



**it**  
**SERVICES**

# **Enterprise Resource Planning (ERP) System Contract**

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# Bottom Line Up Front

| Council Action Request   | Approve New Contract  |
|--------------------------|---|
| Vendor                   | SAP Public Services, Inc.   |
| Purpose                  | <p>The upcoming council action will:</p> <p>Approve a new SAP contract for the ERP Systems and related solutions, including licensing and maintenance for the following:</p> <ol style="list-style-type: none"><li>1. Current On-Premise ERP System (ECC)</li><li>2. All current SAP cloud solutions (Success Factors, Benefit Focus, Fieldglass, Ariba, SAP Analytics Cloud)</li><li>3. Next-generation SAP Cloud ERP System (S4 HANA)</li><li>4. SuccessFactors Learning and Performance Management</li></ol> |
| New Contract Amount      | \$20,520,929.27 (Initial term spending authority)   |
| Term                     | 3 + 1 + 1 years   |
| MWBE Goal                | 0% (Non-divisible licensing only)   |
| Primary Department Users | All City Departments  |

# Vendor Overview

The Power of Our Platform, Portfolio & People



We help the world run better and improve people's lives.



Solutions for **26 industries** and **12 lines of business**

## Broad & Deep Customer Base

- SAP customers generate **84% of total global commerce** (\$46 trillion)
- **98 of the 100** largest companies in the world are SAP customers
- **98 of the 100 greenest** companies in the world run SAP
- **15,500 Public Sector Customers worldwide; 7,200+ Public Sector Customers in North America**
- **400K** Customers; **238M** Cloud Users

## Strong Revenue

- **\$34+B** in FY2024

## Sustainable Workforce

- **109K +** employees worldwide
- Employee retention at **96+%**
- Global **ecosystem** with **>25,800** SAP partner companies

## Aggressive Innovation

- **\$6.5B** on R&D Annually
- **34+%** of our workforce is focused on R&D



works for a vibrant, inclusive, and globally competitive economy



# SAP Recent Usage Highlights

Budget Managed  
(FY26)  
\$7.3B

Total Payments  
Processed (FY25)  
\$6.6B

Total Payroll  
Processed (2024)  
\$2.3B

Total Number of  
Employees and  
Retirees Managed  
38k

# City of Houston - Leader in Public Sector ERP Cloud Transformation



## Human Capital Management

- Harmonize workforce data to increase visibility/maximize ROI
- Automate core HR processes to drive cost savings
- Provide HR with insights & reporting into employee interactions
- Reporting and Analytics to support workforce planning
- Increase employee engagement and self service capabilities
- Provide personalized people and communication experience reducing risk and increasing engagement & retention



## Spend Management

- Centralize procurement process, and standardize purchases
- Automate procurement processes, and drive cost reductions and efficiencies
- Provide strategic sourcing, spend analysis, supplier/contracts management, buying/invoice management to help realize cost savings
- Identify common suppliers and consolidate addressable spend



## Business Technology Platform

- Help with data integration, analytics and planning as an enabler of Innovation
- Bridge IT & Business to effectively prepare the divested business' data into acquired business' systems - building a plan & repeatable process
- Provides predictive / advanced planning, analysis and modelling for forecasting

## Business Process Management

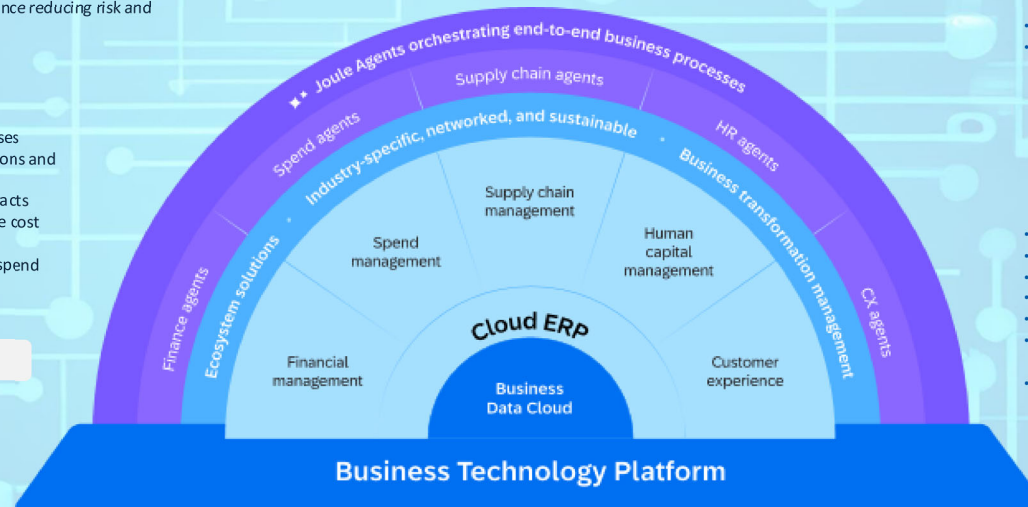
- Provides real-time process insights and discovery allowing for monitoring of KPIs
- Provides ability to understand, improve and transform business processes
- Process analysis and mining to support financial & operational diligence

