

**Manchester City Council  
Report for Resolution**

**Report To:** Resources and Governance Overview and Scrutiny  
Committee - 10 December 2009

**Subject:** Customer Relationship Management System (CRM)  
Electronic Document Management System (EDRMS)

**Report of:** Steve Park, Chief Information Officer, CIO  
Directorate of Transformation

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**Summary**

To appraise the Committee on the implementation of the CRM System and the Electronic Document Management System including spend from increased capital funding.

**Recommendations**

The Committee are asked to note the contents of the report.

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**Wards Affected:**

ALL

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

## **1. Introduction**

- 1.1. An integral part of the Customer, Information and Neighbourhood Focus Strategies are the Customer Relationship Management (CRM) System and the Electronic Document Records Management System (EDRMS). It is the CRM system that will manage, record and report on the Council's interactions with its customers. Eventually, the CRM system will provide the Council with a single of view of its customers and the performance of services in meeting their requirements.
- 1.2. The CRM system will interface will other key IT systems used by many front line services, for example Revenue and Benefits (Academy), Regulatory Services (Flare), Adults and Childrens Services (MiCare). As well as being the key IT system that will support the Corporate Contact Centre, the CRM system will also support the Council's website and will enable customers to have increased levels of self-service.
- 1.3. An Electronic Document Records Management System (EDRMS) will be implemented to support the information available to the CRM Systems and therefore Customer Service Agents as well as other services across the Council. The system will do this by reducing the volume of paper used by services, provide rapid – security controlled - access to information and will contain a 'workflow' capability that supports the service delivery process.

## **2. Background**

### **2.1. Purpose of Report**

- 2.1.1. This note sets out to report on the following:
  - the current implementation plan for CRM and EDRMS.
  - the amount of Capital funds released earlier in 2009 that are associated with the CRM and EDRMS systems.

### **2.2. Business Drivers**

- 2.3. In 2008 the Council outlined the following strategies:

- Customer Strategy
- Information Strategy
- Information Technology Strategy
- Neighbourhood Focus Strategy

- 2.4. These strategies highlight the need to extend the use of a CRM system across all Council services and through additional channels used by customers to access services such as the website, email and through face to face contact. The preparation of 2010/11 Business Plans and the efficiency opportunities identified through the Analyse & Improve Manchester (AIM) Programme have reinforced the need for a Council wide CRM system and an EDRMS system.

- 2.5. The following budget allocation was secured through the Council's Gateway process to progress the Information Strategy that included CRM and EDRM:

**CRM:**

Year	Capital Funding	Revenue Funding
2009/10	£500,000	£1,743,860
2010/11	£700,000	£1,343,860
2011/12	£300,000	£900,860

**EDRMS:**

Year	Capital Funding	Revenue Funding
2009/10	£700,000	Included in the Information
2010/11	£175,000	Strategy
2011/12	£125,000	

- 2.6. A mixture of Capital and Revenue funding will be utilised to fund the CRM project and EDRMS Projects.
- 2.7. The delivery of CRM is an absolute necessity in supporting both the Customer Services Strategy and the Information Strategy. In particular, the CRM system is needed to support the new Customer Service Centre that will be available at One First Street. Without investment in CRM, neither of these strategies will be able to deliver. Investment in CRM will provide the Council with a platform on which it can effectively handle customer interactions at every touch point. The CRM system, as a technology alone, does not provide cashable efficiencies, however when coupled with transformed business processes and well trained staff then benefits will be realised. It is for this reason that the CRM implementation is being driven by business transformation programmes and not as a pure IT project.
- 2.8. The EDRMS system development and deployment will run alongside the deployment of the CRM system. Requirements that are identified by the CRM technology will be used to configure the EDRMS technology so that both systems work in an integrated fashion. It is anticipated the EDRMS technology will be developed using the Microsoft SharePoint system. The Microsoft SharePoint system is a highly adaptable product and supports scalability over time. A project to produce a proof of concept that is acceptable to the business is currently underway.

