



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6c

**ACTION ITEM**

**Date of Meeting** July 9, 2019

**DATE:** July 1, 2019

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Julie Collins, Director, Customer Experience & Brand Strategy  
Pearse Edwards, Senior Director, External Relations

**SUBJECT:** Port Customer Relationship Management Software System (CIP #C801108)

**Amount of this request:** \$1,400,000

**Total estimated project cost:** \$1,400,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to (1) proceed with the Customer Relationship Management software system implementation project; (2) execute a contract for software and vendor implementation services; (3) use Port staff for implementation and (4) execute a contract for up to ten years for software license, service, and maintenance fees estimated at \$2,400,000. The amount requested for project implementation under this authorization is \$1,400,000.

**EXECUTIVE SUMMARY**

The purpose of this authorization request is to procure and implement a Customer Relationship Management (CRM) software system configured first for Aviation Customer Service, External Relations, and Commission Staff but with the capabilities and capacity to later expand Port-wide. Today, the collection, response, and tracking of customer and constituent comments, questions, and outreach are fragmented across organizations and customer growth and social media prevalence make it impossible to appropriately manage the influx of feedback. With the implementation of a robust CRM solution, Port organizations can utilize a shared system to maximize contact information, manage two-way communications, and more efficiently execute strategies for customer service or communication improvements.

Information & Communications Technology (ICT), Aviation Customer Service, External Relations, Commission Staff, and Central Procurement Office (CPO) will be involved in this project estimated at \$1,400,000. Software-as-a-service subscription fees are estimated to increase from \$80,000 in 2019 to \$300,000 in 2025, as users are added. Future recurring license costs will be budgeted within the ICT operating budget.

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**JUSTIFICATION**

This project includes several important benefits:

- (1) Directly supports communications and customer service business requirements, goals and objectives of Aviation Customer Service, External Affairs and Commission Staff.
- (2) Improves ability to build better relationships with customers, constituents and partners.
- (3) Provides tools to meet the more sophisticated expectations for social media engagement demanded by customers today.
- (4) CRM solution provides valuable workflows, marketing automation, business routing rules and analytics that save months of manual effort by port staff across several departments.

**DETAILS**

Aviation Customer Service began using a CRM solution to capture, respond, and track customer comments in 2011. In 2017, the CRM functionality was expanded to include social media comments, also used by External Relations. This project builds on initial successes in Aviation with features to improve communications and port-wide collaboration.

- Maximize contacts across the Port in a single, comprehensive database
- Manage two-way communication with identified contacts and public comments using a wide variety of communication methods
- Facilitate event management and communication
- Support automated comment workflow and routing to appropriate response groups

Implementation to other Port organizations and new features will be completed with subsequent projects as needs are identified and resources are aligned.

***Scope of Work***

- (1) Procure vendor services to implement a CRM solution for Aviation Customer Service, External Relations and Commission Staff.

***Schedule***

Commission Authorization	2019 Quarter 3
Procurement Completion	2019 Quarter 4
Implementation	2020 Quarter 4

***Cost Breakdown***

	This Request	Total Project
Vendor Implementation Services	\$1,100,000	\$1,100,000
Port of Seattle Labor	\$300,000	\$300,000
<b>Total</b>	<b>\$1,400,000</b>	<b>\$1,400,000</b>

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**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Procure and implement a comprehensive CRM solution.

Cost Implications: \$2,100,000

Pros:

- (1) Able to design CRM features with more department stakeholders at the table.
- (2) Expanded list of users and features at project completion.

Cons:

- (1) More complex implementation, which adds cost and schedule risks.

This is not the recommended alternative.

**Alternative 2** – Proceed with a reduced scope CRM solution limited initially to Aviation Customer Service, External Relations, and Commission Office.

Cost Implications: \$1,400,000

Pros:

- (1) Smaller initial outlay in capital dollars and slower growth in recurring license costs.
- (2) Supports slower-growth technology adoption strategy to build value and ownership across Port departments and users.
- (3) More focused vendor services contract.

Cons:

- (1) Limited initial user group and features.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$1,400,000	\$0	\$1,400,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$0	\$0	\$0
Current request for authorization	\$1,400,000	\$0	\$1,400,000
Total authorizations, including this request	\$1,400,000	\$0	\$1,400,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

This project was not included in the 2019-2023 capital budget and plan of finance. \$400,000 for estimated 2019 funding will be transferred from the IT Services Technology Small Cap CIP,

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C800012 and \$1,000,000 estimated for 2020 funding will be transferred from the IT Renewal and Replacement CIP, C800097 for no change to the plan of finance. The project will be funded 88.2% Airport Development Fund and 11.8% General Fund.

***Financial Analysis and Summary***

Project cost for analysis	\$1,400,000
Business Unit (BU)	Corporate division allocations to Aviation
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase
IRR/NPV (if relevant)	NA
CPE Impact	Less than .01

***Future Revenues and Expenses (Total cost of ownership)***

10-year software-as-a-service subscription costs estimated at \$2,400,000 will be budgeted in the ICT operating budget beginning in 2020.

**ATTACHMENTS TO THIS REQUEST**

- Customer Relationship Management Presentation

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None