



## Cabinet Procurement Committee - 8 March 2021

### Agenda Item 9

## Telephony and Contact Centre Cloud Solution - Contract approval - Key Decision No. FCR R 42

### Addendum to the report

CPC award report:

<https://docs.google.com/document/d/1nbPxweTn0H6hy7H5IKPFzVVw-CIfHIKp6ULJdK272FY/edit?usp=sharing>

### Recommendation(s)

For the avoidance of doubt, the recommendations in the report are that Cabinet Procurement Committee is recommended to:

*Note the Digital Marketplace G Cloud procurement process used for the procurement of 'Telephony and Contact Centre Cloud' solutions.*

This recommendation is asking CPC to note that a compliant procurement process has been followed, using the Digital Marketplace.

*Progress the award of a contract to Supplier 2 to provide two products: (i) Communications as a Platform, and (ii) Contact Centre Software. The contract will be for a period of 2 years with a Council option to extend for two further one year periods (2+1+1).*

This recommendation is asking CPC to approve the contract award.

*A comprehensive summary of the evaluation of the individual bids is included at Appendix 2 to this report and includes the names of the all the bidders for each lot*

This recommendation is asking CPC to note the additional evaluation details provided in Appendix 2.

### Scope of the procurement

In section 5 of the award report, detail is provided of the current contracts that relate to telephony services. The table below clarifies which elements are in-scope for this procurement and which are out of scope or *may* be replaced at a future point by using the services included in this procurement.

Service	Supplier	Contract end date	Scope of this award	Other notes
A cloud-based VoIP communication system provided by NFON	Centiant	9 May 2021	In-scope	
A cloud-based customer contact centre system provided by Puzzel	Centiant	9 May 2021	In-scope	
A voice-activated switchboard provided by Netcall, hosted on-premise	Netcall	Currently extended under STA	In-scope	
Mobile telephony (EE)	Centiant	9 May 2021	Out of scope	Use of 'bring your own device' access to the new telephony service <i>might</i> enable reduction in mobile lines in future.
Mobile telephony (BT)	BT	14 Feb 2022	Out of scope	
Hackney Education Mitel telephony system	Opus	30 Jun 2021	In-scope	
Legacy telecommunications such as ISDN and private lines	Daisy	Currently extended under STA	Out of scope	Legacy telephony connections will be reviewed to reduce costs relating to lines that are no longer needed.  This will require careful audit to identify the users for lines and cease lines which are no longer required.
Legacy telecommunications such as ISDN and private lines	BT	Currently extended under STA	Out of scope	

The service that we propose to purchase through this contract award is a global scale, cloud platform for end-user and contact centre telephony. This is based on cloud infrastructure and does not involve implementation of telephony software or hardware in the Council's internally hosted systems. The cloud service can be accessed from any internet connection, including the Council's internally managed network, other internet connections (eg home connections) and mobile connections using 3G / 4G / 5G services.

Mobile telephony was included in the previous contract let to Centiant in 2016. Subsequent assessment of the market has shown the connections purchased through the contract were high cost and provided a low data allowance compared to alternative options available on the market. As the connectivity market is highly competitive and fast moving we propose to procure mobile telephony separately to achieve greater value for the Council. There may also be opportunities to reduce the total number of Council mobile connections as users will be able to connect to the new telephony service without needing a corporate mobile device and connection. This is out of scope for the contract award that CPC are being asked to approve.

Historically, Hackney Education ICT was managed separately within the Learning Trust and operated its own separate technology platforms, including telephony. This was merged with

the Council's corporate ICT service in spring 2020 with a strategic goal of convergence and integration.

The legacy telephony lines have been installed over a long period of time and many of these predate the use of VOIP (internet based) telephony, which allows calls to be made over a network connection. The Council is delivering a programme of network improvements (which is separate to this procurement) and we will be able to retire legacy phone connections and use the new VOIP service that is being procured through this contract award instead. As such, the legacy lines are out of scope for this contract award, but the new contract will enable us to reduce the legacy lines (hence their inclusion in the financial analysis).

### **Staffing implications**

There are no staffing implications arising from this contract award. The contract will provide the telephony system that is used by Council staff and contact centres, but is purely about the technology that the Council will use.

Both the existing NFON telephony contract and the proposed new contract are cloud based, so there is no material change to the infrastructure which the in-house ICT team will manage.

### **Financial implications**

The financial analysis in the award report is set out as follows:

[Table 1](#): Comparison of the two supplier options for the Telephony Cloud Solution. Supplier 2 is the highest scoring option. Costs are shown as 2 year costs.

[Table 2](#): Comparison of the three supplier options for the Contact Centre Cloud Solution. Supplier 2 is also the highest scoring option. Costs are shown as 2 year costs.

[Current annual revenue costs for the in-scope services](#): this includes the cost of legacy telephony lines which we plan to decommission by replacing fixed line telephony with VOIP connections delivered over the Council's network. [As noted in the report](#), however, the exact savings that will be achieved through ceasing these legacy telephony lines will be subject to the planned audit of these legacy lines.

It should also be noted that telephony costs are not directly controllable by the ICT service as they depend on the level of demand across the Council's services. Historically, this risk has been managed by recharging additional costs which exceed the budget for telephony and it is expected that the financial benefits delivered through the proposed contract award will reduce this pressure - benefiting the financial position in other services.

[Annual revenue cost analysis for the proposed new service](#): This table shows the projected annual revenue costs for the two services that we are proposing to procure (Supplier 2 was the highest scoring supplier for both of the services). Costs are shown as 1 year (annual) costs.

