Executive Officer, or their sub-delegate.
8. That, pursuant to section 91(9)(c) of the *Local Government Act 1999*, Council delegates the power to revoke the confidentiality order to the Chief Executive Officer, or their sub-delegate.

3. Background

Council currently has several disparate core software systems operating the majority of its back office functionality across the organisation.

These current core software systems are:

| Vendor | Product | Back office function | Implementation date |
|----------------|--|---|---------------------------|
| Oracle | JD Edwards | Finance Procurement Payroll | April 2002 |
| Technology One | ECM (Enterprise Content Management) (Formally Dataworks) | Document management | Dataworks January 2001 |
| Infor | Pathway | Land information systems (property and rating) Development approvals Regulatory services Customer request management | January 2000 |
| Assetic | Assetic (was formally owned by TechOne at the time of implementation) | Asset Management | 2014 |

In addition to these core software systems, Council currently operates a further 200+ software products.

We currently do not have a solid software foundation to adequately nor proactively manage our human resources, payroll, project management and corporate reporting (analytics) business requirements.

The City of Onkaparinga commenced the review of its ICT operations in late 2014. A review was undertaken by Price Waterhouse Coopers (PWC) which considered options for upgrading the key components of our 'back office' software systems, namely finance, procurement and human resources/payroll. The review considered a migration to a seamless and integrated Enterprise Resource Planning (ERP) system. In particular, the PWC report considered options of moving towards a Microsoft Dynamix environment against that of migrating to a Civica Authority software system.

The review found that there was a compelling rationale to adopt an ERP solution which would leverage and provide for as many elements of Council business as possible.

PwC found that council would gain significant improvements and costs savings of \$1.17m per annum over the current state with an "integrated business software suite" from a single vendor.

This report has been driven initially by the findings of the PWC study and subsequently from an internal cost benefit analysis and a peer review of literature from across the Australasia region into ICT reform projects.

The combination of reviews undertaken into ICT since 2014 now presents a case for the City of Onkaparinga to commence a programme to replace its current core enterprise systems with a fully integrated software solution from a single vendor.

In January 2015, an internal working party drafted a detailed cost benefit model that compared upgrading current systems versus replacement with an "integrated business software suite". This extensive piece of work that built on the work from PwC, involved workshops and interviews with 268 staff, reviews of business processes and service delivery, functional gap analysis studies and detailed time and motion studies. The report also expanded the core functionality requirements under consideration from three to seven which included:

- Land information systems (property and rating)
- Document management systems
- Asset management systems
- Project management systems
- Human capital management systems
- Financial management systems
- Supply chain management systems.

This cost benefit analysis undertaken by the working party found that up to \$5 million per annum could be achieved in productivity improvements across the organisation upon the successful implementation of an integrated software solution. This is modelled on a conservative estimate of 5%. Our research from other Council sites has advised that productivity improvements in the order of 8-10% have been achieved upon successful completion of an ERP solution.

The City of Onkaparinga is fundamentally seeking to realise maximum business benefit from a technology-led business transformational change in how it delivers services to internal and external customers. We seek to replace existing systems that are:

- duplicating data and functions
- vulnerable to unplanned outages and provide a low level of assurance for business continuity
- able to provide levels of data accuracy rather than the reliance on manual systems
- limiting data integration opportunities
- architecturally inconsistent with an "integrated business software suite" model
- costly and resource intensive to maintain by in-house staff
- experiencing a high frequency of one software upgrade negatively impacting on other related software systems (routine software upgrades negatively impact on inter related software, increasing the upgrade cost and risk of system failures)

- limiting the technology available in order to deliver a timely and positive customer experience
- inhibiting real time mobile or 'in field' technology
- do not have the ability to perform business at a time and location which supports our large geographic area
- unable to achieve a 'whole of business' integrated approach
- is operating on a separate platform of software to other similar Council's, thus not enabling leveraging opportunities for shared service arrangements in the corporate services sphere to be explored.
- Limiting the opportunity to share continuous improvement and/or respond to statutory change effecting local government leveraging efficiencies.

A successful business transformation project will seek to replace the current "best of breed software suite" from various vendors with a "fully integrated business software suite" from a single vendor. This will enhance internal and external services and change service delivery models to improve service efficiency. A "fully integrated business software suite" that is mobile-capable and delivered via a cloud computing architecture will support the strategic ICT objectives.

4. Strategic ICT Objectives

In recognising the background outlined above, our ICT strategic priorities are to:

- allow the City of Onkaparinga to meet customer expectations of an efficient and quality customer service experience today and into the future
- create nett efficiency improvements by reducing current manual work arounds to create fully automated workflows for business processes (this improvement has been internally modelled to be in the order of \$5m annually once the software is fully implemented)
- provide automated legislative and compliance internal controls
- be computer and mobile device capable
- be delivered via a cloud computing architecture (including hosting, management and maintenance of software system) which has in-built disaster recovery and resilience capabilities.
- be adaptable to the changing needs of the organisation and our community
- provides 'one view' of the customer and its interactions with Council
- enable 'self serve' by all users including ratepayers, contractors, suppliers and employees
- capture, analyse and manage social media interactions
- consolidate disparate data sources
- enhance system usability including capability for users to conduct transactions faster and through less key strokes and screens
- capability for single transactions to have multiple impacts across various business modules avoiding the need to re-key details into multiple systems
- increased automation and workflow avoiding delays caused by transaction bottlenecks

- provide improved analytics and reporting drawn from a single database which will allow for simpler and greater reporting power leading to increased opportunities for enhanced operational, compliance and strategic decision making
- faster access to business information leading to streamlined decisions
- has an comprehensive online help desk support
- be managed by a vendor who is easily accessible, has an Australian (and preferably South Australian) presence and is responsive to service calls.

The Strategic Objectives were identified in part following a review of documents and reports and speaking to a range of Council's who have undertaken technology change projects:

- Price Waterhouse Coopers, Back Office Systems Options Assessment, (September 2014), commissioned by the City of Onkaparinga
- Lange Consulting and Software, TechnologyOne Enterprise Resource Planning Benefits Analysis, commissioned by the City of Swan, Western Australia (Confidential report)
- City of Canning, WA – Core Systems Replacement Business Case, (September 2016) (Confidential report)
- Experience Matters Pty Ltd, Information Management Capability Maturity Assessment (2015), commissioned by the City of Onkaparinga
- MAV Technology, 'Anytime, Anywhere, Anyhow – A review into paperless Council meeting initiatives in Victoria; Implications and Implementation'
- Onkaparinga Business Performance Improvement team, non Core Systems rationalisation business modelling review (2015)
- City of Wellington, Lessons learnt regarding the implementation of OneCouncil presentation to Evolve Conference (2016).

There are many themes that emerge from the peer review of the above materials that underpin the driving objectives for the implementation of a single source ERP software system.

The two primary goals for our proposed ICT reform project will be to improve the customer experience and to achieve a better return on investment in terms of operational efficiency.

Acknowledging these imperatives, software must enable a single view of the customer to ensure that any employee who engages with that customer does so with the knowledge and insight into all previous interactions. This will allow us to continuously build on the customer outcomes through every engagement in order to provide the right information, consistently, timely, the first time, every time.

In addition, the functionality will provide an additional value added and efficient self-service opportunity to allow for customers to lodge, seek or interact with Council at a time that suits them and for the system to intuitively provide as much assistance automatically at this time. Examples of this would include:

- suppliers lodging invoices for payment online
- online booking systems for reserves, permits and council services
- lodging customer service requests for routine operational matters

- tracking where a customer enquiry is within council and the requisite service levels
- streamlined service standards as the system will reach the appropriate council representative based on inbuilt intelligent workflows
- personalised notification systems keeping the customer updated at milestones throughout their enquiry
- reduction of customer enquiries being un-actioned through automated task allocation and escalation workflows.
- The customer journey is continuously enhanced through analysis of pain points and feedback.
- Take up of contemporary applications providing more intuitive solutions as they become available.

5. Software Vendor Market Choice

There are very few Australian local government specific software providers and even fewer offering a fully integrated solution suitable for mid to large Councils.

This has effectively left Council with a choice between products from TechnologyOne and Civica as the only local government specific software vendors for mid to large councils. These products deliver upon the largest contingent of Council's functional areas.

Investigations into alternatives to the current "best of breed" system revealed in almost all cases where mid to large Councils throughout Australia and New Zealand have undertaken an "integrated" core systems replacement, the TechnologyOne solution has been extensively selected and implemented.

TechnologyOne are the only vendor that has an integrated Records Management, GIS, Asset Management, business intelligence and project management solution. Council is already using the TechnologyOne ECM (records management) system with no intention to move away from it in the foreseeable future.

Investigations also showed Civica is losing market share in mid to large Councils. As of May 2016 (in figures provided by TechnologyOne) of the past 44 tenders TechnologyOne have been involved in, TechnologyOne has been the successful tenderer in 40 instances. This included replacing Civica's Authority solution in 12 Councils.

In regard to core functionality, the Civica product roadmap lists a number of functionality improvements and new features planned to be implemented in stages up to January 2018. A gap analysis of the roadmap reveals around 95% of this planned functionality is already contained within the TechnologyOne solution.

Civica is owned by a Canadian firm. In 2016, Civica closed their Adelaide office, downsized others and retrenched many staff across the country.

TechnologyOne are an ASX 200 listed company based in Queensland with offices in Adelaide and other states around the country. Over 300 Councils in Australia and New Zealand use their software. Last year TechnologyOne had revenue around \$220m with profits of \$47m. Most importantly, they spent \$41m on R&D showing their commitment to improving and providing contemporary Local Government software.

Preferred vendor status and recommended software product

Our preferred vendor is TechnologyOne. Our preferred approach is to negotiate directly with TechnologyOne for their OneCouncil software solution. A direct negotiation will leverage upon the majority of tender processes that have occurred across Australia and New Zealand in recent years, and acknowledges the market share that TechnologyOne have accomplished during these competitive processes.

In addition, TechnologyOne is the only software vendor who can offer:

- Fully integrated system incorporating records management, asset management, portfolio and project management, GIS and in built business analytics and reporting through its OneCouncil product
- offers functionality on any device, anywhere
- an Australian based and managed company with a South Australian office presence
- will offer the most significant reduction in the number of Council's current software products (likely to be in the order of 75% reduction of current software systems once project completion has occurred)
- a comprehensive and robust disaster recovery model.

As outlined in the proposal at Attachment 1, the OneCouncil solution offers the opportunity for our ratepayers, suppliers and contractors to be provided with a secure log on giving them a customised interface with Council that recognises their relationship with us. The software has the ability where these customers have a multitude of relationships with us to tailor the interface to manage these different perspectives. The functionality of the software will be accessible to them in 'real time' and will no longer be dependent on our office opening hours offering true 24x7 services to our community through a self-service kiosk arrangement.

