

From: Amanda Honey, Corporate Director Customer & Communities

To: Mike Hill, Cabinet Member, Community Services

Date: 30 December 2013

Decision No: 13/00086

Subject: **Procurement for Customer Relationship Management System**

Pathway: Corporate Management Team -15 May 2013
Budget Programme Board - 27 June 2013
Procurement Board – 23 September 2013
Project Advisory Board – 17 October 2013
Communities Cabinet Committee – 17 December 2013

Classification: Unrestricted

Summary:

The procurement of a Customer Relationship Management System (CRM) will allow KCC to complete 'end to end' processes to customers either online, by phone or through face-to-face contact. Customers have a growing expectation for convenient self-service and CRM is the tool which will deliver this, enabling KCC to become a Digital Council.

Recommendation:

Following endorsement by the Communities Cabinet Committee on 17 December 2013, the Cabinet Member for Community Services is asked to authorise the procurement for the development of a Customer Relationship System.

1. Introduction

- 1.1 The business case for the development of the CRM system has been progressing through formal governance throughout the Summer. Supported by the Customer Service Board, CMT endorsed the approach in May; in June, Budget Programme Board approved the funding proposals, Procurement Board agreed the approach to market and Project Advisory Board recommended that this programme should be given approval to spend on the 17 October 2013.
- 1.2 The primary difficulty KCC faces in delivering customer service transformation is that it has systemically failed to gather together the wealth of customer activity data that is captured across the organisation every day. KCC is currently unable to record or host activity data in one place; access the data easily, or analyse trends, future demand, or performance outcomes consistently. KCC has put the customer at the heart of 'Facing the Challenge'. If we are to be successful then the organisation needs tools that will provide reliable insight into customers' behaviours. Whether delivered directly or through outsourced arrangements, KCC will retain accountability for services and the responsibility for statutory returns on data and performance to Central Government. CRM will enable KCC to retain and own this essential data in one place, regardless of the number of different contract providers we may have.
- 1.3 Without a host CRM, KCC will find that each provider will have its own variation of a CRM system and will collect and present data in a variety of ways. This would mean

that KCC would have the burden and cost of gathering and interpreting data and performance separately, missing the opportunity to benchmark and compare.

- 1.4 In bringing customer data together, KCC will incrementally build a picture of how and when services are being accessed and what the customer experience of each service is. The inherent tool kit within CRM can be manipulated in a multitude of ways to streamline processes, deliver online solutions for common transactions, create an audit trail, integrate the service experience customers have and provide access to management information in real time.
- 1.5 The CRM is essential to achieving the transactional capability customers require from Kent.gov as it will deliver the interactive processes that maximise the effectiveness of the web and the investment already committed to the redesign and the re-launch of Kent.gov, early next year. CRM delivers the ability for customers to self-serve and therefore channel shift to the web as a first preference. These programmes are interdependent. Without CRM the investment already committed to the web redesign will not reach its full potential.
- 1.6 The implementation of CRM delivers a whole council benefit and will support all KCC transformation programmes whether delivering integrated customer journeys or by supporting future outsourced arrangements. This programme will also deliver additional operational savings that have not yet been identified in the Medium Term Financial Plan.

2. Facing the Challenge & Bold Steps for Kent

- 2.1 The implementation of the CRM will ensure the vision expressed in 'Facing the Challenge' and Bold Steps objectives can be achieved across the whole of KCC. Implementing CRM in tandem with Facing the Challenge and Phase 1 Market Engagement Reviews, ensures that organisational capability and comparison can be established, without halting progress toward transformation.
- 2.2 CRM will specifically help to achieve the following aims for Facing the Challenge and Bold Steps for Kent:
 - 'Once and done' ensuring that we use and re-use information already supplied by the customer during previous transactions thus reducing repeat transactions
 - CRM supports online transactions ensuring customers can self-serve fully via the web at a fraction of the cost of phone or face to face
 - CRM delivers convenient and consistent access across all contact channels to ensure customers always get consistent answers to their queries.
 - Handling and controlling current and future demand, anticipating trends and providing an overview to inform demand management and resource planning.
 - Creation of a Single Customer Record to directly support customer self-service
 - Developing customer engagement through insight; targeting service information relevant to specific customers groups at key times

