



Report to: General Committee

Meeting Date: June 11, 2024

SUBJECT: Award of Contract 161-S-24 Microsoft 365 Dynamics
Customer Relationship Management (CRM) Software

PREPARED BY: Lyrae Ignacio, Ext. 2287
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RECOMMENDATION:

- 1) THAT the report entitled “Award of Contract 161-S-24, Microsoft 365 Dynamics Customer Relationship Management (CRM) Software” be received;
- 2) THAT the City’s existing Microsoft Platform be extended to include Microsoft 365 Dynamics Suite of Business Applications; and,
- 3) THAT Microsoft 365 Dynamics Suite of Business Applications be designated as the preferred solution and software product of the City’s Customer Relationship Management (CRM) service needs at the sole discretion of the City; and,
- 4) THAT Staff proceed with a Request for Proposal for Consulting Services for the Implementation, Integration, Ongoing Support and Maintenance of a Microsoft 365 Dynamics CRM Solution from Qualified Microsoft Partners; and,
- 5) THAT contract 161-S-24 be awarded to Microsoft Canada for an amount to be negotiated but not to exceed \$500,000 inclusive of HST for the year-1 software and license services; and,
- 6) THAT the capital costs for the year-1 software and licenses be funded from capital project account 400-101-5399-24076 - ITS - Corporate CRM Systems Implementation, with an available budget of \$ 2,470,085 inclusive of HST; and,
- 7) THAT the contract for ongoing software and license services for 4 additional years be awarded to Microsoft Canada in an annual amount to be negotiated but not to exceed \$500,000 inclusive of HST, to be funded from 400-400-5361 with a current annual budget of \$65,586.36, and subject to the adoption of the 2025 and future operating budgets in the said negotiated amounts; and,
- 8) THAT the Chief Information Officer and the Senior Manager, Procurement and Accounts Payable be authorized to negotiate the Contract with Microsoft Canada on behalf of the City (in its sole discretion), and execute any required documentation in a form satisfactory to the City Solicitor; and,
- 9) THAT the tendering process be waived in accordance with Purchasing By-Law 2004-341, Part II, Section 7 (1) (h) where it is necessary or in the best interests of the City to acquire non-standard items or Consulting and Professional Services

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- from a preferred supplier or from a supplier who has a proven track record with the City in terms of pricing, quality, and service; and,
- 10) THAT Microsoft Canada be designated as the preferred vendor for the City's Customer Relationship Management (CRM) service needs at the sole discretion of the City and for Microsoft Canada software products for the term of this contract; and,
 - 11) THAT the Chief Administrative Officer and Commissioner, Corporate Services be authorized to approve any new purchases related to this contract needed due to growth and/or future CRM upgrades due to change in technology or system integration with other applications related to the project during the term of this contract, subject to the Expenditure Control Policy and budget approval, in a form satisfactory to the City Solicitor and at the sole discretion of the City; and further,
 - 12) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To seek Council approval to procure a Microsoft cloud-based Customer Relationship Management (CRM) solution to replace our current unsupported legacy solution and provide the City's citizens and staff with a more robust and user centric experience.

BACKGROUND:

The City currently uses the Active Citizen Request (ACR) system to manage customer requests, direct requests to the appropriate business group, and track responses to those requests. The primary user of the ACR system is the Contact Centre; however, a number of other departments also use the ACR system directly.

The ACR system has become the primary method of reporting on service request status and completion as service levels and response times are tracked and reported on by most departments. ACR has reached its end of life and is no longer formally supported by the vendor, as of December 2023. There is an urgency to replace the legacy system and an increased need for the Contact Centre to have the ability to have a more modern, robust and user-centric solution to best serve the City's citizens.

