

State of Florida

Department of Banking and Finance

FLAIR and CMS Replacement Project

Invitation to Negotiate (ITN) for Independent Project Manager

Addendum 1 BF-09/2001-2002

June 13, 2002

The following sections are to replace the corresponding sections of ITN BF-09/2001-2002 dated May 31, 2002.

2.1 Overview

NOTE: The following background information is being given to educate prospective vendors about the systems being replaced and the associated data migration and employee training considerations.

For most of the past two decades, the State of Florida has accomplished its budgeting, cash management, accounting, purchasing, payroll, and human resource functions using five stand-alone, legacy information subsystems. Collectively, these five subsystems are known as the Florida Financial Management Information System (FFMIS). Although these subsystems have been maintained and incrementally upgraded, the State of Florida has neither modernized nor replaced the subsystems in a structured and coordinated manner to meet its changing and growing needs.

Issues and concerns with the FFMIS subsystems, including the lack of integration and incomplete reporting capabilities, have developed over the years since the systems were implemented. After several years of research and assessment, the State decided to pursue implementation of a commercial-off-the-shelf (COTS), Enterprise Resource Planning (ERP) system to support its core business functions. The implementation of a purchased ERP system anticipates extensive reengineering of State agencies' business processes to ensure that the benefits of the system would be realized.

The 1999 Legislature authorized a Business Case Study (BCS) to provide the information necessary to make an informed decision regarding the future direction of the State's financial management systems. Information regarding the BCS may be found at: <http://bcs.state.fl.us/>.

After a thorough analysis that included measurement of costs, benefits and risks, the BCS recommended that the State pursue an ERP system to replace the majority of the functionality currently provided by the FFMIS subsystems. Because of the funding deficit, however, this has not occurred. The State is currently moving toward the outsourcing of the human resources and purchasing functions of state government. The replacement of FLAIR and the CMS subsystems will remain a core government function but with the implementation of a purchased ERP system.

In February 2001 the State requested KPMG Consulting to provide a report with an estimate of cost and time to replace only the FLAIR and CMS subsystems. KPMG Consulting based its replacement estimates for these two subsystems upon the information contained in the BCS. The estimate assumes that the universities will not be users of the new system. KPMG Consulting estimated it would cost approximately \$35,884,000 in the first fiscal year and another \$38,582,000 in the second fiscal year to develop a statewide replacement system for FLAIR and the CMS subsystems. The operating costs for the replacement system were estimated to be \$12,000,000 for 4 fiscal years. The report stated that given the size and complexity of the State's information systems, the major enterprise resource planning (ERP) vendors are the most viable candidates for providing application software to replace FLAIR and the CMS subsystems.

One of the key findings of the report was that the State can deploy an ERP accounting and cash management system that serves as the foundation for an enterprise-wide, integrated solution without incurring significant additional costs associated with the implementation of the entire ERP software solution suite. A key conclusion of the report was that failure to replace FLAIR and the CMS subsystems will leave the state reliant on aging information technology systems which will increasingly limit the ability of the State to implement and manage new programs.

To download a **HTML** copy of the KPMG Consulting report see the following URL:
http://www.dbf.state.fl.us/flair_replacement

The 2002 Legislature provided within the General Appropriations Act for Fiscal Year 2002-2003 the first year funding for the replacement of FLAIR and the CMS subsystems. The appropriation was based upon the cost estimates from the KPMG Consulting study. The appropriation also assumes the state will finance the cost of the software, hardware, project management and implementation services. The proviso language for the appropriation of funds for FY 2002/2003 for the replacement of FLAIR and the CMS subsystems is included in Attachment

3.2.6 Project Management Approach

The vendor should describe their approach to addressing the requirements identified in paragraph 1.2, Scope of Work including the composition of the vendor's team (if applicable) and their various duties, the approach to working with the State staff and other information necessary for understanding how the vendor will accomplish the requested work.