3. Identified projects for CRM delivery

- 3.1 Currently, KCC cannot present complete 'end to end processes' to customers either online, by phone or through face-to-face. Customers have growing expectations for convenient self-service and CRM is the tool that will deliver that, enabling KCC to become a Digital Council.
- 3.2 Delivering effective digital access is the most important development KCC will make meeting the needs and expectation of customers. The following whole council products have been scoped and are the first projects to be delivered through the CRM platform:
- **Single Customer Record** - The CRM will build an individual customer profile and validate against existing data. Through the single customer record, information can be filtered or pushed as appropriate to customers at the right time based on trends and demand. Establishing the single customer record paves the way to achieve the Bold Step vision of a single smart card for customers.
 - **Customer Feedback** – capturing and managing contact under *Comments, Compliments & Complaints, Freedom of Information and Data Protection Requests* in one system. This will allow KCC to monitor compliance performance. KCC will understand what customers' views and experience of KCC services are; enable lessons to be shared, and have a single audit trail of what has previously taken place to resolve issues in real time. The objective is to reduce complaints being escalated, and reduce referrals to the *Ombudsman*. This may decrease compensation awards.
 - **Queue Management for face-to-face services** – To reduce our most costly transactional activity, we need to establish the current base-line. Understanding who and how services are accessed via this method is essential. The resultant *customer insight* will inform future service design and enable KCC to manage demand more effectively.
 - **Contact Point efficiencies** - CRM will deliver the ability for KCC staff to resolve more initial enquiries at the first point of contact; reducing visits and call volumes and increasing the effectiveness of self-service. To *promote self-service*, web-users will be supported to stay on line and complete transactions through 'web chat' and will be encouraged and directed to the web for future enquiries. CRM also allows Contact Point to dispense with up to 15 separate small software applications within the first 6-12 months, releasing time and cost.
 - **Overall Reduction in systems within KCC** - There are a number of minor systems that are now out of contract and due for replacement. Currently these systems are vulnerable as they do not pay for internal ICT support or maintenance. These processes can be quickly and easily written in to CRM and support self-service, reducing administration time and future costs.
- 3.3 Once transaction processes have been developed in CRM, these will be sustainable and responsive to business and legislative change. There will be less demand on ICT for systems support and maintenance and the high number of individual business systems will reduce.

3.4 Fewer systems will result in potential savings relating not only to the specific systems, but also to the procurement process and implementation, as well as FTE savings from middle and back office.

4. Examples of other transformation projects it would support

4.1 CRM capability will support a wide range of transformation projects across the council. Below are some examples of programmes that are already scoped and can be supported. Appendix B has further service detail.

- **Customer Service Strategy** – Transformation Projects across KCC. A list of the service areas identified by Directors through the Customer Service Board can be found in Appendix A.
- **Integration of services** – Core Information can be shared through a common system, making it easier to see customer interactions helping to identify referral pathways and where they may be known to more than one service within KCC. ie. Youth Offending Service, Education and Social Services Out of Hours.
- **Adult Social Services Transformation** – this is an excellent example of where CRM can help to reduce service cost significantly without damaging service delivery. Specifically, CRM will enable a more successful delivery of the Care Pathway Re-design Programme and the Optimisation Programme.
- **Website redevelopment** – CRM underpins the future effectiveness of the redevelopment of kent.gov – the website rebuild sets a new and more engaging environment for customers, and will demonstrate that KCC is moving more processes online with the promise of a more fulfilling and satisfactory web experience. CRM is the tool that allows KCC to achieve this, for example, by putting a common payment transaction process online for all KCC services. KCC must continue to improve customer experience here, ensuring that wherever appropriate, customers can complete transactions online without needing to contact us directly.
- **Commissioning programmes** - CRM has the flexibility to provide a process framework for commissioned-out services and grant awards. The system is capable of providing a secure external access portal via the web that can support customers, providers or business application processes, with built-in timelines for approvals and awards. Examples would be the KSAS process; Sustainable Business Projects (Interreg/Low Carbon Plus); and the Regional Growth Fund (Expansion East Kent/Tiger/Marsh Million/Escalate).
- **Outsourcing** - Where KCC moves to outsource services, receiving customer data will be crucial to our understanding the efficiency and performance of those contracts. CRM will enable us to receive and retain our own customer's data regardless of who is commissioned to deliver the service.

5. Financials

This Project Approval is not a request for new funding.

This section is restricted to satisfy procurement rules.

6. Risks

- 6.1 The risks associated with the proposed CRM solution and the Procurement timeline are outlined in the Appendix D.

