



SAP Program Overview and Update

Presentation to the TTC Board

June 16, 2021



| Meeting Objective

To provide the TTC Board with an SAP Program overview and update



SAP Program Overview

The TTC SAP Program

- Identified in TTC's 5 year corporate plan, specifically to upgrade the backoffice processes
- Enabling the digital transformation and modernization of the legacy financial, budget, human resources, payroll, procurement and materials management business processes

Program Objectives

- Modernize business processes by re-engineering legacy processes by removing extensive manual steps and paper based processes, and replacing 30+ year old technology
- Provide a modern business process platform with capability for future years of growth
- SAP as the core technology, aligned with the City of Toronto's SAP direction

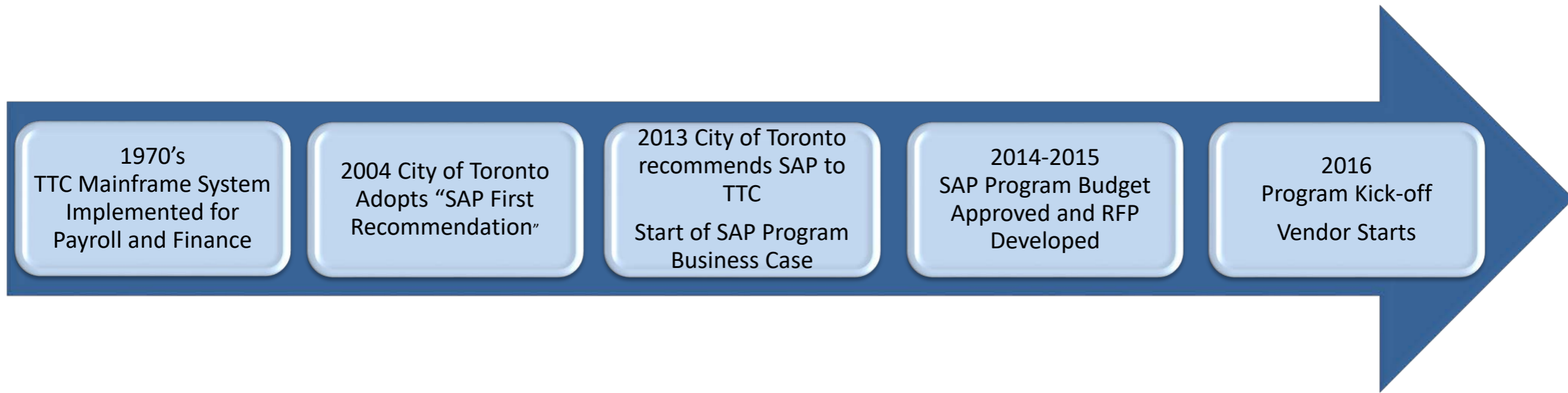
Alignment to Corporate Plan Critical Paths

SAP Program		Transform for Financial Sustainability	Enable Our Employees to Succeed	Move More Customers Reliably	Make Taking Public Transit Seamless	Innovate for the Long Term	Safety and Security
Objective	Strategic Benefit(s)						
Modernization of Legacy Process through Business Transformation	Establish Centralized Single System of Record	✓	✓			✓	
	Automate and Integrate Business Processes	✓	✓			✓	
	Digitize Paper Based Processes	✓	✓				
	Reporting and Analytics for access to information for improved decision making	✓	✓				
Productivity and Efficiency	Support employees working remotely with access to modern systems and tools		✓			✓	
	Improved information for decision making	✓	✓			✓	
	Accessible information with manager and employee services	✓	✓			✓	
Technology Enablement	Scalable technology platform and tools with compliant with information security standards		✓			✓	✓
	Simplified user experience		✓				
	Decommission Legacy Systems					✓	