## Supply Chain & Asset Management

- End-to-end supply chain visibility
- Optimize supply chain (e.g. working capital, productivity, inventory)
- Help realize synergies related to expansion into new markets, consolidation of excess capacity, optimization of transportation and warehousing
- Optimize warehouse / distribution operations
- Use spatial data to its full potential to improve map-based experiences and exceed user expectations

## Finance

- Unified view of Financial data and single source of truth
- Improve visibility/analytics, & real-time financial reporting
- Simplified and consolidated financial reporting & planning
- Faster and efficient closing process
- Intuitive user experience
- Financial planning, analysis, forecasting and simulation, to track and measure the realization of synergies
- Reduce risk with managing financials



## S/4HANA Cloud ERP

Provides a Unified Platform that optimizes business processes to create value and accelerate synergies

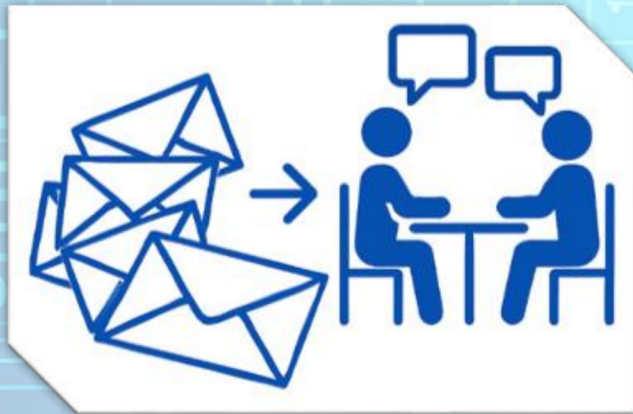
- Help integrate, harmonize & standardize data
- Enable real-time business insight driven capabilities and analytics
- Consolidate & track financials across the entire organization
- Streamline and optimize business processes, improving decision-making
- Reduce complexity and lower TCO via simplified landscape
- Monitor, track and measure KPIs across organization
- Improve operations and enable shared services
- Ensure governance and access control

# Human Capital Management Highlights

SuccessFactors & BenefitPlace – Central HR Process System

Retirees now have online access to their benefits and open enrollment.

*Reducing paper processing via mail and in person efforts. There are currently 15k+ retirees enrolled with City of Houston benefits*

A screenshot of the BenefitPlace web interface. At the top, there is a blue navigation bar with three white buttons: "Change your current benefits" (with a clipboard icon), "Print your benefits" (with a printer icon), and "View your medicare info" (with a plus sign and document icon). Below the navigation bar is a dark blue bar with left and right arrow icons. The main content area is titled "Your benefits" and has a "Viewing" tab and a "Current" tab. The benefits are displayed in a grid of six white cards. Each card has a blue icon, a title, and a cost per year.

| Medical                       | Wellness Discount...     | Dental                    |
|-------------------------------|--------------------------|---------------------------|
| (A) Consumer Driven Health... | Wellness Discount 2025   | (A) Dental PPO Plan 2025  |
| \$233.66/16 times per year    | \$0.00/16 times per year | \$52.80/16 times per year |

| Vision                    | Dearborn Life            | Dearborn Spouse...       |
|---------------------------|--------------------------|--------------------------|
| (A) Vision Plan 2025      | Basic Life 2025          | Spouse Life 2025         |
| \$12.31/16 times per year | \$0.00/16 times per year | \$0.00/16 times per year |



# Procurement Management Highlights

## SAP Ariba



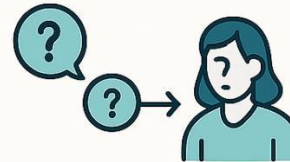
### SIMPLIFIED VENDOR REGISTRATION

SUPPLIERS CAN NOW REGISTER SEAMLESSLY ON THE SAP BUSINESS NETWORK, REDUCING ADMINISTRATIVE BURDENS AND ENSURING COMPLIANCE WITH PROCUREMENT STANDARDS. GAINING ACCESS TO MILLION OF VENDORS ACROSS 190 COUNTRIES.



