





	
	<p><i>INFORMATION, COMMUNICATIONS & TECHNOLOGY</i></p> <p>SAP SUPPORT SERVICES</p> <p>RECOMMENDATION TO NEGOTIATE AND EXECUTE AN AGREEMENT</p> <p>REGIONAL COUNCIL</p>
	<p>Donna Davis, Chief Information Officer</p> <p>June 25, 2013</p>

<h2>Recommendation</h2> <h3>Negotiate and Execute an Agreement for SAP Support Services</h3> <div data-bbox="337 1262 391 1285">2</div>	
 	<ul style="list-style-type: none">□ Authorize CAO to negotiate and execute an agreement for SAP support services□ Supplier is Province of Nova Scotia Department of Finance□ Total Value is \$11.4 million over 10 years□ Services are SAP Support Services:<ul style="list-style-type: none">■ SAP Basic Services■ Major Enhancements■ Transition Services□ Terms are to be finalized by CAO.□ This agreement allows HRM to achieve an improved SAP support model. 
<small>SAP Alternate Service Delivery Model</small>	

Services to be Governed

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SAP Basic Services

- SAP Hosting Services include: Physical computing infrastructure, network services, security administration, disaster recovery services, maintenance and minor enhancements.
- HRM will be able to influence the amount and type of work performed
- Volume of Services will vary according to HRM needs (Fees will vary accordingly)
- Value of SAP Hosting Services Portion is approximately \$0.6M per annum (Year 1 fee is \$0.7M, Year 10 fee is \$0.48)
- Fee decreases year over year due to expected efficiency gains
- SAP license fees is a fixed fee and is currently paid by HRM on an annual basis.
- Value of license portion is approximately \$0.5M per annum
- Total Value including both components will be \$10.8 over 10 years

SAP Alternate Service Delivery Model



Services to be Governed

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Major Enhancements

- This work will include planned work which HRM requests to improve the SAP system
- Scale of work effort in this category is larger than for minor enhancement performed within the SAP Basic Services
- Fees for Major Enhancements are governed by a rate table which will note rates per hour per skill set.
- HRM will be able to have Major Enhancements performed within the agreement or at its option by another 3rd party which meets the needs of HRM.
- There are no fees for Major Enhancements within the agreement total value estimates as each project expenditure would be approved separately and managed by the HRM Project governance process.

SAP Alternate Service Delivery Model



Services to be Governed

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Transition Services

- Transition services include one-time work by the Province and its partner IBM to move SAP support from HRM to PNS / IBM.
- Services include creating the physical computing infrastructure and network connections, installation of SAP, disaster recovery set-up and testing.
- Fees will be approximately \$0.5M

SAP Alternate Service Delivery Model



Key Agreement Conditions

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Term and Related Items

- Signing Parties will be HRM and Province of Nova Scotia
- Term will be 10 Years
- 3 Year Renewal Option
- Defined change process will allow changes over the life of the agreement
- Privacy Provisions to meet HRM needs

Termination and Restructuring

- Material breach by either party will terminate the agreement
- Termination of the underlying agreement between PNS and IBM will terminate the agreement between HRM and PNS.
- A provision for restructuring will allow reduction in services.

SAP Alternate Service Delivery Model

