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PR3.3 Attachment 1

Toronto Parking Authority

SAP S/4 Hana Project Review

August 2023

Contents

Executive Summary

Toronto Parking Authority (TPA) engaged Deloitte in an advisory capacity to assist in conducting a post implementation assessment of the SAP S/4 Hana (SAP) ERP deployment and providing recommendations for future optimization of the system.

Through a series of interviews and surveys with various stakeholders across the organization, Deloitte was able to perform a review of the implementation approach, realization of anticipated outcomes and to identify several quick wins as well as long-term strategic opportunities for TPA's consideration.

A consistent theme throughout our review was the challenges TPA faced with employee turnover and COVID-19 both during and after the SAP implementation. The COVID-19 pandemic led to remote work arrangements, project delays and prevented collaboration across departments through critical phases of the implementation making it difficult to simulate the workplace environment and how the various teams would work together. High levels of employee turnover during and shortly after the implementation resulted in a significant loss of SAP technical and process expertise creating critical knowledge gaps throughout various business units at TPA.

The impacts of these challenges can still be seen today where the skill sets and resources available to TPA prevent SAP functionality from being fully utilized. This has led to a perception amongst TPA staff that SAP is inadequate or ineffective. SAP is a comprehensive and integrated platform that allows organizations to manage their entire business operations using a single software and has a large and active community of users and developers with a wealth of knowledge and expertise to support it.

Prior to the SAP implementation, the TPA team drafted several anticipated outcomes of the SAP implementation. Included in this report is commentary on the realization of those anticipated benefits as of today, and where there is room to improve. Also included are a series of optimization opportunities which would further enhance the user experience, efficiency and effectiveness of TPA staff while using SAP.

TPA and SAP Implementation Journey

TPA and SAP procurement and implementation journey

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- SAP Procurement Request – June 2019
- Implementation Kick Off – Jan 2020
- Original Implementation Kick Off – Oct 2019
- Original Go Live – July 2020
- Phase 1 Go Live – Oct 2020
- Phase 2 Go Live – Jan 2022

Delays from original Go Live:
-COVID 19 – project was put on hold for 2 months

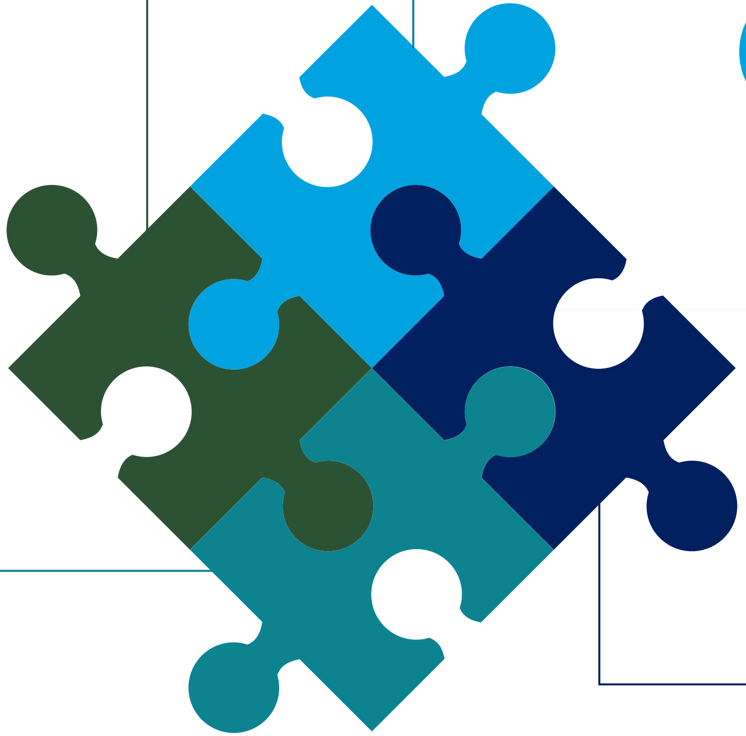
SAP Modules:
FICO, MM, PM

SAP Modules:
Success Factors (HR)

Anticipated Outcomes

Anticipated outcome themes

During review of SAP procurement and board documentation, we have identified 4 major themes to the "anticipated outcomes" of the SAP implementation. Throughout this document we will provide commentary on whether these outcomes have been or can be met with SAP functionality.



