

M E M O R A N D U M

TO: Governing Board Members

FROM: Akintunde Owosina, P.E., Information Technology

DATE: November 13, 2025

SUBJECT: SAP Cloud Enterprise Resource Planning Private Solution Purchase

Agenda Item Background:

The Information Technology Division will transition the District's on-premises SAP S/4HANA system to the cloud through the SAP Cloud Enterprise Resource Planning (ERP) Private Solution. This initiative represents a strategic modernization of the District's ERP environment to align with SAP's long-term direction toward cloud-based ERP delivery. The SAP Cloud ERP Private Solution provides a complete, managed cloud environment encompassing the SAP S/4HANA software, underlying infrastructure, technical operations, system monitoring, security, and ongoing updates under a single subscription agreement. By migrating to SAP's managed cloud, the District will gain enhanced system resiliency, scalability, and cybersecurity posture while reducing the internal workload required to maintain on-premise servers and software components. This transition enables continued compliance with SAP's supported platforms and ensures access to evolving capabilities such as artificial intelligence, analytics, and process automation. It also positions the District to improve operational efficiency, cost predictability, and business continuity through a standardized, modern ERP platform.

Migrating SAP to the Cloud will ensure continued payroll compliance and system support (out to 2040) beyond the District's current payroll license expiration in January 2026. Remaining on the aging on-premises platform would create a widening technical gap with SAP's cloud-based architecture; one that would become increasingly costly and complex to bridge as future updates and integrations move exclusively to the Cloud. By transitioning SAP to the Cloud, the District avoids a projected \$3-5 million expenditure required to replace the end of life on-premises server hardware and secures a \$2.1 million SAP incentive credit that directly offsets the initial implementation licensing cost of the cloud migration.

This request is to enter into a five-year contract with SAP Public Services for the SAP Cloud ERP Private Solution in the amount of \$5,915,093.54.

These cloud services will be obtained as an exemption to competitive solicitation for proprietary software pursuant to Sec. 155-6 of the District's Procurement Policy.

Funding Source:

The Fiscal Year 2025-2026 Budget includes \$58,762.87 in Ad Valorem funds for this item, and the remainder is subject to Governing Board approval of future years' budgets.

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ATTACHMENTS:

Resolution No. 2025-1109