### **3. CRM System Review**

- 3.1. The Council now has extensive experience in the use of CRM technology particularly in the Environmental Services Area and Environment On Call. As such, the Council is well placed to understand how well such technology can meet the objectives set out in the Customer, Neighbourhood and Information Strategies.
- 3.2. A review of the current SAP based CRM technology was undertaken in early 2009 to ensure that the Council had the right system to support our corporate ambitions. The review in particular focussed on the following;
- A review of the Council's CRM requirements identified in the Customer Strategy,
  - A review of the latest version of CRM available from SAP,
  - A review of the other main CRM systems currently in use by Local Authorities
- 3.3. The following summarises the background of CRM within the Council;
- 3.3.1. The SAP CRM system was procured by the Council as part of the Enterprise Resource Planning (ERP) procurement from SAP in early 2005 along with Finance, Procurement, HR and Payroll functionality.
- 3.3.2. Over the last few years, SAP CRM has been implemented in Environment on Call to support a wide range of services within Environmental Services.
- 3.3.3. Circa £5m has been spent rolling out SAP CRM over the last 4½ years. This cost includes all hardware, SAP user licences, system development and importantly the business change associated with CRM. This business change has included improvements to service delivery processes, removed some duplication and wasteful processes and improved training of staff.
- 3.3.4. It should be noted that of the £5m investment in SAP CRM to date, it is estimated that £2½m was spent producing operational improvements from the development of a customer contact model for Environmental Services.
- 3.3.5. The use of SAP CRM has not been without difficulty with the system requiring significant and costly bespoke development in order to meet the evolving requirements of Environmental Services. This is due to the limitations of the system particularly in the essential areas of appointment bookings, contract management and the interfacing of SAP CRM to other systems.
- 3.3.6. The version of SAP CRM currently in use in the Council is now two major releases behind the latest version and it is estimated that it will cost in the region of £1m to upgrade to the latest version. Upgrading the SAP CRM

solution has been postponed until the ICT Service was confident that it was the right product support the Council's objectives.

3.4. The conclusion from the system review was:

- That whilst the latest version of SAP CRM has an improved user interface, there is still a significant gap between the functionality delivered by the latest version and that required by Manchester City Council.
- That other CRM systems that are now available in the marketplace have the potential to provide a much more cost effective and long term alternative to the Council than the current SAP CRM system.
- That the Council should progress a tender under the umbrella of the OGC Catalist Framework Agreement for the procurement and roll out of a CRM solution across the Council.
- That the tender should encourage all possible technology solutions, including SAP CRM.

#### **4. CRM TENDER**

4.1. A tender was issued at the end of May 2009 to the 14 suppliers on the OGC Catalist Framework Agreement for CRM Solutions.

4.2. The tender evaluation has now completed and Deloitte has been awarded the tender to implement a Microsoft Dynamics CRM system. The Deloitte tender offered best value for the Council and the following advantages for the front office:

- The Microsoft Dynamics CRM solution is a flexible and modern system which can be configured easily to meet the needs of a wide range of Council services and the product contains all the functionality required by the Council. In particular the Microsoft Dynamics CRM system is able to address the limitations of the SAP based CRM systems such as appointment bookings, contract management and the interfacing of CRM to other Council systems. The Dynamics CRM is easy and familiar to use having the look and feel of other Microsoft office applications. This will make the training much faster and staff take-up much easier.
- The proposed EDRMS system works seamlessly with the Microsoft Dynamics CRM thus significantly reducing the costs of developing bespoke interfaces.

- Deloitte has outlined timescales for delivering the solution which fit in with the Council's requirements, particularly in relation to Phase 1 (go live May 2010).
  - Deloitte is proposing to undertake skills transfer to Council staff to ensure that the Council has the skills to support the system after the implementation project is complete.
- 4.3. It is important to note that the none of the suppliers proposed a SAP CRM solution through the tender process, including SAP themselves.
- 4.4. The Microsoft Dynamics solution was not available when SAP CRM was originally procured 5 years ago. Based on the knowledge of the Council regarding CRM and the marketplace at the time, the decision to procure SAP CRM, as part of a wider ERP system was the right one. CRM technology has advanced rapidly within the last 5 years particularly in the areas of interoperability and functionality, which could not have been foreseen at the time. Microsoft Dynamics is now in use in over 40 Local Authorities compared with less than 10 using SAP CRM.
- 4.5. Deloitte has submitted the following costs and proposes that the Microsoft Dynamics CRM system be rolled out across the Council and replace the SAP CRM system in Phase 2a.

