



TO: Elizabeth Pauli, City Manager
FROM: Daniel Key, Director, Information Technology Department
COPY: Government Performance and Finance Committee; Andy Cherullo
PRESENTER: Daniel Key, Director, Information Technology Department
SUBJECT: SAP Now! Technology Project
DATE: May 2, 2023

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

The purpose of this memorandum is to provide Committee Members with an overview of the SAP Now! Technology Project, a multi-year program that begins with the upgrade our Enterprise System of Record, SAP ECC followed by optimization projects. The current version will reach its end of support in 2027 and will expose the City to operational risks and increased extended support costs.

This Project seeks to protect the City from the risks associated with unsupported software, while taking advantage of this opportunity to remove customizations, enhance efficiency and address critical business needs as part of the transition. Given the magnitude of the investment in this program both in dollars and staff time, review, and support by the GPFC is an essential element of the overall process.

BACKGROUND:

SAP in the City of Tacoma was first implemented in 2003 and serves as the integrated platform for the City's accounting, billing, utilities, asset management, materials management, customer service management, procurement, personnel management, and other essential activities. Using this kind of Enterprise system is considered a best practice for government agencies, utilities, and other organizations of our size and complexity.

The City has invested in the system through the years to address business process growth, advances in related technology, and emerging needs. We have also undergone two technical upgrades since 2003. It is now more expansive, complex, and tightly integrated with City operations than when first implemented. Facing the end of support for our current version of SAP ECC in 2027, the City's IT Governing Boards embarked on a robust review and discussion of options and costs. They considered options ranging from "do nothing" to "start over".

The unanimous decision by our Governing Boards to upgrade to the latest version of SAP S/4 Hana and to implement selected enhancements as part of the upgrade was reached in 2022. With the concurrence of the City Manager and Tacoma Public Utilities Director, planning and budgeting for this multi-year program commenced.

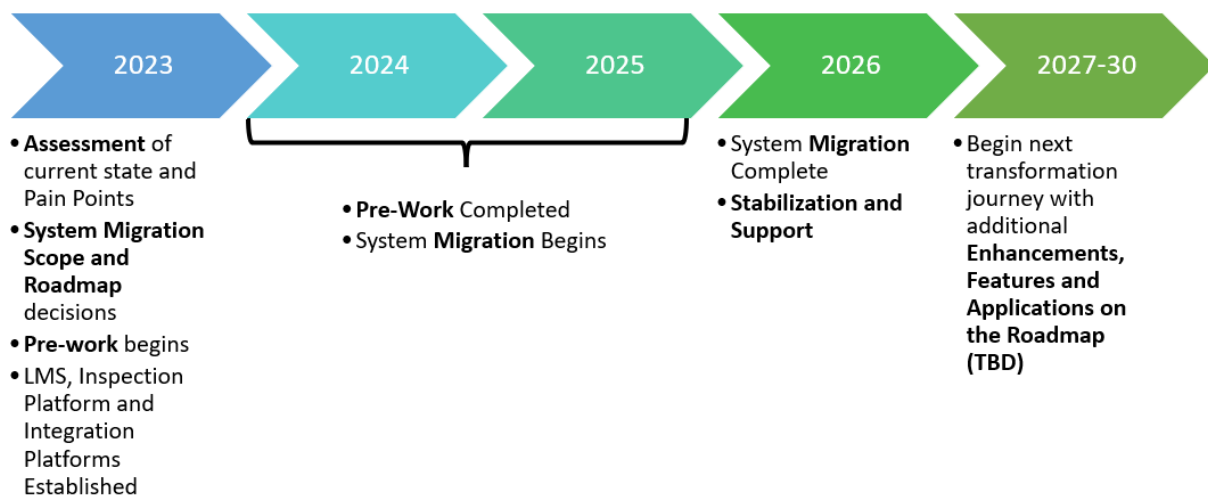
We anticipate that the *areas of focus for the upgrade* will include enhancements to Finance processes and technology as this is the area within SAP that offers the most significant improvements in the software, and concomitant opportunities for increased efficiency and enhanced reporting capabilities for the City. Finance also forms the backbone of our system enabling us to meet our fiduciary responsibilities to the public; thus, it remains a critical element of all our activities citywide.



Another important area of focus will likely be the replacement of our Customer Interaction module (CIC) which is at end of life and must be replaced. Over 600 of our employees citywide use the CIC to execute 32 million transactions each year in support of our customers.

In addition to these two focus areas, the migration/upgrade to SAP S/4 Hana will provide a solid foundation from which to implement new features in processes across the City, adopt best practices, and eliminate customizations in the subsequent years of the program. It will also enable us to support rapid advances in technology in utilities, increased security and compliance requirements, growing customer expectations and ever-changing policy.

The timeline for SAP Now! is shown below. The Assessment is ongoing now and will be completed this summer. At that time, the IT Governing Boards will recommend which enhancements to undertake, and City Leadership will make the final decisions on scope including a potential Customer Interaction Center replacement. While not all identified improvements can be included in this upgrade, we will develop a multi-year roadmap as part of the process to guide our continuing efforts to implement efficiency enhancements and productivity boosters.



ALTERNATIVES:

This is an information briefing only. There are no alternatives presented.

FISCAL IMPACT:

Budget enhancements of \$2.18M for licensing and professional services were added to the Information Technology budget in the current biennium to support formation of the program and early work. In addition, we have dedicated staff members working in support of the Program at this time, and even more contributors from departments across the City. Significant additional investment will be needed in future budgets, including additional dedicated staff to execute the migration and new software costs to eliminate customizations and replace obsolete solutions.



RECOMMENDATION:

This is an information briefing only. There is no recommendation.