

BOARD OF BIDS AND CONTRACTS JANUARY 18, 2018

ITEM REQUIRING BOCC APPROVAL (1 ITEM)

1. SAP MAINTENANCE RENEWAL - ENTERPRISE RESOURCE PLANNING

FUNDING - ENTERPRISE RESOURCE

(Hardware/Software Maintenance)

#18-2002 SC #8000119603

	SAP Public Services, Inc.
1. SAP Enterprise Support - Appendix 8 effective 3/25/2011; (PPS and BPC modules) 1/1/2018 - 12/31/2018	\$175,124.18
2. SAP Enterprise Support - Amendment 2 to Appendix 1 1/1/2018 - 12/31/2018	\$188,432.42
3. SAP Enterprise Support - Appendix 3 (Additional mySAP.com users) 1/1/2018 - 12/31/2018	\$49,092.12
4. SAP Enterprise Support - Appendix 7 effective 12/23/2010; (Additional users) 1/1/2018 - 12/31/2018	\$39,061.44
5. SAP BSI US Payroll Tax module 1/1/2018 - 12/31/2018	\$8,013.60
6. SAP Enterprise Support (TDMS Software)-Appendix 6 1/1/2018 - 12/31/2018	\$792.41
Total	\$460,516.17

On the recommendation of Kimberly Bush, on behalf of Enterprise Resource Planning, Randy Bargdill moved to **accept the quote from SAP Public Services, Inc. in the amount of \$460,516.17.** Richard Powell seconded the motion. The motion passed unanimously.

SAP Enterprise Support pricing is based on the number and types of licenses (standard and professional) currently in use by the county and may fluctuate from year to year.

There was no increase from last year on this support.

Questions and Answers

Richard Powell: I would inquire is this a sole source?

Kim Bush: Yes.

Tom Stolz: How old is the SAP system?

Mike Elpers: We implemented the Financials in 2001 and the HR in 2002.

Tom Stolz: So this is a 15 year old system. Would you talk about what the future is going to hold in 2023 or 2024?

Mike Elpers: The current release we are on is what they call mainstream maintenance and it goes to 12/31/2025. Between now and then we have to go to their next release or we run the risk of paying substantially 53% more. Right now we have a plan to move to their next release of software in 2021. Environmental scans have been submitted for budgetary purposes to plan for long term financially.

Tom Stolz: If we chose not to go to their new release, it would be an entirely new system. We could move to an entirely different system.

BOARD OF BIDS AND CONTRACTS JANUARY 18, 2018

Mike Elpers: Sure. There are several ERP vendors out there. The complexity involved there is the system goes into mainstream maintenance in 2025 is one of about 6 SAP systems that we have. If we choose to go with a different ERP vendor such as Microsoft or Oracle, those other 5 systems that interact would also require some tweaking. Right now they are all SAP systems so they all talk to each other in the same language. If you remove one of the SAP systems and replace them with a different vendor system, they have to be tweaked in the remaining landscape to talk with this new non SAP system. It can be done but it is very complex and can be a very long project and consuming in terms of both resources and dollars.

Tom Stolz: For this contract renewal period, we don't have a lot of options. It's the same price. We are going to have this exact same conversation next year and the year after until 2021. What you and your staff are doing right now is analyzing what it's going to take to get us to the next SAP system or some other option for the county, is that accurate?

Mike Elpers: Correct. We came across this before in 2008 with the initial system we implemented in 2001 and 2002 with one called R/3. It went into mainstream maintenance in 2008 and we chose to stay on that system for one year. We stayed an additional amount for one year before upgrading to this release we are currently on called ECC 6. That amount was about an additional 53% of the maintenance fee for that one year until we got to the release for the mainstream maintenance. If we don't do anything before 2025, I would expect a similar increase.

Randy Bargdill: How often does the vendor have to get involved in working on some of the programming or anything like that or does county staff take care of all of it?

Mike Elpers: County staff will take care of most of the issues that will come up. We do frequently open issues with SAP because the software changes all the time, tax laws change, Department of Labor laws change all the time. New notes, what SAP calls notes, are released and have to be put into the system. They are either put in individually or once a year, we patch the system in the late part of the year to get the system updated with the new changes. Sometimes the patches work and sometimes they don't. Sometimes they work great for public sector but not for private sector. Sometimes they work great for manufacturing but not for utilities. There are all kinds of industries that run this solution. We very frequently engage with SAP. We open a ticket with them and they remote into our system or we send them analysis output from the system and they'll change a code and release a note for us or they will tell us you need to implement this note or that note or come to this patch level. That's one of the things this support pays for.

Richard Powell: It mentions support pricing is based on different types of licensing specifically standard and professional. Can you tell us the difference between standard and professional?

Mike Elpers: There are three different types of licenses: Professional, Professional Limited, and Employee. The employee license is the smallest and the cheapest. We pay for this for Employee Self Service basically for every county employee to access the system to view their paycheck or update their benefits information or all the things employees do through Employee Self Service. The limited and professional are more for the power users of the system. They are the people in the Finance Department, HR Department or various other county departments that create shopping carts or go through procurement processes, budgetary processes using BPC. Those are the three different types of licenses.