



Business Case

Project name:	Customer Relationship Management (CRM) and online self-service project
Date of report:	22nd June 2015
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Item Configuration Record	Version 2.0

To ensure accuracy it is advised that support and feedback is gained from CBC Financial Services.

1.0 Executive Summary

- 1.1 The objective of the business case is to provide information to the board regarding the benefits and costs to purchase and implement a new Customer Relationship Management (CRM) system with online self-service functionality.
- 1.2 The business case provides the costings of three suppliers, and identifies projected savings from rationalising IT systems, and channel shifting customers to online self-service.
- 1.3 The objective of this document is not to choose the preferred supplier. This will take place through a tender evaluation that will assess the quality of the product as well as the cost.

2.0 Reasons

- 2.1 A high level business case identifying the benefits of channel shift was signed off by the GPGS Executive Board in August 2014. The board recommended that prior to commencing procurement, officers are



required to produce a business case utilising Council data to provide accurate costings, to enable the board to make an informative decision on the purchase of a new CRM with online self-service capability.

3.0 Business Analysis

- 3.1 The customer service data was analysed to identify the priority service areas for online self-service. This was based on contact volumes, the channel used for contact, and studying good practice.
- 3.2 The service areas identified for self-service include Waste Management, Environmental Protection, Housing Repairs, Elections, Revenues and Benefits.
- 3.3 To identify the efficiency savings that can be gained by channel shifting customers to online self-service, the project manager was required to map and measure all key customer facing business processes within the selected service areas. This required working closely with the teams to map the existing process as the processes, and analysing back office systems to gather the volumes.

4.0 Business Options

- 4.1 **Option 1** - Replace the Northgate Front Office CRM system, with a platform that provides CRM and self-service functionality.
- 4.2 The option of 'Do Nothing' was rejected within the high level business case dated August 2014.

5.0 Expected Benefits (financial and non financial)

- 5.1 The table below identifies the efficiency savings that can be gained by channel shifting customers to online self-service. Based on the demographic of the Borough a 40% channel shift is deemed viable. The measurements and channel shift savings for every business process were analysed.

Year	Channel shift percentage	Overall saving
Year 1	20%	£11,618



Year 2	30%	£15,325
Year 3	40%	£22,608
Year 4	40%	£22,608
Year 5	40%	£22,608
Cumulative		£94,767

5.2 Cost savings will be realised by reducing staffing levels, and it is the officer's recommendation that staff reductions should only take place once evidence of the channel shift to the web solution has taken place.

5.3 The CRM system can assist the transformation of Chesterfield Borough Councils operating model to one that delivers great and efficient services. The CRM will deliver exceptional customer service by providing:

- Consistent and regular service and account information to the customer, across online, face to face & telephone channels,
- Core services online to any internet connected customer 24/7, while ensuring the 18% of UK adults who are offline are not excluded from the great services.

5.4 The CRM will become a key enabler for the reduction of Council operating costs, by providing:

- Clear and efficient workflows (business processes) for delivering core Council services.
- Opportunities to decommission and remove costly systems that can be replaced by the CRM. To date £25,000 per annum savings have been identified by removing previously utilised CRM software.
- Removal of service wastes including; chasing data, re-work, re-keying, paper.
- Unprecedented access and control of Council data, including service performance data,



- Simpler systems and processes that reduce staff training times,
- A better position for future savings, opens opportunities for further cost savings through:
 - Agile and cross skilled staff no-longer siloed to one service,
 - Automation of back office processes using robots,
 - Turning off expensive service access channels.