<b>Phase</b>	<b>Service Area</b>	<b>Cost</b>	<b>Capital Funding</b>	<b>Revenue Funding</b>	<b>Completion Date</b>
1	Customer Service Centre	£636,000	£500,000	£136,000	May 2010
2a	Corporate Contact Centre – Environment on Call	£834,000	£700,000	£134,000	Jan 2011
2b	Corporate Contact Centre – Other Services	TBC			Sept 2011
3	Other Services	TBC			Mar 2012

- 4.6. Phase 1 is currently being progressed at a total cost of £636,000 and it is estimated that the cost of Phases 2b and 3 will be in the region of £500,000.
- 4.7. The table above represent the sums that will be paid to Deloitte following the competitive tender. In total it is expected that £1.2m revenue funding will be spent on CRM in 2009/10, which includes the £136k payable to Deloitte as above. This £1.2m will be spent on staffing and with providers in developing the technical interfaces with other IT systems, e.g. Flare.
- 4.8. The total revenue gateway funds for 2009/10 was £1.7m and it is therefore expected that £500k (£1.7m - £1.2m) will be rolled forward into 2010/11. This is mainly due to the time to complete the procurement of the new CRM system.

## **5. IMPACT ON THE BACK OFFICE ICT SYSTEM (SAP)**

5.1. The impact on SAP Back Office of phasing out SAP CRM to be replaced by Microsoft Dynamics CRM is summarised as follows;

- SAP will continue to be used for Finance, HR, Procurement and Payroll. These are particular strengths of SAP ERP.
- The only integration that currently exists between the two systems is in the area of customer details. These are currently set up in SAP CRM and copied to SAP Back Office. As part of the Information Strategy, the Council is developing a data hub which will deliver a Council wide single customer view to which both CRM and SAP Back Office will link. As a result of this, CRM and Back Office will be re-aligned to link to the single customer view.
- Payments currently taken in SAP CRM are processed directly via the PARIS system. It is proposed to continue with this process using the new Microsoft Dynamics CRM solution and there will be no impact on SAP Back Office.

## **6. CRM FOR THE FUTURE**

6.1. Microsoft Dynamics meets the following criteria as defined in the Information and ICT Strategies;

- Ease of integration with other Microsoft, SAP and line of business systems including EDRMS, Business Objects reporting, data sharing opportunities (with other organisations), single view of the customer.
- Is a flexible and modern system which can easily be configured to meet the needs of a wide range of Council services.
- Microsoft Dynamics is aligned with the emerging ICT architecture for the Council of:
  - Integrated Front Office – Microsoft & specialist service delivery systems
  - Back Office – SAP (HR / Finance / Procurement / Payroll).

6.2. In addition, Microsoft Dynamics CRM will require less bespoke development and consequently will be more cost effective to maintain and easier to upgrade than the current SAP CRM.

## **7. BENEFITS**

- 7.1. Having an effective, properly integrated CRM solution is key to realising the required customer service improvements as defined in the Customer Service Strategy;
- Continuous customer-focused service improvement across the Council supported by the effective use of customer intelligence and integrated customer contact.
  - The implementation of improved customer access channels (e.g. Corporate Contact Centre, Town Hall Service Centre, Libraries, Web) with CRM forming the backbone of operations and providing a single view of the customer.
  - A reduction in avoidable contact – National Indicator 14.
  - Faster end-to-end service delivery times and improved complaint handling.
  - Improved performance management and ward based management information ;
- 7.2. Since the CRM system will be implemented as a cross-cutting technology for all front line services, it will act as a key enabler for the realisation of benefits in the AIM Programme.
- 7.3. Appendix A details a range of benefits which will be delivered by the various transformation strategies which CRM underpins.

