



University of Toronto

Enabling the University of Toronto's Priorities Goals and or

Business Transformation Delivering Business Value

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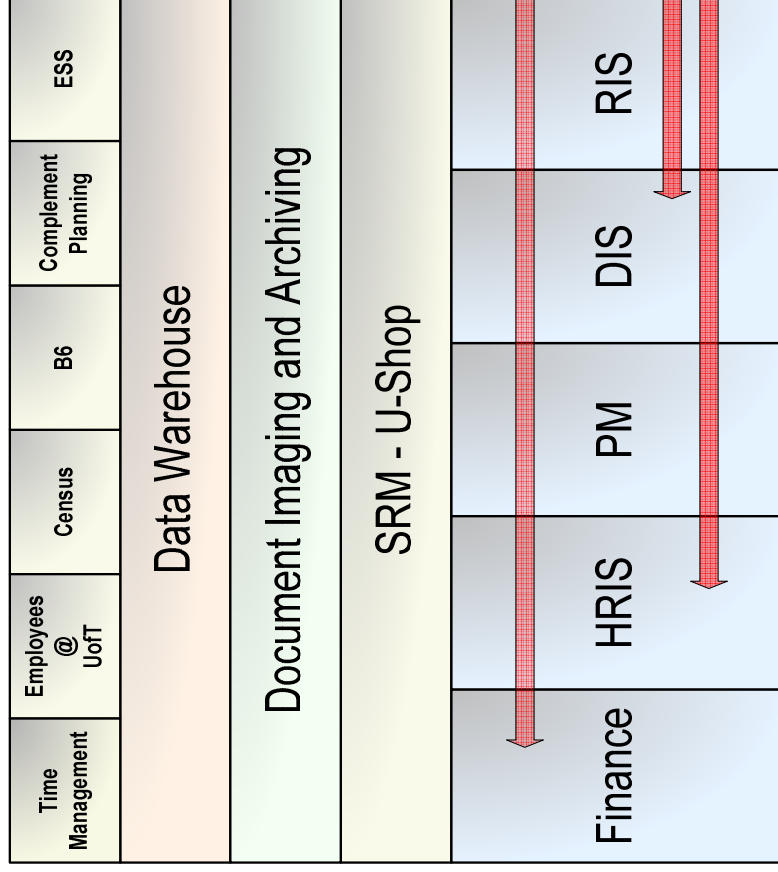
HERUG 07
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University of Toronto

- 70,143 students (62,097 full-time), 11,807 faculty and staff and 422,000 alumni
- operating budget: \$1.187 billion
- research grant and contract support: \$623 million
- 278 Hectares with 262 Buildings
- 75 PhD programs, 17 professional faculties
- 2nd Largest concentration of medical research in NA
- library has over 15 million holdings and is one of the top 4 research libraries in North America
- 23 collective agreements

AMS Applications



ROSI

- Expense Reimbursements
- Donor Financial reporting
- Web service orders
- Training and Events
- myROL
- Data Cubes

SAP R/3
4.7

After All These Years

- Systems not being used to their fullest advantage – we needed to drive out the benefits of using an ERP
- Still a sense that the old way was best
- Long memories of the first implementation of financials
- A lot of “the system can’t do that”.
- Difficult to communicate successes

