



REPORT FOR ACTION

SAP Implementation Review

Date: August 23, 2023

To: Board of Directors, Toronto Parking Authority

From: President, Toronto Parking Authority

Wards: All

SUMMARY

In 2019, Toronto Parking Authority (TPA) embarked on a journey to implement a modernized Enterprise Resource Planning (ERP) Solution to replace a system that was custom-built and implemented in the mid-1980s. The system had significant limitations and was approaching a state of obsolescence and was impairing the ability of the business to meet its financial mandate. Accordingly, TPA initiated a comprehensive market scan, through a formal open Request for Information (RFI) process, while taking into consideration the City of Toronto's "SAP First" policy to examine SAP before other ERP products in order to leverage existing investments in technology.

Based on the results of the evaluation process, TPA entered into a non-competitive contract with SAP Canada to provide software licensing and professional services, by leveraging the terms and conditions of the City of Toronto's Master Services Agreement with SAP Canada, for the delivery of a non-customized, single tenant cloud-based software-as-a-service ERP to support TPA's financial and operational growth and transformation with a fully hosted, robust, standardized and scalable platform.

In October 2020, TPA successfully implemented SAP S/4 HANA (Phase One) (SAP) to replace its obsolete financial system.

In January 2022, TPA successfully implemented Phase Two with the launch of SAP SuccessFactors Employee Central and SAP SuccessFactors Pay for Performance applications. These initiatives provide the organization with the capability and fact-based insights necessary to elevate employee performance, drive business literacy, and ensure legislative compliance.

Management met its objective of deploying a modern, cloud-based, scalable, ERP application which will drive organizational productivity, transparency, and efficiency.

The purpose of this report is to provide the Board with a final update to mark the completion of the SAP implementation. A Request for Proposals (RFP) was released in January 2023 to obtain consultant services to conduct a post-implementation review

of the implementation of the SAP S4Hana project with the successful proponent being Deloitte LLP. Deloitte LLP will be providing their findings and opportunities that they were able to identify over the course of their engagement.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

1. The Board of Directors, Toronto Parking Authority, receive this report for information.

FINANCIAL IMPACT

There are no financial implications resulting from this report.

DECISION HISTORY

At its meeting of February 8, 2021 TPA Board of Directors authorized the President, TPA to enter into a non-competitive agreement with SAP Canada for the implementation of SAP SuccessFactors and Cloud Analytics software professional services in the amount of \$365,774, plus a contingency of \$54,866 and Harmonized Sales Tax on terms and conditions satisfactory to the President and in a form satisfactory to the City Solicitor.

At its meeting of February 8, 2021 TPA Board of Directors authorized the President, TPA to enter into a non-competitive agreement with Addmore Group for additional project management and financial consulting services in the amount of \$141,135 plus Harmonized Sales Tax on terms and conditions satisfactory to the President.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.PA21.4>

At its meeting of June 26, 2019, TPA Board of Directors authorized the President, Toronto Parking Authority, to negotiate and enter into a non-competitive agreement with SAP Canada for the provision of SAP S/4HANA Enterprise Resource Planning and Reporting Solution software licensing and related professional services for a five-year term in the amount of \$4,645,223 plus Harmonized Sales Tax, on terms and conditions satisfactory to the President, Toronto Parking Authority, and in a form satisfactory to the City Solicitor.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PA7.6>

COMMENTS

The implementation of SAP S/4HANA meets the City's platform of choice by following the "SAP first" approach to management systems adopted by the City in 2004, which establishes an SAP governance model and an SAP Competency Centre. This City

arrangement also provides for the potential ability to tie into City reporting and shared services initiatives. At the time, the shared services model did not offer post go-live support and therefore TPA utilized third-party support services.

TPA's Total SAP implementation fees are as follows:

SAP Implementation Fees	Actual Spend	Budget	Variance
<i>Phase 1</i>			
TPA consulting support	1,515,973	\$ 550,000	\$ (965,973)
SAP consulting - Finance	1,890,098	1,871,972	\$ (18,126)
Contingency - 15%	169,504	280,796	\$ 111,292
Phase 1	3,575,575	2,702,768	\$ (872,807)
<i>Phase 2</i>			
TPA consulting support	312,574	241,800	\$ (70,774)
SAP consulting - SF	484,774	484,774	\$ -
Contingency - 15%		54,866	\$ 54,866
Phase 2	797,348	781,440	\$ (15,908)
Total Implementation Fees	\$ 4,372,923	\$ 3,484,208	\$ (888,715)

Total SAP implementation costs of \$4.4 million were \$0.9 million unfavourable to budget. This cost overrun was primarily due to the additional consulting support that was required for Phase one as reported to the Board in February 2021.

CONTACT

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SIGNATURE

Scott Collier, President
Toronto Parking Authority

ATTACHMENT

Attachment 1: SAP - Deloitte report