**Appendix A – Benefits provided by the Service Transformation Strategies which CRM and EDRM underpins**

Community Strategy Spine	Summary of the outcome of delivering the three Strategies
Performance of the economy of the region and sub region	By ensuring the services we provide meet the needs of all our customers and are supported by the appropriate technological infrastructure we will create a city where businesses want to invest and people want to move to and stay. This will also act as a catalyst enabling residents to take a more active role in the local economy as a result of them having better access to the Council.
Improved outcomes for residents	<p>Delivery of the Service Transformation Strategies will result in better outcomes for residents, as they will be able to take greater responsibility for meeting their own needs by accessing public services in the manner that helps them most.</p> <p>Better information about how services are being used will help our staff to co-ordinate and integrate their work, driving greater effectiveness and an improved focus on customer satisfaction.</p> <p>Residents will be less dependent on Council officers to access services, by having opportunities for self-service and better access to information.</p>
Value for Money	<p>Improvements to information, which provides a better understanding of our customers' needs will allow us to make more appropriate decisions on the effectiveness of services, a key component in assessing value for money. By integrating the service transformation strategies with our neighbourhood focus, we can develop and deliver more appropriate services to customers that avoid duplication of services, assets, processes and interventions to meet their needs in their local areas.</p> <p>The ICT and Service Transformation Strategies will provide our staff with technology that is easy to use, economically viable, and will enable better quality services to be delivered at lower cost. The effective deployment and use of CRM and SAP technology will provide the potential to deliver improvements in value for money through driving down the cost of investment, increasing staff productivity and reducing processing costs through improved integration. The simple but effective 4 point criteria embedded in the ICT Strategy seeks to ensure that new investment delivers value for money.</p>

Promoting economic development:	<p>By using information to measure the effectiveness of Council services to support economic development, our customers and staff will have greater confidence in the ability of the Council to drive economic development. This will be achieved over time by progressively establishing a single view for each customer and business and linking them to wider demographic records.</p> <p>Improvements to the way businesses interact with the council will further support economic development.</p>
Reaching full potential in education and employment:	<p>Improved access to information and the development of joined up targeted services will enable customers to access new training and employment opportunities, allowing them to reach their full potential in education and employment.</p> <p>New technology will promote new skills for staff and for communities. Staff and Elected Members using new or more technology will gain confidence as their familiarity grows. As service improvements drive new technology investment into communities, the skills and confidence of those using it will also grow.</p>
Individual and collective self esteem – mutual respect	<p>A key element of service transformation is about involving customers in the continuous improvement of the services they consume. Information will be made more freely available to customers, allowing them to build up an accurate picture of their neighbourhoods and the resources allocated to them. This will empower customers, allowing them to have a greater say in how their neighbourhoods can be improved.</p>
Neighbourhoods of Choice	<p>Accurate information, which provides a better understanding of our customers' needs and behaviours and which is shared between agencies is more likely to result in coordinated interventions and initiatives at a neighbourhood level. This combined with the potential to better inform customers and communities, will increase customers' trust in the work agencies carry out in neighbourhoods and may well produce an increase in individual and group participation in interventions and initiatives that result in behavioural change and contribute to the shaping of services.</p>
Improving council and community	<p>Good quality and timely information on customers' needs and service effectiveness will be made</p>

<p>leadership</p>	<p>available easily to leaders in our Council and our communities to support their decision-making. Information will be managed in a way which ensures that strategic, business and policy decisions are based on sound evidence and will enable the Council to better lead and participate in partnerships.</p> <p>The internal HR, Finance, Procurement and Payroll operations will continue to be improved through further investment and deployment of SAP.</p>
<p>Developing our workforce to deliver high quality services</p>	<p>The service transformation will include a training programme to provide our employees with support and improved information to enable the delivery of high quality, customer-focussed services. This will include a basic understanding of the core technologies and systems used in the Council. Technology will enable staff to work in more flexible ways and allow them to be more responsive to customers. Greater flexibility will enable staff to be happier through improved work life balance. Managed information relating to our workforce will assist in meeting the People Strategy, our skills pledge and in maintaining our IIP accreditation.</p>
<p>Ensuring customer and neighbourhood focus and equality of opportunity in employment and service provision</p>	<p>Many Council services, and some partner agencies, independently receive and record feedback from customers relating to their neighbourhoods. A collective view of customers' wishes, for their neighbourhoods, will ensure all agencies working at a local level have a clear understanding of where their efforts need to be directed.</p> <p>Integrating the service transformation strategies with our Community Engagement Strategy and neighbourhood focus will allow us to improve access and deliver more appropriate services to all customers. Improving the way we use feedback that we receive from our customers will help us to monitor the effectiveness of services for all Manchester communities. This will ensure equal opportunities for all citizens and communities.</p>
<p>Managing our performance and risks to ensure we deliver our objectives</p>	<p>Performance management will be enhanced by better customer intelligence, and effectively recording and sharing customer data will strengthen risk management.</p> <p>Good quality information will lead to better decision-making, improved performance, and effective risk management. The service transformation strategies will ensure that the right performance information is available to the right people at the right time and will ensure that adequate governance</p>

	arrangements are in place, and that employees and managers alike have the appropriate tools to perform their duties efficiently and effectively.
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