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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:

3. Description of goods, services or construction:
 Implementation of a full system redundancy for the Department of Taxation's call center and Interactive Voice Response System (IVR). It is envisioned that in order to fully automate the redundancy of the call center, telephony cards will need to be moved between the call center telephony servers as well as two (2) additional analog trunk cards will need to be added. Replication software will need to be installed and the servers program settings/parameters will need to be modified. A Dataprobe chassis with four (4) telco switching cards will need to be configured to accept the incoming phone lines with outputs to both call center telephony servers. Regarding the IVR, the Department's IVR's database server will need to be replaced with two (2) new database servers that should be configured with the same hardware and software. Report information and data will need to be exported from the existing database and imported into the two (2) new database servers. The above process must be performed in a manner that will reduce server downtime and expedite onsite implementation.

4. Name of Vendor: Symago, L.L.C Address: 7212 Antares Drive Germantown, MD 20879	5. Price: \$70,000
6. Term of Contract: From: 01/16/07 To: 01/31/07	7. Prior Exemption Ref. No. 0

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:
 See Attachment #1

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
 Symago, L.L.C. is the sole agent authorized to access our existing telephony and IVR's software code; otherwise, the Department's warranty and maintenance agreements will be voided.

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, Kurt Kawafuchi, or formally delegated to the Deputy Director, Sandra Yahiro.

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

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 Efnan	Administrative Services Officer	<input type="checkbox"/> Approval <input checked="" 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
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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.*

Department Head _____

Date _____

Reserved for SPO Use Only	
	15. Date Notice Posted <u>12/27/06</u>
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: <p align="center"> Chief Procurement Officer State Procurement Office P.O. Box 119 Honolulu, Hawaii 96810-0119 </p>	
Chief Procurement Officer's comments: <p align="center"> This request indicates that Symago, L.L.C. is the sole agent authorized to access the DOTAX IVR telephone system, the system's software codes and to maintain DOTAX's warranty and maintenance agreements. </p> <p align="center"> For the above reason, this request is returned with no action taken. The DOTAX should resubmit this request on SPO Form 01, Notice and Request for Sole Source. </p>	

16. APPROVED DISAPPROVED NO ACTION REQUIRED

 12/28/06
 Chief Procurement Officer Date

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 Interactive Voice Response (IVR) and call center telephony system purchased from Symago, L.L.C., who is the sole agent authorized to access this particular IVR and telephony (call center)'s software code. If any other vendor touches these existing systems, DOTAX's warranty and maintenance agreements will become null and void.

In early November 2006, DOTAX implemented a new call center telephony system that dramatically increased the level of service that DOTAX could provide to the general public, particularly the anticipated high volume of telephone inquiries that would result due to the implementation of the new County Surcharge Tax (Act 247, SLH 2005). In addition, DOTAX's IVR system was upgraded to provide status inquiry capabilities as it directly related to the return and payment status for the General Excise tax forms - the respective form that the County Surcharge tax will be filed under. Currently, the continuity process requires that the IVR be disabled in order to allow for incoming customer calls to continue should a problem exist with the telephony system. The IVR handles approximately 20% of daily calls during the peak tax season and it's anticipated that the recently added automated interface for General Excise inquiries will increase that percentage. The 2007 tax season is expected to have a significant increase in the number of phone calls and any loss of the IVR's automated responses will have significant impact on DOTAX's ability to respond to telephone inquiries. A significant backlog and negative public impact can result for every hour or day that will be required to solve any problem(s). It is vital that DOTAX do all that it can to ensure the viability of its critical public contact interfaces.

Being that this is a new system for DOTAX and our IT staff is still becoming accustomed to this robust telephony system, expert consultation is being sought via Symago, L.L.C. to provide a turn-key solution to the vital need of having a fully redundant system. DOTAX has a very limited window of opportunity as historically; the lowest call volume months are from November to January. If any upgrades are to occur, all work must be started and completed in the month of January 2007 to mitigate the impact to staff and more importantly our customers.

It's important to note that the day after Thanksgiving of 2006, DOTAX's call center was brought down completely due to hardware issues and we were unable to provide any telephone service to our customers for several hours. With the implementation of a full system redundancy for DOTAX's call center and IVR, DOTAX should never be subjected to having our call center down for any extended period of time, short of any extended power failure that the island may experience. Instead of having the potential of being down for hours or even days, we are now talking about minutes with a full system redundancy in place.

The full system redundancy will provide, not limited to, an automated switch over to the redundant server 24x7; automatic notification to DOTAX's IT Office and Symago of any switch-over; and real-time monitoring capabilities. An essential safety net and stability becomes automatically available with the implementation of a full system redundancy for DOTAX's call center and IVR. Equally important will be DOTAX's ability to ensure a minimal downtime and 24x7 monitoring. DOTAX's implementation of the County Surcharge Tax is estimated to generate an 89% increase (224,000) in phone calls in FY:07, 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 "stable" capacity to adequately service the general public via the implementation of a full system redundancy for DOTAX's call center telephony system and IVR system that must be implemented during the month of January 2007 before the call volume peaks to levels that would increase the risks of any implementation during the tax season.