

## SAP Customer Success Story Public Sector – Municipal Government



**“The SAP solutions give us better intelligence to support decision making, help us keep costs in check, and provide the visibility we need. That’s huge!”**

Deirdre Stirling, Manager of Business Application Management, City of Ottawa

### AT A GLANCE

#### Summary

When the amalgamation of 12 municipalities into the new City of Ottawa required the city to implement a single, unified, powerful, and flexible business system, the city chose the mySAP™ Business Suite family of business solutions. As a result, the city is on track to generate annual savings of C\$8 million and achieve a 100% return on investment by 2010.

#### Web Site

[www.ottawa.ca](http://www.ottawa.ca)

#### Key Challenges

- Consolidate business systems of 12 municipalities into one installation
- Integrate financial, human resource, real estate, and work management information into a single repository for simplified management, operational support, and decision making
- Standardize and streamline business processes to improve efficiency and responsiveness to constituents

#### Project Objectives

- Replace legacy systems and manual processes for benefits administration, time management, and payroll with a consolidated technology platform for human resources
- Manage life cycle for property assets and public works operations such as surface operations, traffic and parking, waste water, and water treatment

#### Solutions and Services

- SAP for Public Sector solution portfolio for utilities and public works

- mySAP Business Suite, including the mySAP ERP Financials, mySAP ERP Human Capital Management, mySAP ERP Corporate Services, and mySAP ERP Operations solutions

#### Why SAP® Solution

- Existing expertise and positive experience using SAP® financial and transportation capabilities
- SAP for Public Sector can handle business and personnel needs of a large metropolitan government

#### Implementation Highlights

- 11 project implementation phases on time, within budget
- Many legacy systems decommissioned

#### Key Benefits

- Targeted annual savings of C\$8 million in operational benefits; anticipated 100% return on investment by 2010
- Faster reports and response to internal requests for information
- Centralized payroll system for all employees and consolidated inventory for all property holdings

#### Implementation Partner

IBM Business Consulting Services

#### Existing Environment

- Financials capabilities of mySAP Business Suite
- Discrete, nonintegrated legacy systems with some manual processes

#### Database

Oracle

#### Hardware

Sun

#### Operating System

Sun Solaris

## CITY OF OTTAWA, ONTARIO

### mySAP™ Business Suite Gives Newly Amalgamated Canadian City a Powerful Business Foundation

When companies merge, the realities of combining just two organizations into one can be tremendously challenging. Imagine, then, what happens when 12 urban and rural Canadian municipalities – each with its own personnel, business systems, culture, and union contracts – come together by government decree to form one amalgamated city. This is what happened, when on January 1, 2001, the new City of Ottawa instantly became the fourth-largest city in Canada, requiring its political, business, and technology leaders to create a new municipal organization to support it.

Ottawa, with 850,000 residents, is the capital of Canada. A beautiful city that mixes history with an international technology and business center, Ottawa is also a world-class destination for tourists and location for conventions. The city's more than 15,000 employees serve its constituents with a rich array of services. Yet Ottawa's leaders knew they could not efficiently conduct business with the city's existing technology resources. With no less than seven different software applications for public works management and five solutions for real estate management – as well as dozens of systems for human resources and finance – the city needed a fresh start: Ottawa needed a single, unified, powerful, and flexible business system.

### SAP Helps Consolidate, Harmonize City's Processes

Over a three-year period beginning in 2001, the City of Ottawa converted its diverse collection of business systems to a single installation of the mySAP™ Business Suite family of business solutions. Leveraging the rich functionality of the SAP for Public

Sector solution portfolio – including capabilities for finance, human capital management (HCM), real estate management, transportation, supply chain, utilities, and public works – SAP is helping Ottawa harmonize its business processes on a single, consolidated technology platform; support the full life-cycle management and inventory of real estate assets; and expertly manage public works operations, such as traffic and parking, transportation, surface operations, waste water, and water treatment. In this process, the city is on track to generate savings in excess of C\$8 million annually, with a 100% return on its investment by 2010.