7. Procurement

- 7.1 Procurement Board approved the route to market on the 23 September. The tender specification for CRM development has been written by ICT with input from the Customer Relationship, Process Change Team, Digital Services and KCC's internal Procurement Team.
- 7.2 KCC already has a market-leading CRM product, Microsoft Dynamics. The intention is to build on this by procuring a development partner with relevant Local Authority knowledge and track record. The development partner will then deliver the transactions in the phase defined by KCC services. This approach gives KCC the potential to fast track the development of CRM by building on transaction processes that other authorities have already developed on the same platform.
- 7.3 The first phase to be delivered will be the items specified by the Customer Journey Programme - Customer Feedback, the Single Customer Record and Queue Management. These products will act as a proof of concept. A break clause will be written into the contract that will allow KCC to terminate the contract if the proof of concept is not delivered or not delivered to standard. The procurement timetable can be found in Appendix D.
- 7.4 Further products and transactions will be determined by the work being developed by the Customer Relationship, Process Change team, business units, and via major 'Facing the Challenge' transformation programmes.

8. Recommendation

Following endorsement by the Communities Cabinet Committee on 17 December 2013, the Cabinet Member for Community Services is asked to authorise the procurement for the development of a Customer Relationship System.

9. Background Documents

Not applicable

Appendices

- A – Customer Journey Programme, as defined by the Customer Service Board;
B – List of service areas that could benefit from CRM solution;
C – Financials; (Restricted)
D – Risk and Procurement Time Table;
E – Contact Point Efficiencies

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Appendix A – Work Programme as defined by Customer Service Board

Year 1 (2013/14)	Status	Due
Adults Advice & Support	Pending	
Blue Badges	Completed	In progress
Customer Feedback	Completed	Pending CRM
Free School Meals (Phase 1)	Completed	In Progress
Highways & Transportation	In Progress	
Schools Admissions	Pending	
Year 2 (2014/15)		
Adoption & Fostering	In Progress	
Adult Social Care – Booking	Pending NE	
Adult Social Care – Online Self Service	Pending NE	
Adult Social Care – Personal Health & Social Care	Pending NE	
Community Equipment incl.	Pending NE	
Telecare / Telehealth / Assistive Technology	Pending	
Home to School Transport	In Progress	
Libraries	In Progress	
Registration	In Progress	
Waste & Recycling		
Year3 (2015/16)		
Adult Learning (CLS)		
Adult Social Care – Online Self Service (cont)		
Country Parks		
Kent Freedom Pass		
Concessionary Fares		
SEN		

Appendix B - List of service areas that will benefit from a CRM solution

- 1 Children & Families Information service – online self-service
- 2 Climate change retro-fit programme – application, case management, progress tracking
- 3 Business start –up/investment fund - economic development - application, case management, progress tracking
- 4 Youth justice – case/client tracking
- 5 Member correspondence case management, progress tracking logging, processing
- 6 Consolidated ELS management information system focussed on parent and families promoting online self-service and linking services/application processes together
- 7 Kent integrated adolescent service case management (KIAS)
- 8 Kent Support and Assistance Service online self-service (KSAS)
- 9 Customer feedback & complaints (as presented to CMT previously)
- 10 Face- to-face queue management and management information (trends, presenting issues, workflow etc.)
- 11 Adults Advice & Support (FSC) improving information, advice & guidance to help manage demand and increase filtering of referrals
- 12 Highways (self-service regarding reporting and progress checking)
- 13 Schools Admissions (self-service online Application, Decision, Appeal, Verification)
- 14 Adoption & Fostering (case management)
- 15 Adult Social Care – Booking – equipment, adaptations, appointments, making payments
- 16 Adult Social Care – Online self-service around pre-assessment, condition assessment, financial assessment etc.
- 17 Adult Social Care – Personal Health & Social Care – integration around individual customer need rather than conditions or organisational structures
- 18 Adult Social Care case management/promotion/booking/tracking of Community Equipment inc Telecare/Telehealth/Assistive Technology
- 19 Home to School Transport case management online self-service and as part of an integrated offer around schools, Free School meals, schools admissions, SEN etc.
- 20 Libraries & Archives online self-service
- 21 Registrations (booking of birth/death face-to-face appointments, requesting copy certificates, wedding booking etc)
- 22 Waste & Recycling (case/client tracking for waste permits, applying)
- 23 Adult Learning (CLS) (as part of an online offer linking CLS activity with other KCC services such as Library catalogue, public transport, Concessionary Fares etc)
- 24 Country Parks customer management – booking events, season tickets etc
- 25 Freedom Pass case management/card management
- 26 Highways Concessionary Fares case management/card management, online self service
- 27 Special Educational Needs case management, online self-service
- 28 *Blue Badge (as part of a future integrated online offer around older people and disability)*

29 Free School Meals (as part of a future integrated online offer around parents)

Appendix C – Financials

This section is restricted to satisfy procurement rules.

