

**REPORT TO: CITY GOVERNANCE COMMITTEE – 2 MARCH 2026**

**REPORT ON: TENDER APPROVAL FOR CLOUD TELEPHONY AND DIGITAL CUSTOMER EXPERIENCE PLATFORM**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 46-2026**

**1. PURPOSE OF REPORT**

1.1 The purpose of this report is to provide details of the outcome of a procurement process and seek approval of a contract award for cloud telephony and digital customer experience platform.

**2 RECOMMENDATION**

2.1 It is recommended that the Committee:

- a) notes the information in this report and
- b) approves the award of contract to 8x8 Uk Limited following a competitive procedure, which was carried out as outlined in Section 6 of this report, in compliance with the Public Contracts (Scotland) Regulations 2015.

**3 FINANCIAL IMPLICATIONS**

3.1 The approval of this award would result in estimated costs of £1,541,672 over the period of the extended contract.

3.2 The Executive Director of Corporate Services has confirmed these costs can be met in from the approved Capital Plan 2026-31. The costs of £150,509 will be funded in years 2026-27 from the 'Purchase of Corporate Computer Equipment' line within the Design a Modern Council section of the approved plan.

3.3 The net revenue cost implications associated with this expenditure are expected to be £198,738 per annum and these will be funded from the existing revenue budgets of all services Revenue Budget 2026-27 to 2032-33.

**4 BACKGROUND**

4.1 The Councils Standing Orders and Schemes of Administration for Financial Regulations, Tender Procedures and Delegation of Powers to Officers were previously approved by elected members (Article V of the minute of meeting of the City Governance Committee of 22 September 2025, Report 293-2025 refers). This document includes the arrangements for procurement, and within Schedule 1 of the Contract Standing Orders. This includes a requirement that when proposing to enter into contracts in excess of £0.300m, then approval must be given by elected members. The details of the proposed contract together with how this contract has been procured along with any other wider benefits to the Council are set out within this report.

## **5 DETAILS OF THE PROJECT BEING COMMISSIONED**

- 5.1 This report supports the Council's IT Strategy which was approved at the City Governance committee on 4 March 2024 (Article VIII of the meeting of the committee refers). The Council's IT strategy sets out to deliver secure, robust, and affordable IT platforms. Helping to enable digital services, mobile and flexibly accessible services with best value technology products and a cloud first approach.
- 5.2 Dundee City Council has an Avaya enterprise telephone system that provides telephone extensions, voicemail, contact centre, call recording and call handling functions across all Council offices, schools, libraries and sports centres.
- 5.3 The current contract for licenses and support of the Avaya telephone system will expire on 30th of September 2026. The hardware for the current system has reached end of life and significant investment would be required in this system if long term operation continued. There are also technical restrictions that make this system unsuitable for digital transformation and future improvement to customer services. It also does not fit with the strategy to move services to cloud computing.
- 5.4 Procuring a new system will significantly improve the capabilities to deliver modern digital communication and customer experience. Including many new features to enable the Council's ambition to be a modern digital Council. The platform will consolidate multiple channels of communication to one place, such as voice calls, email, SMS, Chatbots and Social Media communication from members of the public.
- 5.5 The implementation of a new cloud-based telephony and digital customer experience platform will support improved customer outcomes, operational efficiency, integration with current DCC systems, and service resilience. The solution will enable the Council to manage high volumes of customer contact more effectively through integrated voice and digital channels, improved call routing, and increased opportunities for self-service and automation. Enhanced reporting, analytics and workforce management capabilities will provide improved insight into demand, performance and customer behaviour, supporting more informed service planning and decision making. Over time, the platform will support a reduction in reliance on traditional voice contact, improved first contact resolution, and greater flexibility to adapt services in response to changing customer needs. The realisation of these benefits will be monitored through existing service performance and governance arrangements following implementation.
- 5.6 Artificial Intelligence (AI) will be introduced in the new system to help further transform the customer service experience. By leveraging technologies such as natural language processing, machine learning, predictive analytics, and chatbots, the Council can deliver faster, more personalised, and efficient customer interactions. AI-driven engagement can enhance customer satisfaction and improve the operational performance of our customer service.
- 5.7 All elements of the proposed solution, including any artificial intelligence enabled functionality, will be implemented in accordance with the Council's information governance, data protection and security frameworks. Appropriate Data Protection Impact Assessments will be undertaken prior to going live, and AI features will operate with human oversight and transparency to support safe and responsible use. The platform will support accessibility standards and inclusive service delivery, and non-digital channels will remain available to ensure no customer is excluded from accessing Council services.
- 5.8 Due to the complex technical nature of the solution, there are very few local suppliers

that could deliver this service for the Council. Market research was carried out, and 5 different technical solutions were identified and presented to Council officers. There are a number of large well-established national suppliers that can deliver this service.