In 2018, the City completed a competitive procurement process to select a new Customer Relationship Management (CRM) solution as the ACR replacement with limited response from the contacted Bidders. The City awarded the contract to Verint Americas Inc. (Contract Award 134-R-17) and diligently began the work necessary to build the new solution. After a series of attempts to build a robust solution with this vendor and regular escalations with the vendor executive team as well as the City's Executive Leadership Team (ELT), it was determined that the Verint On-Premises CRM Solution was unable to fulfill the contract terms. As such, the City terminated the agreement in 2022.

This new CRM project will be funded from Capital Project #24076 with an available component budget of \$2,470,085 (\$2,238,700 approved as part of Budget 2024, and \$231,385 carried forward from Capital Project 16062 - ACR Replacement/CRM system update).

In 2023, the City held exploratory discussions with other solution providers and sought consult with existing ITS Consultant partners to identify the key players in the marketplace and to explore opportunities to move away from a CRM On-Premises solution to a cloud solution.

The City of Markham also worked with Info-Tech Research Group and key business stakeholders to complete a full CRM assessment that determined the readiness of the organization to move forward with implementing a CRM application. During a series of interactive workshops, the team defined a clear set of business and technology drivers for CRM, determined the impact of environmental factors, obtained a deeper understanding of customer needs, and built a roadmap that highlighted key initiatives and desired functional capabilities for CRM.

In conjunction with its consultant, the City considered several of the leading CRM providers in the space. The options and discussion below highlight the collective recommendations being made as a result.

OPTIONS/ DISCUSSION:

A Customer Relationship Management (CRM) platform is an indispensable tool for providing better experiences to citizens and other external stakeholders at the City of Markham. The City is looking to refine our approach to citizen engagement through a new CRM platform and adjacent toolsets.

The City of Markham is looking to mature our capabilities for centralizing, managing and leveraging citizen information. Using this CRM platform will increase process efficiencies by allowing staff to track open service cases and manage the flow of information internally. A streamlined process will alleviate external user frustration and enhance the user experience for Markham's citizens and partners.

We are past due for a replacement and have the following significant risks with our current unsupported platform:

- Patching and security vulnerabilities,
- Privacy and compliance concerns,
- Limited ability to integrate with modern cloud solution applications.
- Impact to the City to be able to manage Citizen requests in an accurate and timely manner.

Over the years, the City has modernized its platforms as part of our continued journey towards digital transformation. The City currently uses a variety of Microsoft tools based on the M365 platform and recently renewed the Enterprise Agreement for the cloud-based licensing of all its Microsoft user and server products. A long-standing strategic

relationship with Microsoft has strengthened the ITS team's core technical acuity and experience with Microsoft technology with the use of M365 inclusive of Office products, Azure cloud tools, Teams and SharePoint collaboration tools, server and database licensing, as well as enhanced cloud security measures to protect the City's information and information assets.

Multiple workshops were conducted with business units and the consultant, to review the existing CRM's strengths and limitations, and to identify business requirements to enhance functionality to meet both current and future needs.

As part of this activity, potential system options were examined, including the Microsoft solution. It was determined that the Microsoft solution both meets our business requirements, and allows for the City to leverage the benefits of integration with the existing Microsoft suite of tools as noted both above and below. ITS and key business unit stakeholders are confident that the City's business needs can be fully met with the Dynamics 365 CRM tool.

In alignment with the marketplace research conducted by City staff, and in conjunction with the City's direction to become more consistent with its solution architecture to promote further interoperability, Staff are seeking an award through a preferred supplier arrangement with Microsoft Canada, which includes the following supporting rationale:

- **Maximize the robust capabilities of Microsoft Dynamics 365 Suite:**
 - Dynamics 365 CRM can enable the City to address our specific current needs with a phased CRM deployment. Since the platform offers flexibility through a modular architecture, the City can continue to evolve the CRM solution with new capabilities as new business needs arise.
 - Integration capabilities with other MS tools: The Dynamics 365 CRM platform can be integrated with the City's existing Microsoft platform and with other Microsoft products such as:
 - SharePoint and OneDrive, to enhance data accessibility and collaboration; and,
 - Power BI, with advanced data analytics and reporting capabilities that enable data-driven decision making and actionable insights.
 - Interoperability with other existing City of Markham solutions. Leveraging the D365 integration capabilities to receive and provide updates with our existing operational solutions including Amanda, EAM, Gtechna, TXM, GIS and others.
 - Knowledge of the existing Microsoft product suite will reduce change management requirements and allow City users to more quickly utilize the Dynamics 365 platform
- **Municipal Synergies:**

