

Report title: Future of the Council's Corporate IT System	
Report to: Corporate Policy and Scrutiny Committee	
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Date: 28 th July 2020	For: Information
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1. To provide a briefing on the implementation of 'Oracle Fusion Cloud' which will replace the Council's current Corporate IT System known as 'TCS'.

2. Recommendations

- 2.1. None – the report is for information and discussion.

3. Background

- 3.1. ECC currently use 'The Corporate System' (TCS), for the provision of core business processes e.g. paying suppliers, paying employees and general ledger. It is managed on our behalf by Fujitsu.
- 3.2. Having been sourced in 2014, the system is now considered 'of its time' and does not support modern working practices such as access through mobile devices. It has also been brought home during the COVID response period of home working that a system hosted on ECC networks creates resilience issues.
- 3.3. ECC currently spends c.£1.6m per year on base service charges under the TCS Agreement with Fujitsu. Development and Change work is in addition to the base service charge. Since 2014, ECC has spent c. £18.9m with Fujitsu under the current contract; this included £5.3m capital investment in licensing and implementation costs.

4. Moving to a new system

- 4.1. TCS goes out of support at the end of 2021, therefore the Corporate Systems Programme was mobilised in June 2019 to undertake research and investigation into the options available to ECC for a new system. Work included market engagement with leading providers, provider demonstrations of their solutions, reference research with other Local Authorities including Suffolk CC, Norfolk CC and Cornwall Council and independent expert advice from SOCITM and Gartner.

- 4.2. The conclusion of this discovery phase was a recommendation that ECC should migrate from TCS to Oracle Fusion Cloud. This recommendation was approved by Cabinet in March 2020, along with approval of drawdown of £5.1m from reserves to fund the resources required to implement the programme until September 2020, the systems implementor and the additional licencing costs to 2021/22. A further Cabinet decision will be required to secure the funding for the remainder of the programme which is currently estimated at £8.6m.
- 4.3. The investment provided will pay for programme implementation costs, including business design and change activity, as well as Oracle licences for 2020/21 and 2021/22.

5. What is Oracle Fusion Cloud?

- 5.1. Oracle Fusion Cloud is a modern system which is easier to use and can be used on mobile devices. (Figure 2)
- 5.2. It is 'software as a service' (SaaS) which is where software applications are hosted by a third-party supplier and accessed over the Internet. This aligns with our medium to long term technology strategy and programme critical success factors (Figure 3) as it improves resilience, and reduces reliance on ECC networks, and it also limits the potential for customisation.

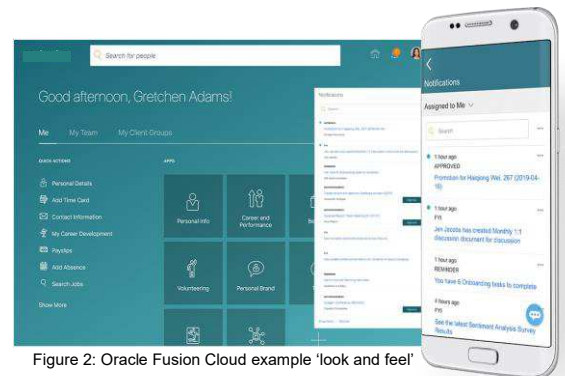


Figure 2: Oracle Fusion Cloud example 'look and feel'

- 5.3. It is also 'Evergreen' which means that it will be regularly updated by the supplier, removing the need for large expensive upgrades with high levels of business change and flexible so that it can change as the needs of the organisation changes.

