

<b>5 April 2017</b>		<b>ITEM: 24</b> <b>(Decision 01104429)</b>
<b>Cabinet</b>		
<b>Oracle DBA Support, Hosting Services and Technical Support and Maintenance</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor Shane Hebb, Cabinet Member for Finance and Legal Services		
<b>Accountable Head of Service:</b> Murray James, Operational Service Lead, ICT		
<b>Accountable Director:</b> Sean Clark, Director for Finance and IT		
This report is Public		

### **Executive Summary**

The Council's Oracle E-Business Suite is currently hosted by Oracle on Demand (which is a cloud based solution) with technical support and software updates also being supplied by Oracle under a separate contract.

There are in excess of 2,000 users of Oracle, who use it on a self-serve basis for general financial management, human resources, payroll, and procurement. Oracle provides Hosting and Database Administration (DBA) support at an annual cost to the council of £316,540, with Technical Support and Software Maintenance provided at an annual cost of £223,995.

The Hosting contract was originally agreed in 2011 and was renewed in 2016 for a further period of 4 years and has a total whole life value of £1,266,161.

The Technical Support contract was agreed in 2011 and is perpetual so is renewed automatically every year.

The ICT service has conducted a review of supplier contracts and it is believed that an opportunity exists to reduce the overall annual running costs of Oracle by re-tendering both the hosting and support contracts. Informal market testing indicates that this could be reduced by up to 50%.

Tender specifications for both hosting and support have been drawn up which will see the implementation of a solution that will move hosting and support away from Oracle to an established third party accredited Oracle partner(s). The new provider(s) will be required to host, provide DBA Support, Technical Support and Software updates to the Council in the same way that Oracle would but for a reduced sum, for the next 2 years with the option to extend the contract for a further 2 years.

The tender will be run as two lots - one for DBA Support and Hosting Services and another for Technical Support and Software Updates. This will ensure a better commercial response than if tendering as just one lot.

## **1. Recommendation(s)**

### **That Cabinet:**

- 1.1 Agree and support the proposal to commission a tender exercise in accordance with EU procedures for the supply of Oracle DBA Support, Hosting Services, Technical Support and Software Maintenance for a period of 2 years with the option to extend the contract by a further 2 years; and**
- 1.2 Approves delegation to the Director of Finance and IT to enter into and award the necessary contracts following the procurement process, in consultation with the Portfolio Holder for Finance and Legal.**

## **2. Introduction and Background**

- 2.1 The contract for this Hosting and DBA support was signed in 2016 (as part of the Serco transition) and will expire in 2020. The contract for Technical Support and Maintenance is currently renewed on an annual basis. At the time of the transition timescales did not allow the Council to review the hosting arrangements following the termination of the Strategic Services Partnership, therefore the contract had to be transferred 'as-is' to the Council in order to enable its continued use of Oracle.
- 2.2 The Council's ongoing budgetary pressures have led to a review of supplier hosting and support agreements and as a result an opportunity has been identified to reduce the cost of this service.
- 2.3 There are now many companies who provide these services. Initial market testing has been carried out and it is estimated that the current cost of these contracts to the Council can be reduced by up to 50%.

## **3. Issues, Options and Analysis of Options**

- 3.1 A number of options have been considered, including both on premises hosting and support sourced from other providers. For hosting and DBA services and for technical support and software updates the only viable

options available to the Council are either to remain with Oracle or to seek an accredited external provider.

- 3.2 Hosting Oracle within the Council's existing on premises data centre has been investigated but discounted as not cost affective. Similarly, providing in-house technical support and software updates of Oracle is not an option due to the high level of technical knowledge required to administer the system which would be difficult to recruit and retain to guarantee the safe and continuous operation of the system.
- 3.3 In the light of this it is proposed to proceed with a re-tender exercise on a like for like basis albeit with a different provider retaining the same level of service provision. Tender specifications for technical support / software maintenance and hosting / DBA support have been developed and are attached to this report as appendices A and B respectively.

### Anticipated savings profile

3.4 The successful migration away from Oracle to another provider will incur a number of costs in year one which are estimated as £80,000 with an additional £39,264 in exit costs for the current contract. The table below is based on a conservative savings estimate of 30% and are predicated on the results of the tender, indications are that 50% savings are potentially achievable.

### Revenue

	Year 1	Year 2	Year 3	Total
Current Support & Maintenance costs	£223,995	£223,995	£223,995	£ 671,985
Current Hosting Costs	£316,540	£316,540	£316,540	£ 949,620
<b>Total current</b>	<b>£540,535</b>	<b>£540,535</b>	<b>£540,535</b>	<b>£1,621,605</b>
Assumed 30 % Saving Value	£378,375	378,375	£378,375	£1,135,125
Less Contract Exit Costs	£ 39,264	£0	£0	£39,264
<b>Anticipated Realisable Saving</b>	<b>£122,896</b>	<b>£162,160</b>	<b>£162,160</b>	<b>£ 447,216</b>

### Capital

	Year 1	Year 2	Year 3	Total
Migration Costs	£80,000	£0	£0	£80,000

## 4. Reasons for Recommendation

- 4.1 Re-tendering the contracts is the most likely way to achieve savings in the cost of the supply of these activities. The tender specification criteria have been designed to ensure that the quality of the end product matches the level

that is provided through the existing arrangements whilst putting an emphasis in the evaluation criteria to achieve a significant cost saving – i.e. a same for less approach.

## **5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 Key executive stakeholders have been consulted with respect to this proposal and are supportive of the intent.

## **6. Impact on corporate policies, priorities, performance and community impact**

6.1 The delivery of corporate priorities is dependent on an efficient and cost effective ICT platform. Oracle is an essential part of this platform that touches all of the Council's employees and most business applications. It is imperative that Oracle is operated compliantly and moving to an accredited Oracle partner will still enable this whilst at the same realising savings to enable a focus on front line services.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Chief Accountant, Corporate Finance**

These contracts are within the agreed budget and it is anticipated that any re-procurement will result in significant savings.

### **7.2 Legal**

Implications verified by: **Kevin Molloy**  
**Contracts Solicitor**

This report is seeking approval from Cabinet to tender the contracts noted in the report. The proposed procurements being considered are estimated at above EU thresholds for such contracts for services. This means that there is a legal requirement to competitively tender the contracts via the Official Journal of the European Union (OJEU) or to procure using an EU compliant framework agreement. Legal Services note that the tenders will either be conducted in accordance with the Public Contract Regulations 2015 (the 'Regulations') or procured using an EU compliant framework.

Taking the above into account, on the basis of the information in this report, the proposed procurement strategy should comply with the Regulations and the Council's Contract Rules.

### 7.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**  
**Community Development Officer**

There are no direct diversity and equality implications of this proposal

### 7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Oracle is an essential system that plays a key role in the Council's day to day business operations. It is important that it is correctly maintained, supported and hosted. Moving the hosting and support of this system away from Oracle to an accredited Oracle partner is an acceptable risk given the magnitude of cashable savings that could be achieved.

### 8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- ED2 - Serco Limited - Transfer of Oracle Hosting Agreement under SSPA Termination

### 9. **Appendices to the report**

- Appendix 1 - Tender specification for Oracle Technical Support and Software Maintenance
- Appendix 2 - Tender specification for Oracle DBA Support and Hosting

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