



# **SCHOOL BOARD ACTION REPORT**

**DATE:** January 11, 2018  
**FROM:** Dr. Larry Nyland, Superintendent  
**LEAD STAFF:** John Krull, Chief Information Officer, [jkrull@seattleschools.org](mailto:jkrull@seattleschools.org);  
Nancy Petersen, Director of Enterprise Applications and Data Services,  
[nlpetersen@seattleschools.org](mailto:nlpetersen@seattleschools.org)

**For Introduction:** February 13, 2018

**For Action:** March 7, 2018

## **1. TITLE**

Approval of annual SAP Software Maintenance and Licensing Agreement

## **2. PURPOSE**

This Board Action Report is for the review and approval of a 1-year renewal of an SAP software maintenance and license agreement with SAP Public Services, Inc.

## **3. RECOMMENDED MOTION**

I move the Board of Directors authorize the Superintendent to execute a 1-year agreement extension with SAP in the amount of \$301,568.59 to provide enterprise and Business Systems Incorporated (BSI) software support from January 1, 2018 to December 31, 2018, in the form of a Purchase Order dated January 4, 2018 and presented to the School Board, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary actions to implement the contract.

## **4. BACKGROUND INFORMATION**

- a. **Background** SAP is the system that provides functionality for the management of Staffing, Human Resources, Payroll, Finance, Accounting, Purchasing and Logistics at Seattle Public Schools. It is this system that supports hiring and paying teachers and staff; procurement and distribution of food, furniture, equipment and supplies; and processing and reconciliation of all payments and incoming funds. The original license and maintenance agreement with SAP was entered into in January, 2000. The agreement included maintenance, SAP license grant, and Marketplace license grant (online procurement). Subsequently, in 2007, the SAP license and maintenance contract was upgraded to mySAP Business Suite license model and Human Resource payroll and eRecruit licenses were added. Seattle Public Schools (SPS) has been renewing the SAP Agreement each year for 16 years. This agreement with SAP is for a 1-year term.

This renewal will:

- Ensure that SPS District staff has access to the current SAP software applications. This agreement covers approximately 163 Professional licenses, 659 Limited Pro licenses, 6,245 Employee Self-Service licenses and 8 developer licenses.

- Provide essential Enterprise Resource Planning (ERP) application support for Accounting, Logistics, and Human Resources. Staffing and Payroll are two activities included in application support.
  - Provide Supplier Relationship Management (SRM) support for managing goods and services including Market Place (Formerly B2B) procurement.
- b. **Alternatives** In the short term there are no credible alternatives to the renewal of this software license. Technology Services and Business & Finance, and Human Resources have discussed potentially upgrading SAP and looking at other applications to ensure best value, ease of use, and integration with current systems in preliminary Building Excellence 5 (BEX V) Levy planning. If we do not renew this licensing agreement the following would happen:
- The District would be no longer able to provide basic financial activities.
  - The District would be unable to issue payroll checks, pay vendors, or manage spending.
  - The District would have an inability to provide financial reporting to Federal, State, Grantors, and District management.
- c. **Research** Administration reviewed licensing alternatives, completed a budget tool Request for Information (RFI) and brought in a consulting company with expertise in SAP and ERP's in general to work to make sure we are getting the most value out of our investment.

**5. FISCAL IMPACT/REVENUE SOURCE**

Fiscal impact to this action will be \$301,568.59 including taxes for the 1-year agreement extension.

The revenue source for this motion is general funds designated for software renewal and maintenance in the current Department of Technology Services budget.

Expenditure:  One-time  Annual  Multi-Year  N/A

Revenue:  One-time  Annual  Multi-Year  N/A

**6. COMMUNITY ENGAGEMENT**

With guidance from the District's Community Engagement tool, this action was determined to merit the following tier of community engagement:

Not applicable

Tier 1: Inform

Tier 2: Consult/Involve

Tier 3: Collaborate

**7. EQUITY ANALYSIS**

Although a formal equity analysis was not completed, SAP allows for the equitable distribution of funds.

**8. STUDENT BENEFIT**

All students benefit from the funds managed with SAP. In order to provide education to students, teachers and staff must be hired and paid, supplies and food must be purchased, buildings must be maintained, reports must be provided to the State to obtain funding and any vendors supplying resources to schools must be paid. This system allows the business to be run.

**9. WHY BOARD ACTION IS NECESSARY**

- Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)
- Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)
- Adopting, amending, or repealing a Board policy
- Formally accepting the completion of a public works project and closing out the contract
- Legal requirement for the School Board to take action on this matter
- Board Policy No. \_\_\_\_\_, [TITLE], provides the Board shall approve this item
- Other: \_\_\_\_\_

**10. POLICY IMPLICATION**

Per policy No. 6220, Procurement, any contract over \$250,000 must be brought before the Board for approval.

**11. BOARD COMMITTEE RECOMMENDATION**

This motion was discussed at the Operations Committee meeting on February 1, 2018. The Committee reviewed the motion and moved the item forward to the full Board with a recommendation for approval as amended.

**12. TIMELINE FOR IMPLEMENTATION**

Upon approval of this motion, the 1-year extension will be executed for SAP.

