

Procurement Plan


Integrated Enterprise Resource Planning (ERP) Solution

December 2022

Document development control

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Procurement Specialist

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Project sponsor

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Position/title:	Chief Financial Officer
Signature:	
	Date: 15 December 2022

Procurement Plan Approver

Approval to:	Proceed to tender
Name:	Stefan Korn
Position/title:	Chief Executive
Signature:	Approved via email
	Date: 22 December 2022

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Procurement Plan-on-a-Page: ERP Technology Provider and Delivery Partner

We aim to...

- Conduct a streamlined procurement process to minimise disruption to the agency and its stakeholders
- Standardise our approach to ERP in alignment with generally accepted processes and approaches from stakeholders we're likely to work closely with in the future Section 9(2)(b) and CRIs)
- Maximise public value by selecting an ERP solution covering multiple corporate systems, removing the need to run separate sourcing processes in the future and potentially consolidate currently disparate systems
- Ensure New Zealand businesses have an opportunity to be involved in delivering the work in alignment with Priority Outcomes #1 of the New Zealand Government Procurement (NZGP) broader outcomes programme.
- Deliver a detailed business case for Chief Executive and Board approval in Q3 2023

We'll achieve this by...

- Running a closed tender with Section 9(2)(b)(i) - Comm and Workday based on their alignment with our strategic and technical requirements
- Setting our scope to include multiple ERP modules including (in order of importance): finance and human resources. Other modules will be considered in the future.
- Requesting delivery partner suggestions from the technology providers. The suggested partners from the chosen technology provider will be subject to a separate selection process.
- Selecting one technology provider and one delivery partner by the week commencing 3 April 2023 based on weighted evaluation criteria and consideration for public value.
- Selecting providers based on a public value assessment, i.e. consideration for benefits over the life of the engagement using resources effectively, economically, and without waste - including addressing challenges in NZ's IT sector around employee wellbeing and diversity.

We need to be mindful of...

- Given the risk involved in this procurement, it is crucial to get the contractual arrangements with the providers right. This may place a heavy reliance on our legal team and extended negotiations.
- Selecting fit for purpose ERP platforms and delivery partners can be difficult when written responses are the only means of evaluation. In addition to written proposals, we will conduct interactive workshops for both to help ensure all requirements can be met and that the providers align with our organisational culture and ways of working.
- We will ensure we have a fit for purpose evaluation team including representatives from procurement, legal, digital, security, finance, and people teams.
- Limiting our process to only two providers means we risk neither provider will meet our requirements. If this occurs, we plan to reconsider our procurement planning and potentially re-approach the market to obtain proposals from a wider breadth of potential providers.

Upon approval of this procurement plan, we will...

- Complete our tender documentation and issue a RFP via the Government Electronic Tender Services (GETS) to Section 9(2)(b)(i) - Comm and Workday during the week commencing 16 January 2023.
- Close the RFP and evaluate proposals from the week commencing 27 February.
- Evaluate the written proposals and run workshops to help select the technology provider and delivery partner.
- Execute a contract for one technology provider and one delivery partner by the week commencing 3 April 2023.

Background

This procurement builds upon the document '[Architecture Recommendation Corporate Systems](#)' which was approved by the Callaghan Innovation Architecture Review Board on 31 October 2022. The core recommendation of this paper was to progress with the procurement of an integrated ERP solution that enables the implementation of new system capabilities efficiently with a single provider with an integrated technology stack.

Business Case

A detailed business case will be drafted at the conclusion of this procurement process recommending the appointment of one technology provider and one delivery partner. This business case will include detailed pricing obtained from the RFP process and a full risk and benefit analysis. The business case will be approved in line with the delegated financial authority policy prior to executing contracts.

Project Objectives

The objectives for this project are to:

- conduct a streamlined process to minimise disruption to the agency and its stakeholders;
- standardise our approach to ERP in alignment with generally accepted processes and approaches from stakeholders that we're aiming to work closely with in the future;
- maximise public value by selecting a solution covering a wide breadth of corporate systems; and
- ensure New Zealand businesses have an opportunity to be involved in delivering the work in alignment with Priority Outcomes #1 of the New Zealand Government Procurement (NZGP) broader outcomes programme.

Procurement Scope

The following table sets out the business capabilities that are within scope of this procurement:

Component	Description	Key Characteristics
Financial Management Information System (FMIS)	Single fit for purpose finance management information system	<ul style="list-style-type: none"> • Applications are business fit for purpose
Human Resources Management Information Systems (HRIS)	Single fit for purpose human resource information systems	<ul style="list-style-type: none"> • Common looking and highly usable Applications
Human Resources Management Information Systems (HRIS)	Single fit for purpose payroll system	<ul style="list-style-type: none"> • Web based and Mobile Applications • Single source of truth of Corporate Systems Data
Procurement Management Information Systems (PMIS)	Single fit for purpose procurement system	<ul style="list-style-type: none"> • Single way to integrate to all other applications outside the Corporate System environment
Asset Management Information System (AMIS)	Single fit for purpose asset management information system	<ul style="list-style-type: none"> • Single cloud stack that is secure, scalable and has appropriate uptime and resilience required
Corporate systems common data model	Common integrated data model for all systems	<ul style="list-style-type: none"> • Can be used from anywhere - not restricted
Corporate systems integration hub	Common single approach to integrate data to other systems	<ul style="list-style-type: none"> • Access granted based on role, management rights and processes interacted with
Corporate systems cloud infrastructure	Common single system environment, that means all operating conditions required	<ul style="list-style-type: none"> • All data is ideally housed within New Zealand

While all components are in scope of this procurement, FMIS and HRIS will be the focus of our evaluations. Basing our provider selection primarily on these two foundational components is likely to put us in the best position to obtain an integrated ERP solution that further components can be added to over time.

