CITY OF VANCOUVER

COUNCIL REPORT

TO: Standing Committee on City Finance and Services

FROM: Deputy City Manager and Chief Procurement Officer

SUBJECT: Contract Award for the Provision of Implementation Services for SAP SuccessFactors Learning and Application Management Support

Recommendations

A. THAT Council authorize City staff to negotiate a change order to an existing contract for the provision of implementation services for SAP SuccessFactors Learning, and Application Management Support with IBM Canada Ltd. for an estimated total contract value of $3,985,334, plus applicable taxes, over the maximum five (5)-year contract term (the "Change Order"), which will be funded from the Technology Services Capital Projects budget.

B. THAT Council delegate its authority to execute the Change Order 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 Change Order.

Purpose and Executive Summary

The City of Vancouver uses SAP SuccessFactors to manage various human resource management processes, including recruitment and learning management functions. The City is expanding the scope of the SuccessFactors platform by implementing additional modules to manage employee data and human resources processes.

The City has an existing contract with IBM executed in August 2020 for the provision of implementation services for SAP SuccessFactors learning management module and for application management support.

The original contract with IBM in 2020 (the "Agreement") was valued at $229,578 plus applicable taxes, for an initial one (1)-year contract term. The Agreement contained provisions

for the City to extend the contract term for four (4) additional one (1)-year periods, for a total maximum contract term of five (5) years. Implementation partner agreements and support contracts are often structured with the option to extend the services provided by the vendor in relation to a particular technology system to include support for additional implementation projects or modules in the future.

During the period from December 10, 2020, to June 13, 2023 inclusive, the City has exercised its option to extend the contract and has implemented a total of 12 change orders, having a total cumulative value of approximately $1,255,756 to date.

Currently the Agreement is in its fifth and final year, and will expire on August 17, 2025, after which time the contract can continue on a month-to-month basis if required.

The proposed Change Order (#13) would extend the contract with IBM to include support for implementation of two additional SAP SuccessFactors modules: Employee Central and Onboarding. Change Order 13 is valued at $2,500,000 and will increase the total contract value to $3,985,334, plus applicable taxes, for the entire five (5) year contract.

Continued support from IBM is essential to the success of the new SuccessFactors modules. The City requires specialized support to navigate the complex technical architecture and implementing SAP SuccessFactors Employee Central and Onboarding software as a service modules in 2025. Details of the scope of the Change Order are in the attached Appendix A.

Council Authority/Previous Decisions

The Procurement Policy (ADMIN-008) requires Council to approve contracts with a total value greater $3,000,000 following review and recommendations by the Bid Committee. The Bid Committee has considered the costs and benefits of the Change Order, and recommends proceeding with executing the Change Order with IBM Canada Ltd.

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

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Background and Discussion

The City of Vancouver uses SAP SuccessFactors to manage certain HR processes and is planning to implement two additional SuccessFactors modules, Employee Central and Onboarding, to deliver additional efficiencies and improve organizational productivity.

The introduction of the Employee Central and Onboarding modules will eliminate manual and duplicate data entry, and expedite hiring, onboarding, and offboarding processes. This project will also enable self-service capabilities, automate HR workflows, replace outdated applications and enhance data security.

To ensure the success of this project, the Human Resources department requires specialized implementation support. IBM has been the City's implementation partner since the initial

installation of the SAP SuccessFactors platform and also serves as the Application Maintenance Support provider. IBM is familiar with the City's specific system environment, current design and past challenges. To date, IBM has demonstrated its ability to meet the City's requirements, and to provide satisfactory service at a reasonable price.

This Change Order meets the City's requirements for the project, leverages learning gained to date from other system implementation projects and represents the most timely and cost-efficient approach to obtaining the technical expertise required for implementation of the additional SuccessFactors functionality.

Financial Implications

Funding is available from the 2023-2026 Capital Plan for the Technology Services Business Projects (CUB-00205). The Change Order for $2,500,000 enables the implementation of additional functionalities in the Human Resource Information System based on leading practices and provides the City with cost certainty until the contract expires on August 17, 2025.

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.

The contract amendment required will be executed once the Change Order is approved by Council.

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APPENDIX A
DESCRIPTION OF THE CHANGE ORDER

As part of the overall SAP Program, the HRISM project will implement a Human Resource
Information System (HRIS) based on leading practice to:

- Digitally enable HR processes, data, and analytics;
- Streamline processes and eliminate duplicate and manual data entry;
- Reduce human error and improve manager and employee experiences; and
- Centralize HR transaction, including self-service capabilities to create capacity for value
  added activities.

The City is planning the implementation of two (2) new SAP SuccessFactors software modules:

- Employee Central; and
- Onboarding.

IBM will deploy the following module(s) of SAP SuccessFactors (SF):

- SF Employee Central (EC)
    - Global Benefits
- SF Onboarding
    - SF Offboarding
    - SF Cross-boarding

IBM will also enhance the current SuccessFactors modules and configure the connectors to the
net new core HR module (EC) such that existing processes in those modules continue
functioning as they currently do.

These modules are:

- SF Employee Profile
- SF Performance and Goals Management (PMGM)
- SF Career Development Planning (CDP)
- SF Recruitment Management (RM)
- SF Learning (LMS)
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As part of their services, IBM will also provide guidance and support for the following:

- Setup two new SuccessFactors environments that will ensure proper development and
  deployments controls improving the overall change management processes.
- End to end design, build & deployment;
- Up to six integrations;
- User Acceptance Testing Support;
- Cutover Testing and Validation & Support;
- Production implementation support and 6 weeks of Hypercare;