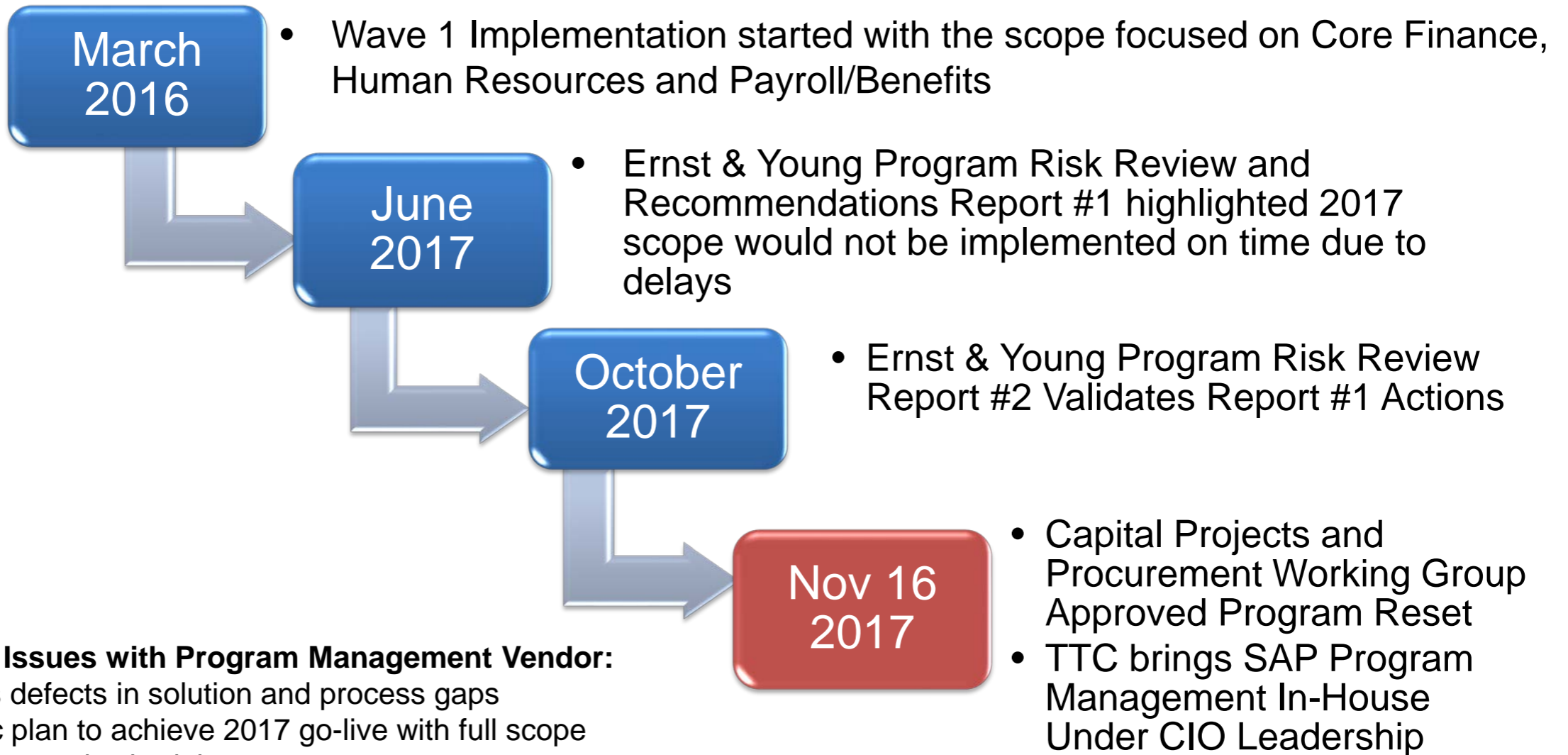


| History – Starting SAP at TTC

- City of Toronto adopted an “SAP First” Recommendation from the City’s Auditor General in 2004 to look at using SAP before other ERP products, in order to leverage existing investments in technology and people
- TTC legacy systems needed replacement and City of Toronto requested TTC to implement SAP in 2013



Wave 1 Delays – 2017 Program Reset



Key Project Issues with Program Management Vendor:

1. Numerous defects in solution and process gaps
2. Unrealistic plan to achieve 2017 go-live with full scope
3. Poorly resourced schedule



Reset Outcome

- 1 November 2017 SAP Go-Live for TTC Pensioner Payroll and Benefits
- 2 November 2018 SAP Go-Live for TTC Core Finance, Employee Payroll and Benefits, and Recruiting and Onboarding
- 3 Applied EY Recommendations and Lessons Learned to Re-baseline Future Phases
- 4 2019 Budget, Scope, Schedule Re-alignment with a revised Phased Approach
- 5 Continued External Program Oversight Services



Lessons Learned from Wave 1 Implementation

EY reported 109+ recommendations, which resulted in the successful launch in November 2018. The top 5 lessons learned below were applied to planning the future phase re-baseline.

