REPORT ON MARKET ENAGEMENT – SUMMARY OF KEY THEMES

The Department for Infrastructure [DfI] (with the participation of Councils, and supported by PA Consulting Group and the Central Procurement Directorate [CPD]), carried out a Market Engagement exercise in late 2017 to inform the ongoing development of the business case for the new Planning IT solution for NI, as well as any future procurement exercise. This exercise was made up of:

- A Supplier Questionnaire published in November 2017 through the eTendersNI procurement portal, with thirteen companies providing written responses

- Face-to-face presentations and discussions with each of these thirteen companies during December 2017

This report, which feeds into the business case process, summarises the key themes which emerged from this Market Engagement exercise and discusses the implications of these themes both for the development of the business case and for any future procurement exercise. It is not intended as an exhaustive account of all matters discussed.

Theme 1 – There is a mature marketplace delivering Planning IT solutions

The participation of thirteen companies in the Market Engagement exercise, coupled with the track record of participants in delivering similar solutions, indicated that there is a mature market for the authorities to access when seeking a supplier of a new Planning IT solution.

The companies that participated in the Market Engagement exercise have supplied similar solutions across a number of locations including in Northern Ireland, England and Wales, Scotland, the Republic of Ireland and Finland. Furthermore there is a range of different types of solution available, with for example different software and platforms deployed and various methods and processes proposed for development and implementation.

Implications for the development of the business case

- Outsourced development and implementation of the new Planning IT solution is a viable, and indeed desirable, option for the business case
- A set of sound assumptions can be derived from the information provided by participants, to underpin the development of shortlisted options and their assessment in the cost-benefit analysis

Implications for any future procurement exercise

- The authorities can proceed to any future procurement exercise, seeking a solution delivering the Minimum Viable Product (MVP) requirements set out in the Discovery exercise (refined and developed into requirements to be set out in tender documentation), with confidence that the market will be able to supply a viable solution meeting their needs

- Given the range of solutions available, the importance of detailed development of robust qualitative criteria for any procurement exercise is even more pronounced

Theme 2 – There are three main categories of potential solution functionality: bespoke, platform-based and COTS

The solutions outlined by participants in the Market Engagement exercise, taken along with the outputs of the Pre-Discovery and Discovery exercises, can be categorised into three main types of potential solution functionality: *Bespoke* products; *Platform-based* products and *Commercial-Off-The-Shelf (COTS)* products. Platform-based products (in which a solution which builds on a software platform, with other IT components and applications integrated with this platform) were not featured in the Pre-Discovery and Discovery outputs in the same way as bespoke and COTS solutions were.

While some companies discussed hybrid solutions, for example framing their potential solution as a combination of COTS and bespoke products, these three categories represent a complete set of the discrete types of solution functionality which are available in a new Planning IT solution

Implications for the development of the business case

- The options analysis in the business case should feature each of these three categories of solution functionality, with each being a viable solution viewed through the lens of market delivery (recognising that other factors will come into consideration)

- The business case should, within its preferred option, come to a recommendation on whether the new Planning IT solution should be a bespoke product, a COTS product, or a platform based product, informed by the submissions and discussions in this Market Engagement exercise

Implications for any future procurement exercise

- In taking forward any procurement exercise, the authorities will need to be aware of the pronounced differences between these types of solution. In going out to procurement based on the preferred option, the tender documentation will need to make clear what type of solution is required and guide potential bidders accordingly

Theme 3 – COTS products can provide 80% to 100% of the MVP requirements without any customisation

More than twice as many companies participating in the Market Engagement recommended COTS products compared to any other type of solution. Several companies expressed confidence that at least 80%, and sometimes more, of the MVP requirements set out in the Discovery exercise could be delivered by their proposed COTS solution "out of the box" (i.e. before undertaking any customisation).

Aligned to Theme 1, the Market Engagement exercise demonstrated that there are several tried and tested COTS products in the market, and that NI's needs are not greatly different from those of other Planning services elsewhere in the UK and Ireland. The requirements more particular to NI would require customisation, but that would account for 20% or less of the MVP.

