Staff Report for the Chief Administrative Officer

Date of Meeting: August 7, 2018
Report Number: SRCFS.18.041

Department: Corporate and Financial Services
Division: Financial Services

Subject: SRCFS.18.041 - Enterprise Resource Planning System Project

Purpose:

To add a Point of Sale solution and Application Maintenance Support provisions to the scope of the Enterprise Resource Planning (ERP) System project and ongoing support.

Recommendation(s):

In accordance with Financial Control By-law 114-16 for approval of Scope Changes greater than $100,000, that the ERP project include a Point of Sale solution for a maximum cost of $400,000 and Application Maintenance Support provisions for an annual maximum cost of $200,000.

Contact Person:

David Dexter, Director of Financial Services/ Treasurer, Extension 2484

Anthony Iannucci, CIO, Extension 5510

Report Approval:

Submitted by:

Mary-Anne Dempster
Commissioner of Corporate and Financial Services

Approved by:

Neil Garbe
Chief Administrative Officer

Background:

As part of the 2017 and 2018 Capital Budget processes a $15.0 million project was approved for an Enterprise Resource Planning (ERP) solution. In 2017 staff completed the Request for Proposal resulting in an award to Blue I.T. to implement the SAP solution. This solution will replace all existing Financial, Procurement and Human Resource systems as well as be the core foundational system that seamlessly connects our applications infrastructure.

Point of Sale Solution

As the ERP implementation progresses, along with implementation of other key systems in the Town (e.g. PRM, Parking), it has become apparent that the Town requires a current, one-source Point of Sale (POS) solution that will interface with all systems that do not have embedded POS functionality. The following Business Units require POS in order to process transactions for their customer base:

- Arts and Theatre
- Business & Technical Services
- By-law & Licensing
- Communication Services – Access Richmond Hill (ARH)
- Design Development
- Economic Development
- Financial Services
- Fire & Emergency
- Natural Environment
- Parking Control Enforcement
- Recreational Business Services
- Library
- Planning & Regulatory

Currently, there are a number of POS products and processes being used (Moneris, PayPal, Payticket, and Activenet). The majority do not interface with the existing systems. All POS transactions require an interface with the Town's General Ledger. To remove manual labour intensive processes and develop a consistent electronic approach to update the Town's general ledger, a POS solution is required and should coincide with the ERP implementation. This will ensure the processes developed are consistent with both the ERP and POS system requirements. It is important to note that the POS solution will encompass both "on-site" transaction processing as well as "on-line" payment processing. This addition to the ERP scope is expected to not exceed $400,000 and will be funded from the existing ERP capital project.

Application Maintenance Support (AMS)

The Town has selected SAP as its enterprise resource planning (ERP) solution. The Information Technology (IT) division will assume operational support as the project goes live with various functions beginning in Q4 of 2018. The Town's IT support staff are not familiar with SAP technology and are being trained as part of the overall project plan. However, the required skill maturity will not be reached for 2-3 years after implementation. Blue I.T. group offers a comprehensive support service designed to handle all elements of daily system support, including configuration, upgrades and enhancements. Blue I.T. Group's Application Managed

Services (AMS) will ensure the Town is adequately supported if a technical issue or outage occurs, while also managing the backlog of new requirements typical after any project launch. The amount of support required will be adjusted as our internal staff's expertise mature. Although some level of maintenance support will always be required.

Basic software support was included in the scope of the RFP, but only provided entitlements to software upgrades and issues related to known problems or bugs with the software. The estimated cost breakdown is as follows:

Year	AMS Category	Annual Cost
2019	Silver	$191,400
2020	Silver	$191,400
2021	Bronze	$103,800

The IT division has already included the AMS costs in the 3-year operational forecast, and anticipate the continued need for support at some level for years beyond 2021. The annual funding of the AMS provisions will be determined during the budget processes.

Financial/Staffing/Other Implications:

The current financial status of the ERP capital project inclusive of commitments and staffing backfill requirements is reflected in the table below:

Approved ERP Budget	$15,030,400
Less: Actual Costs Incurred (July 26, 2018)	(2,734,523)
Forecasted Needs for 2018 & 2019	(11,059,540)
Balance before (POS & AMS)	**$1,236,337**
Point of Sale addition	(400,000)
Forecasted New Balance	**$836,337**

As the table above indicates, there is sufficient room in the project for the POS scope addition.

Relationship to the Strategic Plan:

To include a Point of Sale Solution & Application Maintenance Support provisions demonstrates efficient and responsible municipal management.

Conclusion:

In accordance with Financial Control By-law 114-16 for approval of Scope Changes greater than $100,000, that the ERP project include a Point of Sale solution for a maximum cost of $400,000, and Application Maintenance Support provisions for an annual maximum cost of $200,000.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call contact person listed in this document.