



CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Title of Report	Replacement Unified Communication as a Service (UCaaS) & Contact Centre as a Service (CCaaS) Telephony System 2023
Key Decision No.	FCR S235
CPIC Meeting Date	4th September 2023
Classification	Open with exempt appendices (Contains Information relating to the financial or business affairs of any particular person (including the authority holding the information))
Ward(s) Affected	ALL
Cabinet Member	Mayor Glanville
Key Decision	Yes _____
Group Director	Dawn Carter-McDonald, Interim Chief Executive
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	£2,070,765.00 exclusive of VAT £2,484,918.00 inclusive of VAT
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	Up to 48 Months (initial term 3 years plus option of 1 year extension)

1. Cabinet Member's Introduction

- 1.1 Our residents, businesses and staff expect the Council to have a phone & contact centre system that meets our collective requirements for a stable and high quality system. Changes especially in contact centre technologies will allow us to meet our residents' expectations, where they would like to communicate with the Council not just by phone but using a range of modern methods. We are confident that this procurement will achieve that.
- 1.2 The new telephony system gives us more opportunity to meet residents' and our own rising expectations. For example, a resident who starts on webchat and needs more support over the phone, won't have to repeat their story as the chat will be passed to the customer service advisor. The new contact centre solutions would allow our resident to contact us over several different mediums rather than just phone. This is a full omnichannel solution which offers chat, video, X(twitter), Whatsapp, Facebook integration and many more.
- 1.3 Due to our existing investment in technology and our platforms during the Coronavirus outbreak, when the government imposed a lockdown, we were able to continue to provide phone-based services to residents whilst staff worked remotely. We were able to create the 3111 service to support vulnerable residents and created a service to support track & trace. Our cloud based telephone system allowed us to provide the mechanisms to support staff working differently to support the community, thanks in part to the flexibility of our IT infrastructure, matched to our in-house skills.
- 1.4 The subsequent cyber attack, reminds us of the importance of prioritising security, and safeguards around our data. But it has also shown the value of using modern cloud-based solutions which remain resilient. For the procurement, we have ensured that the solution met the highest standards for security and data protection.
- 1.5 The customer and workplace team have explored the market of providers and developed these proposals based on practical experience from a number of pilots of different solutions. Ensuring that the system would work effectively on all our platforms and systems regardless of location.
- 1.6 The main objectives of the procurement are seeking:
 - a. A provider that fits closely with our values
 - b. A solution that is reliable, robust and technology that meets our standards

- c. A contract that offers value, ensures we've sufficient agility to benefit from changes to technology.

1.7 This report concludes this process and recommends a final award of contract.

2. **Group Director's Introduction**

2.1 Services across the Council rely on having an effective and efficient telephony system that enables high quality communication with our residents and businesses. These needs range from the management of high volume contact in the Council's Contact Centre, through to specialist teams across the Council's directorates.

2.2 The Council has adopted a strategy based on the Government's Technology Code of Practice, which includes adoption of public cloud technologies. This enables us to use best in class, modern technology, increases flexibility and resilience (our use of cloud based telephony was an important part of the Council's ability to continue to provide telephone based contact for residents and businesses following the cyberattack in October 2020), and also reduces lock-in to technology suppliers.

2.3 The Council introduced a cloud based service for telephony and contact centre software in 2016, and moved to the current supplier (Vonage) in 2021. The current contract with Vonage reached its second anniversary in May 2023. While the Council has the option to extend the contract with Vonage by up to a further two years, our assessment of the Council's user needs and the market for these services has concluded that it would be advantageous to procure an alternative system. For the short term we have extended the current contract with Vonage for up to a further 12 months with a notice period of 30 days (under the terms of the existing contract).

2.4 Following extensive engagement across the Council's service teams and soft-market testing, it is proposed to proceed with procurement of a new telephony service and contact centre software. This will continue to be based on a cloud model, retaining the benefits of flexibility, scalability, resilience and reduced vendor lock-in.