Market Analysis

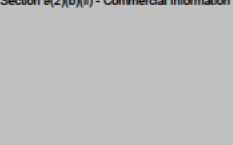


Activities

In developing this plan we engaged with stakeholders by:

- obtaining previous tender documents from other government agencies such as IRD, NIWA, MFAT, and Te Kura;
- meeting with suppliers in-person to get a high level understanding of product trends and market dynamics; and
- meeting with government agencies we share strategic directions with to help ensure we make decisions in line with future pathways (for example, ^{Section 9(2)(b)} ESR, and GNS).

Technology Providers

Based on our corporate systems strategy which included a review of the Gartner magic quadrant, four technology providers were identified as the most relevant to our future direction, including:

- ^{Section 9(2)(b)(i) - Commercial Information}
- 
- 
- 

Given their adoption across government, all four of these providers are likely to meet our base functional requirements for an ERP platform covering FMIS and HRIS with an ability to customise features where we have bespoke requirements (if any), and incorporate additional modules in the future. There are other Gartner-supported providers that are likely to meet our requirements also.

Outside their technical competence, two of the Gartner-supported providers align with our strategic requirements more than the others. Callaghan Innovation has recently gone through an extensive period of technology change - a lot of which has made it difficult to interact, collaborate, and communicate with other government agencies. Of particular note are those agencies that we share strategic directions with including New Zealand Trade and Enterprise (^{Section 9(2)(b)}) and the Crown Research Institutions (CRIs). Going forward, we intend to make investment decisions that make it easier to work with these agencies. As such, aligning our back-office processes and underlying technology suites is a key priority. This means of the technology providers we initially identified, two are preferred:

- ^{Section 9(2)(b)(ii) - Commercial Information}; and
- Workday, as this has recently been implemented by GNS and ESR (CRIs).

Key implications for our procurement strategy

In order to streamline our procurement process and avoid wasting the time of providers that aren't able to meet our strategic requirements, we will limit our approach-to-market to ^{Section 9(2)(b)(i) - Commercial Information} and Workday only.

If we find neither of these providers meet our requirements, we may consider re-approaching the market with an alternate procurement approach to obtain responses from a wider breadth of providers.

Our market research also revealed the following about technology providers:

- FMIS and HRIS systems are intrinsically linked. A single ERP provider should provide both of these for seamless integration. As such, these should be the core focus of any tender aiming to procure an integrated ERP solution.
- ERP procurements are best completed with a set of core functional and non-functional requirements and a detailed description of the current state versus target state. Overly detailed requirements or the lack of an

understanding of what needs to be achieved are common pain points of similar procurements across government.

- Data migration is best conducted by migration specialists for complex IT environments. For this reason, a separate provider should be considered for this work.

Delivery and Support Partners

Delivery and support partners (shortened to delivery partners) are those that will support ourselves and the technology provider implementing and operating the chosen ERP platform. Provider options are limited to those businesses that have been trained and formally certified by the technology provider. Buyers usually undertake one of three processes to identify their delivery partner:

- A. select whichever delivery partner is recommended by the technology provider
- B. work with the technology provider to identify delivery partner options and select one based on a set of predefined criteria
- C. issue an open competitive tender to certified delivery partners of the chosen technology provider

Feedback suggests delivery partner selection works best when the technology provider can leverage their understanding of a buyer's requirements and knowledge around how their technology can support this, to suggest appropriate candidates. This is also the most effective way in ensuring the technology provider and delivery partner share a strong working relationship.

Key implications for our procurement strategy

We intend to issue a single tender for a technology provider. As part of this, the technology providers will be requested to suggest certified candidates for the delivery partner based on their understanding of our requirements and who they think offers appropriate capability and experience. These candidates will be assessed separately by the evaluation team (for example, through in-person workshops with the candidates). We'll state what our preferred method of delivery partner selection is in the RFP and reserve the right to follow an alternate process in case the candidates are not fit for purpose. Other government agencies have used this approach with clear evidence of success.

Power and dependency

The market for ERP technologies is competitive across the public sector. The summarised power dynamics shared with the two providers is set out below:

Section 9(2)(b)(i) - Commercial Information

[Redacted content]

Section 9(2)(b)(i) - Commercial Information

[Redacted content]

Desired Supplier Relationship

Section 9(2)(b)(ii) - Commercial Information

Section 9(2)(b)(ii) - Commercial Information

[Redacted content]

Section 9(2)(b)(ii) - Commercial Information

Section 9(2)(b)(ii) - Commercial Information

Given the closeness in which we anticipate working with the technology provider and delivery partner, it is our preference for both parties to have local personnel that can work with us in-person.

