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Report of the Director of Resources

Executive Board

Date: 16th April 2008

Subject: Applications Infrastructure (software) for the Council

Electoral Wards Affected:

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

This report recommends that following a period of approved negotiation, the Council extends its existing agreement with Microsoft to establish a strategic framework contract with them and where appropriate their partners for the supply and implementation of software – ‘Applications Infrastructure’ (AI).

New ICT investment will be necessary as part of the business programmes of work to deliver the priorities of the Council over the next five to ten years. The AI will provide the flexible framework through which this investment in technology can be made. We will achieve increased value for money from our future ICT investments through the better utilisation of common AI components and through ICT staff who will be skilled in fewer technologies.

This in turn will give the Council, from an ICT perspective, the capability to meet its ‘One Council’ transformation agenda in an efficient and effective way. In the past this Applications Infrastructure has been developed piecemeal and this has resulted in technologies that do not necessarily interoperate or integrate effectively. This Microsoft framework arrangement will enable technologies to be acquired on a business case by business case basis that do interoperate more efficiently and effectively, reducing our ICT integration and support costs and hence our total cost of ownership.

1.0 Purpose Of This Report

- 1.1 For Executive Board to endorse the ICT Software Applications Infrastructure (AI) strategy and associated governance arrangements.
- 1.2 To gain approval to enter into a strategic partnership with Microsoft for the future provision of the AI components and the development and deployment of these.

2.0 Background Information

- 2.1 As a Council we are continually being driven to enhance the value of services we offer. The Leeds Strategic Priorities and the Business Plan inform Leeds City Council's Corporate ICT Services of the need to enable the delivery of new strategic capabilities. These will use information and technology to enhance the way citizens are served, in particular by taking a more holistic view of information and business processes, not just across the services of Leeds City Council (LCC) but also in joining up across agencies and other partners at a local level.
- 2.2 As the 'One Council' programme is rolled out across the organisation with services, processes and information being aligned, so there is a need for the ICT elements to do the same. The Council currently has a large number of separate software application technologies from many suppliers, and there are a number of business cases e.g. Document and Records Management, Collaboration, Business Intelligence etc. currently under production that will require the procurement of more still. In order to deliver the better services agenda outlined above, it is clear that there will need to be a high level of integration and interoperability between these technologies. However, if we continue as we are, these multiple separate technologies will require exponential support and increased integration effort that will result in higher total costs and long term sustainability issues. Therefore, there is a very compelling requirement to consolidate (reduce) the range of technologies used down to fewer from fewer suppliers.
- 2.3 The technologies where there are strong inter dependencies and a strong need for interoperability have been grouped into seven domains that make up what Corporate ICT Services are calling the 'One Council' Applications Infrastructure (AI). This is described in more detail in Appendix 1. This AI approach has been developed through rigorous research and advice from leading industry analysts (including the Gartner and Butler Groups) and consultation with the main AI vendors themselves. It has also concluded that we should partner strategically in order to design and build this AI.
- 2.4 A comprehensive evaluation process was undertaken by ICT Services that considered the main vendor capabilities of delivering the AI. It is generally the view across the whole ICT community that there are only five main suppliers in the world capable of providing this AI – IBM, Oracle, Novell, SAP and Microsoft . The 112 page document 'LCC ICT Technical Architecture Planning' describes in detail the approach, scenarios and scoring for the evaluation. The process concluded in Microsoft being invited to enter into formal negotiations (in full compliance with our Contract Procedure Rules) for the strategic provisioning of the AI – this being based primarily, but not exclusively on their own technologies. This is outlined in Appendix 1 - which also describes what these technologies actually mean and how they add value in 'business language' terms. Microsoft not only demonstrated the required level of technical capability but they also demonstrated 'Best Value' in terms of their

initial pricing proposals.

- 2.5 The negotiations with Microsoft are in the final stages and it is recommended that subject to their satisfactory conclusion in early April 2008, that they are appointed as Leeds City Council's strategic partner for delivery of the Applications Infrastructure (AI). This means that in future, there will be no individual procurements for separate AI components.

