
Notice of Intent to Certify Sole Source

To: Interested Parties
From: Craig P. Orgeron, Ph.D.
CC: ITS Project Number 42133
Date: May 10, 2016
Re: Sole Source Certification Number 3880 for the continuation of the Agreement with Bank of America for PayModeX Licensing and Services by Bottomline Technologies for the Mississippi Department of Finance and Administration (DFA)

Contact Name: Patti Irgens

Contact Phone Number: 601-432-8223

Contact E-mail Address: Patti.Irgens@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 3880 to continue with PaymodeX ePayment and eInvoicing by Bottomline Technologies for the Mississippi Department of Finance and Administration, please be advised that ITS intends to award these services to Bank of America, N.A. The total 3-year lifecycle cost of this award is \$483,830.82. For an explanation regarding Mississippi state law, policy, and procedures for sole source procurements, refer to Attachment C: Sole Source Procurement Overview.

Sole Source Criteria

1. The product or services being purchased must perform a function for which no other product or source of services exist:

DFA currently uses PayModeX as their eInvoicing and ePayment provider. ITS and DFA have researched companies that offer similar services, however; have not been able to find one that offers the following products and services in one application:

- **Vendor's product must retain all banking transaction. The State does not and will not store any vendor bank information.**
- **Vendor's product must work seamlessly with the Mississippi Accountability System for Government Information and Collaboration (MAGIC), a SAP software implementation.**
- **Vendor's product must be able to offer both eInvoicing and ePayments**
- **Vendor's product must allow bank neutrality: Interact with existing interbank networks for moving funds. Existing businesses that are**

suppliers for the State of Mississippi, state agencies and IHLs will not be required to change banking institutions.

- Vendor's product must be at no cost to any Supplier that does business with the State of Mississippi. The Supplier will not be required to register with the Vendor, and the Supplier will not pay any application fees, transaction fees, or any processing fees to do business with the State of Mississippi.

DFA's Sole Source Certification request is included as Attachment A.

2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

Bottomline Technologies and their PayModeX product support all of these functions for DFA and the 22,000 Vendors that are currently registered in MAGIC. They ensure that all vendor payments and invoices are processed in a timely manner. PayModeX is integrated with the Mississippi Accountability System for Government Information and Collaboration (MAGIC). Bank of America retains all of the financial information for both the State and its Suppliers. There is no charge to the Suppliers that are registered within MAGIC. DFA's Sole Source Certification request is included as Attachment A.

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for the product or services:

Bank of America certifies that they are the sole reseller and provider of PayModeX offered exclusively by Bottomline Technologies. The Vendor's Sole Source Certification Letter is included as Attachment B.

Schedule

Task	Date
First Advertisement Date	05/10/2016
Second Advertisement Date	05/17/2016
Response Deadline from Objectors	05/24/2016 at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 05/25/2016

Project Details

PayModeX was acquired in 2002 after extensive research to find an ePayment and eInvoicing Vendor. Initial research determined that PayMode was the only product that offered bank neutrality, as well as retaining all of the banking information for all of the Vendors and Agencies within the State. Throughout the course of the contract, rates have been reduced from \$4,400.00 per month in 2002, to \$3,500.00 per month 2004 and was reduced again in 2007 to \$1,500.00 per month. Transaction fees are applied based on the number of transactions per month. A Professional Services Agreement was executed on August 1, 2002, and has been amended twelve times since that date for a total 9-year lifecycle cost of \$2,662,324.87

Submission Instructions and Format of Response from Objecting Parties

Interested parties who have reason to believe that Bank of America should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to Bank of America, N.A.

1.1. Interested Party Information

1.1.1 Contact Name, Phone Number and email address

1.1.2 Company Website URL, if applicable

1.2 Objection to Sole Source Certification

1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.

1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.

1.3 Comments will be accepted at any time prior to Tuesday, May 24, 2016, at 3:00 p.m. (Central Time) to Patti Irgens at Patti.Irgens@its.ms.gov or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail, or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Patti Irgens to verify the receipt of their Responses. Responses received after the deadline will be rejected.

