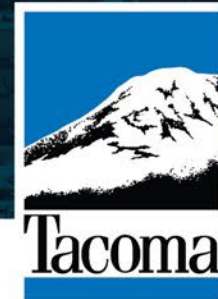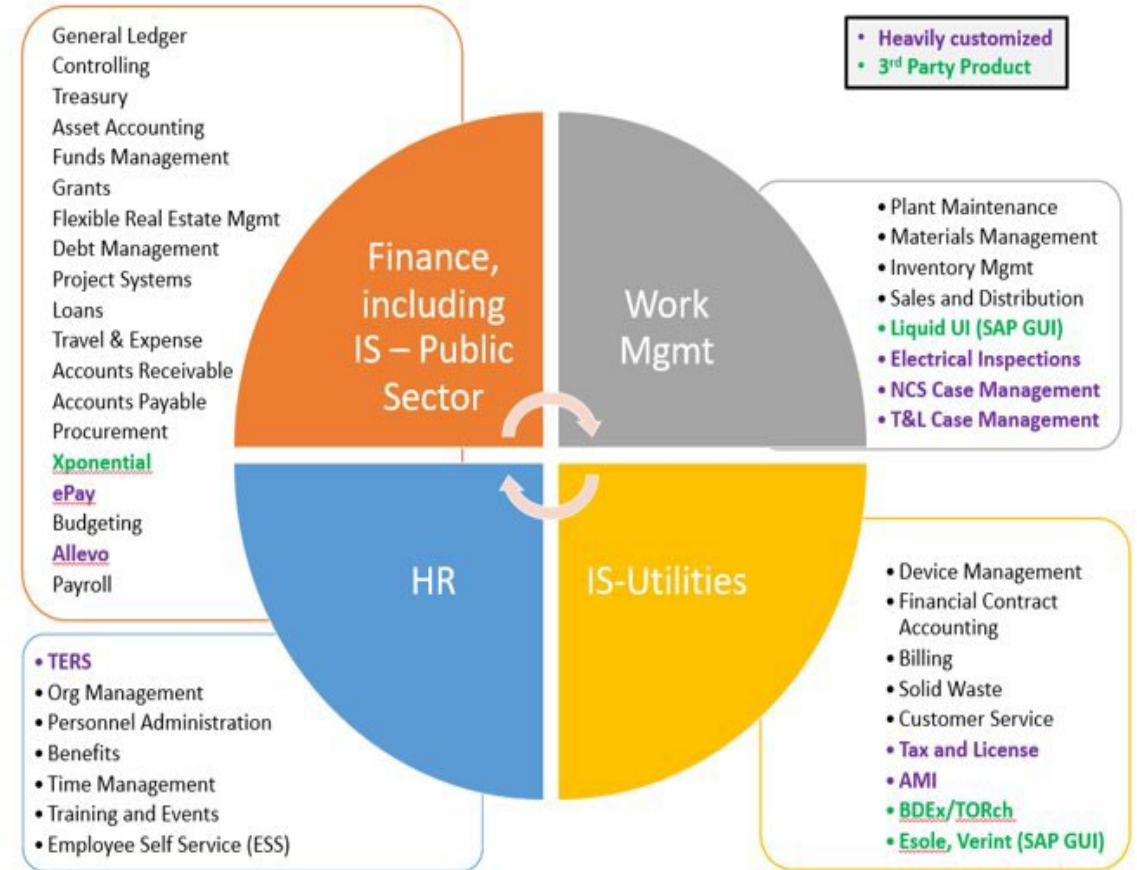# SAP Now! Program Update

March 2024

OVERVIEW

- SAP is the City's Enterprise System of Record for activities such as:

  - Finance
  - Asset Management
  - Procurement
  - Materials Management

  - Customer Services
  - Personnel Management
  - Retirement Payments
  - Utilities

- The *City's version of SAP sunsets 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.

Citywide Enterprise Resource Planning Software (ERP)

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

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

Key Accomplishments

Strategy Decisions Reached

IT Governing Boards made a unanimous decision to upgrade and to implement selected enhancements

Foundational Projects Completed

A series of foundational projects were approved for 2023 and will complete this month.

Recommended upgrade path

Consultants conducted 50 workshops with 305 employees to formulate a recommendation on the best path forward

7-Year SAP Licensing Agreement

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.

Phase 1 Projects Approved

IT Governing Boards unanimously agreed to the scope of the migration and initial improvements.

Iterative Improvements in Successive Phases

IT Governing Boards are working to establish priorities for subsequent iterative improvements in future Phases.

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.

Timeline

2024
- RFP for System Integrator
- Begin S/4 Hana Migration Project-CRM—General Ledger-Hanalytics
- Budget Labor Projections Implementation
- Procurement Study

2025
- Continue Migration-CRM-General Ledger-Hanalytics
- Finish Budget in Adaptive
- Implement Procurement Recommendations

2026
- Complete Migration-CRM-General Ledger-Hanalytics
- Stabilization and Support
- Finish Prework for next Phases
- Begin the next transformation journey

2027-30
- Iterative Transformations and Improvements

Projected Expenditures

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! for 2024 during the Mid 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.

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