Program Area	Recommendation	Action Taken
Program Oversight and Governance	<ol style="list-style-type: none"> 1. Decrease reliance on External Consultants to lead SAP Program and align reporting to TTC Project Review Board 2. Establish Strong Project Sponsor/Executive Leadership 	<ol style="list-style-type: none"> 1. Hired In-House TTC SAP Program Management in 2018 and aligned with Project Review Board 2. Executive Sponsors, Sponsors and Steering Committee consist of impacted areas of business transformation
Monitoring and Reporting	Use of a standard dashboard reporting for key project indicators including scope, schedule, cost, resource and risk mitigation	Project status reports have incorporated key indicators for Project Sponsors and Steering Committee members
Schedule, Resource Management	Resource Management should be included in the Program, with required skills, availability and effort required	Business resources are planned during the assessment phase and seconded where required for the project implementation
Cost Management	Prepare formal monthly cost reports, which include costs for delays	Costs are reported to Project Sponsors and Steering Committee, including costs for delays, change requests
Risk Management	Prepare risk management plan	Project risks and mitigations are documented in the Project Charter and reported to Project Sponsors and Steering Committee members



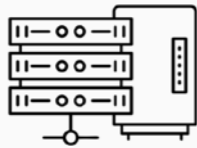
TTC SAP Program Transformation Journey Wave 1

Legacy Processes and Systems

SAP Processes

Payroll & Benefits

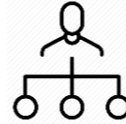
Mainframe system for Payroll and Benefits



High printing costs of paper pay statements



No single point of contact for employee inquiries



Recruiting & Onboarding

Paper based recruiting process



Manual entry of candidate data

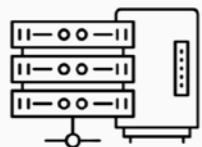


High printing costs of recruitment forms



Finance

Mainframe system for General Ledger



Paper based Journal Entries



Batch processing of Financial Reports



Digital Transformation

Online pay statements

Ask HR

Centralized team of Employee Experience Representatives

Single system of record for employee data

MyTTC

Employee/Manager Self-Service

Online knowledgebase

Paperless processes

Real-time reporting

Compliance Tracking



Benefits Realized To Date

WAVE 1

Corporate Finance

SAP S/4HANA Modules

- General Ledger
- Financial & Bank Accounting
- Controlling (Cost Center Accounting, Internal Orders)



Productivity Gains

- Less dependency on ITS
- Automation and earlier closing of period end
- Journal entry upload tools
- SAP best practices Chart of Accounts
- Integrated Accounts Payable and Accounts Receivable systems
- Electronic bank statements

Value Added

- Real-time reporting including excel based tools
- Modern audit logs and financial system controls

Talent Management

SAP SuccessFactors Module

- Recruiting
- Onboarding



Efficiency Savings

- Cost savings in reduced printing costs with digitized onboarding documents

Productivity Gains

- Manager Self Service
- Improved time-to-hire a position by digitizing the hiring process

Value Added

- Digital processes enabled Talent management team to work from home during COVID-19
- Single system of employee record

Employee Services & Systems

SAP SuccessFactors Module

- Employee Central Service Center

SAP Business Suite Modules

- Payroll
- Benefits



Productivity Gains

- Centralized MyTTC Employee Self Services
- Reduction of paper based pay statements
- Digitized paper based employee forms (hire to retire)

Value Added

- Self-serve access to real-time online knowledge base
- Centralized team of Employee Experience Representatives
- Additional communication channels including secure AskHR online ticket system, phone, email

Phase 2

Corporate Finance

S/4HANA: Accounts Payable Module (Release 1)

- Employee Service Centre – Payroll Processing



Efficiency Savings

- 40% reduction in costs of Doctor notes cheques

Productivity Gains

- Reduction of 5 hours of cycle time per week for account reconciliation
- Reduced errors with manual bank reconciliation

