



REPORT FOR ACTION CONTRACT AWARD

Contract Award - Request for Proposal Number TPA20200915 for SAP Level 2 Support & Enhancement Services at Toronto Parking Authority

Date: January 25, 2021

To: Board of Directors, Toronto Parking Authority

From: President, Toronto Parking Authority

Wards: All

SUMMARY

In 2019, Toronto Parking Authority (TPA) embarked on a business transformation journey, with a business-wide initiative to integrate intelligent technology into all areas of the business to achieve better outcomes and optimized performance and business processes. To set the organization up to succeed and excel at delivering top quality, efficient services, enhancing foundational internal capabilities was essential.

On June 26, 2019, the TPA Board of Directors approved entering into a contract with SAP Canada to provide a SAP S/4HANA Enterprise Resource Planning and Reporting Solution, along with other SAP products and components, software licensing and professional services.

The SAP S4/HANA enterprise resource planning system went live on October 5, 2020. With the implementation, TPA has an on-going requirement for SAP Level 2 application and incident management support services in addition to annual upgrade support, to respond to system and technical issues requiring a high level of technical skill and expertise in S4/HANA. A Request for Proposal was issued. This report seeks Board approval to award a contract for the provision of SAP Level 2 application and incident management support services.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority grant the President, Toronto Parking Authority, the authority to award the contract for the provision of SAP application, incident management support and enhancement services to EPI-USE Canada, providing the highest ranking proponent score, for a term of two years, plus three optional one-year extensions, at the sole option of the President, Toronto Parking Authority, in the estimated amount (two years) of \$667,446.00 plus \$100,116.90 as a contingency allowance, being the total sum of \$767,562.90, subject to annual inflation adjustments as applicable, based on the Consumer Price Index (CPI) in accordance with the contract provisions and net of all taxes and charges.

FINANCIAL IMPACT

The estimated potential total amount to award the contract for SAP application/incident and enhancement services over the two (2) year term from 2021 to 2022 is \$667,446.00, plus \$100,116.90 for contingency, being the sum total amount of \$767,562.90, subject to annual inflation adjustments as applicable based on the CPI in accordance with the contract provisions and net of taxes and charges.

Table 1: Financial Impact Summary of Recommended Two-Year Contract Plus Three Optional One-Year Contracts

Company	Year 1 Price (2021)	Year 2 Price (2022)	Extended 1 Year Price (2023)	Extended 1 Year Price (2024)	Extended 1 Year Price (2025)
EPI-USE Canada	\$351,030.00	\$316,416.00	\$325,908.48	\$335,685.73	\$345,756.31

Table 1 shows the estimated annual contract value for the two-year contract with three optional one-year extensions. Year one includes a one-time estimated cost of \$43,830.00 for transition and knowledge transfer. The additional 15 percent contingency is intended to cover unforeseen costs, including onsite support, travel or other complex technical issues that may arise during the first two years of this new enterprise planning resource system.

TPA currently retains these services through various third-party providers offering SAP staff augmentation services. Since TPA's implementation of SAP on October 5, 2020, interim SAP support is estimated at \$761,101 for post Go-Live application/incident management and support. These services involved SAP programming, SAP systems administration, SAP workflow analysis and management in SAP plant maintenance,

materials management, and finance modules, as well as the SAP's software asset management mobile application design.

With the implementation of the SAP S4/HANA enterprise resource planning system, there is a requirement for on-going SAP Level 2 application/incident management support and enhancement services. The projected costs are included in TPA's 2021 Operating Budget.

CALL SUMMARY

Call Number: Request for Proposal Number TPA20200915 for SAP Level 2 Support & Enhancement Services for Toronto Parking Authority

Call Issued: September 18, 2020

Call Closed: November 6, 2020, Noon, Toronto time

Number of Addenda Issued: Four (4)

Number of Bids: Two (2)

Description:

The non-exclusive provision of SAP Level 2 application management support and enhancement services from the date of award for a term of two (2) years, plus three (3) optional one (1) year extensions at the sole option of TPA. Should the options be exercised, the Vice President of Human Resources and Transformation will be requested to process the renewals under the same terms and conditions.

TPA developed the business requirements and prepared the procurement documents. This RFP was then publicly posted on MERX on September 18, 2020 and the process was open to all interested proponents. Four (4) subsequent Addenda were issued and the call closed on November 6, 2020. In total, two (2) proposal submissions were received from the following firms:

Epi-Use Canada Inc.
Illumiti Inc.