3.0 What the Applications Infrastructure (AI) delivers

- 3.1 The AI will deliver many benefits and innovative capabilities. Examples of some of these are detailed below:
- 3.2 The AI provides the re-usable technology components needed to deliver the different priorities of the Council. Therefore, consistent unified components will be reused to underpin the new business processes. For example, 'The Security Infrastructure Domain' components (see Appendix 1) will manage the authentication and registration of people to Council services as well as for employees to access Council systems. Many of these same security components will be used for a whole range of services from perhaps the complex process of checking identity and eligibility for Adult Social Care to the more routine signing up for a Leeds Card renewal. This is instead of having to procure or develop multiples of separate applications to meet these requirements.
- 3.3 Through this new AI model, the Council will derive increased value from their ICT investments.
- 3.4 Once the foundations for the AI are in place, this will increase the agility with which our organisation can change and importantly, the speed at which ICT will be able to deliver solutions.
- 3.5 The AI will also provide the tools to integrate and automate processes and information across services. These areas are where there are usually break points and where the greatest efficiencies can be made. This is also where the greatest potential improvements to customer services can also be realised. For example, as a possible future scenario, pensioners who are unaware that they are eligible for housing benefit could be automatically paid it. This being enabled through Integration and Business Intelligence technologies working across LCC and with appropriate different agencies such as the DWP.
- 3.6 Councillors and staff will be able to easily connect to people and knowledge across the organisation and with partners through new modern collaboration tools. Through the same method, also access the systems and the information they need to effectively carry out their jobs - any time and from any place. This will enable more flexible working arrangements and greater ability to deliver service in the localities. These will be the first components that we implement starting with the replacement of current e-mail, calendaring and other collaboration tools.
- 3.7 The supporting hardware infrastructure that the AI will be hosted on will, through its intrinsic reusability have a significantly smaller carbon footprint than the multiple technology supplier equivalents.
- 3.8 Failure to follow this strategic approach around the principles of the AI will result in LCC not having the capabilities to deliver its future priorities or meet the needs of

the people in the context of new government policy. The alternative approach of multiple separate “best of breed” technologies will result in significantly increased ICT costs, slower delivery times and ultimately fewer benefits for the Council. This is not a ‘Best Value’ approach.

4.0 Why Microsoft

- 4.1 There is very high intrinsic interoperability and integration between the Microsoft components in the AI. This has been independently verified by external experts – Gartner and Butler Group.
- 4.2 There is good maturity alignment between Microsoft and Leeds City Council. That is, the plans and ambitions Microsoft have for their AI components and their use in government are aligned to where the Council is today and where it wants to be in the future
- 4.3 Microsoft has a proven track record of delivering AI in many organisations across the world and also in the public sector.
- 4.4 The Microsoft proposal provided the best commercial proposition and balance of risk in that Microsoft prices for the next three years are guaranteed and beyond that term we expect them to continue to be competitive. Also, there is not a requirement to commit to purchasing software up front or by particular dates in time – effectively it’s “pay as you go”.
- 4.5 The investment Microsoft is willing to put in free of charge to the development of business cases and the knowledge transfer to LCC staff. Microsoft will benefit once projects are commissioned, post business case, when funding is allocated against particular returns on investment for software and services.
- 4.6 Leeds ICT are at the forefront of Government ICT. Therefore, Microsoft is very keen to establish Leeds as a major reference. This has provided leverage in the negotiations and subsequently investment into the MS Leeds account.

5.0 Definition of partnership and risks

- 5.1 The arrangements with Microsoft are viewed as a partnership because there will be levels of shared benefit and risk. For example, Microsoft will invest free resources to help LCC establish business cases, work on showcase solutions, trial new software, conduct technical briefings and validate designs. LCC in turn will be a local government showcase and reference for Microsoft and will impart intellectual property in terms of Local Government working and best practices that will help in the development of Microsoft’s product development and positioning.
- 5.2 The risks involved in the relationship are viewed as low and manageable. Microsoft are the largest software organisation in the world, their products are well established and are viewed by independent analysts as enterprise class i.e. capable of supporting very large organisations. Where Microsoft cannot directly supply products, they engage best in class partners to supply products compatible with their own products i.e. that integrate well. Building an AI on Microsoft technology is not unique and many major organisations have already achieved it. The AI will be built from the bottom up on a business case by business case basis. This approach in contrast with proposals from some of the other vendors means that we don’t have to make up front investment in technology or licenses. This also contributes to lowering the risks.