Risks

**Is SAP in danger of becoming a
legacy system?**

Transitioning from R/3 to ERP

SAP Offered Value Engineering

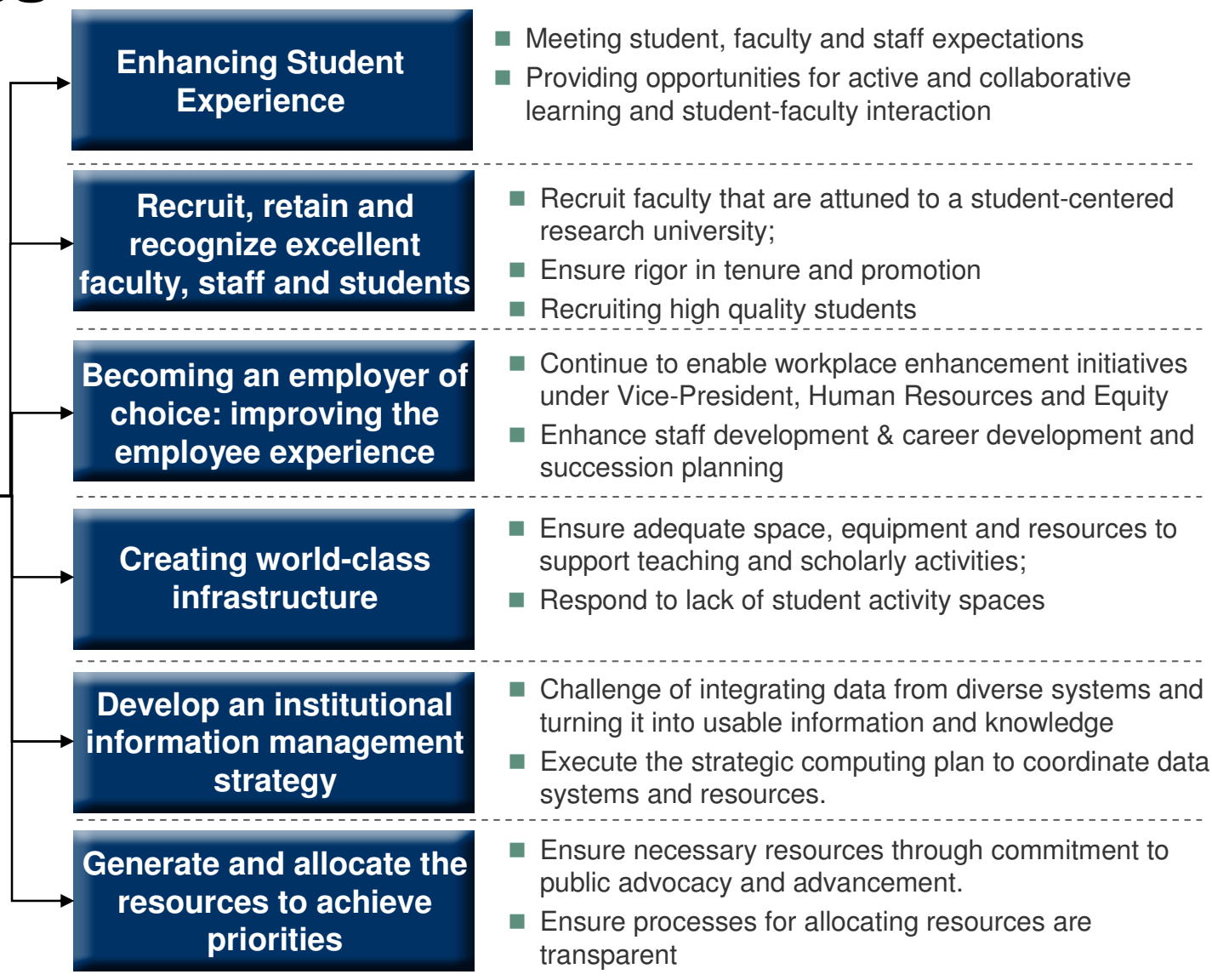
Through mutual agreement, a collaborative value assessment (CVA) exercise was used to identify benefits and produce a Business Case and ROI analysis for an enhanced partnership between the University of Toronto and SAP.

The case for Value Engineering (VE) services

- Public Sector organizations are under increasing pressure to justify and maximize the value of their investments
 - with high levels of scrutiny on IT investments
- Initiated in 2004, the Value Engineering program:
 - Identifies issues with existing client business processes
 - Outlines proposed improvements and the financial, operational and strategic benefits
 - Defines the SAP software capabilities available to support the revised processes
- Using a collaborative approach, SAP works with the customer to:
 - Develop a comprehensive business case
 - Develop a roadmap for leveraging SAP solutions over time

VE articulates the potential benefit of an IT investment and assists clients with developing a roadmap for technology ownership. This drives more successful and cost effective implementations thereby enhancing SAP's value in the marketplace.

