TO: Board of Contracts and Awards

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COPY: City Council, City Manager, City Clerk, EIC Coordinator, LEAP Coordinator, and Ryan Foster, Finance/Purchasing

SUBJECT: SAP S/4 Migration Project
Request for Proposals Specification No. IT23-0326F and Specification No. IT23-0327F, Contract No. CW2266359 – August 13, 2024, City Council

DATE: July 22, 2024

RECOMMENDATION SUMMARY: The Information Technology Department recommends a contract be awarded to HCL America, Inc. (HCL), Santa Clara, CA, in the amount of $9,212,907, plus applicable taxes, budgeted from the 5800 Information Services fund, for an initial contract term of three (3) years, with a 20 percent contingency amount of $1,842,541, for a projected contract total amount of $11,055,488, plus applicable taxes, for a System Integrator for SAP Business Suite 4 (S/4) High-performance Analytic Appliance (HANA) RISE and Cloud Service Implementation and SAP S/4 Analytics Data Migration.

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 ERP Central Component (SAP ECC), will reach end of life in 2027 and requires an upgrade or replacement. SAP is the financial system of record for the City as well as the solution used for utility billing and invoicing, and payroll processing.

S/4HANA RISE and the Cloud Service Implementation project will migrate the current SAP ECC to S/4HANA Rise and replace the discontinued Customer Interaction Center (CIC) with SAP Service Cloud to ensure the City has a sustainable, well-maintained SAP platform to provide support to our citizens and taxpayers through at least 2040.

S/4 Analytics Data Migration project will migrate the existing Analytics Data HANA Views to Advanced Business Application Planning (ABAP) Core Data Services (CDS) Views and ensure Integration and Data Pipeline compatibility with S/4HANA Rise from ECC. This project will run in parallel with the aforementioned project and go-live concurrently. S/4 Analytics Data Migration project will allow existing Tableau reports in Snowflake to work as they do today, with required remediation.

ISSUE: SAP has announced that it will end standard support and maintenance of the City's current SAP ECC system at the end of 2027. Without migration to a new system, there will be higher costs and greater risks in managing and sustaining the backbone of the City's business operations.

ALTERNATIVES: The following options were evaluated for S/4HANA RISE and Cloud Service Implementation project: 1) Stay on the existing SAP ECC platform and expose the City to multiple risks associated with an unsupported application; 2) Implement a new ERP solution which requires significantly higher cost, additional resources, and a longer implementation timeline; 3) Migrate to SAP S/4HANA Rise and implement Service Cloud which is more cost-effective for the City requiring less resources, a shorter implementation timeline, and minimal impact to the City's daily operations.

The two options evaluated for S/4 Analytics Data Migration project were: 1) Move and continue to use for reporting the existing HANA Views in SAP ECC to S/4HANA Rise. This option requires an upgrade to SAP HANA enterprise edition with additional annual licensing cost resulting to significantly higher Total Cost of Ownership; 2) Migrate the existing Analytics Data HANA views to ABAP CDS views which require a one-time implementation cost.

COMPETITIVE SOLICITATION: Request for Proposals (RFP) Specification No. IT23-0326F for SAP S4 Analytics Data Migration and RFP Specification No. IT23-0327F for SAP S4 Rise and Cloud Services were opened on April 2, 2024. One hundred thirty-three (133) companies were invited to bid in addition to normal advertising of the projects. Ten (10) submittals were received for Solicitation No. IT23-0326F and four (4) submittals were received for Solicitation No. IT23-0327F. Three (3) companies, who responded to both RFPs, were selected for oral interviews and HCL America, Inc. was selected for both projects.

Respondent (RFP IT23-0326F)	Location	Score
HCL America, Inc.	**Santa Clara, CA**	**88.667**
Cognizant Worldwide Ltd.	London, UK	78.000
IBM Corp.	Armonk, NY	75.333
Avertra Corp.	Herndon, VA	67.330
SDG Consulting US, Inc.	Bedminster, NJ	62.000
Amplify Consulting Partners	Bellevue, WA	59.167
Quantum Integrators	West Windsor, NJ	56.333
Mygo Consulting Inc.	Naperville, IL	55.667
MSRCOSMOS LLC	Bothell, WA	54.833
Cogent Infotech Corp.	Pittsburgh, PA	49.000

Respondent (RFP IT23-0327F)	Location	Score
HCL America, Inc.	**Santa Clara, CA**	**100.000**
Cognizant Worldwide Ltd.	London, UK	79.375
IBM Corp.	Armonk, NY	75.625
S2Integrators LLC	Atlanta, GA	49.250

CONTRACT HISTORY: New Contract

SUSTAINABILITY: HCL has an Environmental Sustainability Policy in place, published on its website, and has a formalized strategy designed to maximize its contribution towards the UN Sustainable Development Goals. HCL has targets for greenhouse gas emission reduction,

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energy and water conservation, waste reduction, and pollution reduction, and it measures progress regularly and publicly. HCL Tech was designated as an Industry Mover in the S&P Global Sustainability Yearbook 2023 and named one of the best performing Environmental Social and Governance (ESG) companies in the industry and region by Sustainalytics.

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not applicable - Service contract - EIC Regulations are not yet established

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP) COMPLIANCE: Not applicable to this contract.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
5800 Information Services	596920	5310100	$6,153,723
5800 Information Services	593530	5310100	$3,392,437
5800 Information Services	595710	5310100	$1,509,328
TOTAL			**Up to $11,055,488**

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
5800 Information Services	596920	5950450	($6,153,723)
5800 Information Services	593530	5950341	($3,392,437)
5800 Information Services	595710	5950468	($1,509,328)
TOTAL			**Up to ($11,055,488)**

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: $2,886,320

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes, costs of both projects are Budgeted in 2024 and proposed as enhancements for funding in 2025 and 2026.

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

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