



CITY OF HOUSTON

CITY MAXIMIZES PUBLIC VALUE WITH SAP® ERP

QUICK FACTS

Industry

Public sector – state and local government

Budget

US\$3.1 billion

Employees

23,000

Location

Houston

Web Site

www.houstontx.gov

SAP® Solution and Services

SAP® ERP application

Implementation Partner

SAP Consulting

Houston is the fourth most populous city in the United States. The city is home to the NASA Space Center, the Texas Medical Center – the largest medical center in the world – and more than 5,000 energy firms. Considered the “energy capital of the world,” Houston is an international dynamo, ranking as the nation’s largest port in international tonnage. Rich in diversity, more than 90 languages are spoken throughout the Houston area.

Key Challenges

- Replace aging legacy systems before they jeopardize city operations
- Redesign business processes with minimal customizations to reduce IT support costs
- Achieve mayor’s vision to become the most efficient and responsive local government in the nation

Implementation Best Practices

- Had strong commitment from project steering committee
- Effectively formulated plans, resulting in a successful implementation
- Ensured effective development of key super users
- Used visible dashboard to demonstrate progress of each department
- Adopted incentive plan to align project team and milestones
- Instituted business readiness program for all 21 departments

Financial and Strategic Benefits

- Integration of work in process with fixed asset accounting, significantly improving city’s ability to manage US\$2 billion in assets
- Budget and financial information available online in real time versus at month end
- Elimination of many manual tasks; better use of personnel
- New foundation for handling future growth and business needs

Why SAP Was Selected

- Best fit for city’s requirements (after extensive evaluation process)
- Minimal need for custom development
- Flexible options for technical architecture (ability to implement on Microsoft Windows and Intel platform)

Low Total Cost of Ownership

- Required minimal customizations to meet unique public sector needs
- Reduced dependency on technical resources; reallocated 15 to 20 positions in mainframe computing operations



“SAP Consulting put together an A+ team. . . . SAP Consulting kept us on track and on schedule.”

Earl Lambert, Deputy Director, City of Houston

www.sap.com/contactsap

Legacy Applications a Threat to City Operations

The City of Houston has a big job to do – its 21 departments and 23,000 employees serve more than 2.14 million citizens over a 640-square-mile area. City workers need information to work effectively, but their legacy applications were highly customized and no longer supported by the vendor. The city's business systems were fragmented, requiring expensive interfacing and reconciliation processes. Houston also depended on individuals with specialized knowledge to maintain the solutions, and several were about to retire. The city realized it needed to change its IT strategy.

“One City, One Process, One System”

After evaluating various solutions, all 21 city departments concurred that they needed to replace financial, payroll, materials management, and HR systems with the SAP® ERP application. The software offered robust functionality for core business areas as well as specialized government requirements; the SAP application was simply the best fit for Houston's needs. After deciding on the SAP software, the city launched its HoustonOne project to modernize its IT infrastructure and improve operating efficiency.

The mayor appointed members of his cabinet to sponsor and guide the implementation. The steering committee, comprised of senior leadership from across city departments, invested more than 2,500 hours in approving the new system design. SAP Consulting also played a major role in the on-time, within-budget rollout, leveraging a concentrated implementation methodology. Houston continues to focus on business results – quantifiable gains and process improvements, assessed by a permanent steering committee that regularly reviews “report cards” to measure progress toward objectives.

Maximizing Public Value

As a result of the SAP software implementation, the city was able to retire redundant asset management systems and expensive legacy applications, reducing the need for IT staff in its mainframe computing operations. It reduced payroll processing and cycle times as well as system downtime and associated process steps. It automated complex processes for “cashing out” leave balances when police officers retire and complex payroll calculations for firefighters' holiday and “higher-class” pay. It consolidated warehouses, and it automated inventory replenishment. Finally, the city reduced procurement times by standardizing the requisition-to-check process and automating approval workflow.

Houston's departments and business operations are now running on a fully integrated, uniform business process platform. This translates into lower overall operating costs and improved responsiveness to vendors, employees, and citizens.

Leveraging SAP software, Houston is serving its citizens better – even new arrivals like neighboring Louisianans who fled Hurricane Katrina. Using the SAP Grants Management application, the city processes Federal Emergency Management Agency (FEMA) grants to pay the more than 2,500 housing vendors that provide shelter to thousands still displaced by the disaster. Houston is now able to track, in real time, the remaining funds for any program or category of expenditure.

Future Plans

Houston plans to explore SAP functionality for fleet management to maintain and service the city's vehicles. Through SAP ERP, it has the foundation for continuous improvement that will help the mayor realize his objective – transform his operation into the nation's most efficient and responsive city hall.

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