- 5.9 Community Benefits have been offered by the bidder as part of their tender offer and delivery of these will be monitored as part of the contract monitoring arrangements.
- 5.10 The proposed cloud-based telephony solution will replace traditional physical desk handsets with soft phones. A physical phone is a dedicated hardware device that sits on a desk and connects via fixed cabling. A soft phone is software that runs securely on a user's digital desktop, laptop or approved mobile device, using a headset for audio. Calls are made and received through an on-screen interface that looks similar to a modern call app, displaying caller details, call controls such as hold, transfer and conference, and presence of information showing colleague availability. This removes the need for desk-based hardware, increases flexibility for hybrid working, and enables telephony to be fully integrated with other digital systems and collaboration tools.

## 6 SOURCING STRATEGY SUMMARY

- 6.1 A mini-competition exercise was carried out via the Crown Commercial Services framework was identified as the best route to market. RM6116 network services 3, relating to the purchase of unified communications, contact centre and customer experience platform lots 4b digital communication services (unified communications) and lot 4c (contact centre solutions)
- 6.2 Procuring a cloud platform to deliver telephony and digital customer experience will reduce our running costs for on-premises hosted hardware, support costs and staff time to carry out system administration. A cloud platform will provide a robust, highly available, scalable, and secure service that supports current requirements and future service improvement. This is delivered through system redundancy, built-in disaster recovery, and backup.
- 6.3 The advanced features of the cloud platform will provide AI-powered tools such as transcription, chatbots, automated voice response, and call summary. Improving reporting and analytics capabilities through with an improved reporting engine, real-time dashboards, customisable reports, workforce management and quality management reporting.

## 7 RISK ANALYSIS

- 7.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
<b>Commercial Risk</b> – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Competition carried out via national supply framework (CCS), to ensure maximum opportunity for best value. Estimated costs and requirements are known from market research and benchmarking of similar licenses and services costs

<p><b>Technical Risk</b> – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification</p>	<p>Many suppliers and solutions are available within the framework Lot. Technical solutions are well established in the market. The risk will be managed through the project implementation. Bidders will be required to demonstrate technical competence as part of the mini-competition exercise. Additionally, Implementation will be managed through a controlled and phased approach to minimise service disruption, with appropriate governance, testing and transition arrangements in place to ensure continuity of customer services throughout the change period.</p>
<p><b>Performance Risk</b> – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits</p>	<p>There are well-established suppliers and services available within the Framework Lot, and the suppliers have a long-term track record of supplying similar requirements. The framework call-off contract will ensure delivery of the requirements with service level agreements, service management processes and suitable performance monitoring will be established at project initiation.</p>
<p><b>Contractual Risk</b> – Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.</p>	<p>The contract will be managed through a Crown Commercial Service framework call off arrangement, which includes provisions to mitigate supplier dependency and support exit planning. This will ensure that data portability, service continuity and the ability to transition to an alternative solution at contract end are maintained, reducing the risk of vendor lock in.</p>
<p><b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules</p>	<p>The procurement exercise will be carried out in compliance with the Public Procurement (Scotland) Regulations 2015 and in accordance with the Framework call-off rules</p>

## 8 CONCLUSION

- 8.1 It is recommended that the contract award is made to 8x8 Uk Limited for the period of 5 years with an option to extend for a further 2 years.

## 9 POLICY IMPLICATIONS

- 9.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## 10 CONSULTATION

10.1 The Council Leadership Team were consulted in the preparation of this report.

## **11 BACKGROUND PAPERS**

11.1 None.

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**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**13 FEBRUARY 2026**