3. **Recommendation(s)**

Cabinet Procurement & Insourcing Committee is recommended:

- 3.1 **To authorise the award of a contract for the procurement of a new 'Unified Communication as a Service' telephony service that includes an omnichannel contact centre solution to Supplier 1.**

4. **Related Decisions**

- 4.1 Procurement of New Unified Telephony System & CCaaS (Appendix 2)

Business case presented to Hackney Procurement Board on 12th April 2023.

Summary of recommendation to HPB

- 4.2 The Council to extend the current Vonage contract for 1 year (starting from 1 June 2023) while transitioning to a new provider. The Vonage contract can be terminated with 30 days' notice, which will be done during the migration process.
- 4.3 The Council aims to procure a new 'Unified Communication as a Service' telephony service with an omnichannel contact centre solution.
- 4.4 The procurement will be carried out through the Digital Marketplace (G Cloud 13 - RM1557.13) or an alternative Crown Commercial Services framework, following the Council's contract standing orders.

5. **Reason(s) For Decision / Options Appraisal**

- 5.1 The initial term of the current contract for the telephony solution expired on the 31st of May 2023, an extension of up to one year has been agreed under the terms of the contract, with a 30 day notice period.
- 5.2 A review of the current supplier was carried out on the following criteria;
- Performance
 - Compatibility with our environment
 - Value for money
 - Future requirements
 - Comparison to competitors
- 5.3 Following the review, it was determined that other providers would better suit the Council's present and future needs.

5.4 This decision is to approve a contract award for a replacement supplier for our telephony solution procurement via the UK Government Digital Marketplace (G Cloud 13 - RM1557.13)

5.5 **Alternative Options (Considered and Rejected)**

5.6 **Do nothing (continue the current contract through to May 2025)**

This is not recommended as our assessment of user needs and soft market testing has shown that the Council will achieve significant benefits to user experience, technology fit and costs through procurement of a new system.

5.7 **Full Tender**

Not recommended as existing frameworks with market leading UCaaS services are available, which reduces the procurement timeframes.

6. **Project Progress**

6.1 **Developments since the Business Case approval**

None

6.2 **Whole Life Costing/Budgets**

Yearly Cost	UC	UC Support	UC Implementation	CC	CC Support	CC Implementation	Total
Year 1	£192,132	£44,544	£32,265	£230,640	£14,580	£110,916	£625,077
Year 2	£192,132	£44,544	£0	£230,640	£14,580	£0	£481,896
Year 3	£192,132	£44,544	£0	£230,640	£14,580	£0	£481,896
Year 4	£192,132	£44,544	£0	£230,640	£14,580	£0	£481,896
Total Contract Cost	£768,528	£178,176	£32,265	£922,560	£58,320	£110,916	£2,070,765

6.3 **Risk Assessment/Management**

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
The new service is more expensive than current provider	Low ▾	Medium ▾	Low ▾	Our market analysis has included assessment of costs, including whole life costing. This includes the additional users following migration of Hackney Education telephony users onto the corporate telephony system.
The service is not compatible with our systems	Low ▾	Medium ▾	Low ▾	Our market analysis has included testing with staff working at home and in our office locations, covering both general use and contact centre teams. This has included testing with the devices that are used by Council staff.
Service is not reliable	Low ▾	Medium ▾	Low ▾	Our market analysis has confirmed that the proposed framework route includes market leading providers as identified in the independent Gartner 'magic quadrant' report (which provides an assessment of the market for providers of technology services). We have also contacted current Local Authority customers of the potential suppliers to get their feedback

7. Savings

7.1 The table below highlights the difference in costs between our current provider and the new provider. The new provider package also included Workforce Management. Our Customer Service team currently pays £22,800 per year to another supplier for WFM, this contract ends in Jan 2024.

	Current Provider	WFM	New Provider	Reduction
Year 1	£751,511.76	£22,861	£625,077	£149,295.76
Year 2	£751,511.76	£22,861	£481,896	£292,476.76
Year 3	£751,511.76	£22,861	£481,896	£292,476.76
Year 4	£751,511.76	£22,861	£481,896	£292,476.76
Total	£3,002,792.00	£91,444	£2,070,765	£1,026,726.04

7.2 Any savings realised from this procurement will be used to offset budget pressures elsewhere in the ICT services.

8. Sustainability Issues and Opportunities, Social Value Benefits

8.1 Procuring Green

Our soft market testing included confirming that when actual handsets are required (e.g., library front counters), the Council's existing phone stock will be compatible with the potential service providers.

