



REPORT FOR ACTION

Procurement of Professional Services from SAP Canada for the City's Implementation of SuccessFactors to Support Enterprise Transformation Initiatives

Date: April 13, 2018

To: Government Management Committee

From: Executive Director, Human Resources, Chief Information Officer, and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to seek City Council authority to enter into a non-competitive contract with SAP Canada to provide professional services to support the implementation of the SAP SuccessFactors (SF) modules authorized and procured under GM 21.11, Provision of SAP SuccessFactors - Proprietary Software Product from SAP Canada for the City's Enterprise Wide Transformation Program in the amount of \$3,500,000 net of HST (\$3,561,600 net of HST recoveries) commencing May 25, 2018.

SAP SF is an integrated solution for Human Capital Management (HCM), providing solutions in Core Human Resources, Talent and Workforce Management. It is offered through a publicly hosted, privately instanced Cloud Software that will provide enhanced functions to city staff and constituents specifically the Human Resources (HR), Pension Payroll and Employee Benefits (PPEB), Information and Technology (I&T) divisions, enterprise wide divisional partners and candidates applying for positions at the City of Toronto. SAP Canada's solution has been identified as a leader in the Talent Management field.

City Council approval is required in accordance with Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Purchasing Officer's authority exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

RECOMMENDATIONS

The Executive Director, Human Resources Division, Chief Information Officer, and the Chief Purchasing Officer recommend that:

1. City Council authorize the Chief Information Officer and Executive Director, Human Resources Division to negotiate and enter into a non-competitive agreement with SAP Canada for professional services to implement SAP proprietary software SuccessFactors solution for the Enterprise Wide Transformation Projects: Organizational Management and SAP Security and eRecruitment and Onboarding in the amount of \$3,500,000 net of HST (\$3,561,600 net of HST recoveries) commencing May 25, 2018 on terms and conditions satisfactory to the Chief Information Officer and Executive Director, Human Resources Division and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total estimated value of the contract identified in this report is \$3,500,000 net of HST (\$3,561,600 net of HST recoveries). Funding is available in the 2018 Approved Capital Budget and 2019-2027 Approved Capital Plan for Information & Technology. Funding details for the procurement cost net of HST recoveries is provided below:

Table 1: Financial Impact Summary of Recommended Contract, net of HST recoveries

	From May 25,2018 To Dec 31, 2018 (net of HST recoveries)	From Jan 1, 2019 To Dec 31, 2019 (net of HST recoveries)	Total (net of HST recoveries)
Capital WBS No. CIT048-14-01 Cost Element 4038 (Professional and Technical Services - IT)	\$1,068,480		\$1,068,480
Capital WBS No. CIT048-12-01 Cost Element 4038 (Professional and Technical Services - IT)	\$1,358,496	\$1,134,624	\$2,493,120
Grand Total Cost	\$2,426,976	\$1,134,624	\$3,561,600

GM 21.11 authorized the costs of cloud subscriptions over a five-year term.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In 2017, City Council adopted GM 21.11, Provision of SAP SuccessFactors - Proprietary Software Product from SAP Canada for the City's Enterprise Wide Transformation Program. This agreement will enable the City to acquire SuccessFactors subscriptions for the duration of the contract.
<https://www.toronto.ca/legdocs/mmis/2017/gm/bgrd/backgroundfile-103881.pdf>

COMMENTS

The intent of the program is to implement the SF modules acquired under GM 21.11: "Employee Central", "Recruiting", "Recruitment Marketing" and "Onboarding" with the support of SAP Professional Services to ensure the program objectives are met. In GM21.11, the original intention of staff was to incorporate the entering into a professional services agreement with SAP Canada as part of the authority received from Council. In Appendix B of GM21.11, there was a specific reference to retaining SAP Canada for professional services in the amount of \$3.5 million, however that was not clearly contained as part of the recommendation that was ultimately approved by Council.

Further to the comments and benefits mentioned in GM 21.11, the two capital projects implementing SAP SuccessFactors will rely on SAP Professional Services with expertise in the specific areas required to support their mandates. SuccessFactors experience with direct access to provisioning for all three modules is a unique and rare skill in the market place.

The City will also benefit from the synergies that SAP as the vendor of the product will bring to the City's SuccessFactors implementation. This includes but is not limited to expertise in SuccessFactors deployment for public and private sector clients, at-source knowledge, significant implementation experience for customers like the City of Toronto currently running SAP on-premise solutions, post implementation support, access to product development, access to prepackaged integrations, use of service delivery accelerators and leading guided practice.

Deployment of SAP SF will better serve the constituents, Council, divisions and employees of the City by modernizing the HCM processes to achieve efficiencies including but not limited to the introduction of intuitive workflows, improvement of data quality, reduction and/or elimination of effort duplication, enablement of diversity tracking and reduction of manual and repetitive tasks.

At this point, the City finalized negotiations for the subscription services of SAP SF with SAP Canada and is now ready to begin the implementation. To ensure this project remains on track, staff are recommending to retain SAP Canada as was the original intention of GM21.11.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully

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SIGNATURE

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