



City of  
**Peterborough**

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**To:** **Members of the Committee of the Whole**

**From:** **Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **September 5, 2017**

**Subject:** **Report CPFS17-036**  
**Award of RFP P-33-16 for an Enterprise Resource Planning Software Solution**

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## **Purpose**

A report to award Request for Proposals (RFP) P-33-16 for the supply and installation of an enterprise resource planning software solution.

## **Recommendations**

That Council approve the recommendations outlined in Report CPFS17-036 dated September 5, 2017, of the Director of Corporate Services, as follows:

- a) That RFP document P-33-16 for the supply and installation of an enterprise resources planning software solution be awarded to BlueIT Group Inc., 439 University Avenue, 5<sup>th</sup> Floor, Toronto, Ontario, M5G 2N8, at a total cost of \$3,876,849.00 plus \$503,990.37 HST for a total of \$4,380,839.37 for Phase One of the project.
- b) That SAP (SAP Canada Inc.) become the enterprise resource planning software solution of record and grants the Administration Staff Committee the authority to approve future phases and costs associated with the implementation of the project.

- c) That the budget include a Contingency Provision in the amount of \$420,919 that may be added to the contract at the discretion of the Director of Corporate Services and a Staffing Backfill Provision in the amount of \$500,000.

## Budget and Financial Implications

The total net \$3,945,082 requirement, after applicable HST rebates for Phase One of the supply and installation of an enterprise resources planning software system can be accommodated within the approved the 2017 Capital Project Budget as follows:

<b>Reference</b>	<b>Budget</b>
3-4.01 – Enterprise Software modernization	\$2,850,000
3.3.02 - PTS - City Capital expenditures – prior approved	\$1,000,000
FRMP Waste Water Reserve	\$500,000
5-1.03 - Asset management	\$250,000
Social Services (50% Grant / Reserve)	\$266,000
<b>Total</b>	<b>\$4,866,000</b>

A detailed breakdown of the project budget is as follows:

<b>Project Item</b>	<b>Budget</b>
Software	\$729,986
Software Maintenance for 2017 and 2018	\$268,684
Implementation Services	\$2,518,179
Hardware	\$360,000
Staffing Backfill	\$500,000
Contingency	\$420,919
HST – Net of rebates	\$68,232
<b>Total Budget</b>	<b>\$4,866,000</b>

The staff backfill will be used to dedicate staff to this project to ensure timelines are met, without reducing the level of services provided to other City departments and external customers. The contingency will be used to address any unforeseen issues or opportunities that arise over the course of the project. Having this funding available at the outset of the project will reduce the amount of time required to complete the project and will enhance the overall quality of the outcome.

The expected cost of Phases Two and Three, over the next several years is expected to be approximately \$4.0 million plus staff backfill and contingency.

## Background

### Brief Description of the Work

Enterprise resource planning software refers to a software package that combines a variety of business functions into one tightly integrated package. Common functions usually found in enterprise resource planning software include core financial tools, such as the General Ledger, Procurement, Human Resources, Customer Service, Asset Management, and Maintenance Management. By combining these functions into one software data and software, processes can be shared across these areas, making more efficient use of resources.

The City of Peterborough's current enterprise resource planning software was implemented in 1997 and is used to support a number of business processes including General Ledger/Accounting, Purchasing, Accounts Payable, Accounts Receivable, Payroll, Inventory and Human Resources Management. The original implementation was a joint project between the City and the Utilities Group of Companies. The City's share of the project was a little more than \$2.0 million.

While the City has been able to make good use of this system over the years, issues have become more frequent in the past 5 to 10 years. Examples include the software not being able to support the current needs of some business units such as Human Resources, Asset Management and Fleet Management and an inability to use the software to enhance business processes across the organization in analytics and reporting. In addition the number of Canadian municipalities using this system has shrunk to the point where the City of Peterborough is one of only a handful of municipal users.

The replacement of the enterprise resource planning software system was one of three software replacement projects included in the \$3,315,000 Software Modernization project (Project 3-4.01) approved as part of the 2016 - 2017 Capital Budgets.

### RFP Details, Closing, Prepared by, Reviewed by

RFP P-33-16 was issued by City staff on October 28, 2016 and closed on December 8, 2016 at 3:00 pm. Seven bids were received and were reviewed by the following evaluation team:

- Manager of Financial Services
- Chief Accountant
- Corporate Information Analyst
- Project Coordinator, Information Technology
- Purchasing Administrator
- Revenue Administrator
- Manager of Application Support from Peterborough Technology Services

## RFP Statement

This solicitation process was an RFP where a number of criteria were used to evaluate submissions. The criteria and their relative weighting were clearly set out in the RFP document. Part 6, Section 6.4.3.i. of the City's Purchasing By-law 14-127 states that "as price is only one of the criteria evaluated, the award report will show the rating summary for each proponent and the total points. The award report will disclose the price of the recommended Supplier but not the price submitted by other proponents."

## RFP Evaluation Chart

Of the seven bids received, three progressed through to the final phase of the evaluation and received a full evaluation. Chart 1 below provides a summary of these three RFP results.

