

Tender Award for SAP4/Hana Implementation Partner

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This report relates to a decision that is Key

Purpose of this report

1. This report recommends the award of contract for an implementation partner to work with CBC to upgrade the current EEC6 SAP financial applications, which includes finance, procurement and HR Payroll, to SAP4/Hana Enterprise Cloud (HEC). The upgrade is part of the SAP Optimisation Programme.

RECOMMENDATIONS

The Executive is asked to:

1. **approve the award to contractor C as the implementation partner for the upgrade of the current SAP financial applications from EEC6 to SAP4/Hana Enterprise Cloud (HEC).**

Overview and Scrutiny Comments/Recommendations

2. The item does not need to go to Overview & Scrutiny Committee as the award of contracts is a matter for Executive.

Background

3. Central Bedfordshire Council (CBC) commenced the SAP Optimisation Programme in 2016 when it procured a suite of SAP applications as part of an upgrade to both its HR and Financial applications.
4. The redevelopment of the SAP technical infrastructure is an opportunity to:
 - Improve internal Financial Processes and strengthen Financial Controls
 - Move to paperless working in a broad range of services
 - Reduce the individual use of spread sheets for financial monitoring
 - Improve Procurement related services and drive down costs
 - Introduce real time reporting and real time key metric dashboards for finance, procurement and HR/Payroll
 - Improve the integration with peripheral operational systems
 - Support Council wide analytical reporting and data analysis
 - Deliver cost savings with £200K per annum built into the Medium Term Financial Plan.
5. The SAP Optimisation Programme commenced with the implementation of SuccessFactors (SF) moving HR functionality to the cloud as the first initiative.
 - Phase I of SuccessFactors was deployed in June 2017 and included Recruitment Management and Employee Central
 - Phase II is the deployment of the Fiori Launchpad and new self service applications. This is due to complete in March 2018
 - Phase III is the upgrade and Implementation of SuccessFactors Learning Management System (LMS). This is in progress and due to complete by end of April 2018.
6. The next phase of this project in 2018/19 is for the SAP financial and procurement applications to move from the current SAP ECC6 system to SAP4/HANA Enterprise Cloud (HEC). It is expected that the implementation phase will be completed by the end of the 2018/19 financial year. The plan is for financial accounting to commence in S4HANA for the 2019/20 financial year whilst the closure of 2018/19 takes place within the current version of SAP.

7. To facilitate this change, the Council commissioned a study of its existing SAP Finance functionality with comparison to facilities available within SAP4/HANA.
8. The top line findings from the study informed the specification produced as part of the tender process for an experienced implementation/deployment partner to assist CBC moving forward with the successful upgrade and deployment of its SAP4/HANA upgrade.
9. The approach was an open tender procedure with a detailed specification published on InTend on 10 January with a tender return date of 19 January 2018. The tender was advertised in the OJEU.
10. During the tender process the Council received 13 expressions of interest, with 4 tenders being submitted before the deadline.
11. The CBC standard award criteria evaluation model used is a points system that considers both quality and cost. This tender was weighted with 70% of the points being awarded for the quality method statement and 30% of the points being awarded for financial submissions.
12. The criteria for assessment of quality covered the following specific areas: Methodology, Resource, Implementation Approach, Monitoring, Social Value, Risk Management, Knowledge Transfer, Defect Management, and Documentation. Knowledge Transfer was a key component in order to ensure that the Council maximises the return on this investment.
13. An evaluation panel made up of senior officers from IT, Finance, HR and Procurement was established to evaluate all tender bids. The outcome of the evaluation was to recommend a contractor who scored best against the quality and financial criteria.
14. The winning contractor has been identified; the evaluation table can be seen at exempt appendix A. It is proposed to enter into contract with Contractor C.

Reason for decision

15. To ensure resource and technical knowledge is secured to work with CBC for the upgrade of the SAP financial applications and that preferred contractor is appointed as implementation partner offering best value in commercial terms and outcomes for the Council.

Council Priorities

16. This implementation project supports the following Council priorities:
- A more efficient and responsive Council achieved through improved working practices, increased digitalised processes and greater self service capabilities.

Corporate Implications

Procurement

17. The contract has been tendered in accordance with the Council's Corporate Procurement Rules. An open tender procedure was undertaken and advertised in the OJEU as the cost of implementation is above the EU threshold.
18. Corporate Procurement has been fully engaged in the procurement process.

ICT

19. The need for change of our current ECC6 SAP applications is because it will cease to be supported after 2020. The redevelopment of the SAP technical infrastructure now helps mitigate future risks for the Council.
20. This implementation project is budgeted within the Council's Capital Programme for 2018/19 and both the tender price and internal costs will be contained within that budget.

Legal Implications

21. Any procurement process and contract award must comply with the Council's contract standing orders where applicable and be properly authorised in accordance with the Council's Constitution. The Council's Executive Arrangements and Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 confirm that key decisions must be taken by the Council's Executive
22. The Council is subject to the requirement to obtain best value in the procurement process because it is a best value authority for the purposes of the Local Government Act 1999. The act requires the Council to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

To this end, the Council must be satisfied that its procurement process achieves best value in terms of price and quality.

23. The Council must also ensure that the procurement process complies with the EU Treaty principles of proportionality, equal treatment, transparency and mutual recognition. Compliance with procurement regulations and EU Treaty principles will ensure a robust process. This tender was advertised in OJEU framework.

Financial and Risk Implications

24. This implementation is to be funded through the Council's capital programme. This project was specifically identified in the 2018/19 capital programme approved by Council in February 2018.
25. In addition to the cost for the implementation partner it is estimated a further £300K is required to build our internal skills and capacity for the duration of the project only.
26. There are a number of risks associated with the upgrade to SAP4/Hana and include:
 - a. The Schedule: unrealistic timelines not allowing for proof of concept in the testing stages of the implementation; unplanned change leading to delays, unknown impact of existing customisation of the ECC6 applications.
 - b. Technical: Integration and data migration, capacity, skills and knowledge of CBC staff, dependency on contractor.
 - c. Project Management: Prioritisation of the project, robust project planning, inconsistencies in reporting and responsibilities.
 - d. Change Management; engagement and communication at all levels of staff and senior management, user expectation.
 - e. Contractor Appointment: limited knowledge of CBC and how it operates, access and acceptance of the contractor, confusion between customer and vendor responsibilities, knowledge transfer for post implementation.
27. These risks will be mitigated by a detailed project plan covering all aspects of the implementation.

Equalities Implications

28. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
29. Equality and diversity are key issues for all directorates within Central Bedfordshire Council and it is taking steps to ensure that the new systems being installed help us comply with the employment monitoring requirements of the Equality Act.
30. As part of the tender evaluation, contractors demonstrated their compliance with the Corporate Equalities Policy. As part of ongoing contract monitoring arrangements the Council will check that statutory service delivery and employment requirements relating to equality are being met.

Conclusion and next Steps

31. The conclusion of the report is the recommendation for the Executive to approve Contractor C as CBC's SAP4/Hana implementation partner.
32. The next step if Contractor C is agreed is to prepare and award the contract.

Appendices

Appendix A: Tender evaluation worksheet – Exempt

Background Papers

None

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