1.4. Interested Party responses should include the following information:

**SUBMITTED IN RESPONSE TO
Sole Source Certification No. 3880-42133
Accepted until May 24, 2016 @ 3:00 p.m.
Attention: Patti Irgens**

If you have any questions concerning the information above or if we can be of further assistance, please contact Patti Irgens at 601-432-8223 or via email at Patti.Irgens@its.ms.gov.

Attachment A: Customer Sole Source Certification Request

Attachment B: Vendor Correspondence

Attachment C: Sole Source Procurement Overview

Sole Source Certification Request

Project Title: Project 42133: Electronic Payment and Invoicing Stimulus (ARRA)				
Funds? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
Customer Contact Information				
Agency/Public University: MS Dept. of Finance & Admin. Address: 210 East Capitol Street; Suite 1400 Jackson, Mississippi 39201			Contact Person: Becky Thompson Phone: 601-359-5136 Fax: 601-359-6551 Email Address: becky.thompson@dfa.ms.gov	
MAGIC Customer Number (only required from state agencies): 7000000073			Division/Dept: Handmail: X Yes <input type="checkbox"/> No	
<p>Project Summary Narrative Description of Project (include details of original acquisition if applicable): DFA currently uses PayModeX as its electronic payment and invoicing vendor. The existing contract with Bank of America was executed in 2002 and is currently up for renewal. PayModeX interfaces with MAGIC and processes vendor electronic payments for services and goods that are received by the State. The vendors can also submit their invoices in PayModeX to be loaded into MAGIC for state agency approval. The State currently does not and does need to store any vendor banking information. All of this information is stored within PayModeX. The services that PayModeX provides are critical to the operation of the State. They ensure that all vendor payments are processed in a timely and correct manner. DFA and ITS have done extensive research to determine if there are other vendors that can offer a similar service. Based on the mandatory requirements of the State, we believe that PayModeX is the only vendor that can provide these services to the State at this time; therefore, we are requesting to proceed with the sole source certification request to extend the current contract with Bank of America.</p>				
ITS Acquisition Approval (CP-1) should be effective through this date (Please allow time for all vendor invoices to be paid):				
Cost Estimates <i>Fiscal Year</i>	Initial Costs	Ongoing Costs	Time Constraints	Anticipated Lifecycle of Products/System (i.e. estimated years of effective use):
FY 17 - 20		\$161,276.94	Discuss Funding (e.g. how much of needed funding is definite; total project budget; any matching or other non state funds)	
Total		\$483,830.82		
Acquisition Details				
Items Requested	Quantity	Description	Building Location(s)	
Describe platform & infrastructure (connectivity; software/hardware platforms; utilization of State Data Center resources: mainframe, eGovernment portal, payment engine, document management, hosting). For equipment or hosting outside the State Data Center, attach justification: PayModeX is an ASP hosted solution.				
Progress to Date: What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)? There have been several discussions with ITS regarding this project. ITS and DFA have conducted market research.				
Sole Source Certification Note: Certification must be renewed for each revision or continuation of previous Sole Source Approvals.				
Specific business requirements to be met by the requested products or services: PayModeX is critical to the successful operation of the State's business. The system allows vendors that do business with State to register and supply their banking information to be stored within PayModeX. The vendors can also submit their invoices within the system. Submitted invoices are loaded into MAGIC for agency processing. Once an agency approves an invoice within MAGIC, the interface between MAGIC and PayModeX will notify PayModeX that the payment is approved. PayModeX will then deposit the associated funds into the vendor's bank account via Automated Clearing House (ACH) payments. The State currently does not have another tool that can provide these services. The State does not and will not store any vendor bank information; therefore, PayModeX is responsible for maintaining this information. There are existing interfaces between PayModeX and MAGIC to ensure that all information is transferred between the two systems correctly and secure.				

Explain why these products or services are the only ones that can meet your needs (include unique features/special functionality):

Maintain bank neutrality: PayModeX interacts with existing interbank networks for moving funds. Neither the State nor its vendors need to change bank or bank accounts, or alter their banking relationships in any way. Maintaining core-banking relationships with Mississippi-based banks is a requirement for the State.

