

RESOLUTIONS OF THE SUPPLY CHAIN MANAGEMENT BID ADJUDICATION COMMITTEE: 16 AUGUST 2021

SCMB 47/08/21 **PROCUREMENT OF GOODS/SERVICES/CONSTRUCTION WORKS FROM ANOTHER ORGAN OF STATE: DP6387S/2020/21: PAYMENT OF SAP SOFTWARE LICENCES: ANNUAL MAINTENANCE AND SUPPORT FEES FROM JANUARY 2022 TO DECEMBER 2027**

Members of the Committee through a BAC Comments form raised questions and comments.

The Director: SCM advised that this is a R340 million contract and raised his concern regarding how this will tie in with CAR and if there could be duplication of costs especially if CAR solutions are implemented from 2023 onwards. The Director enquired how this contract will be scaled down to align with new solutions procured via CAR. Contract must be properly managed and cost must be controlled. He enquired how the costing per licence or per user will be monitored to avoid paying for dormant users or licences not being used. The Director requested that Contract Management Unit conduct independent six monthly reviews on this contract.

The officials advised that the cost of this contract has been budgeted for as part of CAR. The licensing model of SAP is of such a nature that it is mainly driven by the users on the payroll. The payroll will only be replaced at the end as part of core. E.g. Records and document management (PSRM) is one of the first replacements by CAR but it won't affect the cost because it is specified as one user with no cost attached to it.

The officials advised that there is an opt out clause in the draft MOA between SITA and the City. The number of licenses are being monitored and taken into account every time when a new project is registered. SAP also conduct license audits every second year.

The officials advised that the Contract Management Unit will be engaged to conduct 6 monthly reviews on this contract.

A replacement Annexure A was circulated during the meeting.

The Director: SCM raised concern that as the CAR project unfolds and new solutions are adapted into the system, that they would possibly be duplicating costs. The Director enquired how they would deal with fruitless expenditure.

RESOLVED that for the reasons set out in the report and in accordance with clause 20.1 of the City's SCM Policy, SITA, be appointed, for the payment of SAP Software Licences annual maintenance and support fees, in the amount of R339 699 667.45

(excl. VAT) (this amount is an estimate that could change depending on the demand of additional licenses for the City), subject to the conclusion of a Section 33 of the MFMA process and Council adopting a resolution in which it approves the entire contract exactly as it is to be executed and in which it authorises the municipal manager to sign the contract on behalf of the municipality from 01 January 2022 until 31 December 2027.

ACTION: **B VUMASE, Z NOCANDA** to communicate the decisions of the BAC to the tenderers and BEC.
FOR NOTING: **ADRI JANSE VAN RENSBURG, AMY SALKINDER** to note the BAC decisions and apply the recommendations and decisions of the BAC.

This resolution complies with the Supply Chain Management Policy as approved by Council on 30 May 2019.

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ARNO VORSTER EMPLOYEE NO. 10300397
CHAIRPERSON: SUPPLY CHAIN MANAGEMENT
BID ADJUDICATION COMMITTEE

DATE: