BUSINESS CASE

Grants Management System

March 2023

s9(2)(a)

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NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono

Distribution List

This following parties have received and contributed to the development of this document:

Role	Name	Date sent
Chief Financial Officer	s9(2)(a)	31 March
Chief Technology Officer	s9(2)(a)	31 March
Director Digital Product	s9(2)(a)	31 March
Director International Growth Fund	s9(2)(a)	31 March
Chief Data and Analytics Officer	s9(2)(a)	31 March
Korako Project Lead	s9(2)(a)	31 March

Version History

Changes made to finalise this document.

Version	Date	Author	Summary of changes
0.1	20/01/23	s9(2)(a)	Initial draft
0.2	17/03/2023	s9(2)(a)	Review with Governance
0.3	31/03/2023	s9(2)(a)	Updated with supplier information
0.4	12/04/2023	s9(2)(a)	Updated following review by finance and data governance

Approval

I approve this Business Case to release OPEX funding of $650,000 of known costs and ring-fencing of additional 25% contingency ($162,000), totalling $812,000.

Role	Name	Signature	Date
Chief Executive	Peter Chrisp		

Contents

Purpose

The purpose of this business case is to seek approval for OPEX funding of $650,000 of known costs and ring-fencing of additional 25% contingency ($162,000), totalling $812,000, to replace the existing custom-built grants management application (Tipu) with a Software as a Service grants management application. This will provide fit-for-purpose technology for the International Growth Fund.

Executive Summary

- The International Growth Fund experience has been a pain point for the Export Customer Team, customers and the IGF Team. The Smarter Working squad recently undertook a Discovery piece on what the ideal IGF Experience could look like, from customer application all the way through to closure and reporting and developed a roadmap to set out the direction for this goal.
- As part of this exercise, s9(2)(b)(ii) were engaged to undertake an assessment of our current technology and look at our options to provide the best value to the IGF experience against our key assessment criteria (Appendix A). This includes an assessment of our current solution (Tipu).
- Based on the evaluation and estimated costs, a SaaS product was recommended to deliver the best value for NZTE against the current and future backlog requirements for the International Growth Fund and customer experience, and supercharge our people through smarter working.
- A SaaS product is also the best fit for our digital transformation, digital and IGF strategies to enable us to adapt and scale.
- Following Requests for Proposals and demonstrations from the 3 shortlisted candidates, NZTE has selected Enquire by Tactiv as the best-fit technology and the preferred candidate.
- This business case proposes to retire Tipu and the Risk model and replace them with Enquire, which will cost significantly less (savings of $73,000 per month) to maintain and support, as well as a best-in-breed user experience. There are additional benefits in other areas including data, speed of delivery, improved collaboration and transparency for customers and our people.

Proposal

NZTE needs a grants management system to underpin the end-to-end grants management process and achieve a beautiful, scalable experience for customers.

- The existing core grants management system, Tipu, has been constantly refined over the years to meet the requirements of stakeholders, and doesn't meet the expectations of users. The current solution would require a significant rebuild to meet the Ideal IGF Experience, against what is already significant spend to meet the demands of a constantly evolving experience.
- In addition, the risk model application supported by s9(2)(b)(ii) does not return the investment, and there is an additional opportunity to replace the Risk model and use the highly configurable rules engine provided by the SaaS candidate to reduce IGF workload and automate some of the claims processes.

- In addition to these problems to solve, there is the opportunity to enable a more omnichannel experience and improve customer transparency by enabling the external portals provided.

NZTE Strategy

Replacing the existing custom-built solution with a SaaS solution will help achieve the Digital Transformation strategy through the following outputs:

- **Smarter Working:** Supercharge automation, scale and adaptability in the IGF space by automating low-risk payments and applications.

- **Supercharge speed and quality of delivery**: Deliver an excellent user experience for our people and customers working with the IGF by
    - Being able to deliver at pace using configuration instead of coding to swiftly respond to changing business needs
    - Better transparency and collaboration.

- **Optimise our direct-to-customer digital channels:** Integrating the SaaS solution with our external portal to allow customers to make applications and claims directly without our people being a middle man, if certain criteria are met.

- **Buy over build, configure over customise:** be efficient and design for scale. Our Digital Strategy looks to use commercial off the shelf products where possible and flex our processes by configuring solutions rather than costly customisation.

Solution Options

Option 1: RECOMMENDED: Replace Tipu and claims risk model with Software as a Service application

Rather than continuing with custom-built solutions, NZTE could implement an application that is already built specifically for grants management. There are a number of options on the market and these are being used for Grants Management by many other organisations, including NZ Govt Departments like MFAT and DOC.

See appendix 2 for further information on the risk model background.