Enhanced functionality

SAP offers a significant increase in functionality over legacy systems leading to the reduction of manual tasks and spreadsheets

Operational efficiency and effectiveness

SAP functionality will allow for increased efficiency and effectiveness of TPA staff improving productivity and profitability

Compliance and risk management

SAP will provide a cost effective control environment to mitigate risk and improve overall compliance with internal policies and external regulations

Greater insights

SAP reporting functionality will improve reporting and insights to give decision makers more accurate and timely information

Enterprise-Wide Objectives

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Below is a list of anticipated objectives prepared by TPA management and submitted to the board of directors to support the selection and implementation of SAP. Through interviews with the TPA team, Deloitte has assessed the realization of these anticipated outcomes and provided commentary to support the classification.

Achieved Somewhat achieved Did not achieve

Anticipated Outcome	Observations
Leverage City of Toronto's SAP contract to ensure preferred pricing and potentially participate in the City's share services opportunities	• TPA was able to leverage the City of Toronto SAP contract, however, TPA is not able to leverage share services opportunities at this time as the City of Toronto has not completed its SAP implementation.
Fully out-sourcing a non-customized, robust, scalable, financial and operational platform to maximize the value and ensure solution remains current with the latest features	• TPA did implement a non-customized scalable financial and operational platform in SAP. • TPA is currently utilizing SAP S4/Hana private cloud which will be receiving an update to version 2202 by November 30, 2023
Provide effective, efficient transparent, exception management focused back-office administration to support growth and transformation	• While significant levels of efficiency and effectiveness were realized, there is still opportunity to improve through configuration changes in SAP, business process updates and improved training materials. Resourcing challenges including significant turnover has limited the ability of TPA to drive efficiency and leverage SAP to its full potential.
Provide 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	• Data capture across the organization has improved, however, access to that data via reports or dashboards is still a challenge. Investment into business intelligence tools is recommended to improve visibility on enterprise-wide data.
Drive operational efficiency to support customer service focus	• The integrated SAP workorder functionality has reduced process cycle times for maintenance and repair of payment processing stations, lighting fixtures, cleaning and security stations improving customer experience while utilizing parking lots.

Enterprise-Wide Objectives (cont'd)

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Achieved | Somewhat achieved | Did not achieve

Anticipated Outcome	Observations
Provide visibility to monitor and manage governance and compliance risk	• SAP functionality has allowed for: • Increased visibility into procurement approval workflow stages providing real time updates to TPA staff on status of procurement items. • Delegation of authority (DOA) rules have been integrated into the SAP approval workflow ensuring compliance with TPA policies. • Daily bank reconciliations has improved overall revenue and treasury controls. • Stronger controls over interfaces with partners over revenue and collections reducing errors and manual intervention.
Provide effective, efficient contract management and procurement tools	• SAP procurement functionality provides TPA staff the visibility to more effectively manage vendor spend against PO, track payments to vendors and report on overall vendor spend.
Provide customer relationship management, workorder and asset management capabilities to align resources and staff activities	• The implementation of SAP's integrated workorder management module has streamlined work processes, improved communication with the workforce and can efficiently deploy the appropriate resources for a particular task. • Implementation of SAP's asset management module provides real time visibility into the location, condition and usage of assets and allows TPA staff to make informed decisions about utilization, maintenance and replacement of assets. • TPA was an early adopter of the SAP Applications Manager (SAM) application which allows field staff to track their tasks on mobile devices and provide real time feedback of completed workorders to SAP.
Provide HR functionality – recruiting, cost of hire, training, performance management	• SAP Success Factors modules of employee central and performance management were implemented where recruiting, cost of hire and training will be considered for implementation in the future.

