



## Staff Report for Committee of the Whole Meeting

Date of Meeting: February 19, 2025

Report Number: SRCFS.25.005

Department: Corporate and Financial Services

Division: Information Technology

**Subject: SRCFS.25.005 - Non-Competitive Acquisition of SAP Payroll Upgrade Licenses**

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### 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, as amended by By-law 141-20.

### Recommendation(s):

- a) That staff report SRCFS.25.005 for the Non-Competitive Acquisition of SAP Payroll Upgrade Licenses, Maintenance and Support be received;
- b) That a contract for the provision of licenses required for the upgrade of the City's Payroll system on the SAP ERP Platform, including the maintenance and support for a term of four (4) years (2025 - 2028) be awarded non-competitively to SAP Canada Inc. for an acquisition value not exceeding \$1,734,000 exclusive of taxes, pursuant to Appendix "B" Part I, Sections (b) and (c) of the Procurement By-law No. 113-16, in order to ensure compatibility with existing SAP S4HANA ERP Platform (S4HANA) software used and maintained by the City of Richmond Hill;
- c) 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 affect the procurement of the Licenses and the contract(s).

### Contact Person(s):

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- Rob Jones, Chief Information Officer, [rob.jones@richmondhill.ca](mailto:rob.jones@richmondhill.ca)
- Sherry Adams, Commissioner of Corporate and Financial Services, [sherry.adams@richmondhill.ca](mailto:sherry.adams@richmondhill.ca)

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### **Report Approval:**

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 reports approval are attached.

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### Background:

The City of Richmond Hill (City) initiated its engagement with SAP Canada Inc. (SAP) in 2019, aiming to transform into a fully intelligent enterprise and modernize critical operational areas, including Finance, Procurement, Human Resources, and Payroll.

The City's current SAP Payroll (ECC version) will be End-of-Life (EOL) on December 31, 2025, and the City must purchase new licenses and migrate to a newer solution for SAP Payroll H4S4 to remain compliant and as well as continue receiving SAP support.

IT is investigating a number of solutions with SAP and until a determination of the optimal solution is made, IT is seeking approval to commit to a contract with SAP, not to exceed the requested approval amount.

Currently, a contract between the City and SAP for SAP ERP Maintenance & Support is in place for 5 years (2024 - 2028) as of November 2023, awarded following Council approval (Ref: SRCFS.23.048, October 11, 2023) for the total cost not to exceed \$2,961,000 exclusive of taxes.

### Discussion:

The current contract is with SAP for maintenance and support of the SAP ERP system till the end of 2028. The award of an additional 4-year contract to SAP to purchase new licenses, including maintenance and support for the SAP Payroll system (H4S4) till the end of 2028, will help ensure that:

- i. the City is able to continue its obligations of delivering Payroll services for the entire City's staff beyond December 31, 2025; and
- ii. the City's Payroll processes continue to run on a compliant version and continue to receive ongoing support from SAP.

Procurement By-law No. 113-16, Appendix "B", Part I - Sole Source Acquisition clauses (b) and (c) stipulate that sole source acquisitions may be made:

- a) where there is an absence of competition for technical reasons and the Goods and/or Services can be supplied only by a particular Supplier and no alternative or substitute exists;
- b) to ensure compatibility with existing products, to recognize exclusive rights such as patents, copyright, or licenses, or to maintain specialized products that must be maintained by the manufacturer or its representative

Staff are recommending that a contract for additional licenses for the upgrade of SAP Payroll be awarded non-competitively pursuant to Appendix "B" Part I, Sections (b) and (c) of the Procurement By-law No. 113-16 to SAP as a direct partnership to support business continuity for the City's Payroll.

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Maintaining a transparent operational relationship with SAP enables the City to operate its Payroll processes on the existing SAP (S4HANA) ERP Platform in an efficient manner. The sustainment of the Payroll system enables the Financial Services Division to deliver payroll services to the entire City staff

### **Financial Implications:**

The total of the proposed procurement of new Licenses for the City's Payroll system including Maintenance & Support (4-year) award to SAP not to exceed the amount of \$1,734,000 exclusive of taxes.

### **Relationship to Strategic Plan 2024-2027:**

Working directly with SAP (Canada) Inc. allows the City to adhere to the "Strengthening Foundations" pillar by focusing on quality customer service and a continuous improvement mindset to support innovation and be responsive to residents

### **Attachments:**

No attachments.

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### Report Approval Details

Document Title:	Non-Competitive Acquisition of SAP Payroll Upgrade Licenses.docx
Attachments:	
Final Approval Date:	Jan 31, 2025

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

**Rob Jones - Jan 31, 2025 - 3:36 PM**

**Sherry Adams - Jan 31, 2025 - 3:53 PM**

**Darlene Joslin - Jan 31, 2025 - 4:15 PM**