



**STATE PROCUREMENT OFFICE
NOTICE OF AND REQUEST FOR EXEMPTION
FROM CHAPTER 103D, HRS**

1. TO: Chief Procurement Officer
2. FROM: Department of Taxation

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

<p>3. Description of goods, services or construction: Installation of a new call center telephony system, which will replace the Department of Taxation's (DOTAX) legacy telephone/Automatic Call Distribution (ACD) system and provide a new County Surcharge related IVR status application. The proposed call center telephony system would consist of a Windows based PBX that would supply two 19" rackmount servers configured to support up to 120 trunks and 120 stations, which would include 48 IVR extensions and 48 customer representative extensions. The primary server would be configured with a Intel P4 3.0 Ghz processor , 1 GB of RAM, three 40 GB hard drives with Raid 5 redundancy and 2 redundant power supplies. The secondary server would support additional trunk and station cards. Standard features of this system should include: 1) Direct Line Extensions (DID); 2) unlimited voice mail users; 3) automated attendant; 4) ACD that supports up to 32 queues; 5) advanced call handling; 6) computer telephony integration (CTI/CRM); 7) DNIS/ANI; 8) call recording, monitoring, with detailed reporting; 8) LCD display phones; 9) all applicable licenses needed; 10) 12-mo maint w/on-site support; and 11) turn-key implementation with training.</p>	
<p>4. Name of Vendor: Symago, L.L.C Address: 7212 Antares Drive Germantown, MD 20879</p>	<p>5. Price: \$170,000</p>
<p>6. Term of Contract: From: 10/01/06 To: 12/31/06</p>	<p>7. Prior Exemption Ref. No. 0</p>
<p>8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: See Attachment #1</p>	
<p>9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: We wish to contract with Symago, L.L.C. since they are the sole agent authorized to access our existing IVR's software code, but primarily because DOTAX does not have the time to go through the competitive procurement process and have a new system in place on or about November 1, 2006. Symago has indicated that they can deliver a new call center telephony system and provide a new County Surcharge related IVR status application on or about November 1, 2006.</p>	

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
 The Department of Taxation shall follow Chapter 103D, HRS, and Chapter 3-122, HAR, as applicable with exempted procurements.

Preparation of contract documents shall be performed by our Administrative Services Officer. The contract shall then be reviewed and approved as to form by the Department's Deputy Attorney General. Final review and execution of the contract shall be by the Department's Director, Mr. Kurt Kawafuchi, or formally delegated to the Deputy Director, S. Yahiro.

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:

Name	Position	Involvement in Process	
Sandra Yahiro	Deputy Director	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Suzanne Eghan	Administrative Services Officer	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Joan M. Bolte	Taxation Services Administrator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

13. Direct inquiries to:
 Department: Department of Taxation
 Contact Name: Sandra Yahiro
 Phone Number: 587-1523
 Fax Number: 587-1560

Agency shall ensure adherence to applicable administrative and statutory requirements

14. *I certify that the information provided above is, to the best of my knowledge, true and correct.*

S. Yahiro
 Department Head

9/15/06
 Date

Reserved for SPO Use Only

15. Date Notice Posted *9/15/06*

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
 State Procurement Office
 P.O. Box 119
 Honolulu, Hawaii 96810-0119

ATTACHMENT #1:

SPO-07, Notice of and Request for Exemption from Chapter 103D, HRS:

Response to Part 8.

The Department of Taxation (DOTAX) currently has an IVR system purchased from Symago, L.L.C., who is the sole agent authorized to access this particular IVR's software code. Although other call center telephony systems exist, the ability to seamlessly integrate a new call center with our existing IVR system by November 1, 2006 is paramount as we implement a new County Surcharge tax type. Symago has a complete working knowledge of DOTAX's operational needs, is the only vendor allowed to modify our IVR code, and possesses the capability to implement a new call center by November 1, 2006. Nov. 1, 2006 is a key date because DOTAX expects to receive thousands of additional calls starting Nov. 9, 2006 (following a mass mailout of 411,000 letter to taxpayers regarding the new County Surcharge tax). Installation of the new phone system by Nov. 1, 2006 gives DOTAX Call Center employees a few business days to get used to the new system prior to Nov. 9, 2006. Note: DOTAX anticipates approximately 224,000 additional calls from the period Nov. 9, 2006 thru the summer of 2007, and 170,000 additional calls on an on-going basis. Our current ACD system only allows 20 positions (e.g., taxpayer phone calls) to sit in the queue waiting to speak with a customer representative at any given time. While these taxpayers are on hold in the queue, taxpayers have complained about static and faint music that at times disappears so they think the call has been dropped. DOTAX's current ACD system is a legacy system that has no internal controls and we are unable to control the queue size. As such, any changes to this system requires DOTAX to be dependant upon a third-party's availability to modify the system (e.g., time) and funds to modify the system. The anticipated County Surcharge volume against our legacy ACD will definitely overwhelm the system to a point of not being able to provide adequate service to our taxpayers. For those taxpayers utilizing DOTAX's toll-free number, the amount of minutes that they sit in our queues is a long distance expense for the State of Hawaii. In addition, taxpayers who are already frustrated with our restricted ACD infrastructure will become even more frustrated due to the increased County Surcharge volume, and complaints will peak if we are unable to implement a new call center telephony solution on or about November 1, 2006.

DOTAX's implementation of the County Surcharge Tax (Act 247, SLH 2005) is estimated to generate an 89% increase (224,000) in phone calls in FY:07, beginning on or about November 1, 2006, for an anticipated total call volume of 673,000 in FY:07. Based upon a two-year (actual) DOTAX call volume average of 448,564 calls being experienced in FY:05 and FY:06 and a dismal call pick-up rate of only 42%, the overall impact of Act 247 in terms of the volume of phone calls coming into DOTAX is expected to level off at 619,000 in FY:09 and then remain constant. With this very high call volume being anticipated as a result of Act 247, it is essential that DOTAX has the capacity to adequately service the general public via a call center telephony system that can support such volumes and be implemented on or about Nov. 1, 2006. DOTAX did not undertake administration of this new tax type until June, 2006, at which time we began drafting an implementation plan, which included contracting with a vendor to modify our software and determining staffing requirements to handle the workload increase. It was not until September 2006 that DOTAX realized that the anticipated tremendous call volume increase would severely tax our current telephone system, and, thus, create significant problems in implementing the County Surcharge tax since callers who wish to speak to a customer representative wouldn't be able to remain in the ACD queue if we have 20 callers already in the queue. Because this significant problem was only realized in the past few weeks, and because the new system must be installed and ready to go by Nov. 1, 2006, we do not have the time to go through a competitive procurement process. The new call center telephony system with a County Surcharge related IVR status application, provides up to 32 queues to be routed to the respective customer representatives based on a multitude of routing possibilities. More importantly, DOTAX would have internal control over its call center and the service that we are able to provide to our taxpayers.

Disussions with Hawaiian Telecom (HITEL) have occurred (current ACD system is currently serviced by HITEL), which could fine-tune some of the existing call transfer process if we have Symago create an interface to the ICM link. This would give DOTAX's existing IVR "visibility" to the ACD queue and the customer service status, but it wouldn't remove the "clicking" sound that occurs when a call transfers from

the IVR to the ACD, which many callers assume to be a dropped call. The complexities and time constraints of this option, make it unfeasible for our immediate need. Note: In discussing this other option with HITEL they estimated a 90-120 day installation period, which means this option would not go live until January or February 2007, long after the needed Nov. 1, 2006 date.