



'09 DEC 22 A8:46

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

STATE PROCUREMENT OFFICE  
STATE OF HAWAII

- 1. TO: Chief Procurement Officer
- 2. FROM: Kaulana H.R. Park, Chairman, Hawaiian Homes Commission

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: To provide the Department of Hawaiian Home Lands (DHHL) support services on its Oracle eBusiness Suite (EBS) Release 12 system.	
4. Name of Vendor: Ohanasoft LLC (Joon Kwock) Address: PO Box 893911 Mililani HI 96789	5. Price: \$50,000
6. Term of Contract: From: Dec. 2009 To: Jun. 2011	7. Prior Exemption Ref. No.
8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State: See Attachment A	
9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: The Department of Hawaiian Home Lands will hire Ohanasoft LLC to perform the work.  Joon Kwock of Ohanasoft LLC has installed the Oracle financial system within DHHL in 2000. He has also upgraded the Oracle financial system in 2008 and has a sound understanding of how the DHHL financial system operates.	
10. A description of the agency's internal controls and approval requirements for the exempted procurement: 1. Exemption procurement approved by the Chief Procurement Officer. 2. Contract awarded to Ohanasoft LLC. 3. Contract is drafted and approved by AG. 4. Contract signed by Contractor. 5. Contract signed by DHHL Chair.	

**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
Kaulana H.R. Park	Chairman	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Anita S. Wong	Deputy	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Kamana'o Mills	Special Assistant	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
James Pao	Fiscal Officer	<input checked="" type="checkbox"/> Approval <input checked="" 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 Hawaiian Home La Contact Name: James Pao Phone Number: 620-9561 Fax Number: 620-9529
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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

12/18/2009  
 Date

Reserved for SPO Use Only
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15. Date Notice Posted 12-22-09

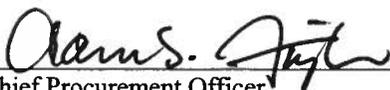
The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

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

Chief Procurement Officer's comments:

The department needs to resolve any obligations entered into with the Contractor, including maintenance and support. Your Deputy Attorney General should be consulted on this contractual matter. This request is disapproved as there is insufficient justification to exempt the procurement from competition.

16.  APPROVED  DISAPPROVED  NO ACTION REQUIRED

  
 Chief Procurement Officer      3/24/2010  
 Date

Attachment A:

**8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:**

DHHL installed Oracle financial system in year 2000 and upgraded the system to eBusiness Suite Release 12 in 2008. Oracle employee Joon Kwock took an important role in installing the Oracle financial system in 2000, and he also upgraded the Oracle financial system to eBusiness Suite Release 12 by himself in 2008.

Currently, Oracle USA, Inc. has a contract with DHHL providing support services for the Oracle eBusiness Suite Release 12. In November 2009, Joon Kwock was laid off by Oracle USA, Inc. due to a reduction in force.

On December 8, 2009, DHHL received an email (Attachment B) from Oracle stating that Oracle is "no longer able to provide local resources to support DHHL." DHHL intends to terminate the Oracle contract and hire back Joon Kwock as an independent contractor to continue the support services previously offered by Oracle. Joon Kwock has a sound understanding of the DHHL Oracle financial system as he was directly involved in the initial installation, upgrade and provided direct support services to DHHL. Procurement by competitive means is not advantageous to the State as a new contractor must clearly understand the overall DHHL financial system, as well as the Oracle financial system prior to providing support services to DHHL.

Attachment B:



tim barnes  
<tim.barnes@oracle.com>  
12/08/2009 10:52 AM

To james.pao@hawaii.gov  
cc  
bcc

Subject Follow-up To Our Conversation Yesterday

Dear Mr. Pao,

Thank you for taking the time to speak with me yesterday regarding the recent changes in our Government & Education Consulting delivery that has affected Oracle Consulting's delivery at the Department of Hawaiian Home Lands. As I noted, Oracle's recent reduction in force has resulted in us no longer being able to provide local resources to support DHHL. I clearly understand that Joon Kwock has been providing support and maintenance services for an extended period of time and, most recently, assisted in the upgrade of DHHL's financial system to R12.

This email is to confirm that Joon Kwock is no longer an employee of Oracle and cannot continue to support DHHL. Additional key points we discussed are as follows:

1. As a result of the reduction in force noted earlier, Oracle is no longer able to provide local consulting services for DHHL.
2. Based on direction from Oracle management, Oracle cannot subcontract with Joon Kwock to provide these same services.
3. However, DHHL is free to subcontract directly with Joon or thru a third party for his services.
4. DHHL has the option of leaving the contract with Oracle in place and using the remaining funds, either now or in the future, to engage other Oracle resources (from the mainland) or, canceling this contract, if DHHL should so choose.
5. DHHL will continue to have the full support of Oracle's License and Support teams.

If you have any questions regarding this email, please let me know by reply email or by calling me on my cell phone at the number below.

Regards,

Tim Barnes  
Senior Practice Director  
Oracle Consulting – Government & Education  
E-Business Suite Service Line  
Cell 404 317-2708