Include a discussion of the project approach and a staffing plan to accomplish the following activities:

ACTIVITY	PROPOSED COMPLETION DATE
• Develop procurement strategy	08/05/02
• Develop detailed operational plan	09/17/02
• Selection and procurement of software and implementation services	12/31/02
• Implementation (including design and configuration, data conversion, etc.)	01/01/04
• User training and agency transition	06/30/04

Innovative ideas: The Department does not want to limit the vendor's innovations or creativity in preparing a proposal to accomplish the tasks outlined in Section 1.2 Scope of Work. Innovative ideas, new concepts and arrangements other than those requested here will be considered. For example, these might include unique business features, special services, discounts or terms and conditions specific to each vendor. The cost associated with each shall be fully disclosed in the price proposal.

3.2.9 Financial Stability

Provide information on your company's financial strength and capabilities.

A. Include evidence of sufficient financial resources and stability to provide the services sought, i.e. financial statements that include balance sheets and income statements. For the purpose of this ITN, the State defines financial stability to mean a minimum of 2 years of financial history that demonstrates solvency, i.e. positive net worth and no indication of a failure to meet current obligations. The proposal should break out subsidiary data if the proposer is part of a larger entity. Audited financial statements are not required but are preferred.

B. The proposer must provide information on any pending litigation, investigation or proceedings in which a court or administrative agency is addressing any question relating to the professional activities of the proposer within the last five years and as to any litigation or administrative proceeding in which the proposer was a party in any matter related to the professional activities of the proposer during the three years prior to the date of this ITN.

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4.3.2 Technical Qualifications

Each evaluator will assign a maximum of **eighty (80)** points for technical qualifications (see Attachment G for Evaluation Criteria). Points will be awarded based on the vendor's experience and performance on comparable engagements, and the vendor's approach to the project, work plan and deliverables.

4.3.3 Total Dollar Cost

The maximum points to be awarded for cost are **twenty (20)** points. A total of **twenty (20)** points will be assigned to the vendor with the lowest costs for performing the activities listed in Section 1.2 Scope of Work as presented in the Sealed Cost Proposal. The other vendors will receive a weighted score determined by multiplying **twenty (20)** times the ratio of the lowest cost to the other vendor's cost. For example, vendor A submits the lowest cost of \$1,000,000 and vendor B submits a cost of \$2,000,000. Vendor A is awarded **20 points** and vendor B is awarded 10 points ($20 * (\$1,000,000 / \$2,000,000)$).

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ATTACHMENT-G - EVALUATION CRITERIA

	TECHNICAL CRITERIA	MAXIMUM POINTS
	PROJECT MANAGEMENT EXPERIENCE Sections 3.2.7 & 3.2.8	35
A.	Experience as project manager in successfully implementing a large ERP system on time within budget including <ul style="list-style-type: none"> - requirements studies - procurement process (software, hardware, and implementation services) for ERP projects - ERP software evaluation - contract negotiations 	30
B.	Public sector experience	5
	PROJECT MANAGEMENT APPROACH Sections 3.2.5 & 3.2.6	40
C.	Executive summary	5
D.	Approach and staffing plan	10
E.	Proposed team and qualifications <ul style="list-style-type: none"> - Project manager - Key staff 	25
F.	INNOVATIVE IDEAS Section 3.2.6	5
	TOTAL TECHNICAL CRITERIA	80
G.	TOTAL COST POINTS CALCULATED Section 4.3.3	20
	GRAND TOTAL EVALUATION POINTS	100

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QUESTIONS AND ANSWERS:

Q1. Has the state selected the Project Manager that will have overall responsibility for the project? If yes, who will it be? Will they be introduced at the vendor conference?

A1. Art Simon, Deputy Comptroller, is the Project Manager. Mr. Simon was introduced at the vendor conference.

Q2. Does the Department of Banking and Finance have a short list of ERP vendors that will be sent an ITN, or does the state plan to do an RFP to any potential bidder?

A2. The State does not have a short list of vendors for the procurement of the ERP software and ERP implementation services.