The evaluation of submissions followed a three-stage process, as follows:

Stage 1 - The Evaluation Committee assessed if the submission met all the mandatory requirements. If the submission failed any of the mandatory requirements, the submission did not proceed to Stage 2.

Stage 2 - The Evaluation Committee assessed the submissions for the technical eligibility requirements and rated each submission. Each criterion was rated on a scale of 0 to 5, with 0 being the lowest and 5 being the highest. Each criterion carried different weights.

Stage 3 - The Evaluation Committee assessed the submissions for the cost of services and time block method. The Proponents carried a maximum of 25 points. Each Proponent's price was evaluated based on the following formula:

$$\frac{\text{Lowest Price}}{\text{Proponent's Price}} \times 15 = \text{Proponent's score for price}$$

Total points from Stage 2 and Stage 3 were added to determine the final ranking. The highest scoring proposal was then selected for award as was outlined in the tender document.

Upon detailed evaluation, both were deemed to be compliant with all parameters of the call.

Some key items to note from the scoring process:

- 1) The vendors were very close on the Stage 2 technical score with a difference of 1.83 points. Both demonstrated experience in providing similar services with public sector organizations in providing highly skilled and experienced SAP consultant and technical resources knowledgeable in the SAP S4/HANA system modules, plant maintenance, materials management, finance and human resources. They also demonstrated they had a clear understanding of TPA's objectives and therefore proposed a relevant and appropriate solution that met our timelines for implementation.
- 2) During Stage 2, the vendors were invited to present to the Evaluation Committee in response to additional questions posed by the Committee, and to provide the Evaluation Committee with a better understanding of their proposal.
- 3) The winning vendor scored 2.25 points higher than the second vendor on the Stage 3 score, based on a lower bid price.
- 4) Reference checks were completed for EPI-USE Canada and they were favourable.

Table 2: Summary of Bids Received for RFP Number TPA20200915 including bid price and score.

Company	Year 1 Price (2021)	Year 2 Price (2022)	Total for Year 1 and 2 (2021 and 2022)	Proponent Score
EPI-USE Canada	\$351,030.00	\$316,416.00	\$667,446.00	73.67
Illumiti	\$396,725.00	\$380,688.00	\$777,413.00	73.25

Following the comprehensive evaluation, it is recommended that EPI-USE Canada be awarded a contract for the TPA's SAP Level 2 Support & Enhancement Services as stipulated in the RFP, plus \$100,116.90 for contingency.

COMMENTS

In 2019, TPA embarked on a business transformation journey, with a business-wide initiative to integrate intelligent technology into all areas of the business to achieve better outcomes and optimized performance and business processes. To set the organization up to succeed and excel at delivering top quality, efficient services, enhancing foundational internal capabilities was essential.

On June 26, 2019, the TPA Board of Directors approved entering into a contract with SAP Canada to provide a SAP S/4HANA Enterprise Resource Planning and Reporting Solution, along with other SAP products and components, software licensing and professional services.

In November 2019, the TPA commenced work to implement the SAP environment. TPA's strategic plan includes a number of significant enterprise projects, transformational in nature. The implementation of SAP enterprise resource planning system, S/4HANA, was deemed a critical priority project for 2020. Key outcomes of the Phase 1 project included:

- Effective, efficient, transparent, exception management focused back office administration to support growth and transformation.
- Accurate and timely business information and metrics to support decision making, daily management and oversight of operations to employees, managers and senior management, including analysis and relevant feedback on the impact of decisions made.
- Operational efficiency to support customer service focus.
- Visibility to monitor and manage governance and compliance risk.
- Effective, efficient contract management and procurement tools.
- Reduced cost of administration through use of standard work flows and automated controls.
- Visibility to compliance risk areas, such as contract management, procurement, asset management and revenue control.
- Work order and asset management to align resources and staff activities
- Finance the ability to move from data entry and transactional processing to providing relevant and timely performance management information.
- Clear visibility to analytics, metrics, trends, operational or statutory compliance risks.

The SAP S4/HANA enterprise resource planning system went live on October 5, 2020.

With the implementation, TPA has an on-going requirement for SAP Level 2 application and incident management support, to respond to system and technical issues requiring a high level of technical skill and expertise in the S4/HANA system that can not be supported by TPA internal resources or City of Toronto Shared Services.

TPA currently retains these services through third-party providers of SAP staff augmentation services. Since TPA's implementation of SAP on October 5, 2020, interim SAP support is estimated at \$761,101 for post Go-Live application/incident management and support.