Value Added

- Elimination of ITS supporting legacy Accounts Payable access database

Corporate Communications

SAP Jam (Employee Communication Mobile App)



Productivity Gains

- Additional employee communication channel on a mobile platform
- Frontline workers can access corporate information from personal mobile devices including operator run/crew guides, safety and health and wellness information
- Positive adoption with over 6000+ employees

Value Added

- Increased communication and engagement with frontline employees

Operations Training Centre & Employee Development

SAP SuccessFactors

- Learning Module Launched March 2021



Efficiency Savings

- Planned decommissioning in Q3 of the legacy learning management system

Productivity Gains

- Online access to MyTTC Learning Centre
- Remote instructor led learning with modern tools such as WebEx
- Certification tracking for regulatory and compliance purposes
- Digital transformation of the Tuition Aid paper based request form accessible by all employees
- Delivers a platform that enables the organization on a path to AODA compliance

Re-aligned Scope

6 Waves Re-aligned to 3 Phases

		Originally Planned Waves						Re-aligned Phases		
		1	2	3	4	5	6	2	3	4
Financial Accounting	General Ledger, Cost Center Accounting	✓								
	Funds Analysis									
	Accounts Payable, Accounts Receivable							✓		
Human Resources	Personnel Admin, Org Management	✓								
Payroll	Payroll and Benefits Management	✓								
Time Entry	Time Entry and Evaluation									
Workforce Management	Time and Attendance									
Human Resources	Recruiting (Advanced to Wave 1)	✓	←							
	Talent Management							✓		
Procurement	Vendor and Contract Management, Purchasing									
Materials Management	Inventory Control, Warehouse Management									
Enterprise Asset Management	Depreciation Calculations, Asset Record Management									
Real Estate	Real Estate Accounting									
Budgeting	Capital and Operating Budget									
	Budget Planning (Advanced to Wave 1)	✓	←							
Facility/Fleet Maintenance	Maintenance Repair and Operations									

+ Added Business Scope (Aligned with “SAP First” Recommendation)

