



### **Presentation: SAP Program Update**

**Date:** June 12, 2023  
**To:** TTC Board  
**From:** Chief Financial Officer

#### **Summary**

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Michael Moreira, Senior Director of SAP Program Delivery, will deliver a presentation about the SAP Program, which provides background on the Program, benefits realized to date, and summarizes the next phases of the Program delivery.

Phase 2 of the Program incorporates the Time and Attendance project, which is divided into three releases. The focus of the third release within this project specifically revolves around Transit Operators. A report recommending the award of the contract for the scope of the third release of the Time and Attendance project will be presented to the TTC Board for its consideration in July.

#### **Contact**

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Dhaksayan Shanmuganayagam, Head – Information Technology Services  
416-393-3922  
dhaksayan.shanmuganyagam@ttc.ca

Michael Moreira, Senior Director – SAP Program Delivery  
416-393-4117  
michael.moreira@ttc.ca

#### **Signature**

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Josie La Vita  
Chief Financial Officer

#### **Attachments**

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Attachment 1 – SAP Program Update





# SAP Program overview and update

## Presentation to the TTC Board

June 12, 2023



# SAP Program overview

## The TTC SAP Program

- Initiated in the TTC's Five-Year Corporate Plan to upgrade back-office processes
- Enable the digital transformation and modernization of legacy financial, budget, human resources, payroll, procurement and materials management business processes

## Program objectives

- Modernize legacy business processes by eliminating extensive manual and paper-based steps and replacing 40-year-old-plus technology
- Provide a modern business process platform with capability for future years of growth
- Implement SAP as the TTC's core technology, aligned with the City of Toronto's SAP direction

# | History – Starting SAP at the TTC

- City of Toronto adopted a “SAP First” recommendation from the City’s Auditor General in 2004 to examine 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 the TTC to implement SAP in 2013



# SAP Program modernization scope



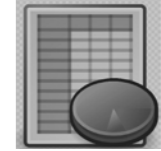
Different methods of timesheet management for staff



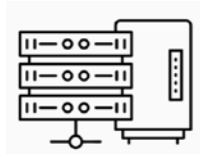
Extensive paper-based processes



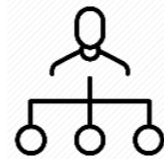
Manual financial reporting from multiple systems