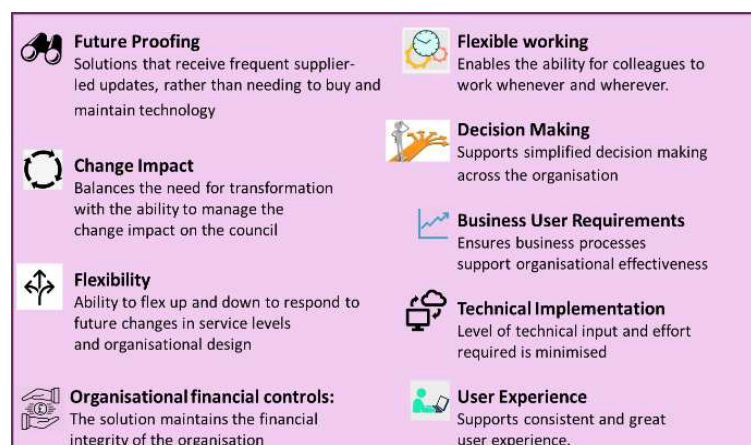


Figure 3: Programme Critical success factors

- 5.4. Oracle Fusion Cloud has a number of capabilities that will modernise ECC's ways of working (see figure 4 below), but the programme is taking a phased

approach, implementing the Core HR/Payroll and Finance modules (the green blocks) first to meet the immediate needs of the organisation.

- 5.5. The remaining capabilities (the yellow blocks in figure 4) are being considered as part of a strategic review of technology linked to existing contract liquidity, business need and our Covid 19 response plans.

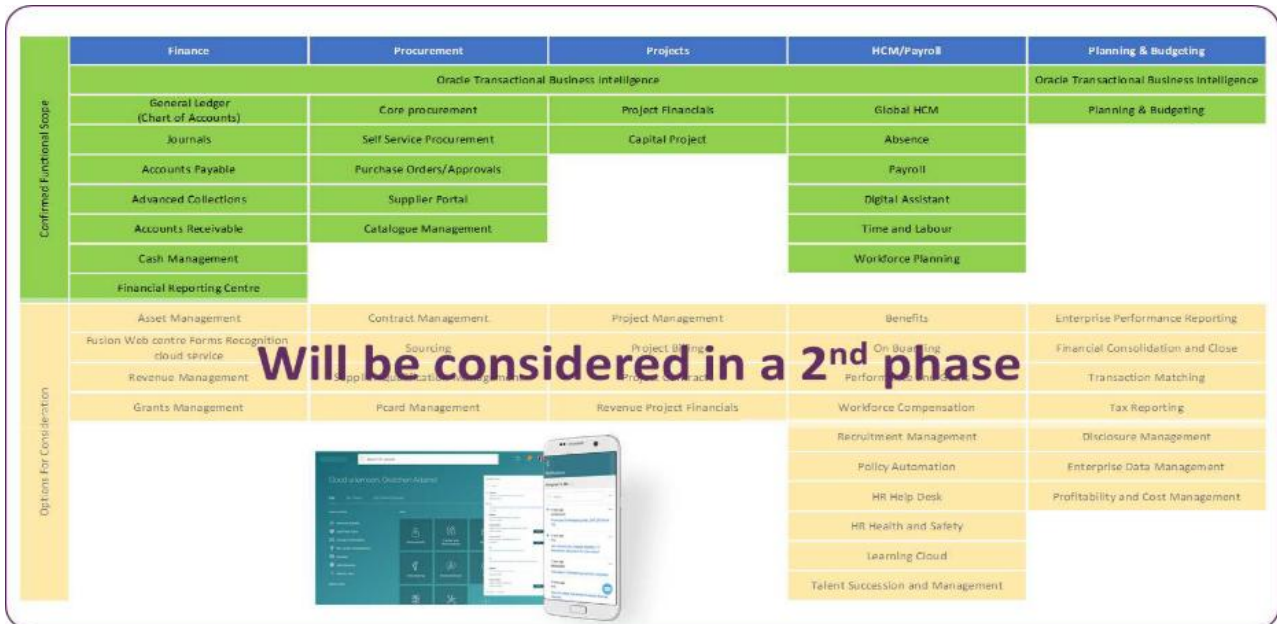


Figure 4. Oracle Cloud Capabilities

6. Our implementation approach

- 6.1. We are working with Fujitsu and their supply chain partner, Evosys, to implement the new system, with a go live date of August 2021 for Finance modules and October 2021 for HR and Payroll (Figure 5).

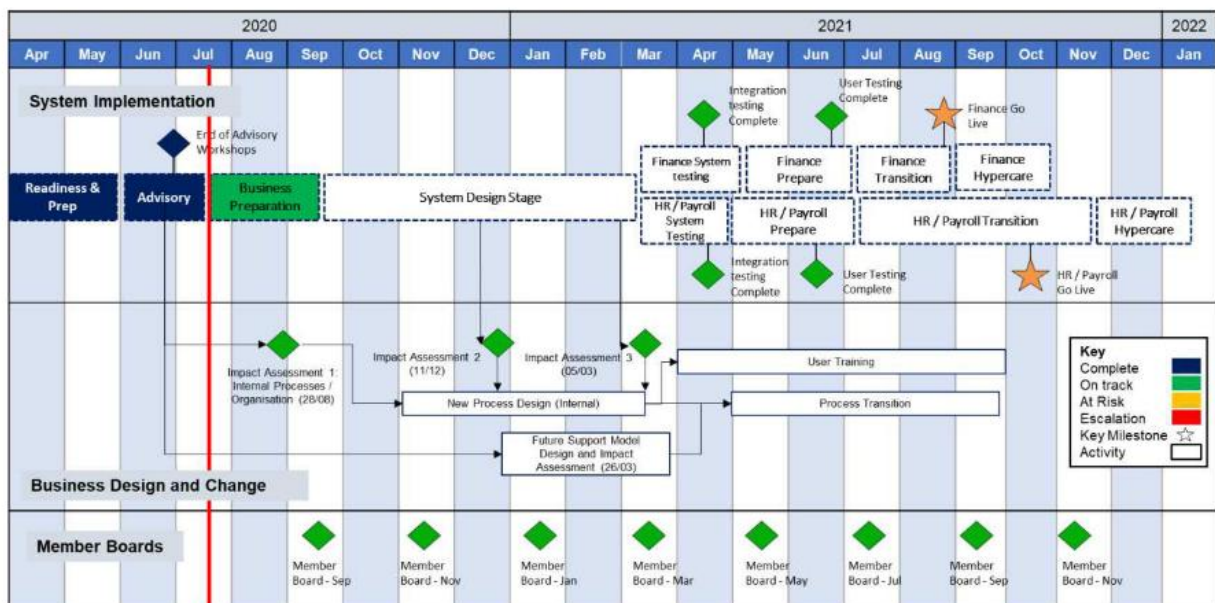


Figure 5. Programme Timeline

- 6.2. ECC's contract with Fujitsu ends in July 2021, however, we are able to utilise the provisions for 'Termination Services' under the existing contract to enable Fujitsu to support us in implementation of Oracle Fusion Cloud, introducing Evosys (the primary implementer of Oracle Fusion Cloud in Local Government) as a subcontractor via a change control. A value for money exercise comparing suppliers' schedules of rates under the G-Cloud 11 framework was undertaken and Fujitsu ranked favourably.
- 6.3. Fujitsu have in depth knowledge of the ECC solution which would be lost if a third party were engaged as system implementor and the combined input of both Fujitsu and Evosys gives ECC both the knowledge of the current solution and the expertise of Evosys, as a market leader in Oracle Cloud implementation.
- 6.4. In April 2020, ECC awarded a £5.2m, 5-year contract (with an option to extend for a further 5 years), to Insight Direct (UK) Ltd, via a call off from the Health Trust Europe framework for the Oracle Fusion Cloud licences.
- 6.5. With both contracts in place, the programme was officially launched in April 2020 by the Cabinet Member for Customer, Communities, Culture and Corporate.