PROs

- **Cost-effective and low total cost of ownership**
  NZTE will no longer need to invest in costly development to maintain, enhance and support the needs of the International Growth Fund.
- **Flexibility to scale and adapt to organisational needs.**
  SaaS products are designed to easily scale and configure. If a new fund is needed this would be operational in days rather than weeks/months, and new notifications can be actioned in minutes by business administrators, reducing blockers.
- **Best fit with current and future IGF requirements**

The SaaS product already supports our future requirements so we will achieve our goals much faster, at our desired change pace.

- **Support and maintenance is vendor responsibility**
  Security and regulatory requirements and updates are handled by the vendor – we can focus on delivering a great experience.
  Reduced IT operations maintain and support footprint.
- **Quickest time-to-value**
  Once the system is in, we can take advantage of all the features and our internal staff have more ability to unlock value for smaller areas.
- **Benefit from improvements to SaaS product without needing to pay more.**
  Improvements will continue to be made to the experience by the vendor, but our costs to use it remain the same.

CONs

- **Will not own the IP (this is almost a pro)**
  While we won't own the IP of the system, we will still own the IP of the process and how it is implemented.
- **Any functional changes not on the roadmap will need to be negotiated with the vendor, and would be out of our control.**

Option 2: Rebuild Tipu to meet expectations

In order to achieve our ideal IGF experience, we could rebuild Tipu and invest in ongoing development to meet our business needs and strategic goals.

PROs

- **Users familiar with application**
  There is less of a change and learning curve as we would be evolving the existing stack
- **Limitations well understood**
- **We can build to our existing processes.**
  Updates can be made as and when needed, according to prioritisation. Note these still cost $$.

CONs

- **Complex solution not well-architected, would need significant reinvestment.**
- **Difficult to maintain and add additional functionality,**
  Any changes are slow as need to be built and tested**.**
- **Lack of API support and difficult to integrate with other applications**
  Built using a known code framework Ruby, this is a language none of the Dev team in NZTE have skills in.
- **Vendor and technology risks**
- **High cost involved and slow time to value with a risk of same mistakes being made again.**

Option 3: Leverage the Dynamics platform

Microsoft Dynamics 365 provides capabilities that can be used to implement a grants management system.

PROs • Dynamics CRM already a strategic platform within NZTE • Flexibility of the configuration platform means we can build what we need. • Dynamics 365 provides excellent workflow capabilities • Integrates well with other Microsoft products used within NZTE • Good API support
CONs • Greenfields platform requires development and configuration • High cost of ownership • Long time-to-value • Requires additional licensing • Dynamics user interface not popular with NZTE people • Unlikely to empower IGF team to be able to tweak the flows as required without digital support. • No external portal - would need to develop myNZTE further to enable future roadmap.

Option 4: Do nothing

PROs • Known entity, users will settle into familiar process.
CONs • Will not meet Ideal IGF Experience • Poor fit with strategic direction • Existing pain points will continue to be felt due to fundamental issues with existing technology • High cost to NZTE $300k a year just to maintain with no enhancements. • Clunky experience for our people and customers will continue. • **Technology and Support risk will remain**

Additional consideration: Callaghan Innovation

s9(2)(g)(i) [redacted]

Cost of Ownership

Option 1 is recommended after looking at the total cost of ownership of each option across a 5 year timeframe. Note that Option 4: do nothing means support, bug fixes and necessary upgrades only. It assumes no improvements or changes at all.

Option 1 - SaaS	s9(2)(b)(ii), s9(2)(g)(i)
Licensing	
Vendor costs	
Other	
Internal Costs	
Total	
Option 2 - Rebuild Tipu	
Licensing	
Vendor costs	
Internal Costs	
Total	
Option 3 - Dynamics	
Licensing	
Vendor costs	
Internal Costs	
Total	
Option 4 - Do Nothing	
Licensing	
Vendor costs	
Internal Costs	
Total	

- Indicative high-level costings based on as estimate of what would be required for each option

Deliverables

At the end of the project, NZTE will have a SaaS grants management system integrated with its current applications, the risk model will be retired, and there will be a plan in place and agreed for the retirement of Tipu.