6.0 Main Issues

- 6.1 Previously, ICT developments have been carried out on a service by service basis. This means that individual services would typically articulate their business requirements and ICT would then deliver corresponding “line of business” solutions.
- 6.2 The current priorities of the Council require solutions that will involve re-engineering business processes that span traditional service boundaries. To do this, there is a need to determine business requirements at a more holistic ‘One Council’ level. The Chief Officers - Resources and Strategy (CORS) are helping to facilitate this work.
- 6.3 In addition to this, programmes of work to deliver against these requirements will be managed at a corporate level through new officer governance arrangements headed by the Business Transformation Board.
- 6.4 ICT is only one component of successful business change and this has to be delivered in parallel to the necessary people and process changes.
- 6.5 The returns on the investment, from the ICT part of this transformation, will be realised through the automation and integration of these processes - through re-usable components instead of multiples of disparate systems. The successful utilisation of the AI is dependant on the business change work identified above.
- 6.6 Due to the scale of the AI and the high level of interoperability and dependencies between the components that constitute the AI, the commitment to the Microsoft partnership will be for the long term – seven to ten years.

7.0 Implications For Council Policy And Governance

- 7.1 To ensure a strategic approach and overall best value from ICT for the Council, all business requirements for ICT and subsequent procurements of solutions must come through Corporate ICT Services.
- 7.2 ICT delivery programmes will be one part of the Council’s overall Business Transformation Programme. People and process changes must be aligned to the technology changes for these programmes to be a success.
- 7.3 In future, the components in the Microsoft based AI and associated implementation services, will be sourced directly from Microsoft or approved Microsoft strategic partners - as detailed in Appendix 2 (confidential) - on a business case by business case basis. Appendix 2 of this report is ‘Commercially Confidential’ and exempt under the terms of Access to Information Procedure Rule 10.4 (3). This is on the grounds that the public interest in maintaining the exemption outweighs the public interest in disclosing the information by reason of the fact that disclosure could prejudice negotiations to the effect that there would be potentially increased cost to the Council at public expense and therefore be prejudicial to the public interest.

8.0 Legal and Resource Implications

- 8.1 The Council is entering into a strategic partnership with Microsoft and Microsoft approved partners for the development and deployment of an Applications Infrastructure (AI). The final selection of Microsoft and the procurement process followed, complies with our Contract Procedure Rules i.e. using the negotiated procedure without prior publication of a contract notice under regulation 14 (1) (iii) of the Public Contracts Regulations 2006 (the Reg's) which states - "when, for technical or artistic reasons,..., the public contract may be awarded only to a particular economic operator". A Delegated Decision for the 'Procurement of Collaboration Tools and the wider Applications Technical Architecture' was taken and approved in November 2007 in support of this.
- 8.2 The procurement of the individual AI components of the infrastructure and associated services will be done on a business case by business case basis. In order to successfully deliver the outcomes of the Council, we will re-profile existing ICT funding in this framework contract up to a value of approximately £15M over the next five years. If additional business cases are not approved then the level of investment with Microsoft will stay at current levels.

9.0 Recommendations

- 9.1 Microsoft and Microsoft approved partners are selected as the strategic partners of Leeds City Council for the development and deployment of the 'One Council' Applications Infrastructure (AI) as defined in Appendix 1.
- 9.2 All business requirements that have a potential ICT element will be directed through Corporate ICT Services, who, in partnership with the particular business area concerned will decide on what is the best value technology solution to meet those requirements.

