

**Imperial College Union**

**Board of Trustees**

**11 December 2019**

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| **AGENDA ITEM NO.** |  |
| **TITLE** | EPOS Update |
| **AUTHOR** | Malcolm Martin |
| **EXECUTIVE SUMMARY** | In 2016, the Union decided to replace its aging EPOS systems, seeking a new single system which would work across both hospitality and Retail environments and extend into Student Activities and Reception.  Orbis Tech was chosen after a competitive business tendering process, promising innovation, open access to source data files and a commitment to service development. However, their rapid business growth initially impacted their ability to consistently deliver a reasonable service. The list of service issues, though now reduced to only 11, has adversely impacted the planned innovative journey to enhanced solutions (automated procurement processes) integrated reporting and a great customer service experience. |
| **PURPOSE** | Review the effectiveness of the 2017 EPOS investment. |
| **DECISION/ACTION REQUIRED** | For information |

Introduction

In 2016 the Union decided to replace both of its aging EPOS systems in Licensed Trade (PointOne) and Retail (Medoc). An EPOS project team was formed and had the primary objective to replace both EPOS systems with a new robust solution for use within all areas of the Union including Student Activities and Reception. The procurement process commenced with a tendering document which set out the selection criteria that stipulated the desire for an EPOS system which would provide:

* + 1. a system that has speed and customer service as its focus
    2. a robust system that suits the nature of our current and future operations
    3. the ability to collect valuable raw data, with speed at point of sale, linked to college identification in order to provide reporting that can be used to drive business, monitor trends and provide customer insight
    4. integrations with other system to eliminate replication of data entry
    5. effective stock control systems
    6. payment systems, including but not limited to:
       1. integrated PDQ systems
       2. non-Integrated PDQ systems
       3. contactless payment
       4. mobile payments including: Yoyo, Apple Pay and Android Pay
       5. future new payment systems
    7. the ability to access raw data and provide dashboard reporting

The protect team (*see appendix 1*) consisted of Paul Buckley (Head of Student Experience and Services) as Project champion and Matt Robinson-Burt (Systems Manager) as Project Manager with 12 other individuals in support.

12 individual companies were invited to tender and through a scoring matrix the final shortlist was narrowed down to 3 key vendors (Fidelity, Orbis Tech and Tevalis).

A comprehensive process recommended that Orbis Tech was chosen because the project team found that Orbis Tech and Fidelity fulfilled the ideals of the project brief and provided a solution that best fit the business processes within Licensed Trade and Retail, with Orbis Tech providing the best potential for collaboration on implementing EPOS for Student Activities.

What is the current situation with Orbis EPOS?

Cost of sales and stock valuation issues:

When initially deployed in 2017, EPOS was set up to report Cost of Sales (COS) at latest cost. This was problematic as stock transactions corresponding to sales would always be at latest cost irrespective of when the quantity of items goods was receipted. This could lead to wide variations in COS reported versus actual spend. Orbis failed to address this problem in a timely manner.

Average costs calculations have now been effectively deployed as the basis for stock valuations, however, some erroneous valuations can be noted on certain historic line items. Each month a manual re-calculation of COS based on the corrected average costs at month-end is undertaken in order to provide viable figures for monthly management accounts.

Bad track record of maintenance / fixes:

After implementation in February 2017, a significant list of support issues were incrementally added to the weekly maintenance log. Some of these took Orbis Tech a long time to resolve, over 12 months in some cases, especially those which involved software development.

The updated weekly log received on Monday 9 December 2019 had only 11 items on it, 5 raised last week (3 of which have been resolved). 4 items go back to September (which are hardware related). 3 of these should now been taken off, as the 3 tills out of repair were received last week and have been brought back into service.

A decision was taken by the project team not to purchase a hardware maintenance contract as this was not considered cost effective. The preference was to respond to hardware failures as they arise.

Now that the issue list has been reduced to a reasonable length, staff teams need to continue to log new issues as we continue to weekly monitor and challenge their service delivery.

Each system (software) development is chargeable:

Where Union staff request that a report be enhanced or suggest a minor system configuration is needed, Orbis Tech consider this as a developmental piece and is therefore chargeable. Often the functionality is considered fundamental as staff consider their experience of other EPOS systems used in other organisations. The system enhancement could lead to a work efficiency as manual workarounds have been introduced to mitigate the short comings of the Orbis system. There is reluctance to investment more resource in software development.

The initial objective was to have one EPOS system serve both hospitality and Retail business environments with the possibility to extend the service to Student Activities and Reception. It is now questionable whether such an objective can be meet by a single EPOS system.

Aging hardware

After almost 3 years of heavy duty use, particularly within the license trade environment where tills often experience drink spillages, the normal functionality of some tills is becoming impaired. Of the 5 tills needing repair, 3 have been successfully been repaired and brought back into service.

An agreement has been reached where 2 additional “swappable” unlicensed tills have been identified. These can be more quickly brought into service to reduce the impact of tills being taken out of service and sent for repair. This solution will be made ready for the winter carnival on 13 December.