In scope	Out of scope
Identified and accepted future state end to end process first version for current IGF fund types.	Process changes that materially impact timeline and cost
Main integrations with existing technology stack in IGF process	
Reporting	
End user training Training materials and documentation	
Strategic Investment Fund	
Resource plan and costs for retirement of Tipu.	Retire Tipu (likely to be a handover /cross over point that needs to be analysed as part of proposed migration approach)
Data cleansing and migration of data to new system	
Identification and plan for clean-up of existing code in integrated applications	
Claims via external portal	
Retire Risk model	

Benefits

Benefit	Quantification	Timeframe benefit will be realised	Benefit owner
See below example:			
Reduce vendor spend on reporting	*$10k per month*	*Benefit will begin in September 2021*	*Chief Digital Officer*
Experience benefits – happier people and customers			
Increase NZTE people and customer's satisfaction with IGF technology and process	**Joyous survey**– Average rating of 7 or higher in response to the question: I am confident in the technology and process to complete an IGF with my customer. **Our Voice survey** Minimal (few) negative comments regarding IGF. Increase in positive comments regarding IGF process and tools. **NPS Survey** Collect ratings from internal and external audiences on their experience. NPS will be done before application completed so it doesn't get biased by outcome ideally. Tool will fit with myNZTE experience. Rough goal of +30, collect data and then baseline after 3 months.	July 2024	GM CSG
Faster customer payment of claims	Current SLO is 20 days is 80% from received to approved.	June 2024	GM CSG

	Aim to increase to 90% of received from approved.		
Cost benefits – savings of $73,000 per month on vendor spend.			
Reduce vendor spend on development	60k	November 2022	Chief Technology Officer
Reduce vendor spend on maintenance	6k per month	From Tipu retirement	Chief Technology Officer
Reduce vendor spend on hosting	2k per month	From Tipu retirement	Chief Technology Officer
Reduce vendor spend for risk model	s9(2)(b)(ii) 5k per month	From risk model retirement	Chief Technology Officer
Efficiency benefits – save time for our people by reducing tickets and emails			
Reduce support tickets + time for all staff	Currently 40 tickets per month, reduce to 10 tickets per month after transition has been completed. Time saved = 600 mins per month for it ops (average 15 mins per ticket)	Feb 2024	Chief Technology Officer
Increase number of automated approvals to pay claims	20% auto-approval rate in first calendar year from implementation. Increase % automated annually for claims less than $50,000.	From implementation	GM CSG
Reduction in staff through natural attrition.	Reduction in admin tasks related to IGF means a future coordinator role is unlikely to be required. Reduction in headcount of 1.0 through natural attrition. Any fund decrease in size (from $60m to $30m) will reduce the	Unknown	GM CSG

	number of advisors and reallocation of resources as well.		

Timeline

The project is expected to take 6 months depending on final set of requirements, with an additional two months for contingency and early life support. The project is expected to start in May and complete over a six to nine month timeframe.

Tactiv's implementation methodology enables business processes to be delivered iteratively.

The proposed implementation would start with the Expansion grants, while NZTE has the full support of Tactic. Following this, NZTE leads the Validation implementation with Enquire's support, and then self-configures the remaining 3 fund types.

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Initiate, Design, Implement, Test, Deploy Enquire, Workshops & configuration (Fund 1)	Configuration & testing (Fund 1)	Configuration testing (fund 1)	promotion to Production (Fund 1) Self-configuration training & supported configuration / joint testing (Fund 2	Training & Go Live Supported self configuration rollout (Fund 3, 4, 5 +	Supported self configuration rollout (Fund 3, 4, 5 +)

Financial Breakdown

This Business Case seeks approval to seek approval for OPEX funding of $650,000 of known costs and ring-fencing of additional 25% contingency ($162,000), totalling $812,000. System implementation projects come with a number of assumptions and unknown unknowns that only become clear once we delve into the detail. This often results in overruns of time and cost as the project progresses.

	Role	s9(2)(b)(ii)									
External	PM										
	BA										
	Architect										
Total											
Internal	IGF SME										
	Dev										
	Digital Analyst										
	Change/Comms										
	Systems Engineer										
	Training										
	Product Manager										
	Data Analyst										
	Data Engineer										
	Tester										
Total											
Other	Vendor cost										
Total Other											**$350,000**
Total											**$649,201**
Contingency = 25%											$162,300

1. *Feasibility (Opex)*

Cost Type	Detail	Cost (NZD)
Already sunk		

2. *Vendor Costs*

Cost Type	Detail	Cost (NZD)
Implementation fixed fee	**– as per statement of work**	$186,000
s9(2)(b)(ii)		
Cyma Architecture	**Statement of Work for detailed system design**	$35,200 estimate only

3. *Project Team*

Cost Type	Detail	Cost (NZD)
Personnel	1 x IGF SME for 9 months 1 x developer for 5 months 1.0 x digital analyst for 3 months as part of project dropping to 0.5 support opex after 1 x change and comms 1.0 data person (reporting and potential impacts, does it need re-doing dashboards, data quality assessment, ETL) 0.2 x Systems Engineer for 3 months s9(2)(b)(ii) 0.1 Tech Lead for 6 months + 0.2 Soln Architect s9(2)(b)(ii) Training Lead – 0.5 for 3 months and 1.0 for a month at go-live. 0.2 Dynamics Configuration s9(2)(b)(ii) CRM)	
s9(2)(b)(ii)		

