



STATE PROCUREMENT OFFICE
NOTICE & REQUEST FOR SOLE SOURCE

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ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer
FROM: Dept. of Human Services / Office of Information Technology
Name of Requesting Department

Pursuant to HRS §103D-306 and HAR chapter 3-122, Subchapter 9, the Department requests sole source approval to purchase the following:

1. Describe the goods, services, or construction to be procured.
Request approval to purchase software maintenance and support for the DHS mainframe's operating system and for software that supports the DHS client application system running on the mainframe. This purchase is to provide continuous mainframe operating system maintenance and support for the current DHS mainframe. It is the intent of the DHS to continue this monthly maintenance and support for the current DHS mainframe until the new DHS mainframe has been procured through the SPO Cooperative Agreement, RFP 13-021, and installed.
Please see attached IBM quote. The quote does not include tax. The "Amount of Request" does include tax.

Table with 2 columns and 2 rows containing procurement details: Vendor/Contractor/Service Provider Name (International Business Machines Corporation), Amount of Request (\$375,184.94), Term of contract (From: 1-Oct-14 To: 30-Sep-15), and Prior SPO-001, Sole Source (SS) No. (12-030D).

6. Describe in detail the following:
a. The unique features, characteristics, or capabilities of the goods, service or construction.
The current DHS mainframe's operating system (zOS) runs the mainframe and other software that supports the DHS client application system.
b. How the unique features, characteristics or capabilities of the goods, service or construction are essential for the department
Without this software the mainframe and DHS client application will not function.

7. Describe the efforts and results in determining that this is the only vendor/contractor/service provider who can provide the goods, services or construction.

Please see attached quote from manufacturer. The highlighted text on the second page is IBM's statement regarding the sole source renewal purchase for the zOS software.

8. Alternate source. Describe the other possible sources for the goods, services, or construction that were investigated but did not meet the department's needs.

IBM is the manufacturer of the current DHS mainframe and the mainframe's operating system software and supporting application software. There are no alternate sources that are acceptable by the manufacturer.

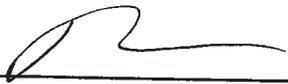
9. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required.)

\*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	E-mail Address
Tracey Laride	OIT	586-5156	tlaride@dhs.hawaii.gov

Department shall ensure adherence to applicable administrative and statutory requirements, including HAR chapter 3-122, Subchapter 15, Cost or Pricing Data if required.

**All requirements/approvals and internal controls for this expenditure is the responsibility of the department.  
I certify that the information provided is to the best of my knowledge, true and correct.**



Department Head Signature

9/29/14

Date

**For Chief Procurement Officer Use Only**

Date Notice Posted: 10.2.14

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

[state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)

Chief Procurement Officer (CPO) Comments:

- Approved       Disapproved       No Action Required

\_\_\_\_\_  
*Chief Procurement Officer Signature      Date*



International Business Machines Corporation  
100 North Sepulveda Blvd.  
El Segundo, CA 90245

September 22, 2014

Ms. Tracey Laride  
Mr. Ryan Shimamura  
State of Hawaii DHS  
1151 Punchbowl Street  
Honolulu, HI 96813-3047

Dear Tracey and Ryan,

IBM is pleased to provide you with this updated estimate for your System z Monthly License Charge (MLC) software. The MLC license charges cover your right to use the software as well as the right to call 800-IBM-SERV for phone support (this excludes all products designated as No Longer Supported by IBM).

