



SAP Now! Program Update

City of Tacoma | Information Technology

Government Performance and Finance

March 5, 2024

ITEM #

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●●● Presentation Type

Informational Only

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OVERVIEW



Citywide Enterprise Resource Planning Software (ERP)

- SAP is the City’s Enterprise System of Record for activities such as:
 - Finance
 - Customer Services
 - Asset Management
 - Personnel Management
 - Procurement
 - Retirement Payments
 - Materials Management
 - Utilities
- The City’s version of SAP will sunset in 2027 meaning we must upgrade by then or face a variety of risks.
- **SAP Now!** is a multi-year program to plan and execute this migration including efficiency enhancements for selected business processes.

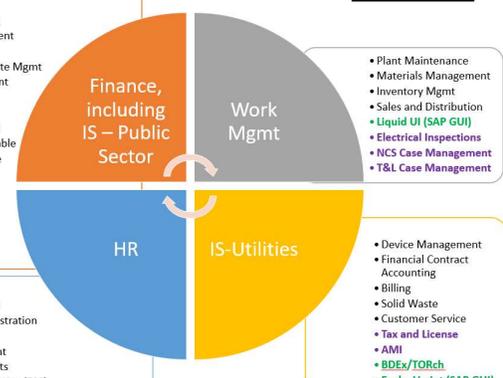
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SAP by the Numbers

- 570,609 tables
- 42 distinct integrated business functions
- 156 interfaces to 90 other applications
- Over 1000 data assets from Hanalytics
- 2,419 transactions executed 88,174,054 times in the last year
- 1.25 million lines of custom code
- Unlimited number of department specific use cases

- General Ledger
- Controlling
- Treasury
- Asset Accounting
- Funds Management
- Grants
- Flexible Real Estate Mgmt
- Debt Management
- Project Systems
- Loans
- Travel & Expense
- Accounts Receivable
- Accounts Payable
- Procurement
- Xponential
- ePay
- Budgeting
- Allevio
- Payroll



- TERS
- Org Management
- Personnel Administration
- Benefits
- Time Management
- Training and Events
- Employee Self Service (ESS)

- Heavily customized
- 3rd Party Product

- Plant Maintenance
- Materials Management
- Inventory Mgmt
- Sales and Distribution
- Liquid UI (SAP GUI)
- Electrical Inspections
- NCS Case Management
- T&L Case Management

- Device Management
- Financial Contract Accounting
- Billing
- Solid Waste
- Customer Service
- Tax and License
- AMI
- BDEx/TORch
- Esale, Verint (SAP GUI)

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Anticipated Benefits

- Reduced risk and expense of being stranded on an unsupported platform
- Continuity of Operations for key business activities
- Modern cloud infrastructure to be managed by SAP
- Modern customer service platform that will enable staff to better serve customers with a streamlined, intuitive user interface; provides future opportunities for customer experience improvement initiatives
- Improvements in efficiency through transitions to standard SAP best practices in our business processes where possible
- Increased flexibility for future solutions to support the business



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Key Accomplishments

 <p>Strategy Decisions Reached</p> <p>IT Governing Boards made a unanimous decision to upgrade and to implement selected enhancements</p>	 <p>Foundational Projects Completed</p> <p>A series of foundational projects were approved for 2023 and will complete this month.</p>	 <p>Recommended upgrade path</p> <p>Consultants conducted 50 workshops with 305 employees to formulate a recommendation on the best path forward</p>	 <p>7-Year SAP Licensing Agreement</p> <p>Negotiated a contract that holds our license rates at a steady level for the entire 7-year duration of the contract with no annual increases.</p>	 <p>Phase 1 Projects Approved</p> <p>IT Governing Boards unanimously agreed to the scope of the migration and initial improvements.</p>	 <p>Iterative Improvements in Successive Phases</p> <p>IT Governing Boards are working to establish priorities for subsequent iterative improvements in future Phases.</p>
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Major Changes in Phase 1

-  Targeted improvements in Finance required by the new version of SAP.
-  Replacement of our existing Customer Interaction Center with cloud-based SAP Service Cloud.
-  Migration to SAP S/4 for the remainder of our business operations with no anticipated disruption or changes to existing business processes.

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Timeline

2024	2025	2026	2027-30
<ul style="list-style-type: none"> • RFP for System Integrator • Begin S/4 Hana Migration Project-CRM—General Ledger-Hanalytics • Budget Labor Projections Implementation • Procurement Study 	<ul style="list-style-type: none"> • Continue Migration-CRM-General Ledger-Hanalytics • Finish Budget in Adaptive • Implement Procurement Recommendations 	<ul style="list-style-type: none"> • Complete Migration-CRM-General Ledger-Hanalytics • Stabilization and Support • Finish Prework for next Phases • Begin the next transformation journey 	<ul style="list-style-type: none"> • Iterative Transformations and Improvements

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Projected Expenses



The SAP Now! Program was approved to move forward during 2023, with the understanding that the projects would continue through the 2025-2026 biennium.

\$6.2 M
Approved for
2024 in Mid
Mod

- City Council approved \$6.2M for SAP Now! Program for 2024 during the Mid-Biennium Modification.

\$17 M
Estimated for
2025-26

- The Program is estimating licensing and project implementation costs of approximately \$17M in 2025-2026. This does not include direct labor costs for city employees.

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NEXT STEPS



- Approval of the SAP Now! Program budget for 2025-26
- Contract with Systems Integration vendors for
 - S/4 Migration-CRM-GL Project
 - Hanalytics Remediation Project
- Kick-Off of these Phase 1 Projects

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