

SUMMARY STATEMENT

ITEM NO.: DRPA-18-024

**SUBJECT: Application
Management Support and Hosting
Services for Current ERP System**

COMMITTEE:

Finance

COMMITTEE MEETING DATE:

February 7, 2018

BOARD ACTION DATE:

February 21, 2018

PROPOSAL:

That the Board authorizes staff to negotiate a contract renewal with SAP Public Services, Inc. and its relevant service affiliates (collectively, “SAP Public Services”) for an amount not to exceed \$8,534,704.00, which renews (i) through December 31, 2021, the existing Application Management Services (AMS) Support and software application licenses and (ii) through December 31, 2023 application hosting services SAP Public Services provides to the DRPA and PATCO.

Cost Breakdown:

AMS Support:	\$ 1,754,400.00 (\$438,600 annually x 4 years)
Software License/Maintenance Fees:	\$ 1,030,168.00 (\$257,542 annually x 4 years)
Hosting Services:	\$ 5,750,136.00 <u>(\$958,356 annually thru 2023)</u>
Total	\$ 8,534,704.00

PURPOSE:

To provide the Delaware River Port Authority with continued SAP application support and hosting services in line with SAP standards and establishing a continuity of service that is integral to the security and stability of DRPA and PATCO operations.

BACKGROUND:

On January 4, 2016, the DRPA and PATCO initiated use of a new Enterprise Resource Planning System (“ERP System”) utilizing an SAP database and related software programs.

Since going live, both DRPA and PATCO have experienced many challenges with the ERP System. At the direction of the Board, the Authority commenced an initiative focused upon finding the best means of addressing

these issues. The initiative was focused on efforts that would result in both DRPA and PATCO being able to take full advantage of the processes and efficiencies an SAP system offers, as well as to properly position DRPA and PATCO for the future and their respective evolving business and operational needs.

Pursuant to this initiative, Authority Staff recommended to the Finance Committee and the Board at their respective July 2016 meetings that the DRPA enter into an agreement with SAP Public Services wherein DRPA and PATCO migrated the hosting of the ERP System and transferred management of the Application Management Services (AMS) Support to SAP Public Services, with such recommendations subsequently approved. The migration and transfer of the hosting and AMS Support was successfully completed in February 2017. Since that time, the DRPA's ERP System has enjoyed greater security and stability. Further, SAP (as the manufacturer of the SAP system software) has been uniquely positioned to provide technical support for the current ERP System.

As a result, Authority staff recommends negotiating a contract renewal with SAP Public Services, Inc. for an amount not to exceed \$8,534,704.00 that renews and extends (i) the existing Application Management Services (AMS) Support and software application licenses through December 31, 2021 and (ii) the existing ERP application hosting services through December 31, 2023.

SUMMARY:	Amount:	\$8,534,704.00
	Source of Funds:	Revenue Fund and General Fund
	Capital Project #:	N/A
	Operating Budget:	2018 DRPA and 2018 PATCO Budgets
	Master Plan Status:	N/A
	Other Fund Sources:	N/A
	Duration of Contract:	Up to Five (5) years
	Other Parties Involved:	N/A

DRPA-18-024
Finance Committee: February 7, 2018
Board: February 21, 2018
Application Management Support and
Hosting Services for Current ERP
System

RESOLUTION

RESOLVED: That the Board authorizes staff to negotiate with SAP Public Services, Inc. and its relevant service affiliates (collectively, “SAP Public Services”) an extension and renewal of DRPA’s contract (i) through December 31, 2021 for Application Management Services (AMS) Support and software application licenses and (ii) through December 31, 2023 contract for application hosting services with such contract amount not to exceed \$8,534,704.00.

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:	Amount:	\$8,534,704.00
	Source of Funds:	Revenue Fund and General Fund
	Capital Project #:	N/A
	Operating Budget:	2018 DRPA and 2018 PATCO Budgets
	Master Plan Status:	N/A
	Other Fund Sources:	N/A
	Duration of Contract:	Up to Five (5) years
	Other Parties Involved:	N/A