The Council's 'cloud, unless' technology strategy reduces the Council's carbon footprint through removing requirements for dedicated on-premises infrastructure. Cloud providers typically use sustainable energy sources and this was included in our procurement.

8.2 Procuring For A Better Society

UCaaS (Unified Communications as a Service) enables enhanced connectivity, seamless communication and collaboration among colleagues. UCaaS systems work effectively regardless of location, allowing colleagues to work from home, promoting work-life balance and reducing environmental impacts.

As per our cloud first model, UCaaS systems are cloud-based technologies, providing improved energy efficiency and scalability when compared to traditional 'on-premise' services.

Choosing a market leading provider for UCaaS and CCaaS will ensure that the Council has a robust and effective telephony system that will allow us to deliver high quality services for our residents.

8.3 Procuring Fair Delivery

We have ensured that the procurement process has been fair and open by using the Crown Commercial Service G Cloud framework (part of the Government's Digital Marketplace), ensuring that all suppliers have been given equal opportunity in the process.

We scored all the suppliers against our requirements that were created from the user stories we identified following extensive staff engagement. We followed up with suppliers for clarification questions where their G Cloud offering wasn't clear, each supplier was given the same time and opportunity to provide the information for us to assess their product.

8.4 **Equality Impact Assessment and Equality Issues**

No issues identified.

8.5 **Social Value Benefits**

Please refer to appendix 7

9. **Tender Evaluation**

9.1 The evaluation was carried out by members of The Colleague Experience Team and members of the Corporate Procurement Team and ICT Contracts and Procurement Team.

9.2 From our soft market testing and the user stories (appendix 3) that we identified through extensive engagement with colleagues we created a list of requirements, those that were essential for a new telephony system and those that were desirable. Our main focus was for the system to be reliable, secure and compatible with our environment.

Criteria	Essential
Unified Communications as a Service fully accessible via web browser	Pass or Fail
Contact Centre as a Service fully accessible via web browser	Pass or Fail
QoS reports, device status reports, alerts, real-time call reporting	Pass or Fail
Advanced Analytics: Proactively monitor performance with customisable, real-time dashboards.	Pass or Fail
Fully compatible with Chrome OS Devices & Chrome Web Browser	Pass or Fail
99.999% service uptime	Pass or Fail
99.999% availability	Pass or Fail
Data storage and processing locations, United Kingdom	Pass or Fail
CCaaS supporting omni-channel routing across voice, digital, social, chat, email interactions (Including Twitter,Facebook,Whatsapp)	Pass or Fail

Workforce Management , Quality Management (customer survey satisfaction), Performance Management and analytics	Pass or Fail
A Gartner leader for Unified Communications as a Service (UCaaS)	Pass or Fail
A Gartner leader for Contact Centre as a Service (CCaaS)	Pass or Fail
Can integrate with Google Single-Sign-On (SSO) and adheres to SAML 2.0	Pass or Fail
High reliability, security, and flexibility - ISO27001, ISO27017, ISO27018, Cyber essentials	Pass or Fail
Advanced features: Voicemail, IVR, Auto-Receptionist, Hot-Desking, Call queues/transfer.	Pass or Fail
Criteria	Desirable
Integrations with Google Workspace	7.50%
Ability to seamlessly move between devices.	7.50%
Open APIs: Salesforce, Google, Microsoft, plus other CRM applications	7.50%
Contact Centre on a single Google Chrome web browser to allow agents to work from a single screen	7.50%
Google add on extension (allow making direct calls via web pages)	7.50%
Allow Multiple users to sign in and out of Desk Phones	7.50%

9.2 We evaluated each of the suppliers against these criterias and scored them as follows, for the essentials they either passed or failed. If the supplier failed any of the essential criterias then they were knocked out. The results of the evaluation are in the table below.