6. ICT Reform Roadmap

During the past 18 months, we have been preparing the organisation's ICT environment with foundational projects to assist in the successful delivery of a new corporate ERP system. These improvements include:

- Introduction of a standard desktop environment (managed centrally)
- Transition of Microsoft Office platform from Office 2010 to Office 2016 and Office 365
- Windows 7 migration to Windows 10 platform
- Centrally managing all updates to desktop and operating systems
- Upgrading server environment (was Microsoft server 2008 to Server 2016)
- Upgrade to current records management system (ECM) to meet business needs and improve information governance across the organisation
- Moving email and archiving environment to Microsoft cloud
- Implementation of a new wireless network across major office sites
- Improved network architecture and improved connectivity to the internet
- Increasing mobile device footprint allowing for greater use and functionality across the organisation.

In addition to these foundation projects, we are also implementing other complimentary ICT projects within the reform package with a focus on improving the customer experience including:

- new and improved website and intranet (will be subject to separate Council report)
- improved phone system
- augmentation of the current financial general ledger in JD Edwards through a project to migrate our current ledger structure to a project and service based costing model
 - this project can be found as a recommended project in the 2017-18 PCW project list under the Organisational Response PCW category.

7. Project Governance

Procurement policy considerations

Council's current Procurement Policy contains principles for the acquisition for goods and services by the Council. Amongst these are the encouragement of open and effective competition and obtaining value for money. The Policy states that value for money is not restricted to price alone. The assessment of value for money must include, where possible, consideration of (non exhaustive):

- the contribution to Council's long term plan and strategic direction,
- any relevant direct and indirect benefits to Council, both tangible and intangible
- efficiency and effectiveness of the proposed procurement activity
- fitness for purpose of the proposed goods or service
- whole of life costs
- risk exposure
- Council's internal administration costs
- technical compliance issues.

With these principles in mind, the Policy states that we must be able to give and provide documented evidence of reasons for the decisions made in our procurement activities.

The Policy outlines that an available procurement method is that of direct purchasing, although the Policy states that this is generally for low cost or low risk goods.

The Council, the CEO or a delegated officer of Council with the appropriate financial delegation may apply for waiving compliance to the Procurement Policy. An exemption can be sought in instances where a procurement process will not necessarily deliver the best outcome for the Council. One such rationale is where the supply market is known to be limited, or where it can be demonstrated that a procurement process will not deliver the best outcome for the Council.

A subsequent and relevant consideration is where the service or goods has already been the subject of a recent competitive process.

We are aware through engagement with other Councils who have tested the market for an ERP application that the pricing proposal as put forward by TechnologyOne is price competitive. In addition, TechnologyOne has successfully won 40 of the most recent 44 tenders in the open market for the same software product that Onkaparinga is sourcing.

Prudential reporting consideration

Section 48 of the *Local Government Act* provides for Council to ensure that it has properly considered any project which has the potential to financially impact on the Council where that project is valued above \$4 million.

The ICT ERP project will fall within the ambit of Section 48 and will be required to have a Prudential Report drafted as part of Council's ultimate decision making process. It is envisaged that this will occur at the next Council report stage once the best contract terms and conditions have been negotiated.

The Prudential Report will be drafted by an independent party.

Project oversight and governance

Given the magnitude of this project and based on feedback from other Council's on similar projects, it is recommended that an internal project management team be specifically deployed with the technical skills and capability required to ensure that the right people will manage the project, are available and dedicated to achieve project success in the timeliest manner possible.

It is further recommended that the internal project team be complemented by external advisors on an 'as needed' basis throughout the project's lifecycle. These may include support from legal experts experienced in commercial legal contracts, commercial advisors as well as the potential for ICT peer review expertise.

As much of the project rationale is predicated upon the productivity improvements that will be achieved through the project implementation, thought may be applied to the engagement of a Quality Assurance professional and audit program which will assist to measure the project outputs and potentially provide reports to the Council's ARVEC.

To date, a small reference group of Elected Members comprising Cr Themiliotis, Cr Kilby and Cr Hennessey have had a preliminary view of the recommended software product. It is recommended that all Elected Members be given an opportunity to review the software and ask questions of the vendor through a formal presentation.

In addition, a request will be made to Elected Members for members to nominate to act on a project governance group which will have strategic oversight of the project and its implementation process.

8. Financial Imperatives

Business case for change

This is arguably the most significant corporate change project that the organisation has contemplated since amalgamation. Until the ICT reform project commenced, the ICT operations have not been scrutinised since amalgamation to any large degree and this has resulted in the disparate and dysfunctional systems that now reside to operate the business.

This project requests Council's consideration of investment into the Council's ICT environment and assets. As with any asset, its proper management and continued investment into renewal and maintenance is vital. When measured against

corporate service benchmarking, ICT investment in the renewal of ICT assets should be around 3-4% of total operating expenditure. This benchmark means Onkaparinga has been under-investing in ICT by approximately \$1.85m per annum historically. This project will reset the groundwork required to underpin the organisation with a robust ICT system, which will be managed and maintained throughout its lifecycle by the SaaS (software as a service) licensing fees and maintenance support costs identified as part of the project, thus minimising Council's risk exposure to a large capital investment again in the future.

The SaaS (software as a service) approach will effectively 'outsource' the management and responsibility for Council's corporate business software to a vendor who will be contractually capable and best placed to ensure that it remains relevant and up to date.

Due to the size and complexity of the project, the implementation costings in this proposal are estimates to the best of our ability (based on the perceived worse case scenario) and are relatively fluid until the project is fully scoped and more rigorous negotiations have occurred with TechnologyOne. Upon Council approval we will move to full project implementation planning including a detailed project plan and costing.

Generally it is accepted that the software licence component represents approximately 30% of the overall ICT project implementation costs.

The summary financial overview needed for this business transformation project is included as attachment 2.

The hidden costs of the 'do nothing' scenario have been modelled internally. These productivity improvements are included as non-cashable savings in Attachment 2 and total \$5m annually once the project has been fully implemented. These productivity improvements are derived from a range of workflows and current business practices which are manually operated which will become automated processes within the high volume transactions across our corporate functions.

It is these non cashable savings that mean the financial business case for this project is positive, with an overall return of \$7.5m over the 5 year implementation period.

Project funding considerations

The high level financial overview outlined in attachment 2 represents the entry point to negotiations. It is envisaged that through direct negotiation (if supported by Council), that we will be able to achieve an improved contract price. We are aware that if Council was to fund two years of the SaaS license fee, up front, that a further saving will be realised over the term of the contract. These potential savings have been foreshadowed in recognition of a direct negotiation and recognising that costs and resources are not invested by TechnologyOne into a tender process.

With regards to sources of funding available for the ICT project, Council's Funding Procedure outlines funding sources by type of activity, as follows:

| Activity | Principal funding sources | | | | | | |
|---|---------------------------|----------------------|-------------------------|------------------|------------|--------------|-------------------------------|
| | Rates | Grants and subsidies | Developer contributions | Fees and charges | Borrowings | Other income | * Reserves and Trust Accounts |
| Operating | ✓ | ✓ | | ✓ | | ✓ | |
| Non capital projects | ✓ | ✓ | | ✓ | | | ✓ |
| Capital renewal | ✓ | ✓ | ✓ | | | | ✓ |
| Capital extension (new assets) and significant upgrades | ✓ | ✓ | ✓ | | ✓ | | ✓ |

The Funding Procedure also notes that up to 80 per cent of net funding for new assets and significant upgrades can be funded through borrowings.

In accordance with accounting standards, the ICT project creates a new asset and all costs associated with bringing the new asset into being should be capitalised including staff time.

On this basis the sources of funding available for the ICT project are:

- rates
- grants and subsidies
- developer contributions
- borrowings
- reserves

Noting that we would look for other sources of funding before rates and the fact that no grants or developer contributions are available, we have considered the appropriateness of funding the ICT project in full via borrowings and reserves.

Whilst funding 80 per cent of the project through borrowings and the balance through reserves would be compliant with our Funding Procedure, having considered the financial analysis presented at Attachment 2 we would only propose the use of borrowings to fund the external costs of the project net of cashable savings from the project. These external costs include the software costs of the project and total a nett \$2.9m for 2017-18 and nett \$8m over the life of the project.

In relation to the internal project costs, these are in respect of additional staff. Whilst these costs need to be capitalised in accordance with accounting standards, we do not believe the intent of our borrowing strategies is to borrow for staff costs. Instead it is proposed that internal staff costs be funded via Council's Contingency Reserve. The internal staffing resources to support the project have been made conservatively and based on very strong feedback from similar Council's as to the importance of having the right number and properly skilled people internally to manage the project, thus reducing the risk of the vendor providing these services through an increased cost to the project.

As per Council resolution on 8 November 2016 in relation to the year end funding surplus for 2015-16, the balance of the Contingency Reserve is intentionally being held in excess of our policy position of approximately 2 per cent of rate revenue. This excess level of funding is in part held to fund the ICT project.

The balance of the Contingency Reserve totals \$5.6m at Budget Review 3 which includes \$1.2m of funds to support high priority initiatives that align with our Sport and Active Recreation Strategic Management Plan, leaving \$4.4m.

Of this \$4.4m after allowing for approximately 2 per cent of rate revenue to be held in the Contingency Reserve, \$2.0m of funding remains available for the ICT project in 2017-18.

In addition to this amount as reported to Council on 8 November 2016 the 2016-17 Budget includes over indexation of 1.9 per cent based on actual indexation results.

Whilst this amount is to be adjusted for when setting the 2017-18 rate increase, a one off surplus will arise in 2016-17 totalling approximately \$2.3m. This amount is proposed to be transferred to the Contingency Reserve bringing the overall funding available to approximately \$4.3m.

Based on the above and the high level financial analysis outlined in Attachment 2 that represents the entry point to negotiations, the proposed funding for the ICT project is as below. This funding has no impact on rate increases as borrowings are funded by growth income and reserves are a one off source of funding.

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Borrowings * | \$2.9m | \$2.6m | \$1.2m | \$0.9m | \$0.9m |
| Contingency Reserve | \$1.7m | \$1.7m | \$0.8m | \$0.1m | \$0.1m |
| Total | \$4.6m | \$4.3m | \$2.0m | \$1.0m | \$1.0m |

* Borrowings represent approximately 64% of total funding.

The above funding has been incorporated into the draft Budget 2017-18 and financial modelling presented under separate Items on tonight's Agenda.

Whilst inclusion of the ICT project in the draft Budget 2017-18 and financial modelling means our borrowings are at capacity over the planning horizon, as required by the *Local Government Act 1999* following adoption of the 2017-18 Budget we will revisit our financial planning assumptions and borrowing strategies in order to form the 2017-18 Long Term Financial Plan.

As part of this process we will ensure Elected Members have an opportunity to consider and debate our current approaches and propose changes if required, which may result in additional borrowing capacity becoming available.

9. Service Alignment Results

The modelling undertaken by the Business Improvement team in 2015 in considering the productivity improvement of 97 of the core and non core software systems identified the potential for *nett savings equivalent to 66 full time equivalent (FTE) employees* by moving from the current "best of breed software suite" from multiple vendors to an "integrated business software suite" from a single vendor. In dollar terms, this represents *savings of \$5.3m* annually modelled at a conservative 5% efficiency increase.