Lack of single system of record for management reporting



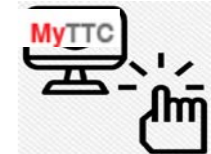
Legacy systems, some over 45 years old



Decentralized materials/warehouse management systems and processes



High printing costs



Lack of mobile access to corporate and operational information



Difficult for outdated systems to support AODA compliance



In-house built systems

# TTC SAP Program Transformation Journey Wave 1

## Legacy processes and systems

### Payroll and benefits

Mainframe system for payroll and benefits

High printing costs of paper pay statements

No single point of contact for employee inquiries

### Recruiting and 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

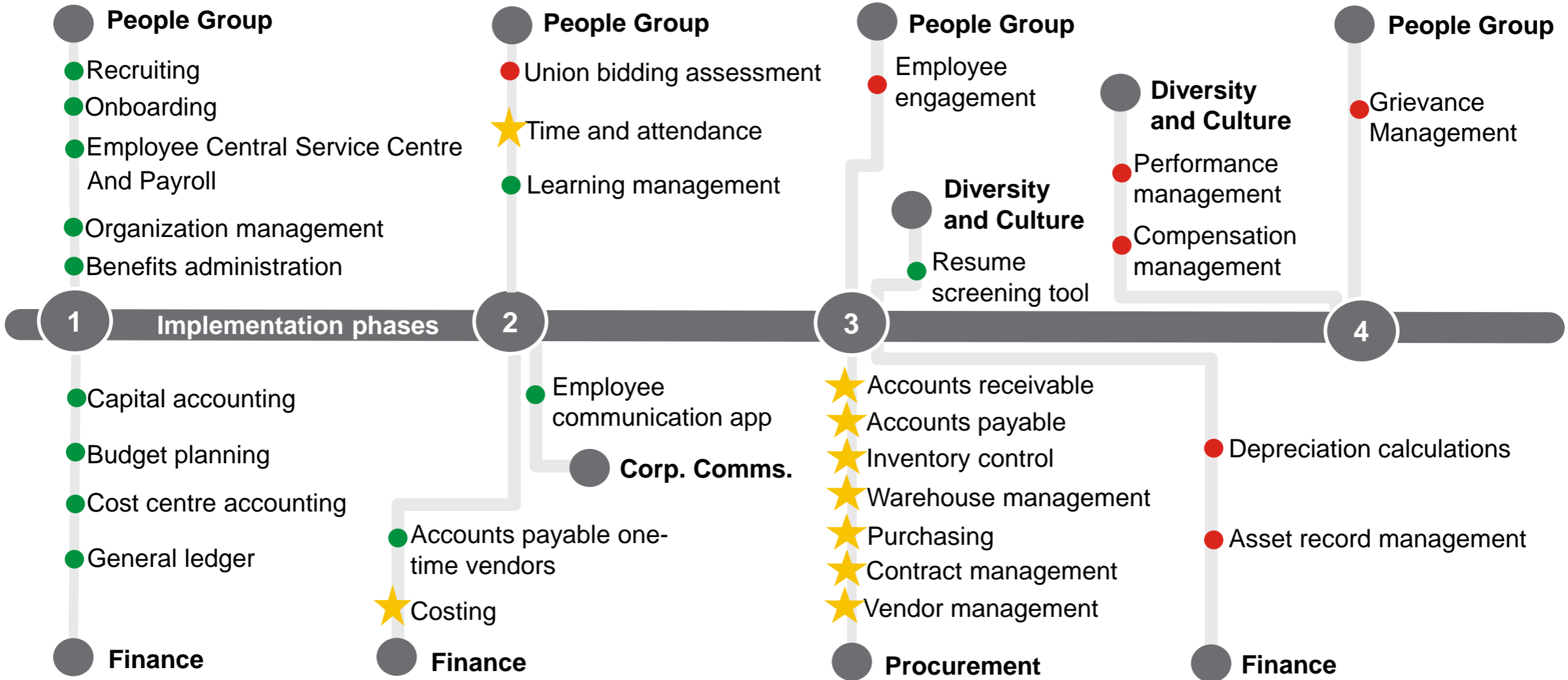
## SAP processes

- ✓ Employee/manager self-service
- ✓ Online pay statements
- ✓ Single system of record for employee data
- ✓ Centralized team of employee experience representatives
- ✓ Online knowledge base
- ✓ Paperless processes
- ✓ Real-time reporting
- ✓ Compliance tracking



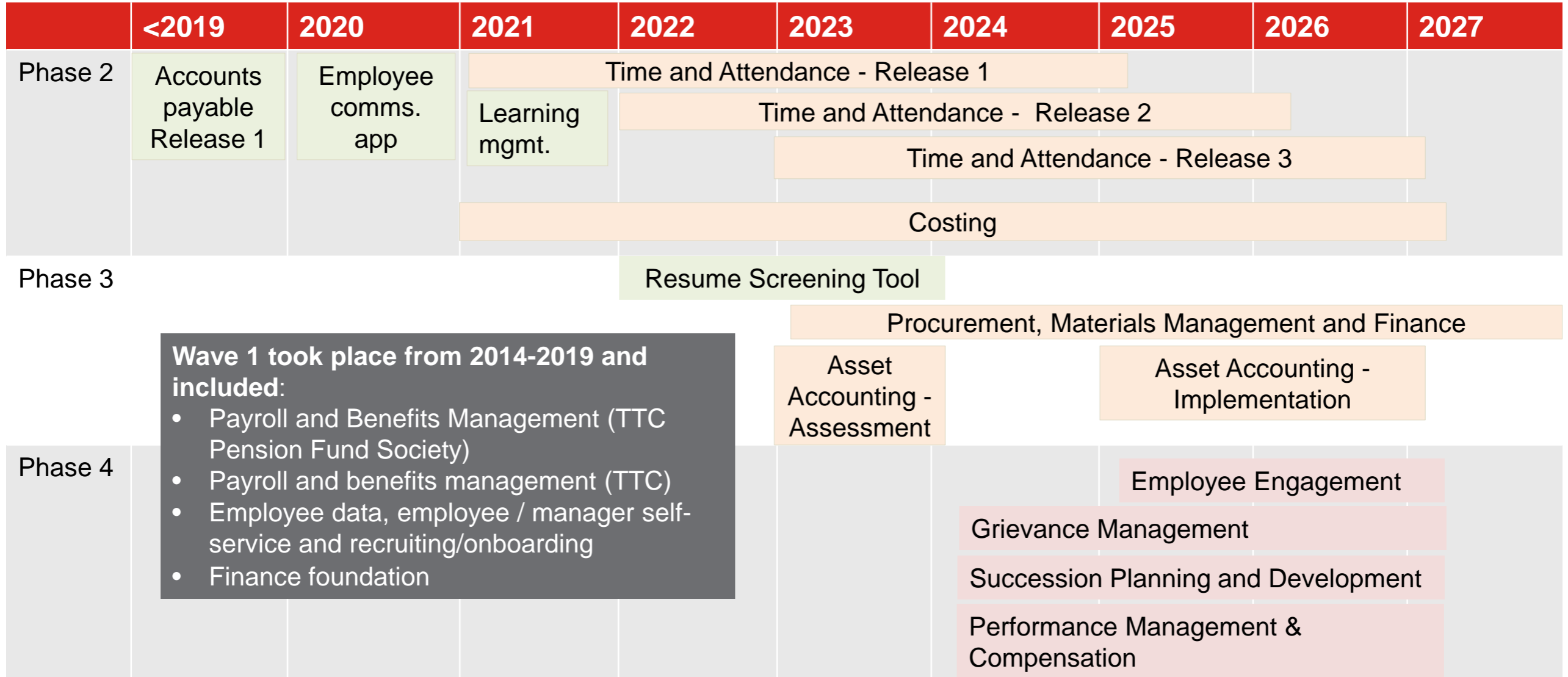
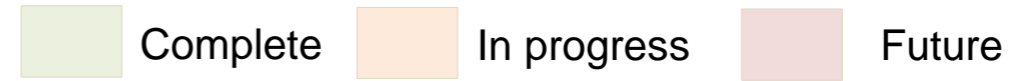
# The SAP Program today