Why are we here?

Reconfiguration issue within Orbis Tech:

Orbis Tech grew significantly in the two years up to January 2018 expanding two quickly to provide the level of customer services expected. Orbis Tech support was taken over by Tokhiem Group Solutions (TSG) as Orbis Tech outsourced their support service. During this time there was a significant slow down in the number of support issues being resolved. Some issue were on the service log for over 12 months as we continually pushed for resolution. Orbis Tech have recruited a new Service Director to improve their customers experience. They are considering bringing their service offering back in-house.

Internal management changes:

The leadership of this supplier relationship was with the previous Head of Student Experience and Services. When the role was spilt, the new Head of Commercial Services took over leadership for a few months and then it was past to me, Head of Finance and Resources in April 2018. At that time there were several ongoing issues that were being worked through, some of which related to us not providing information to Orbis, e.g. the information required for the development of a KPI Dashboard. While the dashboard was finally delivered it is not currently being used. We have not been consistent in the management of our business partner.

Loss of key personnel:

Within the 3 years since the system went live, only 2 members of the original project team remain and both of those are within our Systems team and non are within our frontline commercial areas. The knowledge and expertise gained by frontline users has not been passed on as the Union has experienced high turnover within the Beit bar team. Consequentially, the System Team (Web Developer) is the only one provided advanced administrative system setup and support.

The Union paused the recruitment of the Systems Manager post in March 2019. The previous post holder was the Union’s gate keeper, weekly monitoring the services delivered by Orbis Tech. The absence of this post has left gaps in our monitoring of the service delivery. The rejuvenated Monday client phone conversation is re-engaging Orbis and there has been some headway with client relations.

Mood of contentment:

There is evidence of a mood of contentment as Union staff teams have developed manual work arounds to supplement the short comings of the Orbis systems. E.g. Barcode printing. Current teams have not always logged new issues. I have reminded Beit Bar and Retail teams to log all new issues.

Why is the system is not fit for purpose?

The following is a brief list of system issues:

* Lack of Innovations
  + Difficulty with the setup of new promotions – lost opportunity for selling
  + In ability to deliver automated procurement solutions
* Problematic stock valuation reports
  + As outlined earlier, even though the average stock valuation method is now in place, stock reports display historical errors leading to disquiet about their accuracy. We should not be relying on monthly manual adjustments to ensure that management account valuations are reasonable
* Reporting set-up
  + Lack of detailed produce mix reports to aid business decisions
  + Each sector of the business is not easily separated (e.g. reports run into each other)
* Limited functionality
  + Lack of basic sorting functionality
  + User have remarked that the system is not user friendly
  + Operational manuals are not detailed enough
  + Password are not encrypted
  + Need for better customisation on menu design
  + Bar code printing
  + Limited product reports
    - Sales mix reports
* Master till functionality
  + The system is configured by the use of a central master till which if fails impacts all the other systems within that location.

Next Steps

* Continue with calls to Customer Service Manager (weekly)

Weekly calls are conducted with the Customer Services Manager with Retail Manager, Venue’s Manager, Commercial Service Administrator and Head of Finance and Resources. While this is not a guarantee that the service will improve, it provides a sound basis for review and performance monitoring ensuring that our team engage with Orbis, opening the door to escalate issues

* Re-engage other senior Orbis Directors (December)

Previous engagement with Orbis Directors proved beneficial.

* Source 2 X contingent “hot swap” hardware (13 December)

Having two additional “swappable” tills will increase the hardware capacity and reduce our exposure when tills go for repair.

* Embed registration of failures/system issue within Bar teams (done)

I have reminded Beit and Retail managers to log all service issues.

* Reach out to College Commercial Services – provide assessment (February 2020)
* Consider the benefit of further investment to improve functionality (December)
  + Implementing integrated EFT machines will improve the internal control environment however this may impact speed of service
* Extend the KPMG Internal Audit scope to include a review of the stock valuation in Orbis (January 2020)
* Consider the business case / benefits of separate systems for License Trade and Retail. (Within 3 months of the new Systems Manager being in post, subject to other business priorities)

Appendix 1

EPOS Project Team:

Project champion

Paul Buckley (Head of Student Experience and Services)

Project Manager

Matt Robinson-Burt (Systems Manager)

Project Team

Matt Bowman (Social Enterprise Manager)

Jondene Cottrill (Retail Manager)

Edmond Burke (Finance Manager)

Paul Gallagher (License Trade Manager)

Dan Green (Bar Manager – Beit Bars)

Carl Salton-Cox (Bar Manager – Charing Cross)

Andrea Fluerasu (Retail Assistant Manager)

James Lindsay (Student Activities Manager)

Laura Fellows (Administration Support Manager)

Chris Kaye/Racheal Blyth (DPFS)

David Ashton (Systems Accountant)

Phil Stewart (Web Developer)