



## REPORT FOR ACTION

### **Amendment to Purchase Order Number 6047698 Issued to SAP Canada Inc. for the Procurement of Additional Professional Services for SuccessFactors for the City's Enterprise Wide Transformation Program**

Date: December 19, 2019

To: General Government and Licensing Committee

From: Chief Technology Officer and Chief Purchasing Officer

Wards: All

#### **SUMMARY**

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The implementation of the Human Resources Information System and associated technology, SuccessFactors, went live in the fourth quarter of 2019. The solution delivers several reporting and integration capabilities as well as addressing AODA requirements. This results in anticipated efficiencies for City of Toronto (City) staff to conduct Human Resources activities.

The purpose of this report is to seek authority to amend Purchase Order Number 6047698 with SAP Canada Inc. This amendment increases the value of the Purchase Order by an additional \$975,000 net of Harmonized Sales Tax (\$992,160 net of Harmonized Sales Tax recoveries) and increases the total value from \$3,500,000 to \$4,475,000 net of Harmonized Sales Tax (\$4,553,760 net of Harmonized Sales Tax recoveries). The reason for this increase is to continue the work to stabilize the platform and resolve issues with implemented workflows.

City Council approval is required in accordance with the Toronto Municipal Code Chapter 195, Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five-year commitment limit for each vendor under Article 7, Section 195-7.3(D) of the Purchasing By-law or exceeds the threshold of \$500,000 net of Harmonized Sales Tax allowed under staff authority as per the Toronto Municipal Code Chapter 71, Financial Control, Section 71-11A.

## RECOMMENDATIONS

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The Chief Technology Officer and the Chief Purchasing Officer recommend that:

1. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grant authority to amend Purchase Order Number 6047698 and to authorize the Chief Technology Officer to negotiate and execute an amending agreement with SAP Canada Inc. for the implementation of SuccessFactors and to increase the value of the contract by \$975,000 net of all taxes (\$992,160 net of Harmonized Sales Tax recoveries), revising the Purchase Order value from \$3,500,000 to \$4,475,000 net of Harmonized Sales Tax (\$4,553,760 net of Harmonized Sales Tax recoveries), and in a form satisfactory to the City Solicitor.

## FINANCIAL IMPACT

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The total requested contract amendment increase from the original authorized amount is \$975,000 net of Harmonized Sales Tax (\$992,160 net of Harmonized Sales Tax recoveries), equally split across both funding sources as shown in Table 1 below. Funding included in the Information and Technology recommended 2020-2029 Capital Budget submission to support the increase in contract value with SAP Canada Inc. is noted in the following table.

Table 1: Contract Amendment Increase for SAP SuccessFactors (Net of Harmonized Sales Tax Recoveries)

| Item                                | WBS#         | 2020             | Total            |
|-------------------------------------|--------------|------------------|------------------|
| Professional and Technical Services | CIT048-14-01 | \$496,080        | \$496,080        |
| Professional and Technical Services | CIT048-12-01 | \$496,080        | \$496,080        |
| <b>Total</b>                        |              | <b>\$992,160</b> | <b>\$992,160</b> |

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this agreement for review as part of the 2020 Budget process.

## DECISION HISTORY

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The City of Toronto authorized by GM27.7 the non-competitive agreement with SAP Canada Inc. to procure professional services of its SuccessFactors Human Resources Information System, which included support with training, documentation and organization change management to ensure a successful implementation.

The amount authorized in the report in the report was \$3,500,000 net of all taxes (\$3,561,600 net of Harmonized Sales Tax recoveries). Purchase Order 6047698 was originally issued in the amount of \$2,317,704 to support the enterprise-wide implementation of SuccessFactors.

A subsequent Purchase Order 6048825, was issued on May 8, 2019 in the amount of \$805,562 within the original authority. A further amendment to Purchase Order No. 6047698 was processed in the amount of \$684,000 on July 3, 2019. The total value for these two purchase orders is \$3,807,266 net of all taxes. This exceeds the authority of GM27.7 by \$307,266 but is within the Chief Purchasing Officer's delegated authority.

A separate report, GM 21.11 from July 5th 2017, authorized the procurement of the licenses to support the implementation of SuccessFactors.

GMC reports can be viewed at:

<https://www.toronto.ca/legdocs/mmis/2018/gm/bgrd/backgroundfile-114175.pdf>

<https://www.toronto.ca/legdocs/mmis/2017/gm/bgrd/backgroundfile-103881.pdf>

## **COMMENTS**

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The implementation of the Human Resource Information System and associated technology, SuccessFactors, went live in Q4 2019. The implementation introduced seamless end-to-end electronic processing of Human Resource business workflows. These include, but are not limited to Recruitment, Hiring and Onboarding processes. The solution also delivered several reporting and integration capabilities as well as addressed AODA requirements. This results in efficiencies for City of Toronto (City) staff to conduct Human Resource activities. This initiative aligns with several City of Toronto Strategic Actions. They include:

- Increase Employment Opportunities;
- Enhance the City's Capacity to Serve Toronto's Diversity;
- Improve Customer Service;
- Enhance Performance Measurement;
- Improve Organizational Excellence, Implementation Shared Services; and
- Improve Service and Financial Planning.

The eRecruitment team held vendor days as part of their environmental scan. These were held to determine recruitment products currently available on the market. Top vendors, including SAP were invited to present trends, best practices and technologies shaping the market. Following a demonstration, SuccessFactors was deemed a worthy candidate for further investigation. In August 2016, a fit-gap analysis was conducted and SuccessFactors met 92% of the top requirements as a solution.

The reason for the increase is to continue the work to stabilize the platform and resolve issues with implemented workflows. This platform is a new cloud based solution for the City. This amendment addresses and mitigates risks of current and future unknown technical issues over a stabilization period of approximately 6 months. The additional authority enables quick, real-time analysis and issue resolution. This can effectively and efficiently be achieved through Professional Services work from the vendor (SAP SuccessFactors) that implemented the solution. SAP SuccessFactors Professional Service will bring a blend of both system and technical skills. This is expected to provide additional knowledge transfer, expert technical expertise and best practice business system configuration experience. Thereby providing and accelerating normalization of implemented workflows. The right adoption of industry best practices must be in place to support this transformational initiative. Further, this also effectively prepares the City for transition to a Managed Service model.

The Fair Wage Office has reported that SAP Canada Inc. has indicated that it has reviewed and understood the City of Toronto's Fair Wage Policy and Labour Trades requirements, and has agreed to comply fully.

## CONTACT

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## SIGNATURE

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Lawrence Eta  
Chief Technology Officer

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Michael Pacholok  
Chief Purchasing Officer