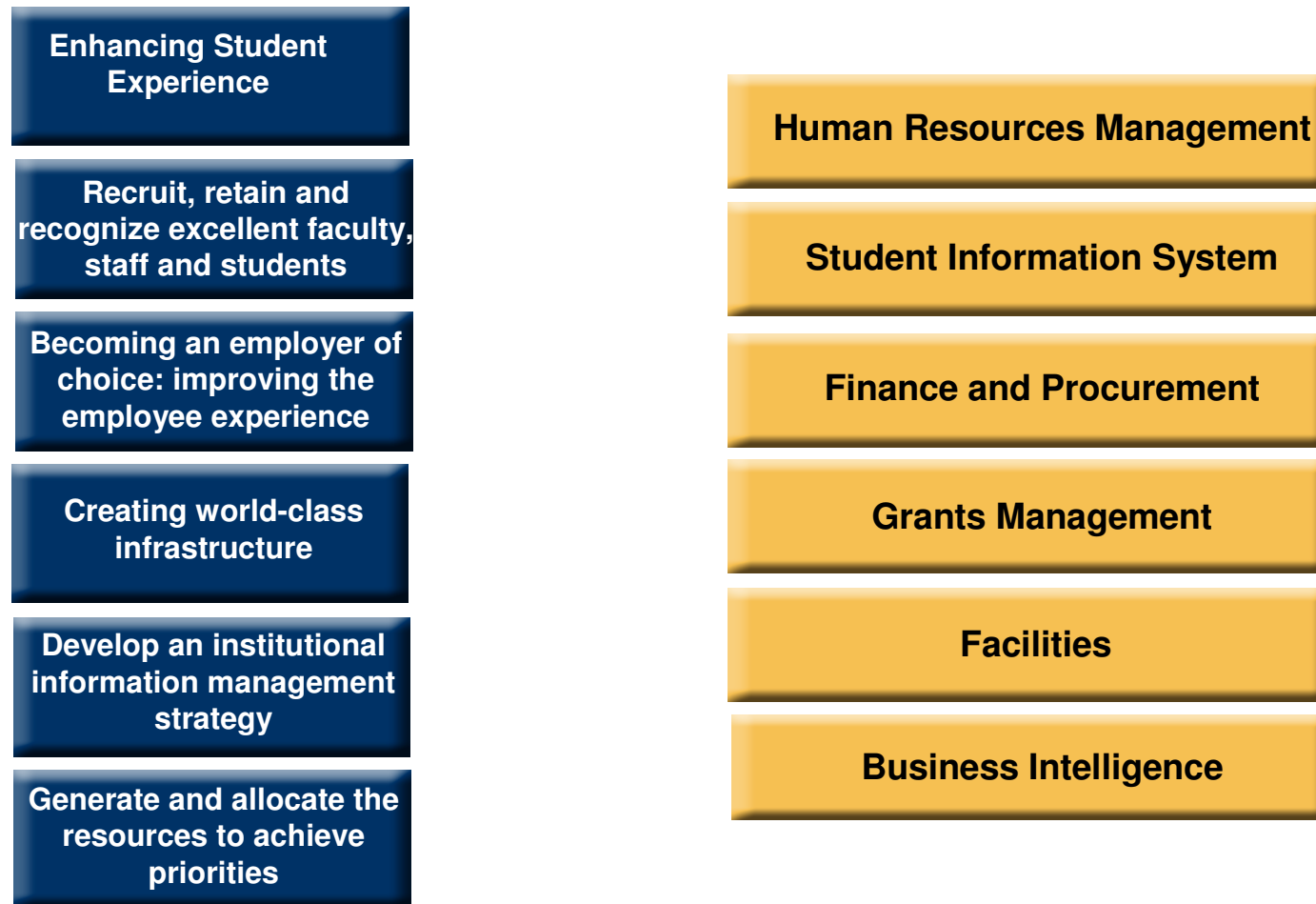
University of Toronto's Goals and Priorities



UofT – SAP Collaborative Value Assessment: Purpose and Objectives

- Responds to the need to demonstrate:
 - business accountability for IT
 - link between organizational priorities and outcomes and IT investment.
- UofT/SAP will develop a business case that:
 - identifies the value and cost of designing, building and maintaining business solutions
 - addresses strategic, business, operational and systems issues
 - provides recommendations for integrated organizational improvements & best practices.