Other findings

The following are other findings and lessons learned gained from our market research:

- Diversity in New Zealand's IT sector is poor and addressing this is a key aim of NZGP's broader outcomes programme.
- Incumbency bias (the ease of sticking with the current provider) can restrict innovative decision making and the evolution of business processes when considering ERP technologies.
- Change fatigue and top-down commitments to workforce wellbeing are key indicators providers look for in tender documentation that reflect the sort of ERP technology that would be most appropriate.
- It's important to analyse the subscription arrangements, ensuring each arrangement includes all desired functionality and services (for example, no hidden costs in completing tasks such as bespoke reporting).
- Gartner-supported ERP tools can meet typical core requirements for a FMIS and HRIS system - tender documents should therefore prioritise bespoke requirements (if any) to ensure respondents understand what the buyer considers most important and where to focus their efforts on in their response.
- Buyer's should summarise their organisational strategy in tender documentation so respondents can offer solutions that best align with the strategic direction of the buyer.
- Written RFP responses have a tendency to not give a proper understanding of how ERP technologies function; in-person demonstrations that address predefined usage scenarios tend to be more effective.
- An effective FMIS solution is likely to constitute more than just a single system. Other systems to consider (and ensure integration with) includes reporting, migration, and forecasting. Budget requests should consider any extra costs associated with this.

Key implications for our procurement strategy

- To help improve the attractiveness of our procurement opportunity, we should emphasise the winner of this contract is likely to be our core ERP provider that we'll be engaging for the next five to ten years to meet our overarching corporate system needs. A long-term master contract should be offered to support this.
- A contract management plan will be drafted at the conclusion of this procurement to help ensure the technology provider and delivery partner are managed in a way that maximises the value Callaghan Innovation receives following the award of the contract.
- An overarching contract with associated statements of work should be used for the delivery partner to help break up the work into time-bound milestones and provide opportunities for reflection, adaptation, and continuous improvement.
- Section 9(2)(b)(ii) - Commercial Information

- We should request how technology providers would work with us to identify an appropriate delivery partner and include this as part of our evaluation criteria.
- Selection of providers should consider diversity, especially in terms of engagement of minority demographics in New Zealand's IT sector including Māori, Pacifica, and women.
- We know from conversations with other buyers, the two providers deliver working ERP solutions to multiple government agencies with clear evidence of success. Therefore, we're comfortable core ERP functions can be delivered through these providers and our evaluation criteria should focus on user experience, specialised and unique functions, and non-functional requirements.

Section 9(2)(b)(ii) - Commercial Information

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Section 9(2)(b)(ii) - Commercial Information

Tendering Process

Approach to Market

There is currently no All-of-Government, syndicated, or other collaborative contract which can meet this requirement. Our approach is applicable under the following Government Procurement Rules exemption.

Exemption reference	Government Procurement Rules Description
Rule 14: Exemption from open advertising Clause 9(c). Only one supplier	<i>"The goods, services or works can be supplied by only one supplier and there is no reasonable alternative or substitute because for technical reasons there is no real competition."</i>

Based on the research we have conducted and in alignment with guidance provided by New Zealand Government Procurement, our intention is to run a closed competitive process for the selection of a technology provider. The scope of the procurement will include the provision of options for a delivery partner (removing the need for a separate RFP). Our exemption rationale meets the threshold for a 'technical reason' as per below:

- We have a pre-existing strategic requirement across Callaghan Innovation to align our processes and procedures, as best as possible, to Section 9(2)(b) given our shared future directions and desired outcomes.
- In parallel, we have a strategic requirement to align as best as possible with the CRIs - especially those that have recently completed ERP implementations (in alignment with the Te Ara Paerangi Future Pathways review of New Zealand's Research, Science and Innovation system).

Running an openly advertised procurement process would provide a significant unfair advantage to the two providers we've identified as clear preferred options. The decision to run a closed process will have no impact on the level of competitive tension given Section 9(2)(b)(ii) - Commercial Information. Both providers are eager to engage in the process and are aware we are agnostic towards the technology choice.

Bundling the opportunity with the selection of the delivery partner means we will receive a variety of partner options that are relevant to our requirements as guided by the expert knowledge of the technology providers.

In alignment with the New Zealand Government Procurement Rules addressing the use of exemptions, we have recorded the following in this procurement plan:

- a description of the goods, services or works;
- the maximum total estimated value of the goods, services or works;

- the specific exemption/s, that applies; and
- details of the facts and circumstances that justify the exemption.

Our other obligations in following this approach include:

- a senior manager must endorse the rationale before we undertake the procurement;
- we must retain the documented rationale for audit purposes;
- we must be prepared to provide MBIE the documented rationale if requested; and
- we must publish a contract award notice on the Government Electronic Tender Service (GETS). This will be publicly visible.

Key implications for our procurement strategy

We intend to run a closed competitive procurement process with Section 5(2)(b)(i) - Comm and Workday for the procurement of an ERP platform that meets our strategic alignment requirements. If our evaluations reveal these providers cannot provide sufficient competitive public value, we may decide to explore alternate tendering options. Included in this tender will be candidates for the delivery partner.

Our evaluation of the delivery partner candidates will be based on predefined evaluation criteria. The evaluation team will be mindful of the risk that the technology providers may be incentivised to suggest partners they have preferential commercial arrangements with. The tender documentation should emphasise the selection of the technology provider may be influenced by the quality of their delivery partner candidates.

Future Procurement Opportunity

A future procurement opportunity (FPO) notice will be issued on GETS in December 2022 to help ensure the providers are aware of the upcoming opportunity and are prepared to respond. Forewarning such as this is especially important given the RFP release is likely to occur one week after the Holiday period (week commencing 16 January 2023).