Q3. Does the State plan to hire an ERP integrator or to hire supplemental staff at its own direction to implement the ERP software? Does the Department of Banking and Finance plan to make this purchase from a short list with an ITN or with an RFP?

A3. The State will hire an ERP integrator and will also assign state staff to implement the ERP software. The State does not have a short list of vendors for the procurement of the ERP software and ERP implementation services.

Q4. What version of Microsoft Project is the state using for this implementation project?

A4. Microsoft Project 2000.

Q5. Who holds ultimate control over project decision-making? The State's Project Manager, the "Independent Project Manager", or another resource from the ERP Implementation team?

A5. The State Project Manager will control the day-to-day operations of the project. The Independent Project Manager will assist the State Project Manager in this role. The State Comptroller will be ultimately responsible for the project. The State will assemble an advisory council of key stakeholders to provide guidance and counsel to the State Project Manager. Effective January 7, 2003 the State Chief Financial Officer will assume the role and responsibilities of the State Comptroller and the State Treasurer.

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Q6. Does the State expect the vendor responding to this ITN to provide a Project team or a single Project Manager consultant only?

A6. The State does not have a predetermined notion regarding the best approach to provide the requested independent project management services.

Q7. Does the staffing pool consist of State resources or will State and ERP Implementation resources comprise the team?

A7. The State will provide staff for the FLAIR and CMS Replacement Project. The number of staff and their qualifications will be determined during contract negotiations with the candidates for the Independent Project Manager and during contract negotiations with the candidates for the ERP implementation services.

Q8. What specifically does the State seek to satisfy the financial stability reference (3.2.9) on page 15?

A8. The State defines satisfactory financial stability as a minimum of 2 years of financial history that demonstrates solvency i.e., positive net worth and no indication of a failure to meet current obligations.

Please note the State has rewritten Section 3.2.9. The updated language is intended to replace the previous language in its entirety. The updated correct language for Section 3.2.9 is as follows:

3.2.9 Financial Stability

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B. The proposer must provide information on any pending litigation, investigation or proceedings in which a court or administrative agency is addressing any question relating to the professional activities of the proposer within the last five years and as to any litigation or administrative proceeding in which the proposer was a party in any matter related to the professional activities of the proposer during the three years prior to the date of this ITN.

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Q9. On page 24, final paragraph, reference is made to a \$500,000 “project monitoring amount”. Is this the budget the State has set aside for the Independent Project Manager?

A9. No. This amount (\$500,000) refers to the funds that are to be reserved for the special project monitoring function (independent validation and verification) that is required pursuant to s. 282.322, Florida Statutes. See Attachment B of the ITN for the specific statutory provisions regarding special project monitoring.

Q10. If possible, could we be provided with information provided to those who attended the bidders' conference and any further information to be provided to bidders?

A10. A list of the of the attendees at the June 7, 2002 vendor conference¹, a handout of the web sites mentioned in the ITN², the list of question and answers, and any amendments to the ITN will be posted on the Florida Vendor Bid System at http://fcn.state.fl.us/owa_vbs/owa/vbs_www.search.criteria_form using BF-09/2001-2002 in the NUMBER field on the search screen. It is the responsibility of all participants to monitor this site for new and changing information. Information on the FLAIR and CMS Replacement Project may also be posted at the following Department of Banking and Finance website: http://www.dbf.state.fl.us/flair_replacement/

Q11. ITN 3.1, Page 12: Subsection 3.1 indicates, “The vendor must submit . . .One (1) copy [of the proposal] on disk using Microsoft Word, Version 7.0.” Relative to this requirement, please clarify the following.

a. Is the vendor required to submit both the technical and cost proposals electronically? If yes, must they be submitted on separate disks and placed in separate envelopes?

b. Is the vendor required to include the following in its electronic submission:

- scanned copies of the required signed forms,
- graphic exhibits, and
- audited financial statements.

Continued...

¹ See Attachment 1 to this document.

² See Attachment 2 to this document.