Strategies and Opportunities



Collaborative Value Assessment

- Study by the UofT and SAP
- Identified “Pain Points” with:
 - Financial, HR, F&S, Grants Management and Student Systems
- Derived through focus groups and meeting with senior administrators
- Identified Enablers to address Pain Points
- Associated benefits with Enablers

Areas of coverage in the interviews, focus groups and analysis:

Pain Points

- Organizational issues identified in opportunity areas
- Challenges/Opportunities with existing systems & processes identified
- Identify “What a real solution might look like?”

Current Systems

- List systems currently in use (SAP and non SAP)
- Obtain diagram of overall architecture or landscape

Cost

- Quantify manual effort/costs (FTEs) currently expended in:
 - Running processes under discussion
 - Supporting the systems that run the process
- Get baseline financial statements with details on specific areas;
 - FTE Counts and average salary and benefit ranges

SAP solutions

- SAP solutions identified with appropriate functionality for the pain points defined
- High level description of functional solution identified

Potential Benefits

- Potential benefits identified as follows:
 - strategic benefits (responding to organizational changes
 - possible financial benefits from SAP investment
 - possible process improvements that could be obtained

How Information was Gathered

- Initial meeting with sponsors
- Establish focus groups with interest in the areas of focus
- Gather financial and resource information with respect to focus areas
- Meet with senior staff, Deans and Vice Presidents to confirm findings of focus groups
- Draft report

In More Detail

Detailed Area of Focus – Human Resources

Pain Points:

- Multiple Appointments
- Attendance Management\
- Casual Staff Pay Process
- Self Service Web Pages

Enablers:

- Concurrent Employment
- Duet/ESS Time Entry
- ADOBE, Duet and/or ESS Time Entry
- ESS/MSS