9.3 & 9.4

Essentials	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5	Supplier 6
Unified Communications as a Service fully accessible via web browser	Yes	Yes	Yes	Yes	Yes	Yes
Contact Centre as a Service fully accessible via web browser	Yes	Yes	Yes	Yes	Yes	Yes
QoS reports, device status reports, alerts, real-time call reporting	Yes	Yes	Yes	Yes	Yes	Yes
Advanced Analytics: Proactively monitor performance with customisable, real-time dashboards.	Yes	Yes	Yes	Yes	Yes	Yes
Fully compatible with Chrome OS Devices & Chrome Web Browser	Yes	Yes	Yes	Yes	Yes	Yes
99.999% service uptime	Yes	Yes	Yes	Yes	Yes	Yes
99.999% availability	Yes	No	Yes	Yes	Yes	Yes
Data storage and processing locations, United Kingdom	Yes	Yes	Yes	Yes	Yes	Yes
CCaaS supporting omni-channel routing across voice, digital, social, chat, email interactions (Including Twitter,Facebook,Whatsapp)	Yes	No	Yes	Yes	Yes	Yes
Workforce Management , Quality Management(customer survey satisfaction), Performance Management and analytics	Yes	Yes	Yes	Yes	Yes	Yes
A Gartner leader for Unified Communications as a Service (UCaaS)	Yes	No	Yes	Yes	Yes	Yes
A Gartner leader for Contact Centre as a Service (CCaaS)	Yes	No	No	No	No	No
Can integrate with Google Single-Sign-On (SSO) and adheres to SAML 2.0	Yes	No	Yes	Yes	Yes	Yes
High reliability, security, and flexibility - ISO27001, ISO27017, ISO27018, Cyber essentials	Yes	No	No	No	No	No
Advanced features: Voicemail, IVR, Auto-Receptionist, Hot-Desking, Call queues/transfer, realtime call queue/group dashboard?	Yes	No	Yes	Yes	Yes	Yes
Desirable	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5	Supplier 6

	1	2	3	4	5	6
Integrations with Google Workspace	Yes	Yes	Yes	Yes	Yes	Yes
Ability to seamlessly move between devices.	Yes	No	Yes	Yes	Yes	Yes
Open APIs: Salesforce, Google, Microsoft, plus other CRM applications	Yes	No	Yes	Yes	Yes	Yes
Contact Centre on a single Google Chrome web browser to allow agents to work from a single screen	Yes	No	Yes	Yes	Yes	Yes
Google add on extension (allow making direct calls via web pages)	Yes	No	Yes	Yes	Yes	Yes
Allow Multiple users to sign in and out of Desk Phones	Yes	No	Yes	Yes	Yes	Yes
Meets Essential Requirements	15/15	8/15	13/15	13/15	13/15	13/15
	Pass	Fail	Fail	Fail	Fail	Fail
Meets Desirable Requirements	6/6	1/6	6/6	6/6	6/6	6/6

10. **Reasons for Recommendation**

- 10.1 Cabinet Procurement and Insourcing Committee is recommended to:
Note the Digital Marketplace G Cloud procurement process used for the procurement of 'Telephony and Contact Centre Cloud' solutions.
- 10.2 Progress the award of a contract to Supplier 1 to provide a Unified Communication as a Service and a Contact Centre as a Service. The contract will be for a period of 3 years with a Council option to extend for a further one year period (3+1).
- 10.3 This recommendation is based on a detailed review of all suppliers, with only one matching all of our critical requirements. The other providers were eliminated based on two of the critical requirements. The documents below provide more information on why these requirements were necessary.
- A Gartner leader for Contact Centre (appendix 4) as a Service (CCaaS).
 - High reliability, security, and flexibility - ISO27001, ISO27017, ISO27018, (appendix 5 & 6) Cyber essentials

11. **Contract Management Arrangements**

The contract & project implementation will be managed by the Colleague Experience Team, with support from the ICT Contracts Team.