Appendix D – Risks and Procurement Timetable

Risks and Disadvantages to KCC without CRM:

Financial & Organisational	Customer
<ul style="list-style-type: none"> • Difficulty in achieving vision outlined in Facing the Challenge and Bold Steps, for example once and done approach to providing user details • Service Transformation Projects will be considered and undertaken in isolation as ICT systems are up for renewal • Cost of procurement process i.e. £30k minimum per ICT system renewal, plus new system costs • The costs of continuing with standalone systems will continue to increase - for example the cost of implementing a packaged standalone solution for Customer Feedback will cost approx. £900k • Duplication (effort/time/cost) will increase – for the organisation and for customers • Alignment with the ICT Strategy will not be achieved • Savings will not be met • KCC aspiration to be a Digital Council will not be achieved 	<ul style="list-style-type: none"> • More flexible self-service online will be far more difficult to achieve – and we will be limited in how many services we can offer a customer at one time • Customers will continue to have to contact various departments individually to handle various transactions • Processes will continue to be disjointed, not allowing for economies of scale • The Customer Services Strategy cannot be implemented • Design principles agreed by Customer Service Board will not be met • Customer data from across the organisation and externally will not be joined up • Customer Insight will not be able to be gathered or interrogated to provide management information on current trends or future demand management

Activity	Duration
1. Write tender specification & determine evaluation criteria	July 2013 – Oct 2013
2. Issue Open OJEU Notice	28 Oct 2013
3. Receive tender submissions	16 Dec 2013
4. Initial evaluation & clarification of Mandatory questions	Dec 2013
5. Full evaluation	Jan 2014
6. Ten day standstill period	Feb 2014
7. Due Diligence & contract finalisation with Selected Supplier	Feb 2014

Appendix E – Contact Point Efficiencies

- **Technical Infrastructure necessary for Operational Savings** – The planned improvements to KCC digital infrastructure - web and digital (cloud) switch upgrade – along with changes to the current operation will increase efficiency through improved customer experience, first time resolution and support for self-service all reducing call volumes. This supports Contact Point to release ongoing cost savings.
- **Time per call** – the cost of handling calls is hugely impacted by the need to move between systems, locate specific service information in multiple screens without any history of previous customer interaction with the Authority. CRM would reduce the average call handling time and introduce the capability for customers to self-serve, further reducing the number of contacts received by Contact Point. The Operations Manager of Contact Point estimates that a reduction of 15% of calls would save **£375,000**; new CRM workflows could reduce call durations by 1 minute saving a further **£265,000** per annum. Call volumes will reduce along with head count over time as channel shift increases.
- **In-House Training** – an estimate of 6464 hours of training is undertaken annually within Contact Point. When a new Advisor is employed they are trained on how to use the 28 software systems and have detailed training on processes. The higher than average turnover of staff in a contact centre, (typically an Advisor will move on after 2 years); means training has to be undertaken as a rolling programme incurring an additional cost. The Operations Manager of Contact Point estimates that training time could be reduced by as much as 50% as CRM would allow the Advisor to work through pre-defined scripts and workflows. This is delivered at a staffing cost of **£57,150** per annum (release/backfill). This cost will be incrementally reduced over the first two full years post implementation of CRM.
- **N.B.** There will be cost saving realised by L&D training budgets and possibly even leading to a reduction in head count with this service partner. This cost is not yet calculated.
- **Logging on** – due to the number of systems (currently 28) used in Contact Point it takes an Advisor approximately 15 minutes per day to log on. During this time they are not available to handle incoming calls. The Operations Manager of Contact Point has calculated that the cost of lost time is **£97,710** per annum for the current head count. As efficiency improves with CRM, head count and lost-time costs will reduce.

These examples highlight the current built in inefficiencies within Contact Point which add no value or benefit to the customer. Staffing levels are higher that would be necessary in Contact Point because of the number of stand-alone systems employed. These savings will be realised through a reduction of FTEs within the operation when CRM is deployed. The above examples together show a potential saving of **£794,860** per annum, including the reduction of FTEs elsewhere in KCC operations i.e. ICT, HR Direct, L&D and Finance. The table below shows how these potential savings are split over the next 3 financial years.

SAVINGS (£k) Implementation by Sept 2014	2014/15 Half year	2015/16	2016/17	TOTALS
In-House Training/ Logging On & Time per Call (-39.7 fte)	100	200	494	794