Phase 2

Employee Communication Mobile App – SAP Jam

Phase 3

Employee Engagement – SAP Qualtrics

Phase 4

Labour Relations - SAP Grievance Management

- De-Scoped Business Area to Align with City of Toronto SAP Direction

Capital and Operating Budget

Real Estate Accounting

Legend



Go-Live Completed



Original Planned Wave Not Implemented



Re-aligned Phase to be Implemented

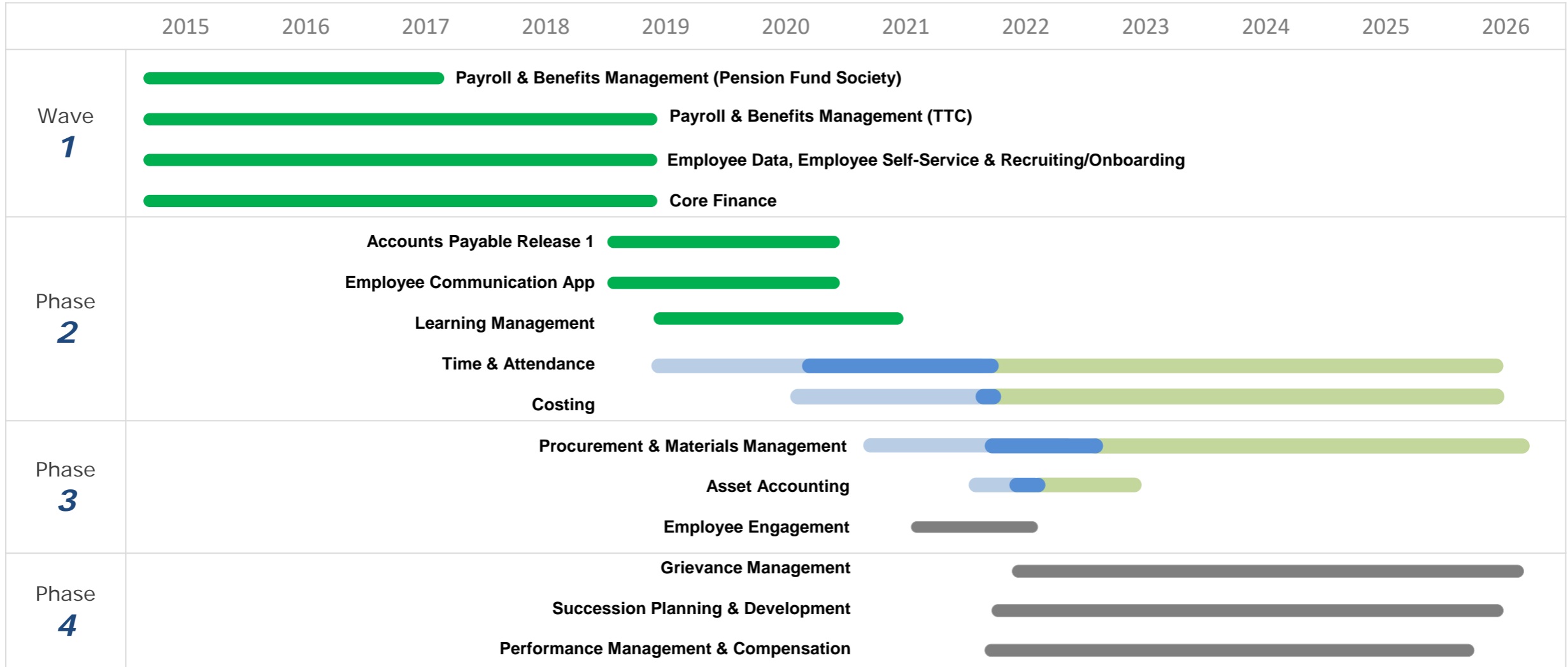


SAP Realigned Program Today



Program Schedule

■ Planning & Assessment
 ■ Procurement
 ■ Implementation
 ■ Completed
 ■ Not Yet Started



Note: External Program Oversight Services from 2022-2026



Financial Summary

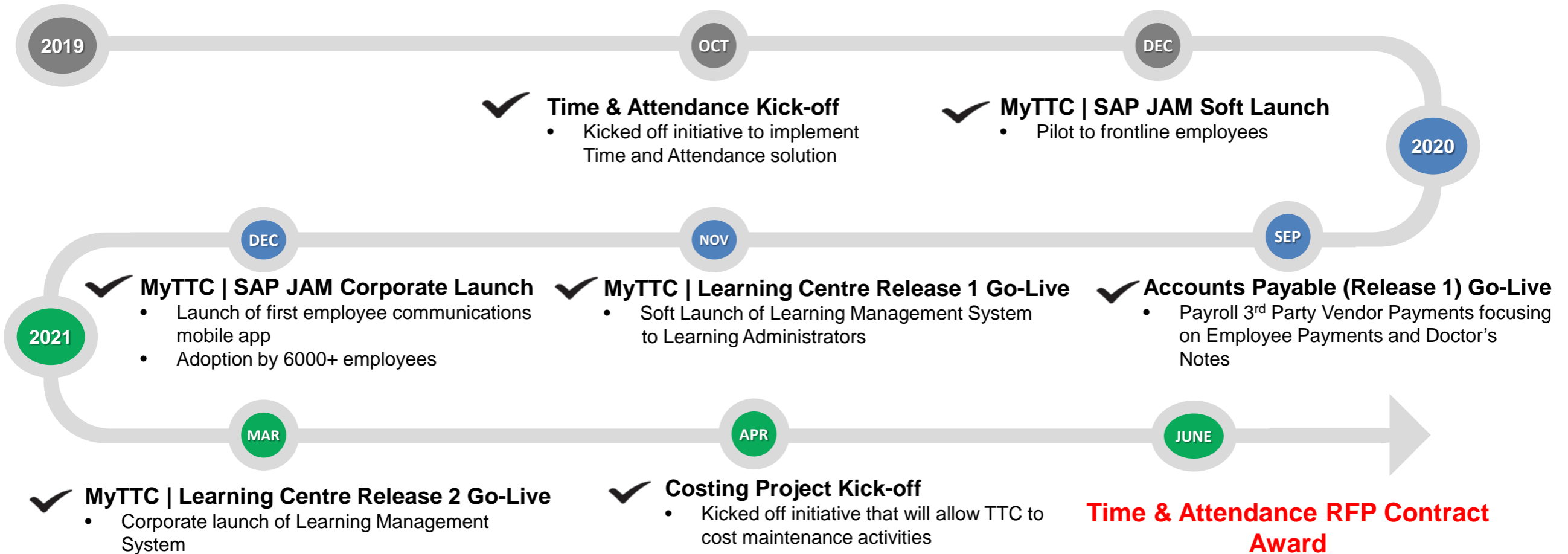
2014-2020 Budget	2014-2020 Actuals	2014-2020 Variance	2021 CF / Budget	2022-2026 Plan	Total EFC
94,093	77,637	16,455	16,455	178,748	272,840

