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ADMINISTRATIVE REPORT

Report Date: 28 June 2009
Contact: Clayton Campbell
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RTS No.: 8149
VanRIMS No.: 08-2000-20
Meeting Date: July 7, 2009

TO: Vancouver City Council

FROM: Director of Finance

SUBJECT: Award of Consulting Contract for Implementation of e-Procurement and Accounts Payable Automation (Procure to Pay)

RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C, and D, the Director of Finance, and the Director of Legal Services, be authorized to negotiate a contract with
- i. Western Pacific Consulting Group for professional services to a maximum value of \$270,000, plus applicable taxes, for the implementation of SAP e-Procurement; and
 - ii. Echovera Consulting for professional services to a maximum value of \$180,000, plus applicable taxes, for the implementation of accounts payable automation.
- Source of funds is the 2008 Capital Budget for SAP Evolution/Development (e-Procurement/AP Automation).
- B. THAT, the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement the Recommendations.
- C. THAT, all such legal documents be on terms and conditions satisfactory to the General Manager of Financial Services Group, Manager of Supply Management and the Director of Legal Services.
- D. THAT, no legal rights or obligations will be created or arise by Council's adoption of Recommendation A, B or C above unless and until such legal documents are executed and delivered by the Director of Legal Services.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

COUNCIL POLICY

Consulting contracts exceeding \$30,000 require approval of City Council.

PURPOSE

The purpose of this report is to seek Council approval to:

- award a contract for consulting services to Western Pacific Consulting Group to support the implementation of eProcurement functionality, and to
- award a contract for consulting services to Ecovera Consulting to support the implementation of Accounts Payable automation.

BACKGROUND

In May 2008, Council approved funding within the capital budget for the implementation of SAP eProcurement and Accounts Payable automation.

Implementation of e-Procurement will streamline the purchasing process by simplifying and automate key tasks, strengthen purchasing controls and help add *transparency* to the City's procurement practices.

Implementation of A/P Automation will automate the entry of invoices into SAP (via document scanning) and enable centralized AP invoice processing. This automation will provide significant gains in efficiency, eliminating up to 80% of the manual data entry of supplier invoices.

Both aspects of the 'Procure to Pay' project (e-Procurement and AP Automation) have been identified as falling under the Shared Services Review currently underway.

DISCUSSION

Scope of Work

Under the overall direction of the City, the scope of work will include:

- all professional services necessary to assist in the design and implementation of 'Procure to Pay' functionality (e-Procurement and Accounts Payable automation)
- providing leadership and technical guidance to the implementation team
- validating key project deliverables
- preparing required project status reporting
- facilitating design sessions and workshops
- coaching, mentoring and assisting City staff on the design, configuration, testing and rollout of 'Procure to Pay' functionality.

Process

On March 18, 2009, the City issued PS09001 a Request for Proposal (RFP) for Consulting Services for the Installation and Implementation of 'Procure to Pay' functionality, which consists of e-Procurement and Accounts Payable automation. Proponents were given the option to bid on both components as a single package or each component as a standalone

offering. In addition to notifying incumbent suppliers to the city and other well known vendors, the RFP was advertised on the City's and BC Purchasing Commission's websites as well as advertised in the Journal of Commerce. Four (4) bids were received and registered on Wednesday April 8, 2009.

Three submissions were received for the implementation of e-Procurement functionality:

- Proponent 1 \$216,080
- Proponent 2 \$202,950
- Proponent 3 \$257,070

Two submissions were received for the implementation of Accounts Payable automation:

- Proponent 4 \$144,440
- Proponent 3 \$147,060

Evaluation

An evaluation committee (the 'Committee') was established to review the proposals and determine which proponent's submission was to be recommended. The evaluation process encompassed reviewing the proposals, individual assessments by each Committee member, a group meeting to discuss individual assessments and reach consensus, telephone interviews with proponents to clarify items in their proposals and final reference checks.

Proposals were evaluated by the Committee against a matrix that measured the proponent's demonstration of the understanding of the work to be performed, the experience of resources to be utilized on the engagement, the project methodology to be employed, previous successful implementation of related projects, and cost.

Based on the assessment of the proposals, interviews and reference checks, the Committee concluded that no single proposal satisfied the requirements for implementing both e-Procurement functionality and Accounts Payable automation.

The Committee unanimously concluded that Western Pacific Consulting Group's proposal best met the requirements for implementing the e-Procurement functionality. The Western Pacific Consulting Group's proposal demonstrated a clear understanding of the City's requirements, addressed all aspects of the e-Procurement implementation and proposed highly experienced resources for the project at a variety of price points. The Western Pacific Consulting Group is best qualified to provide the City with the e-Procurement implementation leadership that is required.

The Committee unanimously concluded that EchoVera Consulting provided the best value to the City for the implementation of Accounts Payable automation. EchoVera specializes in implementing Accounts Payable automation solutions, and their proposal demonstrated a superior level of knowledge and experience in this arena.

FINANCIAL IMPLICATIONS

The 2008 Basic Capital Budget includes funding of \$570,000 for e-Procurement and \$540,000 for AP (Accounts Payable) Automation. In addition to these contracts, the budget includes technology and other costs.

Since the project will be implementing new technology, and introducing additional layers of technical complexity to our environment, we are including an amount equal to 25% of bid price for contingency in our recommendation. Spending will be limited to the bid amount and any use of the contingency will be subject to approval through the project change control process.

CONCLUSION

The Committee recommends that Western Pacific Consulting Group be awarded a contract to a maximum value of \$270,000 (bid price and contingency of 25%) for professional services to implement e-Procurement functionality.

The Committee also recommends that EchoVera Consulting be awarded a contract to a maximum value of \$180,000 (bid price and contingency of 25%) for professional services to implement Accounts Payable automation.

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