TORONTO

STAFF REPORT
ACTION REQUIRED

The use of Consultants for SAP and non-SAP implementation projects

Date:	September 23, 2013
To:	Government Management Committee
From:	Director, Purchasing and Materials Management Chief Information Officer
Wards:	All
Reference Number:	P:\2013\Internal Services\PMMD\gm13008pmmd (AFS # 18275)

SUMMARY

The purpose of this report is to advise the Government Management Committee on the value of using outside consultants when investigating and implementing new business software (for both SAP and non-SAP projects). SAP is the City's corporate Enterprise Resource Planning (ERP) system which runs our Financial and Human Resources needs.

RECOMMENDATIONS

The Director, Purchasing and Materials Management and the Chief Information Officer recommend that:

1.   Government Management Committee receive this report for information.

Financial Impact

There is no financial impact from this report.

DECISION HISTORY

At its meeting held on September 9th 2013, the Government Management Committee, in its consideration of item GM24.11 "Progress Update on the e-Procurement Project" requested the Director, Purchasing and Materials Management and Chief Information Officer, to report back to the Government Management Committee on the value of using outside consultants when implementing new business systems (for both SAP and non-SAP projects).

The following is the link to City Council Decision Document:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM24.11

COMMENTS

Background

The City of Toronto, as the largest city and sixth largest Canadian government, has
significant, complex, large and diverse business systems environments to support its
operation and service delivery to the public such as the IBMS system to support Toronto
Building, MLS and City Planning, CLASS system to support Parks, Forestry and
Recreation, TMMS to support Transportation and the City's 311 system enabled by an
integrated back end platform.

In 1999, the City implemented SAP as a corporate enterprise resource planning (ERP)
system as part of the City's amalgamation of its 7 former municipalities. To date, the
City has implemented the following modules of SAP: Financial Accounting, Controlling,
Funds Management, Project System, Materials Management, Sales and Distribution,
Plant Maintenance, Real Estate and Human Resources.

In general, business systems projects come in two major categories in the City of
Toronto: (a) Upgrades and Maintenance of existing software; and (b) Implementation of
new software. The City has sustainment teams in place to support, enhance and run
business systems. This is done mostly with City staff and paid through Divisional
operating budgets. A good example of this would be the semi-annual SAP upgrades that
are managed by the ERP Competency Centre (ERPCC) and has participation from all
affected businesses (Human Resources; Accounting; Pension, Payroll and Employee
Benefits; Facilities Management; Parks, Forestry & Recreation) to test business logic and
to ensure accurate business system functionality.

Over the years, the City has developed the internal capacity in both the technical and
business expertise to complete these sustainment and enhancement projects.

For new non-SAP business systems or new SAP business modules, the City does not
have staff that is knowledgeable in the business best practises nor has knowledge of the
new software functionality. These projects typically include a business process re-
engineering and analysis component that requires subject matter expertise not available in
the City. As a result, the City needs to hire the business and technical expertise to work
with City staff on defining and implementing the new business system.

Business system implementation of new software projects have two main phases: a
fit/gap analysis and implementation. External experts are required for the duration of
both of these phases. Due to the City's increasing complex business processes, the City's
technology environment and the risks associated with any large scale system project,
SAP or non-SAP, it is more effective both from cost and time to hire a firm of industry

experts for the duration of the new project to work alongside a smaller team of City staff, and then release the experts once the project has been completed. During the project, a knowledge transfer from the external experts to City staff is part of the project deliverables. A subset of the City staff would then comprise the sustainment team moving forward.

Example of External Expert's Deliverables in the e-Procurement Project

Purchasing & Materials Management Division, working with the ERPCC, determined that in order to implement an e-procurement strategy that can be used to automate the internal and external processes associated with sourcing, ordering, commissioning, receipting and making payments for the whole spectrum of the City's procurement activities, further planning and scoping would be needed. It is expected that a significant portion of the analysis in the City's e-procurement requirements would involve many internal and external business process re-engineering activities. Using the City's methodology framework for the implementation of new SAP modules, three important reports are expected to be created to ensure proper due diligence for the e-procurement project:

1. A Fit-Gap report that identifies the degree of fit between the business processes and the SAP procurement module;
2. An Architecture Roadmap showing the technical design required; and
3. An Implementation Strategy and Roadmap.

To properly create the above-mentioned reports, the City needs to obtain specific e-procurement business and technical expertise, most effectively acquired through external resources for these defined needs:

- Business experts in procurement to develop the business case, assess product fit, ensure industry best practises are implemented and business processes are properly mapped to the software; and
- IT Technical experts in the e-procurement software to support the development of the architecture roadmap and implementation plan

The external business and technical experts will work alongside City staff to facilitate knowledge transfer throughout the project. Once these three reports are completed, the City will be in a position to properly scope an implementation project and decide the resources, hardware and cost required for the implementation.

Both the business and IT experts will be augmented by City staff during all phases of the project to ensure knowledge transfer and ultimately put the City in a good position to sustain the product.

Summary

To maximize the City's investment in technology and resources, it is critical for the City to build a long term sustainment capacity and experience through the knowledge transfer

from business industry best-practices expertise in large scale enterprise system projects, specifically in the scoping and planning phase that is most effectively met through external resources. To be self-sufficient, the City augments the project team to ensure City requirements are met and knowledge transfer takes place for both business and technology during the implementation phase for sustainment. A good example is Accounting Services and Information & Technology, where there is an excellent combination of business and technical skills and most requirements are handled internally and the same sustainment model will be applied to e-Procurement.

CONTACT

Howard Wunch
Director, Solution Development & Sustainment
Information & Technology Division
Telephone: 416-397-9810
Email: hwunch@toronto.ca

SIGNATURE

_____

Michael Pacholok   Rob Meikle
Director,   Chief Information Officer
Purchasing and Materials Management