Currently, other municipalities such as the City of Guelph, use Microsoft Dynamics. Brampton, Vaughan, Ottawa and London are already on the Dynamics platform. In ongoing conversations with other municipalities, a significant finding is that a number of the municipalities in the York, Peel and Durham Regions are either on, or exploring, the Microsoft platform as a cost-effective option. These synergies will

allow the City to take advantage of information and best practices sharing with respect to implementation risks, decisions, integration points and will facilitate a smoother transition.

At the same time, the City wishes to retain flexibility regarding the selection of the System Implementation partner. By making this decision at this time, it will allow the City to proceed to an open RFP to source a Microsoft certified systems implementation partner to facilitate the solution development, deployment and ongoing support.

CONCLUSION:

Future Business Roadmap: Changes in the organization structure and the needs of customers will require the solution to constantly adapt. The proposed Microsoft solution will be flexible in meeting the City's changing needs including the ability to support the growth and attendance at City facilities by providing excellent customer services. This will be accomplished by operating as efficiently as possible by incorporating common business approaches to similar business functions across departments. This award will enable the City to deliver fully integrated, extendable and scalable enterprise systems to achieve this outcome.

FINANCIAL CONSIDERATIONS

The cost of award includes 2 components: year-1 cost for software and license services; and, recurring operating costs for software and license services for 4 years.

Capital Costs

The capital budget for this project is \$2,470,085

The year-1 cost in the negotiated amount not to exceed \$500,000, inclusive of HST impact, will be funded from Capital Project 400-101-5399-24076 - ITS - Corporate CRM Systems Implementation, with an available component budget of \$2,470,085 (\$2,238,700 approved as part of Budget 2024, and \$231,385 carried forward from project 16062 - ACR Replacement/CRM system update). As per below, remaining funding of \$1.97 million will be used to proceed with an RFP to source a Microsoft certified systems implementation partner.

Project	Amount (\$)	
Budget Available for this Award	2,470,085	(A)
Year-1 Software and Licenses Cost	<u>500,000</u>	(B)
Budget to remain in account for solution Consulting Services, implementation, year-1 ongoing support and maintenance	1,970,085	(C) = (A) - (B)

Operating Costs

The award includes software and license services for the remaining 4 years, with year 2 to commence in 2025, for an annual amount not to exceed \$500,000 inclusive of HST impact, anticipated to be funded from GL account 400-400-5361 - Computer Software Service

Agreements. Any future incremental operating budget impacts will be addressed in future ITS operating budgets, subject to related budget adoption.

	Budget Impact (\$)
Current Annual Operating Budget	65,586.36 (D)
Estimated Operating Cost	<u>500,000.00</u> (E)
Future Fiscal year Operating Budget Shortfall	(434,413.64) (F) = (D) - (E)

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Goal	Examples – How the Solution can Help Achieve the Goal
Exceptional Services by Exceptional People	The system will facilitate better integration with existing applications for a more consistent approach and response to citizen requests and inquiries.
Engaged, Diverse & Thriving City	The software will allow a more robust management of contact centre inquiries and synergies across departments to respond to said requests.

BUSINESS UNITS CONSULTED AND AFFECTED:

Community and Fire Services Commission, Development Services Commission, Markham Public Library, Clerks and Bylaws, Corporate Communications, Cash Management/Tax.

RECOMMENDED BY:

Sumon Acharjee
Chief Information Officer, ITS

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

None