Incumbent providers (for example, our current FMIS support partners) will be notified of the RFP via email.

Request for Proposal

The RFP will be issued to the two providers via GETS. It will support the procurement objectives by identifying a fit-for-purpose technology provider and:

- set expectations for the appointment of the delivery partner;
- obtain competitive pricing proposals;
- identify opportunities for negotiation; and
- be prescriptive enough about our requirements to give providers sufficient information to respond, but be open enough to consider some levels of innovation.

The RFP will provide opportunities for the providers to demonstrate their ERP products in-person to the evaluation team. This will enable the evaluation team to better understand the extent to which the technologies meet our requirements in comparison to a written proposal, and help identify any gaps in our requirements or expectations we hadn't initially considered as part of our planning process.

Depending on the outcome of our evaluation, we may decide to take both providers into negotiations.

Key Stakeholders

We conducted a stakeholder analysis to understand who needs to be engaged throughout this process and the type of engagement required for each group (in addition to those in the evaluation team). A summary of this analysis is set out below:

Group Name	Name	Responsibilities	Mapping
Leadership	Stefan Korn	Final decisions	Manage Closely
Audit & Risk Committee	Elena Trout Shaun Hendy Kirsty Bellringer	Provide assurance and assistance to the Board on Callaghan Innovation's control and compliance framework, and its external accountability responsibilities.	Keep Satisfied
Architecture Review Board	Jen Cherrington Scott Higham-Lee Rob Schrey Dan Shannon Mark Buffey	Architecture decisions - recommendations to leadership	Keep Satisfied
Corporate Systems Standardisation Programme Steering Group	Kirsty Bellringer Dee Naidoo Jen Cherrington Helen Hunt Scott Higham-Lee Renee Sidaway	Provide overall direction and management of the Programme	Manage Closely
CFO	Kirsty Bellringer & Team	Business Groups / users impacted by system and process replacement	Keep Satisfied
People Enablement	Helen Hunt & Team		Keep Satisfied
Digital	Scott Higham-Lee & Team		Keep Satisfied
Security	Jenna Whitman & Team		Keep Satisfied
Business Enablement	Cynthia Lendrum & Team		Keep Informed
Dependant Projects	New Grants System - Graeme Shellard	Implementing new grants system (dependency)	Keep Informed
Incumbent Providers	Section 9(2)(b)(II) - Comm Section 9(2)(b) Section 9(2)(b)(I) - Commercial Inf Section 9(2)(b)(II) - C	Management of current systems related to this procurement	Keep informed

Our requirements - technology provider

Key Requirements

Below are our summarised key requirements and criteria for selection. Our detailed requirements will be set out in the RFP.

Functional Requirements

We require an ERP solution that offers the functionality listed below. Our evaluation will assess the extent to which the proposed solutions deliver all requirements. Those requirements with a check (✓) represent those requirements

most important to our evaluation which respondents may provide detailed responses on.

FMIS Functional Requirements (summarised)	HRIS Functional Requirements (summarised)
<ul style="list-style-type: none"> • Accounts Payable ✓ • Expense management ✓ • Project Accounting ✓ • Timecards/ Timesheets ✓ • Fixed assets ✓ • Accounts receivable ✓ • Budgeting, Forecasting & Reporting ✓ • Fully supported through mobile, tablet and laptop ✓ • Inventory • Cash Management/ Bank reconciliation • General Ledger • Access, Security & Internal Control • Integration • Licence tracking/management • Advanced search and filtering functionality (e.g. Ability to search by other information, such as product/ items other than just PO/ invoice) • Ability to accept chemical symbols (special characters) 	<ul style="list-style-type: none"> • Performance management and career planning ✓ • Learning and Development ✓ • Employee self-service portals ✓ • Insights and analytics dashboard ✓ • Employee engagement ✓ • Payroll administration ✓ • Remuneration administration ✓ • Recruitment • Onboarding • Strategic workforce planning • Staff movements • Remuneration planning • Benefits planning and administration • Time and attendance administration • Employee information/data management • Exit management • Organisational design and management • Integration options • Compliance • Employee relations
PMIS Functional Requirements (summarised)	AMIS Functional Requirements (summarised)
<ul style="list-style-type: none"> • Supplier Directory • Requisition/ Purchase Order Management • Contract Management • Sourcing • Supplier Relationship Management 	<ul style="list-style-type: none"> • Digital equipment maintenance • Property, Infrastructure, Facility asset management for different locations • Full integration with Project Accounting module • Full integration with Fixed Assets module

The details that sit behind these requirements have not been included in this plan. Detailed requirements will be included in our RFP documentation.

Non-functional Requirements

In addition to the functional requirements, the ERP solution needs to address the following non-functional requirements.

