



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 6

Agenda Date: March 21, 2024

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Human Capital Management (HCM) Software Suite

SUMMARY:

An Ordinance authorizing an agreement with Carahsoft Technology Corporation (Carahsoft) for SAP's Human Capital Management (HCM) software suite including SuccessFactors and Benefitfocus for the initial phase of the City's Enterprise Resource Planning (ERP) modernization and transformation program. The SAP HCM software suite includes functionality including Employee Management, Benefits Administration, Training Management, and Employee and Manager Self Service. The first-year costs for the software licensing will be \$1,829,290.87 is available from Certificates of Obligation and included in the FY2024 – FY2029 Capital Improvement Program. This contract is for a seven-year base term with four optional one-year extensions for an estimated contract value of \$20,746,832.32 over the contract term including renewal periods. Funding for subsequent years is contingent upon City Council approval of the annual budget. Implementation services for the HCM suite are being procured separately through a Request for Competitive Sealed Proposals with an anticipated award in May 2024.

BACKGROUND INFORMATION:

The City has used SAP's ERP software since 2004. The version of the software the City uses is being phased out by SAP and over the next three years the software will be upgraded to the latest version. This upgrade represents the first significant change to the City's ERP system since it was installed and gives the City the opportunity to transform essential business processes across Finance, Procurement, Budget, and Human Resources for increased business value.

In Summer 2021, the City engaged with SAP for an ERP Value Discovery exercise across seven distinct process domains that represent the City's ERP landscape to include Hire to Retire; Procure to Pay; Budget to Report; Acquire to Retire; Plan to Project; Order to Cash; and Manage IT. Coming out the Value Discovery engagement SAP identified business capabilities in the newest version of the software that will address many current challenges and realize additional business benefits identified by the City's business stakeholders.

On September 29, 2022 City Council approved a contract with SAP Public Services, Inc. for upgrade planning and support services to guide and assist the City in making key decisions on migration to their new technology solutions to facilitate the adoption of best-practices ERP processes utilizing SAP's software. Through this engagement the City was able to identify the business value proposition as well as the technical benefits of migrating existing HR functionality to SuccessFactors HCM as the first phase of the ERP transformation program. This approach will allow the City to realize transformation benefits earlier in the program, including but not limited to improved employee and manager experiences, a reduction in manual transaction processing by HR staff, and improved benefit administration accuracy and efficiency. HR transformation will impact all employees in the City and will help to foster a culture of being champions for the digital transformation still to come.

This contract with Carahsoft is procured through a federal supply schedule of the United States General Services Administration (GSA) Multiple Award Schedule 47QSWA18D008F authorized under Texas Local Government Code 271.103, which satisfies the legal requirements to seek competitive bids.

The initial term of the contract shall begin upon approval of this ordinance and shall remain in full force and effect for a seven (7) year period. Four additional annual renewals shall also be authorized through this action.

ISSUE:

Approval of this Ordinance authorizes an agreement between Carahsoft Technology Corporation (Carahsoft) for SAP's Human Capital Management (HCM) software suite including SuccessFactors and Benefitfocus for the initial phase of the City's Enterprise Resource Planning (ERP) modernization and transformation program for a seven-year base term with four optional one-year extensions.

This purchase is exempt from the Local Preference Program and the Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived for this contract.

The Veteran-Owned Small Business Preference Program does not apply to non-professional

services, so no preference was applied to this contract.

ALTERNATIVES:

Should this contract not be approved, the City's Information Technology Services and Human Resources Departments would not have a licensing mechanism to begin the upgrade of the City's Enterprise Resource Planning (ERP) modernization and transformation program which is scheduled to kick off with the Human Resources model. The current ERP system will not be supported past 2030 and it is imperative that the effort to upgrade the ERP system begin immediately.

FISCAL IMPACT:

This ordinance authorizes an agreement between Carahsoft Technology Corporation (Carahsoft) for SAP's Human Capital Management (HCM) software suite including SuccessFactors and Benefitfocus for the initial phase of the City's Enterprise Resource Planning (ERP) modernization and transformation program for a seven-year base term with four optional one-year extensions. The first-year costs for the software licensing will be \$1,829,290.87 is available from Certificates of Obligation and included in the FY2024 – FY2029 Capital Improvement Program. Funding for subsequent years is contingent upon City Council approval of the annual budget.

RECOMMENDATION:

Staff recommends approval of this agreement with Carahsoft Technology Corporation for SAP's Human Capital Management (HCM) software suite including SuccessFactors and Benefitfocus for the initial phase of the City's Enterprise Resource Planning (ERP) modernization and transformation program for a total cost of \$20,746,851.32 over the term of the contract to include renewal periods.

This contract was procured by means of a cooperative agreement and a Contracts Disclosure Form is not required.