The \$5.3m comprises mainly efficiency savings with a cashable component around \$650,000 through license and hardware cost savings. Anecdotal evidence from a number of councils around Australia who have taken a similar path suggests they are seeing efficiency gains closer to 8%.

10. Risk and Opportunity Management

| Risk | |
|--|--|
| Identify | Mitigation |
| Strategic ICT objectives that are not being met by our current “Best of breed” applications are outlined in section 3 of this report. | A successful transformation to an Enterprise Resource Planning software program will deliver the benefits and ICT objectives outlined in section 4 of this report. |
| Moving from manual to streamlined technology-led processing will require significant change management effort to prepare the organisation for the significant transformation | The project has considered the change impacts that will be present across the whole of the organisation in a relatively short period of time. In response, it is strongly recommended that an internal project team comprising project management, business analysts, change management and training skills is employed in house to assist and support the organisation throughout the project implementation process. |
| Potential for criticism regarding a direct negotiation procurement arrangement rather than an open competitive process | The market scan and capability assessment has led us to strongly believe that there are two potential vendors in the local government specific software market, namely TechnologyOne and Civica. The reasons for choosing TechnologyOne are set out in this report and will be further enhanced through the Prudential Report which will form the supporting materials for Council at its next decision milestone. |
| Productivity improvements will be difficult to quantify and achieve | <p>The productivity improvements have been modelled against the current work practices of seven core software functions and across 21 work areas.</p> <p>We adopted an employment model in 2015 to prepare the organisation for this business change by transitioning new employees into the organisation on termed contract arrangements, thus building in the employment flexibility not available for pre-existing staff under the Enterprise Agreement arrangements.</p> <p>In addition, the organisation has a number of roles each year which become vacant and have the need to undertake a recruitment process. Roles are assessed as to their ongoing need at the time of when the vacancy arises and prior to recruitment.</p> <p>As part of the project planning and throughout the</p> |

| | |
|--|--|
| | <p>project we will be able to identify roles which are significantly affected by the ERP project. These roles will then be either quarantined for future reference when the current incumbent leaves that role or identified that the current incumbent requires retraining and reskilling to enable earlier redeployment.</p> <p>Our organisation continues to need to be adaptable to the changing needs of our community through the normal transition of agreed and required services. The employees who may be affected by this project will be retrained and reskilled to meet the demands of our agreed service provision.</p> <p>It is therefore envisaged that through the termed contract arrangements, retraining and redeployment as well as our normal attrition rates, the productivity improvements are best placed to be achieved as modelled.</p> <p>Our Enterprise Agreement allows us to offer Voluntary Separation Packages to Enterprise Agreement employees. Whilst VSP's haven't been modelled into the Business Case it is a further option that may be explored and modelled if required.</p> <p>A separate project has already commenced into mapping headcount and employment transitional arrangements that need to be put in place for the organisation taking into account this project as well as separate organisational and service growth impacts.</p> |
|--|--|

| Opportunity | |
|---|--|
| Identify | Maximising the opportunity |
| Leverage the integration between modules within one solution to streamline process flows and enable automated workflows | An integrated Enterprise Resource Planning software program comprises modules which are designed to manage their particular specialty whilst sourcing data from a 'single source of truth' minimising data duplication, increasing data reliability, removing risk associated with integration linkages and providing for better business decisions based on meaningful real time reliable information . |
| Eliminate redundant data and manual data manipulation by managing data centrally to improve data integrity and accuracy | |

| | |
|---|---|
| Minimise licensing fees, maintenance costs, contract management costs and support effort | The migration to a single integrated ERP will ensure that an external vendor who is best placed to manage the software, incorporate disaster recovery planning, and is contractually required to manage and maintain the software is present thus eliminating internal employee reliance for this purpose. |
| Reduce the number of interfaces between current software systems | A cost saving will be achieved annually through the removal of the requirement for our current ICT team to manage manual software manipulation through custom interface work arounds. |
| Build and strengthen strategic vendor relationships by reducing the number of support and licensing agreements in place | The administrative back office costs associated with managing multiple vendor relationships will be reduced through the replacement and migration to a single source vendor application solution. |
| Enhance and simplify system usability | Improved staff productivity and user experience by allowing users to more easily navigate and search for information and services. Reduced system training costs (once implemented) and time taken for users to competently utilise systems. |
| Consolidate multiple sources of data | Reduced end to end transaction processing time allowing staff to spend time on value added activities. Reduced need for manual data reconciliation and validation. Improved staff productivity by reducing time spent entering duplicate data into multiple systems. Reduced risk of duplicate records being created and being transacted against. Automated, electronic business rules and logic increase transparency and can reduce the likelihood that a transaction awaiting approval is missed or assigned to a staff member who is on leave. |
| Implement application support for key human resource processes that are currently paper based | Reduced time to perform processes that support employee lifecycle management from recruitment, through career advancement, to departure. Easier and more timely access to key workforce information to support effective decision making and performance management. Increased staff satisfaction through real time access to personal information and employee self service functionality. |
| Consolidation of user access controls and | Reduced effort required to provision and administer user access. |

| | |
|-------------------------|---|
| security administration | <p>Reduced wait time for users needing to execute tasks across multiple systems.</p> <p>Improved ability to enforce segregation of duties using role based access controls.</p> <p>Reduced risk of inconsistent security regimes.</p> <p>Increased traceability of user actions through improved audit ability.</p> |
|-------------------------|---|

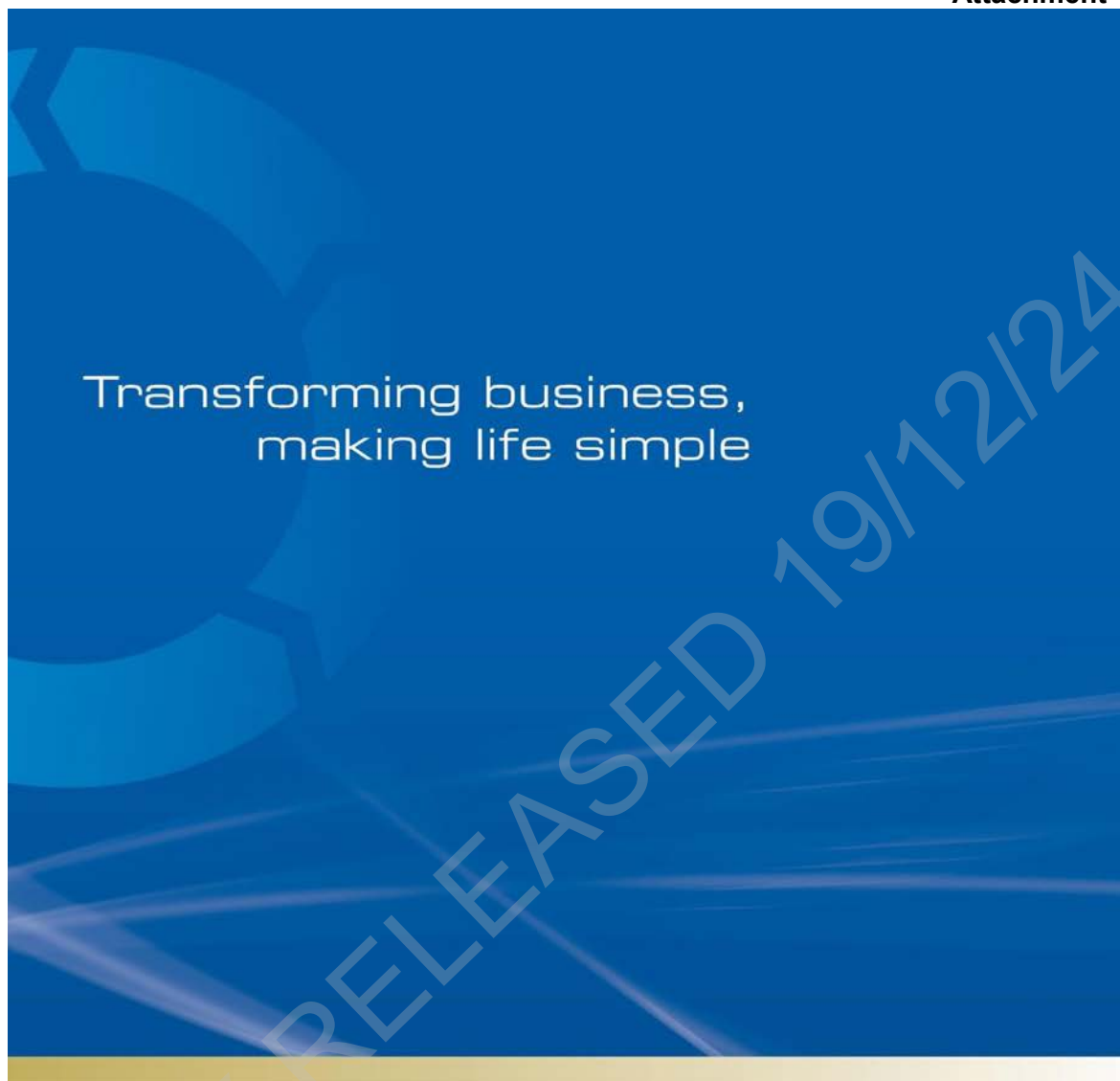
11. Summary and next steps

It is proposed:

- We replace our existing core enterprise systems with the TechnologyOne product, OneCouncil.
- We commence the implementation of a new solution as soon as possible (subject to Council's final approval).
- We aim to have major components of the new solution operational by end of the March quarter 2018 with further components rolled out progressively thereafter (subject to the timing of Council's final consent).
- The project cost is within the funding capacity of the organisation as part of its budget considerations without adversely requiring rate increases as per the Financial Imperatives
- Council endorses the "fully integrated solution" approach rather than "best of breed"
- Council endorses the ICT Strategic Objectives outlined in section 4 of this report.
- That Council endorses a mobile ready, cloud based technology that is able to be accessed anytime, anywhere on any device.
- Council approves an exemption to the Procurement Policy allowing us to directly negotiate with TechnologyOne on the basis there is no suitable comparable product from an alternate supplier.

In addition, it is proposed that a presentation be scheduled for all Elected Members to view the recommended software solution, OneCouncil by TechnologyOne prior to the Council report being tabled for a decision of Council so that members are able to view and ask questions of TechnologyOne directly. Following this, Members will be asked if they wish to nominate for a project governance group which will have strategic oversight of the project.

Attachment 1



City of Onkaparinga
TechnologyOne OneCouncil SaaS

Discussion Paper

Commercial in Confidence

16th November 2016



City of Onkaparinga
OneCouncil SaaS

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City of Onkaparinga
OneCouncil SaaS

1. Introduction

The City of Onkaparinga IT Strategy presents an opportunity for Council to consider new technology and trends within local government business that transform service delivery, deliver best value and support Council's strategic direction. Council has identified a need for a cohesive, fully integrated solution that delivers business process efficiency and innovation across the organisation.

Council has indicated its desire to partner with an progressive leader with proven expertise in providing proven practice solutions to manage end-to-end local government operations.

This discussion paper demonstrates our alignment with Council and shares a clear roadmap for Council-wide digital transformation and delivers technology that supports a streamlined, efficient and effective local government organisation.

Local Government Challenges

Local government authorities across Australia are under enormous pressure to deliver quality services to the community in an increasingly challenging financial environment. Significant challenges include large infrastructure investment backlogs, cost shifting from other levels of government, increasing demand from the community and rate capping.

The two levers generally available to councils in addressing these challenges are to reduce levels of services to the community and to deliver organisational efficiencies. We partner with councils to deliver these organisational efficiencies.

City of Onkaparinga's current application architecture requires a large number of applications and custom interfaces to achieve the required end-to-end business processes. This results in the following:

- Upgrade complexity – this also includes the 'knock-on' effects of upgrading one application and then provisioning for the impacts of this upgrade on other applications requiring integration. This complexity is compounded with each 'point solution' upgrade.
- High integration costs – the IT business unit is required to invest time and money into not only the development but also the ongoing maintenance of the wide array of interfaces. These are often costs that are 'hidden' from the rest of the organisation, for instance existing IT staff are required to invest time to manage the integration requirements.
- Loss of functionality – disparate applications are not designed to provide end-to-end business processes for local government. Furthermore, disparate applications are not typically designed to work with other applications.
- High financial and resource costs – multiple 'point solutions' imposes high financial and resource costs on councils and when not kept well maintained and upgraded, can result in poor technical condition of current applications. This reduces the corporate systems return on investment for City of Onkaparinga.
- High cost to maintain, change and sustain current systems – these costs are generally focused internally and by reducing these costs more funds can be made available for service provision for the community.
- Poor fit with business needs – applications selected to achieve a narrow and specific business requirement neither fit well into overall business processes nor provide leverage to meet other business requirements.

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- Current systems impede Council's strategic priorities and inhibit the ability to 'do more with less' as described in the City of Onkaparinga IT Strategy.

Digital Transformation

The single largest opportunity for councils to deliver organisational efficiency dividends is to replace complex, costly and cumbersome business systems with a modern IT platform to enable the organisation to drive sustainable long-term improvement to service delivery.

TechnologyOne offers a modern local government enterprise solution and platform based on two pillars. The first pillar is our OneCouncil Solution and the second pillar is OneCouncil delivered as a Software-as-a-Service (SaaS).

In order to achieve the recommended business transformation, we focus on implementing OneCouncil Business Activities, replacing a large number of business system applications. These Business Activities will enable an efficient local government organisation that is primarily focused on optimising its levels of service provision to the community.

OneCouncil Solution

TechnologyOne is the leading the way in providing a technology platform, coupled with an end-to-end implementation and support program – giving Councils complete peace of mind when selecting a long-term, progressive technology partner.

The TechnologyOne OneCouncil enterprise solution enables City of Onkaparinga to optimise business system efficiency and effectiveness.

OneCouncil shares with City of Onkaparinga the benefit of our experience with more than 250 Councils in Australia and New Zealand. We have considered similarities and standard business processes across our customers and designed the OneCouncil solution to meet the needs of the local government sector. OneCouncil represents a substantial investment of expertise and resources to predefine configure and document hundreds of business processes for local government.

OneCouncil is a proven, integrated, local government enterprise solution that provides a sound foundation for Council to improve efficiency of its operations, deliver enhanced services to its community, save money and achieve "proven practice" in the local government sector.



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TechnologyOne commenced leveraging the collective knowledge of our customers with our knowledge and experience to create the OneCouncil Solution. We have invested more than \$20 million in R&D to develop the OneCouncil Solution. OneCouncil delivers the most efficient and effective business system for local government. Over the past four years, 42 councils in Australia and New Zealand have selected OneCouncil, these include:

- Corangamite Shire
- Campaspe Shire
- City of Casey
- Brisbane City
- Clarence City
- City of Swan
- Hornsby City
- Rockdale
- Mitcham
- Blacktown
- Warrnambool City
- Queenscliff (Borough)
- Wellington (NZ)
- Newcastle
- Charles Sturt
- Canada Bay
- Auburn
- Queenstown Lakes
- Lockyer Valley Regional
- South Burnett Regional
- Noosa Shire
- New Plymouth
- Shellharbour
- Moreton Bay Regional
- Waimakariri
- Toowoomba Regional
- Townsville City

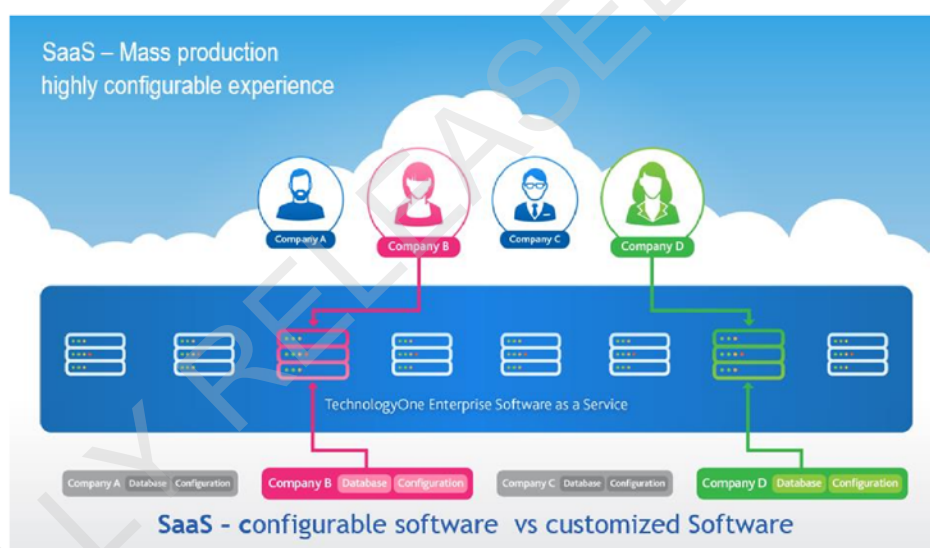
TechnologyOne's investment in OneCouncil is just one element of our strategy to ensure we remain the most suitable solution for councils. TechnologyOne also invests more than 20% of revenue into our Research & Development, the highest percentage for any enterprise software vendor in local government. Our unique investment and commitment ensure TechnologyOne's solutions remain relevant in an environment of ongoing regulatory, technological, community and legislative change. The result is our customers have a clear and defined path for their technology platform and continue to advance in-line with our technology evolution.

True Software-as-a-Service (SaaS)

TechnologyOne OneCouncil is the only Local Government end to end solution truly delivered as 'Software-as-a-service' (SaaS). Our Software-as-a-Service (SaaS) can deliver 20-30% in ICT savings for our customers. Compound the SaaS savings with the return on investment to the business from OneCouncil that delivers business efficiency improvements, removes complexity and provides a single source of truth.

TechnologyOne is uniquely positioned, we build, support and run our software, delivering it as a service with full accountability to City of Onkaparinga. The TechnologyOne software you use is the same, on premise or in the cloud, backed by our enterprise vision that represents 28 years of software and technology evolution. This is true 'Software as a Service'.

Software-as-a-service removes the complexity of owning and running a data centre, managing numerous hardware vendors, maintaining complicated database infrastructure, and the security risks around web servers enabling City of Onkaparinga to focus on your business, by simplifying your technology.



City of Onkaparinga
OneCouncil SaaS

1 Introduction

The TechnologyOne 'Software as a Service' achieves tasks faster and more cost effectively than in an 'on premise' enterprise suite. We can provision infrastructure within hours due to our massive scale, and with our experience compress projects that would normally takes months into weeks.

We continually invest to improve and evolve TechnologyOne 'Software as a Service' to ensure it remains a leader in the enterprise market; with a strong focus on compliance, security, open standards, visibility and control.

Summary

This discussion paper is not a final proposal for full OneCouncil Software-as-a-Service. Certain business decisions are required by City of Onkaparinga and next steps agreed to by Council and TechnologyOne in order to finalise a firm proposal.

Indicative estimates for OneCouncil SaaS are provided in this paper. A firm proposal will remove the 'ballpark' estimate price range and provide a final investment summary.

We look forward to continuing our partnership with the City of Onkaparinga and delivering the organisation efficiencies delivered through our OneCouncil SaaS Solution. The benefits that OneCouncil can provide City of Onkaparinga coupled with a solid investment in a partnership with a leading Australian IT company that focuses on minimising risk while delivering new technologies and best of class solutions.

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2. TechnologyOne

TechnologyOne (ASX: TNE) is a leading enterprise software solutions provider. For 28 years we have been providing deeply integrated software solutions for local government, business, government, financial services, health and community, education and the utilities sectors. Tens of thousands of people each day use our world class solutions which we develop, market, sell, implement and support. Our organisation wide solution suite provides world-class services which are based on leading edge technology and are backed up by a substantial R&D program providing our customers with a long term, secure and valuable partnership. TechnologyOne employs more than 1000 people and has 14 offices in total, across each State and Territory of Australia, New Zealand, Asia and the United Kingdom.

The TechnologyOne difference is defined by our **Power of One** value proposition, in that we take total responsibility for the success of every customer's investment in our world class fully integrated enterprise business software solutions. From **technology** through to **services** and **support**, we partner directly with our customers to ensure their ongoing success. We pride ourselves on delivering innovative enterprise business software solutions that sets the standard for others to follow. We work relentlessly to build software that has a profound effect on the user experience by engaging, empowering and exciting users. Customers rely on TechnologyOne to not only deliver a best in class suite of products, but also on the company's significant experience and value-added implementation services, including integration, data conversion, account management and project management.

TechnologyOne is here to build and deliver truly great products and great services that transform business, and make life simple for our customers. In our strategy to deliver our mission statement, we embrace a number of concepts in everything that we do, which include:

Enterprise Vision: The power of a single integrated enterprise solution, built on a single modern platform, with a consistent look and feel.

Market Focus and Commitment: We participate in only seven key markets, where we can make a significant contribution by having a deep understanding and engagement, and by delivering to our customers integrated preconfigured solutions that provide proven practice, streamline implementations and reduce time, cost and risk.

Power of One: We do not use implementation partners or value added resellers. We take complete responsibility for building, marketing, selling, implementing and supporting our enterprise solution for each customer to guarantee long-term success.

Power of Evolution: By providing our customers a strong, continuing, competitive advantage through an enterprise solution that adapts and evolves by embracing new technologies, concepts and innovation.

Simplicity: by embracing consumer concepts and expectations to deliver solutions that are incredibly easy to use and that hide complexity.

The company's solution suite is based on leading edge, state of the art technology and is backed up by a substantial research and development program to ensure it continues to provide its customers with long-term security. The company's technology strategy is to invest significant research and development to be a market leader and to enhance the way its customers do business.