Non Functional Requirement	Description
Cloud SAAS solution	The technology solution will be a Cloud Software-As-A-Service type, placing responsibility for the application, operating system and infrastructure on technology provider.
Baseline people data	Consistent and reliable people data will flow seamlessly between our finance and human resource systems
Secure architecture	The solution will utilise modern protection mechanisms, providing acceptable levels

	of defence from malicious actors.
Data security, privacy and sovereignty	All data will be owned by Callaghan Innovation and controls in place to protect data, including personally identifiable information, to relevant standards.
Scaleable functionality	The solution will be implemented as part of a phased approach and hence will require the ability to easily add modules over time.
User experience	Our users require a simple, logical, process driven user interface.
Configuration not customisation	Almost all functional requirements can be met without custom development.
Supported	The solution provider should have an NZ presence and provide local support with support hours aligned to NZ business hours.
Accessible via integration platforms	The solution must “play nice” with integration platforms, allowing fit with our existing application portfolio.
Evergreen release path by design	The solution must demonstrate a commitment to an evergreen release pattern, with a clear technical roadmap with a defined upgrade path that is published early and socialised with clients to enable meaningful adoption, with the ability to preview enhancements in an early release adoption offering.

Legal compliance

In addition to the above requirements, we expect respondents to confirm their organisation and proposed ERP systems comply with all relevant legislation and standards expected for a government ERP provider. This includes (but is not limited to):

- Public Finance Act 1989 and 2013.
- Privacy Act 1993.
- Public Records Act 2005 and associated Information and Records Management Standard (Archives NZ).
- the New Zealand Government Web Standards, including:
 - Web Accessibility Standard 1.1, NZ Digital government;
 - Web Usability Standard 1.3, NZ Digital government.
- NZ Information Security Manual, or equivalent standard for the hosting location.

Our requirements - delivery partner

ERP technology is best implemented when completed by a party that specialises in ERP projects and is separate to the technology partner. We will request the technology providers to give details of their certified and recommended delivery partners with experience implementing their solution in other government agencies and these will form the basis of the pool for selection.

To best achieve the procurement objectives, and to support our selection of a fit-for-purpose delivery partner, we intend to work collaboratively with the technology partner. This may involve:

- running workshops with the technology provider and potential delivery partners to help ensure they share a comprehensive understanding of our requirements and to perform in-person evaluations;
- requesting an indicative implementation workplan with a detailed pricing proposal; and
- selecting a delivery partner based on predefined evaluation criteria.

The delivery partner will be responsible for delivering according to the following outcomes (to be provided with the RFP, subject to change).

Key Outcomes	Indicative date for delivery
Programme kick-off & discovery: document current state, define business requirements, deliver detailed workplan	May 2023
Future state design (system & process)	June 2023
Detailed design (system & process)	August 2023
Testing	January 2024 - post launch
System launch	Mid-2024
Project management of implementation	Throughout
Training and support	Throughout and post launch
Change management (including strategy)	Throughout
Data migration (including strategy)	Throughout

The process to appoint a delivery partner is set out below:

- RFP respondents (technology providers) will be asked to submit three delivery partner options
- Submissions will include a brief overview of each delivery partner including an explanation of why they've been recommended.
- The evaluation team will assess the delivery partner overviews in line with the 'delivery partner evaluation criteria'.
- Following the moderation session and after reviewing the price submissions for the technology provider, the evaluation team will identify the preferred delivery partner(s).
- The preferred delivery partner(s) will be invited to attend a workshop session with the evaluation team
- A pricing submission and workplan will be delivered after the workshop.
- The evaluation team will complete their final evaluations, moderate their scores (with the support of the evaluation chair), and review the pricing.
- The evaluation team will recommend a delivery partner to progress to contract award.

Our minimum expectations for a delivery partner include:

- Majority of personnel working on the project will be New Zealand based with knowledge of the typical workings of New Zealand government agencies.
- Ability to complete implementation by Mid 2024.
- Typical expectations for responsible suppliers to government including:
 - demonstrable financial viability
 - adequate insurance to cover the engagement;
 - compliance with all applicable legislation.
- Successful track record with similar projects
- Sufficient capacity to deliver the project amidst current labour challenges in the NZ IT sector
- Expert knowledge about the ERP technology and collaborative relationship with the technology provider

In addition to the above, we will use the evaluation criteria below to help select a delivery partner.

Evaluation Criteria:	Weighting:	Description (we're interested in...):
1. Technical Competency	40%	<ul style="list-style-type: none"> • Extent to which the provider can navigate a complex change programme and meet the procurement objectives • Extent to which the draft implementation is realistic, reflects our

		<p>requirements, and is likely to deliver successful outcomes</p> <ul style="list-style-type: none"> • Understanding and ability to implement the AoG common process model (or commonly accepted FMIS business practices) • Fit with Callaghan Innovation project team
2. Broader outcome: diversity	25%	<ul style="list-style-type: none"> • Extent to which diversity features in the provider's value proposition • Extent to which the provider supports minority demographics (for example, Māori, women, and Pacifica) by involving them in their business or supporting industry initiatives • Impacts winning this procurement opportunity may have on the provider's diversity levels
3. People and Experience	20%	<ul style="list-style-type: none"> • Implementation team credentials and levels of expertise • Extent to which successful implementations have been completed customers of a similar nature to Callaghan Innovation
4. Workplace Culture	15%	<ul style="list-style-type: none"> • Extent to which the provider operates ethically and supports the health and wellbeing of their staff and the people they work with.
5. Pricing and Resourcing	Non-weighted	<ul style="list-style-type: none"> • Estimated whole of life cost of the engagement • Extent to which the resourcing is appropriate for the work required • Approach to help ensuring cost certainty

Other Specialists

To help ensure the technology provider, delivery partner, and our internal teams are sufficiently supported throughout the implementation phase, other expert specialists may be required, such as data migration and change management specialists. Additional resources such as these will be subject to separate procurement processes.