Implications for the development of the business case

- A working assumption currently being made, subject to and without prejudice to undertaking the full cost-benefit analysis within the business case, is that the preferred option may be some form of COTS product. The Market Engagement exercise has indicated that there would likely be several advantages in terms of risk, cost, support and future upgrade/development

Implications for any future procurement exercise

- If a COTS solution features as part of the preferred solution, the authorities should have the reasonable expectation that both pricing and timescales are reflective of this level of "out of the box" delivery

Theme 4 – The future Planning IT solution could be delivered either as a new system or by building on and enhancing the current NIPP

While most companies participating in the Market Engagement exercise proposed to replace the existing NI Planning Portal with a new Planning IT system, some companies proposed a solution which would involve building on the current NIPP and enhancing it to meet those MVP requirements which would not be met by the NIPP "as is".

Implications for the development of the business case

- The potential enhancement of the current NIPP should be noted within a COTS-based option in the business case, and treated as a potential factor which could arise within such an option. The business case should not seek to decide between delivering a completely "new" system (i.e. one not currently in use for Planning in NI) or a solution based on enhancing the current NIPP.

Implications for any future procurement exercise

- It will be for a procurement exercise to select a "new" system or a solution based on enhancing the current NIPP, based on the merits of a bidders proposed solution. The authorities should therefore give careful consideration as to how this will be accounted for within tender

documentation and handled by an evaluation panel.

Theme 5 – Use of existing NICS IT components forms part of some proposed solutions

A number of companies discussed how their proposed solution would (re-)use existing IT components within the NI Civil Service (NICS) landscape. These included, for example GIS, EDRMS and Gazetteer. It was suggested that this would make best use of investment already made within the NI public sector, and therefore not require purchase of these as separate items from the supplier of the new Planning IT solution.

Implications for the development of the business case

- The business case will need to build in assumptions regarding the use (or otherwise) of existing NICS IT components, and factor these into costing shortlisted options

Implications for any future procurement exercise

- Procurement documentation should make clear to potential bidders whether it will be an acceptable (or even mandatory) approach to propose the re-use of NICS IT components, and how this will be factored into the evaluation of tenders

Theme 6 – Most suppliers which expressed a view on solution design recommended a shared system with local control

Most suppliers expressed a particular preference or recommendation in relation to solution design (shared system with centralised control; shared system with local control; individual systems for each authority, or; shared application portal with individual [back office] systems). Of these, most suppliers recommended that authorities should proceed with a shared system with local control, which they tended to interpret as offering local configurability of the front end rather than extensive customisation of the underlying code. This was seen by these suppliers as most efficient and manageable solution to deliver while still allowing for the fact there are twelve autonomous Planning authorities.

One supplier believed that this blend of standardisation and local autonomy would best be achieved by a shared portal with individual local systems underlying it. The remaining suppliers that expressed a view either recommended a shared system with centralised control or viewed this as equally preferable along with a shared system with local control. This tended to be for reasons of ease of implementation and of managing and updating the system after go-live.

Implications for the development of the business case

- The business case should factor the four types of solution design into the options analysis. The recommendations and reasoning put forward in Market Engagement will be brought into consideration along with a number of other factors.

Implications for any future procurement exercise

- Procurement documentation will need to make clear which type of solution design is preferred and required by the twelve authorities.

Theme 7 – Cloud solutions based on Software-as-a-Service (SaaS) emerged as a potential delivery model for further consideration

A number of participating companies proposed Cloud-based solutions, in which their software applications would be deployed as a suite of SaaS applications, and a managed service would be offered to the authorities. These companies suggested that this would be quicker, more efficient and better value for money, and would offer a fixed-price annual fee while reducing up-front costs.

Some companies proposed providing hosting services within a supplier-owned private Cloud solution, while discussions also covered hosting on an NICS private Cloud.

Implications for the development of the business case

- The business case should discuss and keep open the potential for different models of hosting (by the supplier, by DfI or by IT Assist)
- Cost-benefit analysis of the shortlisted options will need to take account of the potential for a SaaS model which should shift expenditure towards an annual service payment (i.e. revenue expenditure)

Implications for any future procurement exercise

- The authorities will need to decide whether to mandate a particular hosting model within procurement documentation or to leave this open for the procurement exercise to decide

- In framing the procurement exercise, the authorities will need to give consideration to how different costing models, including SaaS-based annual payments, will be compared and evaluated

Theme 8 – The timeline for suppliers' implementation activities is largely in the 10-12 month period

With the exception of outliers of 3 months and 18 months, those suppliers that indicated a programme timeline tended towards a projection in the range of 10 to 12 months. It should be noted firstly that this includes a range of different models of delivery, and also that this includes only the timeline from the supplier starting work until go-live, rather than any preparatory work the authorities will need to carry out prior to the supplier beginning activities.