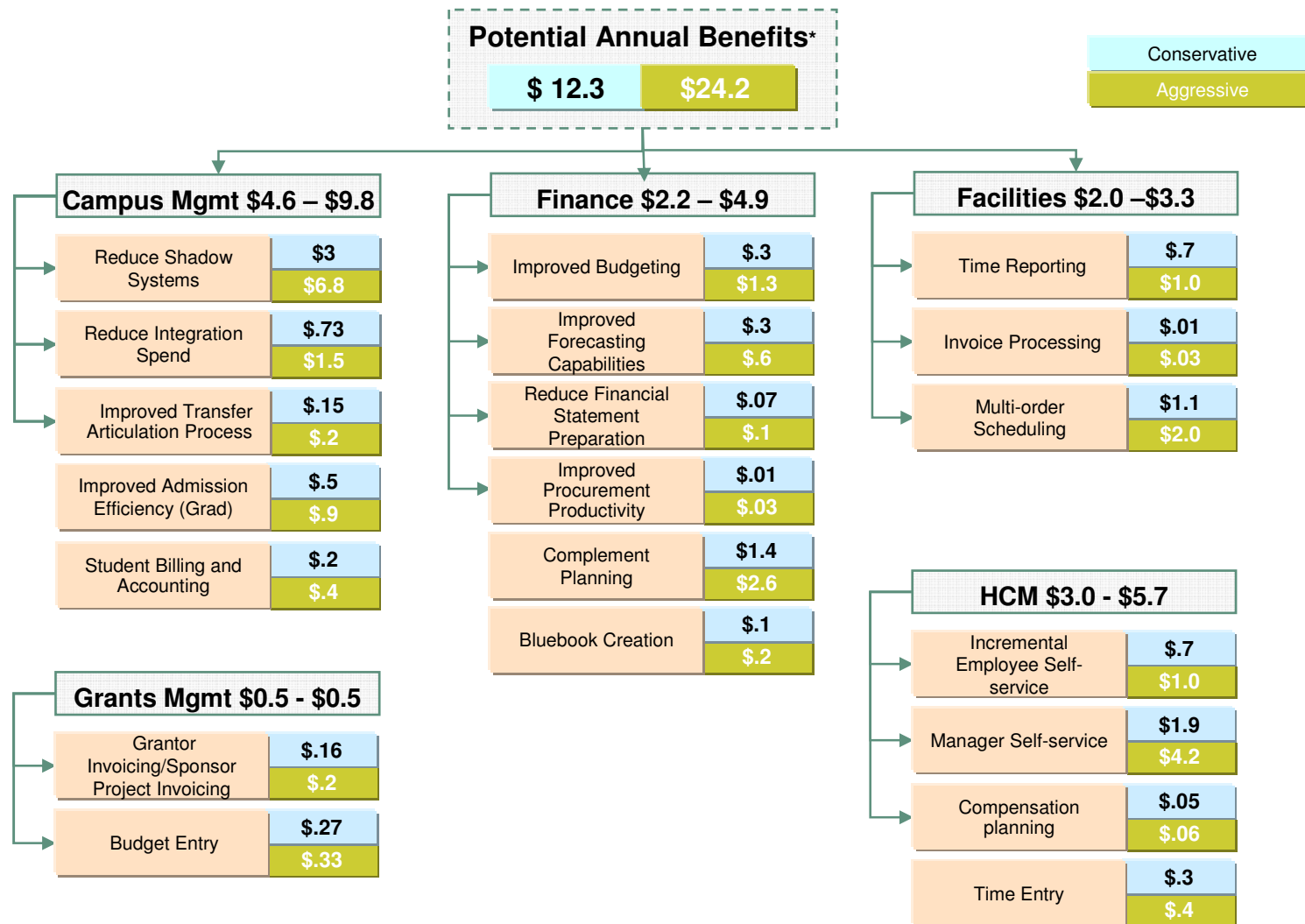
Finance → Benefits

- Tangible Benefits

Value Source	Baseline \$	Improvement %	Benefit (\$M)
Improved Budgeting	2.3 – 4.5	15 - 30	.4 – 1.3
Improved Forecasting Capabilities	1.7 – 2	15 - 30	.3 - .6
Reduce Financial Statement Preparation	.45	15 – 30	.07 - .1
Improved Procurement Productivity	.06	20 – 50	.01 - .03
Complement Planning	4.5 – 5.25	30 – 50	1.4 – 2.6
Bluebook Creation	.29	50 - 60	.1 - .2
Total Annual Benefit			\$2.28 - 4.83

- Strategic Benefits
- Integrated financial systems will improve management reporting, month end consolidations and allocations
- Business Planning & Simulation provides a budgeting solution integrated with finance, payroll and HR to improve efficiency of current budgeting process
- Streamlining of accounts payable process, accounts receivables processes and cash management will improve operational efficiencies
- Visibility into U of T financial and management accounting functionality combined with business analytics.

The Benefits



The Benefits

- Based on cost estimates given to SAP and using industry benchmarks to determine savings
- Benefits are reasonable estimate of what can be achieved
- Can be delivered over time
- Change business processes
 - UShop, Time entry for dentistry, pay statements, Employees@UofT, ERDD, Capital Projects, more comprehensive institutional data