6.0 Consequences

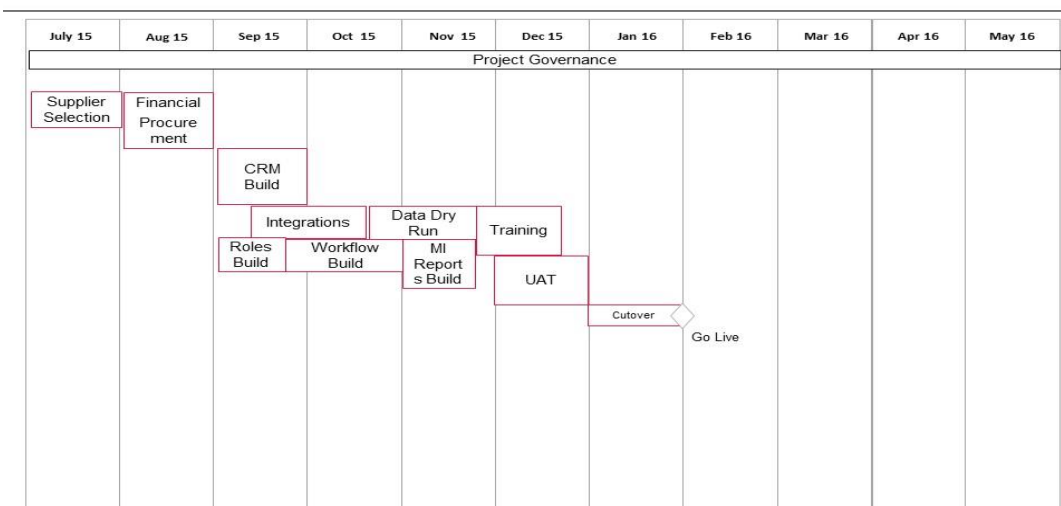
6.1 Outcomes of the project that can be perceived as negative by stakeholders:

- With any change initiative there will be potential for resistance. Officers may be suspicious of introducing new ways of working.
- There may be some uncertainty around how any revision of working practices might affect people on a personal level and needs to be addressed through a communication process which advocates the positive aspects of the change for customers, CBC and staff alike.
- Customers used to dealing with staff on a face to face basis for example may perceive a change whereby the “human” element is lost as a reduction in service.
- Stakeholders will highlight the risk of “digital exclusion” for some customer groups such as pensioners or people living with some disabilities.

7.0 Timescale

7.1

Chesterfield Digital Customer Services Timeline





8.0 Cost & Investment Appraisal

8.1 To gain accurate capital and revenue costs from suppliers, Arvato circulated the CRM specification to three suppliers that identifies the functionality requirements of the Council.

8.2 Capital and Revenue Breakdown

Year 1

	CRM software option - package A	CRM software option - package B	CRM software option - package C
Capital investment: Licencing Infrastructure (Year 1 only)	£48,000	£53,200	£50,000
Implementation costs: Arvato/3rd party CSA training	£98,000 + £40,800 arvato	£56,000 + £40,800 arvato	£100,000 + £40,800 arvato
Total cost	£146,000	£109,200	£150,000
Total Cost (including Arvato project days).	£186,800	£150,000	£190,800

Year 2 Onwards

	CRM software option - package A	CRM software option - package B	CRM software option - package C
Ongoing revenue costs:	£49,000	£53,200	£30,000

8.3 Arvato have advised that approx. 120 project days @ £340 per day, total £40,800 will be required to run the project within the 7 month



implementation timeframe. Arvato will work collaboratively with the chosen supplier to manage and deliver the full end to end project. The Arvato costs will be included as part of the annual 500 project days within the PPP contract therefore it is cost neutral to the Council.

8.4 Return on Investment

Technology	Options	Year 1 20%	Year 2 30%	Year 3 40%	Year 4 40%	Year 5 40%
CRM software option - package A	Costs	£146,000	£49,000	£49,000	£49,000	£49,000
	CBC Savings	£36,600	£40,300	£47,600	£47,600	£47,600
	In Year Position	-£109,400	-£8,700	-£1,400	-£1,400	-£1,400
	ROI Profile	-£109,400	-£118,100	-£119,500	-£120,900	-£122,300
CRM software option - package B	Costs	£109,200	£53,200	£53,200	£53,200	£53,200
	CBC Savings	£36,600	£40,300	£47,600	£47,600	£47,600
	In Year Position	-£72,600	-£12,900	-£5,600	-£5,600	-£5,600
	ROI Profile	-£72,600	-£85,500	-£91,100	-£96,700	-£102,300
CRM software option - package C	Costs	£150,000	£30,000	£30,000	£30,000	£30,000
	CBC Savings	£36,600	£40,300	£47,600	£47,600	£47,600
	In Year Position	-£113,400	£10,300	£17,600	£17,600	£17,600
	ROI Profile	-£113,400	-£103,100	-£85,500	-£67,900	-£50,300

9.0 Key Risks and Mitigating Actions

9.1 A project risk assessment was undertaken.

10.0 Recommendations

10.1 Commence procurement for a CRM with self-service functionality to replace the current CRM system.

10.2 Officers are to present the findings of the tender evaluation to the board to gain acceptance for the preferred bidder.