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191358

Emergency Ordinance

*Amend contract with SAP Public Services, Inc. to increase the not to exceed amount by \$873,651 for cloud software and related services through June 2026 (amend Contract 30005306)

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. In 2016, the City entered into Contract No. 30005306 with SAP Public Services, Inc. for cloud software and services for the City's Enterprise Business System (EBS). The contract supports essential citywide Human Resource business functions such as the Learning Management System, Onboarding, and Performance and Goals Management and Employee Central Administration. Included in this contract are Learning Hub subscriptions to support SAP online training for the Bureau of Technology Services, Enterprise Business Solutions team.
2. Contract No. 30005306 reached the end of its initial term on June 30, 2021 and was renewed for one year through June 30, 2022 with additional funding of \$293,000 for a not-to-exceed value of \$1,444,812.70.
3. Amendment 8 to Contract No. 30005306 added \$2,648,575 for a new total not-to-exceed value of \$4,093,387.70 to fund the subscription charges for five years through June 30, 2027 to support the City's SAP Cloud Services.
4. This ordinance authorizes adding funding to Contract No. 30005306 in the amount of \$873,651 for a new total not-to-exceed value of \$4,967,038.70 to fund the subscription charges for SAP Ariba.
5. The yearly breakdown of the amendment is:

SAP Ariba Contracts - \$136,481

SAP Ariba Sourcing - \$120,448

Introduced by

[Mayor Ted Wheeler](#)

Bureau

[Management and Finance;](#)
[Revenue and Financial Services](#)

Contact

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

June 28, 2023

Time Requested

10 minutes

SAP Ariba Supplier - \$34,288

Total per year - \$291,217

Total for 3 years - \$873,651

6. SAP Ariba will replace and enhance existing procurement, contracting and vendor management systems and business processes, substantially improving the efficiency of business processes and the pricing on sourced goods and services. These improvements include:

- A. A digitized platform that moves suppliers and staff off paper and manual processes; manages procurement and contract development online; and provides online workflow functionality to modernize the management of the hundreds of sourcing and contracting events the City initiates each month;
- B. Reporting and dashboard functionality providing detailed understanding of contract spend citywide, improved visibility to customers, and actionable data to support cycle time process improvements;
- C. An improved user interface and working environment for central procurement personnel, bureau procurement personnel, key process owners and other analysts and stakeholders throughout the City.
- D. Access to broader network of potential suppliers, increasing City's opportunity to purchase from historically disadvantaged and local suppliers;
- E. The City anticipates seeing significant cost savings from improved pricing on sourced goods and services and from staff time savings as a result of this implementation.

7. Expenditures for this amendment shall be funded by EBS' existing budget appropriations, with no additional or new appropriations required, unless adjustments are part of the normal budgetary change and adjustment process, including any required Council approvals.

NOW, THEREFORE, the Council directs:

- A. The City's Chief Procurement Officer is hereby authorized to execute an Amendment to Contract No. 30005306 with SAP Public Services, Inc, to increase the not-to-exceed value of the Contract by \$873,651 for a new total not-to-exceed value of \$4,967,038.70, provided the Amendment is approved as to form by the Office of the City Attorney.

Section 2. The Council declares that an emergency exists as a delay in proceeding with executing this amendment may result in costs to the City

resulting from delays in the implementation of Intelligent Spend Management and failure to meet project milestones under the City's implementation partner contract; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
June 28, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The purpose of this legislation is to authorize the ninth amendment to the City's contract with SAP Public Services, Inc which will license the City to implement the SAP Ariba system. The City's current e-procurement and supplier registration system, BuySpeed, is reaching the end of its useful life. BRFS and BTS have jointly agreed to replace the current system with Ariba, which offers industry-leading functionality and can be closely integrated with the City's existing core financial system.

Benefits to the City include improved pricing; staff efficiencies; an improved user interface and experience for internal and City bidders and contractors; and robust reporting and business intelligence to highlight opportunities for strategic, enterprise-level management of sourcing and procurement.

Financial and Budgetary Impacts

The anticipated one-time and ongoing costs of implementing and operating this system are fully budgeted within existing resources, the project budget estimate is medium-high confidence. This ordinance does not create any positions, nor does it require any changes to appropriations. Within as little as a year from implementation, BRFS and BTS expect this system will generate a return on investment for the City achieved through improved pricing on sourced goods and services and through process efficiencies.

Community Impacts and Community Involvement

The Ariba implementation is most significantly related to internal business processes. That said, there are several significant community impacts.

First, the local vendor community consistently voices its frustration with the City's

existing supplier registration and bid submission portal. Ariba will replace that system with a new, more seamless and functional platform.

Second, the new system will build a foundation for improved category management, increasing the City's opportunity to strategically source and procure goods and services at an enterprise level in ways that increase opportunities for historically disadvantaged businesses.

Third, the new Ariba system will provide the City with access to the SAP business network, increasing City's opportunity to purchase from historically disadvantaged businesses and local suppliers.

The implementation plan for this project includes a significant allocation of resources to communications and change management activities targeting existing City bidders and vendors in order to ensure a smooth transition from the current system to the new one.

No known persons or groups will be testifying.

100% Renewable Goal

Not directly applicable to this amendment or project. However, access to the vast numbers of potential suppliers on the SAP business network should improve the City's ability to source goods and services from suppliers that help the City to meet the 100% renewable goal.

Budget Office Financial Impact Analysis

The not-to-exceed value of the contract is increased by \$873,651 for a new total not-to-exceed value of \$4,967,039. The anticipated one-time and ongoing costs of implementing and operating this system are funded by interagency revenues and are budgeted within existing resources. The project budget estimate is medium-high confidence.

Agenda Items

555 Regular Agenda in [June 28, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/6/28) (<https://www.portland.gov/council/agenda/2023/6/28>).

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea