

# City of Boroondara

**Boroondara Customer First Program**

**Business Case**

April 2019

# Purpose of this document

## Purpose

1

Summarise Council's achievements to date and the journey required to become a customer centric organisation.

2

Table the scope of initiatives included under the Boroondara Customer First Program and the proposed program delivery roadmap.

3

Outline the program benefits for the customer and Council.

4

Share the assessment and evaluation of program options to determine the recommended option for the Boroondara Customer First Program.

5

Explain the detailed financial analysis for the program including the assessment of all financial benefits and costs.

6

Outline the recommendation to Council regarding the Boroondara Customer First Program

# Why CoB need to change

The City of Boroondara (CoB) is Victoria's top-ranked Council for customer satisfaction<sup>1</sup>. However, shifting demographics and fiscal constraints challenge the capacity to continue to meet customer service expectations. Increasingly customers expect services and support to meet standards set by commercial industry leaders i.e. available online 24/7, accessible using any device, and offering end-to-end self-service wherever possible.



## 1. Expectations for Improved Customer Experience

- Consultation with CoB customers, which led to the Customer Experience Improvement Strategy, identified a number shortcomings in service delivery.
- Customers increasingly expect to access information through a range of digital and physical channels that offer flexibility, and 24 hour access to complete administrative tasks and receive services anywhere, anytime.
- Council's service delivery is no longer compared solely to other councils and government agencies; but to customer experience leaders in a broad range of service industries.



## 2. Adoption of Digital Technology

- Historical under-investment in IT across councils<sup>2</sup> has limited the ability to leverage technology in ways that drive operational efficiencies and move toward customer centric service models.
- Councils tend to have fragmented technology landscapes, characterised by ageing systems and disparate data sources that are built on old technology and closed platforms.
- There is a growing awareness within CoB, mirroring the local government sector more broadly, that investment in digital technology is required to meet the expectations of today's customers and deliver an improved customer experience.



## 3. Changing Customer Profile

- Council's customers extend well beyond its ratepayer base to include renters, tourists, visitors, business people, students, people who work in the municipality and others. Engagement with these customers remains crucial to achieving Councils' cultural, social and economic development objectives.
- The current CoB population<sup>3</sup> is 'highly educated and time poor'; with 61% of those employed, working full time. Moving towards a 24/7 service proposition is required to meet community needs.
- Population forecasts<sup>3</sup> indicate an increasing proportion of CoB's growing population will be in the 0-4 years and over 65 years demographic groups, which tend to draw more heavily on Council services than other age groups. This translates to increased demand on customer service touch points which cannot be met through traditional channels alone i.e. face-face or via phone.

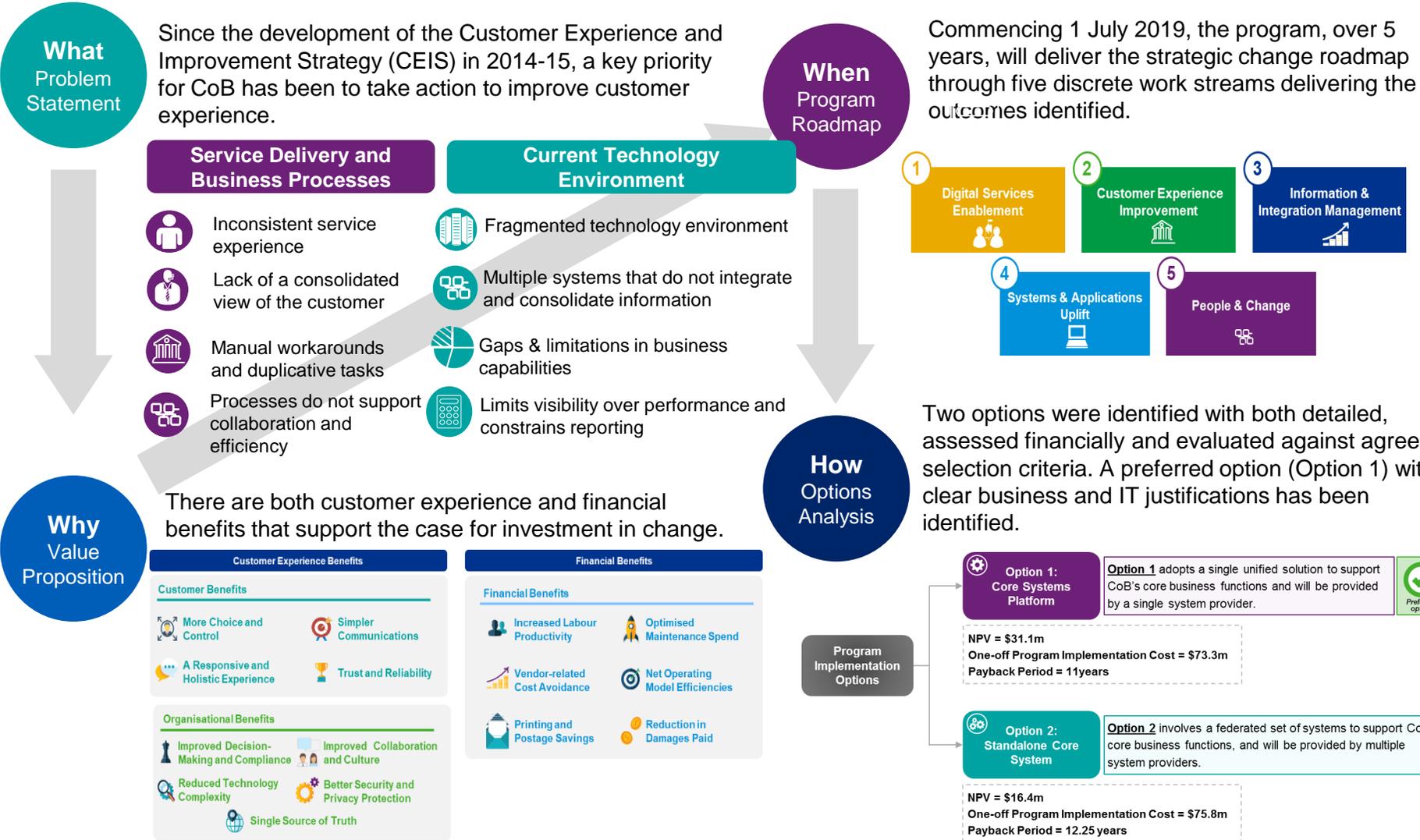


## 4. Lowering Operating Costs

- Rate-capping means that CoB's revenue will decrease by approximately \$140 million in real terms over the next 9 years<sup>4</sup>. Consequently, greater operational efficiency is imperative.
- With CoB's population expected to grow by 15,000 residents or 8.3% of the current population<sup>3</sup> by 2027, Council faces the challenge of managing intensified urbanisation and higher density living, while preserving a sense of community.
- The increased demand for service delivery, combined with revenue constraints means that CoB must deliver more for less. CoB must take every opportunity to enhance operational efficiency and create capacity to deliver what is most important to the community.

# A snapshot of the Boroondara Customer First Program

*“Our vision for the future is to transform the Boroondara customer experience into one that places the customer at the centre and delivers a more seamless, convenient and empowering experience for all customers.”*



# Current landscape

CoB is Victoria's top-ranked Council for customer satisfaction and our community has benefited from our efforts to improve their experience<sup>1</sup>. However, customers expect services and support to meet standards set by commercial industry leaders i.e. available online 24/7, accessible using any device, and offering end-to-end self-service wherever possible. This was confirmed through research undertaken by Council which identified eight pain points that inhibit customers from transacting with Council. To address these pain points, there is a need to invest in the business and information technology (IT).

## Customer Experience Insights

A key priority for Council has been to improve the customer experience. Council's research<sup>2</sup> identified the eight most significant pain points customers experience in trying to interact or accomplish their goals with Council with participants advising:

-  **Inconsistent service experience** – 'bad or inconsistent' experiences due to conflicting information, repetition, being passed around departments or response times.
-  **Navigating bureaucracy** – bureaucratic or confusing interactions due to unclear processes, timeframes and responsibilities.
-  **Unequal knowledge** – an unequal dynamic and feeling ill-equipped to resolve disputes with Council due to inaccessible knowledge and information.
-  **Role of Council** - mixed understandings of Council's role, what it can do, its structure and what it is responsible for.
-  **Consultation and follow up** - a sense of inadequate consultation, reactive engagement, and failure to follow-up on matters relevant to individuals or the community.
-  **Convenience & reliability** - limited access to reliable or relevant information.
-  **Sustainability & support** – a need to do more to preserve and maintain the local environment.
-  **Representation** – feelings of disconnection from Council or discouraged from participating.

## Current Technology Environment

City of Boroondara (CoB) currently operates on a fragmented technology environment, with circa 146 systems and applications of which 56 provide the core capabilities that enable CoB to provide day-to-day services.

An assessment of the current state of IT identified gaps and limitation with the capability, integration and performance of business systems in scope.

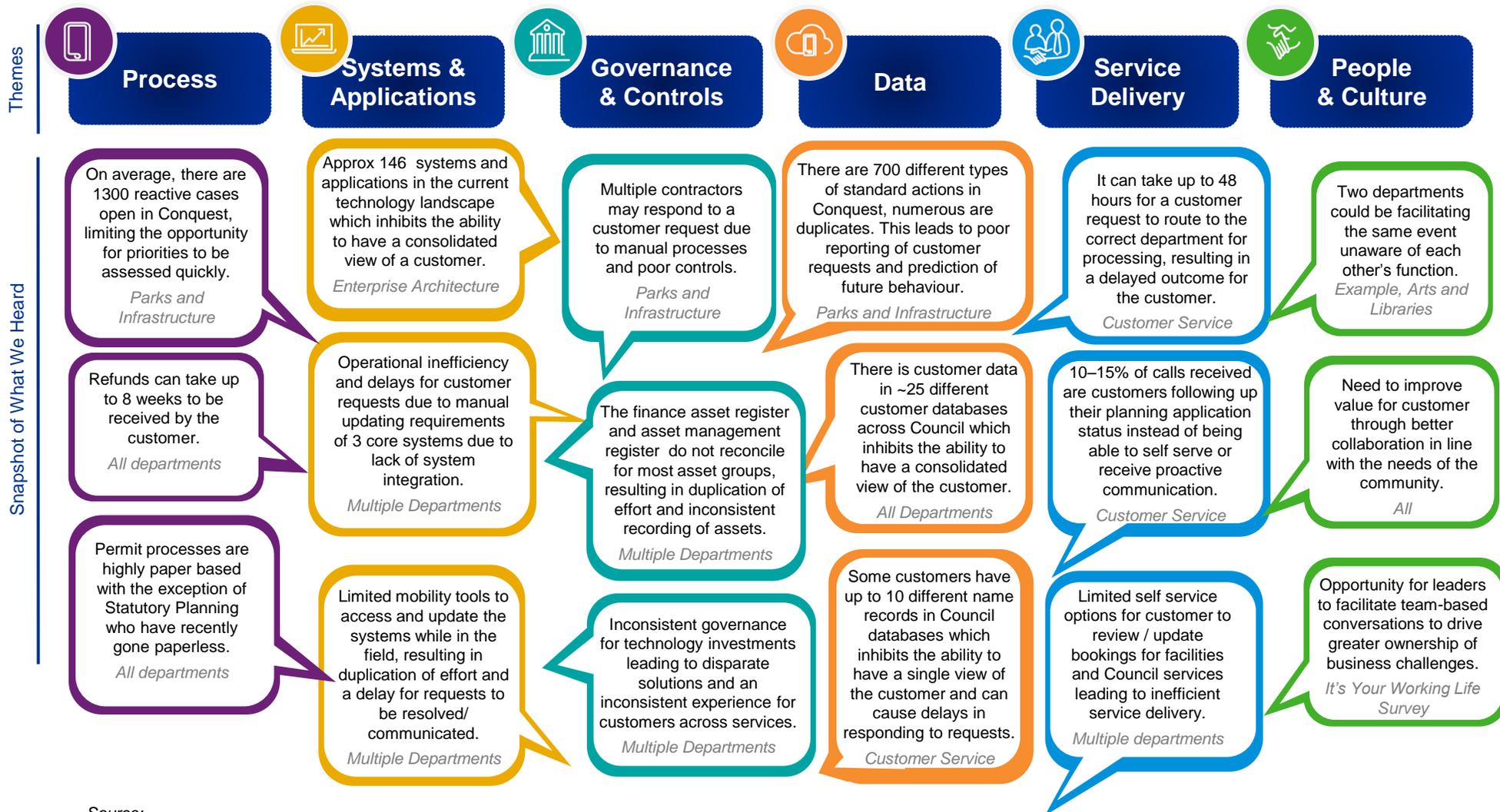
-  Productivity loss is estimated at 91 FTE per annum across CoB due to technology limitations and inefficiencies to complete customer requests and council services.
-  The absence of robust data management practices results in fragmented, inconsistent data and inadequate data security across the IT environment.
-  The lack of a consolidated view of the customer hinders the degree to which customer-centric model can be delivered.
-  There is inconsistent data governance across the Council, including limited controls around access to information.

## Current technology limits the extent to which we can improve customer experience

There is a need to continue to invest in the program to enable CoB to operate efficiently, build a strong customer service delivery capability across all functions of the organisation and support the creation of a customer-centric Council.

# A snapshot of CoB's current challenges

There are a number of challenges across the Customer Service Delivery Model, ICT infrastructure, systems and applications landscape as well as business operations that support the need for change.



Source:

- Interviews conducted with CoB staff from 17 September to 22 October 2018 inclusive.
- Enterprise Architecture findings 2018.

# What does all this mean for customers?

The identified challenges across the Customer Service Delivery Model, ICT infrastructure, systems and applications landscape as well as business operations result in significant pain points for customers.

When I called Council about an event they were running, I was directed to another department who were presenting different topics. I was very confused.

I want to be able to change my service bookings at anytime without having to ring a Customer Service Officer.

Two different contractors visited in response to my service request over the past few weeks, although the first one fixed the issue.

Why do I have to tell Council multiple times that my address has changed? I told my Maternal Health Nurse months ago and I have only just discovered that my library membership is incorrect.

I don't understand why a simple request can take Council so long to respond to.

The Council rang to tell me I had overpaid my rates in error and then took 8 weeks to return the funds to me.

The Council sent me a response to my question yesterday about my missed bin, but no mention about my request for a street party last week.

I was able to get my planning permit with a minimum of hard copy submissions – why can't my building permit be that easy?

The staff at Council don't seem to talk to each other – I feel like I ended up knowing more about the process than they did.

I called Council to find out if there was any planned works in my street and I was redirected to three different departments just to get an answer.

The Council Officer had to return to the office to input my information. This delayed my application being processed.

I don't understand why there is a completely different process to hire a meeting room at the library than at the cricket ground.

Why do I have to provide proof of my pensioner status to register my pet, when I had recently provided it to the Rates department?

I want to be able to review the status of my planning application when I have time; not have to wait for a specialist officer.

They told me I had to come into the Council offices to pay for the service – I work full time, I don't have time for that.

# Creating a customer-centric organisation

Contemporary thought leadership identifies four attributes of a successful, customer-centric organisation. On its journey towards customer centricity, mastering each attribute will position CoB as a leader amongst its peers in delivering an outstanding customer experience.

## The Key Attributes of a Customer-centric Organisation

Research has found that the organisations that provide the highest-rated customer experience tend to be those that structure their internal and external connections to align against four key attributes:



**High levels of staff engagement and employee experiences that connect with the customer experience**



**A commitment to excellence**



**Clarity on the economics of experience**



**An obsession with high-quality execution**

### **Creating the customer-centric organisation of the future:**

- The organisation design of the past will not support the customer needs of the future.
- Removing disconnection between silos is a critical enabler to success.
- Organising around the customer requires thinking in terms of segments, needs and customer journeys – not functions across council departmental silos.
- It requires a holistic approach – seeing the organisation as an interconnected system – a connected enterprise.
- Investment in technology is key to ensuring IT is a strategic enabler of the customer-centric organisation rather than a support function.