City of Onkaparinga
OneCouncil SaaS

2 TechnologyOne Overview

TechnologyOne's comprehensive suite of software solutions are fully integrated to provide organisations with a solution to manage their complete business needs. The company's integrated product suite includes:

| | | |
|-----------------------------|-------------------------------|------------------------|
| Asset Management | Enterprise Content Management | Spatial |
| Business Intelligence | Financials | Stakeholder Management |
| Business Process Management | Human Resource & Payroll | Student Management |
| Enterprise Budgeting | Performance Planning | Supply Chain |
| Enterprise Cash Receipting | Property & Rating | |

As publicly listed organisation, TechnologyOne's customers have the transparency of insight into its operations and the peace of mind of strict corporate governance and statutory regulations.

TechnologyOne's strength as an organisation is evidenced by no long-term debt and strong double-digit growth, even over the last three to four years when TechnologyOne's competitors were in negative growth.

Most significantly, TechnologyOne's commitment to functional innovation and product excellence is what sets us apart from our competition.

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3. City of Onkaparinga OneCouncil Solution

TechnologyOne is leading the way in providing a technology platform, coupled with an end-to-end implementation and support program – giving Councils, such as City of Onkaparinga, complete peace of mind when selecting a long-term, progressive technology partner.

TechnologyOne's OneCouncil solution is purpose-built for local government, and supports all the core business activities required to deliver modern council services, while enabling Council to adopt progressive business models;

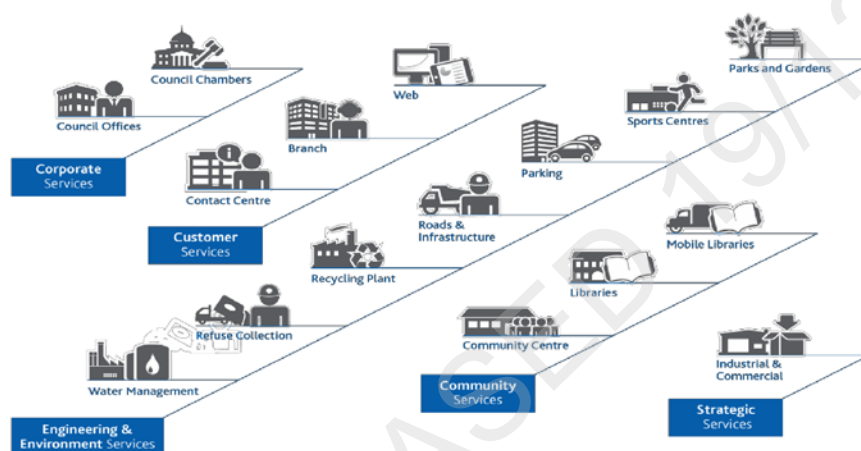


Figure 1 – Council service provision

OneCouncil incorporates over 350 standard business processes common to local government. Having predefined business processes streamlines the implementation process and reduces both the timeframe and resources required to ensure a successful installation. Council's staff will benefit from a system designed to automate business processes across the organisation, deliver consistent secure information and enhance the user experience.

OneCouncil supports the capability to automate service delivery through key online customer self-service, improve services to ratepayers and residents, and build sound long-term plans for your community's future and sustainability.

To balance the ever-increasing demands of the community and other stakeholders with limited resources, councils require efficient seamless business processes across the enterprise.

Individual council departments have distinct operational needs; historically each department has sourced point solutions to meet their own particular requirements. This has resulted in Council managing costly, customised integration, the introduction of manual processes and the duplication of effort to support the business process and data management requirements across a number of business units.

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City of Onkaparinga OneCouncil Solution

OneCouncil delivers an enterprise business solution, which caters for both the unique requirements of an individual business unit and the processes right across the Council. In partnership with our local government customers, we have identified the key operational areas that directly benefit from our unique, pre-configured solution approach.



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City of Onkaparinga OneCouncil Solution



Figure 2 – City of Onkaparinga OneCouncil Solution footprint

3.1 Solution Benefits

The City of Onkaparinga OneCouncil Solution is designed to establish a solid foundation for all of Council's business processes and in so doing enhance both operational and strategic management of the organisation.

The solution delivers the same look and feel across all Business Activities with transactions and reporting in real-time, delivering instant information transfer and retrieval.

Value proposition of the City of Onkaparinga OneCouncil Solution

- An accelerated implementation due to a pre-configured solution based on Local Government proven practices.
- Offering the ability to adopt the configured business processes rather than adapting the system to older redundant practices.
- Reduce risk to Council based on a configuration that is an aggregation of our 20-year history of working with and supporting local government authorities.
- Proven business processes that deliver the outcomes our customers seek.

Key benefits of the OneCouncil Business Activities

- Effective financial management and improved budgeting processes.
- Plan for Council's future and report on the progress.
- Improved management of staff performance and culture.
- Efficient management of people, names, properties and addresses.
- Solid adherence to regulatory and compliance requirements.
- Effortless capture of stakeholder information.
- Sound development of long-term community planning practices.
- Best practice processes for document capture, storage and retrieval.

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City of Onkaparinga OneCouncil Solution

- Modern capability to support flexible workforce, mobile field workers and geographically dispersed offices.
- Consistent look and feel across all applications and environments.
- Proven best practice for Local Government in one integrated solution across whole of council operations.

Operating Efficiency

- Minimise the number of manual workarounds and duplication of data entry
- Workflow between and across systems
- Single source of truth for data
- Improved system performance
- Improved data integrity
- Improved reporting capability
- Better utilisation of City assets
- Remove dependency on spreadsheets

Single Source of Truth

- A single user interface
- A single point of data entry
- Real time information
- Improved reporting and business intelligence
- Centralised workflows, alerts and approvals
- Reduced need for bespoke and costly 3rd party integrations

Improved IT Delivery

- Issues being resolved more quickly and more efficiently
- IT shift from operational to strategic (transition keeping the lights on, to working with departments on projects to drive further improvements)

Customer Experience

- Advanced online service presence
- Improved customer analytics
- Single view of customer
- Improved services to the community

OneCouncil provides an active, role-specific workplace that can produce task alerts and integrated business intelligence such as key performance indicators within a workflow engine to streamline the tasks-at-hand. Enabling allocation of resources where they are needed most, moving these from an administrative supporting role to one that delivers services to the community.

Along with the solution configuration, TechnologyOne's Local Government team has also devised advanced implementation methodologies. TechnologyOne's strong partnership with Local Government has allowed TechnologyOne to work closely with its customers to identify the current and emerging business challenges and develop solutions that overcome these.

The OneCouncil best practice documentation and configuration capitalises on our extensive experience with other councils. It provides a solid base that substantially reduces the number of tasks that have been required in the majority of implementations performed in the past. This significantly reduces risk for council.

TechnologyOne actively encourages our customers to **Adopt** the standard configuration rather than Adapt the solution to replicate existing business processes.

Our experience is that all councils can benefit from our documented business processes as they have the same legislative requirements and similar community expectations. We also understand that all councils are subtly different and councils, such as City of Onkaparinga, need the flexibility to cater for unique local laws and operating processes.

Our software retains the flexibility to cater for any business process, whilst our implementation methodology includes steps to validate and adjust business processes should Council believe this is necessary, enabling Council to build upon our collective local government knowledge.

Documentation and configuration

The current trend towards flexible work patterns, deploying mobile field workers and establishing geographically disparate offices has changed the way councils manage and access information.

TechnologyOne's solution can share your business critical information in real-time across a dispersed organisation as well as integrate with mobile devices, websites and third party products for data sharing.

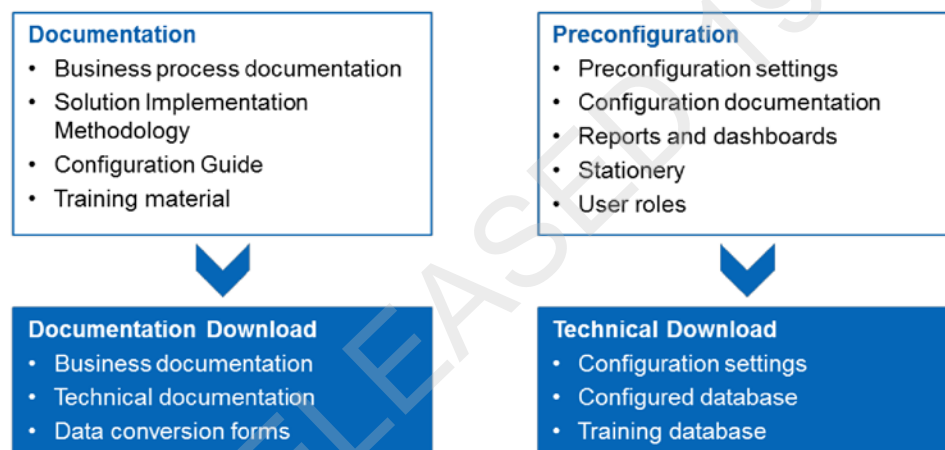


Figure 3 OneCouncil documentation and configuration

The OneCouncil best practice documentation and configuration capitalises on our extensive experience with other councils. It provides a solid base that substantially reduces the number of tasks that have been required in the majority of implementations performed in the past. This significantly reduces risk for council.

OneCouncil business processes

The diagram below shows an example of the business process flows that are documented and configured within the solution template:

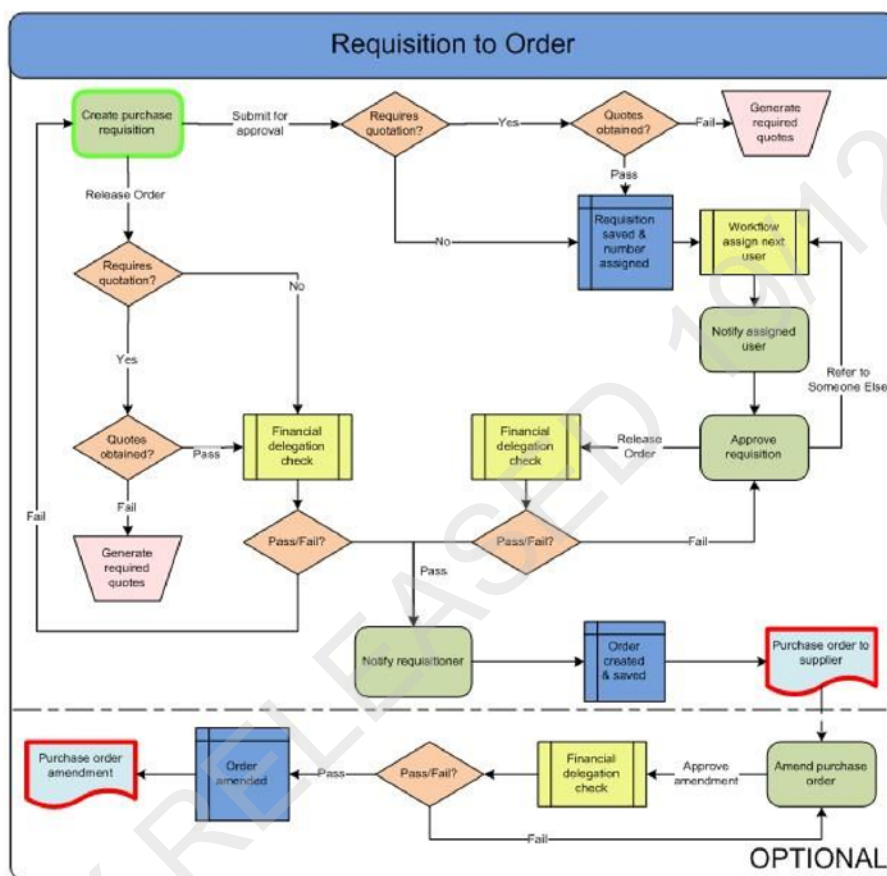


Figure 4 OneCouncil business process example

City of Onkaparinga
OneCouncil SaaS

City of Onkaparinga OneCouncil Solution

Our experience is that all councils can benefit from our documented business processes as they have the same legislative requirements and similar community expectations. We also understand that all councils are subtly different and that City of Onkaparinga does require the flexibility to cater for unique local laws and operating processes. Our software retains the flexibility to cater for any business process and our implementation methodology includes steps to validate and adjust business processes, where Council considers this necessary. This methodology minimises risk to Council, as the adjustments within the implementation are significantly less than any other vendor in the Local Government market.

