



COUNCIL REPORT

Report Date: September 23, 2024
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Meeting Date: November 13, 2024
[Submit comments to Council](#)

TO: Standing Committee on City Finance and Services
FROM: Deputy City Manager and Chief Procurement Officer
SUBJECT: Contract Award for SAP SuccessFactors Licenses

Recommendations

- A. THAT Council authorize City staff to negotiate an agreement for SAP SuccessFactors Licenses with SAP Canada Inc. for an estimated total contract value of \$4,024,574 over the five (5)-year term (the "Agreement"), which will be funded from the Technology Services operational and capital project budgets;
- B. THAT Council delegate its authority to execute the Agreement to the City's Director of Legal Services, Chief Procurement Officer, and Deputy City Manager.
- C. THAT no legal rights or obligations will be created by Council's approval of Recommendations A and B unless and until the City executes and delivers the Agreement.

Purpose and Executive Summary

The City issued a Notice of Intent to Contract PS20240936-COV-NOITC ("NOITC") on September 16, 2024 for the provision of SAP SuccessFactors Licenses. The City advertised the NOITC on the City of Vancouver's website and BC Bid, in accordance with the City's Procurement Policy (ADMIN-008). Staff and the Bid Committee have considered the response received and recommended that the City negotiate an agreement with SAP Canada Inc.

SAP SuccessFactors is the cloud-based Human Resources Information System (HRIS) that the City utilizes to conduct core human resources processes. The licences provided under this recommended agreement will allow the City to continue using the current functionality over the next five (5) years and also implement additional modules to further streamline and automate HR processes.

Council Authority/Previous Decisions

The City's Procurement Policy (ADMIN-008) requires Council approve contracts with a total value greater \$3,000,000 following review and recommendations by the City's Bid Committee. The Bid Committee has considered the response and recommends SAP Canada Inc. for contract award.

There are no applicable Council previous decisions related to this report.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

The City intends to renew its current SAP SuccessFactors cloud service licenses, and also purchase new SAP SuccessFactors cloud services licenses. The City currently SAP SuccessFactors to enable functionality for employee profiles, performance and goals, career development planning, hiring and recruitment and learning.

Complementing the current HRIS capabilities, the City is planning to implement additional SuccessFactors modules: Employee Central and Onboarding. These new modules will eliminate manual and duplicate data entry, reduce steps, errors, and cycle times in key hiring, onboarding, and offboarding processes. The new modules will also enable self-service capabilities, automate HR workflows, replace outdated applications, enrich employee data, and enhance IT security.

Approximately half of this contract cost (~\$392,000 annually) is allocated to renew the subscription of existing SAP SuccessFactors licensing for a five (5)-year term. The license cost increases by 1.7% in the first year and then remain fixed for the duration. An external review conducted by Gartner has confirmed that this negotiated cost is at fair market value. These licenses are essential to support recruitment, learning and certifications for staff, performance management, succession planning, and employee development for approximately 9,000 city staff.

The other half of this contract cost (2025: ~\$310,000, and from 2026 onward: ~\$439,000 annually) is associated with the procurement of licenses for additional SuccessFactors modules.

Discussion

The NOITC was issued in accordance with the City's Procurement Policy (ADMIN-008). The City received one response, from SAP Canada Inc., which met the City's requirements and provided the best overall value to the City.

Financial Implications

Renewal of the existing licenses (\$392,000 annually) will be funded from the existing Technology Services operating budget, and the cost of new licences to modernize the Human Resource Information System (\$310,000) will be funded from the 2025 Technology Services capital budget. The ongoing annual cost for the new licensing (\$439,000) from 2026 onward will be funded from efficiencies across the organization created as a result of the Human Resource

Information System modernization, to be incorporated as part of the 2026 annual budget process. As a result of the NOITC, the City is able to achieve cost certainty and savings from removal of regular 3.3% annual license increase for the proposed five (5)-year term.

Legal Implications

The City's Procurement Policy (ADMIN-008) requires the Director of Legal Services to execute all contracts that have been awarded by the Bid Committee and Council.

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