



SCHOOL BOARD ACTION REPORT

DATE: October 2, 2018
FROM: Denise Juneau, Superintendent
LEAD STAFF: John Krull, Chief Information Officer, jckrull@seattleschools.org;
Nancy Petersen, Director of Enterprise Applications and Data Services,
nlpetersen@seattleschools.org

For Introduction: November 14, 2018
For Action: December 5, 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 one-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 one-year agreement extension with SAP in the amount of \$340,916.14 to provide enterprise and Business Systems Incorporated (BSI) software support from January 1, 2019 to December 31, 2019, in the form of a Purchase Order dated September 19, 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 one-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, 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 V (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 \$340,916.14 including taxes for the one-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 November 1, 2018. The Committee reviewed the motion and moved the item forward to the full Board with a recommendation for approval.

12. TIMELINE FOR IMPLEMENTATION

Upon approval of this motion, the one-year extension will be executed for SAP from January 1, 2019 to December 31, 2019.

13. ATTACHMENTS

- 2019 SAP Software and Maintenance Simulated Quote (For Reference)
- September 19, 2018 Draft Purchase Order (For Approval)

SIMULATED QUOTE



SAP Public Services, Inc.

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

Date: 10/11/2018

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 2019 maintenance invoice(s) from SAP will follow.

The attached projection estimates your maintenance to be invoiced under your support contracts with SAP Public Services. 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	01/01/2019	12/31/2019	876,584.00	22.000	192,848.48	19,477.70	212,326.18 USD
Appendix 8 BSI								
10343185	BSI Support	01/01/2019	12/31/2019	23,400.00	42.000	9,828.00	992.63	10,820.63 USD
Appendix 11 - Effective December 28, 2007 - Addtl Users								
10430032	Enterprise	01/01/2019	12/31/2019	4,666.00	22.000	1,026.52	103.68	1,130.20 USD
Ref: Appendix 12								
10564970	Enterprise	01/01/2019	12/31/2019	58,320.00	22.000	12,830.40	1,295.87	14,126.27 USD
Ref: Appendix 13								
10576369	Enterprise	01/01/2019	12/31/2019	61,090.00	22.000	13,439.80	1,357.42	14,797.22 USD
Appendix 14, effective March 31 2015								
11517788	Enterprise	01/01/2019	12/31/2019	135,664.16	22.000	29,846.12	3,014.46	32,860.58 USD
Order form 15 Effective September 30, 2017								
12639403	Enterprise	01/01/2019	12/31/2019	64,022.40	22.000	14,084.93	1,422.58	15,507.51 USD
Order Form No. 16 - Eff. Feb 21, 2018								
12844909	Enterprise	01/01/2019	12/31/2019	85,050.00	22.000	18,711.00	1,889.81	20,600.81 USD
Order Form No. 17 - Eff. Oct. 9, 2018								
13176547	Enterprise	01/01/2019	12/31/2019	77,395.50	22.000	17,027.01	1,719.73	18,746.74 USD
Total						309,642.26	31,273.88	340,916.14 USD

SIMULATED QUOTE



SAP Public Services, Inc.

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

Has your remit-to address or your business name changed recently?

No

Yes. Please, attach the corresponding legal documents to support the change

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

Do you require a purchase order number to appear in your next invoices?

No

Yes. Please, provide us with the number/s

Please review your VAT Registration number and confirm its accuracy.

VAT Registration Number:___

Yes, VAT is correct

NA, VAT exempt

NO, VAT is incorrect(missing)

If NO, Please provide us with your VAT Registration number and any supporting document.

VAT Registration Number:_____

This projection covers software maintenance/support details with regard to software licensed under your agreements in place with SAP at the time of this projection only, any other license types such as subscription fees are excluded from this projection. SAP reserves all rights under its agreement(s) with you. This document is subject to all Confidentiality and/or Proprietary Information provisions of the Software End User License Agreement between Licensee and SAP Public Services.

The projection may include applicable taxes that may be due, based on the tax rates and other information available to SAP at the time of the projection. With respect to US Sales tax, a valid direct pay permit or tax exempt certificate must be provided to SAP with your PO but no later than before invoicing as provided in the End-User Agreement.

This document and the attached projection are non-binding, are provided for your information only and do not alter

SIMULATED QUOTE



SAP Public Services, Inc.

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

or amend your agreements with SAP, including your duties to pay maintenance fees to SAP. Your invoice(s) from SAP may vary from the projection due to a number of factors including but not limited to licensing of additional software from SAP, changes to taxes and correction of errors. In the event of any variance between the projection and your invoice(s) from SAP, the invoice(s) shall control. All fees are to be paid in accordance with your agreements with SAP.

Once you have issued a PO please submit it to FinanceAR@sap and sap.na.swm@sap.com.

Please provide a contact for future PO projections, if you are not the designated contact.

Yours Sincerely
SAP Public Services Inc.

CC: SAP Account Executive: Timothy A Gibson
SAP AR Analyst: Cesar Rodriguez



Seattle School District No. 1

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

Purchase Order	
P.O. Number	7600024691
P.O. Date	09/19/2018
Ship Via	Surface, Prepay & Add
Deliver By	08/31/2019
Contact	Amy O'Rourke
Ph: 206-252-0563	Fax: 206-252-0505
Email: ajorourke@seattleschools.org	

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

Deliver Items To:
Jim Young / Phil Sayles Technology Services e-mail: jyoung@seattleschools.org e-mail: phsayles@seattleschools.org P.O. Number: 7600024691

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

Item	Material/Description	Quantity	UM	Unit Price	Total
	Terms: Net 30 days, Currency USD 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. 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 2019 SERVICES SETTLEMENT START 01/01/2019 SETTLEMENT ENDS 12/31/2019 REFERENCE SAP PUBLIC SERVICE QUOTE DATED SEPT 20, 2018 PRODUCT/SERVICES NET VALUE:\$ 309642.26 TAX AMOUNT: \$ 31,2738.87 TOTAL AMOUNT: \$ 340,916.13 Appendix 7 mySAP Business Suite	1	LOT	309,642.26	309,642.26

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



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P.O. Number	7600024691
P.O. Date	09/19/2018
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Deliver By	08/31/2019
Contact	Amy O'Rourke
Ph: 206-252-0563	Fax: 206-252-0505
Email: ajorourke@seattleschools.org	

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

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	10343185 BSI Support 01/01/2019 12/31/2019 23,400.00 42.000 9,828.00 992.63 10,820.63 USD Appendix 11 - Effective December 28, 2007 - Addt'l Users				
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	85,050.00 22.000 18,711.00 1,889.81				
	20,600.81 USD				
00020	WSST@ 10.1%	1	LOT	31,273.87	31,273.87
	Total net value excl. tax:				340,916.13
	Wash.St.Sales Tax:				0.00
	Freight:				0.00
	Total:				340,916.13

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AUTHORIZED SIGNATURE Amy O'Rourke
 (Buyer)