



School Board Briefing/Proposed Action Report

☐ **Informational** (no action required by Board) ☒ **Action Report** (Board will be required to take action)

DATE: October 21, 2016
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I. TITLE

Approval of annual SAP Software Maintenance and
Licensing agreement.

For Introduction: December 7, 2016
For Action: January 4, 2017

II. WHY BOARD ACTION IS NECESSARY

Per School Board Policy No. 6220, Procurement, Board action is required for the review and approval of contracts where the total amount exceeds \$250,000. This is a 1-year renewal of an SAP software maintenance and license agreement with SAP Public Services, Inc. School Board approval is necessary because the total cost of the agreement exceeds \$250,000.

III. FISCAL IMPACT/REVENUE SOURCE

Total fiscal impact of this action will be \$284,761.98 including taxes for the one-year agreement extension. This will be payable in one annual installment of \$284,761.98.

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 ☐ Other Source

IV. POLICY IMPLICATION

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

V. RECOMMENDED MOTION

I move the Board of Directors authorize the Superintendent to execute a one-year agreement extension with SAP in the amount of \$284,761.98 to provide enterprise and Business Systems Incorporated (BSI) software support from January 1, 2017 to December 31, 2017, in the form of a Purchase Order dated September 6, 2016, 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.

VI. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the Operations Committee meeting on November 17, 2016. The Committee reviewed the motion and moved the item forward to the full Board with a recommendation for approval.

VII. BACKGROUND INFORMATION

The original license and maintenance agreement with SAP was entered into in January, 2000. The agreement included maintenance, R/3 license grant, Marketplace license grant, and On-Demand license grant. Subsequently, in 2007, the SAP license and maintenance contract was upgraded to mySAP Business Suite license model and Payroll and eRecruit licenses were added. 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 all 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.

VIII. STATEMENT OF ISSUE

Renewal ensures a non-disruption of normal business operations required to support District financial and staffing activities. The maintenance includes continual upgrades to the most current versions of software for schools and administrative offices.

IX. ALTERNATIVES

In the short term there are no credible alternatives to the renewal of this software license. If we do not renew this licensing agreement the following would happen:

- No longer able to provide basic financial activities.
- Unable to issue payroll checks, pay vendors, or manage spending.
- Inability to provide financial reporting to Federal, State, Grantors, and District management.

X. RESEARCH AND DATA SOURCES / BENCHMARKS

Not Applicable.

XI. TIMELINE FOR IMPLEMENTATION / NEXT STEPS

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

XII. ATTACHMENTS

- 2017 SAP Software Maintenance Simulated Quote
- SAP License and Maintenance Agreement
- September 6th Purchase Order