

Project Name: SAP CRM Refresh – IT23

Description: SAP's Customer Relationship Management (CRM) system is used by Multinet Gas (MG) as the core platform to support Customer Engagement Management. It provides the capability to manage customer complaints, claims, compliments and enquiries.

The SAP CRM system:

- Provides a centralised view of information to support customer interaction management;
- Consolidates customer interactions into a central repository;
- Prioritises and allocates customer interactions; and
- Reduces manual handling and workarounds.

A review of SAP CRM refresh options has determined that cost savings resulting from not adhering to the upgrades required under SAP's published EnHancement Pack (EHP) strategy will allow MG to implement an alternative (cost effective) CRM solution.

The purpose of this project is to refresh the currency of this core capability in accordance with MG's "IT Asset Management Policy v2.0"

Strategic Alignment: This project allows MG to maintain core business capability and supports the following key strategic themes:

1. Maintain systems to industry standard – directly supporting MG's ability to mitigate against the increasing likelihood of failure and hence risk associated with operating ageing and unsupported software.
2. Meet customer needs and growing expectations – supports the business in providing improvements in customer service processes and the exploitation of historic data to support an improved customer experience.
3. Greater information on and flexibility in relation to new technologies.

The capital expenditure for this project is justified as it is:

- Prudent and efficient in line with accepted good industry practice: and
- Necessary to maintain the integrity and safety of MG's services.

Options: All credible options have been assessed including:

1. Do Nothing – No lifecycle refresh to SAP during the 2018 – 2022 period
2. Refresh SAP CRM with the release of each EHP – previous releases of new EHP occurred 12 months apart. As of EHP3, there was a 30 month gap before EHP4 was released in January 2016. Going forward, it is anticipated there will be 1-2 further EHP releases during the 2018 – 2022 period, and hence 2 upgrades would be required in that period
3. **Replace SAP CRM with an alternative solution** – implement an alternative to the current SAP CRM solution. This may be moving to an SAP CRM cloud solution or an alternative open source offering.

Rationale:	<p>The recommended option is:</p> <p>Option 3 – Replace SAP CRM with an alternative solution.</p> <p>MG's current version of SAP CRM 7.0 EHP3 was implemented in August 2015. SAP has an enhancement pack (EHP) strategy road map for this version out to December 2025. Adopting the EHP strategy would require two EHP implementations during the 2018 - 2022 period to maintain system currency, constrain operational support cost and business risk.</p> <p>Initial analysis has confirmed that savings from cancelling the two recommended EHP implementations (see Option 2) will allow MG to evaluate and implement a more cost-effective CRM solution in 2021.</p> <p>Whilst the detail of the recommended solution is yet to be confirmed, alternatives will be either a simpler SAP CRM "cloud" solution or an open source offering.</p> <p>Maintaining cost effective, low risk support in accordance with MG's IT Asset Management Policy is paramount. The proposed option, offers the only prudent course of action for the 2018 – 2022 period whilst still meeting the IT Asset Management Policy.</p> <p>Option 2, requiring two EHP implementations in 2018 and 2021, whilst similar in cost to Option 3, is not recommended as it does not deliver the more cost effective long term solution offered by Option 3.</p> <p>The Do Nothing option reduces business effectiveness as transaction volumes grow, system performance declines and operational cost and business risks increase with the ageing system.</p>
Timing:	2021
Cost:	<p>\$1.3M</p> <p>No impact on ongoing IT operating cost is expected for an in-house solution. However, if the detailed Business Case preparation results in a Cloud solution being recommended then IT operating costs post 2022 will be impacted.</p>
Notes:	Estimates are based on actual costs incurred for the 2014 SAP ECC6 EHP7 upgrade, previous UE&MG experience and indicative quotations for alternative solutions sourced from the industry.