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c. If vendors are required to submit these items, please clarify the following:

1. whether vendors are required to submit these items in Microsoft Word, as scanned forms and audited statements would be available electronically in Adobe Acrobat; and
2. whether the State will consider allowing submission of the electronic copy on a CD-ROM rather than a diskette, as the file size for these items is typically quite large, making submission on a single disk impossible.

A11. a. Yes. The vendor is required to submit both the technical and the cost proposals electronically. The electronic proposals must be submitted on separate disks (or CD-ROM) and placed in separate envelopes.

A11. b. No. The vendor is not required to include scanned copies of the required forms, graphic exhibits and financial statements in its electronic submission. Hard copies of this material are sufficient.

A11. c.1. Not applicable. The vendor is not required to include scanned copies of the required forms, graphic exhibits and financial statements in its electronic submission. Hard copies of this material are sufficient.

A11. c.2. Yes. The electronic copy may be submitted on a CD-ROM rather than a diskette.

Q12. Will the answers to questions include a list of bidders' conference attendees, including the names of the firms?

A12. See the answer to question 10.

Q13. Will the Department of Banking and Finance provide access to the Internet, a desktop or laptop computer, and MS Project 2000 to the Independent Project Manager while assigned to this project?

A13. Yes. The Department of Banking and Finance will provide access to the Internet, a desktop or laptop computer, and MS Project 2000 to the Independent Project Manager while assigned to this project.

Q14. Does the Department of Banking and Finance have a preferred communications vehicle that has been engaged within the department in past projects?

A14. The Department of Banking and Finance does not understand the question so we are not able to answer it.

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Q15. Does the Department of Banking and Finance currently use an electronic document management system (such as Domino Doc, Live Link, etc.), and if so, what type and version?

A15. The Department of Banking and Finance does not currently use an electronic document management system.

Q16. Does the Department of Banking and Finance intend to grant the Independent Project Manager “Decision making” control over one or any combination of these three project constraints: Costs, Schedule, or Scope changes?

A16. No. The State reserves the decision making control over the project. The Independent Project Manager will work in conjunction with the State Project Manager and with the implementation vendor. There will be some degree of delegation of authority to the State Project Manager for day-to-day operations. Also see the answer to question 5.

Q17. We request that the Department of Banking and Finance give us an opportunity of talking with you to confirm our understanding of the need as mentioned in the RFP.

A17. The opportunity to confirm the understanding of the need was at the vendor conference that was held on June 7, 2002. We are not able to have further discussions with individual vendors at this time.

Q18. May I have a copy of questions and answers when they are sent out on June 13?

A18. See the answer to question 10.

Q19. Will the contractor be required to provide resources to conduct the entire vendor software selection and vendor negotiations or will the contractor be expected to manage the process using the State's resources?

A19. The State will provide resources during the vendor software selection and vendor negotiations processes. The contractor will be expected to provide expertise and assistance to the State during these processes.

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Q20. Are there any organizations outside of the Department of Banking and Finance that the contractor will need to interface with from a project management standpoint?

A20. There are multiple organizations and other stakeholders the contractor will need to work with during the project. Some of the entities the contractor will need to work with include, but are not limited to, the Executive Office of the Governor, House of Representatives Fiscal Responsibility Council, the Senate Appropriations Committee, the State Comptroller, the State Treasurer, the Auditor General, the State Technology Office, the Technology Review Workgroup, the Department of Management Services, and representatives from the state agency user community.

Q21. Please confirm that no software or hardware is expected to be purchased as part of this contract.

A21. The State will provide the appropriate software, hardware, and Internet connections for the contractor for any work that is performed on-site in Tallahassee. The State will not provide software, hardware, and Internet connections for any work done off-site.

Q22. How will you evaluate the performance of your Independent Project Manager?

A22. The evaluation of performance for the Independent Project Manager will be further discussed and determined with the successful bidder during the contract negotiation phase.