**Chart 1 - Bidder Submission Evaluation Chart**  
**RFP P-33-16 Enterprise Resource Planning Software Solution**

Evaluation Criteria	Maximum Score	Blue IT Group Inc.	Diamond Municipal Solutions	Mid-Range
<b>Stage One – Mandatory Requirements</b>				
Mandatory Requirements	<b>Pass/Fail</b>	<b>Pass</b>	<b>Pass</b>	<b>Pass</b>
<b>Stage Two – Technical Evaluation</b>				
Quality of Submission	3	1.9	2.6	2.8
Proponent Experience	10	7.8	7.6	9.3
Sustainability of Proposed Solution	10	8.5	5.6	6.6
Software Requirements for Core Modules	40	38.8	33.3	38.4
Software Requirements for Optional Modules	12	11.6	3.4	4.6
<b>Stage Two Total</b>	<b>80</b>	<b>68.6</b>	<b>52.5</b>	<b>61.7</b>
<b>Stage Three – Financial Evaluation</b>				
Pricing and Value Added	<b>25</b>	13.5	20.0	14.6
<b>Stage Four – Software Demonstration</b>				
Software Demonstration	20	18.0	10.0	12.0
<b>Stage Four Total</b>	<b>20</b>	<b>18.0</b>	<b>10.0</b>	<b>12.0</b>
<b>Rating Total</b>	<b>125</b>	<b>100.1</b>	<b>82.5</b>	<b>88.3</b>

## Project Phases

The installation of the enterprise resource planning software will be implemented in several phases. As shown on the following chart, Phase One replaces all of the functionality in the current ERP, and enhances the functionality with a more robust solution in a modern product. Phases Two and Three would consolidate other aging systems and provide an electronic solution to other current paper based processes. It is anticipated that the project will be phased as follows:

**Chart 2 – Anticipated Enterprise Resource Planning Installation Project Phases**

Anticipated Phasing	Functionality Included	Replacement of Existing Software	Projected Start Date	Projected Go Live Date
One	Move functionality from old software to new software:		September 2017	January 2019
	• Accounts Payable	Replacement		
	• Accounts Receivable	Replacement		
	• Asset Accounting	Replacement		
	• Fleet Management	Replacement		
	• General Ledger	Replacement		
	• Human Resources Management Part 1	Replacement		
	• Inventory Management	Replacement		
	• Payroll	Replacement		
	• Point of Sale Part 1	Replacement		
	• Portfolio Management Part 1	New		
	• Purchasing Management	Replacement		
Two	• Advertising/Sponsorship Management	New	March 2019	January 2020
	• Asset Management Part 1	New		
	• Bank Reconciliation	New		
	• Capital Project Management	New		
	• Customer on-line portals	New		
	• Customer Relationship Management	New		
	• Human Resources Management Part 2	New		
	• Health and Safety Management	Replacement		
	• Maintenance Management	New		
	• Point of Sale Part 2	New		
	• Portfolio Management Part 2	New		
	• Property Taxes	Replacement		

<b>Anticipated Phasing</b>	<b>Functionality Included</b>	<b>Replacement of Existing Software</b>	<b>Projected Start Date</b>	<b>Projected Go Live Date</b>
Three	• Asset Management Part 2	New	January 2020	December 2020
	• Human Resources Part 3	New		
	• Point of Sale Part 3	New		
	• Rental Lease Management	New		

### **Recommended Bidder**

City staff recommend that the bid be awarded to Blue IT Group Inc. (Blue IT) Blue IT's proposal included the installation and configuration of the SAP S/4 HANA enterprise resource planning software system. SAP has over 350,000 customers in 180 countries in total. Blue IT Group Inc. specializes in implementing SAP in the Canadian public sector including recent projects with the City of Cambridge, Ontario; the City of Nanaimo, British Columbia; and the Capital Regional District, British Columbia.

The Blue IT bid received the highest scores during the technical evaluation, which included the software requirements. In addition to meeting the core module requirements identified in the RFP, the proposed solution is able to meet all of the optional module requirements, including asset management, point of sale and property taxes (See Phase 2 and 3 in Chart 1). The software will replace all the core financial software plus lay the foundation to enable the City to build on those basic needs with tools and modules that are expected in today's municipal environment.

SAP is a stable, highly customizable enterprise resource planning software that includes a number of features that will improve the efficiency of staff, such as workflows and dashboards. SAP has made significant investments in the software, updating the front end screens as well as the back end technology.

Implementing electronic tools such as Customer Relationship Management will provide the tools to enhance the level of service provided to customers and aid in effective communication with customers including on-line property tax and accounts receivable billing and payments. The software will also provide additional on-line options for how the public interacts with the City.

SAP is used, or in the process of being implemented, in a number of Ontario municipalities including larger municipalities like the City of Toronto, City of Ottawa, Halton Region, the City of Burlington, the City of Kitchener, and mid-sized municipalities like the City of Thunder Bay, the City of Barrie, and the City of Cambridge. Blue IT implements SAP based on a template for Canadian municipalities which will reduce the complexity of the implementation for the City of Peterborough.

**Staffing Backfill**

Implementing a project of this magnitude will require significant staff resources. Dedicated resources will be required to be successful. Although present staff may take the lead role in implementation, other resources will be required to backfill their positions to enable the day-to-day activities to still occur.

**Council Approval Required**

Part 8, Section 8.2.1 of the Purchasing By-law 14-127 states Council must approve an award where the expenditure is greater than \$100,000 and is not a Request for Tenders awarded to the lowest bidder (exception under Section 8.2.2.b.). RFP P-33-16 meets this requirement and must be approved by Council.

**Timelines**

If the recommendation is approved, an agreement will be prepared and is to be signed by the CAO and Clerk, under their delegated authority to do so, before the work commences.

**Summary**

RFP P-33-16 for the supply and installation of an enterprise resource planning software system has been issued in accordance with the City's Purchasing By-law 14-127 and can be awarded within approved budgets as recommended in this report.

Submitted by,

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Director of Corporate Services

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