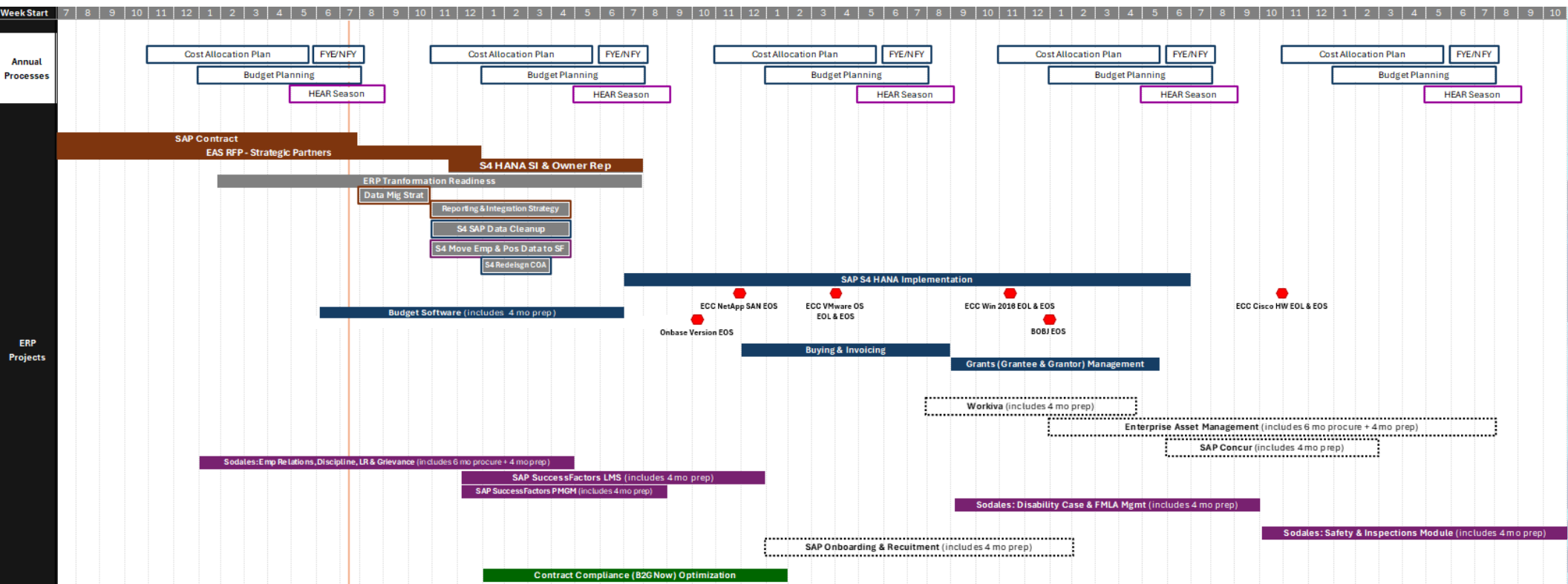
ENHANCED COLLABORATION  
THE PLATFORM FOSTERS STRONGER BUSINESS RELATIONSHIPS BETWEEN THE CITY AND ITS SUPPLIERS, ENABLING REAL-TIME COMMUNICATION AND DOCUMENT EXCHANGE. *ELECTRONIC INVOICING SPEEDS UP VENDOR PAYMENT PROCESS. OVER 11K ELECTRONIC INVOICES PROCESSED IN FY25.*

### VENDOR SUBMITTING INVOICES



### INVOICE COMING INTO ERP SYSTEM





# ERP Transformation Roadmap (FY25 to FY29)



# Summary of Current SAP Products



## **SAP SuccessFactors:**

Human Capital  
Management (HCM) and  
Payroll (PY) solution



## **SAP Analytics Cloud (SAC):**

Cloud-based business  
analytics solution



## **SAP Fieldglass:**

Contingent workforce  
solution



## **Benefit Focus:**

Employee Benefits  
Management



## **SAP Ariba:**

Procurement management  
solution



## **SAP ECC Maintenance (Product Support Ends December 2027)**

City's core operations system for Finance, Procurement, Payroll and Human Capital  
Management

# Summary of Additional Products in New Contract

## **SAP S/4 HANA**

Cloud (SaaS) ERP platform and application for Finance, Procurement, Payroll, and Human Capital Management. Replaces the current on-premise solution (ECC).

## **SAP SuccessFactors (Additional Modules)**

Learning Management System (LMS) – Helps employees develop new skills and improves regulatory compliance by automating compliance training.

Performance Management & Goal Management (PMGM) – Aligns strategy and goals, improves employee performance through ongoing coaching and feedback, and recognizes top talent.

Replaces current Talent Management System.

## Projected Spending Authority

| SAP License                      | FY26                   | FY27                   | FY28                   | Total                   |
|----------------------------------|------------------------|------------------------|------------------------|-------------------------|
| SAP ECC - On-Premise Maintenance | \$ 1,531,863.44        | \$ 1,577,819.35        | \$ 1,625,153.93        | \$ 4,734,836.72         |
| SAP Cloud Subscriptions          | \$ 3,581,353.52        | \$ 4,603,528.85        | \$ 7,601,210.18        | \$ 15,786,092.55        |
| <b>Total</b>                     | <b>\$ 5,113,216.97</b> | <b>\$ 6,181,348.19</b> | <b>\$ 9,226,364.11</b> | <b>\$ 20,520,929.27</b> |





## **City of Houston ERP Transformation Journey**