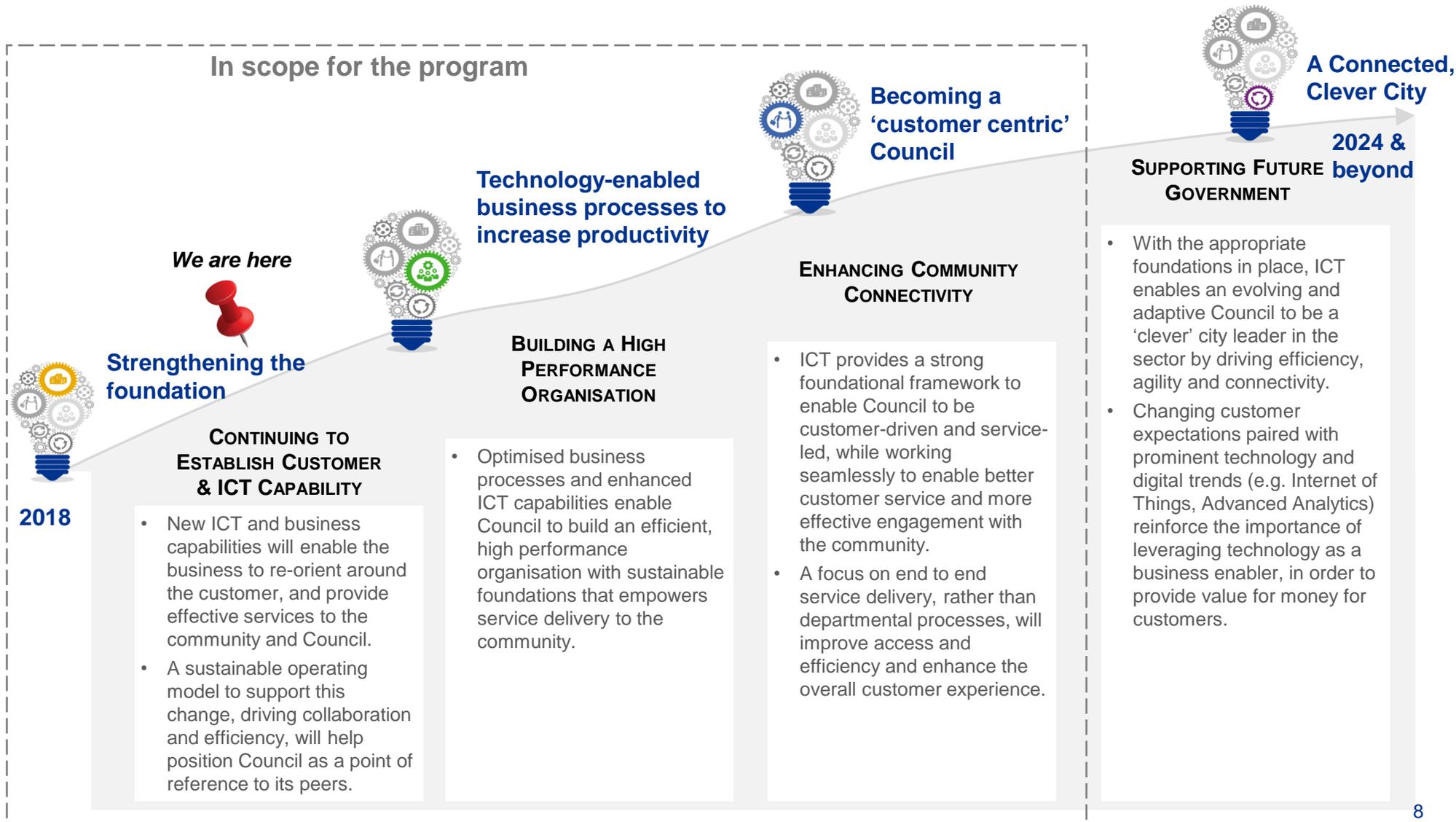
## Local Government in focus

### **Delivering an Excellent Customer Experience in the Local Government Sector**

- Within the Local Government sector globally, the strongest performers provide seamless, online access to a broad range of services, in alignment with growing customer expectations to be able to self-serve through digital channels.
- By providing an optimal online experience, councils have an opportunity to enhance perceptions of the level of service they provide, whilst reducing the cost of handling and resolving customer enquiries.
- Today, many Local Government organisations operate in silos, resulting in an inefficient use of resources and dissatisfaction of both customers and employees.
- The growing need for Local Government organisations to organise internally according to the needs of the customer, highlights the importance of a connected organisation in enabling an improved customer experience.

# Council's journey to customer centricity

Building on the work completed to date, CoB must continue to strengthen its business and Information and Communications Technology (ICT) foundations. This will enable the business to re-orient around the customer and ***create capacity to deliver what is most important to the community.***



# Building blocks of a customer centric organisation

In order to become a customer centric organisation, Council must ensure that it is supported by an efficient and effective operating model, enabled by fit for purpose technology and optimised business processes.



## Customer Experience and Engagement

The needs and preferences of customers must be understood and used to drive the design of the underlying service delivery model.



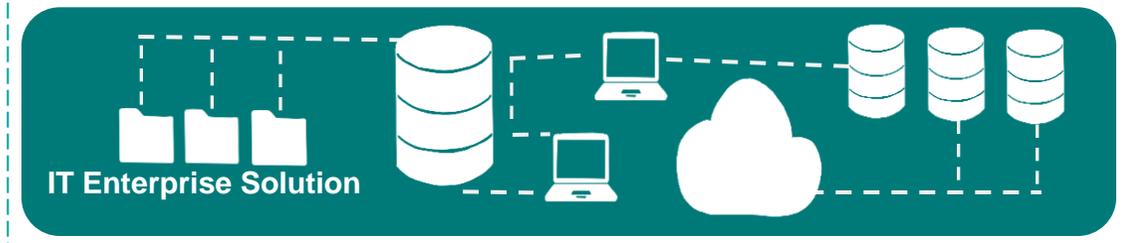
## Service Delivery

Supports the redesign towards a customer centric model that is innovative and seamless across the end to end customer journey.



## Process & Functions

Ensuring processes and functions support a seamless customer experience.



## IT Enterprise Solution

Investing in 'fit for purpose' technology in support of delivery of customer services and organisational efficiency.

# The Boroondara Customer First Program

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# The program: initiatives detail (1/3)

The program currently includes 19 initiatives targeted to deliver improvements across both customer experience and productivity uplift within the organisation.

No.	Initiative Title	Description of the initiative	Expected Benefit
1	Implement Enterprise Payments	Standard payment options for services using only one platform to process payments.	<ul style="list-style-type: none"> <li>A consistent and secure payment experience for customers regardless of channel, device or location.</li> <li>Efficient, automated reconciliation of customer payments and shorter turn around times for refunds.</li> </ul>
2	Develop Community Engagement Tool	Coordinated approach to community engagement and consultation activities as defined by the Communication Engagement Strategy. The tool will offer a centralised view of all engagement and consultation, the ability to perform reliable data analysis and keep records of closed activities.	<ul style="list-style-type: none"> <li>Customers can more easily subscribe to, give feedback and see progress and updates on projects and consultations</li> </ul>
3	Customer Portal / My Account	Single account to provide customers with a complete overview of all their past and future interactions and transactions with council. Customers can conveniently access their account from desktop, laptop or mobile devices through a secure login.	<ul style="list-style-type: none"> <li>Customers will be able to view their requests and transactions as well as progress on their delivery. Importantly, they can tailor the information - from newsletters and project updates to alerts and new events - that they want to see and receive from Council</li> <li>Less customer effort to request council services or to view related information, due to self-service capability.</li> </ul>
4	Define Mobility Strategy	Comprehensive strategy describing both customer and workforce mobility requirements, and the roadmap to fulfil them. These will be implemented through the core systems platform.	<ul style="list-style-type: none"> <li>Technology is designed on the principle that customers can interact with services anywhere anytime using any device and that Council staff can deliver services seamlessly, on the go and in line with customer needs and preferences.</li> </ul>
5	Enterprise Booking Tool	One stop online shop to book Council services and facilities, for example: library services, computers, rooms, catering.	<ul style="list-style-type: none"> <li>Customers will be able to find and book a range of Council services and facilities online, and view and compare the features of individual facilities</li> <li>Efficient management of Council services and facilities bookable by the community.</li> </ul>
6	Develop "Internet of Things" Strategy	Strategic proposal for the most suitable approach to and timing of adoption of Internet of Things capabilities.	<ul style="list-style-type: none"> <li>Opportunities to easily share information and leverage online connectedness to improve the customer experience.</li> </ul>
7	Business Process Management Tool	A tool to support process automation, with initial focus on a case management functionality to track processes in flight.	<ul style="list-style-type: none"> <li>Faster realisation of the customer experience through the enablement of optimised, efficient business processes.</li> </ul>

# The program: initiatives detail (2/3)

The program currently includes 19 initiatives targeted to deliver improvements across both customer experience and productivity uplift within the organisation.

No.	Initiative Title	Description	Expected Benefit
8	Develop Service Management, Review and Planning Framework	Best practice service planning and review framework to enhance and embed processes of service planning, review, measurement and improvement, and also provide an end-to-end view of services across the organisation.	<ul style="list-style-type: none"> <li>Systematic ongoing review and improvement of customer service delivery.</li> <li>Ability to track and report on service performance including identification of continuous improvement initiatives.</li> </ul>
9	Customer Experience and Service Design	Customer journey maps and experience prototypes through co-design research and testing with customers to inform the way in which we should service our customers that delivers to our customer experience objectives and the expectations of the customer.	<ul style="list-style-type: none"> <li>Direct customer involvement and engagement in the review of service design and delivery to ensure the desired customer experience is designed.</li> </ul>
10	Business Process Optimisation	Identification and optimisation of end to end processes to support the transformation into a customer centric organisation.	<ul style="list-style-type: none"> <li>Focusses process and service design on delivering an improved customer experience.</li> <li>Considers processes as they should be, eliminating pain points regardless of (number of) functions involved.</li> </ul>
11	Enterprise Service Bus	Integration of systems supporting multi way data flows to enable more seamless and convenient service delivery. The Enterprise Service Bus is a foundational piece of IT infrastructure required to support the delivery of fully integrated end-to-end solutions into the future.	<ul style="list-style-type: none"> <li>Standard and reliable integration solution across council systems improving service quality and delivery speed. For example: transposition of info submitted through a web form into a CRM case, facilitating integrated payment and storing attachments into Objective.</li> </ul>
12	Enterprise Data Governance	Data governance model, development of data quality management capability and development of data models, standards and supporting governance.	<ul style="list-style-type: none"> <li>Improved data quality and data management to support data-driven decision making in response to customer needs and preferences, for an improved customer experience.</li> <li>Increased resolution of customer requests at first point of contact with the ability to drive greater promotion, acceptance and usage of services</li> </ul>
13	Data Warehouse	Consolidation and secure storage of data for service delivery and analysis, sourced from multiple systems. This is a longer-term objective of the Enterprise Data Governance initiative.	<ul style="list-style-type: none"> <li>A consolidated customer and services data view to drive meaningful customer analysis and decision making, for an improved customer experience.</li> </ul>
14	Identity and Access Management	Single identity and access management solution for customers and council workforce.	<ul style="list-style-type: none"> <li>Delivery the identity aspect of the Customer Portal/My Account initiative, resulting in accurate customer identification and efficient customer access to information.</li> </ul>
15	CRM 1.1	To address system usability and stability issues and remove system barriers to bring us closer to a single view of the customer and enable service teams to deliver first contact resolution and improved customer satisfaction.	<ul style="list-style-type: none"> <li>Increased organisational efficiency that enables staff to respond to our customers completely, accurately and in a more timely manner. Increased visibility of customer enquiries and their resolution to inform future service delivery focus.</li> </ul>