4. *Post implementation and ongoing cost (Opex)*

Cost Type	Detail	Cost (NZD)
Personnel	Half an internal SaaS specialist / Digital Analyst to support ongoing changes and triage Half a support engineer for 6 months post implementation support	$60,000 $60,000
Contractor		

s9(2)(b)(ii)		

Risks

Risk Description	Risk level (High/Medium/ Low)	Mitigation	Owner
If…then			
Changes to IGF process during project impacts system delivery and blows out timeline	High	Agree scope before project starts at Governance, any changes to scope and additional timeframes need to be signed off by Governance. Few and low effort scope changes can be signed off by programme manager.	s9(2)(a)
Delayed start and delivery delays means project will be due to land right before Christmas when appetite for change is very low, delaying until February.	High	Continual evaluation of progress to plan and early warning of potential overruns. Iterative delivery to minimise impacts closer to Xmas.	s9(2)(a)
Risk that wider consultation with other stakeholders (outside the project) is needed to make key decisions. Project gets stalled by indecision.	Very High	Any recommendations from process improvement consultation that require consultation will not be implemented as part of the project, but fall to a later enhancement phase.	s9(2)(a)
Change Fatigue for the organisation – too much change happening from other projects	High	Make it amazing -drip feed awesomeness so people are begging to use it.	s9(2)(a)

		Timing of delivery, open channels of communication in change team and projects.	
Competing priorities (due to volume of change) causes conflicts in resource allocation to the project.	High	Ring fence key resource.	Governance

Governance

Project Role	RASCI	Name	Position
Business Sponsor	A	s9(2)(a)	GM Customer Solutions
Governance support	S	s9(2)(a)	Director, Digital Product
Business Owner	R	s9(2)(a)	Director, IGF
System Owner	S	s9(2)(a)	Chief Technology Officer
Governance support	S	s9(2)(a)	Head of Manufacturing, ECT
Governance support	S	s9(2)(a)	Regional Director, AUSPAC, International

Delivery Team

List the team member who are responsible for delivering the project products/deliverables.

Resource	Area of Responsibility
s9(2)(a)	Project Lead
s9(2)(a)	Change Manager
s9(2)(a)	IGF Lead (SME)
s9(2)(a)	Business Analyst
TBC	Digital Analyst
TBC	Data Analyst
TBC	Test Engineer
s9(2)(a)	Support Engineer
TBC	Training Lead
s9(2)(a)	International team rep

s9(2)(a)	Customer team rep

Appendix 1 – Assessment Criteria

Assessment Criteria	Current MyNZTE + Tipu + CRM	myNZTE + SaaS + CRM	myNZTE + Workflow Tool + CRM	myNZTE + Dynamics + CRM
E2E User Experience (customer/internal staff)	Issues	Good	Good	Good
Support Costs	High	Low	Medium	Medium
Enables future business requirements (run)	Dev Required	Some Supported	Dev required	Dev required
Scalability	Low	High	Medium	Medium
Smarter Working (Automation)	Low	High	High	High
Integration with API Support	Low	High	High	High
Time to Value	Medium	Low	High	High
Reputational / support / technical risk	High	Low	Low	Low
Data Mgmt / Reporting / Auditability	Insufficient	Quality	Quality	Quality
OVERALL	**Avoid**	**Evaluate**	**Partial**	**Partial**

Appendix 2: Background and assessment of Claims risk model

The Claims risk model was initially developed because Tipu could not risk assess and was set up as an additional integration. It was cheaper to do as a standalone rather than develop Tipu further.

It's purpose was to reduce workload by providing risk assessments of incoming claims based on scores provided from data.

This goal has not been realised because of low trust and understanding in the model, and a fundamental flaw in the model trying to hit thresholds rather than assessing based on risk business rules. In addition, the latest report from KPMG to assess the risk model effectiveness was rated "Not Effective" "The Model was developed to improve the efficiency of IGF assessment process while managing overall risks from the applications. The Model calculates risk scores of applications and applications with risk scores above the guideline are reviewed manually. However, there is no clear link or analysis on the risk scores and probability of failure, which make it hard to justify the process of setting a risk score guideline for manual review."

The SaaS product has business rules configuration engines that achieve the same intended outcome as well, so by continuing with the risk model we would be paying very similar functionality twice.

Using the SaaS model moves to a more binary yes/no decision-making model for clear outcomes and decision making based on the risk in each claim.