

DATE OF MEETING FEBRUARY 17, 2021

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**SUBJECT REALLOCATION OF \$60,000 OF THE ERP REPLACEMENT
PROJECT BUDGET FROM 2022 TO 2021 IN THE 2021-2025
FINANCIAL PLAN**

OVERVIEW

Purpose of Report

To provide the Committee with information relating to the ERP Replacement Project.

Recommendation

That the Finance and Audit Committee recommend that Council approve reallocating \$60,000 of the ERP Replacement project budget from 2022 to 2021, in the 2021-2025 Financial Plan.

BACKGROUND

In 2002 the City implemented SAP to replace an antiquated financial system that was no longer meeting the needs of the organization. In implementing SAP, the City moved beyond a basic financial system to a more integrated environment that includes Human Resources, materials management, and facilities management. Only a portion of the potential system was implemented in 2002 and the City has, over time, been adding additional functionality.

DISCUSSION

In 2017, SAP announced that as of 2025-DEC-31 they would no longer be supporting customers who were not using the SAP S/HANA platform. This announcement forces the City to upgrade its ERP system. The current recommendation from SAP indicates the preferred method is a re-implementation, rather than a simple upgrade. This requires the same level of effort as a new implementation, and presents an opportunity for the City to re-evaluate whether SAP is still the best ERP platform going forward. Due to COVID-19, the end of life date has been extended to 2027-DEC-31. At the end of support, customers will no longer receive software updates including security updates and will no longer be able to access official support to resolve technical queries.

In 2018, the City published a Request for Information (RFI) to see what other ERP systems were available on the market. Several responses were received and a short list of systems were chosen for demonstrations. This process allowed Staff to see what was available on the market as well as to determine the scope of budget required.

From this RFI process, a budget was established at \$3,192,380 with implementation occurring in 2022 and 2023.

In late 2020, an ERP project governance committee was struck to create the project charter and start working on drafting a RFP that would go to market with a selected vendor chosen by the end of 2021.

Creating a RFP for an ERP Software implementation is a very complex and detailed process. As such, hiring a consultant to assist with the RFP process would be advantageous and may provide cost saving.

The estimated cost of hiring a consultant to help with this process is \$60,000. Currently the project is budgeted in 2022 and 2023 of the 2021-2025 Financial Plan, Staff are requesting that \$60,000 be reallocated from 2022 to 2021 to fund the undertaking of this work. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council approve reallocating \$60,000 from the ERP Replacement Project budget from 2022 to 2021, in the 2021-2025 Financial Plan.
 - The advantages of this option: Engaging an expert in the writing of RFPs for ERP systems will ensure that the RFP provides potential applicants with all relevant information to provide a complete response. The consultant would also be able to advise on the accuracy of the budget amount.
 - The disadvantages of this option: The original scope of the project did not include funding for the engagement of a consultant.
 - Financial Implications: The reallocation of the budget will be included in the Final 2021-2025 Financial Plan. No change to the overall ERP budget of \$3,192,380 is being requested, at this time.
2. That Council could deny the request.
 - The advantages of this option: 100% of the budget remains for the implementation of the software.
 - The disadvantages of this option: The expertise of a Consultant with experience in writing and evaluating ERP RFP's could result in a more detailed RFP as well as a more complete bid package from applicants. Project could be delayed if staff waited until 2022 to work with a consultant to write the RFP.
 - Financial Implications: No impact, at this time as the total budget amount will stay at \$3,192,380.
3. That Council could provide other alternatives. |

SUMMARY POINTS

- SAP ERP software was implemented in 2002.
- The City's version of SAP will no longer be supported after 2027.
- Implementation is scheduled for 2022 and 2023 with a budget of \$3,192,380.
- Request to reallocate funding from the 2022 budget to 2021 to engage a consultant to assist with the creation and evaluation of a RFP for the ERP Replacement project.

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