

Report of **Orchestration & Automation Manager**

Report to **Chief Officer, ICT**

Date: **12th February 2015**

Subject: **Report to seek approval to waive Contract Procedure Rules 8.1 and 8.2 and enter into contract with Mandant Solutions Limited for the provision of SAP BASIS support for the ESS/MSS project.**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

The ICT Database Administration (DBA) team currently provide general BASIS support for SAP Payroll. E.g. System checks, Applying transports & Notes, Applying patches. However on occasion there has been a need to escalate some incidents to SAP experts. There has also been a requirement for general SAP BASIS support when resource on the DBA team has been low. These needs have been met by a third party supplier, Mandant Solutions Ltd.

Additionally, Leeds City Council are in the middle of the ESS/MSS project which will allow BSC to realise massive savings for the council through the added functions this will add to SAP Payroll. Mandant Solutions Ltd. have advised the business and ICT at important stages of the project and carried out the preliminary upgrade work required for ESS/MSS

The service from Mandant Solutions Ltd has been rated as excellent. The current contract comes to an end on March 31st 2015. After this the same level of support and consultation will still be required for day to day support and major incidents. Similar resource would also be needed for the duration of the ESS/MSS project.

Without the additional third party support SAP Payroll will end up having a reduced level of support in those cases where escalation is needed. E.g. Major incidents, Performance issues, Non-standard application of upgrades/patches. Also, the ESS/MSS project would be at risk on those occasions where expert consultation is needed.

ICT are currently going out to tender for a framework agreement which will allow us to call on support as and when needed rather than having to sign up to a dedicated resource. This is going to be more

cost effective for LCC in the long run due to the flexibility built into the 'call off' on resource. Unfortunately the agreement will not be in place for when we need to renew the current contract with Mandant Solutions and as such there is a need to seek an extension to the current provision.

As Mandant Solutions Ltd. are already familiar with the Council's ICT systems, processes and configuration, the most appropriate option would be to renew the contract with them for a short period and for there to be additional ad-hoc call off days which can be used by the ESS/MSS project.

Recommendations

- 1 The Chief ICT Officer is recommended to approve the waiver of Contract Procedure Rules 8.1 and 8.2 and enter into a 6 month contract, with an option to extend for a further 6 months, with Mandant Solutions Ltd for the provision of SAP BASIS support. In addition to the contract LCC would also have facility to call on Mandant Solutions Ltd. at 2 days/month if required until August 2015 for the ESS/MSS project charged at Mandant Solutions Ltd daily rate.

1. Purpose of this report

- 1.1. This report seeks approval from the Chief ICT Officer to waive Contract Procedure Rules 8.1 and 8.2 and enter into a contract with Mandant Solutions Limited for the provision of SAP BAIS support. In addition to the contract LCC would also have facility to call on Mandant Solutions Ltd. at 2 days/month if required until August 2015 for the ESS/MSS project charged at Mandant Solutions Ltd daily rate

2. Background Information

- 2.1. The Council have a contract with Mandant Solutions Limited to provide patching and day-to-day BASIS support for the SAP Payroll service. This provides regular monitoring of the SAP environments and also includes the applying of software updates. The contract also allows ICT to call upon Mandant Solutions Ltd. for expert SAP advice as and when required. The service received is considered to be excellent and enables ICT to ensure high levels of availability for the SAP service.
- 2.2. Mandant Solutions Ltd. have also been an invaluable resource during the current ESS/MSS project, performing upgrades across our SAP environments and providing consultation.
- 2.3. As Mandant are already familiar with the Council's ICT systems, processes and configuration, the most appropriate option would be to enter into a contract with Mandant for a short period.
- 2.4. Separate to this, a procurement exercise will be undertaken to establish a framework agreement which will allow LCC ICT to call off similar SAP BASIS support as and when needed this would see an end to the current arrangement we have with Mandant Solutions Ltd.

3 Main issues

- 3.1. Without the higher technical level of support we get from a third party we would expect a negative impact on the availability and stability of the Payroll Service.
- 3.2. The complementary nature of support the DBA team have through the current contract helps them to be flexible enough during periods of high demand. Losing this support would put the DBA team under additional pressure which in turn would negatively affect their ability to support other key services in the council.
- 3.3. The DBA team have benefited from working with Mandant Solutions Ltd. Knowledge transfer has been good. If they're not able to have a similar arrangement then it's going to be difficult to increase their skill level and could put Payroll Services at risk due to lack of experience/confidence in 'certain' areas of support.
- 3.4. The SAP Enhancement pack upgrade has just been performed on SAP. Mandant Solutions Ltd. performed this task. As the upgrade is only recent it would not be wise to 'lower' our technical offering to the business at a time where there might be some 'teething' issues. A case in point is that there have been recent performance issues since the upgrade which Mandant Solutions Ltd. have been helping with.
- 3.5. The ESS/MSS project is still in progress. Having the expertise on hand for the project to call on is imperative. Once the contract with Mandant Solutions Ltd. ends the gap in support needs to be filled.