A number of suppliers did not provide a projected timeline, citing the need for further information on matters such as data migration before being able to properly consider timescales.

Implications for the development of the business case

- This likely timeline will be built into analysis in the business case, with appropriate optimism bias calculations and sensitivity analysis taken into consideration

Implications for any future procurement exercise

- The authorities should consider setting some expectation regarding timescales within procurement documents

- The authorities will need to give full consideration to what information needs to be supplied within procurement documentation to enable bidders to make reasonable assumptions regarding timescales

Theme 9 – Data migration was raised by many suppliers as a key risk and area for clarification

A number of participating companies were clear that they regard data migration as a key risk for the delivery of the new Planning IT solutions, and were aware of the issues to be managed. Potential models of managing data migration discussed in the Market Engagement exercise ranged from the supplier of the new Planning IT solution being tasked with (and paid for) data migration, to DfI and Council staff managing data migration, to the existing NIPP supplier being responsible, through to data migration being unnecessary if the solution was based on enhancing the existing NIPP.

Suppliers were also clear that this is an area they will require further detail on to be able to supply more accurate costs and timescales.

Implications for the development of the business case

- Project management recommendations and implementation timescales within the business case will need to include data migration

- Assumptions regarding data migration for the will need to be built into the cost-benefit analysis

Implications for any future procurement exercise

- The authorities should provide as much clarity as possible regarding data migration in procurement documentation

- The authorities will need to decide whether to include data migration services provided by supplier of the new Planning IT solution within any invitation to tender for the solution

Theme 10 – Suppliers recognise the pros and cons of different procurement routes, and some recommend the use of existing government frameworks

Participating companies discussed the pros and cons of a number of different procurement routes (such as Open Procurement and Competitive Dialogue), with some expressing a particular preference. Some suppliers also expressed a preference for procurement of a single supplier or consortium.

A number of suppliers recommended that the authorities should make use of UK government procurement frameworks such as G-Cloud, Digital Outcomes & Specialists 2, Corporate Software Solutions and Technology Solutions

Implications for the development of the business case

- The business case will need to make a recommendation on the procurement route, taking the factors discussed by suppliers, among other factors, into consideration

Implications for any future procurement exercise

- A procurement strategy will need to be developed, setting out decisions on factors such as procurement route, use of frameworks and single versus multiple lots.

Theme 11 – A range of costs and different models of costing are envisaged by suppliers

Costs did not converge around a particular average cost point or a specific costing model. The capital costs provided, for example, ranged from less than £250k up to a potential £6.5m, while annual revenue costs ranged from c.£130k per annum to over £3.8m per annum. Costing models spanned large capital costs up front with some annual service charges, to models entirely based on annual licence costs. Most suppliers that provided costs included day rate costs (as requested) for changes/enhancements.

A number of suppliers also did not provide costs, or costed only certain elements such as implementation, citing the need for more information on matters such as storage requirements and data migration.

Implications for the development of the business case

- A series of assumptions will need to be developed to enable shortlisted options to be costed, covering matters such as split of up-front development and implementation costs versus annual charges.

Implications for any future procurement exercise

- Prior to procurement, the authorities will need to decide on matters such as:
    i. Preferred pricing model (if any)
    ii. Means of evaluating between different prices, particularly if open to allowing a range of pricing models from bidders
- The authorities will need to clearly document as much information as possible that will enable bidders to provide robust pricing

Theme 12 – Suppliers will require assurance on programme governance arrangements

A number of participating companies raised their need for assurance with regard to the programme governance arrangements that will be in place for implementation of the new Planning IT solution, particularly given the complex nature of delivery for twelve Planning authorities. This focussed around ensuring that fit-for-purpose governance and decision-taking processes and structure are in place to enable, amongst other things:

- Timely sign-off of programme deliverables with the agreement of all authorities
- Timely approval of payments to the supplier

Implications for the development of the business case

- Within the 'Project Management' chapter of the business case (chapter 11), recommendations will be made on appropriate governance arrangements

Implications for any future procurement exercise

- The authorities will need to jointly provide both (a) appropriate detail about the programme governance arrangements and (b) commitment that these governance arrangements will be adhered to by all parties within the tender documentation in order to assure bidders in relation to the level of risk in regard to this specific issue.