

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
HONOLULU, HAWAII  
JUNE 3, 2016  
ADDENDUM 8  
TO  
REQUEST FOR PROPOSALS  
NO. RFP-ERP16001  
ENTERPRISE PAYROLL AND TIME AND ATTENDANCE SOLUTION (EPS) SOLUTION FOR  
THE STATE OF HAWAII  
SERVICES

The contents of this Addendum address amendments within RFP-ERP16001 as follows:

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This Addendum provides additional clarification and details to all Offerors to the effect that they allow for the preparation and submission of a Best and Final Offer (BAFO). The submission of the BAFO must include all proposed solution inclusions and costs, and all content submitted must be a part of the BAFO; the State will not accept any exceptions. The BAFO submitted by an Offeror that provides the State the best value based on the prescribed evaluation criteria will become part of and be incorporated into the contract in an eventual award.

## 1. AMENDMENTS TO EXHIBITS

**Exhibit 6, Section 1.39 is amended as follows:**

“**EPS System**” has the meaning ascribed thereto in Table 1 in the Primary RFP Document and the Technology, Equipment and Software; the EPS System shall include Custom Software and Configurations so as to function and be integrated together with the Hosting Services for

processing the State's data in accordance with the RFP Requirements. Also referred to as the System and EPS in the RFP.

**Exhibit 6, Section 2.7 is amended as follows:**

2.7 License Under Bankruptcy Code. All rights and licenses granted under or pursuant to this Contract by, or on behalf of, Contractor to State are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, or replacement provision therefor as used in this Section 2.7, the "Code", licenses to rights to "intellectual property" as defined in the Code. The Parties agree that State, as the licensee of such rights under the Contract, shall retain and may fully exercise all of its rights and elections under the Code. The Parties further agree that, in the event of the commencement of bankruptcy proceedings by or against Contractor, a Contractor Assisting Entity, or the licensor thereof, under the Code, State shall be entitled to retain all of its rights under this Contract.

**Exhibit 6, Sections 18.3 and 18.4 are amended as follows:**

**18.3 Contractor's Limitation of Liability.** EXCEPT AS PROVIDED IN SECTION 18.5, IN NO EVENT SHALL CONTRACTOR'S AGGREGATE LIABILITY TO THE STATE UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT.

**18.4 Contractor's Disclaimer of Damages.** EXCEPT AS PROVIDED IN SECTION 18.5, CONTRACTOR SHALL NOT BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES.

## **2. AMENDMENTS TO APPENDICES**

**Appendix E-2, Section 2.0 is amended as follows:**

**Ongoing Services**

The purpose of the Ongoing Services section is to describe the tasks and Deliverables the Offeror shall provide to the State throughout the duration of the Contract and to define the expected roles and responsibilities of the State and the Offeror. The following areas are included in the Ongoing Services:

Hosting Services or SaaS Services, as applicable

M&O Services

BPO Services

Project Team Facilities

As noted in the RFP, each subsection below outlines the high-level roles and responsibilities of both the State and the Offeror. The State would like the Offeror to assume full management responsibility for the required Offeror and subcontractor personnel and associated services.

**Appendix E-2, Table 20 Break Fix Support Systems is amended by inserting the following as a new row:**

2.2.19.7	Provide on-site support for the first two occurrences of each of the following cycles: quarter-end, calendar year-end, and fiscal year-end.	X			
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**Appendix E-2, Table 21 is amended as follows**

2.2.20.9	Keep all Documentation current as break-fix services are completed and upgrades are deployed (system, training, and user). Also continuous process improvement services, i.e., making minor enhancements as requested by the State.	X			
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**Appendix F, Section 2.0 Implementation SLAs Table 1 is amended as follows:**

#	Service Type	Service Measure	Performance Requirement	Performance %	Measurement Interval
2.0.1	<b>Key Milestone Completion —Key Milestones on the Critical Path</b>	Actual Acceptance date. Contractor's Status Reports will provide information on progress toward meeting these Acceptance dates.	Actual Acceptance of Key Milestones by Acceptance date in the Work Plan	100%	At Acceptance of Key Milestone(s)
<b>2.0.2</b>	<b>Key Milestone Completion</b>	Actual Acceptance date. Contr	Actual Acceptance of Key	100%	At Acceptance of Key Milestone

