

Report of: Andrew Byrom, Service & Infrastructure Manager

Report to: Dylan Roberts, Chief Officer – ICT Services

Date: 5th February 2014

Subject: BMC Remedy On Demand contract extension

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 checked="" type="checkbox"/> Yes	<input 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

1. The contract with BMC for the Remedy On Demand product is due to expire on the 31st March 2014. This contract has options to extend by 5 x 12 month periods.
2. Remedy On Demand is the key business tool within the ICT department for Service Management processes and underpins how the department functions on a daily basis.
3. Remedy On Demand remains a market leader for Service Management.
4. Negotiations have taken place with the supplier which has produced a 13% saving (£45.148.14) through taking a 3 year extension at this stage.

Recommendations

5. It is recommended that this contract be extended by 3 years.

1 Purpose of this report

- 1.1 The purpose of this report is to explain the rationale behind requesting an extension to the existing contract with BMC for the Remedy On Demand product and to explain how this provides value for money.

2 Background information

- 2.1 The BMC Remedy On Demand product was procured in 2012 to replace the previous version of the Remedy on premise tool. Remedy On Demand is a Software as a Service (SAAS) cloud application.
- 2.2 The original contract award was for 2 years with 5 x 12 month extension options.
- 2.3 Negotiations have taken place to request a 3 year extension; this has provided a saving of 13% (£45,148.14) on the annual renewal costs.
- 2.4 The original contract award included an increment of 5% on Support costs in year 4. By negotiating a 3 year extension at this stage, this increase has been waived until year 6 and would only apply if a further extension was sought.
- 2.5 The BMC Remedy product suite remains a market leader for Service Management.
- 2.6 The use of a Software as a Service (SAAS) cloud application is in line with ICT strategies.

3 Main issues

- 3.1 The BMC Remedy On Demand product was procured in 2012 to replace the previous version of the Remedy on premise tool. Remedy On Demand is a Software as a Service (SAAS) cloud application
- 3.2 The costs to look to procure a new Service Management toolset at this stage would be significant.
- 3.3 The total costs for the implementation of Remedy On Demand were £139,645 however these costs were split between capital and revenue (BAU).
- 3.4 The capital budget was set at £45,000 mainly to fund Project Management effort and the actual costs was approximately £39k
- 3.5 There would be significant unavoidable costs to procure a new solution to replace Remedy On Demand.
- 3.6 The configuration of the solution and ensuring templates were created to support the various services would involve a significant period of officer time to complete.
- 3.7 There would be a requirement to complete UAT and staff training of staff.

3.8 A significant consideration for the upgrade to Remedy On Demand was the similar look and feel to the previous version which of course helped to ensure a smoother transition.

3.9 Any move away from Remedy On Demand would require a period of dual running of systems until such time as all the open tickets on the legacy system were closed. This would prove complex and result in significant officer time being spent maintaining two systems.

4 Corporate Considerations

4.1 Consultation and Engagement

4.2 Consultation with key stakeholders will be under taken as part of the negotiation.

4.3 Equality and Diversity / Cohesion and Integration

4.3.1 There are no issues relevant to Equality and Diversity / Cohesion and Integration with this decision.

4.4 Council policies and City Priorities

4.4.2 Not applicable.

4.5 Resources and value for money

4.5.3 Negotiations have taken place to request a 3 year extension; this has provided a saving of 13% (£45,148.14) on the annual renewal costs.

4.5.4 The original contract award included an increment of 5% on Support costs in year 4. By negotiating a 3 year extension at this stage, this increase has been waived until year 6 and would only apply if a further extension was sought.

4.5.5 Through the on-going use of Remedy On Demand the specialist knowledge and training that exists within the staff team will continue to be used to best affect.

4.6 Legal Implications, Access to Information and Call In

4.6.1 This contract extension is a key decision due to the contract value exceeding £250k and will be subject to the forward plan and call in process.

4.7 Risk Management

4.7.2 There is a risk of the company ceasing trading. This risk is judged as being low but having high impact due to the software being Software as a Service (SAAS) cloud application.

4.7.3 Due to entering into a three year extension there will be no opportunity to renegotiate a better contract during this period as we will have no financial leverage.

5 Conclusions

- 5.1 Due to the contract expiring with BMC for the Remedy On Demand product on 31st March 2014 there is no time in which to procure a new system or to implement it.
- 5.2 It was always intended to extend this contract; this report provides the rationale behind this decision and presents compelling savings for making this a three year extension.
- 5.3 BMC Remedy On Demand remains a market leader and being a Software as a Service (SAAS) cloud application fits with the ICT strategy.
- 5.4 The extension of the current contract provides best value for money by leverage off the technical training and skills delivered to the staff team and from continuing the development of the product set.

6 Recommendations

- 6.1 It is recommended that the contract be extended by three years.

7 Background documents¹

- 7.2 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.