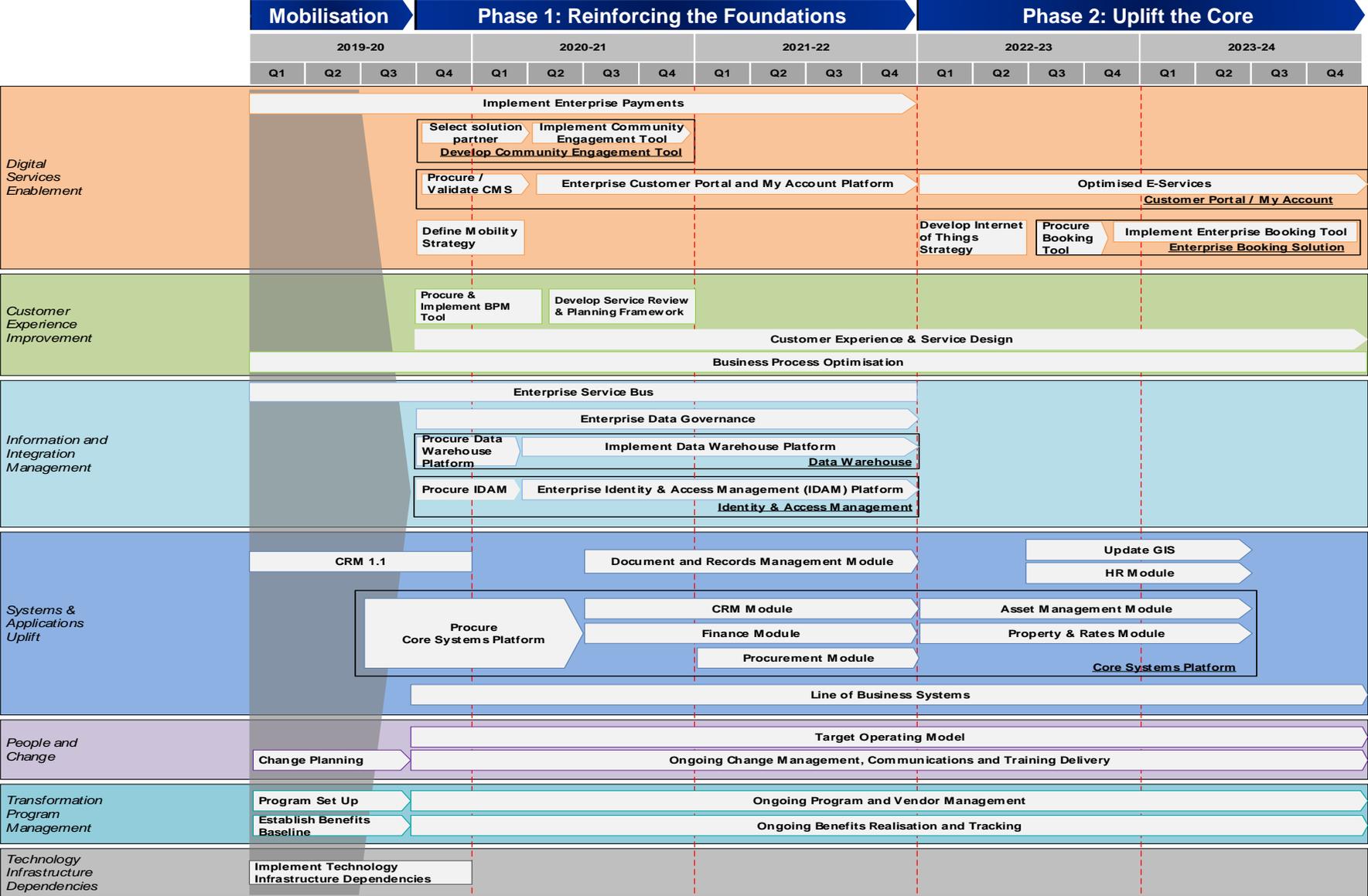
# The program: initiatives detail (3/3)

The program currently includes 19 initiatives targeted to deliver improvements across both customer experience and productivity uplift within the organisation.

No.	Initiative Title	Description	Expected Benefit
16	Uplift GIS	Consolidated view of assets through the review of the ArcGIS product and identification of areas to be enhanced. Includes adding and visualising additional data (such as work orders) and integrating to Content Management System to increase GIS capabilities.	<ul style="list-style-type: none"> <li>Improved customer service delivery enabled by improved quality and availability of geographic and spatial data.</li> </ul>
17	Core Systems Uplift	<p>Implementation of a Core Systems Platform for the following technology capabilities: Finance, Customer Relationship Management, Asset Management, Procurement, Document &amp; Record Management, Property &amp; Rating and Human Resources.</p> <p>Core Systems Platform is a single solution designed to support core business functions, provided by a single solution provider.</p>	<ul style="list-style-type: none"> <li>An uplift in the core system technology is integral to enabling customer experience uplift through improvements in efficiency and effectiveness of service. This results in faster processing of customer requests and processing transactions, access to higher quality data, enabling a consolidated view of the customer, and self-service for customers online.</li> <li>Many of the customer experience initiatives such as Customer Portal have dependencies on core systems.</li> <li>Improving the capability of core systems will also result in productivity improvements enabling staff to focus on delivering what is important to the community.</li> </ul>
18	Line of Business Systems	Identification and analysis of line of business systems for remediation, consolidation or decommissioning to fully integrate them into the enterprise service bus and support council's digital capabilities.	<ul style="list-style-type: none"> <li>Selection and integration of the right systems, to enable the flow of customer and service related information, driving internal efficiencies in enabling the customer experience.</li> </ul>
19	Target Operating Model	Ongoing initiative outlining how council can be best organised to effectively deliver on its strategic vision and objectives - including those of the program - with a focus on organisational design, people, technology, governance, processes and services.	<ul style="list-style-type: none"> <li>Redesign and implementation of new ways of working, impacting the customer experience both directly and indirectly through further efficiency gains.</li> </ul>

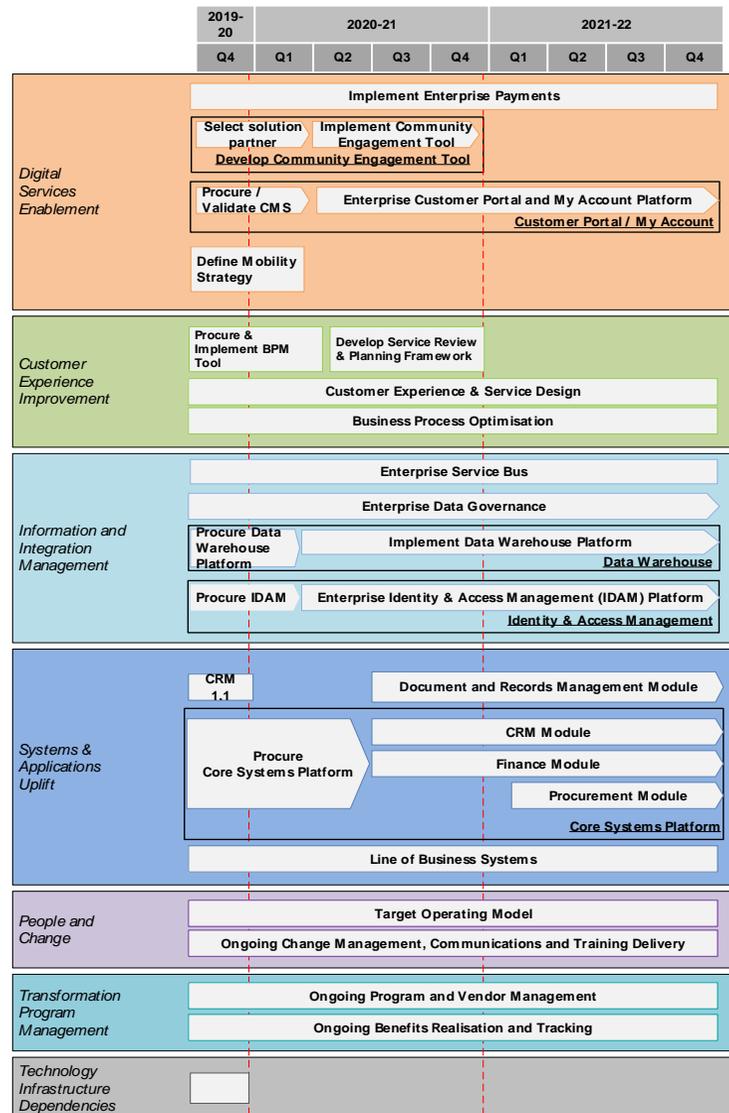
# Program roadmap

The Program roadmap comprises 2 phases to enable the right sequencing of initiatives with consideration to organisational capacity to deliver, benefits realisation, technical solution dependencies and change impact management.