	<b>—All Key Milestones NOT on Critical Path</b>	actor's Status Reports will provide information on progress toward meeting these Acceptance dates.	Milestones by Acceptance date in the Work Plan		
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#### **Appendix F Section 2.0.1 is added**

Key Milestones shall include Acceptance of the following:

1. Project Charter

#### **Payroll Phase**

2. Project Management Plan, including Project Schedule
3. Requirements Traceability Matrix
4. Business Process Organizational Change Management Plan
5. Final System Design Document
6. Test Plans (Integration, Parallel, User Acceptance, Regression, Stress, Security, & End-to-End)
7. Documented Successful Testing Results
8. Technical, System, and User Documentation
9. Successful Deployment Document (Final Migrated Payroll Data)
10. Payroll Phase

#### **Time & Attendance Phase**

11. Project Management Plan, including Project Schedule
12. Requirements Traceability Matrix
13. Final System Design Document
14. Test Plans (Integration, Parallel, User Acceptance, Regression, Stress, Security, & End-to-End)
15. Organizational Readiness Assessment
16. Documented Successful Testing Results
17. Technical, System, and User Documentation
18. Successful Deployment Document (Final Migrated T&A Data)
19. Time and Attendance Phase

Appendix F, Section 3.1, Table 4 is deleted in its entirety.

Appendix F, Section 3.1, Table 5 is deleted in its entirety except for the following rows at the end of Table 5 which shall remain in Appendix F:

		Formula	Performance = Transactions completed within required time ÷ Total Transactions
		Reporting Interval	Monitor Continuously, Measure Regularly, Report Monthly
		Measurement Tools	The Offeror shall specify, and the State must approve monitoring and reporting tools to be used.

Appendix F, Section 3.8 Disaster Recovery SLA's, Table 12 is amended as follows:

#	Service Type	Service Measure	Performance Requirement	Minimum Performance % M&O Month	Measurement Interval
3.8.1	Disaster Recovery – recovery of application and systems in a separate disaster Recovery Locations	Recovery Time Objective (RTO)	48 Hours	Measured during planned tests twice a year	Twice a Year
3.8.2	Disaster Recovery	Recovery Point Objectives (RPO)	< 20 minutes	Measured during planned tests twice a year	Twice a Year

Appendix F, Section 4.0 SLA Performance Standards and Liquidated Damages, Table 13 is amended as follows: Only the following specific SLAs in Appendix F, Section 4.0 SLA Performance Standards and Liquidated Damages, Table 13 are amended as indicated below; the other SLAs shall remain as written:

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
4.0.7	Warranty Services and Maintenance	State will consult with Contractor to determine if a workaround exists and if	Daily	

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<p>a Defect is related to the Contractor provided solution. State will determine the severity level assigned to a Defect. This SLA shall apply Statewide, to individual locations of State users such as single or multiple islands, and State administrators, Central Payroll users, and users of IT applications and infrastructure, as well as users with single sign-on functionality.</p> <p><b>Level 1 - Emergency -</b> System no longer functions.</p> <ul style="list-style-type: none"> <li>• SLA for responding to Defect call is thirty (30) minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>• SLA for reporting recommended resolution and estimated fix date/time for all System components is 8 clock hours.</li> <li>• SLA for using best efforts to correct Defect associated with System component is 48 clock hours.</li> </ul>		<p>State shall assess the liquidated damages as specified below for failure to meet each Level 1 SLA time.</p> <p>\$1000/24 hour period 0 to 72 hours beyond SLA</p> <p>\$2000/24 hour period 73 to 168 hours beyond SLA</p> <p>\$3000/24 hour period 169 to 336 hours beyond SLA</p> <p>\$4000/24 hour period &gt; 336 hours beyond SLA</p>