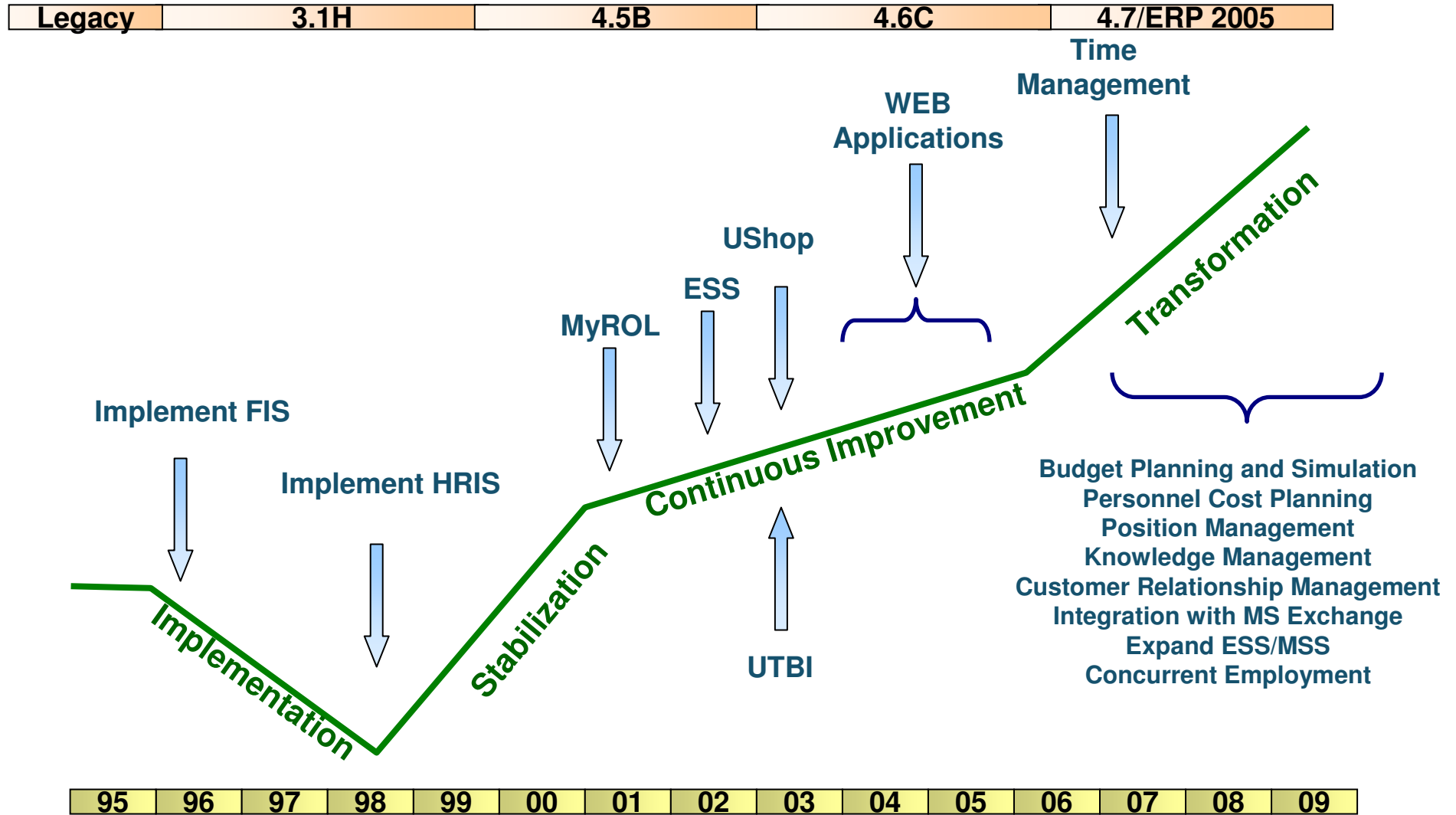
The Cost – ERP 2005

- New license fee of ~\$1.5 M
 - ERP 2005 Business Suite
- Annual Maintenance fees do not change and may go down
- 10 year cost of upgrading now the least expensive option
- Current UTBI Toolset can be retired with annual savings of ~\$100K
- Take advantage of discount structures