# Customer outcomes: Phase 1

The availability of digital services and improved access to quality customer data achieved in Phase 1 reduce customer effort to request Council services and information, and enable more efficient and effective service delivery.



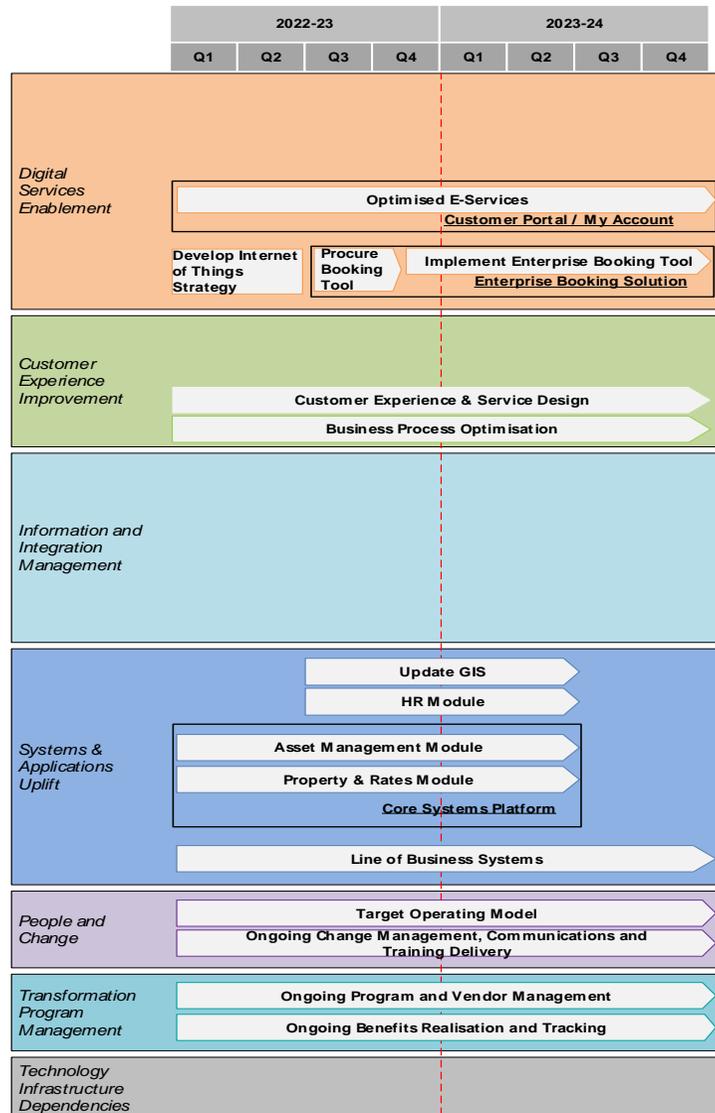
## Customer Experience Outcomes

### KEY OUTCOMES:

- **Consistent and secure payment experience**, regardless of the channel, device or location.
- **Increased self-service capability**, reducing customer effort to request some council services or view related information.
- Interact with some **Council services anywhere, anytime, using any device**; for example:
  - Access the My Account platform and make payments via mobile device.
  - Council staff supported to deliver some services seamlessly, on the go and in line with customer needs and preferences.
- **Improved efficiency and more effective service delivery** through:
  - New ways of working (Customer Service, Finance and Procurement capability areas)
  - Faster processing of customer requests and transactions,
  - Access to higher quality data,
  - Consolidated customer view
  - Online customer self-service.

# Customer outcomes: Phase 2

Enhanced functionality of digital services and continued roll-out of new ways of working across the organisation further enhance the quality of services delivered and continue to improve the customer experience.



Customer Experience Outcomes

**KEY OUTCOMES:**

- 24/7 online self-service capabilities** for most transactions, further reducing customer effort to request Council services or view related information:
- Find, compare and book a **range of Council services and facilities online.**
- Improved quality and visibility of Council asset, staff and property and rate information** (where relevant) through the customer portal.
- Improved customer service delivery enabled by enhanced quality and availability of **geographic and spatial data.**
- Continued improvements in the **efficiency and effectiveness of service delivery**

# Program Benefits for the Customer and Council

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# Customer experience benefits

The Program will deliver a number of customer experience benefits to help Council eliminate the pain points identified in CEIS and achieve the vision of transforming “... the Boroondara customer experience into one that places the customer at the centre and delivers a more seamless, convenient and empowering experience for all customers”.

## Customer Experience Benefits

### Customer Benefits

Improved customer experience as an outcome of 24/7 online self service options for most transactions, ability to access Council information and services any time/ anywhere, enhanced service provision by designing standardised services with the customer in mind and Council getting out of the way to enable more efficient and effective service delivery.

Strategic KPIs: *First Contact Resolution; Customer Satisfaction; Customer Effort*



### Organisational Benefits

Delivery of tangible and intangible improvements to City of Boroondara organisational capabilities including a consolidated customer view to enable more timely and holistic responses to customers, improvement in the quality of data enabling improved decision making, a more streamlined approach to technology, reducing complexity and training requirements for staff and streamlined end-end service delivery allowing staff to provide excellent customer experience.

Strategic KPIs: *Consolidated Customer View; Streamlined End-to-end (E2E), Services; Reduced Compliance Risk*



# What will this mean for customers in the future?

Council's investments will improve customer experience by providing the kinds of seamless and convenient experiences to which they have become accustomed. Examples of the ways that the customer experience will be improved are detailed below.

## 1 The customer would like to book a Council facility

### **NOW**

Depending on the type of facility the customer may be able to book online, make an online enquiry only, contact customer service, or contact staff at the venue. Staff need to manually check whether the room is available and has the required facilities/capacity, which could involve multiple additional contacts for the customer. The customer will be invoiced for the booking and required to visit a customer service desk or pay by cheque to finalise the booking.

### **FUTURE**

The customer will be able to view venue availability and book the facility via the online enterprise booking tool. The system will provide an automatic booking confirmation and enable payment to be made online at the time of booking.



## 2 The Customer would like to find out if there are any upcoming or planned works in their street

### **NOW**

The customer needs to call or email CoB to submit an initial request. Corporate Information will log the request and direct the case to the appropriate department. A staff member will manually check across systems and review any offline notes for information. It can take a few attempts for the request to be directed to the right team and for the customer to get a response.

### **FUTURE**

Information on planned and upcoming works will be published online. Although a call won't be necessary, staff will be able to easily access relevant information to resolve the customer's query at first point of contact, if they prefer to speak to a customer service officer.



## 3 The customer would like to follow up on the status of their building permit request

### **NOW**

There currently are no online or self-service options for the customer to follow up on the status of their building permit request. The customer must call or email CoB and wait for staff to manually follow up with the respective department(s).



### **FUTURE**

The customer will be able to access the Customer Portal to self-serve and check the live status of their request, which includes case notes.

## 4 The customer would like to register their animal

### **NOW**

The customer must complete a form online to register their animal. Once the form has been submitted, they must make payment via cheque, EFT, through council's payment portal or over the counter at Customer Service. Internally, council staff need to reconcile the customer's application with the payment made which could take several days.

### **FUTURE**

The customer will be able to complete their animal registration through the Customer Portal and make payment online in the same transaction.



## 5 The customer has accidentally overpaid their rates

### **NOW**

The customer submits a refund request form to Customer Service. Staff undertake a number of manual processes to action the refund request, which will not be paid until the following payment cycle. From end-to-end it can take up to several weeks for the customer to receive their refund.



### **FUTURE**

The customer will not be able to overpay their rates in the future state, as system checks will be built into an automated workflow that efficiently processes payments through the new payment gateway.

# Financial benefits

The key financial benefits identified are summarised below with the key benefit drivers being increased labour productivity and application cost savings.



## Increased Labour Productivity



Productivity improvements through better systems and more efficient ways of working.



Key benefits identified from reducing manual processing due to optimised systems and processes to enable less transactional and more automated and value-adding activities.



## Application Cost Savings



Reduced application costs to existing vendors as a result of moving to new IT solutions.

Future integration and upgrades cost reductions as part of moving towards Software as a Service based solution(s).



## Printing and Postage Savings



Reduced printing and postage costs as a result of more digitised channels and automated processes to support interactions with customers and community consultations.