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<ul style="list-style-type: none"> <li>SLA for correction of Defect associated with System component is 96 clock hours.</li> </ul> <p><b>Level 2 - Disabled, No Workaround</b> – A business function or System component does not work as required, and no acceptable workaround is available or a workaround that is acceptable to State is not available.</p> <ul style="list-style-type: none"> <li>SLA for responding to Defect call is sixty (60) minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all System components is 8 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 96 clock hours.</li> <li>SLA for correction of Defect associated with System component is 120 clock hours.</li> </ul>		<p>State shall assess the liquidated damages as specified below for failure meets each Level 2 SLA time.</p> <p>\$800/24 hour period 0 to 72 hours beyond SLA</p> <p>\$1600/24 hour period 73 to 168 hours beyond SLA</p> <p>\$2400/24 hour period 169 to 336 hours beyond SLA</p> <p>\$3200/24 hour period &gt; 336 hours beyond SLA</p>

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<p><b>Level 3 - Disabled, Workaround</b> – A business function or System component does not work as required, but a workaround that is acceptable to State is available.</p> <ul style="list-style-type: none"> <li>SLA for responding to Defect call is two (2) hours, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all system components is 24 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 120 clock hours.</li> <li>SLA for correction of Defect associated with System component is 240 clock hours.</li> </ul> <p><b>Level 4 - Minor - Non-critical</b>, but having a negative effect on one or more business functions or System components.</p> <ul style="list-style-type: none"> <li>SLA for responding to Defect call is four (4)</li> </ul>		<p>State shall assess the liquidated damages as specified below for failure to meet each Level 3 SLA time.</p> <p>\$300/24 hour period 0 to 72 hours beyond SLA</p> <p>\$600/24 hour period 73 to 168 hours beyond SLA</p> <p>\$900/24 hour period 169 to 336 hours beyond SLA</p> <p>\$1200/24 hour period &gt; 336 hours beyond SLA</p> <p>State shall assess the liquidated damages as specified below for failure to meet each Level 4 SLA time.</p>



Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<p>hours, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</p> <ul style="list-style-type: none"> <li>• SLA for reporting recommended resolution and estimated fix date/time for all System components is 240 business days.</li> <li>• SLA for using best efforts to correct Defect associated with System component is 360 clock hours.</li> <li>• SLA for correction of problem associated with System component is 480 clock hours.</li> </ul> <p><b>Level 5 - Cosmetic</b> - Non-critical and non-impacting to one or more business functions or System components.</p> <ul style="list-style-type: none"> <li>• SLA for responding to Defect call is six (6) hours, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>• SLA for reporting recommended</li> </ul>		<p>\$100/24 hour period 0 to 72 hours beyond SLA</p> <p>\$125/24 hour period 73 to 168 hours beyond SLA</p> <p>\$150/24 hour period 169 to 336 hours beyond SLA</p> <p>\$200/24 hour period &gt; 336 hours beyond SLA</p> <p>State shall assess the liquidated damages as specified below for failure to meet each Level 5 SLA time.</p> <p>\$50/24 hour period 0 to 72 hours beyond SLA</p> <p>\$75/24 hour period 73 to 168 hours beyond SLA</p>

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<p>resolution and estimated fix date/time for all System components is 5 business days.</p> <ul style="list-style-type: none"> <li>• SLA for using best efforts to correct Defect associated with System component located at Contractor site is 480 clock hours.</li> <li>• SLA for correction of Defect associated with System component is sixty (60) business days.</li> </ul>		<p>\$100/24 hour period 169 to 336 hours beyond SLA</p> <p>\$125/24 hour period &gt; 336 hours beyond SLA</p>
4.0.8	Security Management Notice and Mitigation	<p>Contractor shall notify the State Program Manager within one hour following Contractor's awareness or identification of any potential or actual major or minor incident, including any breach, any attack, or the introduction of any disabling device, related to the System.</p> <p>Contractor shall take corrective action to mitigate the potential or actual major or minor security incident within two hours following Contractor's awareness or identification of each potential or actual Security Incident.</p> <p>All such potential or actual Security Incidents awareness or identification</p>	Upon detection of potential or actual security incident	<p>Liquidated damages for non-compliance with the notification to the State Project Manager SLA shall be assessed at \$5,000 per Security Incident per Day.</p> <p>Liquidated damages for non-compliance with the corrective action mitigation of the potential or actual Security Incident SLA shall be assessed at \$5,000 per Security Incident per Day.</p>

