

## Item 24-0941: Request to Approve RingCentral SaaS for \$209,000

### Human Resources & Information Technology Committee

Wed, Jul 24, 2024 6:30PM

#### **Aldersperson Vaya Jones (District 10) 01:03**

We have no public hearings or appearances. So, moving on to our one action item for the evening 24-0941 request to approve RingCentral SAAS for \$209,000.

#### **Aldersperson Chris Croatt (District 14) 01:16**

Move to approve.

#### **Aldersperson Patrick Hayden (District 7) 01:17**

Second.

#### **Aldersperson Vaya Jones (District 10) 01:18**

All right, Director Popp, you have the floor, and you are district four.

#### **Director Corey Popp (IT) 01:24**

Thank you, Chair. I will answer all questions about technology, what this even means, how this affects the city. So let me go through the memo first and then let's circle back through questions. But I should be able to cover whatever questions you might have for this particular unique project.

#### **Director Corey Popp (IT) 01:44**

So, I'm seeking approval to convert the City of Appleton telephone systems and service to a five-year agreement with RingCentral, a software as a service telephone service provider. RingCentral is estimated to cost \$80,000 annually, plus one time hardware procurement and implementation fees estimated at \$102,000 for year one, for a year one total of \$182,000. I'm requesting a 15% contingency budget of \$27,000 for a grand total year one budget not to exceed \$209,000.

#### **Director Corey Popp (IT) 02:19**

The city's three Mitel phone systems currently run on two ATT telephone circuits. They cost the city \$136,000 annually to maintain. To continue to use the system into 2025, the city must spend \$144,000 to replace an out of support voicemail server and about 300 desk phones that are incompatible with the newest network security protocols. The total cost to run the city's existing telephone systems into 2025 is \$280,000.

#### **Director Corey Popp (IT) 02:52**

So, all of that math, the annual cost savings to move to RingCentral is estimated to be \$56,000, and the total cost savings over the next 12 months, including hardware implementation and annual cost, is \$98,000 or \$71,000 if we do use the entire contingency.

#### **Director Corey Popp (IT) 03:12**

So, what is this? On RingCentral—that's a brand name, not a technology—but on RingCentral most desk phones are eliminated. Staff use a USB headset plugged into their computer to operate what's called a soft phone, which is a telephone application that runs on computers and smartphones. The city will retain all of its existing telephone numbers, and any potential new numbers will be within the city standard 920 area code. The service

includes voicemail, voicemail transcription, voicemail via email, hunt groups, automated attendance, call recording, e-911 service, and HIPAA compliant faxing.

**Director Corey Popp (IT) 03:51**

Encrypted telephone calls ingress and egress over any high-speed internet connection. So, calls are facilitated by way of the soft phone wherever the user resides. Callers on the other end remain unaware of the connection type. RingCentral untethers staff from city premises intrinsically solving telephone access for work-from-home staff and continuation of city services in the event an emergency prevents staff from entering the workplace.

**Director Corey Popp (IT) 04:18**

IT has been researching this technology for 15 months including discussions with RingCentral competitors and local companies using similar services. During this time the entire IT department, Dr. Charles Sepers of the health department, Valley Transit General Manager Ron McDonald, and Mayor Woodford successfully completed a 45-day proof of concept using the RingCentral service. One thing I didn't address in the memo was where does the \$182,000 come from? This once again goes back to the 2021 Excess General Fund balance that was issued to IT probably close to two years ago now. Balance remains in there to cover this and more. There would even remain a balance even after this project. So, I have a feeling that's a lot. I'll open it up to whatever questions.

**Aldersperson Vaya Jones (District 10) 05:09**

Aldersperson Croatt.

**Aldersperson Chris Croatt (District 14) 05:10**

Thank you, Chair. First of all, I'm not an expert in this field, but I have some experience with this type of product in the private sector. My question is essentially why RingCentral? And I know the last paragraph kind of addresses that in summary, or high level, but there are other products that are very good. Are they—I guess what I'm curious is where they all evaluated cost benefit analysis?

**Director Corey Popp (IT) 05:38**

Yeah, so—

**Aldersperson Chris Croatt (District 14) 05:39**

Having gone through this, I know, we did a pretty extensive dive into each product before deciding on one.

**Director Corey Popp (IT) 05:45**

So, the city actually worked through a broker at no cost. We started talking to them, as I said in the memo, probably about a year and a half ago. So, we began to talk with them about the different technology and how it could work. So, for example, as we first open this project, we refer to it as Teams calling, because many of these applications run through Microsoft Teams. So that was one of the first questions that we had to answer to the broker was, "Do you want this natively in teams? Or do you want it separate from teams?" We chose a hybrid. So, this can run in Teams if we—if an end user chooses to run it in teams, or it can run on a separate app as well.

**Director Corey Popp (IT) 06:25**

So, they help us—they helped us then narrow it down to different providers. We also—they also helped us find particularly particular government providers, providers who had experience in government. So, the, the other vendor was 8x8. I don't know if you've heard of them, but we did look at their cost. They were considerably higher annually. And then the third vendor, for the purpose of the quoting, was the platform we're currently on, which is the three my telephone systems, the at&t telephone service, and then all accompanying contracts to

support that system. So, we did essentially look at three systems, including the incumbent, and RingCentral was the one took a very early lead. I do have the cost of 8x8 if you do want me to get into that, but they—that is the system we chose based basically on cost initially, and then did the trial period based on that. We had a very good trial with them as well.

**Aldersperson Chris Croatt (District 14) 07:25**

Thank you, I don't need that information for my decision. You know, this is a very easy one. It's a better system at a lower cost. So, like I said, an easy decision. We need to move forward with it. Thanks.

**Aldersperson Vaya Jones (District 10) 07:37**

Aldersperson Hayden.

**Aldersperson Patrick Hayden (District 7) 07:39**

Yes, just one quick question. It looks like based off the cost, it really ramps up the savings year over year over year. We'll get like a little bit of a savings in 2025, but the longer you use it, the more you save, because you're investing, doing the big investment in hardware, in year one. What is the term of our contract? Because with SaaS based solutions, usually you get a good rate like year one, and then when it's time to renegotiate suddenly it increases. So, are we—is it—are we doing year to year here? Or are we doing a multi-year contract?

**Director Corey Popp (IT) 08:11**

This is a—this is a multi-year five-year agreement. And the discounts are—for government the discounts on this are just incredible. And I've never seen a dis—I've never seen this before. It's pretty incredible technology for the cost that we're getting here. And you're right, it does—I think it was 56,000 a year was the recurring savings. So yeah, over a five year period, I mean, you're looking at a quarter of a million. Yeah, right.

**Aldersperson Chris Croatt (District 14) 08:42**

Significant.

**Aldersperson Vaya Jones (District 10) 08:42**

Yes. Any further questions? All right. We have a motion and a second. Go ahead and vote. Those in favor signify by saying aye. Aye. Any opposition? Or abstentions? The team votes three zero to pass.