Prior to amalgamation, local government in the Ottawa region was a two-tier arrangement consisting of both municipal and regional government structures. With the amalgamation, city and regional leaders recognized an opportunity to standardize operations, renew and revitalize business processes, increase levels of responsiveness to stakeholders and constituents, and create significant savings. Combining the services, technologies, and business processes of 12 formerly discrete organizations was not easy, however. Some of the smaller municipalities had limited experience with automated business systems and often relied on manual methods for tracking and collecting data. Others were large enough to have their own solutions – as well as experience using them.

### **Sharing the SAP Expertise**

In the late 1990s, one of the larger regional governments had implemented SAP® financial and HCM software to address accounting and payroll needs. The region’s transit division was also using SAP solutions. When representatives from the municipalities of the new City of Ottawa met in early 2001, technology leaders urged the city to make use of its widespread SAP expertise by adopting the SAP enterprise resource planning software as the city’s primary business solution.

“We knew how well SAP solutions had worked for us in these other areas,” explains Deirdre Stirling, formerly the program director of the implementation and now the manager of business application management for the City of Ottawa. “When we explained what we thought SAP solutions would bring to the amalgamated city, it seemed like the perfect opportunity to bring all of our systems together.”

In November 2001, Ottawa’s City Council approved a recommendation from its Corporate Services and Economic Development Committee to begin implementing the SAP solution through an initiative it called the “integrated business solution” (IBS). The program’s goal was to deliver a succession of related projects that would integrate critical financial, human resource, and work management information into a single repository for simplified management, operational support, and decision making. “We felt this would ultimately support the provision of cost-effective, accountable services to the citizens of Ottawa,” says Stirling.

### **Challenge: Consolidating Union Agreements**

One issue that posed a particular challenge to the unification of the business systems was the fact that many of Ottawa’s employees belonged to unions. Stirling estimates that 54 separate collective union agreements were in place at the beginning of the amalgamation. “Under these agreements,” she says, “everyone was paid differently. A clerk in one municipality might be paid more – or less – than a clerk doing equivalent work in another municipality. And whenever you’re dealing with someone’s pay, it becomes a very sensitive issue.”

**“When we explained what we thought SAP solutions would bring to the amalgamated city, it seemed like the perfect opportunity to bring all of our systems together. . . . We felt this would ultimately support the provision of cost-effective, accountable services to the citizens of Ottawa.”**

*Deirdre Stirling, Manager of Business Application Management,  
City of Ottawa*

Before payroll could be consolidated across the organization, city representatives spent months sorting through pay grades and responsibilities, negotiating revised union agreements. Executives worked to scale the 54 agreements down to a more manageable number, a process that was not concluded until November 2003. “It was,” Stirling says with some understatement, “a complex process.”

### **On Time, Under Budget**

Working with a C\$40 million budget, Ottawa began designing and planning the citywide adoption of the SAP solution. A team that sometimes grew as large as 170 people – including up to 100 city employees and 70 external consultants – was assembled to plan and execute the implementation. In a graduated launch of 11 project releases, Ottawa went live with various mySAP Business Suite capabilities between April 2002 and May 2004.

The new solution encompasses payroll, utilities, public works, and real estate services. “This project was successfully delivered on time and approximately C\$775,000 under budget,” says City Manager Kent Kirkpatrick. “This was more than just the integration of technology. It was the harmonization of systems and business processes in a way that enables us to continue to deliver the high-quality, reliable services that all the citizens of Ottawa expect of us.”

“We ran the initiative as three separate projects,” Stirling says, “and recruited experts from our business community in public works, finance, HR, and real estate. Over time, the team coordinated the various implementations, including four separate go-live dates for HR alone. It was a huge effort, but one that was definitely worthwhile.” To date, nearly 1,500 city employees have been trained to use the SAP solution.

### **Addressing Employee Concerns**

Key to the city’s success was the team’s approach to change management. Employees worried about how they would use the new system and how it would handle their existing business processes. Stirling and her team conducted more than 100 meetings with branch management teams and employees, encouraging an open dialogue about their concerns and providing information about the new solution. “We let our employees know that the city needed common business processes and that the SAP solution would allow us to do that,” she says. “Understanding that there was a business reason for us to implement the system helped the employees accept it more readily.”

