



## REPORT

Report Date: November 1, 2022  
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Meeting Date: December 7, 2022  
[Submit comments to Council](#)

TO: Standing Committee on Policy and Strategic Priorities  
FROM: Deputy City Manager and Chief Procurement Officer  
SUBJECT: Contract Award for City of Vancouver Transition to SAP Cloud

### **RECOMMENDATION**

- A. THAT Council authorize City staff to negotiate to the satisfaction of the City's Deputy City Manager, City's Director of Legal Services, and the City's Chief Procurement Officer and enter into a contract with SAP Canada Inc., for, for a term of up to six (6) years and nine (9) months, with an estimated contract value of up to \$15,187,469, plus applicable taxes over the contract term, to be funded through operating and capital budgets.
- B. THAT the Director of Legal Services, Chief Procurement Officer and Deputy City Manager be authorized to execute on behalf of the City the contract contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

### **REPORT SUMMARY**

The City issued a Notice of Intent to Contract ("NOITC") PS20220125 on November 7, 2022 for City of Vancouver Transition to SAP Cloud. The NOITC was advertised on the City of Vancouver website and the work was called in accordance with the terms and conditions of the City's Procurement Policy ADMIN-008. City staff on the NOITC evaluation committee and, subsequently, Bid Committee have considered the proposal received by the vendor, and on that basis recommend that the City negotiate and if such negotiations are successful enter into a contract as described above with SAP Canada Inc.

## ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

The City's Procurement Policy ADMIN-008 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered and recommended SAP Canada Inc. as the successful proponent.

## ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The City Manager recommends approval of the foregoing.

## ***REPORT***

### ***Background/Context***

The SAP system is one of the main technology platforms in the City and it is used by all City departments. This Enterprise Resource Planning (ERP) system enables staff to manage and integrate processes such as budgeting and financial reporting, human resources, payroll, procure-to-pay, facilities maintenance and real estate among other capabilities. The City currently owns on-premise SAP ECC (ERP Central Component) licenses, and subscribes to annual SAP software and support maintenance services. On-premise SAP ECC licenses will no longer be available by the year 2027. SAP Canada Inc. has offered the City the option to continue renewing support and maintenance services on the on-premise products, or to transition to SAP cloud subscription (product name: SAP RISE).

The City has made the decision to upgrade from ECC to the S/4 HANA product that provides a new database structure and enhanced process and reporting capabilities. The City will also move the solution from on-premise to a cloud environment. The City's current on-premise SAP solution will be decommissioned in a phased approach. The City's decision to move to a cloud subscription at this time while we upgrade to S/4 HANA, eliminates a second future project to move to the cloud. This reduces on-premise hardware and maintenance costs of the current environment. This will also facilitate upcoming business process optimization projects.

### ***Strategic Analysis***

The City received a proposal from SAP Canada Inc. to transition to the cloud. The proposal was evaluated through the work of an evaluation team comprised of representatives from Technology Services under the stewardship of Supply Chain Management to ascertain if the response offered good overall value to the City, both quantitative and qualitative factors were evaluated. An NOITC was issued to sole source as a single supplier procurement in accordance with the City's Procurement Policy ADMIN-008.

Some of the Criteria considered in the overall evaluation process included:

- the proponent's ability to meet the City's requirements, and the requirements of City affiliated entities;
- the proponent's ability to guarantee fixed annual cloud subscription pricing during the term of the contract; and
- the proponent's financial incentives offered to the City to make the transition to cloud SAP RISE.

Based on the overall evaluation, the team has concluded that the response submitted by SAP Canada Inc., meets the City's requirements and provides overall value to the City.

***Financial***

Finance has reviewed and confirmed that funding is available from annual capital and operating budgets. As a result of the recommended contract the City is able to achieve cost certainty for the proposed six (6) year and nine (9) month term.

***Legal***

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee and Council will be signed by the Director of Legal Services.

***CONCLUSION***

In summary, City staff recommends that the City of Vancouver negotiate and enter into a contract of up to six (6) years and nine (9) months, with SAP Canada Inc., for City of Vancouver Transition to SAP Cloud.

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