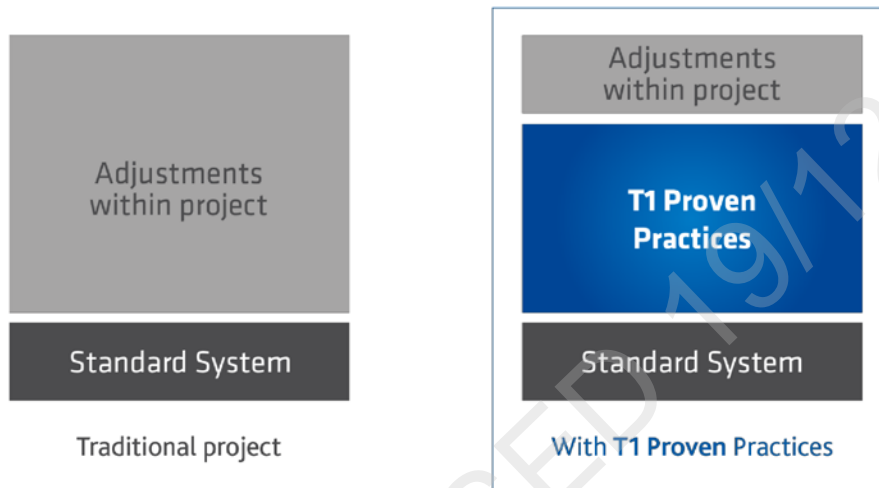


Figure 5 - OneCouncil vs traditional projects

The value proposition of the OneCouncil solution approach is:

- Streamlined implementation due to a pre-configured solution based on Local Government proven practices.
- Less risk to Council based on a configuration written around best practice for Local Government
- Fastest Deployment.
- Highest Value based on the fact that City of Onkaparinga will be fully operational on the system faster than any other system commercially available.

Vital to Council's future strategic and operational well-being is an integrated foundation for its organisation's processes. Imagine the same look and feel across all your information systems with transactions and reporting in real-time, delivering instant information transfer and retrieval.

TechnologyOne delivers all this and more. The TechnologyOne OneCouncil solution provides an active, role-specific workplace that can produce task alerts and integrated business intelligence such as key performance indicators within a workflow engine to streamline the task at hand. This powerful functionality facilitates decision-making, allowing resources to be allocated where they are needed most.

TechnologyOne Financials Engine is designed to become the nucleus to deliver council wide control and integration of information essential to improving the bottom line while meeting statutory financial reporting requirements in line with the requirements for the provision of the Finance System. With rich functionality, powerful online enquiries, and versatile reporting ability, its unique architecture enables creation of an

City of Onkaparinga
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City of Onkaparinga OneCouncil Solution

unlimited number of ledgers delivering the ability to manage any range of items such as mobile phones, motor vehicles, provisions, capital works and travel.

Our local government solutions team has worked with customers and used their experience to develop the solutions that are required as part of a whole-of-local government solution. Along with the solution configuration, TechnologyOne's local government team has also devised advanced implementation methodologies that improve implementation timeframes and costs. Our implementation will include discussion about the related business processes so that these can be effectively translated into the new system framework. In this way we can deliver a solution which adopts proven practices from Local Government, but also address the unique local needs of City of Onkaparinga.

With a direct focus on the City of Onkaparinga business, TechnologyOne's proposal provides for the OneCouncil components for Financial Management, Procurement, Budgeting and Reporting. Through additional, expandable OneCouncil capabilities our proposed solution is future-proofed to allow the City of Onkaparinga to:

- Effectively manage financial and budgeting activity
- Develop and drive long-term community planning strategies
- Accurately manage people, names, property and addresses
- Control organisational information and manage documentation.

Further, Council can also benefit from "proven practice" processes that have been tested through their implementation at other councils. These proven processes will promote the common practices that will underpin true resource sharing, generating further efficiencies and reducing the risks councils are exposed to when implementing new software solutions.

With a system that is fully configured for standard business processes, the City of Onkaparinga can benefit from one complete, end-to-end capability, "out of the box". Our proposal also provides the necessary tools and interfaces to allow the City of Onkaparinga to continue to operate existing software systems from other vendors. An investment in OneCouncil provides the City of Onkaparinga with an extensible and expandable system to meet both current and future business requirements.

CiAnywhere overview

Built on our proven Connected Intelligence (Ci) platform, CiAnywhere introduces an exciting new era of enterprise software, enabling smart mobile devices as part of our enterprise solution.

Ci Anywhere delivers our entire enterprise suite of software and all functionality on both traditional laptops/PCs and all smart mobile devices.



An important design consideration for Ci Anywhere is the need for our customers to move to different devices throughout the course of the day. Ci Anywhere supports seamlessly moving from one device to another, ensuring the data being accessed is instantly available on any device you are using, because there is no need to sync the information.

Ci Anywhere understands the device it is operating on. The software automatically adapts to the screen size of the mobile, PC or laptop, yet it remains immediately familiar to the user.

To make it simple to use, Ci Anywhere has also been designed from the ground up to embrace consumer concepts, using touch and gestures. It leverages all the capabilities of the device including GPS, location services and camera/video.



Figure 6 – Ci Anywhere

3.2 'Software-as-a-service'

The advantage of Software-as-a-Service (SaaS) is that it provides our customers with 20-30% in ICT savings and removes a layer of significant operational complexity. Compound the SaaS savings and benefits with the return on investment to the business from OneCouncil that delivers business efficiency improvements, removes complexity and provides a single source of truth.

TechnologyOne Cloud key benefits:

- Future proofing City of Onkaparinga's business by delivering our enterprise software as a service on any device supporting our aligned strategies of 'Any Device, Anywhere, Anytime'
- Our unique mass production model delivers economies of scale and strategic benefits that only SaaS can deliver
- TechnologyOne SaaS enables the City of Onkaparinga to focus on your core business and removes the worry and burden of managing the technology
- Unparalleled performance – no one knows our software better than we do. Our platform has been built specifically for our software.
- Seamless updates – New release software updates and patching is totally managed by TechnologyOne on behalf of City of Onkaparinga
- As the TechnologyOne Software evolves the City of Onkaparinga user experience will benefit as the platform will consistently be kept up to date with the software evolution.
- Access to expert resources - our Cloud Operations team has significant experience in running our enterprise software in the cloud
- Immediate deployment with no lead times is provided through the TechnologyOne Cloud

The TechnologyOne 'Software as a Service' provides for available, resilient and safe access to the enterprise software and considers:

- Planning for the Future – our SaaS solution provides for the ability to scale up or scale down without requiring capital investments.
- Disaster Recovery – our 'Active-Active Architecture' and Cloud Service Provision is designed to transfer ownership of Disaster Recovery Strategies for our Solutions and Products from City of Onkaparinga to TechnologyOne.
- Focus on Core IT and Innovation – the City of Onkaparinga IT resources can focus on strategy, core business and community service delivery, as the operational management of the TechnologyOne environment is now managed 'in house' by TechnologyOne.
- Highly Available Architecture – the enterprise suite is replicated and run in the TechnologyOne Cloud and as such is always available to City of Onkaparinga.

Software-as-a-service removes the complexity of owning and running a data centre, managing numerous hardware vendors, maintaining complicated database infrastructure, and the security risks around web servers enabling City of Onkaparinga to focus on your business, by simplifying your technology.

Rapid Implementation, Reduced Risk

The TechnologyOne 'Software as a Service' achieves tasks faster and more cost effectively than in an 'on premise' enterprise suite. We can provision infrastructure within hours due to our massive scale, and with our experience compress projects that would normally takes months into weeks.

We continually invest to improve and evolve TechnologyOne 'Software as a Service' to ensure it remains a leader in the enterprise market; with a strong focus on compliance, security, open standards, visibility and control.

Reduced Total Cost Of Ownership

The TechnologyOne 'Software as a Service' reduces City of Onkaparinga's total cost of ownership by:

- Eliminating capital investment in hardware, servers, cabling, or networks.
- Eliminating ongoing investment in software licensing for operating systems, databases and anti-virus software.
- Right sizing the infrastructure for the City of Onkaparinga and streamlining the capacity requirement to eliminate idle capacity. As City of Onkaparinga's business changes, we can adapt and rapidly scale to your needs.
- Removing the complexity of keeping your environment up to date by using a cloud platform that adapts seamlessly and in step with our enterprise software as it continues to evolve.

3.3 Your Investment is Future Proofed

In deploying the TechnologyOne solution, Councils' investment will be future proofed due to our significant commitment to research and development, which, averages 20% of total revenue per annum. Since TechnologyOne began in 1987, we have supported all of our customers through the major technology changes affecting their solutions. As an organisation, TechnologyOne prides itself on retaining 99% of our customers who join us on this technological journey.

City of Onkaparinga
OneCouncil SaaS

City of Onkaparinga OneCouncil Solution

TechnologyOne provides a solution roadmap that ensures our solutions remain technologically relevant, providing our customers with the assurance that your mission critical business solution benefits from the latest technology has to offer. An assurance that protects your investment today and into the future.

The diagram below shows the evolutionary path our software has taken in line with technology evolutions:



Figure 7 – Software development journey

TechnologyOne continues to lead in innovation and technology recently announcing our latest computing strategy to take advantage of Cloud based technologies. TechnologyOne solutions are Cloud enabled and support the technology benefits of today's smart devices. This release of our next software iteration we call CiAnywhere – meaning our solutions are available from any device, anywhere and anytime.

As a technology leader, we realise that as customers increasingly embrace web and mobile technologies, the demand for these types of applications will only continue to grow so we are investing in providing that option for our customers. The TechnologyOne goal is to embrace commodity technologies and open standards to drive down the cost. As has been the case with all of our major software releases, when the latest product suite is available, our customers will be entitled to these iterations through existing Annual Support & Maintenance arrangements.

