

MEMORANDUM

DATE: June 15, 2018

TO: Jimmy Patronis, Florida's Chief Financial Officer

FROM: Negotiation Team:

Danielle Kosberg, PMP, FCCN, DFS, Florida PALM (Lead Negotiator)
Doug McNease, DFS, Office of Information Technology
Molly Merry, DFS, Division of Risk Management
Angie Robertson, DFS, Florida PALM

SUBJECT: Negotiation Team Recommendation of Award for ITN Number: DFS FL PALM ITN 1617-07 - Florida Planning, Accounting and Ledger Management Project (Florida PALM) Software and System Integrator Services

I. INTRODUCTION

The negotiation team hereby provides its recommendation of award to the Department of Financial Services' ("Department" or "DFS") Invitation to Negotiate (ITN), Number DFS FL PALM ITN 1617-07.

On November 1, 2016, the Department issued a competitive solicitation for Florida Planning, Accounting and Ledger Management Project ("Florida PALM" or "Project") Software and System Integrator Services (SSI) in the form of an ITN. The purpose of this ITN is to replace the four main components of the Florida Accounting Information Resource (FLAIR) subsystem and select components of the Cash Management System (CMS) as identified in Option 3 of the 2014 FLAIR study. Pursuant to section 287.057, Florida Statutes (F.S.), and Chapter 2016-66, Section 6, 2317A, Laws of Florida, the Department requested replies to this ITN from qualified vendors (respondents) to obtain the best and most appropriate means of providing SSI services for a new financial management solution ("Financial Management Solution" or "Solution").

Four respondents submitted replies by the January 24, 2017, due date:

1. Accenture LLP (Accenture)
2. CGI Technologies and Solutions Inc. (CGI)
3. Deloitte Consulting LLP (Deloitte)
4. International Business Machines Corporation (IBM)

Respondents were instructed to submit replies to the ITN supplying information including, but not limited to, the approach, assumptions, cost, facilities, implementation and product road maps, implementation services, software licensing, methodology, phasing, references, schedule, staff, and technical infrastructure.

II. SELECTION PROCESS

a. Review of Mandatory Minimum Qualifications

Replies were reviewed against mandatory minimum qualifications identified in the ITN. All four replies satisfied the mandatory minimum qualifications review.

b. Financial Review

The Department contracted with an external Certified Public Accountant (CPA) who performed a review of the financial information provided by the respondents to determine the financial integrity and reliability of respondents. In compliance with ITN Section 4.2.1, the review included:

- Confirmation that the respondent's financial statements appeared to reflect a financially stable firm.
- Confirmation that the respondent is responsible based on a review of the information in its reply.

A financially stable firm was defined in the ITN as a firm with no circumstances that posed any risk that:

- The respondent may be compromised in its ability to perform the services sought in the ITN, or
- Would tend to undermine the public trust, or
- Would cause a lack of confidence in the propriety of the respondent, or
- Would otherwise result in a perceived detriment to the state of Florida (State).

On July 6, 2017, the Department deemed Deloitte nonresponsive for failure to meet the requirements of ITN Section 4.2.1 based on the information provided by the CPA.

c. Evaluation

The evaluation team was appointed in writing and consisted of the following persons:

1. Eric Adair, DFS, Florida PALM
2. Tanner Collins, DFS, Division of Treasury
3. Lisa Evans, Florida Department of Transportation
4. Doug McNease, DFS, Office of Information Technology
5. Deana Metcalf, DFS, Florida PALM
6. Rachael Lieblich, DFS, Division of Accounting and Auditing
7. Thomas Poucher, Florida Department of Agriculture and Consumer Services
8. Angie Robertson, DFS, Florida PALM
9. Scott Ward, Florida Agency for Health Care Administration

Respondents were invited to provide demonstrations of proposed software and make team presentations February 27 – March 10, 2017. After demonstrations of proposed software and team presentations, each evaluator independently evaluated and scored replies.

On July 6, 2017, the Department determined replies from Accenture, CGI, and IBM were within the competitive range of replies reasonably susceptible of award as described in ITN. The scores were as follows:

