

## SAP ARIBA SUBSCRIPTION RENEWAL

### RECOMMENDATION

1. That a single source agreement between the City of Edmonton and SAP Canada Inc. for the City to continue using SAP Ariba as its Procure to Pay application for up to 10 years, including an initial five years with up to an additional five years ending December 27, 2032, as outlined in the October 12, 2022, Financial and Corporate Services report FCS01326, be approved, and that the agreement be in form and content acceptable to the City Manager.
2. That Attachment 1 of the October 12, 2022, Financial and Corporate Services report FCS01326 remain private pursuant to sections 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

<b>Requested Council Action</b>		Decision required	
<b>ConnectEdmonton's Guiding Principle</b>		<b>ConnectEdmonton Strategic Goals</b>	
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.		N/A	
<b>City Plan Values</b>	N/A		
<b>City Plan Big City Move(s)</b>	N/A	<b>Relationship to Council's Strategic Priorities</b>	Conditions for service success
<b>Corporate Business Plan</b>	Managing the corporation		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• City Administration Bylaw 16620</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• CR_5255, Executive Committee, November 28, 2017</li> <li>• CR_6453, Executive Committee, October 29, 2018</li> <li>• CR_7843, Executive Committee, February 10, 2020</li> </ul>		

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### Executive Summary

- SAP Ariba is an industry-leading, cloud-based application used by the City to issue purchase orders, receive invoices and communicate payment information to suppliers. The City also uses Ariba to post procurement opportunities publicly, receive bid proposals, and manage contracts.
- In 2017, Executive Committee approved a five-year single source contract for SAP Ariba. This report requests approval to renew the contract for an initial five year agreement with an option to renew the contract for up to an additional five with SAP Canada Inc. for continued Ariba usage.
- The approval for contract renewal will ensure the City can derive the best value for its significant investment in implementing the application and building supplier capabilities for its use.
- The City of Edmonton has been using SAP Ariba for procurement and contract management functions since February 2019, and its functionality continues to grow as new modules are enabled. SAP Ariba will be one of the applications available within the Enterprise Commons workspace.

### REPORT

SAP Ariba is a cloud-based procurement application used by the City and its suppliers. SAP Ariba provides end-to-end procurement functionality — from publicly posting procurement opportunities and receiving bid proposals to issuing purchase orders, receiving invoices and communication of payment information back to suppliers.

The necessity of cloud-based technology (instead of previous paper-based processes) and the ability for suppliers or City staff to work from any location has become increasingly important in recent years, especially as Administration worked to procure goods as quickly as possible to respond to the COVID-19 pandemic.

### History

The following is the timeline for the City's use of SAP Ariba:

- November 2017: Council approved to enter into a contract with SAP Canada Inc. for SAP Ariba application
- October 2018: City started posting procurement opportunities publicly on SAP Ariba
- February 2019: Completed implementation of Sourcing, Contract Management, and Supplier Lifecycle modules
- November 2020: Completed implementation of new Buying, Invoicing, Commerce Automation, Spend Analysis and other modules

## **SAP ARIBA SUBSCRIPTION RENEWAL**

### **Justification for Recommendation**

Administration has invested considerable time integrating the SAP Ariba application into City's business processes so that the application adds value to the procure-to-payment process. Its functionality will continue to grow as more modules are enabled.

Since the introduction of SAP Ariba, Administration has provided orientations to contracted suppliers so they are able to use the application for their business with the City of Edmonton. Developing suppliers' capacity was a significant undertaking, but the value of a cloud-based solution to connect quickly with suppliers was especially clear during the pandemic.

With Administration and suppliers using the application since 2018, there would be a significant cost and resources required to switch to another procure-to-pay application, including costs to procure a new system, design the system, implement, and train employees and suppliers.

SAP Ariba is currently integrated with the City's existing enterprise resource planning (ERP) system, SAP Enterprise Central Component (ECC), and will be integrated to SAP S/4HANA under Enterprise Commons in the future.

The City of Edmonton has realized the following benefits by implementing SAP Ariba as its procure-to-payment application:

- Increased efficiency by replacing manual workflow and approvals with an electronic system;
- Eliminated paper based documentation management, handling, and retrieval;
- Enhanced reporting capabilities on City contract term and pricing information; and
- Enhanced the City's ability to identify procurement opportunities through spend classification and analysis.

As with all organizations that have the size and broad scope of services that the City of Edmonton does, some obstacles were encountered during implementation of SAP Ariba. Administration worked with stakeholders to find solutions to these challenges, which included: enhancing and increasing training, improving system features and focusing on process improvements.

Funding for this agreement does not include costs the City is paying for licenses for the SAP Enterprise Central Component (ECC) and Enterprise Commons.

SAP Ariba is a market leader in delivering best practice procurement and contract management technology services. SAP Ariba has been adopted by the Government of Canada, the Government of Alberta, the City of Calgary and other public sector organizations across Canada.

### **Budget/Financial Implications**

Financial implications are included in private Attachment 1.

### **Legal Implications**

As per the City Administration Bylaw 16620, procurement agreements over \$1,000,000 that do not arise from a competitive procurement process must be approved by the appropriate Committee of Council.

### COMMUNITY INSIGHT

The use and provision of training for SAP Ariba helps the City provide business opportunities to a wider community of suppliers. During development of the Edmonton Economic Action Plan, presented in the April 19, 2021, Urban Form and Corporate Strategic Development report, UFCSD00208rev, Edmonton's business community provided a number of ideas about economic development. Among the feedback themes was the need for the City to improve opportunities for all businesses to connect to supply chains, to be aware of and have capacity to respond to procurement opportunities, and to use technology to improve ease of procurement communications. By using SAP Ariba, an application widely used by other governmental organizations, including the Government of Alberta and Government of Canada, Administration is working towards those requested outcomes.

### GBA+

SAP Ariba has created equity and removed barriers related to access for Administration internally and the supplier community externally.

During the COVID-19 pandemic, Administration involved in procurement and contract management were able to work remotely because SAP Ariba is cloud-based. SAP also allows all suppliers, including local, Indigenous and diverse suppliers, to search for and bid on the City's procurement opportunities from anywhere, regardless of the potential supplier's physical abilities or work location needs.

### ATTACHMENT

1. PRIVATE - Budget/Financial Implications