Budget Comments:

1. Realigned original budget from \$63.4M to \$272.84M to 2026 following Program Reset and Scope Changes.
2. The software licenses, hardware, and managed services current to 2025 costs are \$5.4M annually including incremental staff costs of \$0.437M for the projects that are committed.
3. For 2025 and onwards annual operating costs are forecasted to be \$7.0M for the projects that are committed.
4. 2022-2026 Budget – Class 4/5 Estimate



Phase 2 - Accomplishments to Date



Phase 2 - SAP Time and Attendance Project

Objective

Deliver an enterprise time recording and attendance management solution using SAP for all employees at the TTC, replacing the mainframe legacy system and processes from the 1970s

Release schedule

- ✓ Release 1 – Non-Union (2023)
- ✓ Release 2 – Maintenance Employees, Wheel Trans Non-Operators (2024)
- ✓ Release 3 – Operators (2024)

Request for Contract Award – Upcoming July Board Meeting

RFP Issued in Q2 2020 to Procure:




- Hardware – Time clocks and card reader tap devices
- Software – SAP Cloud Enterprise (time and attendance) Software
- Professional Services – Implementation Services and Warranty

RFP Status Summary

- Fairness Monitor provided an independent third party observation role
- 1 successful proponent passed and entered into negotiations in February 2021
- Contract Negotiations are nearing completion

The project budget is \$64.4M from 2019-2025, funded through the ITS 10-Year Capital Plan.

Expected Benefits

Legacy Process	New Process	
<ul style="list-style-type: none"> • Mainframe system • Extensive paper based operator and staff timesheet process • Multiple disparate systems Manual paper based Operator Sign-Up process with no integration to Payroll 	 <p>Efficiency Savings</p> <ul style="list-style-type: none"> • Decommissioning the Legacy Mainframe system • \$4.4M Operator Scheduling, \$14M – Time Entry Processes (over 10 years) 	 <p>Productivity Gains</p> <ul style="list-style-type: none"> • Reporting of overtime hours by employee against work activity • Improved Collective Bargaining Agreement Compliance with laws and regulations • Absence management reporting • Self-serve scheduling with integration to the Operator Sign-Up processes and Payroll • Automated call out system to prioritize staff based on set criteria
	 <p>Value Added</p> <ul style="list-style-type: none"> • Single system of record for attendance, absence and overtime management 	