**13. ATTACHMENTS**

- 2018 SAP Software and Maintenance Simulated Quote

- January 4, 2018 Draft Purchase Order

# SIMULATED QUOTE



SAP Public Services, Inc.  
 Ronald Reagan Building  
 International Trade Center  
 1300 Pennsylvania Ave., N.W.  
 Suite 600  
 Washington, D.C. 20004

Date: 27.09.2017

Seattle School District No. 1,  
 MS-21-350, PO Box 34165  
 2445 Third Avenue South  
 SEATTLE WA 98134  
 United States  
 ajmardock@seattleschools.org

RE: Software Maintenance Invoice Projection Information

Dear Customer,

The purpose of this letter is to provide you with a projection of estimated fees in advance of your maintenance invoice for Software licensed from SAP, to assist you when preparing new purchase orders for your next term of maintenance. Your 2018 maintenance invoice(s) from SAP will follow.

The attached projection estimates your maintenance to be invoiced under your support contracts with SAP Africa Region (Pty) Ltd. Your projected maintenance fees are summarized in the matrix below.

Order	Support Type	Settlement Start	Settlement End	Base	%	Net Value	Tax amount	Total Amount
Appendix 7 mySAP Business Suite								
10343183	Enterprise	01.01.2018	31.12.2018	876.584,00	22,000	192.848,48	19.477,70	212.326,18 USD
Appendix 8 BSI								
10343185	BSI Support	01.01.2018	31.12.2018	23.400,00	42,000	9.828,00	992,63	10.820,63 USD
Appendix 11 - Effective December 28, 2007 - Addtl Users								
10430032	Enterprise	01.01.2018	31.12.2018	4.666,00	22,000	1.026,52	103,68	1.130,20 USD
Ref: Appendix 12								
10564970	Enterprise	01.01.2018	31.12.2018	58.320,00	22,000	12.830,40	1.295,87	14.126,27 USD
Ref: Appendix 13								
10576369	Enterprise	01.01.2018	31.12.2018	61.090,00	22,000	13.439,80	1.357,42	14.797,22 USD
Appendix 14, effective March 31 2015								
11517788	Enterprise	01.01.2018	31.12.2018	135.664,16	22,000	29.846,12	3.014,46	32.860,58 USD
Order form 15 Effective September 30, 2017								
12639403	Enterprise	01.01.2018	31.12.2018	64.022,40	22,000	14.084,93	1.422,58	15.507,51 USD
Total						273.904,25	27.664,34	301.568,59 USD



**Seattle School District No. 1**

Purchasing Services  
 Mail Stop 23-376  
 PO Box 34165  
 Seattle, WA 98124-1165

Purchase Order	
P.O. Number	7600022682
P.O. Date	01/04/2018
Ship Via	Surface, Prepay & Add
Deliver By	08/31/2018
Contact	Craig Murphy
<b>Ph: 206 252-0570</b>	Fax: 206-252-0505
Email: cemurphy@seattleschools.org	

Vendor
<b>*SAP PUBLIC SERVICES INC</b> <b>The Ronald Reagan Building</b> 1300 PENNSYLVANIA AVE NW WASHINGTON, DC 20004 Tel: 360-810-2915 heidi.leverton@sap.com

Deliver Items To:
<b>JIM YOUNG/JIM BRADLEY</b> <b>TECHNOLOGY SERVICES</b> P.O. Number: 7600022682

Send Invoice To:
<b>Seattle School District No 1.</b> <b>Accounts Payable</b> Mail Stop 33-343 PO Box 34165 Seattle, WA 98124-1165 Email:accountspayable@seattleschools.org

Item	Material/Description	Quantity	UM	Unit Price	Total
	<b>Terms: Net 30 days, Currency USD</b>  <b>By accepting this purchase order/contract, the above named firm certified that they are not currently debarred from participating on any federal, state or similarly funded transaction.</b>  NOT TO EXCEED VALUE SHOWN INCLUSIVE OF TAX; NOT VALID FOR NON SCHOOL DISTRICT RELATED ITEMS.				
00010	ENTERPRISE/BSI SUPPORT, MAINTENANCE  COVERS THE FOLLOWING YEAR, JANUARY THRU DECEMBER 2018 SERVICES  REFERENCE SAP PUBLIC SERVICE QUOTE DATED SEPT 27, 2017 PRODUCT/SERVICES NET VALUE:\$273,904.25 TAX AMOUNT: \$ 27,664.34  <hr/> TOTAL AMOUNT: \$301,568.59  . APPENDIX 7 mySAP BUSINESS SUITE 10343183 Enterprise 01.01.2018 31.12.2018 876.584,00 22,000 192.848,48 19.477,70 212.326,18 USD	1	LOT	301,568.59	301,568.59

**DRAFT**

Purchase order number must appear on all invoices, shipping labels, packing lists and correspondence.

This purchase order is subject to Seattle School District No. 1 standard terms and conditions. These can be referenced by clicking on the "Terms and Conditions" link at [www.seattleschools.org/procurement](http://www.seattleschools.org/procurement)



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	Order form 15 Effective September 30, 2017				
	12639403 Enterprise 01.01.2018 31.12.2018				
	64.022,40 22,000 14.084,93 1.422,58				
	15.507,51 USD				
	Total net value excl. tax:				301,568.59
	Wash.St.Sales Tax:				0.00
	Freight:				0.00
	Total:				301,568.59

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AUTHORIZED SIGNATURE

*C. Murphy*  
 (Buyer)