Q23. Does the Department of Banking and Finance anticipate that the various users of the current FLAIR & CMS applications will have a significant role in the FLAIR/CMS Replacement Project, and if so what degree of involvement does the Department expect the Independent Project Manager to have with these other organizations?

A23. The Independent Project Manager will need to work with key stakeholder groups to successfully accomplish the tasks listed in the scope of work (see ITN sections 1.2.1 and 1.2.2). The user groups of the FLAIR & CMS applications are considered key stakeholders. Specifically the user groups will need to be consulted on issues, including but not limited to, system requirements, change management and communication plans, and the coordination of training activities.

Q24. Do we need to submit Attachments D & F?

A24. Attachment D needs to be submitted as part of the proposal. Given the short timeframe to respond to this ITN Attachment D may be completed according to the best of your knowledge.

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However, Attachment D will need to be updated and completed by the successful bidder before contract negotiations have been finalized.

Attachment F needs to be submitted only if the vendor is able to certify that the firm complies with one or more of the following three requirements:

1. the response is from a certified minority-owned firm or company;
2. the commodities are manufactured, grown, or produced within this state;
3. businesses with drug-free workplace programs.

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Attachment 1

List of Attendees at the June 7, 2002 Vendor Conference

FLAIR and CMS Replacement				
ITN for Independent Project Manager		Vendors Conference		
BP-09/2001/2002		Sign-In Sheet		
		7-Jun-02		
Name	Company	E-mail	Phone	Fax
Irene Johnston	Auditor General	irenejohnston@aud.state.fl.us	487-9314	487-9290
Teresa Clark	Data Industries	tclark@dataind.com	703/929-0102	202/479-9469
Ron Falkey	Data Industries	rtalkey@dataind.com	251-6630	922-5162
Glenn Counts	Earned Value Group	gcounts@earnedvaluegroup.com	813/949-4863	813/909-5865
Tom McCullion	Gartner	tom.mccullion@gartner.com	668-4865	same
Mark Weeks	Independent	me_weeks@yahoo.com	942-8593	
Tim Foley	Independent	timothy.foley@cedar.com	980-1617	
Viann Hardy	Maximus	viannhardy@maximus.com	893-7940	893-1158
Edward Addy	Northrop Grumman IT	eaddy@northropgrumman.com	219-8033	219-8034
Jerry Greene	Productivity Group	gvgreene1@yahoo.com	386/409-9982	
PJ Ponder	Productivity Group	pj@ponder.us	980-8530	
Jon Johnson	Proptions	management@proptions	878-7140	
Jack Millwood	SCB Computer	jack.millwood@scb.com	575-4700	904/371-3303
Frank Millar	Tybrin	frankm@tybrin.com	385-1550	385-1573
Natalya Cheruyaglana	Vector Solutions	natalya_cheruyaglana@vectorsolutions.net	421-8022	
Kathy Summers	Vector Solutions	kathleen_summers@vectorsolutions.net	321-5071	
Bruce Culpepper	Vector Solutions	bruce_culpepper@vectorsolutions.net	523-9133	

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Attachment 2

Handout from the June 7, 2002 Vendor Conference

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ITN and any amendments:

http://www.dbf.state.fl.us/flair_replacement/

or

http://fcn.state.fl.us/owa_vbs/owa/vbs_www.search.criteria_form

E-mail address:

New_Flair@mail.dbf.state.fl.us

Submit written inquiries to:

Sherry Faircloth

Department of Banking and Finance

101 E. Gaines St.

Fletcher Building Room 117

Tallahassee, FL 32399-0350

New_Flair@mail.dbf.state.fl.us

Fax: 850-410-9747

FAILURE TO FILE PROTEST (WHICH PROTEST SHALL BE LIMITED TO THE SUBJECT OF THIS ADDENDUM) WITHIN THE TIME PRESCRIBED IN S. 120.57(3), FLORIDA STATUTES, SHALL CONSTITUTE A WAIVER OF PROCEEDINGS UNDER CHAPTER 120, FLORIDA STATUTES.