



SUBJECT: Enterprise Resource Planning (ERP) software procurement process update

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Information Technology Services Department

Report Number: IT-01-21

Wards Affected: Not applicable

File Numbers: 200-6

Date to Committee: March 3, 2021

Date to Council: March 23, 2021

Recommendation:

Receive and file information technology services department report IT-01-21 providing an update on the Enterprise Resource Planning (ERP) software procurement process.

PURPOSE:

To provide additional information on the procurement of Workday as the City's ERP software solution and an overview of the process to secure professional services to lead and support the City's implementation of Workday.

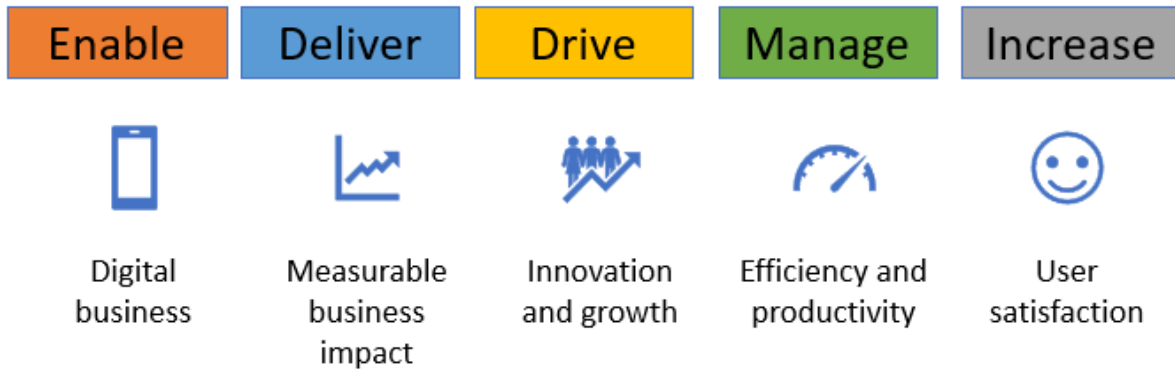
Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation.

Background and Discussion:

The ERP program is a business transformation initiative focused on the people, processes, technology, data, and information required to deliver human resources, payroll, financials, and budgeting functions.

The value of ERP programs and initiatives comes from the adoption of new and/or improved ways of working. Properly implemented, an ERP solution will:



The City is conducting a phased procurement process:

- Phase 1: Procure a software solution – the City used a Negotiable Request for Proposal (NRFP) approach for this procurement. This stage was completed in December 2020.
- Phase 2: Procure professional services to assist the City in implementing the software solution. This phase commenced in January 2021.

Phase 1: Software Procurement Process

A non-binding (negotiable) Request for Proposal (NRFP) was issued on September 25, 2019 for the supply of an ERP software solution for Human Capital Management, Payroll, Financials, and Corporate Performance Management (Budget Planning & Analytics). The process included an extensive, multi-stage evaluation process developed in consultation with an independent consultant, Deloitte. Deloitte's role was to provide input on the overall procurement process, assist the City in validating requirements, share best practices around system selection, and assist the City in developing the RFP package and evaluation criteria. An outside legal counsel, Blake, Cassels & Graydon LLP were retained to assist in the development of the NRFP document. The City also retained the legal firm, Deeth Williams Wall to support negotiations with the preferred vendor.

Nine Proposals were received through an open and competitive procurement process, which were evaluated and scored by the City's evaluation team comprised of staff from Human Resources, Finance, ITS, and key business stakeholders, with input and feedback from Deloitte. An advisory team comprised of City staff from many departments were invited to participate in vendor interviews and demonstrations and

provided feedback to the evaluation team. From a procurement standpoint, this RFP was considered large and complex. Key highlights of the process include:

- **Timelines:** Timelines were conservative to allow Proponents a reasonable amount of time to prepare for interviews and detailed demonstrations. With a large evaluation and advisory team, these timelines also allowed staff to balance their day-to-day responsibilities with attending interviews and demonstrations. The impact of COVID-19 resulted in a three-week delay between interviews and demonstrations, but that time was recovered during negotiations.
- **Interaction with Proponents:** The City held a general Proponent's meeting prior to the RFP closing, which was open to the public. This meeting provided an opportunity for Proponents to ask questions that would assist them in preparing their submission. Prior to both the interview stage and the demonstration stage, staff initiated one-on-one discovery meetings with each shortlisted Proponent to review the agenda and provide the Proponent with an opportunity to ask clarifying questions. Any additional information that emerged from these discovery meetings was then shared with all shortlisted Proponents. In total, staff conducted fifteen hours of discovery meetings.
- **Shortlisting Proponents:** At each stage in the process, the City identified a passing score for various evaluation criterion (e.g., functionality, proponent qualifications, ease of use, etc.) as well as an overall passing score for each module. Proponents who achieved the passing scores were shortlisted for the next stage. If they did not meet one or more passing scores, their proposal was eliminated for the respective model(s). The passing score increased at each stage. This continued until the final demonstration was completed. At that point, the City ranked the Proponents and selected the top-scoring Proponent for negotiations all in accordance with the RFP.

Workday Limited ("Workday") was the highest scoring Proponent in all three modules and the City successfully negotiated a five-year contract at a cost of \$4,481,186 plus HST for a total of \$5,063,740.18. The contract commences on January 31, 2021.