TPA developed the business requirements and prepared a Request for Proposal (RFP). This RFP was then publicly posted on MERX on September 18, 2020 and the process was open to all interested proponents. Four (4) subsequent Addenda were issued and the call closed on November 6, 2020.

Two proposals were received and considered compliant. Both were scored following a rigorous analysis of each written proposal, presentation and pricing structure.

Prices submitted are inclusive of all applicable costs except Harmonized Sales Tax (HST), subject to annual CPI adjustments for subsequent years.

After the review and scoring of the RFP responses, the results show that EPI-USE Inc. has the highest overall bid score, meeting the key objectives of the contract. Staff recommends that their bid be accepted and TPA enter into a two-year agreement with EPI-USE Canada for SAP Level 2 Support & Enhancement Services at TPA.

EPI-USE CANADA, Inc. (EPI-USE) is a wholly-owned subsidiary of EPI-USE Systems Limited (EPI USE Systems), which has a 30-plus-year track record in the SAP space globally and has traded under the brand 'groupelephant.com' (Group) since 2015. EPI-USE is the largest of the Group's circa 20 trading brands, all of which are focused on the provision of business-critical, non-core software and services to large corporations and Public Sector agencies around the world.

One of the world's foremost independent SAP specialist service providers, EPI-USE has emerged as a leader in designing, building, deploying and supporting SAP S/4HANA and SuccessFactors systems and services. EPI-USE has a 22-plus-year track record specifically in providing SAP Financials and Human Resources advisory, implementation and support services to Public Sector and large regulated and commercial industry clients.

EPI-USE's Support and implementation services are delivered by its own employees as senior consultants who are well-versed with best-practice in SAP's Public Sector-related modules. EPI-USE has a reputation for mitigating risk relating to the retention of knowledge in management systems. EPI-USE has led or been involved with around 1,500 SAP implementations worldwide, through either our services or proprietary SAP-related productivity software.

CONTACT

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SIGNATURE

Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

Attachment 1 - SAP Support Services Request for Proposal Evaluation Table
Attachment 2 - Request For Proposal SAP Support Services

ATTACHMENT 1 - SAP SUPPORT SERVICES REQUEST FOR PROPOSAL EVALUATION TABLE

APPENDIX E - PROPOSAL EVALUATION TABLE

PROPOSER'S NAME: _____

- COMPLIANCE WITH MANDATORY SUBMISSION REQUIREMENTS - PCoE Certification	PASS/FAIL	
	PASS/FAIL	
CRITERIA	POINTS AVAILABLE	POINTS AWARDED
A) PROPOSER COMPANY PROFILE		
Profile and professionalism of the company	10	
B) EXPERIENCE AND QUALIFICATIONS OF THE PROPOSER		
Evidence of conducting similar scope of services	10	
Specific experience in providing Level 2 Incident Management services to clients with similar SAP environment and scope	5	
Experience in providing Enhancements and Extensibilities in similar SAP environments	5	
Examples of enhancements and extensibilities delivered for similar SAP environments	5	
C) PROPOSED STAFF TEAM AND RESOURCES		
Experience of the team proposed by the Proposer.	5	
Demonstrated experience of delivering like services in similar SAP environments and components	5	
D) UNDERSTANDING PROPOSED SERVICES AND SERVICE LEVELS		
Demonstrated high level of understanding of the scope of work and of the RFP services goals and requirements.	10	
Proposed Service Levels/KPIs, weighting, etc.	10	
Demonstrated ability to carry out all aspects of the services.	10	
E) FEES/BLOCK TIME:		
Cost [FORMULA: (lowest cost Proposal / Proposer's Proposal cost x 15)]	15	
Block time method	10	
TOTAL SCORE	100	

CRITERIA FOR EVALUATION SCORES

SCORING SYSTEM

0 – No Value: Fails to address the component.

1 – Poor: Minimally addresses the component, but one or more major considerations of the component are not addressed.

2 – Fair: The response addresses the component adequately, but minor considerations may not be addressed.

3 – Good: The response fully addresses the component and provides a good quality solution. Good degree of confidence in the Bidder's response or proposed solution met.

4 – Very Good: All considerations of the component are addressed with a high degree of confidence in the Bidder's response or proposed solution.

5 – Excellent: All considerations of the component are addressed with the highest degree of confidence in the Bidder's response or proposed solution. The response exceeds the requirements in providing a superior response or proposed solution.