Procurement Timeline

The procurement process is estimated to take 19 weeks from planning and development to contract award. This has considered response timeframes for providers aligned with the Government Procurement Rules.

Procurement Timeline	Impacted parties				November				December					January					February				March			April
	Fin	Legal	Digital	People	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W5	W1	W2	W3	W4	W1	W2	W3	W4	W1
Week >					7th	14th	21st	28th	5th	12th	19th	26th	2nd	9th	16th	23rd	30th	6th	13th	20th	27th	6th	13th	20th	27th	3rd
Discovery Phase					■																					
Business Case (incl. procurement plan): complete					■																					
CE procurement plan approval									■																	
High Level Business Requirements for RFP: draft ready													■													
High Level Business Requirements for RFP: review draft and changes updated																	■									
RFP: drafted																	■									
RFP: in market																	■									
Evaluation prep																	■									
Evaluation phase																	■									
Security assessment																	■									
Negotiation phase																	■									
Identify delivery partner																	■									
DFA approval (recommendation report)																	■									
Contract award (both tech and delivery partner)																					■					

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The full timeline can be found [here](#).

Negotiations

Technology Partner

Negotiations will be planned following the initial evaluation of the RFP responses. Negotiations will reach agreement on the required subscription/licensing construct of the technology and the contractual terms and conditions. The outcome of negotiations will be a recommendation of a single technology provider to contract execution.

Section 9(2)(b)(ii) - Commercial Information

Delivery Partner

Negotiations will be planned following the initial evaluation of the RFP responses. Negotiations with the potential delivery partner is likely to seek:

- refinement of their proposed implementation plan (starting with any required discovery work);
- agreement on the contractual arrangement on terms acceptable to us; and
- agreement on rates and the commercial structure of the engagement (likely to be fixed milestone pricing as set out in separate statements of work).

The outcome of negotiations will be a recommendation of a single delivery partner to contract execution.

Evaluation Plan - technology provider

Evaluation Team

The evaluation team will comprise members from Callaghan Innovation. The evaluation team may also include other members chosen for their particular expertise or experience relevant to the evaluation. We may provide RFP responses to independent advisors appointed by us for the purpose of carrying out an independent review of such responses or to any relevant professional advisors, including legal and financial advisors.

Non-Scoring Members	
Role	Name
Project sponsor	Kirsty Bellringer
Delegated financial approver	Stefan Korn (and CI board members)
Chair of evaluation panel and procurement advisor	Ryan Challis
Procurement support	Kimberly Moore
Programme delivery	Renee Sidaway
Legal lead	Helena Page (and legal team members)
Security lead	Jenna Whitman
Licensing and pricing lead	Christopher Lorking
Technical Requirements Lead	Mancie Long
Scoring Evaluators	
Representative/s	Name
Business group/owner (FMIS)	Dee Naidoo

Business group/owner (FMIS)	Peter Jelley
User group/beneficiary (FMIS)	Kirsty Bellringer
Subject matter expert (HRIS)	Bree McKay
Subject matter expert (HRIS)	Steph Fransen
Subject matter expert (HRIS)	Duncan Harding
Subject matter expert (non-functional, technical)	Robert Schrey
Subject matter expert (non-functional, technical)	Scott Higham-Lee

Changes to the evaluation team will be approved by the chair of the evaluation panel and set out in the final recommendation report.

Evaluation Process

The evaluation process (weighted attribute, price excluded) will be conducted as follows:

Month	Step	Responsible
February	1. Proposals will be checked for compliance with the RFP process and pre-conditions	Kimberly Moore
	2a. (in parallel) evaluation team members will score Written Proposals against the Evaluation Criteria.	Scoring Evaluators, with guidance from Kimberly Moore
	2b. (in parallel) analyse pricing and prepare summary	Christopher Lorking
	2c. (in parallel) commence security assessment and prepare summary	Jenna Whitman
	3. Scores collated. Weightings will be applied and a summary will be prepared	Kimberly Moore
	4. Requests for clarification and/or additional information may be sought from Respondents at any time (if required).	Kimberly Moore
	5. Moderation meetings will work through consistency of scoring.	Ryan Challis to chair
March	6. Pricing summary presented to scoring evaluators for feedback	Christopher Lorking
	7. Preferred Respondents (technology provider and deliver partner) will be selected on a public value basis	Ryan Challis to facilitate
	8a. (in parallel) workshops held with preferred respondent(s) to demonstrate technology against pre-defined usage scenarios	Kimberly Moore to facilitate
	8b. (in parallel) negotiations may be conducted with preferred Respondent(s). This may include refinements to the proposed solutions.	Ryan Challis to facilitate
	8c. (in parallel) workshops may be conducted with preferred delivery partners	Ryan Challis to facilitate
	9. Security Assessment presented to evaluation team.	Jenna Whitman
April	10. Complete any outstanding due diligence activities	Kimberly Moore
	11. Prepare the business case and submit it to the delegated financial authority for approval. Addresses selection of technology provider and delivery partner.	Renee Sidaway
	12. Execute contract with selected providers	Kimberly Moore

Interactive Workshops

In addition to written proposals, workshops will be used to help evaluate the solutions and select providers. These may include:

- one workshop for each technology provider while the RFP is in market to enable the providers to perform brief product demonstrations, ask questions of the evaluation team, and clarify details about our requirements to help inform their proposal;
- one workshop for each technology provider after the RFP is closed to deliver a more detailed demonstration of the ERP platform based usage scenarios requested by the evaluation team; and
- discovery workshops with the potential delivery partners that offer opportunities to clarify our requirements and for them to demonstrate their ability to meet the procurement objectives in-person.