Recommendations

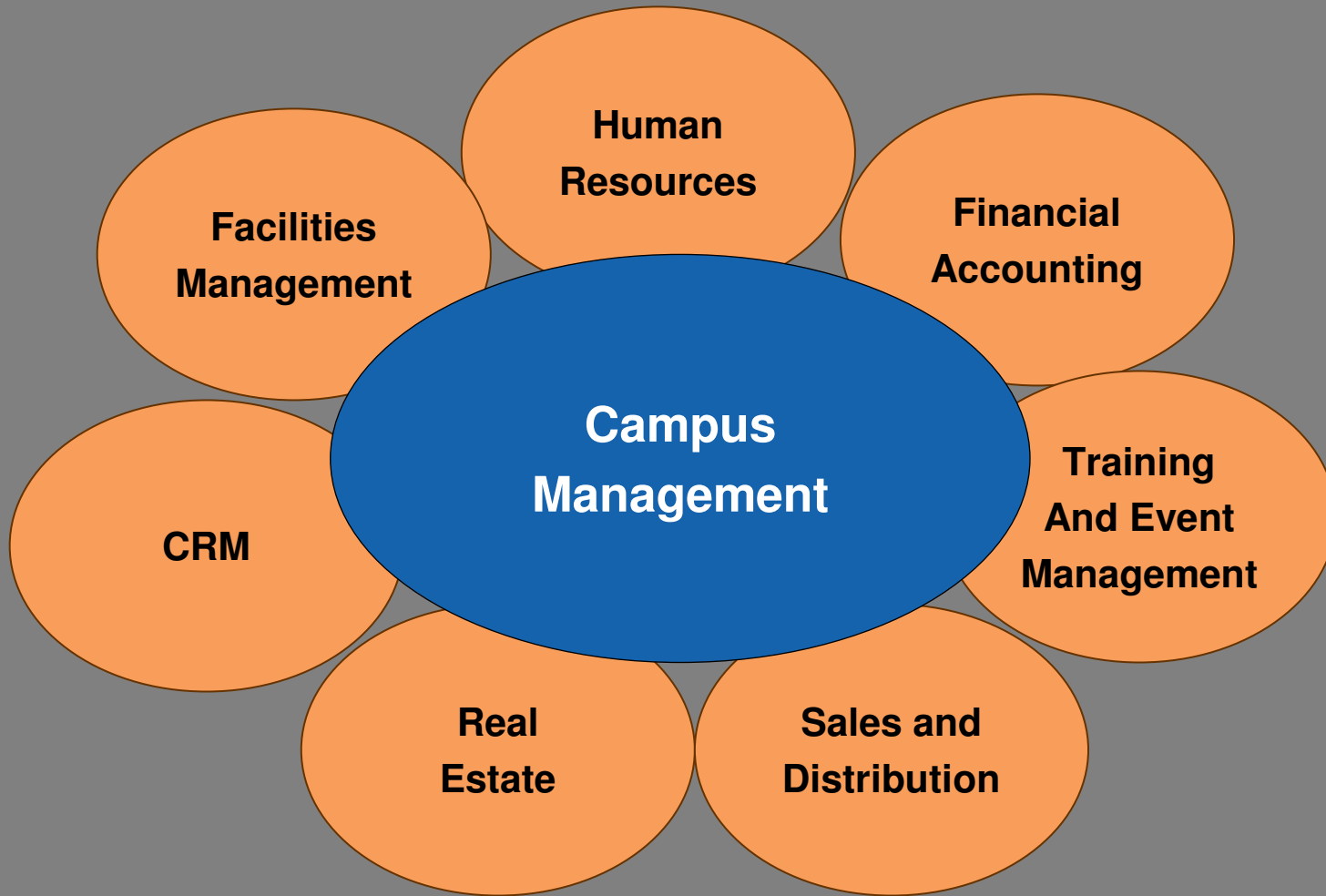
- Commit to purchase SAP ERP 2005 before December 31st 2007
- Begin to use some of the functionality immediately – Netweaver
- Use the CVA to establish both short and long term priorities
- More in-depth analysis of student systems be completed and recommendations on the future of student systems be derived from that analysis

ERP Stages



Student Systems

- Diverse opinions on the student system
 - One group believes everything to be fine with continued improvements
 - Other group believes that the system needs replacing or significant enhancement
- Thorough analysis of current systems
 - Determine gaps and our own “Pain Points”
 - Provide a clear picture of requirements
 - Use the analysis to determine priorities and direction



SAP Netweaver Technology Platform (fully integrated; common tools)

Thank you

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