Options

- 3.6 **Option 1:** Undertake a procurement exercise for a contract to supply suitable SAP BASIS resource.
This is not considered to be a viable option as there would be no specialist support for however long it takes to procure a new contract. Current investigations into performance problems for SAP highlight the need for continuity of service from the current provider.
- 3.7 **Option 2:** Wait until the framework agreement is in place against which we can call off SAP support.
This will take longer than procuring for SAP support services directly. The framework agreement will be procuring support for other technologies/applications and as such this will make the exercise so much longer. The same risk applies in that there will not be specialist support for the duration of the procurement.
- 3.8 **Option 3:** Recruitment of contractor resource.
A review of the current contractor market indicates that the average daily rate for a SAP Basis resource is £550 per day. A minimum 6 month contract would be required at a cost of £66,000. This option is not considered viable due to:
- Higher overall cost compared to option 4
 - Lack of continual work available throughout that time period to keep the resource fully utilised
 - High risk – the time required to recruit and the uncertainty of the quality and actual knowledge of the resource once in post
 - Would take several weeks for a contract resource to become familiar with the Council's ICT systems, processes and configuration.
 - A contractor who has built up familiarity with our setup could easily leave. 1 week notice is not uncommon.
- 3.9 **Option 4:** Formulate a short term contract with Mandant Solutions Ltd.
Advantages:
- Mandant Solutions Ltd. have supplied similar services to the Council and have proven ability.
 - They are already familiar with the Council's ICT systems, processes and configuration providing significant advantage over other suppliers.
 - Costs are appreciably lower compared with a contractor resource.

Table: Projected Costs for Option 4

Unit Costs		
Ongoing support cost/month		£2000
Daily Rate (call off for work/consultation outside of ongoing support – needed for ESS/MSS)		£750
Projected 6 month, 12 month costs		
Ongoing support @ 6 months	£2000 x 6	£12,000
Daily Rate (potentially call off 10 days)*	£750 x 10	£7,500
6 Month Total		£19,500
Additional 6 month extension to ongoing support	£2000 x 6	£12,000
12 Month Total		£31,500

* This waiver is allowing for the potential to call off of 2 days per month from April 2014 to Aug 2015 (total of 5 months). Therefore potential 'call off' on days would be 2 days/month x 5 months = 10 days

Reason for Contracts Procedure Rules Waiver

- 3.10 **Option 4**, approaching one supplier and formulating a short term contract with Mandant Solutions Ltd, is considered the only viable and cost effective option to allow for continuity of support which is key for SAP Payroll. As continuity very soon after March 2015 is essential, options 3 and 4 can only be considered; recruitment of a contractor or renewing the Mandant Solutions Ltd. contract are both very quick. As a contractor would cost LCC in the region of £66,000 over 6 months, and Mandant Solutions Ltd £19,500 at most, over the same period, this demonstrates how cost effective the preferred option, option 4 is. Mandant Solutions Ltd. familiarity with our environments and excellent service offering so far mean that LCC will get good value money.

Consequences if the proposed action is not approved

- 3.11 Escalations related to SAP Payroll availability and performance would not be possible and it would be expected the resolutions to such issues would be protracted potentially jeopardizing essential services SAP Payroll provides. It would also be detrimental to the ESS/MSS project if Mandant Solutions were not available to offer their expertise which has become even more valuable due to their in depth knowledge to the LCC SAP payroll environments.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Application & End User Services Manager, Claire Grundy and Head of Service Delivery, Bev Fisher have been consulted and they both agree that the current support supplied by Mandant for SAP Payroll needs to continue until the framework agreement is in place. SAP is a business critical system and as such there is a requirement to ensure appropriate and timely support is in place. Internal resources from the DBA team are supported by Mandant Solutions Ltd. and as such removal of this arrangement would place significant operational risk to the BSC. They also agree that ESS/MSS must succeed and Mandant Solutions are seen as one of many components needed to achieve that.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no Equality and Diversity / Cohesion and Integration issues associated with this decision.

4.3 Council Policies and City Priorities

- 4.3.1 SAP Payroll provides a key service to council employees, its continued availability is crucial. Payment of employee wages typifies how key this service is.
- 4.3.2 Successful implementation of ESS/MSS will realise substantial savings to the council.

4.4 Resources and Value for Money

- 4.4.1 LCC will get good value for money compared to employing a specialist contractor who would be paid a daily rate for the full 6 months. Mandant Solutions Ltd. would be in the order of

£45,000 cheaper. Also getting a contractor in requires a recruitment and management overhead which further increases the charges for that option and stretches current resources. *(The contractor and Mandant Solutions Ltd. options 3 & 4, have only been considered for comparison purposes due to the immediacy with which they could be acquired which is an essential requirement for continuity soon after March 2015)*

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The value of the work is below the threshold at which the Public Contract Regulations apply. This decision is not subject to call-in.

4.6 Risk Management

- 4.6.1 Failure to approve the waiver and enter into contract with Mandant Solutions Limited will potentially leave SAP Payroll vulnerable to excessive periods of unavailability and jeopardize the ESS/MSS project if their service cannot be called on.

5 Conclusions

- 5.1 To ensure continued high level of availability for SAP Payroll and more certainty of ESS/MSS implantation success, the contract should be awarded to Mandant Solutions Limited.

6 Recommendations

- 6.1 The Chief ICT Officer is recommended to approve the waiver of Contract Procedure Rules 8.1 and 8.2 and enter into a 6 month contract, with an option to extend for a further 6 months, with Mandant Solutions Limited for the provision of SAP BASIS support. In addition to the contract LCC would also have facility to call on Mandant Solutions Ltd. at 2 days/month if required until August 2015 for the ESS/MSS project charged at Mandant Solutions Ltd daily rate

7 Background documents

- 7.1 None.