STAFF REPORT

Meeting Type:	Finance & Administration Committee
Title:	Selection of Systems Integrator for SAP Implementation Services – Payroll and Human Resources Modules
From:	Bret Uppendahl, Finance Director
Through:	Ben Horenstein, General Manager
Meeting Date:	February 27, 2025

TYPE OF ACTION: Approve   X   Review and Comment

RECOMMENDATION: Review and comment on an agreement with Phoenix Business Consulting to serve as the Systems Integrator for the implementation of the first phase of the District's Enterprise Resource Planning (ERP) Modernization project

SUMMARY: At the Finance & Administration Committee/Special Board meeting on October 24th, 2024, staff presented a proposal to move forward with procurement of a software subscription for SAP's SuccessFactors cloud solution. The proposal was approved by the Board on November 7th.

This subscription constitutes the SAP modules required for the first phase of the ERP modernization project and includes HR, Benefits Management, Employee Self-Service, Time Entry, and Payroll functions. Future phases will address upgrades to the remaining modules within the SAP cloud framework, including Customer Billing, Procurement, Asset Management, Budget and Financial Management.

In addition to the software subscription, the District will work with the selected system integration firm for the implementation of the SAP SuccessFactors solution. In November 2024, the District issued a Request for Proposal (RFP) for software implementation and consulting services. The District received responses from six qualified firms. All proposals were thoroughly evaluated by an internal panel with representatives from HR, Payroll and IT. The evaluation criteria included company experience, success with similarly situated public agencies, project management methodology, training plan and cost effectiveness.

The internal panel identified the top three proposals and conducted in-depth interviews with each firm. During these interviews, vendors were asked to provide demonstrations to assess their technical knowledge of the SAP/SuccessFactors cloud platform and to explain their project management methodology.

Based on this review, staff recommends awarding a contract to the Phoenix Business Consulting Group. The Phoenix Business Consulting Group is a recognized industry leader of SAP for Public Sector and has a demonstrated track record implementing SAP software modules. Phoenix was founded in 1998 and has provided SAP support services to over 250 public sector agencies. Their implementation team has extensive experience in SuccessFactors implementations, and has the tools to effectively implement both the HR and Payroll modules. In addition, Phoenix will employ a project management methodology with a heavy focus on automation, data migration, reporting, and change management.

DISCUSSION: The District's ERP modernization effort began in February 2024 with a business capability modeling assessment by Gartner. To better inform the RFP requirements, staff engaged an independent consultant in August 2024 to document the District's "As-Is" and "To-Be" processes and business requirements in both HR and Payroll functional areas. The consultant conducted multiple process mapping workshops that included staff from various parts of the District, such as Operations, Payroll, IT, Finance/Accounting, Human Resources, and Watershed Management.

The District's project team for this phase of the project will include representatives from HR, Finance and IT. It is anticipated that the project will take 8-12 months to complete. This will include post-implementation support, referred to as 'Hypercare'. Phoenix will also be coordinating closely with SAP to validate the configuration. In addition, the District will utilize a SAP service called "Preferred Success" to obtain access to SAP best practices and to ensure elevated support from SAP during implementation. The project will include multiple modules within SAP that support core HR, benefits management, time entry, tax calculations, and payroll processing. Key benefits of this project will include a modern user experience, automated workflow processes, employee self-service and improved reporting.

A summary of the estimated costs for the Phoenix Business Consulting implementation proposal is provided below:

Implementation & Consulting Fees: $1,032,590

Project Contingency Estimate: $255,440

Travel & Expenses Estimate: $98,000

FISCAL IMPACT: The District is actively working with the Phoenix Business Consulting Group to finalize the project plan and associated deliverables. The total cost for systems integration and consulting services to complete the implementation of the SAP SuccessFactors solution is expected to be $1,386,030, including project contingencies and travel estimates. Funding for this phase of the SAP Modernization project is currently allocated in the District's CIP budget.

ATTACHMENT(S): None.