Appendix 1

The internal LCC document 'ICT Technical Architecture Planning' sets out the rationale and technical principles that help define a complete and preferred Applications Infrastructure model for LCC in order to:

- Ensure a robust, maintainable and supportable ICT environment for LCC, through technology consolidation and skills consolidation, by helping to reduce the overhead of vendor overlap between similar/identical products and applications.
- Deliver maximum value per ICT employee, by developing highly skilled and proficient staff, focusing on a core set of technologies, rather than having to support a proliferation of - potentially near duplicate - technologies.
- Help to produce a more agile environment that can more quickly adapt and align with corporate priorities and strategies.
- Maximise the potential for using pre-built out-of-the-box vendor integration between applications and systems, therefore allowing the more rapid deployment of solutions that deliver real business benefit.
- Provide a governance and decision making framework in order to assist with ensuring all decisions and new initiatives are performed in a strategic way.
- Through a combination of the above avoid the significant costs of a heterogeneous (mixed) applications infrastructure and provide a more sustainable technical architecture.

Domains and Constituent Components	Domain described in business language terms	High level examples of how this domain will help enable some of the future outcomes of the Council
<p>1 – Applications Integration (SOA) Domain</p> <ul style="list-style-type: none"> ▪ Enterprise Service Bus (ESB) ▪ Business Process Management (BPM) I <ul style="list-style-type: none"> ○ Design ○ Modelling ○ Simulation ▪ Business Process Management (BPM) II <ul style="list-style-type: none"> ○ Implementation / Execution (Enterprise 	<p>These tools are used to improve business processes and make it easy to change them when required. The processes can be simple or complex, manual or automated and can involve partners and suppliers. Monitoring of these processes in real time is used to identify bottlenecks and ensure service targets are constantly maintained. Common tasks and processes can be identified and combined in new ways to create new business processes much more</p>	<p>It will be possible to manage processes end to end. For service requests submitted by citizens this will allow the process to be monitored from the front office to the back office. Alerts will identify bottlenecks and the need to take corrective action to ensure customer service targets are met.</p>

<p>Workflow)</p> <ul style="list-style-type: none"> ▪ Business Rules Management ▪ Business Activity Monitoring (BAM) ▪ Enterprise Service Registry (ESR) ▪ Pre-built vendor integration to 3rd party apps 	<p>efficiently and quickly.</p>	
<p>2 – Knowledge Management & Utilisation</p> <ul style="list-style-type: none"> ▪ Enterprise Portal ▪ Electronic Doc. Mgt (EDM) } EDRMS } ▪ Electronic Rec. Mgt (ERM) } ECM } ▪ Web Content Management ▪ Collaboration Tools (incl. E-Mail, Calendaring) ▪ Enterprise Search ▪ Office Document Authoring Tools 	<p>This domain provides the means to share information with colleagues, citizens, partners and suppliers. Tools will ensure that information is easy to find and there will be a range of communication channels to support collaborative working. Other tools will ensure that information is managed correctly and that the Council complies with legislation (Data Protection and Freedom of Information) and regulatory governance.</p>	<p>Community portals jointly managed by the Council and the local community could assist in producing stronger communities. Local activities could be publicised, community cohesion improved through information sharing and communities empowered through consultation on decisions affecting them. Portals would also provide the means for communities to publicise and market themselves to a wider audience.</p>
<p>3 – System / Application Development Domain</p> <ul style="list-style-type: none"> ▪ Bespoke Application Development <ul style="list-style-type: none"> ○ Browser Deployment ○ Thick Client Deployment ▪ Service Development 	<p>The Council will still need tools for writing its own computer programs. These programs could be large e.g. a new back office system or small scale e.g. automation of tasks within a business process. The tools will allow programs to be reused which will shorten the development time and reduce costs.</p>	<p>These software development tools will complement and enable the other domains and together they will provide the technology to assist in delivering the Council’s change programme and the transforming government agenda.</p>
<p>4 – Enterprise Intelligence Domain</p> <ul style="list-style-type: none"> ▪ Business Intelligence (BI) ▪ Performance Management <ul style="list-style-type: none"> ○ Scorecard ○ Dashboard ○ Budgeting ○ Planning 	<p>This domain allows business decisions to be made based upon fact. Data from several computer systems can be combined for analysis. Performance can also be tracked against targets and opportunities identified for improvement and how to achieve them.</p>	<p>All of the Council’s strategic outcomes and improvement priorities will benefit from business intelligence (BI) and performance management (PM). BI will provide benchmarks e.g. the proportion of vulnerable groups engaged in education, training or employment. PM will allow performance to be monitored against the targets set for improvement. It will also indicate the effectiveness of strategies for improvement and the resources required</p>