● Complete    ★ In progress    ● Future





# SAP Program schedule



# Time and Attendance overview

RFP#1 - July 2021 Board Approval

RFP#2 and RFP#3

## Release 1: Non-union employees

- Different methods of timesheet entry for staff
- Multiple reconciliations between systems
- Multiple steps taken to consolidate data
- In-house custom solutions

## Release 2: Union employees

- Multiple locations for time capture and recording
- Manual paper based time cards
- Numerous time adjustments and reconciliations due to errors at source
- Mobile workforce
- 24/7 shift workforce
- Inconsistent shift bidding and award processes

## Release 3: Union operator employees




- Replace legacy Transit Operations Workforce Management Solution (TOWMS)
- Inconsistent time capture and entry processes

**Replace 1970s mainframe time system**



# SAP Time and Attendance Project - Release 3 (Operators)

## Expected benefits of overall Time and Attendance

Legacy process	New process
<ul style="list-style-type: none"><li>• Mainframe system</li><li>• Extensive paper based operator and staff timesheet process</li><li>• Multiple disparate systems manual paper-based operator sign-up process with no integration to payroll</li></ul>	<ul style="list-style-type: none"><li> <b>Efficiency savings</b><ul style="list-style-type: none"><li>• Decommissioning the legacy mainframe system</li><li>• \$4.4M operator scheduling, \$14M – Time entry processes (over 10 years)</li></ul></li><li> <b>Value added</b><ul style="list-style-type: none"><li>• Single system of record for attendance, absence and overtime management</li></ul></li><li> <b>Productivity gains</b><ul style="list-style-type: none"><li>• Reporting of overtime hours by employee against work activity</li><li>• Improved Collective Bargaining Agreement (CBA) compliance with laws and regulations</li><li>• Absence management reporting</li><li>• Self-serve scheduling with integration to the operator sign-up processes and payroll</li><li>• Automated call-out system to prioritize staff based on set criteria</li></ul></li></ul>

# Financial summary

## SAP Program budget

(000's)	LTD Actuals	2023 budget	2024	2025	2026	2027	Total EFC
SAP Program	99,545	18,645	43,432	37,619	19,749	53,850	272,840

- Realigned original budget from \$63.4M to \$272.84M to 2027 following program reset and scope changes
- 2024-2027 Budget – Class 4/5 estimate

## Operating budget impact

(000's)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Non-labour OBI	4,573	4,941	6,989	6,962	7,106	7,253	7,403	7,557	7,713	7,873	8,035
Labour OBI	379	383	387	2,312	2,316	2,320	2,325	2,330	2,334	2,339	2,343
Total OBI	4,952	5,323	7,376	9,274	9,422	9,574	9,728	9,886	10,047	10,211	10,379
Incremental OBI	-	372	2,052	1,898	148	151	155	158	161	164	168

- The software licenses, hardware, and managed services is \$4.5M in 2022. This will escalate in cost to reach \$5.4M annually in 2032, including incremental staff costs of \$0.379M for the projects that are committed
- For 2025 and onwards annual operating costs are forecasted to be \$7.6M for the projects that are committed
- Total incremental OBI 2022 to 2032 is \$2.79M



# Critical success criteria for the 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