## Optimised Maintenance Spend



Improved asset management practices and systems that enable improved data quality and better visibility of asset conditions, service levels, asset history and planned works which leads to optimised spend maintenance of assets and improved collaboration across departments.



## Net Operating Model Efficiencies



Reduced FTE requirements from the redesign of the target operating model to enable more streamlined, efficient and effective ways of service delivery to both internal and external customers.

*Note: Significant changes in the operating model is expected e.g. new resource skillsets to replace current resource skillsets. Further planning as part of detailed target operating model design will enable further refinement of estimates.*



## Cost savings in relation to damages



Reduce costs in relation to damages for claims against Council. This will be achieved through improved maintenance of assets and better access to relevant asset data and documents to better inform investigations to claims and settlements.

## Key Assumptions

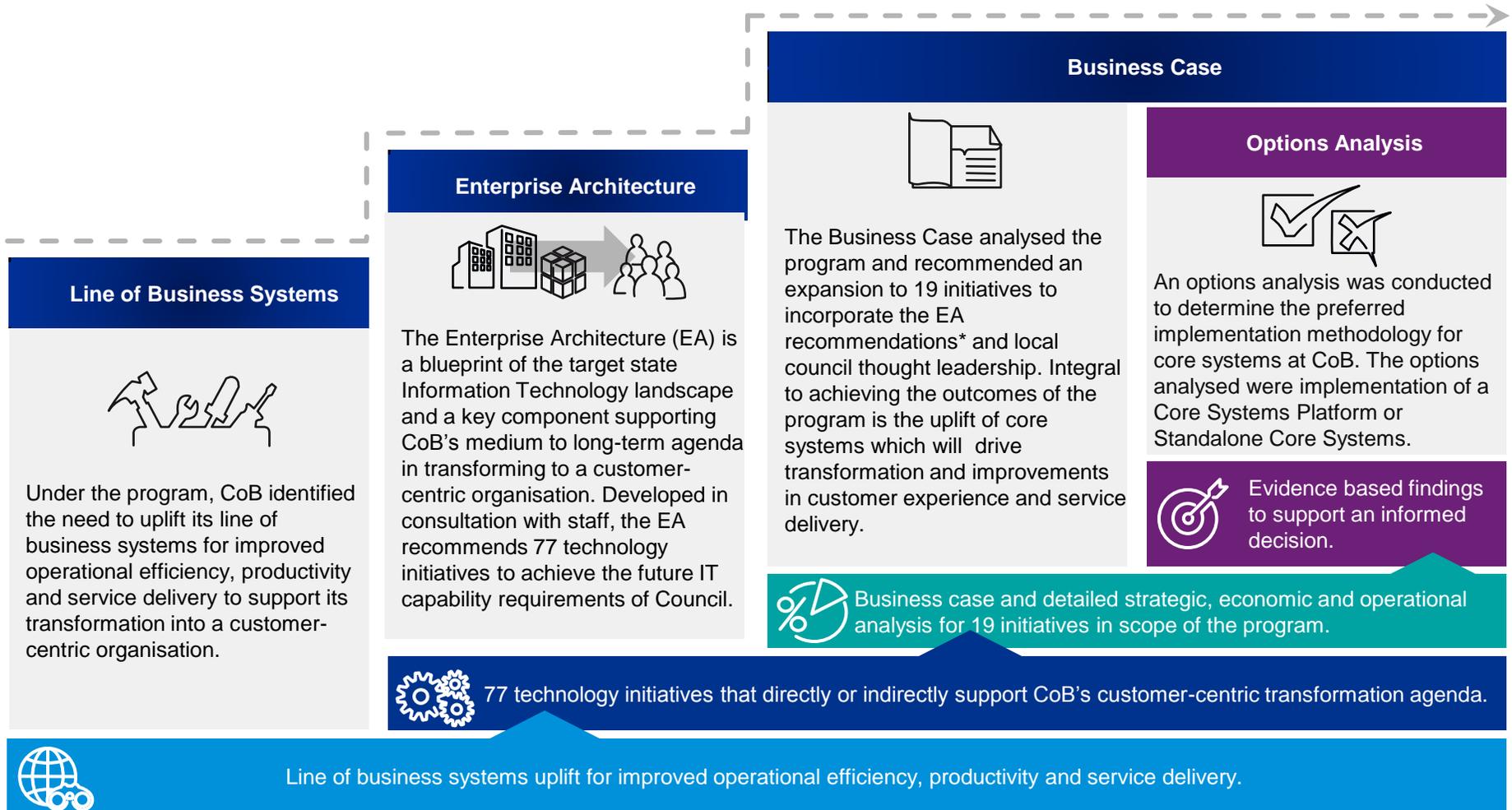
- Cost saving estimates refer to costs planned to be incurred by CoB over the 15 year financial model forecast.
- Productivity estimates are based on business stakeholder interviews and on comparable benchmarks
- Discount factors are applied to the financial benefits to reflect confidence in the potential savings that can be achieved by the Program.
- Once-off cost savings have been excluded from this analysis. Only ongoing cost savings (measured on a per annum basis) have been included.

# Options Analysis for Core Systems

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# The need for an options analysis

The Options Analysis, conducted as part of the Business Case, takes into account input, analysis and findings from Council of Boroondara’s Enterprise Architecture, developed for Council in consultation with staff. It is intended to provide evidence-based findings to support CoB in making an informed decision on the implementation approach for its core systems.



\*The 77 technology initiatives recommended by the EA were analysed and those that were recognised as strong enablers of improved customer experience were assessed and consolidated into six initiatives which were added to the program.

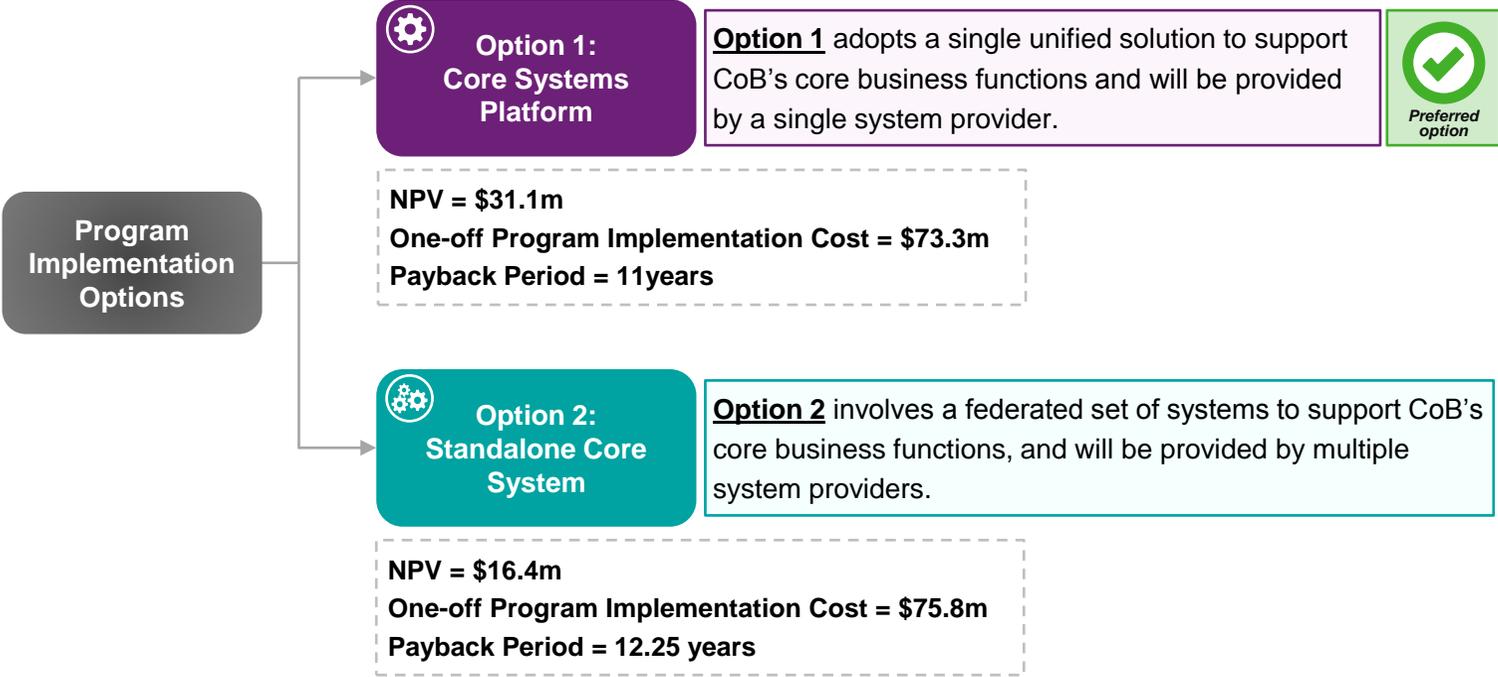
# Summary outcomes from options analysis

Two options were evaluated and considered for the Business Case. The preferred option is Option 1, implementation of a core systems platform based on cost and benefit for customer and the organisation.