Here are the estimated prices for the MLC for October 1, 2014 through June 30, 2015:

<u>Product Number</u>	<u>Product Name</u>	<u>Price</u>	<u>1</u>
5655M15	CICS TS for z/OS V3.2	10140.00	WE
5655M32	PSF V4 for z/OS	899.00	BL
5655S71	COBOL V4	1555.00	WE
5694A01	z/OS V1 Base	11271.00	WE
5694A01	z/OS V1 Infoprint Server	801.00	WE
5694A01	z/OS V1 RMF	448.00	WE
5694A01	z/OS V1 SDSF	420.00	WE
5694A01	z/OS V1 Security Server	736.00	WE
5697ENV	IBM Tivoli NetView for z/OS	3259.00	WE

**Total Monthly:** \$29,529.00

Here are the estimated prices for the MLC for July 1, 2015 through September 30, 2015:

<u>Product Number</u>	<u>Product Name</u>	<u>Price</u>	<u>1</u>
5655M15	@CICS TS for z/OS V3.2	10545.60	WE
5655M32	PSF V4 for z/OS	934.96	BL
5655S71	COBOL V4	1617.20	WE
5694A01	z/OS V1 Base	11834.55	WE
5694A01	z/OS V1 Infoprint Server	841.05	WE
5694A01	z/OS V1 RMF	470.40	WE
5694A01	z/OS V1 SDSF	441.00	WE
5694A01	z/OS V1 Security Server	772.80	WE
5697ENV	IBM Tivoli NetView for z/OS	3389.36	WE

**Total Monthly:** \$30,846.92

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These prices are for your information only and are subject to change with an announcement by IBM. Any price increases announced within your current fiscal year will not be implemented until the beginning of your next fiscal year. Applicable taxes are not shown. The tax rate is 4.12% for the MLC Products. Licensed Programs are available only under the IBM Customer Agreement, or any equivalent agreement in effect between you and IBM.

Monthly License Charge (MLC) pricing metrics are those where a recurring charge is applied each month. This charge includes the right to use the product and access to IBM product support. The MLC pricing metric establishes both the prices and the applicable terms and conditions for IBM software products. The MLC pricing metric is used for a majority of the z/Series software products, including operating systems, compilers, system management tools and utilities, transaction managers, database systems and their utilities. **The products that are available to our customers through the MLC pricing metric are distributed by and supported only by IBM. The only exception to this sole source agreement is when you purchase a new System z hardware system, and you acquire the operating system (z/OS or z/VSE) through an authorized business partner with an Enterprise Growth Option (EGO) agreement.** The IBM business partner or Remarketer has the option to be flexible with the pricing for the operating system only. The IBM terms and conditions still apply.

Additional comments:

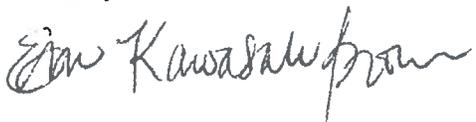
1. CICS V3 will be out of support on December, 15, 2015. The MLC price of CICS V4 and CICS V5 are the same as V3.
2. z/OS V1.13 and z/OS V2.1 are the current releases of the z/OS operating system. The price change effective July 1, 2015 will result in the z/OS price being the same for both z/OS V1 and V2.

This statement is from the ICA agreement, "When IBM accepts Customer's order, IBM grants Customer a nonexclusive license to use the ICA Program only within Customer's Enterprise in the United States. ICA Programs are owned by International Business Machines Corporation, one of its subsidiaries, or a third party and are copyrighted and licensed (not sold)." This means that if you have the product installed on your machine, you pay the MLC charges, regardless of whether the products are supported for service by IBM. Extended Support contracts can be established to provide defect support after support is withdrawn for these products.

I understand that you will not be renewing any of the Subscription & Support (S&S) charges for the System z One-Time-Charge (zOTC) software, so the pricing for the S&S renewals are not included in this updated quote.

Please let me know if you have any questions regarding the information provided above.

Sincerely,



Emi Kawasaki Brown  
System z Software Client Leader (MLC Specialist)  
IBM Corporation  
310-727-4066  
[ekawasak@us.ibm.com](mailto:ekawasak@us.ibm.com)

cc: Becky Arakawa, IBM Software Client Leader  
Jack Kelly, IBM System z Software Client Leader  
Thomas Herlihy, IBM System z Software Manager  
Lance Murata, IBM Client Executive

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