



TO: Board of Contracts and Awards
FROM: Jack Kelanic, Director of Information Technology
Kathy Vaughan, IT Manager, Information Technology Department
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
Chuck Blankenship, Senior Buyer
SUBJECT: SAP HANA database migration services
Per existing SAP Master Services Agreement June 12, 2002, Requesting City Council
Date of March 21, 2017
DATE: March 6, 2017

SUMMARY:

The Information Technology Department recommends a contract be awarded to SAP Public Services, Inc. in the amount of \$471,192, less a \$75,000 credit, plus a 10% contingency for a cumulative total of \$443,311, plus applicable sales tax, for professional services to upgrade the City’s SAP system to the SAP HANA technology platform.

STRATEGIC POLICY PRIORITY:

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

If approved, this contract would help ensure the City’s sustainable SAP technology environment, which the City and Tacoma Public Utilities can continue to use in support of core business operations.

BACKGROUND:

The City implemented SAP software as its Enterprise Resource Planning (ERP) system in 2003. Since that time, the City has leveraged SAP software as its major financial, work management, utility billing and human resources/payroll system.

The Information Technology Department last upgraded the City’s SAP software in 2011, and has since kept the system current with security updates and enhancement packages.

Periodic system upgrades are necessary to remain on a commercially supported software platform that continues to be enhanced with new functionality and security patches.

SAP, Inc. announced discontinuation of commercial support for the City’s SAP ECC Business Suite system on December 31, 2025. As of January, 2016 SAP no longer provides functional enhancements to the ECC Business Suite product. SAP functional enhancements are only available to customers licensed and running Business Suite on HANA and/or S/4 HANA.

In December 2016, Council approved a purchase for SAP HANA licensing and related software products in support of the planned upgrade.

ISSUE: Upgrading the City’s SAP system will require database migration services and extensive validation testing. This complex and highly technical work must be completed by certified, experienced resources to minimize the risk of data loss or City service disruption.



ALTERNATIVES: Staff explored the alternative of performing this work solely with internal team members. At this point, internal team members have limited knowledge and experience with the SAP HANA product, which could increase the risk of an unsuccessful upgrade.

Due to the highly complex nature of this project, it was determined that experienced, certified HANA resources should lead the upgrade.

COMPETITIVE SOLICITATION:

The original SAP software purchase in June of 2002 was competitively bid under a Request for Proposal and included provisions for SAP professional services. The recommended professional services for the HANA upgrade were not competitively bid but leverage the SAP Master Services agreement.

Additionally, staff previously negotiated a one-time \$75,000 services credit as part of the HANA licensing purchase that would be applied to this engagement.

CONTRACT HISTORY: This contract is for SAP professional services per existing SAP Master Services Agreement dated June, 2002.

SUSTAINABILITY: Not applicable.

SBE/LEAP COMPLIANCE: Not applicable.

RECOMMENDATION:

The Information Technology Department recommends a contract be awarded to SAP Public Services, Inc. in the amount of \$471,192, less a \$75,000 credit, plus a 10% contingency for a cumulative total of \$443,311, plus applicable sales tax, for professional services to upgrade the City’s SAP system to the SAP HANA technology platform.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596000	5310100	\$443,311
TOTAL			\$443,311

* General Fund: Include Department



REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596000	5310100	\$443,311
TOTAL			\$443,311

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: There is no fiscal impact to the current biennial budget. The 2017 costs in the amount of \$443,311 are appropriated and available within fund 5800.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes.

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

N/A