Finance Objectives

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Achieved | Somewhat achieved | Did not achieve

Anticipated Outcome	Observations
(Achieved) **Compliance and Control**–are at the top of the agenda for Finance in recent years. The future business needs to optimize risk management, compliance and control to establish a sustainable cost-effective control environment which meets today's requirements as well as being flexible for future changes in TPA strategy and business environment. Support meeting the governance objectives.	• SAP functionality has allowed for: • Import of individual revenue transactions from partners into SAP provides increased visibility and insights to allow for better decisions based on real time data. Previously, data was imported in batches monthly. • Procurement functionality has improved overall controls and visibility into purchase orders and integration of DOA into SAP workflows.
(Achieved) **Efficiency in Finance**-means performing tasks in a timely and cost-effective manner, typically via simplified and standardized processes that leverage technology. Minimize the cost of admin.	• SAP functionality improved finance efficiencies which reduced finance headcount by 4 (~20%) across procurement and revenue focus areas.
(Somewhat achieved) **Business Insight**-is a key objective for most Finance functions and entails effective partnering with the business to create value. Delivering relevant and timely management information and supporting corporate performance are key priorities.	• SAP is capturing relevant data from both a financial and operational perspective, the current challenge is accessing and reporting on the data in a meaningful way. Investigation into business intelligence tools that can access an organizational wide data sets is recommended.

Optimization Opportunities

Overview of Enhancement Opportunities at Toronto Parking Authority

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Over the course of our walkthroughs and discussions with your team, we identified some opportunities to address the pain points along with detailed current state findings. These opportunities and findings can be categorized as follows:

Technology: Optimize the use of existing technology and consider implementing new tools to reduce manual tasks and improve reporting functionality. This will enable TPA team to spend more time on value-driven strategic tasks rather than manual repetitive processes.

Business Process Improvement: Update internal TPA business process to improve efficiencies across the organization while enhancing governance and controls within specific processes.

Training Material and Learning and Development: For processes to be carried out consistently and on a timely basis, a comprehensive training program should be developed to support current employees and aid in onboarding new team members.

Prioritization of Opportunities

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In the below chart we are proposing a first draft of prioritizing the identified optimization opportunities. Further discussions with the TPA team are needed to review and validate this prioritization.

IMPACT

Quick wins

- 1.3 Consider reviewing the appropriateness and consistency of user access rights across the organization
- 2.2 Standardize how certain tasks are completed across the organization
- 2.5 Consider enforcing stronger governance and controls in procurement processes
- 2.1 Consider allowing for more flexibility with respect to the PR and PO approval process
- 2.4 Consider reviewing the approval workflow processes in procurement
- 1.10 Opportunity to enhance current SAP functionality to improve day to day efficiency
- 3.2 Develop training material and guidance around cost center code and material code allocations

Strategic gains

- 1.9 Investigate technical inconsistencies and malfunctions in SAP
- 1.8 Consider enhancing SAP to expedite or automate the processes that are regularly repeated steps
- 1.1 Consider implementing data visualization and business intelligence tools
- 3.1 Develop and enforce Enable Now as the trusted source of training material for SAP throughout the organization
- 1.6 Consider integrating SAP with ADP and SenSen applications
- 1.2 Consider creating a formal inventory of reporting requirements for desired future state reporting ecosystem
- 1.5 Consider reducing free form text fields in various SAP documents
- 1.7 Implement SAP preprogrammed logical rules to replace manual data entry in business processes
- 3.3 Consider developing training material that explains the logic or impact of the data they are inputting into SAP

Foundation

- 1.11 Consider increasing consistency of workflow notifications to appropriate team members
- 1.4 Consider allowing specific users access to multiple modules
- 3.6 Consider developing an error code reference guide

Limited value

- 3.4 Improve the accessibility and format of training material
- 3.5 Consider granting access and cross training staff on multiple modules
- 2.3 Explore implementing Ariba (SAP vendor portal) that integrates directly with SAP

Opportunity categorization

- Process
- Technology
- Training

EFFORT