



Staff Report for Committee of the Whole Meeting

Date of Meeting: October 4, 2023

Report Number: SRCFS.23.048

Department: Corporate and Financial Services

Division: Information Technology

Subject: SRCFS.23.048 - Renewal and Support Services with SAP Canada Inc. to Sustain the City Enterprise Resource Planning (ERP) Application

Purpose:

The Information Technology Division (IT) is seeking Council approval for a non-competitive acquisition greater than \$100,000, in accordance with the Procurement By-law 116-13.

Recommendation(s):

- a) That the sole source renewal of SAP software licenses, maintenance and support be awarded non-competitively to SAP Canada Inc. for a contract duration of five (5) years and a cost not exceeding \$2,961,000, exclusive of taxes, pursuant to Appendix "B" Part I, Section (c) of the Procurement By-law No. 113-16 in order to ensure compatibility with existing SAP software used and maintained by the City of Richmond Hill staff.
- b) That the Commissioner of Corporate and Financial Services, and upon the recommendations of the Chief Information Officer, be authorized to execute any necessary documentation to effect the contract(s).

Contact Person:

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Report Approval:

Submitted by: Sherry Adams, Commissioner of Corporate and Financial Services

Approved by: Darlene Joslin, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the report's approval are attached.

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Background:

The City of Richmond Hill (City) started its journey with SAP Canada Inc. in 2019, with the promise of running as a true intelligent enterprise and modernizing core aspects of its operations including Finance, Procurement, Human Resources, and Payroll.

The current contract between the City and SAP Canada Inc for SAP software licenses, maintenance and support is coming to the end of its three-year term on December 31, 2023.

Procurement By-law No. 113-16, Appendix “B”, Part I - Sole Source Acquisition clause (c) stipulates that sole source acquisitions may be made:

- to ensure compatibility with existing products, to recognize exclusive rights such as patent, copyright, or license, or to maintain specialized products that must be maintained by the manufacturer or its representative.

Staff are recommending that a new contract be awarded non-competitively pursuant to Appendix “B” Part I, Section (c) of the Procurement By-law No. 113-16 to SAP Canada Inc. as a direct partnership to support business continuity for the City’s core business system for Finance, Procurement, Human Resources, and Payroll.

Financial/Staffing/Other Implications:

The total of the proposed Five-year award to SAP Canada Inc. in the amount of \$2,961,000, exclusive of taxes, breaks down in accordance with the following table:

Proposed Five-Year Forecast

Applications	2024	2025	2026	2027	2028
SAP	\$186,000	\$192,000	\$199,000	\$205,000	\$212,000
Success Factors	\$340,000	\$351,000	\$362,000	\$374,000	\$387,000
SAC	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
DocuSign	\$8,000	\$8,000	\$9,000	\$9,000	\$9,000
License Growth	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Total	\$556,000	\$573,000	\$592,000	\$610,000	\$630,000

Relationship to Council’s Strategic Priorities 2020-2022:

Working directly with SAP Canada Inc. allows the city to adhere to the notion of Balancing Growth and Green and illustrating Fiscal Responsibility.

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Maintaining transparent operational relationship with SAP Canada Inc. allows the City to run its Enterprise Resource Planning (ERP) system at an optimal capacity – adding supplementary products and services to strategically grow the City’s ERP footprint. The sustainment of the ERP system enables staff to deliver adequate Finance, Procurement, Human Resources, and Payroll operations. Operations that are vital to run a truly intelligent municipal enterprise – all whilst maintaining a healthy balance between economic development, data consciousness and environmental protection in the long run. Additionally, by working directly with SAP, the City continues to follow industry best practice, maintains a proactive approach towards IT Software Maintenance, Capital Planning and Forecasting, and hence avoids unnecessary expenditures in order to emerge financially strong from the current pandemic.

Climate Change Considerations:

Climate change considerations are not applicable to this staff report.

Conclusion:

Staff are recommending that the sole source renewal of SAP software licenses, maintenance and support be awarded non-competitively to SAP Canada Inc. for a contract duration of five (5) years and a cost not exceeding \$2,961,000, exclusive of taxes, pursuant to Appendix “B” Part I, Section (c) of the Procurement By-law No.113-16.

Attachments:

No attachments.

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Report Approval Details

Document Title:	SRCFS.23.048 - Renewal and Support Services with SAP to Sustain the City ERP Application.docx
Attachments:	
Final Approval Date:	Sep 20, 2023

This report and all of its attachments were approved and signed as outlined below:

Rob Jones - Sep 18, 2023 - 11:29 AM

Gigi Li - Sep 18, 2023 - 7:45 PM

Sherry Adams - Sep 19, 2023 - 8:32 AM

Darlene Joslin - Sep 20, 2023 - 10:23 AM