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<p>times shall be documented within the Security Report. Contractor shall provide Equipment or Software metrics to support the potential or actual Security Incidents awareness or identification time. Contractor shall also report the notification time of notifying the State Project Manager.</p> <p>Within the Security Report, Contractor shall document the corrective action taken to mitigate the potential or actual Security Incidents. Contractor shall also provide Equipment or Software metrics to support the potential or actual Security Incidents correct action mitigation. Once an event has been confirmed to have an impact on security, the event is classified as a Security Incident</p> <p>For purposes of this SLA, a potential security incident is when Contractor discovers a vulnerability in or threat to the EPS System, in whole or in part, that could be exploited</p>		
4.0.10	System Availability	Each Phase and the entire System must have Availability for State in accordance with RFP Requirements 99.9% of the	Each Phase and the entire System operating at the Server in	State shall assess liquidated damages as specified below, per hour for each

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		time 24 hours/day, seven (7) days per week.	accordance with RFP Requirements throughout any given day	<p>hour, or portion thereof, if each Phase or the entire System fails to meet the Availability SLA.</p> <p>\$1,000/hour 0 to 24 hours beyond the SLA</p> <p>\$2,000/hour 24 to 48 hours beyond the SLA</p> <p>\$3,000/hour &gt; 48 hours beyond the SLA</p>
4.0.11	Phase and System Performance – Response Times	Contractor must meet the following response time SLA for each of Phase and the entire System. The Response Time From Contractor receipt of command to Contractor completing delivery of the transaction back to the State switch vendor in accordance with RFP Requirements shall be less than 1.0 second 99% of the time 24 hours/day, seven (7) days per week	The time elapsed from receipt of the command by the Contractor from the switch vendor at the State network demarcation point until the Contractor completes delivery of the transaction back to the State switch vendor at the demarcation point in accordance with RFP Requirements	<p>State shall assess liquidated damages, as specified below, for total minutes within a business week (Monday – Friday, 6:00 AM – 7:00 PM Hawaii Standard Time) where any response time falls below the applicable SLA.</p> <p>\$2,000/week Less than 20 minutes</p> <p>\$5,000/week 20 to 60 minutes</p> <p>\$10,000/week More than 60 minutes</p>

Item #	SLA	SLA Description	Measurement Interval	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
			throughout any given day	

**Appendix L, Cost Workbook, Tab 4 - Implementation Services is amended as follows:**

- Revised row 49, Test Plans: Integration, Parallel, Regression, Stress, Security and End-to-End
- Revised row 83, Successful Deployment Documented (Final Migrated Data)
- Revised row 84, Phase
- Revised row 144, Test Plans: Integration, Parallel, Regression, Stress, Security and End-to-End
- Revised row 174, Successful Deployment Documented (Final Migrated Data)
- Revised row 175, Phase
- Added row 176, EPS System

**Appendix L, Cost Workbook, Tab 6, Ongoing Services, Note 4**

Deleted in its entirety .

**Appendix L, Cost Workbook, Tab 6, Ongoing Services, Note 5 is now Note 4**

**Appendix L, Cost Workbook, Tab 7, PaymentSched – Implementation, Note 4 is amended as follows:**

4. Deliverables shall be considered to have received Acceptance subject to a 5% retainage which shall be paid upon Acceptance of each Phase.

**Appendix L, Cost Workbook, Tab 7 – PaymentSched - Implementation is amended as follows:**

- Revised Payment item 27, Test Plans: Integration, Parallel, Regression, Stress, Security, and End-to-End
- Revised Payment item 51, Successful Deployment Documented (Final Migrated Data)
- Revised Payment item 52, Phase
- Revised Payment item 84, Test Plans: Integration, Parallel, Regression, Stress, Security, and End-to-End

- Revised Payment item 104, Successful Deployment Documented (Final Migrated Data)
- Revised Payment item 105, Phase
- Added Payment item 106, EPS System

#### **Appendix L, Cost Workbook (as amended)**

An amended copy of the Cost Workbook in Excel format is included as part of Addendum 8. Changes as noted in the Appendix L Tab 4 and Appendix L Tab 7 items above have been highlighted in yellow in the amended file. This amended Cost Workbook should be filled out and submitted with the BAFO.