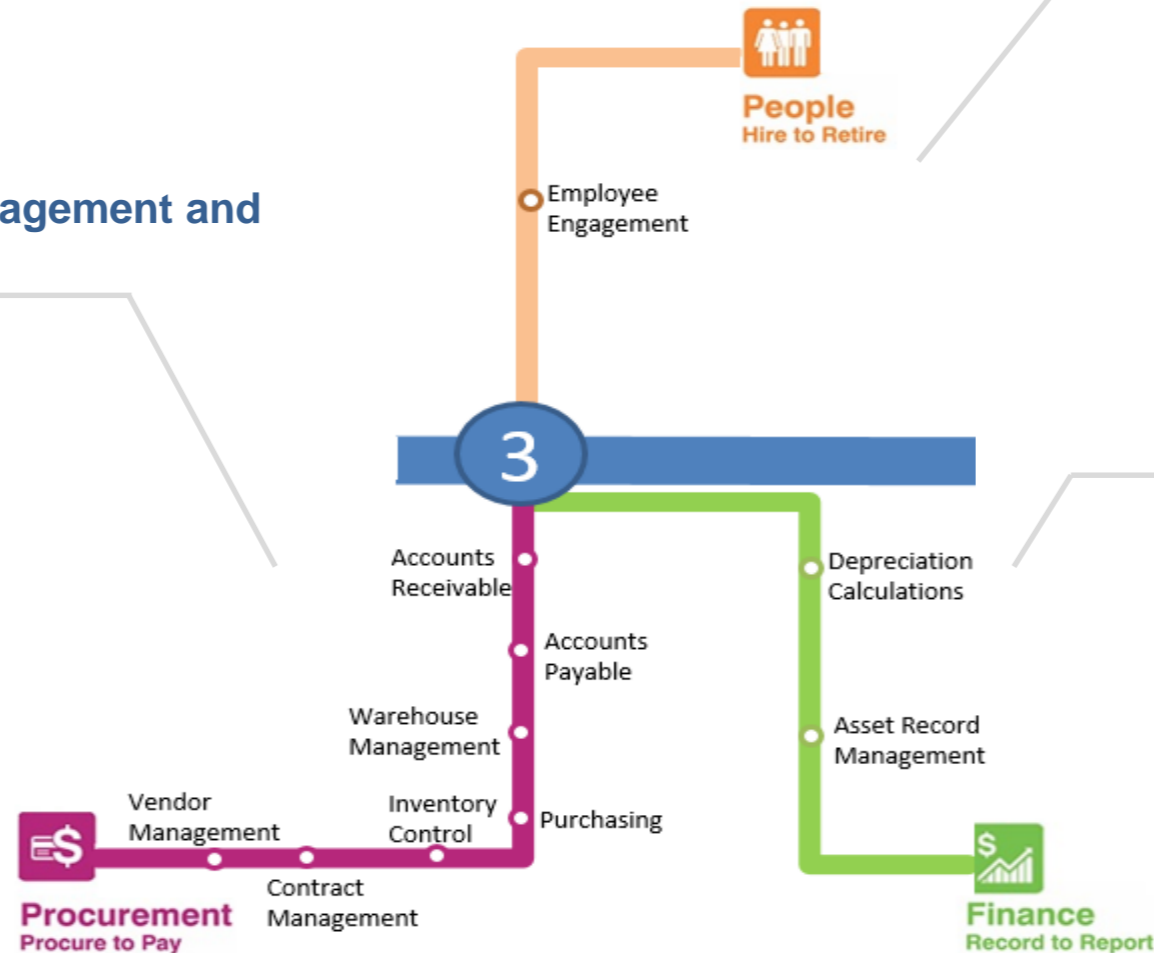
Phase 3 – Outlook

Procurement and Category Management and Materials Management Project

Status: Needs Assessment (Stage Gate)

Goals:

- Modernize Procurement and Category Management business processes
- Establish centralized Materials/Warehouse Management system to support TTC procurement across departments
- Integrate with Enterprise Asset Management (Maximo) to share material and stock quantities information
- Address Auditor General Recommendations
- Extend SAP Accounts Payable Phase 2 solution for Procurement and introduce Accounts Receivable
- Replace Legacy Systems



Employee Engagement Project

Status: Needs Assessment (Stage Gate) to begin in Q3 2021

Goals:

- Introduce a modern platform for employee surveys and analytics to gain feedback from employees for various business initiatives
- Analyze feedback and metrics to improve processes and employee experiences to increase employee satisfaction

Asset Accounting Project

Status: Needs Assessment (Stage Gate)

Goals:

- Modernize Financial Asset Accounting systems and processes to establish single system of record
- Establish data governance for asset records and financial management
- Integrate with Enterprise Asset Management (Maximo)
- Extend SAP Finance Foundation to introduce Asset Accounting module integrating with costing, procurement and general ledger
- Address compliance with asset management legislation
- Replace Legacy Systems



Critical Success Criteria for SAP Program

- ✓ Strong Executive Sponsorship from Core Business Process Owners
- ✓ Follow Governance model to support project team with escalation channel
- ✓ Document current processes and business requirements to understand needs of future solution before looking at technology through the planning assessment phase
- ✓ Focus on business data in legacy process that requires transformation
- ✓ Implement without customizing the SAP system by changing business processes where possible
- ✓ Document Benefits Realization during the project and measure based on project charter



| Next Steps

Bring the SAP Time and Attendance contract award to the July Board meeting.