Modern cloud services are based on consumption pricing (eg £ per user per year) and do not require up front spend on infrastructure. We are not able to predict with certainty exactly how many users the Council will need on the new service because this depends on a wide range of variables such as:

- The number of staff and other contractors that the Council employs - which may reduce due to Government funding cuts but may also increase due to in-sourcing
- The % of staff who require a phone line (our analysis indicates that many staff make a very low level of phone calls and the expansion of our communication technologies may reduce this further)
- The potential for automation to reduce phone handling (although the business case for automation needs to consider user experience, the Council's strategic goals for customer service delivery, the cost of automation technology and the ethical and privacy considerations)

This modeling of future costs considers a range of potential user numbers based on:

- 4,250 connections - assuming current user numbers and all staff requiring a phone line
- 3,500 connections - we expect this to be the most likely scenario based on our analysis of current use
- 3,000 connections - with a reduced number of connections due to automation (including an estimation of the costs of automation)

Based on our estimation, the most likely financial position is:

	Lower estimate	Upper estimate	Comments
Current budget	£556,614	£652,614	Upper estimate includes full costs of legacy telephony lines, lower estimate excludes these.
New contract costs	£486,149	£556,159	Lower estimate is based on most likely scenario (3,500 users) and upper estimate is based on 4,250 users.

Therefore the range of potential annual revenue savings are:

- Highest savings: £166,465 (if all legacy telephony lines are ceased and 3,500 users are needed for the new telephony service)
- Lowest savings: £455 (if no legacy telephony lines are ceased and 4,350 users are needed for the new telephony service)

We expect the actual position to be much closer to the highest savings figure but, as noted above, can not provide a fixed figure due to the variables of user numbers and termination of legacy telephony lines.

[The finance comments](#) provide a number of other details, some of which are not directly relevant to this contract award but give context on the wider financial picture. These include:

- User numbers: the finance comments note that the current user numbers exceed the 4,250 upper end estimate. This risk will be managed through a 'ground up' review of all users needed for the new system and based on the analysis of current use we expect that the most likely numbers will be nearer to the 3,500 users referenced above.
- Legacy lines: the finance comments note that a number of other services also have legacy telephony lines. These will be reviewed as part of the overall review of legacy connections. As noted above, this is out of scope for this contract but is referenced to provide CPC with context on the wider picture of work to reduce telephony costs.
- Implementation: please see details [below](#).
- Account management: this refers to an element of the current Centient contract for outsourced system administration which will not be required under the new contract. The in-house ICT Service Support team already carry out administration work to manage the current system and the equivalent work required to administer the new system will be carried out by the same in-house team.
- Other budget pressures: the finance comments refer to other budget pressures that are currently being managed (including existing overspends in Education ICT and costs across ICT and Customer Services). These are not relevant to the scope of the proposed contract award but savings achieved through the new telephony service (as well as improved service quality) will help support the work to mitigate these pressures.

## Sustainability

None of the suppliers provided specific information on their sustainability credentials in the procurement framework listings. However, we know that the preferred supplier runs on the AWS public cloud infrastructure. We have assessed the sustainability credentials of AWS as part of our assessment of cloud providers and found that:

- Hyper-scale public cloud vendors (like AWS) offer significantly more effective management of the energy consumption than smaller providers
- AWS has been assessed independently as 3.6 times more energy efficient than the median enterprise data centre
- AWS documents its sustainability initiatives publicly and has made a commitment to achieving 100% renewable energy usage:  
<https://sustainability.aboutamazon.com/environment/the-cloud>

As [noted in the report](#), the move to telephony accessed through the web browser / mobile app will mean that the Council will not need to replace current telephone handset hardware - providing a financial and environmental benefit.

## **Service performance indicators**

The preferred provider offers 99.999% performance - based on the last 6 months provision. The quality of a call is unlikely to be attributable to the performance of the software provider as a result of the system working over the internet and being run on public cloud. The quality of domestic internet connections are most likely to be the cause of any drop-outs. Our support team have a triage process which we use to help users working from home identify where their internet connection is affecting system performance.

We have a wider set of performance indicators that judge the performance of the service that we provide residents which are enabled by this procurement, but where accountability sits with customer services rather than the telephony provider. These relate to the three target customer services behaviours: 'be human', 'make it simple' and 'be the guide' and are measured through:

- Customer satisfaction
- First contact resolution
- Maximum and average waiting times

In addition, individual advisors have a range of metrics which are used to support their performance as well as a self-reflection framework.

## **Implementation**

Global scale, cloud technology services operate an 'ecosystem' model, where systems can be implemented and operated by a wide range of partners as well as clients' own technology teams. This is similar to the model which we have used for our use of Amazon Web Services and Google Workspace (G Suite), which we have implemented and operate using a combination of our in-house ICT team and external expert support. Where we use external support we have based that on procuring services through the Government Digital Marketplace, which has enabled us to diversify our technology supplier base - including contracts with SMEs in Hackney.

We had intended to implement the new telephony service using our in-house team, as the work relates to configuration and set up of users and call routing in the cloud telephony platform, not implementation of complex hardware and software. We will, however, need to assess the capacity to do this in light of the demands of the cyberattack recovery as part of the contract initiation following award. Where any additional external support is required we will procure that through a compliant route such as quotations or the Digital Marketplace. The potential budget required should external funding be required is included in the overall assessment of the financial impact of the cyberattack.