It is proposed that the implementation will be taken on a phased basis, with the contact centre solution undertaken first, the telephony implementation will also be done on a phased basis. The total time taken to implement the full new phone system will take around 120 days.

Suppliers' KPI performance data will be reviewed quarterly with the supplier through meetings, in addition to reports, and where relevant, meetings held to address any issues, discuss continuous improvements and monitor call-off prices according to the contract and table at 11.1.

11.1 Key Performance Indicators

Main KPI Targets Set	Monitoring
1. Number of active users	Monthly
2. 99.99% Availability (measured by total minutes lost due to connection issues)	Monthly
3. Increase in first contact resolution	Monthly
4. Improved customer journey	Quarterly
5. Better reporting on contacts	Quarterly
6. Colleague satisfaction	Yearly

12. Comments of the Group Director Of Finance

- 12.1 This report outlines a proposal to replace the current cloud based service for telephony and contact centre software with a new unified telephony system that meets the evolving needs of Hackney Council and the services we provide. Our current telephony software is reaching the end of its contract and an analysis indicates that it no longer satisfies our requirements. Note the Council has extended the current contract for a year with a notice period of 30 days (under the terms of the existing contract). This will ensure continuity of service while migration to a new provider takes place. The existing contract allows for termination with 30 days notice, which will be served at the appropriate point in the migration process.
- 12.2 Currently, the annual spend on the existing telephony system, including Hackney Education users, is £775k per annum. In contrast, we expect the new system's annual spend to be around £482k per annum, resulting in a potential cost reduction of £293k per annum. Both user communication and contact centre costs including support, implementation and training will be funded from budgets earmarked for ICT telephone costs. This contract also includes one off implementation of £180k, which will be funded from the Council's existing ICT capital programme.

13. **VAT Implications on Land & Property Transactions**

13.1 No implications identified.

14. **Comments of the Acting Director, Legal, Democratic and Electoral Services**

14.1 This Report has been classified as Medium Risk. Paragraph 2.7.7 of Contract Standing Orders states that, in respect of procurements with a risk assessment of "Medium Risk", Cabinet Procurement and Insourcing Committee will determine the award of contracts above the value of £2m. The estimated maximum value of the contract in this Report is above £2m so therefore Cabinet Procurement and Insourcing Committee can agree the recommendations in this Report.

14.2 The Council used the Digital Marketplace (G Cloud 13 - RM1557.13) to undertake a mini-competition between the relevant suppliers in order to make a recommendation to award this contract. Use of the framework is subject to the provisions of Regulation 37 of the Public Contracts Regulations 2015 which allow a contracting authority to acquire supplies or services from a centralised purchasing body.

14.3 Details of the procurement process undertaken by the Council are set out in this Report.

15. **Comments of the Procurement Category Lead**

15.1 Officers have complied with all regulatory requirements governing the commissioning of the Replacement Unified Communication as a Service (UCaaS) & Contact Centre as a Service (CCaaS) Telephony System contract. The total estimated contract value mandated a Contract Standing Order compliant procurement route. The call-off procedure via the Digital Marketplace (G Cloud 13 - RM1557.13) was adopted. The tender exercise was carried out in accordance with Public Contracts Regulations 2015 and Public Procurement (Amendments) Regulations 2020. Prior to this exercise a business case, PRIMAS, RAT were approved. In tendering, Social Value was assured and KPI's measures incorporated. All in-tender and evaluation clarification questions have been closed out. The tender exercise has been transparent, fair, equal and non discriminatory.

15.2 It is the considered opinion of the procurement team that this exercise followed a compliant process and has resulted in the Most Economically Advantageous Tender recommendation and is assessed as meeting all necessary requirements to deliver this service satisfactorily.

Exempt Appendices

- Appendix 1- Supplier List
- Appendix 2 - Business Case HPB
- Appendix 3 - User Stories
- Appendix 4 - Gartner Leader
- Appendix 5 - ISO27017
- Appendix 6 - ISO27018
- Appendix 7 - Social Value

Exempt

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendices is exempt because it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background Documents

None

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**Comments of the
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