		<p>for further improvement.</p> <p>PM should also be used for continual monitoring of progress against the CPA (Comprehensive Performance Assessment) and service specific inspections. This way corrective action can be taken well in advance of the official review or inspection.</p> <p>These tools will ensure the Council has the right intelligence to inform its strategic planning.</p>
<p>5 – Data Infrastructure Domain</p> <ul style="list-style-type: none"> ▪ Enterprise Data Integration ▪ Integrated Metadata Management / Business Vocabulary ▪ Master Data Management (MDM) 	<p>An organisation will typically have several different computer systems which store the personal details of customers. However, it is not always possible to identify the same customer in each system. This domain contains tools to consolidate customer details from these systems into a master customer database. The master customer database can then be used to create a 'single view of the customer' bringing together information about a customer from a number of different systems.</p>	<p>Having a master customer database will make it easier to share and share much more information with other agencies such as the NHS e.g. for health and wellbeing improvements. Sharing greater amounts of information will assist analysis into the causes of health inequalities and the development of strategies to address these inequalities.</p> <p>The master customer database is the key to the better understanding of our customers and increasing the provision of choice to them.</p>
<p>6 – Security Infrastructure Domain</p> <ul style="list-style-type: none"> ▪ Single sign-on ▪ Directory services ▪ Identity management <ul style="list-style-type: none"> ○ Identity Federation ▪ SOA Security Common Services 	<p>These tools ensure that users (staff, citizens, partners, suppliers) can only access the information they are entitled to either as individuals or according to their role within the organisation.</p>	<p>Sharing data electronically with other agencies e.g. the NHS for health and wellbeing improvements cannot take place without this.</p> <p>Providing citizens with online access to personal information and services also cannot be achieved without appropriate security measures to prove the identity of the citizen and protect the confidentiality of the data.</p>
<p>7 – Enterprise Business Applications Domain</p> <ul style="list-style-type: none"> ▪ Enterprise Resource Planning (ERP) <ul style="list-style-type: none"> ○ Human Resources (HR) ○ Finance ○ Procurement 	<p>An organisation will typically have a number of computer systems which can be classified as either line of business or enterprise business applications. Line of business applications are used to deliver the services provided by the organisation e.g. planning, social care, housing management systems. Enterprise business</p>	<p>The Gershon report identified support services as a key area for efficiency savings. Initiatives currently under development include staff self service for support functions e.g. expense claims and receiving invoices in electronic format. Citizen self service via the Council's website is also more cost effective than other</p>

<ul style="list-style-type: none"> ▪ Customer Relationship Management (CRM) ▪ Geographic Information System (GIS) 	<p>applications are used by the support services within an organisation e.g. human resources, finance, procurement.</p>	<p>channels such as the telephone and face to face. A range of electronic forms is being developed for the website to support citizen self service.</p>
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Based on industry information derived from our external consultancy, Gartner and Butler and our own rigorous evaluation together with consistent technical and commercial interviews/presentations with/from IBM, Novell, Microsoft and Oracle we concluded that one of these suppliers will be best placed to provide tools across the majority of these domains and where they do not, they have the partners and capabilities to integrate with them. SAP although considered initially, were subsequently discounted on advice from Gartner and Butler because their products do not integrate well in an environment like LCC's that has many legacy ICT applications from multiple suppliers.

It was on this basis that Corporate ICT Services negotiated a best value contract for the Council using the negotiated procedure without prior publication of a contract notice under regulation 14 (1) (iii) of the Public Contracts Regulations 2006 (the Regulations) with one of these four suppliers.