7. Adopting best practice processes

- 7.1. Unlike TCS, which is heavily customised to fit to our processes (and therefore difficult/expensive to maintain), one advantage of Oracle Fusion Cloud is that it is based on best practice processes. To enable us to use the system effectively, we will need to 'adopt' these processes and change our own business processes to align with them.
- 7.2. By adopting the best practice processes, it means that ECC can benefit from the product's ongoing evolution through frequent supplier led updates providing improvements and enhancements to the system every 3 months.
- 7.3. As we learn more about the new system, we will get a better understanding of the level and types of change that we might need to make, but through our discussions with other local authorities and lessons learned from the implementation of TCS (more details below) we are anticipating significant changes in some areas i.e. debt management and expenses payments.
- 7.4. We will know more as we go through the design phase (Sept 20 – Feb 21) and we will be preparing our business change activities accordingly.

8. Lessons learned from TCS

- 8.1. TCS has provided a fit for purpose service in some professional areas and improved the financial control environment, with good reliability and consistency of core employee data. However, there are several areas which we know could be improved and we have used this experience to inform our decisions in this programme:

Lesson learned from TCS

Reflection for the Programme

TCS has been heavily customised to fit complex business processes which has limited the agility of the system and changes are difficult and expensive.

- Oracle Fusion Cloud has been chosen as SaaS systems cannot be easily customised.
- Strong control measures have been put in place within ECC to prevent customisation & remove complexity from scope where possible. This includes use of design principles and Elected Member oversight of design decisions.

User experience is poor, and this has reduced self-serve and led to a significant number of manual workarounds.

- Initial indications from Business Leads indicates that Oracle Fusion Cloud provides an improved user experience, with a modern look and feel and ability to work in a flexible and agile way including use of mobile devices.

There was limited training and support available for users which impacted user experience and usability.

- The business change workstream includes training and support to all users up to and beyond go-live. Training and adoption plans are currently being developed and will be tailored to functional and professional needs.
- Colleagues from the TS training team are part of the programme and bring their experience and knowledge of user training and adoption support from previous system implementations.

TCS upgrades are expensive and time consuming.

- Oracle Fusion Cloud is an 'Evergreen' application that is updated regularly, removing the need for large expensive upgrades with high business change.

There is limited leadership of the strategic supplier relationship with Oracle or driving of sector & market learning; there is poor accountability for the efficacy of the system and user capability.

- An Oracle Fusion Cloud Future Support function will be created that is able to assess and accept supplier led updates.
- This function will be well connected to Oracle, the sector and practice.
- Opportunities for collaboration with other LA's will be pursued to enable us to have greater influence on Oracle. We've engaged with Suffolk, Norfolk and Cornwall.

9. Key risks and mitigations

Risk	Mitigations
Adoption of best practice processes in Oracle Fusion Cloud may mean that it does not meet all users' requirements.	<p>Representatives from each functional area have been engaged in the programme and are assessing the impact of moving to Oracle Fusion in their area.</p> <p>Business change plans will be developed for each function to address any gaps in requirements.</p> <p>The Future Support Model for Oracle Fusion Cloud will include connection with Oracle and other Local Authorities to enable us to influence future product development.</p>
The new system is not ready before TCS goes out of support by Oracle.	<p>The system is scheduled to go-live in August 2021 (Finance) and October 2021 (HR/Payroll) which provides a minimum of 2 months contingency before TCS goes out of support. The current contract with Fujitsu allows for an additional 2 years of termination services which can be utilised if necessary, through a contract change. ECC would also leverage our</p>

	relationship with Oracle to seek extended support to the current applications and Oracle have indicated this is possible.
Current version of TCS is heavily customised, and this will make technical implementation even more complex due to the level of cleansing and migration.	<p>Fujitsu have extensive knowledge of the current system and customisations and they are supporting us on data cleansing/migration.</p> <p>We are not providing ECL and schools payroll which de-risks implementation in these respects.</p>
The full extent of business change will not be known until we complete the design phase in early 2021.	<p>We are taking an iterative approach to understanding business change, which means as we get to know more about the system, we are continuously assessing the impact on changes to processes, people, and ways of working.</p> <p>Functional representatives are working with business process experts to analyse and document changes. Very favourable feedback has been received from all business experts regarding the role of Evosys and the support and guidance they have brought to the project this far.</p>