



# City of San Antonio

## Agenda Memorandum

### File Number:

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**Agenda Item Number:** 52

**Agenda Date:** September 21, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Information Technology Services Department

**DEPARTMENT HEAD:** Craig Hopkins

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Independent Verification & Validation for SAP

**SUMMARY:**

This ordinance will authorize a contract with Gartner, Inc. to provide Independent Verification & Validation services to assist the City with strategy development, solicitation initiation and analysis, deployment, documentation, and testing processes throughout the multi-tiered upgrade program of the City's Enterprise Resource Planning system, SAP. The estimated total contract value is \$6,761,651.00 for a three-year term, with two, one year renewal options. Funding is from Certificates of Obligations in the amount of \$6,761,651.00 and is included in the FY2023-2028 Capital Improvement Program.

**BACKGROUND INFORMATION:**

The City (COSA) launched SAP's ERP software suite in 2004. For nearly twenty years, the SAP ERP has been COSA's main business management system and is used by every department to conduct daily business to include vendor payments, contracting, revenue management, budgeting,

and HR management.

Over the next three years COSA plans to transition to the latest versions of SAP's ERP solutions including Success Factors, Ariba and S/4HANA. This major upgrade represents the first significant change to COSA's ERP systems since they were deployed and gives COSA the opportunity to transform essential business processes across Finance, Procurement, Budget, and HR for increased business value. This upgrade is anticipated to have the same level of complexity and organizational impact as a new SAP installation across essentially all COSA's ERP business process domains including Procure to Pay, Budget to Report, Hire to Retire, Acquire to Retire, Plan to Project, Order to Cash, and Manage IT.

The upgrade represents a strategic step in achieving the City of San Antonio's transformation to a Digital Enterprise. This contract will allow Gartner, Inc. to work closely with our transformation stakeholders to ensure the successful realization of the following benefits:

- Improved employee satisfaction due to a modern user interface.
- Service efficiencies due to increased process automation.
- Data-driven decision making with embedded analytics.
- Improved integration capabilities to work more securely and flexibly with our partners.
- Ensure compliance with applicable laws, policies, and processes.

The requested contract with Gartner, Inc. will provide COSA with a partner that will help in minimizing the risks associated with implementing the ERP solution. The scope of the Independent Verification & Validation (IV&V) scope includes the review of COSA processes, system integration vendors, contracting processes related to system delivery, and software vendor processes, deliverables and artifacts associated with the transition to Success Factors, Ariba and S/4HANA.

Gartner, Inc. will assist the COSA with the development of procedures for early detection of risks and issues and provide COSA with recommendations for proactive strategies to mitigate these risks. The IV&Vs vendor's management insights will provide COSA with additional confidence the implemented solutions will satisfy the business needs and associated requirements for functionality, security, availability, change management, quality, compliance, and maintainability. The work detailed in the Contract and Statement of Work (SOW) is planned to start upon contract approval. The phased approach addresses Respondent's methodology to support and provide Independent Verification & Validation of the following activities throughout the contract and delivery term:

Project Management, Risk Mitigation, Procurement Support, Project Estimating & Scheduling, Project Staffing, Configuration Management, Quality Assurance, Organization Change Management, Training, Requirements Analysis, Requirements Management, Security Requirements, Interface Requirements, Design Documentation, Code Documentation, Unit Testing, System Integration Testing, Interface Testing, Acceptance and Turnover, and Data Conversion.

A Request for Proposal (RFP) for "Independent Verification & Validation for SAP" (RFP 6100016421) was issued on February 15, 2023, with a submission deadline of April 10, 2023. The RFP was advertised in the Hart Beat, San Antonio e-Procurement system, TVSA Channel, and on the City's Bidding and Contracting Opportunities website. Additionally, email notification was

released to a list of potential Respondents. Two proposals were received and deemed eligible for review. The evaluation committee included representatives from the Finance, Information Technology Services, Human Resources and Development Services Departments. The Finance Department, Procurement Division assisted by ensuring compliance with City procurement policies and procedures. After initial committee review and discussions, individual technical scores were submitted. The evaluation committee selected Gartner, Inc. to provide these services based on the City's standard RFP process. The proposals were evaluated based on several weighted factors, to include experience, background, and qualifications, proposed plan and price. Other factors included Small Business Enterprise Prime Contract Program, Minority/Women Owned Business Enterprise Prime Contract Program, the Local Preference Program and the Veteran-Owned Small Business Preference Program.

#### **ISSUE:**

Approval of this item will provide the City of San Antonio with a contract to deliver on the strategic vision of City to provide a necessary upgrade to the City's ERP system. It is anticipated that this upgrade will improve employee satisfaction with a more modern user interface, increase service efficiencies due to increased process automation, improve data-driven decision making with embedded analytics and to help ensure compliance with applicable Federal, State, and local law as well with compliance with COSA policies and processes.

The Local Preference Program and the Veteran-Owned Small Business Preference Program were applied in the evaluation of responses received for this contract; however, the highest ranked firm is not a local business or a veteran-owned small business.

#### **ALTERNATIVES:**

Should this contract not be approved, multiple City Departments would need to devote numerous resources to this project without the experience and expertise of a consultant that has helped many other cities identify, procure, and deploy an enterprise system of this magnitude. Not approving this contract for Gartner Inc's services will likely cause the City to not gather all the requirements and deploy a software solution that does not support an enterprise vision and could require the City to reassess the planned upgrade of the City's ERP system past its supported maintenance period.

#### **FISCAL IMPACT:**

This ordinance will authorize a contract with Gartner, Inc. to provide Independent Verification & Validation services to assist the City with strategy development, solicitation initiation and analysis, deployment, documentation, and testing processes throughout the multi-tiered upgrade program of

the City's Enterprise Resource Planning system, SAP. The estimated total contract value is \$6,761,651.00 for a three-year term, with two, one year renewal options. Funding is from Certificates of Obligations in the amount of \$6,761,651.00 and is included in the FY2023-2028 Capital Improvement Program.

**RECOMMENDATION:**

Staff recommends the approval of this contract with Gartner, Inc. to provide the Information Technology Services Department with Independent Verification & Validation services in the amount of \$6,761,651.00.

This contract is procured by means of Request for Proposal and a Contracts Disclosure Form is required.