Leverage existing investments in technology: By using PayModeX, the State will increase the value of usefulness of the existing Mississippi Accountability System for Government Information and Collaboration (MAGIC), as well as other State systems where critical remittance information resides. PayModeX currently integrates into MAGIC to enable the State to initiate payments within its current systems environments and payment processes. If PayModeX is awarded the contract extension, there will be no technical, functional, training, or change management activities that the State or its vendor community will need to complete.

Specific State of Mississippi requirements: Based on research conducted by DFA and ITS, there does not appear to be any other vendor that would be able to meet the specific mandatory business requirements that are required by the State.

Mitigate risk: PayModeX utilizes state-of-the-art security applications to mitigate the risk of payment fraud or theft inherent in paper-based or less-secure electronic payment methods. PayModeX incorporates strong data encryption through the user of digital signatures and Internet-standard transmission security, as well as multi-party controls and multi-level authentication.

Understands the public sector environment: PayModeX has been doing business the State of Mississippi since 2002; therefore, they have a working knowledge of the State's business processes. They have demonstrated their understanding of the public sector and its politics, the impact of federal regulations such as the Cash Management Improvement Act (CMIA) and the Health Insurance Portability and Accountability Act (HIPAA). They understand how their system interfaces with the State's new accounting system, MAGIC. The PayModeX customer support staff interacts and works with the State agency personnel and the State's vendors on a daily basis. They have established a working relationship to ensure that all business processes are followed to process payments in a timely manner.

Explain why the source is the only entity that can provide the products or services (Include other products/vendors researched or evaluated): Based on extensive research, DFA and ITS believe that there are no other vendors that can offer the same service, at no charge to the State's current suppliers.

Explain why the amount to be expended for the services is reasonable:

N/A

Explain what your agency did to obtain the best possible price for the services:

N/A

Vendor's Certification of Sole Source attached: Yes No Vendor's proposal submitted: Yes No

MAGIC Vendor Code(s) Vendor must be in MAGIC before a CP-I can be issued.

Place Order To

Vendor Name: Bank of America
Vendor Address: 65 Gannett Drive
South Portland, ME 04106

Remit To

Vendor Name: Bank of America
Vendor Address: 65 Gannett Drive
South Portland, ME 04106

By my signature, I certify that, to the best of my professional knowledge: the requested product or services are a sole source as outlined in the ITS Procurement Handbook, Rule 207.2:013-030 Procurement Types: Sole Source, and as outlined in Mississippi Code annotated Section 31-7-13. In addition, I acknowledge that there is a charge for ITS procurement services associated with this request which will be billed to the requestor by ITS and that my agency/public university is responsible for these charges/costs.


Name (Agency Head or Public University CIO)/Title
Signature *DFA Executive Director*

5-2-2016
Date

Attachment B



March 28, 2016

Ms. Diane Langham
Regions Plaza
210 East Capitol Street, Suite 1400
Jackson, MS 39201

Re: Paymode-X Sole Source

Dear Diane:

Bank of America, N.A. provides a distinct Paymode-X solution to the State of Mississippi, offered under a unique billing methodology. This configuration was developed by, and is solely offered through, Bank of America. While Bank of America leverages software owned by Bottomline Technologies (de), Inc. to power its Paymode-X offering, neither Bottomline nor any other reseller of Bottomline software, provides products or services under the structure provided by Bank of America's offering.

If you have any questions, please contact me at (843) 579-5441.

Sincerely,

A handwritten signature in black ink that reads "Salvador W. Antonetti".

Salvador W. Antonetti
Senior Vice President
Bank of America Merrill Lynch
Bank of America, N.A.

Attachment C: Sole Source Procurement Overview

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website (www.its.ms.gov).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1. The product or services being purchased must perform a function for which no other product or source of services exists,
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND
3. The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment B.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1. An explanation about why the amount to be expended is reasonable,
and
2. An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of \$5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over \$5,000 but not over \$50,000 (not over \$25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than \$5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to \$250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source certification above \$5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above \$250,000 lifecycle cost require ITS approval.

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS. The customer's Sole Source Certification Request for this project is included as Attachment A.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.