The City is confident the Workday solution will assist us in addressing current risks and implementing changes to achieve measurable improvements in the following areas:

- Operational efficiencies
- Continuous improvement
- Data quality and security
- Reporting and planning
- Self-serve capabilities
- Business process transformation
- Cost optimization

Workday

As outlined in their Proposal;

“Workday brings financials, human resources, payroll, reporting, planning, and analytics together into a single cloud-based system. It gives you the tools and capabilities you need to manage, attract, develop and retain the best employees and support financial transactions, controls, and analytics. The software can be used on a desktop as well as the mobile devices you use every day. With Workday, the City of Burlington can control and predict costs, increase productivity, and dramatically improve data visibility. The Workday solution is the result of innovative thinking, new technologies, and a fresh approach to capturing and prioritizing product developments to support organizations like the City of Burlington.”

One of the key differentiators of Workday is its Power of One. This is the guiding principle behind Workday’s vision to provide front-line decision makers with the insights they need to ultimately produce better outcomes. The Power of One means:

One source of data	Turn insight into action. With a single system for finance, HR, and analytics, Workday gives you total visibility coupled with the power to act on it.
One experience	Workday gives you the intuitive and informative experience you need to manage change and engage your workforce.
One security model	Security is at the heart of our business. We provide protections that traditional software vendors can’t. We build, and continually update, rigorous safeguards into every product to maintain the highest level of security.
One community	Through a highly engaged ecosystem, our customers share ideas and best practices as a community, and actively engage product teams on the next innovations.

The table below compares the City's current state of software systems that support ERP to the proposed future state once Workday has been implemented:

System	Functionality	Future
Ellucian Banner	Employee records	Workday
	Payroll	
SAP	Financials	
Questica	Budgets	
Recruit Right	Recruitment	
Auxilium OTR	Learning and development	
Workforce	Time and attendance, scheduling	
Parklane	Disability management	Parklane

Workday will replace all systems related to ERP except Parklane, which the City uses for occupational health and safety, and disability management. In their Proposal, Workday recommended the City continue to use Parklane based on its niche functionality. Integrating the data between Workday and Parklane is in scope for the implementation.

During the evaluation, it was also determined that Workday will replace Workforce as the City's time and attendance software solution. The Workforce product also provides staff scheduling capabilities. The scheduling needs in larger departments (e.g., Fire, RPF, Transit, and Recreation, Community and Culture) are very complex. Therefore, during the implementation, the City will work with the implementation partner to review business needs in these departments to better understand how the technology can provide support. The goal is to leverage the scheduling capabilities within the Workday solution.

Overall, the Workday solution will achieve the City's goal of reducing the number of peripheral, disconnected, outdated, siloed data systems and in doing so deliver a fully integrated, flexible, intuitive solution that facilitates service delivery improvements.

With the award of this contract, Phase 1 is complete, and Phase 2 is underway. While staff is conducting the implementation partner procurement process, Workday Limited will support the City by setting up the initial software environment, contributing to the privacy impact assessment the City is conducting, and may commence the implementation of the strategic sourcing solution for procurement. Once the implementation partner is on board, Workday's primarily role will shift to delivery

assurance. They will work with the City and the implementation partner to ensure that the project is on track and the system is optimally configured.

Phase 2: Professional Services RFP

Attention now turns to the professional services RFP, which is focused on selecting an implementation partner to assist the City in designing, configuring, and implementing the Workday ERP solution. The negotiable RFP was issued on January 27, 2021. The RFP requires Proponents to be certified Workday partners in Canada. Both Deloitte and Workday provided consultation and advice in the development of the RFP. For that reason, neither of them is eligible to submit a Proposal.

Workday certified partners are handpicked for their skills, experience, and capacity for delivering solutions to their client's business-critical needs. Partners are trained extensively on Workday products as well as the tools and methods that enable fast, efficient deployment and ongoing adoption of new capabilities.

Anticipated timelines for this RFP are:

Issue RFP	January 27, 2021
General Proponent's Meeting	February 1, 2021
RFP Closes	February 29, 2021
Interviews	March 2021
Select Negotiations Proponent(s)	April 2021
Award Contract	June 2021

Financial Matters:

The approved ERP Program budget is \$9,480,000 for the purchase and implementation of a software solution and a dedicated team of staff.

The budget impact of the five-year contract with Workday is \$4,560,055 net HST. Once existing systems are decommissioned, the net impact to the operating budget is currently estimated at approximately \$415,000.

Climate Implications

Not applicable

Engagement Matters:

The City involved more than 50 subject matter experts from across the organization in the software procurement process. They were involved in developing and validating requirements, providing input on the scripts used for interviews and demonstrations, and attending and providing feedback on interviews and demonstrations. Their input was, and continues to be, critical to the success of this program.

From a governance perspective, the Enterprise Software Steering Committee (ESSC) was involved at various stages during the procurement process and approved key decisions throughout.

The City engaged Deloitte to provide input and consultation on the development of the RFP package, the overall evaluation process, and requirements validation. The City retained Blake, Cassels & Graydon LLP to assist in the development of the NRFP document, and Deeth Williams Wall to assist the City in developing contract terms and conditions for the RFP and supporting negotiations.

Conclusion:

The ERP Program is both a digital and business transformation initiative. The Workday solution will assist the City in solving problems by simplifying and speeding up processes, providing better access to enhanced data, empowering our staff, job applicants, and business partners, and augmenting support for interactions and processes that are more complex in nature.

Respectfully submitted,

Tracie Legg

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.