## Context

- In line with approaches adopted by other councils, CoB has considered multiple options for the implementation of the program.
- As part of the business case, two options were identified with each option detailed, assessed financially, and evaluated against agreed selection criteria. A comparison of the two options was conducted, and a preferred option identified and clearly justified with a stronger net present value, customer experience, business and technology outcomes.

## Options Overview



\*Net Present Value is the difference between today's value of the anticipated financial benefits of the Customer First Program and today's value of the anticipated costs (comprising implementation costs and ongoing licence and maintenance costs) over the 15 year time period.

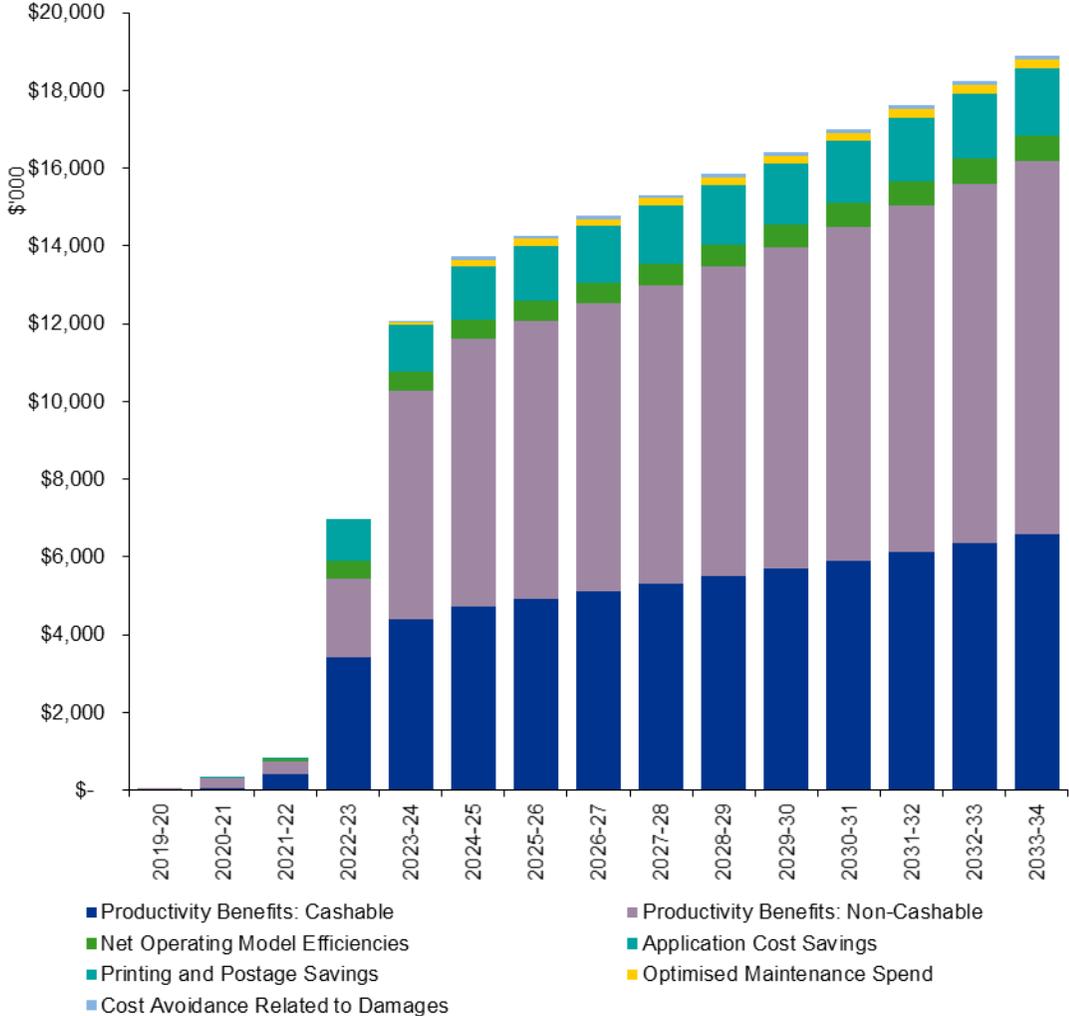
# Detailed Financial Analysis

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# Program financial benefits

The program is expected to deliver circa \$182.4m worth of benefits to CoB over a 15 year time frame, with the key benefit drivers being increased labour productivity and application cost savings.

## Financial Benefits



## Key Financial Information

- The program has six financial benefit categories **totaling circa \$182.4m of benefits over 15 years.**
- The **key benefit drivers** are **Productivity-related benefits** across the council and **application cost savings** representing circa 85% and 9% of the total benefits per annum respectively.
- The **productivity benefits** \*are made up of **39% cashable benefits and 61% non-cashable benefits\*\*.**
- Benefit estimates were **sourced and validated by IT and business stakeholders** through a series of benefit interviews, and have been discounted for each individual benefit estimate reflecting the level of conservatism validated through the benefit interviews.
- **Growth factors were applied** depending on the type of benefit – key growth rates are:
  - The **annual employee cost growth rate of 3.7%** was used for productivity benefits.
  - **Annual CPI increase** has been applied to all other benefit categories.
- **Timings of benefits realisation were estimated** for all benefit categories in alignment to the program implementation roadmap.

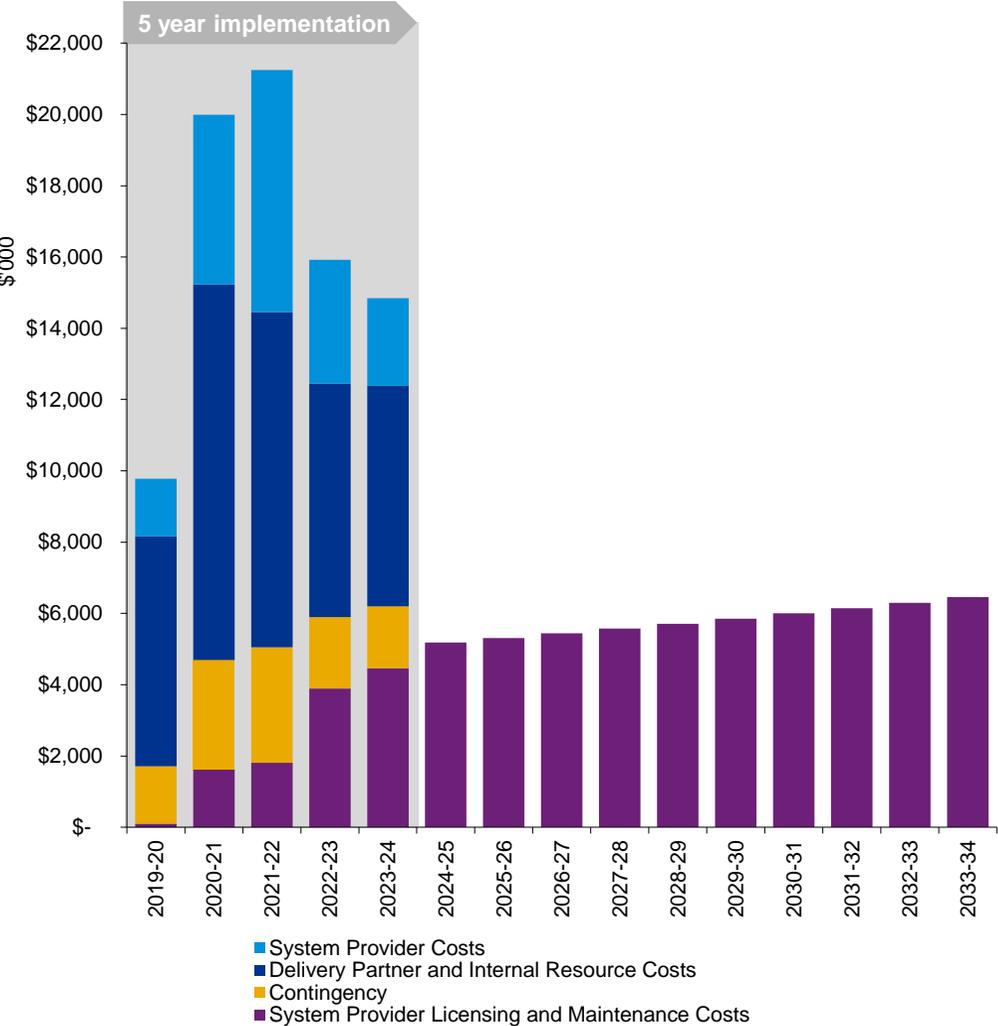
\*Cashable benefits - Benefits that could enable the reduction of budgeted costs to extract the value of the benefit, without compromising the level of service.

\*\*Non-cashable benefits - Benefits that cannot be extracted financially i.e. the amount of time freed up (as a result of business process improvement) that a staff member can focus on customer value add activities.

# Program financial costs

The program will require funding of circa \$73.3m for program implementation costs. Ongoing licensing and support costs are included as part of the program financial costs.

