

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2017 September 05

FROM: DIRECTOR FINANCE

FILE: 5820-20
Reference: 170-09/16

SUBJECT: **CONTRACT AWARD – SAP HARDWARE AND DATABASE
REPLACEMENT PROJECT (SUITE ON HANA) – HANA APPLIANCE
AND APPLICATION SERVER HARDWARE**

PURPOSE: To request approval to award a contract for the SAP HANA appliance and application server hardware component of the SAP Hardware and Database Replacement project.

RECOMMENDATION:

1. **THAT** Financial Management Committee recommend Council approve a contract award to Hewlett Packard Enterprise Canada Co. for an estimated value up to \$1,657,600 including GST and PST in the amount of \$177,600 as outlined in this report.

REPORT

The City's current SAP hardware environment is end-of-life and needs to be replaced for reasons of business continuity and performance. In addition, SAP will cease to support the City's existing version of its SAP enterprise resource planning (ERP) software in 2020. The combination of these factors provided the impetus for the Information Technology department to recommend upgrading the City's ERP environment to SAP's new HANA database in addition to the standard hardware replacement. Council approved the SAP Hardware and Database Replacement project on 2016 December 12.

Since the initial project approval, IT staff has conducted research to appropriately size and scope the hardware required to run the new SAP HANA database, followed by a detailed procurement process.

Seven submissions to a Request for Proposals (RFP) were received by the closing time on 2017 January 23. The work of this contract includes replacing the existing SAP hardware environment (IBM P-series) with new HANA-specific hardware appliances and servers. In addition, the current Oracle database will be upgraded to the new SAP HANA database.

The recommended company, Hewlett Packard Enterprise Canada Co., is the market leader for SAP HANA infrastructure and has deep experience, including implementation of this equipment in the municipal sector. The proposed system is scalable and performance-optimized for SAP

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HANA. The proposal from Hewlett Packard Enterprise Canada Co. was the lowest price bid and also offers the best value for the City.

The Chief Information Officer has reviewed the agreement and concurs with the recommendation.

The funding for SAP HANA project was approved on 2016 November 26 at \$4.14 million (inclusive of taxes). The total project cost includes hardware, software and implementation services. A breakdown of the cost estimate is as follows:

| Project Component | Cost Estimate (\$) |
|---------------------------------------|--------------------|
| HANA Hardware Contract | 1,480,000 |
| HANA Implementation Services Contract | 1,021,450 |
| Taxes | 228,673 |
| HANA Licensing | 560,755 |
| Project Planning and Scoping | 84,000 |
| Project Contingency (10%) | 273,000 |
| Internal Labour Cost | 492,000 |
| Total | \$4,140,000 |

Funding for HANA hardware purchase is included in the 2017-2021 Financial Plan under WBS Element: AEA.0083 (\$1,583,600).



Noreen Kassam
DIRECTOR FINANCE

GC:CA /mm

Copied to: City Manager
Deputy City Manager
Chief Information Officer