


<p style="text-align: center;">Individual Mayoral Decision</p> <p style="text-align: center;">Decision Log No: 149</p>	 TOWER HAMLETS
Report of: Zena Cooke, Director of Resources	Classification: Unrestricted
Title: Renewal of SAP Business Objects (BO) Licencing –Annual Support Fees	

Is this a Key Decision?	No
Decision Notice Publication Date:	Not applicable
General Exception or Urgency Notice published?	Not required
Restrictions:	None

1 EXECUTIVE SUMMARY

- 1.1 The Council had been 'under-licenced' with SAP for Business Objects (BO) for a number of years. BO is the reporting software that we use to help us extract the necessary management information required by the services that use this tool. A legal settlement agreement was reached with SAP in September 2014, and the Council has been paying £201,157 annual support fees to SAP since then.
- 1.2 The Council has been rationalising the use of BO across the various services, however, this has been a slow process as the Council uses BO for large tier 1 critical systems as follows:-
 - Social Care SAP Business Objects
 - Northgate: SAP Business Objects
 - Oracle Siebel CRM: SAP Business Objects including Northgate HR Arinso
- 1.3 The i-casework system has partly replaced Oracle SAP CRM functionality at a cost of £122K for areas such as FOI, members' enquiries and complaints, but Customer Access, Pest Control and some services within the previous D&R Directorate still depend on the Siebel CRM and use its associated BO reports.
- 1.4 Hundreds of Business Objects users across Customer Access, Housing, Social Care and HR use thousands of reports as per Appendix A. Social

Care are interested in widening the use of BO in Adults services to improve their management information.

- 1.5 Through the process of rationalisation, we are now down to 278 users (as per appendix B) and expect to have around a few hundred reports following on from some further review and reduction of the use of reports.
- 1.6 The Head of Corporate ICT Client Team has discussed SAP BO renewal at the January 2017 Monthly Operations Meeting [MOM] (that has key representatives from the Directorates, THH and Agilisys). The consensus of opinion was to stay with BO for two years as the product is well embedded in the organisation and integrated with key line of business (LOB) applications such as Northgate Housing and Core Logic in Social Care. To change Housing and Social care LOB applications would be very labour intensive and expensive in terms of capital costs of replacement software. According to CCS some 100 local authorities/public sector organisations have licencing arrangements with SAP BO and are heavily reliant on it and are all looking into alternatives that will put pressure on LOB suppliers to have BO replacement products in place and integrated into the applications over coming 24 months.
- 1.7 Also according to recent Gartner reports, agile Business Intelligence (BI) and analytic tools such as those of Microsoft are beginning to replace enterprise wide legacy reporting tools such as BO (see appendix B). Therefore in two years' time, it may be easier and cheaper to replace SAP BO as LOB application suppliers are likely to align their software with Microsoft BI and analytic tools as these products become more widespread and mature.
- 1.8 A high level cost/benefit has been undertaken by the Client Team which also supports the decision to continue with BO at this stage as per table below.

Option 1		Option 2	
Continue with SAP BO	Cost £	Replace the system with alternatives by 2018	Cost £
Capital costs (software)	-		500,000
SAP annual maintenance (2018 only)	211,000		211,000
Annual maintenance fees [2019-2020]	422,000		200,000
SAP Upgrade one off	215,000		215,000
Training	-		50,000
Appraisal, Migration and Implementation	-		248,000
Total Cost over 3 years	848,000	-	1,424,000

Full details of cost benefit are provided in Appendix C (see attached).

- 1.9 The Council had been liaising with Crown Commercial Services (CCS) since January 2016 on a Memorandum of Understanding and Framework Agreement that would have potentially offered government discounts. However, these negotiations between CCS and SAP broke down recently, as SAP does not wish to offer special framework discounts. Alternatives have been looked into, re-tendering for new products is not cost-effective. Re-tendering for the same product with SAP resellers will cost more as SAP fixes the price of the product and going to re-sellers for these products will increase costs as resellers will add both their margins and product inflation since Sept 2014.

Using Agilisys to procure will cost us £211,214 per annum avoiding direct award to SAP. It also eliminates the administration of cost of procurement.

2 Recommendations

The Mayor is recommended to:

- Approve the award of contract for SAP BO for the next two years.
- Authorise the Corporate Director of Resources, after consultation with the Acting Director of Governance and Interim Monitoring Officer, to execute and enter into all necessary agreements.

3 Full Details of the Decision Sought, Including Reasons and Options

- 3.1 As the renewal is required to meet our obligations with the legal agreement between SAP and LBTH for the continued use of the software and the licencing arrangement is currently set until we cease to use BO software entirely, the ICT SCB is being recommended to:
- 3.2 Approve the continued renewal of SAP licences at 2014 prices for a further two years as per Appendix A, through our strategic partner Agilisys.

DECISION

APPROVALS

1. **(If applicable) Corporate Director proposing the decision or his/her deputy**

I approve the attached report and proposed decision above for submission to the Mayor.

Signed



Date 16.3.17

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed



Date 16.3.17

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

I confirm that this decision is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed



Date 17/03/17

4. Mayor

I agree the decision proposed above for the reasons set out in paragraphs 2,3 and 4 in the attached report (Individual Mayoral Decision).

Name



Signed



Date 17/3/17

Name Signed

Date