A steering committee made up of senior management lent its support to the effort, with Kirkpatrick and Chief Corporate Services Officer Greg Geddes among the most vocal supporters. “We had huge support from the city’s senior management, which is critical in an implementation like this,” Stirling says.

“Beyond that, we did lots of listening. We wanted the employees to know they had been heard. We also communicated quite a lot through every means possible, including distributing paper fliers and e-mail, making in-person visits, and setting up information booths at community events.”

### **SAP Solutions Deliver Quantifiable Benefits**

The benefits derived from Ottawa’s SAP solutions are significant. Through the mySAP ERP Human Capital Management (mySAP ERP HCM) solution, the city now has a single consolidated technology platform that supports a set of harmonized business

**“This project was successfully delivered on time and approximately C\$775,000 under budget. This was more than just the integration of technology. It was the harmonization of systems and business processes in a way that enables us to continue to deliver the high-quality, reliable services that all the citizens of Ottawa expect of us.”**

*Kent Kirkpatrick, City Manager, City of Ottawa*

processes for human resources, such as benefits, time reporting, and payroll. In addition, the mySAP ERP Corporate Services solution supports the full life-cycle management and inventory of all real estate assets – including the management of space, capital projects, and property maintenance. Furthermore, the corporate services solution provides the city with a centralized system for surface operations, traffic and parking, waste water, and water treatment. All of these capabilities are integrated with the city’s previously implemented SAP solutions for financials, job costing, purchasing, and supply management.

All employees are now paid through one consolidated payroll system. Managers and staff are spending significantly less time producing reports, and they can respond to inquiries much faster than before. Within operations, the city has achieved new process and productivity efficiencies. The city has also been able to decommission more than 20 outdated computer systems and, in addition, now has just one consolidated inventory of all real estate holdings.

### **Anticipating C\$8 Million in Annual Savings by 2010**

Another important consideration is the city's return on investment. A report from the city's Corporate Services and Economic Development Committee estimates conservatively that the IBS projects combined are on track to deliver approximately 45% of the expected annual benefits by the end of 2004, approaching 100% by 2009, and a complete return on investment by 2010. The new organization anticipates annual savings in excess of C\$8 million annually by the end of 2010.

Anticipated benefits of the overall initiative also include other direct financial savings. For example, the city may avoid operating or planned capital costs related to systems and processes replaced by the SAP solution. In addition, staff that is no longer dedicated to time-consuming administrative tasks can be redirected to more valuable activities.

As employees get familiar with the city's new business solutions, Ottawa's decision makers are finding new ways to maximize the value of the SAP software. The city is customizing managers' desktops so that they can easily access information. Managers are being trained to use the powerful business intelligence and reporting capabilities so they can generate the key reports they need to gain operational insights, spot trends, and make decisions. The city is also using the SAP solution to deliver easy-to-use training to managers.

### **New Beginnings, Future Plans**

The City of Ottawa will soon begin rolling out additional capabilities of the mySAP ERP solution, including the solution's SAP Manager Self-Service application. For example, the city is considering using SAP Manager Self-Service to implement workflow for standard business processes. "If a manager needs to hire someone, for example," says Stirling, "the solution could provide the online form that is needed to get approval. The manager could fill that out and use the workflow process to have the form sent to supervisors for the proper routing and approvals. This would save time and let the manager concentrate on tasks that require true expertise." The city is also considering using the solution's SAP Employee Self-Service application so that employees can perform tasks such as maintaining personal information, managing time, and scheduling training.

The amalgamation of 12 municipalities into one was an enormous undertaking, but the City of Ottawa is now ready to write a new chapter in its long and storied history. Thanks to SAP solutions, the government has the tools it needs to continue delivering efficient and cost-effective services to the citizens of Ottawa. Concludes Stirling, "The SAP solutions give us better intelligence to support decision making, help us keep costs in check, and provide the visibility we need. That's huge!"