Evaluation Category	Reply Section	Maximum Score	Reply		
			Accenture Score	CGI Score	IBM Score
1. Software	DD2 Replies to functional Business Requirements	50	48.49	49.36	48.17
	DD2 Replies to technical Business Requirements	50	48.75	49.69	48.23
	Software Functional Capabilities	100	75.87	72.06	71.75
	Software Customizations	100	71.11	66.11	66.67
	Software Technical Capabilities	100	76.44	70.67	70.22
	Maximum Score – Software	400	320.66	307.89	305.03
2. Implementation Services	Project Management Services	70	49.60	46.67	47.01
	Application Services	120	86.26	80.81	83.01
	Technical Services	80	58.49	56.36	58.13
	Organizational Change Management Services	80	56.67	55.78	53.33
	Maximum Score – Services	350	251.02	239.61	241.49
3. Qualifications	Respondent References	25	23.50	24.00	23.67
	Prior Relevant Experience	125	82.78	73.33	76.11
	Maximum Score – Qualifications	150	106.28	97.33	99.78
4. Cost	<i>Calculated</i>	100	100.00	54.87	94.35
	Maximum Score – Cost	100	100.00	54.87	94.35
	Total Score	1,000	777.96	699.70	740.65

d. Negotiation

The negotiation team, comprised of DFS staff, was appointed in writing and began conducting strategy sessions August 2017. In October 2017, all three respondents within the competitive range were invited to negotiate with the Department. Through these negotiations, all three respondents provided clarifications of their replies and discussed the following:

- Ability to meet Project goals
- Cost
- Decision management
- Demonstration and discussion of the software’s ability to meet the State’s requirements, including all proposed customizations
- Development methodology
- Evidence of previous success
- Facilities
- Infrastructure
- Interfaces and integration
- Measurable benefits to State
- Minimization of risk
- Plans for knowledge transfer and end-user training
- Review cycles of deliverables

- Software upgrade
- Solution/implementation approach
- Staffing (allocation, experience, and qualifications)
- Support tools
- Timeline
- Training for Project team
- Unique challenges anticipated for Florida
- Use of subcontractors

During a November 2017 recorded negotiation strategy session, the negotiation team agreed to stop negotiations with IBM, reserving the right to continue negotiations with IBM.

Negotiations with CGI and Accenture continued through March 2018 when the negotiation team agreed in a recorded negotiation strategy session to stop negotiations with CGI, reserving the right to resume negotiations with CGI.

The negotiation team then continued negotiations with Accenture and received a Best and Final Offer (BAFO) on June 11, 2018.

In total, the negotiation team conducted more than 75 strategy sessions and more than 110 negotiation sessions.

III. RECOMMENDATION FOR AWARD

The ITN described the Department's intent to award a contract to the responsible and responsive respondent whose reply, or BAFO (if applicable), was determined to provide the best value to the State by using the ITN's selection process.

The negotiation team did not engage in scoring, but arrived at its recommendation by discussion during a public meeting on June 15, 2018, using the following three selection criteria:

1. Respondent's articulation, innovation, and demonstrated ability of the proposed approach to meet the Department's Solution goals and the requirements of this ITN;
2. Experience and skills of Respondent's proposed Staff relative to the proposed approach; and
3. Respondent's pricing and overall costs to the Department.

The negotiation team assessed and concluded Accenture provided the best value based on the selection criteria as listed below.

Selection Criteria #1 – Respondent's articulation, innovation, and demonstrated ability of the proposed approach to meet the Department's Solution goals and the requirements of this ITN

- Accenture successfully described the proposed approach through written materials and presentations.

- Accenture’s proposed approach combined the uniqueness of Florida with the lessons learned from other similarly sized states.
- Accenture proposed to provide the Department with access to the software within the first few months of the Project using prototypes.
- Accenture proposed to use an agile methodology.
- Accenture proposed using cloud infrastructure services to allow the Department to focus on the successful implementation of the software.
- Accenture recognized the impact of the Solution, not just on personnel who will access Florida PALM, but also on customers and stakeholders that benefit from the results of the standardized business processes with the use of an enterprise service bus, open data, and application programming interfaces.
- Accenture proposed using the newest version of PeopleSoft, which is structured in an innovative way, allowing the State to evaluate and take advantage of new features and functions more regularly instead of relying on major upgrades. Accenture’s proposed approach for selective adoption of software minimizes risk to the State.
- Accenture proposed a comprehensive disaster recovery approach that plans for minor failures and catastrophic events and includes a tertiary site.
- Accenture recognized the importance of organizational change management (OCM) activities, involving stakeholders and users early in, and throughout, the implementation.
- Accenture proposed to integrate OCM with solution analysis and design activities.
- Accenture proposed using a service-oriented architecture, which minimizes impacts to agency business systems.
- Accenture’s proposed Solution represented a high degree of fit to the requested business requirements. Accenture’s proposed software, in conjunction with the Accenture Enterprise Services for Government methodology, would allow the Solution to meet the State’s requirements with very low customization (only 10 customizations have been identified, most of which are not considered complex).
- Accenture proposed a team with direct experience with Florida’s peer states (California, Texas, and New York) and other large states.
- Accenture’s proposed team has experience providing services to State agencies, including the Department, Department of Management Services, Department of Highway Safety and Motor Vehicles, and Department of Business and Professional Regulation.
- Accenture’s proposed Solution met or exceeded the project specifications identified in the ITN and aligned with the scope in Option 3 of the FLAIR study.
- Accenture proposed a phased approach with a pilot implementation followed by a waved roll-out to remaining agencies, which would allow agencies time to plan their efforts. Accenture did not encourage the Department to try to implement all agencies simultaneously (“big bang”). Accenture’s proposed approach allows the State to focus on core functions first and then expand the Solution to advanced functions in a later phase. Accenture proposed dedicated time to support year-end close activities before beginning agency roll-out activities.
- Accenture’s approach would allow the State to execute the Project in smaller, more manageable pieces, minimizing risk.
- Accenture established meaningful go/no-go decisions that support a results-oriented approach.
- Accenture’s proposal met the four Solution goals as follows:

- *Goal #1: Reduce the State's risk exposure by harnessing modern financial management technology built on the premises of scalability, flexibility, and maintainability*
 - The Solution includes commercial-off-the-shelf Oracle software that is used by more than a dozen state governments.
 - The cloud Solution allows for accommodation of growth.
 - The PeopleSoft Update Manager provides an easier approach for applying new software releases.
 - Limited customizations would allow for easier maintenance.
 - There is a large talent pool of resources familiar with PeopleSoft and other Oracle products.
 - Oracle committed to a long-term investment in, and support of, the software product.
- *Goal #2: Improve State and Agency-specific decision making by capturing a consistent and expandable set of data*
 - The approach prioritized the implementation of reporting solutions so that data and reporting are not an afterthought.
 - The Solution includes multiple reporting tools and capabilities ranging from simple to advanced.
- *Goal #3: Improve the State's financial management capabilities to enable more accurate oversight of budget control and cash demands today and in the future*
 - The Solution allows for real-time visibility into the State's data and budget and cash availability.
 - Workflow allows more effective monitoring of budget and cash balances.
 - Due to the integrated nature of the software, agencies would have access to a centralized system with new capabilities.
 - The cash management and treasury function would reduce processing effort and increase visibility for cash and investments.
- *Goal #4: Improve staff productivity, reduce operational complexity, and increase internal controls by enabling standardization and automation of business processes within and between the Department and Agencies*
 - The Solution offers enterprise identity management including role-based security.
 - State staff will be able to perform higher value activities due to automation and increased access to information and documents.
 - The approach extends the existing business process standardization and agency collaboration efforts.
 - The approach includes an early prototype that mirrors the State's existing standard business process models.

Selection Criteria #2 – Experience and skills of Respondent's proposed Staff relative to the proposed approach

- Accenture's proposed team members led negotiation discussions and Accenture only utilized software and sales representatives to supplement discussions of the application. Oracle's team members that participated in the negotiation discussions would be assigned to the Project. The Accenture team remained synergistic even when challenged during the negotiation meetings. The negotiation team developed a

confidence that the proposed Accenture team would be able to deliver the services and Accenture would have a pool of knowledgeable resources to call upon if needed.

- References contacted at the state of California spoke very highly of the Accenture leadership team, who are some of the same team members proposed for Florida PALM. Similarities to California's implementation include size, complexity, approach, and legacy systems.
- References contacted at the state of Virginia were complimentary of Accenture management and leadership. One of the similarities noted to Virginia's implementation is an interface to an external e-procurement system (comparable to MyFloridaMarketPlace).
- The proposed Accenture team includes many individuals who have significant experience with the proposed software and methodology and in their proposed roles.
- Accenture's proposed team includes local resources with State experience.
- Accenture proposed to staff the team with senior-level Accenture employees.
- Many of the proposed Accenture team members have worked together at least once on large projects with solution and approach comparable to Florida PALM.

Selection Criteria #3 – Respondent's pricing and overall costs to the Department

- Accenture's proposed cost did not exceed the cost in Option 3 of the FLAIR study.
- Accenture went to great lengths to get the State the best pricing for the software solution, creating and sharing many different software pricing models that resulted significant in savings over the life of the contract.
- Accenture negotiated a significant discount to Oracle list price for the PeopleSoft software licenses and a full-use license for all State agencies.
- Accenture adhered to the Department's request to pay for software "just-in-time" and structured the payments when the software is needed and not in advance.
- Accenture agreed to bear the responsibility of cost if Accenture misinterpreted the requirements. Accenture committed to refund the Department for any unused interface, solutions components, or project team training dollars.
- Accenture agreed to hold labor rates constant for several years.

After careful consideration, the negotiation team recommends Accenture for award.

✓ Agree

_____ Disagree



Jimmy Patronis
Florida's Chief Financial Officer

6-19-18

Date