The evaluation chair will ensure the workshops are conducted fairly. This means:

- identical information is provided to each respondent to ensure fairness is maintained. All workshop content, questions, and answers will be posted to GETS (addendum to the RFP) in the interest of keeping a detailed and transparent record of all information exchanges with providers;
- each provider is given identical amounts of time to interact with the evaluation team; and
- workshop attendees from Callaghan Innovation are identical.

We may also conduct an online briefing in the aim of highlighting our requirements and desired outcomes once the RFP has been released. Briefings of this nature can be useful in helping providers think critically about what we're procuring and identify where more information is needed prior to meeting with us and submitting a proposal.

Evaluation Panel Scoring Matrix

The table below sets out how the RFP responses will be evaluated by the evaluation team.

Categories		Weighting	Evaluation Panel												
Evaluation Categories	Descriptions/Sub-categories		Dee	Peter	Kirsty	Bree	Duncan	Steph	Ryan/Kim	Chris	Rob	Scott	Security	Legal	Renee
Minimum Expectations - non-weighted															
Compliant Proposal	Completeness of required content	Non-weighted Pass/fail							✓						
Availability	Ability to complete implementation by Mid 2024.	Non-weighted Pass/fail							✓						
Local resources	If required, key personnel will be based in New Zealand to support delivery of the solution.	Non-weighted Pass/fail							✓						
Legal compliance	Compliance with listed legislation and standards	Non-weighted Pass/fail							✓						
Financial Viability	Degree of financial stability	Non-weighted Pass/fail							✓						
Insurance	Appropriate insurance cover	Non-weighted Pass/fail							✓						
FMIS - 40% of total score															
Ability to meet the project objectives via the FMIS solution	Coverage of core FMIS functionality	40%	✓	✓	✓										
	Alignment to our key requirements	30%	✓	✓	✓										
	High quality user experience	30%	✓	✓	✓										
HRIS - 20% of total score															
Ability to meet the project objectives via	Coverage of HRIS functionality	70%				✓	✓	✓							

the HRIS solution	High quality user experience	30%				✓	✓	✓							
Non-functional requirements - 30% of total scoreH															
Technical fit - extent to which the proposed solutions aligns with our current and future operating environments	Scaleable functionality	20%										✓	✓		
	Use of baseline people data	20%										✓	✓		
	Support approach	20%										✓	✓		
	Accessible via integration platforms	20%										✓	✓		
	Evergreen release path by design	20%										✓	✓		
Organisational conduct - 10% of total score															
People and wellbeing	Approach to employee wellbeing	50%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Levels of diversity	50%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Security - non-weighted															
Security Assessment	Level of risk associated with secure architecture, and data security, privacy and sovereignty	Non-weighted													✓
Delivery Partner - non-weighted															
Delivery partner candidates	Recommended delivery partners	Non-weighted	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Value for Money - non-weighted															
Pricing	Licensing and hosting costs versus other respondents. Potential sources of added value.	Non-weighted										✓	✓		

Scoring evaluators will use a 10-point rating scale to evaluate proposals against the criteria.

Some evaluation criteria are non-weighted. This means they will not be quantitatively scored as part of the calculation of the provider's overall score. Instead, the results of these assessments will be compared with the quantitative scores to inform the selection on a public value basis. For the purposes of this procurement, non-weighted criteria are considered equally important.

In selecting a provider, the evaluation team will review all relevant information. The evaluation team is expected to reach a consensus by majority. Where a consensus isn't achieved, the evaluation chair may make a decision on the recommended provider. The Chief Executive will be responsible for the final decision on which providers to offer contracts to (taking into account the recommendations of the evaluation team).

Changes to the requirements or evaluation criteria following approval of this procurement plan and prior to release of the RFP will be approved by the Project Sponsor.

Pricing

Price will be taken into account in determining overall public value over the whole-of-life of the potential contract (total cost of ownership). Price has not been weighted due to the anticipated variability in the solutions that will be proposed in response to the RFP (weighting price makes it difficult to generate consistent scoring when proposals are significantly different from each other).

A two envelope process will be used. Pricing will be assessed separately by the licensing/pricing lead. Respondents' pricing will only be shown to the evaluation team once the criterion scoring is completed. Any discrepancies in pricing between the providers will be investigated to understand the net value on offer.

Our draft pricing template can be found [here](#).

Public Value and Selection - technology provider and delivery partner

For Callaghan Innovation, public value means getting the best possible results over the life of the engagement using resources effectively, economically, and without waste - including benefits to ourselves, our stakeholders, minority demographics, the taxpayer, and the natural environment. Public value includes considerations that are not directly focused on price or the actual services being procured. For instance, aspects of a Proposal that could be viewed favourably could include initiatives to improve worker conditions, support disadvantaged demographics across New Zealand, and investment in the natural environment.