4. Product Strategy

4.1 Investing in The Future

TechnologyOne's overall technology strategy is to invest significant research and development to be a market leader with new technology that significantly enhances the way its customers do business. The company structures its business to respond with speed and agility to market changes and its customers changing business requirements.

TechnologyOne provides its customers with long term technology security and protects their return on investment with a painless migration path to leading edge technology. Although the company uses advancements in technology as catalysts for change, it continues to remain focused on delivering a solution to current and future customers that ensures their success.

The company has invested significant research and development into a framework that forms the core of all its solutions. This framework gives us the ability to deliver fully integrated solutions with the same user interface and look and feel across our full product suite. TechnologyOne also works closely with its business partners to allow them to develop their solutions on this framework. This gives customers an improved user experience, with full integration between their total suite of products.

TechnologyOne remains committed to a program of intensive investment in R&D and in new technologies to drive the company's growth. On average approximately 20% of company revenue is invested in Research and Development annually – fully expensed in the year of use. This commitment ensures that the products remain up to date in terms of functionality and in the use of the latest commercially viable technology.



4.2 Product roadmap

The Business Process maps in figures 86 and 87 list each of the business processes available in Ci Anywhere for a particular release. The 2016B and 2017A/B pages show the business processes that we intend to deliver in those releases. This is subject to change as development work continues.

The colour legend is as follows:

| | |
|------------|--|
| Complete | Complete. The end-to-end business process is available for all relevant markets and solutions. |
| Incomplete | Incomplete. Development work has not yet commenced on the business process. |
| Talk to us | Talk to us. Development has commenced, but is not yet complete for all markets and solutions. |

New releases will occur every six months. The next release (2016B) will be the delivery of all core business processes in Ci Anywhere, enabling you to run your business from any device, any time, any where. This is due for release in late 2016 with timing in line with our Evolve TechnologyOne User Conference which showcases how the 2016B release will prepare you for a cloud first, mobile first world.

For the TechnologyOne Enterprise SaaS solution, each software release will be staged through many internal gates where products will be tested firstly by hundreds of TechnologyOne users, and then progressively released to customers which will be grouped into four cohorts starting with Group A through to B, C and D. This grouping will be assigned in consultation with each customer and is based on criteria such as technical readiness for Ci Anywhere, appetite for risk and change, individual business process requirements and so on.

This delivery model is facilitated by all customers running on the exact same software set, so that every stage of the release is an opportunity to identify and resolve issues quickly and efficiently - the final result is better software for the entire TechnologyOne customer base.

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Product Strategy



Figure 85 – CI Anywhere Business Process map - 2016B

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Product Strategy



Figure 86 – CI Anywhere Business Process map - 2017A/B

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4.3 Mobile Strategy

TechnologyOne focuses heavily on best practice use of current and emerging Technologies to ensure that our customers are able to leverage the latest advancements to improve their business. Each year we invest 20% of our revenue, which equates to over \$45M in the last fiscal year into Research and Development innovation, to keep our software at the forefront of user expectation and market leading technologies. This is significantly above the industry average.

A highly successful and proven key corporate strategy of TechnologyOne is to have the very best enterprise software designed from the ground up for a cloud first, mobile first world.

Any device, anywhere, anytime

TechnologyOne's Ci Anywhere software is available anywhere, anytime from any device. The same software is available to office workers using desktops/laptops and field staff using smart mobile devices, and staff can use different devices to access the solution seamlessly through the day. Ci Anywhere features a responsive screen design that adapts to the user's screen size and optimises each function for display. The software is designed for touch from the ground up and supports gestures on Smart Mobile Devices. Ci Anywhere also integrates with the hardware of smart mobile devices, including location services and the camera.

The power of a fully integrated Enterprise solution is that all data is available in real time from any device; there are no behind-the-scenes synchronisation or data transfer activities that delay the availability of data. High-volume transactions are available equally on desktops/laptops and mobile devices, and the software is designed to segment large data sets and pass data to the device just in time to maximise responsiveness.



Figure 87 – Ci Anywhere – Anywhere, Anytime and Any device

TechnologyOne is committed to move all Ci based products to Ci Anywhere (anywhere, anytime from any device) by 2017. A wide range of TechnologyOne's modules are already currently available through Ci Anywhere.

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5. OneCouncil Solution

5.1 OneCouncil Solution Inclusions

| City of Onkaparinga | 78,000 Properties |
|--|-------------------|
| LICENCE GROUP - TechnologyOne Financials | |
| Core | |
| General Subsidiary Ledger and Management Functions | Included |
| Accounts Payable | Included |
| Reconciliation | Included |
| Fixed Assets | Included |
| External Systems Interface | Included |
| Purchasing Cards | Included |
| Extensions | |
| Recurring Documents | Included |
| Connectors | |
| XLOne Reporting for Financials | Included |
| Business Intelligence for Financials | Included |
| ETL for Financials | Included |
| Workflow Maintenance for Financials | Included |
| Included MyModules | |
| MyStandardReports&Enquiries (Financials) | Included |
| MyBusinessIntelligence (Financials) | Included |
| MyQuickReconciliation | Included |
| MyPurchase Cards | Included |
| MyWorkflow (Financials) | Included |
| | |
| LICENCE GROUP - TechnologyOne Supply Chain Management | |
| Core | |
| Purchasing/Commitments | Included |
| Purchasing Quotations | Included |
| Inventory/Stores | Included |
| Requisitioning | Included |
| Replenishment | Included |
| Web Catalogue | Included |
| Extensions | |
| Auto Invoice Matching | Included |
| Consolidated Purchase Requisitions | Included |

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| | |
|--|----------|
| Connectors | |
| XLOne Reporting for Supply Chain | Included |
| Business Intelligence for Supply Chain Mgt | Included |
| ETL for Supply Chain | Included |
| Workflow Maintenance for SCM | Included |
| Included MyModules | |
| MyStandardReports&Enquiries (Supply Chain) | Included |
| MyBusinessIntelligence (Supply Chain) | Included |
| MyRequisitions | Included |
| MyOrders&Receipts | Included |
| MyPurchasingQuotations | Included |
| MyWorkflow (Supply Chain) | Included |
| LICENCE GROUP - TechnologyOne Enterprise Asset Management | |
| Project Execution & Delivery | |
| Projects | Included |
| Investment Prioritisation & Optimisation | Included |
| Billing | Included |
| Asset Management | |
| Physical Assets Register | Included |
| Maintenance Scheduling | Included |
| Conditions & Inspections | Included |
| Fleet & Asset Booking | Included |
| Bill of Materials | Included |
| SAM Asset Management | |
| Asset Valuations | Included |
| Prediction Modelling & Optimisation | Included |
| Work Management | |
| Work Orders | Included |
| Work Requests | Included |
| Defect Management | Included |
| Work Schedule & Dispatch | Included |
| eContractorWork | Included |
| Extensions | |
| Asset Management GIS Mapping & Viewer Integration | Included |
| GIS Data Synchronisation & Reconciliation | Included |
| Connectors | |
| XLOne Reporting for Asset Management | Included |
| Business Intelligence for Asset Management | Included |
| ETL for Asset Management | Included |
| Web Services - Projects | Included |
| Web Services - Work Orders | Included |
| Included MyModules | |
| MyProjects | Included |
| MyWorkOrders | Included |

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| | |
|---|--------------|
| MyStandardReports&Enquiries (Asset Management) | Included |
| MyBusinessIntelligence (Asset Management) | Included |
| | |
| | |
| LICENCE GROUP - TechnologyOne HR and Payroll | |
| Core | |
| Human Resources and Payroll | Included |
| Recruitment | Included |
| Organisation Management | Included |
| Employee Development | Included |
| Occupational Health and Safety | Included |
| Training | Included |
| Forms | Included |
| Timesheet Entry & Costing | Included |
| Employee Self Serv | |
| My Details | Included |
| MyLeave | Included |
| MyTraining | Included |
| MyDevelopment | Included |
| MySafety | Included |
| MyPay | Included |
| MyTeam Details | Included |
| MyTeam Leave | Included |
| MyTeam Timesheets | Included |
| Connectors | |
| XLOne Reporting for HR & Payroll | Included |
| Business Intelligence for HR & Payroll | Included |
| ETL for HR & Payroll | Included |
| Included MyModules | |
| MyStandardReports&Enquiries (HR & Payroll) | Included |
| MyBusinessIntelligence (HR & Payroll) | Included |
| | |
| | |
| LICENCE GROUP - TechnologyOne Property | |
| Maximum Rateable Properties | 78000 |
| Core | |
| Property Nucleus | Included |
| eDocument Delivery | Included |
| Billing & Revenue Management | |
| Rating & Valuations | Included |
| Cash Receipting | |
| Debtors | Included |
| Rates Modelling | Included |
| Regulatory Management | |

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| | |
|---|----------|
| Development & Building Applications | Included |
| Licences and Permits | Included |
| Certificates | Included |
| Property By Law Enforcement | Included |
| Property Leases | Included |
| Bonds and Guarantees | Included |
| Trade Waste | Included |
| Infringements | Included |
| Animal Management | Included |
| Developer Levies | Included |
| eProperty Online Services | |
| Request Management | Included |
| Task Booking & Scheduling | Included |
| eCustomer | Included |
| eLodgements | Included |
| eTracking | Included |
| ePayments | Included |
| eRequests | Included |
| Plan | Included |
| Miscellaneous | |
| Electoral Roll | Included |
| User Defined Registers | Included |
| GIS Integration - Navigation | Included |
| GIS Integration - Embedded Mapping | Included |
| GIS Integration - Data Sync & Reconciliation | Included |
| Quick Address Integration | Included |
| Extensions | |
| Data Management | Included |
| External Web Service | |
| External Web Services - SA eDais | Included |
| Connectors | |
| XL One Reporting for Property | Included |
| Business Intelligence Connector - Property | Included |
| ETL for Property | Included |
| | |
| | |
| LICENCE GROUP - TechnologyOne Corporate Performance Management | |
| Core | |
| Enterprise Budgeting | Included |
| | |
| LICENCE GROUP - Technology One Contracts | |
| Core | |
| Contracts | Included |
| | |

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| | |
|--|----------|
| LICENCE GROUP - TechnologyOne Enterprise Cash Receipting | |
| Core | |
| ECR Core | Included |
| Backoffice and Bpay | Included |
| Product Connectors | |
| Financials | Included |
| Property | Included |
| Connectors | |
| XLOne Reporting for ECR | Included |
| | |
| LICENCE GROUP - TechnologyOne Programme Management | |
| Core | Included |
| | |
| LICENCE GROUP - TechnologyOne Project Lifecycle Management | |
| Core | Included |
| | |
| LICENCE GROUP - TechnologyOne Application Submission Management | |
| Core | Included |
| | |
| LICENCE GROUP - TechnologyOne Grants Distribution | |
| Core | Included |
| | |
| LICENCE GROUP - TechnologyOne Grants Acquisition | |
| Core | Included |
| | |
| LICENCE GROUP - TechnologyOne Publisher | |
| Core | |
| Publisher Designer | Included |
| | |
| LICENCE GROUP - TechnologyOne PPLG | |
| Core | |
| PPLG | Included |
| | |
| | |

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| | |
|--|----------|
| LICENCE GROUP - TechnologyOne Spatial | |
| Core | |
| IntraMaps Enterprise | Included |
| IntraMaps Public | Included |
| IntraMaps Map Control | Included |
| | |
| LICENCE GROUP - Break Out Packs | |
| Publisher Generator | Included |
| Property & Rating Mobile Requests | Included |
| Asset Mgt Mobility - Crew Management | Included |
| MyTimesheets | Included |
| Property & Rating iOS Mobile Inspections | Included |
| Property & Rating Mobile Enquiries | Included |
| MyAssetBookings | Included |
| MyWorkRequests | Included |
| Asset Mgt Mobility - Asset Survey | Included |
| Asset Mgt Mobility - Defects | Included |
| Asset Mgt Mobility - Inspections | Included |
| Asset Mgt Mobility - Work Orders | Included |
| | |

OneCouncil solution map



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6. Investment Discussion

6.1 TechnologyOne Enterprise Software as a Service

TechnologyOne takes complete responsibility to simplify your technology investment model providing a simple and cost effective alternative. We pass on the benefits of our economies of scale to provide a continually evolving Software as a Service solution. You can simply sign in to get enterprise software as a service, using any device, anywhere, any time.

