EXECUTIVE SUMMARY

Direct Negotiation Recommendation of $500,000 or Greater
SAP Upgrade and Migration

This request is to approve the recommendation to award a Direct Negotiation between SAP Public Services Inc. (SAP) and The School Board of Broward County, Florida, (SBBC). This Direct Negotiation is to request a spending authority of $5,900,000, which encompass three (3) correlated agreements as follows:

- **58-068E - SAP Enterprise Central Components (ECC) Upgrade & Migration**
    - SAP will provide services to implement SBBC's ECC upgrade and data migration from a SAP ERP 6.0 version to the SAP Business Suite target landscape on SAP HANA platform.
    - The term of the agreement is based on estimated dates only since it will be valid until all deliverables are completed:
        - Expected start date: December 4, 2017
        - Expected end date: June 22, 2018

- **58-067E - SAP Business Warehouse (BW) Upgrade & Migration**
    - SAP will provide services to implement SBBC's BW upgrade and data migration of SAP BW 7.5 on SAP HANA platform.
    - The term of the agreement is based on estimated dates only since it will be valid until all deliverables are completed:
        - Expected start date: September 18, 2017
        - Expected end date: February 2, 2018

- **58-066E - SAP HANA Database & SAP Budgeting & Planning (SBP) License & Maintenance**
    - Acquisition of SAP HANA data platform and SBP licenses and maintenance services
    - For a three (3) year term from September 13, 2017 through December 31, 2020

The direct negotiation was performed in accordance with Purchasing Policy 3320, Part VI (C)(5)(c), and Section 6A-1.012(14), F.A.C., where SBBC may make any acquisition of information technology (as defined in Section 282.0041(14), Florida, Statutes) by direct negotiation, as best fits the needs of the District.

Currently, SBBC utilizes SAP Enterprise Resource Planning (ERP) system to perform the key business functions of the District (Financial Accounting and Controlling, Human Resource Management and Material Management). The upgrade and migration of this system are needed because SBBC must decommission the existing IBM mainframe environment and retire all mainframe installed applications by June 30, 2018, due to the expiration of system licenses and to avoid a penalty of $2.5M in mainframe license renewals. This project requires a lead time of nine (9) to twelve (12) months to complete.

The SAP ERP system is also currently at a release level, which is five (5) levels behind the most recent version, causing current applications to fail or to perform at suboptimal levels. Therefore the upgrade and migration of SAP ECC, SAP Enterprise Portal, SAP BW Reporting and SBP is needed.

The upgrade and migration components, plus the financial impact are demonstrated below:

1. 58-068E - SAP ECC Upgrade & Migration

SAP ECC is the core software system that assists with the management of the key business activities:

Financial Accounting and Controlling	Human Resource Management	Material Management
• General Ledger Accounting • Accounts Payable • Accounts Receivable • Bank Accounting • Budgeting and Monitoring • Cash management • Asset Accounting • Funds management • Treasury Management	• Personnel Administration • Payroll • Time Management • Compensation Management • Wages • Personnel Development • Organizational Management	• Purchasing • Inventory Management • Material Planning • Invoice Verification • Warehouse Management

SAP services team will provide support to upgrade and migrate the database of an existing SAP Business Suite source system landscape of a lower release SAP ERP 6.0x to the SAP Business Suite target landscape on SAP HANA (EHP 8 for SAP ERP 6.0) using the Database Migration Option (DMO) of Software Update Manager (SUM).

Financial Impact:

See details of the requested spending authority below:

SAP Consulting Services	$2,593,876
Project Contingency	$ 340,000
Total Amount	**$2,934,000**

2. 58-067E - SAP Business Warehouse (BW) Upgrade & Migration

SAP BW performs data reporting, analyses, and interpretation of business data. It is a crucial component for running the business smoothly and support the leadership in the decision-making process. SAP BW enables the user to analyze the data provided by the SAP ECC applications (Financial Accounting and Controlling, Human Resource Management, and Material Management).

SAP services team will provide support to upgrade and migrate SAP BW to SAP BW 7.50 on SAP HANA.

Financial Impact:

See details of the requested spending authority below:

SAP Consulting Services	$1,384,772
Total Amount	**$1,384,772**

3. 58-066E - SAP HANA Database & SBP License & Maintenance

SAP HANA is a revolutionary in-memory data platform, best suited for performing real-time analytics and developing and deploying real-time applications. At the core of this real-time data platform, SAP HANA database is fundamentally different than any other database engine because of its in-memory architectural design. Also included in this licensing is the SBP which provides a dynamic and collaborative environment to accommodate the requirements of the end-to-end public sector budget formulation processes. Budget planners, analysts, and decision makers can use BW data to formulate meaningful and realistic budgets without altering live data.

The SAP HANA data platform and database along with SBP integrates all applications related to ECC and BW reporting.

Financial Impact:

The SAP standard support fee for the software under the order form is priced based on the SAP standard support factor which is nineteen (19) percent. SAP support fees are invoiced on an annual basis effective January 1 of a calendar year. See details of the requested spending authority below:

SAP HANA Licensing one-time fee	$ 866,734
SAP SBP Licensing one-time fee	$ 83,460
SAP HANA & SBP Maintenance FY 17/18 (three (3) months of 2017 Calendar Year)	$ 60,179
SAP HANA & SBP Maintenance FY 17/18 (2018 Calendar Year)	$ 180,537
SAP HANA & SBP Maintenance FY 18/19 (2019 Calendar Year)	$ 180,537
SAP HANA & SBP Maintenance FY 19/20 (2020 Calendar Year)	$ 180,537
Total Amount	**$1,551,984**

Total Financial Impact:

A summarized view of the total spending authority requested is illustrated below:

	FY 17/18	FY 18/19	FY19/20	Total
SAP ECC Upgrade & Migration	$ 2,593,876			$ 2,593,876
SAP BW Upgrade & Migration	$ 1,384,772			$ 1,384,772
SAP HANA Licensing	$ 866,734			$ 866,734
SAP SBP Licensing	$ 83,460			$ 83,460
HANA & SBP Maintenance	$ 240,716	$ 180,537	$ 180,537	$ 601,790
Total	$ 5,169,558	$ 180,537	$ 180,537	$ 5,530,632
SAP ECC Project Contingency	$ 340,000			$ 340,000
Including contingency	$ 5,509,558	$ 180,537	$ 180,537	$ 5,870,632
Total spending authority requested (rounded)				$ 5,900,000