The selected provider may not be the respondent that scores the highest numerical scores against the weighted evaluation criteria. In our public value assessment, we will ensure the recommended provider has the optimal mix of the following:

- compliance with our minimum expectations;
- numerical scores against our weighted evaluation criteria;
- assessments against our non-weighted criteria;
- levels of risk associated with the proposed approach to meeting the procurement objectives;
- overarching fit with our people and organisational culture;
- understanding of our requirements and selection of relevant delivery partner candidates;
- due diligence findings; and
- any other elements that may support broader outcome initiatives not specifically requested in our tender documentation

Despite technical fit (for example, integration with existing systems, alignment to our security framework, etc.) being only a portion of a Respondent's final score, if we find technical issues with a Respondent that means the proposed solution is unlikely to meet our objectives, or, we have significant reservations in the validity of the information provided, then we will reserve the right not to select that Respondent or continue evaluating that Respondent's response.

Due Diligence

The following verification matrix may be used as part of the evaluation and due diligence process. The table shows how elements of the criteria may be verified.

Evaluation and due diligence options	Criteria		
	Fit for purpose	Ability to deliver	Value for money
Written offer/tender documents	✓	✓	✓
Buyer clarifications of offer	✓	✓	✓
Reference checks	✓	✓	✓
Presentations	✓	✓	
Product testing	✓		
Audited financial accounts		✓	

The Contract

Technology Provider

We remain open to how we will contract for the ERP platform and will invite suggestions from the providers. Available options include (in order of preference):

- Pre-existing collaborative government contracts. For example Section 9(2)(b)(ii) - Commercial Info shared framework agreement.
- Provider's own terms and conditions.
- Terms and conditions drafted by Callaghan Innovation specifically for the provision of ERP technology.

RFP respondents will be requested to indicate which of the above options are their preference and, if applicable, provide their proposed contractual terms for our consideration.

We expect the maximum contract term to be 8 years (i.e. 2+2+2+2) although this may be amended based on our review of the responses and any negotiations we hold with respondents. Fragmenting the term up in this way and completing reviews every two years will support our intention to consider the addition of separate ERP modules over time.

We expect to use negotiations to help establish service levels with the successful respondent to help ensure we receive the expected benefits of the services. We may include the following types of service levels in the contract with the successful respondent:

Service Level Type:	Description:	Example Calculation:
Availability and uptime	The time period and frequency for which the services are provided must be available.	<ul style="list-style-type: none"> • Uptime percentage is measured and reported on a monthly basis. • 99.9% uptime
Performance standards	All functions operate in line with expectations.	<ul style="list-style-type: none"> • Fit for purpose based on the business system integration requirements yet to be determined
Response time	The minimum and maximum amount of time the provider is allotted for responding to a request or communication of some kind.	<ul style="list-style-type: none"> • 4hr turnaround time for high priority • 24hr turnaround for low priority
Resolution time	The minimum and maximum amount of time the supplier is given to resolve a particular task or issue.	<ul style="list-style-type: none"> • 12hr turnaround time for high priority • 24hr turnaround for low priority

Delivery Partner

We remain open to how we will contract for the delivery partner. Available options include:

- Pre-existing collaborative government contracts, including the DIA marketplace and the All-of-Government Consultancy panel
- Terms and conditions drafted by Callaghan Innovation specifically for these services (for example, a Master Services Agreement with associated statements of work).

An option we intend to explore with the preferred delivery partner is initially contracting for the discovery phase only. This would enable a longer term contract to be drafted taking into account the findings from the discovery phase which may impact how contract elements such as milestones and KPIs are developed.

Preferred delivery partners will be requested to indicate which of the above options are their preference and, if applicable, provide their proposed contractual terms for our consideration.

Risk

Overall, this procurement is deemed to be **medium risk**. Key procurement risks have been assessed against the Callaghan Innovation risk framework.

Risk	Likelihood	Consequence	Rating	Mitigation action
IF we run closed processes for the technology provider and delivery partner THEN we may forgo opportunities to receive a variety of responses and provide opportunities to a breadth of businesses who would be interested in the contract opportunity. This may RESULT IN poor diversity, differentiation, and innovation in the proposals received.	Likely	Moderate	High	Significant levels of differentiation and innovation are not a core focus of this procurement given our aim to standardise our processes and align with other government agencies. Diversity has been included as part of our delivery partner evaluation criteria with a significant weighting; technology providers will be encouraged to consider this in their selection of candidates.

Section 9(2)(b)(ii) - Commercial Information



Probity

It is essential that the agency demonstrates ethics and integrity in its procurements. This means:

- acting fairly, impartially, and with integrity;
- being accountable and transparent;
- being trustworthy and acting lawfully;
- managing conflicts of interest; and
- protecting the supplier's commercially sensitive and confidential information.

Probity in this procurement will be managed by:

- ensuring compliance with the New Zealand Government Procurement's code of conduct;
- ensuring that financial authority for the procurement is approved before proceeding to tender;
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest (using the NZGP conflict of interest management tool);
- identifying and effectively managing all conflicts of interest;
- retaining one copy of each supplier's tender and destroying the remaining copies once the tender process ends;
- treating all suppliers equally and fairly; and
- providing each supplier with a comprehensive debrief at the end of the tender process.

Approvals

Artefacts created throughout the procurement process will be finalised in accordance with the authorities set out below (this does not include endorsements).

Artefacts:	Approvers:						
	Procurement Manager	Chief Legal	Chief Security	Chief Financial	Architecture lead	Chief Exec	Board

Section 9(2)(b)(ii) - Commercial Information

Released under the Official Information Act