



City of Tacoma

**Resolution No.:** \_\_\_\_\_

**Meeting Date:** December 20, 2022

**Contract and Award Letter  
Purchase Resolution —Exhibit "A"**

**TO:** Board of Contracts and Awards

**FROM:** Daniel Eugene Key, Director, Information Technology (IT) Department  
Karen Estep, IT Supervisor, Information Technology Department

**COPY:** City Council, City Manager, City Clerk, EIC Coordinator, LEAP Coordinator, and Tina Eide, Finance/Purchasing

**SUBJECT:** SAP S/4 HANA Assessment Project  
Direct Negotiation Contract CW2253933– December 20, 2022 City Council

**DATE:** November 23, 2022

**RECOMMENDATION SUMMARY:**

Information Technology Department (ITD) requests a waiver of competitive procurement procedures and recommends that a contract be awarded to Utegration, LLC, Houston, TX, in the amount of \$675,000, plus applicable taxes, budgeted from the 5800 Information Services fund, for an initial contract term of nine months, for consulting services to assist with the roadmap and planning the City’s upgrade/migration from its existing SAP ECC to SAP S/4 HANA.

**STRATEGIC POLICY PRIORITY:**

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

The City’s Enterprise Resource Planning (ERP) tool, SAP ECC, is reaching end of life and requires an upgrade or replacement. The City has decided to upgrade to SAP S/4 HANA. This process is a massive undertaking and requires significant planning and resources to complete successfully. SAP is the source of record for the City’s enterprise data. Most of the critical business processes flow through SAP; therefore, it is essential that the assessment is completed with a trusted and experienced partner.

ISSUE: ITD has started preparing for the upgrade to SAP S/4 HANA, which is the next version of SAP. The Assessment phase of the project aims to identify business drivers, educate key stakeholders, assess the As-Is and To-Be state of the CITY’s SAP platform and develop a roadmap that will help achieve the targeted business outcomes in the SAP S/4 HANA project. The deliverables of the assessment will inform the recommended pre-project activities and key decision points, as well as help establish a timeline and budget for the SAP Now! Program.

ALTERNATIVES: The only alternative is for the City to embark upon the SAP S/4 HANA upgrade with only internal resources. The City’s resources lack in-depth knowledge and expertise in SAP S/4 HANA functionality to successfully achieve the desired goals. Moreover, the internal resources would be unable to support the City’s normal SAP operations in addition to planning and conducting the assessment.

The ITD highly recommends a vendor led assessment before embarking on this massive upgrade effort. The IT Governance chose to work with Utegration, LLC because of their work history with the City on other SAP projects, as well as assessment experience with other



City of Tacoma

Resolution No.: \_\_\_\_\_

Meeting Date: December 20, 2022

**Contract and Award Letter  
Purchase Resolution —Exhibit "A"**

organizations. In addition, Utegration, LLC is collaborating with The Peloton Alliance, a consulting firm that specialized in SAP Public Sector.

**COMPETITIVE ANALYSIS:**

The City has a Master Supplier Business and Services Agreement in place with Utegration, LLC, that will govern this purchase and has worked with the City on multiple SAP projects throughout the years. In addition to delivering high quality work and gaining a broad and in-depth understanding of the City/Tacoma Public Utilities processes, Utegration's pricing structure has remained on par with industry standards.

CONTRACT HISTORY: New contract

SUSTAINABILITY: Not applicable

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not Applicable

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP)  
COMPLIANCE: Not applicable

**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
5800 Information Services	596920	5310100	\$675,000
<b>TOTAL</b>			<b>Up to \$675,000</b>

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Internal Service Charges	596920	Various	\$675,000
<b>TOTAL</b>			<b>Up to \$675,000</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** \$0. Work will not begin until 2023.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes, in 2023-24 budget.

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.** N/A