The key business benefits of the TechnologyOne Software as a Service Software as a Service:

Simplicity: Removes the complexity of owning and running a data centre, databases, applications and technical staff, allowing you to focus to on running your business. You simply need a device, an internet connection and we take care of the rest

Reduced total cost of ownership:

- No upfront capital investment in hardware, servers, cabling, or networks. No ongoing investment in software licensing for operating systems, databases, virus software etc.
- We right size the infrastructure for you so you do not have to buy capacity not needed today. We can rapidly scale to your needs
- Payroll costs can be significantly reduced as there is no need for specialist IT staff such as database administrators and network engineers. Electricity costs are reduced as temperature controlled infrastructure housing is no longer required.

Gold standard to run TechnologyOne products – we run and continually optimise our software for more than tens of thousands of users each day. We are certified in best practice frameworks such as ISO 27001 (Information Security Management System), ISO 9000 (Quality Management) and ITIL

Lower your risk. TechnologyOne Software as a Service is highly available with redundancy built in at every level to deliver a fault tolerant service.

Our **economies of scale** mean that we can rapidly innovate and bring new technologies to benefit all of our customers faster than and more efficiently than an individual organisation.

Substantial investment into R&D each year means we provide our customers a strong, continuing competitive advantage through an enterprise solution that adapts and evolves by embracing new technologies, concepts and innovation.

TechnologyOne Software as a Service solution includes:

- | | |
|---|---|
| • New software releases including next generation product releases | • Customer enhancement request management |
| • Software revisions | • Operations Support |
| • Privileged access to new software and modules | • Server Infrastructure Support |
| • Access to Emergency assistance or bug fixes for minor or major system disruptions | • Database management |
| • Access to Consulting Services | • Network management |
| • Customer information website | • Capacity Planning |
| | • Availability and Performance |

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6.2 Software as a Service

TechnologyOne's Enterprise Software as a Service solution (SaaS) is provided through an all-inclusive annual SaaS fee. All that is required is an internet ready device and an internet connection to deliver our proven Enterprise Software solution to any device, anywhere, anytime.

The table below provides a summary of the costs for the proposed OneCouncil Software as a Service solution:

| Investment Summary 78,000 Rateable Properties | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total exGST |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Moving ECM to SaaS | \$ 142,032 | \$ 146,293 | \$ 150,681 | \$ 155,202 | \$ 159,858 | \$ 754,065 |
| New OneCouncil SaaS | \$ 1,355,803 | \$ 1,396,477 | \$ 1,438,371 | \$ 1,481,522 | \$ 1,525,968 | \$ 7,198,142 |
| Total SaaS | \$ 1,497,835 | \$ 1,542,770 | \$ 1,589,053 | \$ 1,636,724 | \$ 1,685,826 | \$ 7,952,207 |

6.3 Implementation Services

Our standard implementation approach is designed to be cost effective for City of Onkaparinga, identifying activities that can be undertaken by Council's staff and functionality that, in our experience, is over and above that required for most organisations like Council.

The initiation phase of TechnologyOne's Solution Implementation Methodology allows for scoping confirmation to be completed at the commencement of the project. This scoping confirmation phase will enable both Council and TechnologyOne to gain a full understanding of the depth and breadth of the scope to be delivered in the proposed implementation project.

| OneCouncil Solution Implementation | Cost Ex GST |
|---|-------------|
| OneCouncil implementation services estimate | \$1,200,000 |

7. Solution Implementation Approach

Over 300 dedicated and trained professional consultants are located in our offices throughout Australia, New Zealand and the United Kingdom, where they are able to provide immediate service to our customers.

Our Power of One approach from sale to support means we want to take full responsibility for the success of our software in meeting our customers' needs.

TechnologyOne has more than 40 dedicated Project Management staff that plan and manages implementation projects. Having completed implementation to more than 1000 clients worldwide, the implementation team possesses well developed and grounded experience and knowledge to deliver TechnologyOne solutions to our clients.

The project planning process will identify the resources required, dates and skills necessary to deliver the project. The resources are scheduled in accordance with the project plan and monitored throughout the project to adjust for variations where required. TechnologyOne has a centralised view of all consulting commitments across the entire business allowing resources to be deployed to meet project timelines

In addition to our organisation wide certifications, employment candidates are assessed against a matrix of required skills and experience which includes a minimum level of accreditation and certification.

The types of certification held by staff applying to our industry are many and varied and are subject to change due to natural attrition. For example, our Project Management staff attain certification in PRINCE2 and/or PMBOK.

The OneCouncil SaaS implementation can be delivered as single project implementation or as a two-phased program approach. Phase 1 to deliver and bed-down the core benefits via critical Business Activities. Phase 2 to deliver the Value-add Business activities. This approach helps manage the amount of change your organisation has to adopt and provides a foundation and a change process to extend council capability as required.



8. Appendices

Supporting OneCouncil Capability Catalogues

- Core Products Capability Overview
- Human Resource Information System Capability Overview
- Asset Lifecycle Management Capability Overview
- Property & Revenue Management Capability Overview

| | Yr1 | Yr2 | Yr3 | Yr4 | Yr5 | | |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | Total | Comment |
| External costs: | | | | | | | |
| Tech One Software as a Service (SaaS) fees | 1,497,835 | 1,542,770 | 1,589,053 | 1,636,724 | 1,685,826 | 7,952,208 | Proposed annual costs. Includes license, hosting and advanced support fees |
| Tech One implementation fees | 400,000 | 800,000 | 400,000 | 0 | 0 | 1,600,000 | One off, T&M implementation services excluding data conversion. Will decreases as CoO add effort |
| Data conversion from existing systems | 700,000 | 400,000 | 0 | 0 | 0 | 1,100,000 | 3rd party costs, the more CoO do, the lower these costs |
| System integration costs with legacy systems | 400,000 | 200,000 | 0 | 0 | 0 | 600,000 | Third party integration work with legacy systems |
| Cloud connectivity and infrastructure | 100,000 | 50,000 | 52,000 | 54,000 | 56,000 | 312,000 | Once off hardware charges then ongoing access fees - fast internet pipe setup and associated equipment |
| Additional modules | | 50,000 | 52,000 | 54,000 | 56,000 | 212,000 | Adding extra software modules and functionality - ongoing |
| | 3,097,835 | 3,042,770 | 2,093,053 | 1,744,724 | 1,797,826 | 11,776,208 | |
| Less cashable savings (see below) | (172,000) | (407,000) | (856,000) | (880,000) | (906,000) | (3,221,000) | |
| Proposed borrowings | 2,925,835 | 2,635,770 | 1,237,053 | 864,724 | 891,826 | 8,555,208 | |
| Internal costs: | | | | | | | |
| Project management: | | | | | | | |
| Staff -Project Manager x 1 | 140,000 | 144,000 | 148,000 | 0 | 0 | 432,000 | 3 yr role with 3% annual increase |
| Staff - Business Analysts x 4 @ approx \$110k | 450,000 | 463,000 | 477,000 | 0 | 0 | 1,390,000 | 3 yr role with 3% annual increase |
| Staff - backfill positions x 8 @ approx \$80k | 650,000 | 650,000 | 0 | 0 | 0 | 1,300,000 | For 2 years |
| Change management: | | | | | | | |
| Staff - internal training - 2 x staff then 1 staff | 250,000 | 250,000 | 125,000 | 125,000 | 125,000 | 875,000 | Training is an ongoing requirement - CoO internal training - ongoing |
| Staff - role retraining | 225,000 | 225,000 | 0 | 0 | 0 | 450,000 | 30 staff x 150hrs each (over 2 yrs) - retraining staff if needed for new or significantly changed roles |
| Proposed Contingency Reserve | 1,715,000 | 1,732,000 | 750,000 | 125,000 | 125,000 | 4,447,000 | |
| Total funding required | 4,640,835 | 4,367,770 | 1,987,053 | 989,724 | 1,016,826 | 13,002,208 | |
| Non-cashable productivity improvements | (1,500,000) | (3,500,000) | (5,000,000) | (5,150,000) | (5,304,500) | (20,454,500) | 5 % efficiency savings across all staff factored by 3% annual increase. Expecting \$5m/yr once fully operational (per 2015 BPI report) |
| Financial business case | 3,140,835 | 867,770 | (3,012,947) | (4,160,276) | (4,287,674) | (7,452,292) | |
| Cashable savings (included above): | | | | | | | |
| Retire property system -Pathway | 0 | 0 | 260,000 | 267,000 | 276,000 | 803,000 | Current fee is \$246k @ 3% annual increase |
| Migrate records system - ECM | 60,000 | 62,000 | 64,000 | 66,000 | 68,000 | 320,000 | 3% annual increase |
| Retire asset management system - Assetic | 78,000 | 80,000 | 82,000 | 84,000 | 86,000 | 410,000 | 3% annual increase |
| Retire WHS system - QSE | 34,000 | 35,000 | 36,000 | 37,000 | 38,000 | 180,000 | 3% annual increase |
| Retire finance system - JDE | 0 | 0 | 127,000 | 130,000 | 133,000 | 390,000 | Current fee is \$120k @ 3% annual increase |
| Reporting and analytics system | 0 | 30,000 | 31,000 | 32,000 | 33,000 | 126,000 | Chameleon (15k), Business Objects (12k), Project Register (3k) |
| Retire ancillary non-core systems | 0 | 0 | 50,000 | 52,000 | 54,000 | 156,000 | |
| Retire redundant server and storage | 0 | 200,000 | 206,000 | 212,000 | 218,000 | 836,000 | 3% annual increase |
| | 172,000 | 407,000 | 856,000 | 880,000 | 906,000 | 3,221,000 | |