### **3. CALL FOR BAFO**

Call for Best and Final Offer is hereby made pursuant to:

Chapter 3-122 Hawaii Administrative Rules §3 122-54 Best and final offers. (a) The procurement officer shall establish a date and time for the priority-listed offerors to submit their best and final offers. (b) Best and final offers shall be submitted only once, unless the chief procurement officer or the head of a purchasing agency or a designee of either officer above the level of procurement officer determines in writing that it is in the State's best interest to conduct additional discussions or change the State's requirements by an addendum distributed only to priority-listed offerors and require another submission of best and final offers. Otherwise, no discussion of or changes in the best and final offers shall be allowed prior to award. (c) Priority-listed offerors shall also be informed that if they do not submit a notice of withdrawal or another best and final offer, their immediate previous offer will be construed as their best and final offer. (d) After best and final offers are received, final evaluations will be conducted for an award.

**Best and Final Offer (BAFO) is due on Tuesday June 7, 2016 at 4:00 p.m. (HST) and shall adhere to the specific instructions and format requirements as indicated below.**

The BAFO shall be submitted via flash drive and all required BAFO documents must be saved in two distinct folders: 1) .pdf and 2) non-pdf format. Each section or attachment should be a separate files using the Offeror Checklist in Section 11.0 as revised in this amendment for naming. Please do not submit a consolidated document with multiple sections and attachments included in one large file.

There should be two (2) identical flash drives with one clearly marked original and the other identified as a backup copy of the original.

The flash drives shall be delivered or mailed to the following address and marked clearly as follows:

Office of the Comptroller  
RFP-ERP16001 Procurement Officer  
Hawaii Department of Accounting & General Services  
1151 Punchbowl Street, Room 412  
Honolulu, HI 96813

BEST AND FINAL OFFER FOR RFP-ERP16001  
ENTERPRISE PAYROLL SOLUTION, EPS  
[Offeror Name]

**In order to be considered for award Offerors must sufficiently provide a response to the call for BAFO by adhering to one of the following response options:**

- A) Submit letter indicating that the initial proposal is to be considered as the BAFO, together with the attached appropriate changes, corrections, and amendments.
- B) Submit letter indicating initial proposal shall be scored as BAFO.
- C) Submit an entirely new proposal as BAFO.
- D) Withdraw proposal

In order to be sufficiently evaluated to meet the designated timeframe for award, the offeror must clearly delineate all changes or revisions to its original proposal in the BAFO proposal. All changes in the BAFO proposal must be reflected by Track Changes.

Any BAFO received by fax or e-mail shall not be accepted or considered for award. Timely receipt of offers shall be evidenced by the date and time registered by signed attestation by receiving State personnel on behalf of the Procurement Officer. If the Offeror chooses to deliver its offer by United State Postal Service (USPS), please be aware that the USPS does not deliver directly to Room 412. This may cause a delay in receipt by the Procurement Officer and the BAFO may reach the State after the deadline, resulting in automatic rejection. Confirmation of receipt will be issued by email on June 8, 2016.

Any BAFO submitted shall withdraw any previously submitted exceptions using Attachment 14: Proposal Exception Summary Form and assumptions from Attachment 12, Cost Workbook and from the Offer. Exceptions submitted for the State's consideration in original proposals have all been rejected by the State unless specifically accepted in writing by the State. No new exceptions or assumptions may be submitted.

If an Offeror has agreements that must be submitted for Third Party Software licensors, the Offeror shall submit such agreements on the flash drives as required in CALL FOR BAFO on page 60 of Addendum 7 and shall clearly indicate where such agreements are on the flash drive.

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Douglas Murdock  
Procurement Officer