

City of Mississauga
Corporate Report



<p>Date: February 29, 2024</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Raj Sheth, P.Eng, Commissioner of Corporate Services</p>	<p>Meeting date: April 10, 2024</p>

Subject

Single Source Award for SAP Products and Services (SAP Canada Inc.)

Recommendation

1. That Council approve the single source procurement for SAP Products and Services, as described in Appendix 1, for a period of ten (10) years, January 1, 2024 to December 31, 2033, as detailed in the corporate report entitled "Single Source Award for SAP Products and Services (SAP Canada Inc.)", dated February 29, 2024, from the Commissioner of Corporate Services; and
2. That the Chief Procurement Officer or designate be authorized to execute all contracts and related ancillary documents with respect to the purchase between the City and SAP Canada Inc. for an estimated amount of \$20 million exclusive of taxes, in accordance with the City's Procurement By-law 0013-2022, as amended.

Executive Summary

- The City has been using SAP solutions since 1995, with SAP Canada Inc being the single source supplier.
- In 2016, Council approved a Single Source Recommendation for SAP Canada Inc. (GC-0014-2016) that described the City's five-year SAP Roadmap. A ten-year contract was signed on December 2016 (January 2016 to December 2025) with all roadmap initiatives implemented by May 2022.
- The City's investment in SAP solutions, their proprietary nature, and cost-effectiveness justifies continued procurement from SAP Canada Inc.
- To modernize, add functionality, and to stay current, the City will continue to leverage SAP products and services outlined in Appendix 1. These offerings align better with the City's needs, offer additional features and drive efficiencies through automation.
- This report proposes to authorize the Chief Procurement Officer to negotiate and execute contracts with SAP Canada Inc., on a single source basis, for SAP products and services, as described in Appendix 1, professional services and maintenance and

support, subject to City Solicitor and annual budget approval, to accommodate the City's growth requirements over the next 10 years.

Background

SAP solutions are widely recognized as a best practice for large and mid-size organizations. SAP Canada Inc., with over 50 years of experience, serves more than 293,000 customers in 190 countries and is considered a global leader in enterprise applications. Numerous Canadian municipalities, provincial and federal governments rely on SAP solutions for their operations, including the City of Toronto, City of Ottawa, City of Vancouver, City of Edmonton, Province of Alberta and the Government of Canada.

The City of Mississauga has been using SAP solutions for over 29 years and has already invested over \$30 million during that time span. SAP has served as the City's comprehensive solution for managing financials, accounting, accounts receivables, accounts payables, revenue management, financial reporting, procurement, payroll, and human capital management.

Comments

To enhance its operations, the City continues to partner with SAP Canada Inc. to introduce new features and efficiencies tailored to its growing needs. Currently, SAP solutions are utilized across HR, Finance and Procurement functions, handling significant financial responsibilities and processing payroll and HR transactions for over 7,800 staff.

In 2016, Council approved the Single Source Recommendation for SAP Canada Inc. (GC-0014-2016) outlining the City's five-year SAP Roadmap and authorized a ten-year contract for products, professional services, and maintenance and support.

By May 2022, all initiatives outlined in the City's five-year SAP Roadmap were successfully implemented, including recruitment processes, learning management, performance evaluation and compensation, succession planning, mobile applications for staff and management, migration to S4 HANA, and analytics reporting. These initiatives introduced efficiencies, enabling re-allocation of staff time, and identifying savings opportunities, while digitally transforming HR and Finance processes, enhancing compliance controls, integrating with key systems, and providing employees with full access anytime, anywhere, and on any device.

Additionally, SAP solutions are proprietary in nature and make integration with non-SAP solutions costly and technically challenging. Purchasing SAP licences directly from SAP is the most cost-effective option, as Value Added Resellers (VARs) will add mark-ups and additional administrative overhead. Given the City's investment in SAP solutions, their proprietary nature, and cost effectiveness, staff are recommending single sourcing, the products and services outlined in Appendix 1.

To align with SAP's product roadmap, the City plans to transition to SAP SuccessFactors Employee Central, Employee Central Payroll and Time Tracking modules by December 31, 2025.

Staff believe the cost and effort of replacing SAP solutions, at this juncture, would be cost prohibitive and very disruptive to business operations. The City remains committed to using SAP solutions and will continue to implement new releases to modernize, add functionality and to stay current with supplier support.

Procurement By-law Authorization

Any subsequent contract as a result of procuring directly from SAP Canada Inc. for the products and services outlined in Appendix 1 will be executed under Procurement By-law 0013-2022, Schedule "A" (1) using the Single Source Procurement justification clauses shown below, as applicable:

- (c) The Goods and/or Services are unique to one particular supplier and no reasonable alternative or substitute exists due to exclusive rights such as patent, copyright or license;
- (h) For additional Goods and/or Services from the original Supplier that were not included in the original Procurement, if the change of Supplier for such additional Goods and/or Services cannot be made for:
 - (i) Economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial Procurement; and
 - (ii) Would cause significant inconvenience or substantial duplication of costs for the City.

Information Technology, Legal Services and Procurement Services staff will collaborate to define requirements, negotiate terms, finalize arrangements, and contract agreements.

Financial Impact

To successfully execute the SAP projects scheduled for the upcoming decade (January 1, 2024, to December 31, 2033), staff anticipate a total capital budget request of approximately \$20 million. This allocation will adhere to the City's business planning cycle and annual budget approval cycle.

Conclusion

The City has relied on SAP solutions since 1995, with SAP Canada Inc. as the single source supplier. To keep pace and enhance operations, the City plans to continue utilizing SAP products and services as outlined in Appendix 1. These initiatives aim to modernize, add functionality, provide audit controls, and to ensure ongoing supplier support for the next 10 years.

Attachments

Appendix 1: SAP Products and Services



Raj Sheth, P.Eng, Commissioner of Corporate Services

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