## Financial Costs



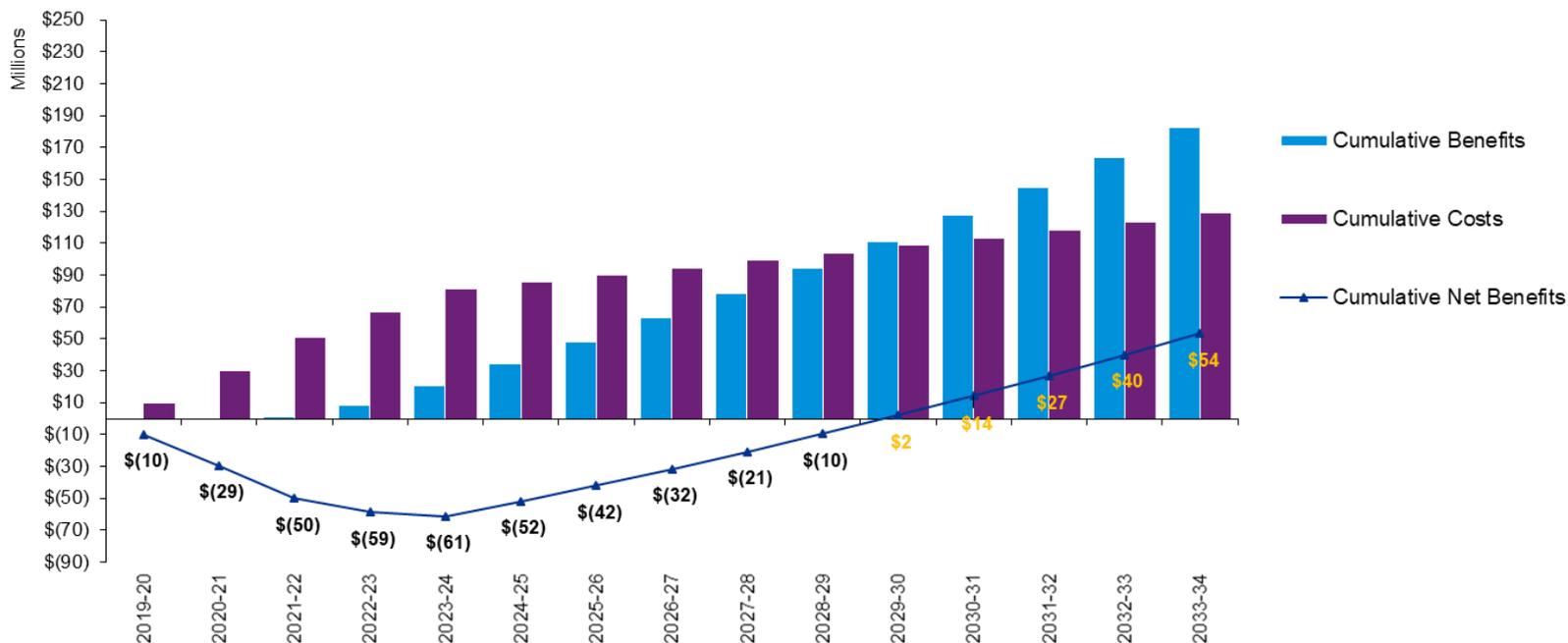
## Key Financial Information

- The program has **two distinct cost categories** totaling circa **\$128.9m over 15 years**. This is made up of **\$73.3m** in one-off program implementation costs (including contingency of 20%) and **\$55.6m** in ongoing system provider licensing and support costs (to be partially offset by current and future system costs).
- The key one-off investment costs include **Delivery Partner and Internal Resource Costs of \$39.1m, System Provider Implementation and Integration Costs of \$21.9m and contingency of \$12.2 m**.
- The resource cost model assumes procurement of a **Delivery Partner and Internal Resource Costs** for program delivery.
- **System Provider Implementation costs and Ongoing System Provider Licensing and Support costs** were **sourced via direct market engagement**. Where there were multiple responses from system providers, cost estimates were normalised.
- Where a backfill for subject matter experts from the business are required, these have been included within the cost estimates provided.
- A **CPI adjustment** has been applied to the **Ongoing System Provider Licensing and Support costs** following implementation of the solution.

# Program net benefits

Over a 15 year time period the program is expected to deliver total benefits (cashable and non-cashable) of \$182.4 million at a total cost of \$128.9 million. The program has an estimated Net Present Value (NPV)\* of \$31.1m (15 year timeframe) and payback period of 11 years.

## Cumulative Benefits and Costs



### Commentary and Insights

- The program has an estimated **NPV of \$31.1m** over a 15 year period.
- The estimated **payback period based on undiscounted program net benefits is 11 years.**
- One off program implementation costs are incurred during 2019-20 to 2023-24.

### Key Assumptions

- A 15 year time frame has been applied.
- Project initiatives and durations have been based on the roadmap timings as agreed with CoB.
- An inflation rate of 2.5% per annum (pa) or an employee cost growth rate of 3.7% pa have been applied to the benefits.
- Contingency of 20% is included on all program implementation costs.
- Cash flows are discounted at the rates provided by CoB (leveraging the agreed Department of Treasury and Finance reference rates) for the purposes of NPV calculation.

\*Net Present Value is the difference between today's value of the anticipated financial benefits of the Customer First Program and today's value of the anticipated costs

# Recommendation

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# Recommendation

Based on the outcomes of the detailed business case analysis which includes input from the Customer Experience Improvement Strategy, the Enterprise Architecture and consultation with CoB stakeholders, our recommendation to the City of Boroondara is outlined below.



## *Recommendation:*

*To achieve financial benefits (both cashable and non-cashable) of circa \$182.4m and position itself as a leader in the Local Government sector, we recommend City of Boroondara invests circa \$128.9 million over the next 15 years to implement the Boroondara Customer First Program and maintain our new ways of working.*

## **Customer Benefits include:**

As outlined in this document, implementation of the Boroondara Customer First Program will drive improved customer experience as an outcome of:

- **24/7 online self service options** for most transactions on a device of choice;
- ability to **access council information and services any time / anywhere**;
- enhanced service provision by designing standardised services with the **customer at the centre of everything we do**;
- **council getting out of the way of the customer** so they are able to achieve what they need easily;
- improved data management enabling consistency and **ease of access to customer information**;
- integration of systems and applications to enable a **consolidated view of the customer** and customer portal capability;
- ability for customers to access their transaction history and service utilisation through a **customer portal**.

# Appendix

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# Glossary

Detailed definitions of the terms used throughout the Business Case are provided below.

Term	Definition
Benefit	Benefit refers to an improvement resulting from an outcome which is perceived as positive by a stakeholder and will often have a financial / measurable value expressed in numeric terms. This includes financial, customer and operational benefits.
Boroondara Customer First Program (program)	The Boroondara Customer First Program (program) refers to the proposed collective of 19 initiatives designed to support the City of Boroondara in becoming a more customer centric organisation through an improved service delivery model, enabled by fit for purpose technology and optimised business processes. The Business Case is developed to inform continued investment in Phase 2 of the program, Business Transformation.
Cashable Benefits	Benefits that could enable the reduction of budgeted costs to extract the value of the benefit, without compromising the level of service.
Core Systems Platform	Core Systems Platform refers to a single unified solution that is designed to support the City of Boroondara's core business functions and will be provided by a single solution provider.
Costs	Costs refer to estimates that need to be paid / invested in order to acquire specific goods and services. In the context of the Business Case, it refers to one-off costs (e.g. system provider implementation costs), and on-going costs (e.g. cost of system licences and on-going support) required to acquire and consume the technology solutions.
Cost Savings	Cost Savings are a form of Financial Benefit and refer to the elimination of existing costs or avoidance of future costs, resulting in lower expected / projected costs. This includes both Cost Avoidance and Cost Reduction.
Customer Experience Benefits	Customer Experience Benefits refer to both qualitative and quantitative benefits that cannot be expressed in financial terms. This includes both Customer and Operational Benefits, an example of which is Improved Collaboration and Culture within the City of Boroondara.
Financial Benefit	Financial Benefits refer to quantitative benefits able to be expressed in financial terms. In this Business Case, they are expressed in dollars.
"Internet of Things"	A network of devices connected to the Internet, to each other, and the people who interact with them.
Net Present Value	Net Present Value refers to the difference between the present value of the Financial Benefits and the present value of the Costs.
Non-Cashable Benefits	Benefits that cannot be extracted financially i.e. the amount of time freed up (as a result of business process improvement) that a staff member can focus on customer value add activities. E.g. eliminating the duplication of data entry for field staff will result in non-cashable productivity benefits. The time saved will be redirected into resolution of cases.
Payback Period	Payback Period refers to the number of years it is expected to take for the Financial Benefits of the program to recover its Costs, on an undiscounted basis.
Productivity benefit	Productivity is the measure of efficiency of a person or people. A productivity benefit is an increase in the efficiency of a person or people which will result in a cashable or non-cashable financial benefit.
Target Operating Model	A high level representation of how an organisation can be best organised to effectively deliver on its strategic vision and objectives, with a focus on organisational design, people, technology, governance, processes and services.