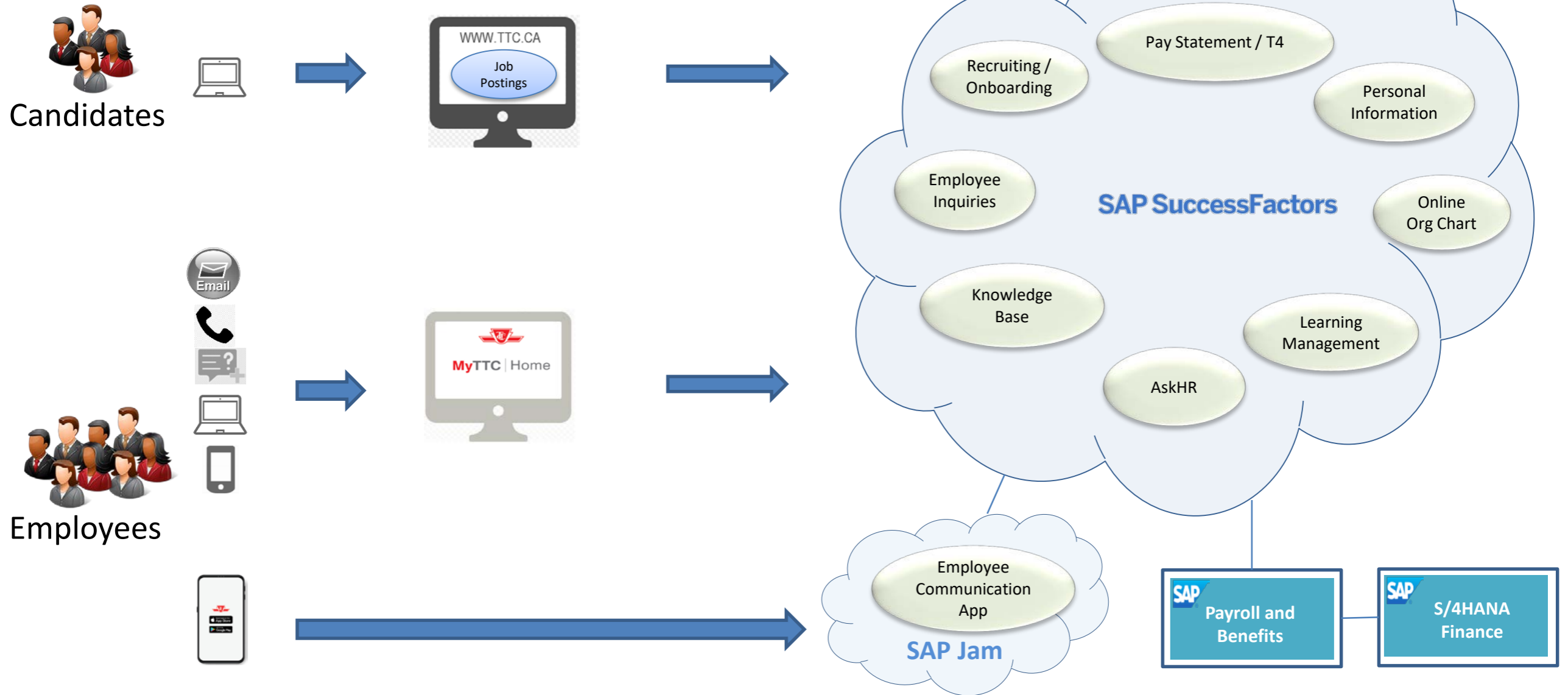




APPENDIX



MyTTC Online Services



Equity / Accessibility



Phase 4 – Scope and Outlook

Phase	Project	Stage Gate	Status
4	Performance Management/Compensation Replace paper based annual Employee Performance Management process leveraging existing foundation of SuccessFactors applying Corporate Plan, CEO goals to the Organization, ensuring that each employee is aligned with measurable outcomes	G0 (Needs Assessment)	Planned assessment to start in Q3
	Succession and Development Enables TTC to identify key internal people and skills, competencies, and capabilities to replace current leaders as they retire, leveraging existing foundation of SuccessFactors		
	Labour Relations Labour Management/Grievances can be centrally tracked and reported	Planned	Planned assessment to start in 2022

