

TO: MAYOR & COUNCILLORS
FROM: DEPUTY GENERAL MANAGER FINANCE
SUBJECT: **CA – ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE SYSTEM – SAP LICENSES**
PURPOSE: To obtain Council approval for a Contract Award (CA) for ERP Software System – SAP Licenses.

RECOMMENDATION

THAT a five-year contract be awarded to SAP Canada Inc. for the ERP Software System at an estimated cost of \$10,524,286 including GST and PST in the amount of \$1,127,603 as outlined in the report titled “CA – Enterprise Resource Planning (ERP) – SAP Licenses” dated for February 25, 2025; and

THAT final payment will be based on actual quantity of services delivered and the unit prices proposed.

1.0 POLICY SECTION

The City’s Procurement Policy requires that contracts for goods, services, and construction with values over \$1,000,000 be approved by Council following a competitive procurement process.

2.0 BACKGROUND

Following Request for Proposal (RFP) #308-12-23 for ERP Software System, six submissions were received by the closing time on June 12, 2024. Based on the RFP’s evaluation criteria consisting of capabilities of the solution, proposed methodology and work plan, support and maintenance services, qualifications, demonstrations and total cost of ownership, SAP Canada Inc.’s ERP Software System in partnership with PricewaterhouseCoopers LLP. received the highest overall scoring.

SAP Canada Inc. has completed previous work under contract to the satisfaction of the City. Review by City staff indicates the contractor has the necessary equipment and personnel to successfully complete the work under this contract.

The Chief Information Officer concurs with this recommendation.

3.0 GENERAL INFORMATION

In 2007, the City implemented the SAP ECC Enterprise Resource Planning application, replacing a portfolio of legacy accounting, procurement and human resources systems. Over the past 10 years, minimal enhancements were added to expand its capabilities. C.

The SAP ECC 6 system is nearing the end of its’ useful life, and SAP will be ending standard support for the ECC product in 2027. As a result, City staff posted a Request for Proposal (RFP) to seek proposals for an upgraded SAP solution or to be replaced with another ERP solution.

The scope of services includes the purchase, support and maintenance of the SAP ERP Software System that supports all requirements and complies with all regulations, policies and guidelines required to maintain operations to the City.

This contract award for an Enterprise Resource Planning (ERP) software system is for a five (5) year term with options to extend up to five (5) individual one-year periods. The total estimated contract value is estimated at \$10,524,286 including GST and PST in the amount of \$1,127,603 for the initial five-year term.

This recommendation is for the RISE with SAP S4/HANA Private Cloud Edition with SAP SuccessFactors Software Licenses. The contract is under a final review and will be completed prior to contract execution. The implementation services for the software upgrade will be provided by the implementation partner, PricewaterhouseCoopers LLP (PWC) and will be awarded under a separate contract.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

RFP #308-12-23 Enterprise Resource Planning (ERP) Software System (Attachment 1) was publicly advertised. Upon closing, the City received a total of six submissions.

5.0 FINANCIAL CONSIDERATIONS

The City will contract directly with SAP Canada Inc. for an initial 5-year term as outlined above. The estimated contract value is \$10,524,286 including GST and PST. The City currently allocates \$990K of funding annually to SAP. As the upgraded private cloud ERP and Successfactors becomes operational there will be an incremental budget increase of approximately \$1.4M required beginning in 2026. Note that existing SAP ECC maintenance and infrastructure costs will be retired during the implementation and may result in savings which are still being discussed with SAP.

Funding for this work will be included in the 2025 – 2029 Financial Plan under the IT operating budget.

Respectfully submitted,
Ratan Grewal, Deputy General Manager Finance

ATTACHMENTS

Attachment 1 – RFP#308-12-23

REPORT CONTRIBUTORS

This report was prepared by Scott Lovas, Assistant Manager, Procurement Services - Capital, and reviewed by Sophan Lum, Senior Manager, Procurement Services - Capital.