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TORONTO PUBLIC LIBRARY

STAFF REPORT
ACTION REQUIRED

Human Capital Management (HCM) System – Award of Contract

Date:	January 30, 2017
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval to award a contract for a new Human Capital Management (HCM) system to Ceridian Canada Ltd. The HCM system supports three business processes: Human Resources Information System (HRIS), time & attendance and payroll.

The HCM system is a single integrated cloud-based software solution that will assist in modernizing and streamlining Toronto Public Library's (TPL) HR and payroll processes, reduce requirements for the Library to maintain onsite servers, ensure the seamless implementation of regular system upgrades and create opportunities for additional self-service functions for employees. This new system will help advance the Library's agenda in realizing priorities in its Strategic Plan and aligns with TPL's digital strategy.

The operating cost of the HCM system is expected have no incremental impact on the operating budget.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. awards a contract to Ceridian Canada Ltd. to supply its Dayforce Human Capital Management (HCM) solution for an initial three-year term at a cost of $1,026,996, excluding Harmonized Sales Tax (HST), which includes a contingency of $25,000; and

2. grants authority to the City Librarian to exercise options to extend for up to two additional separate one-year extensions, which would include an escalation of approximately 2% in each year with approximate costs of $294,188 in the first option year and $300,072 in the second option year.

FINANCIAL IMPACT

Five (5) - Year Summary of the Annual Cost of Ceridian Solution (excluding HST)

	2017*	2018	2019	2020	Sub-Total	2021 Optional Year 1	2022 Optional Year 2	Sub-Total Optional Years	Total
Operating Cost of Ceridian**		$288,420	$288,420	$288,420	$865,260	$294,188	$300,072	$594,260	$1,459,520
Capital Cost of Ceridian	$136,736	$0	$0	$0	$136,736	$0	$0	$0	$136,736
Implementation Contingency (Capital)	$25,000	$0	$0	$0	$25,000	$0	$0	$0	$25,000
Total Cost	**$161,736**	**$288,420**	**$288,420**	**$288,420**	**$1,026,996**	**$294,188**	**$300,072**	**$594,260**	**$1,621,256**

* Implementation is expected to occur in 2017 and system go-live with Ceridian is expected to occur in late 2017 or early 2018

** Assumes an annual cost of escalation calculated at 2% per year for 2021 and 2022

The initial committed term of the contract is three years with two further one-year options to extend the agreement. Over the initial three-year term, the total cost is $1,026,996, which is comprised of $865,260 in operating costs and $161,736 in capital costs, which includes $25,000 in contingency costs. Over the five-year period, including both optional years, the total approximate cost of $1,621,256 is comprised of $1,459,520 in operating costs and $161,736 in capital costs.

During the five-year period, the annual operating cost of the HCM system is expected to have no incremental impact on the operating budget.

The $161,736 capital implementation cost plus an additional $135,000 in TPL project management cost will be funded through the Technology Asset Management Program (TAMP) budget and is expected to result in a capital budget savings of $156,264 over the five-year period.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

ALIGNMENT WITH STRATEGIC PLAN

The contract with Ceridian Canada LTD supports TPL's strategic plan's first and sixth priorities by "advancing our digital platforms" and "transforming for 21st Century service excellence".

ISSUE BACKGROUND

The Library's current HRIS, time & attendance and payroll systems operate on three separate non-integrated platforms provided by three separate vendors. The transfer of data between the systems requires manual intervention, including the re-keying of data which increases the likelihood of error.

The current HRIS system is end-of-life and has not been supported by the vendor since 2010. The current payroll system is no longer being developed by the vendor. The objective is to replace the current systems with an integrated cloud-based solution that will allow for improvements and efficiencies to various business processes and procedures.

Awards with a commitment value in excess of $500,000 require board approval.

COMMENTS

After a competitive procurement process which included a Request For Proposal (RFP), Ceridian Canada Ltd. was the highest scoring proponent offering an integrated Human Capital Management (HCM) system. The Library will be implementing the Ceridian Dayforce core HR, time & attendance and payroll solutions.

The Ceridian Dayforce solution offers the following benefits:

- incorporates best practices for HCM;
- provides a system that is configurable for TPL's specific business rules and will require minimum or no customization;
- offers cloud-based software as a service;
- reduces manual processing and streamlines current business processes;
- eliminates the inefficient extraction and loading of data between existing systems; and
- provides opportunity for greater self-service functionality by staff.

The financial proposal submitted by Ceridian Canada Ltd. includes the option of purchasing additional HCM modules within twelve months of implementation at a reduced cost. Additional capabilities that could potentially be added over time include benefits administration, dashboarding and performance management. The potential cost and benefits of these additional modules will be explored at a later time.

The City of Toronto Shared Services IT Steering Committee is in agreement with the Library's intended approach for HCM as it aligns with and allows for potential future shared services.

CONCLUSION

Ceridian Dayforce is a single integrated Cloud-based solution that will assist with modernizing TPL's HR processes, reduce manual processes and the requirement for the Library to maintain hardware internally, ensure the seamless implementation of regular system upgrades and create opportunities for additional self-service functions for employees.

This new system would advance the Library's agenda in realizing priorities in its Strategic Plan, aligns with TPL's digital strategy and modernizes back office operations.

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SIGNATURE

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