

## SP-16-0085 ePayables Solution State Responses To Questions

QUESTION	RESPONSE
1. Provide details on the exact SAP system and version being used by the state	See section 2, 2.4 page 10 of 21
2. Is the data exchange to be a web service or a file?	See section 2, 2.7 page 11 of 21
3. If a file, what is the file layout of information exchanged with the SAP system? Will the state conform to our standard layouts or will they want us to code to theirs?	See section 2, 2.7 page 11 of 21
4. Will the state provide an invoice for each payment? Will the invoice be in a pdf format or will they want us to generate the invoice based on raw data?	The State will not provide an invoice for each payment. The State will transmit a payment file to the solution provider. The payment file will contain all information the solution provider will need to process the payment.
5. What is JScape? How is it used?	JSCAPE MFT Server is a platform independent managed file transfer server that centralizes all of your file transfer processes into a single easy to use application. JSCAPE MFT Server supports all major file transfer protocols including AS2, FTP/S, SFTP, SCP, HTTP/S, WebDAV and AFTP (Accelerated File Transfer Protocol).
6. Will XxxxXxxx have direct access pull and push funds to State owned accounts holding money for vendor payments?	No
7. Question 48 – I'm presuming from this question the payments will be made on behalf of multiple state agencies and each agency will need access to view those payments. Is this correct?	Yes
8. Is there an expectation that the proposer/bidder to write checks for those vendors that do not enroll?	No
9. Of the stated \$211.7 million in payments for January 2016, what was the dollar breakdown between Warrant and ACH (as opposed to the currently provided payment counts)?	ACH = 44% Warrant = 56%
10. Can you elaborate on what you're looking for with Question 19: What interface does your firm use when managing user access accounts between the payment system and the SAP system?	Question 19 will be deleted by addendum

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<p>11. Question 32 of the Technical Proposal Packet asks about the rebate we will offer The State of Arkansas. We have put it in there. However, in the instructions for section B Official Price Sheet, it states that vendors should not include any pricing in the technical proposal packets. Just want to clarify if the rebate stated in question 32 is considered pricing in addition to any pricing in the price sheet or is it ok to leave the rebate information in question 32 in all versions of our response.</p>	<p>Yes</p>
<p>12. <i>Question 15. Describe any changes that would be required in the SAP system to support vendor enrollment.</i> Our question is do you plan on having us send the rebate information into SAP? Typically we send an electronic version in excel of the rebate in summary and detail form.</p>	<p>Question 15 is referring to any changes that may be required to the SAP system to facilitate changes to vendor master data files for new vendor enrollee's or changes (updates) to existing vendors master data files.</p>
<p>13. Section 2.9 Rebate Payments to The State Says State would like rebates calculated and submitted quarterly. Our typical rebate payment schedule is monthly to our clients. To get them their rebate quicker. Is monthly an option or would the State rather just receive rebates monthly?</p>	<p>Rebates will be earned/calculated (at a minimum) quarterly. Rebate calculation periods less than quarterly may be negotiated with the successful proposer. To be clarified by addendum.</p>
<p>14. Can the State provide a CSV/Excel file with a listing of vendors, number of payments made, and total dollar amount of payments mad over the past 12 months?</p>	<p>No</p>
<p>15. Does the State have a required or preferred funding method for virtual card payments?</p>	<p>No</p>
<p>16. QUESTION: If two or more vendors submit a joint proposal, and one is identified as the prime, how is the State categorizing the other vendors, if not as subcontractors?</p> <p>Does the State prefer a single vendor, rather than a vendor subcontracting certain services to a third-party?</p>	<p>Joint proposers are distinguishable from subcontractors in that all joint proposers would be entering into a contract with the state affirmatively whereas a subcontractor enters into a contract with the proposers rather than the state.</p> <p>See paragraph 1.12 on page 4 of 21</p>
<p>17. Is it the State's expectation that the vendor will receive payment by authorizing a sixteen-digit number from MasterCard or Visa in order to maintain the benefit of reduced 1099 issuance by the State associated with card payments as well as the other benefits afforded to the State</p>	<p>1099-K reporting is required by the IRS. Please refer to IRS form: <b>2016</b> <b>Instructions for Form 1099-K</b> <b>Payment Card and Third Party Network Transactions</b> (Cat. No. 54721E)</p>

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	and the State's vendors as a result of using a card platform?	
18.	<p>QUESTION: Please expand on the basis of "minimum 25% of the average monthly accounts payable dollars". Analyses of a very large number of entities from a broad group of customer types, including State governments, shows that there are wide variances in the percentage of vendors accepting electronic accounts payables (EAP). Different organizations have different vendor types and different ratios of payment types, i.e., ACH/check/wire. All of these factors affect the percentage of vendor's onboarded. this will be a difficult parameter to compare "apples-to-apples".</p>	Item C. in paragraph 2.5 is deleted by addendum.
19.	<p>QUESTION: Will the State consider a longer period for rebate calculation and delivery if a proposer can provide a reasonable explanation for why a longer period will provide the State with a cleaner audit of the rebate? Keeping in mind, that only the first payout will be affected. All subsequent payouts will occur at 90 day intervals driven by the scheduling of the first rebate payment.</p>	No
20.	<p>QUESTION: Please note: Rules for issuing and reporting of payments made on credit card platforms have changed in regard to 1099s. If Proposer is not the "third party settlement organization", how does this requirement apply?</p>	See State's response to question 17.
21.	<p>In terms of evaluation for the financial part is there a certain volume target you will be evaluating at (i.e. what's your target volume)?</p>	No
22.	<p>Will any volume be pulled from Pcard program and moved into ePayables program?</p>	See item 2.2, page 10 of 21 "NOTE:"
23.	<p>Since the State has signed other card programs with longer than a one year contract, would the State consider a 3 or 5 year term with renewals? When pricing these deals we have to lock in rates spread costs over term consolidating costs in one year versus multiple. Typically we are able to provide better incentives for a 3 -5 year term.</p>	Paragraph 1.2 TYPE OF CONTRACT, item B. will be changed by addendum to read "The term of this contract shall be for three (3) years. The anticipated contract award date is December 15, 2016. Upon mutual agreement by the vendor and agency, the contract may be renewed by OSP on a year to year basis, for up to four (4) additional one year terms or a portion thereof".
24.	<p>In terms of quarterly rebate would you consider annual rebate? Also can this be paid in 60 days versus 15 after quarter/year?</p>	No

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<p><b>25.</b> In terms of vendor enablement there are several things the State can do to help encourage acceptance. Will you have the ability to mandate this in future contract or ability to adjust payment terms to help encourage vendors when we reach out to the?</p>	Not at this time.
<p><b>26.</b> Can we provide our standards agreement? If not can we provide essential banking and credit terms as these would need to be part of contract?</p>	May be negotiated with the successful proposer.
<p><b>27.</b> Can the State provide a vendor file (see attached template) so that responding banks can prepare a vendor analysis for targeted e-Payables opportunities.</p>	No
<p><b>28.</b> Can the State confirm if the information provided for January 2016 is an average month?</p> <p>The RFP references January 2016 payments totaled \$211M. Does this also include the P-Card program that is out of scope for this RFP?</p>	<p>Yes</p> <p>The \$211M. does not include the P-Card program numbers.</p>
<p><b>29.</b> Please describe your invoice approval process. How are invoices received and routed for approval? Do you utilize Purchase Orders, 3-way matching, etc.?</p>	The solution provider will be processing payments only. The invoice approval process is not part of their scope of work.
<p><b>30.</b> Statement and Settlement Period – Please provide your desired statement period and settlement period. (Example: Monthly statement period and 1 day settlement thereafter, Weekly statement period and 3 day settlement period thereafter, etc.)</p> <p>Would the State consider faster settlement to increase rebate?</p>	<p>See section 2.9 page 11 of 21.</p> <p>Yes, will be negotiated with the successful proposer.</p>
<p><b>31.</b> Per the RFP “The proposer shall solicit all payees who receive ten thousand dollars (\$10,000.00) or more from the State.”</p> <p>Typically e-Payables programs provide a higher value to the State when all payment amounts are considered in the enrollment process. Please explain your business requirement to target payments greater than \$10,000.</p>	<p>The \$10,000.00 amount is the minimum amount.</p> <p>The parameters/thresholds for target market determination may be negotiated with the successful proposer.</p>
<p><b>32.</b> Can the State provide the response document and the cost proposal in Microsoft Word?</p>	Yes, submit your request via email to: Timothy.O'Brien@dfa.arkansas.gov

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<p><b>33.</b> Please clarify the State's customer service requirements.</p> <p>Would the State consider other proposed customer service terms, without disqualification?</p>	<p>See section 2.14 page 12 of 21</p> <p>No</p>
<p><b>34.</b> Please clarify the State's 1099 reporting requirement.</p> <p>The RFP states that a proposer must be responsible for issuing and reporting 1099's for all payments. Commercial card and e-Payables transactions do not require 1099 reporting. Please advise on what payment types are included in "all payments".</p>	<p>See the State's response to question 17.</p>
<p><b>35.</b> Would the State be open to review, without disqualification, a bidder's proposed exceptions to the Acceptance and Compliance agreement? If not, please clarify.</p> <p>If so, please clarify where a bidder should disclose any and all exceptions.</p>	<p>Exceptions can only be made to non-mandatory provisions in the solicitation. Submission of a proposed exception to a mandatory requirement will result in disqualification.</p> <p>See paragraph 1.5 on page 2 of 21.</p>
<p><b>36.</b> Does the State have a targeted "Go-Live" date in mind for this project?</p>	<p>We anticipate contract award to be on or about December 15, 2016.</p>
<p><b>37.</b> Please clarify the requirement that the State will not consider a bidder that utilizes a subcontractor.</p> <p>Many institutions utilize vendors to assist with certain aspects of a service, however the service itself is owned by the institution. We would not view this as a subcontracted arrangement. Please advise if this is acceptable to the State.</p>	<p>See section 1.12 page 4 of 21.</p> <p>See State's response to question 16.</p>
<p><b>38.</b> Is you objective for the provider to service both your enrollment and conversion of checks (warrants) to Virtual Credit Cards and your ACH origination capabilities as an ODFI? If so, can the provider service only the Virtual Credit Card portion and not the ACH origination?</p>	<p>No</p>
<p><b>39.</b> Would State consider extending the deadline to Sept. 29th or later?</p>	<p>No</p>
<p><b>40.</b> Is submission of this template required?</p>	<p>Submission of VPAT is voluntary. VPAT templates may be submitted by the successful Proposer. It is not necessary to submit VPAT templates with your response packet</p>

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41. Regarding pages 2 to 5 of the Technical Response Packet and the Cost Proposal Template, will State please provide these in Microsoft Word so we may preserve your preferred formatting?	See States response to question 32.
42. Regarding pages 6 to 10 of the Technical Response Packet, may we provide answers in non-table format, for ease of review and readability; provided we preserve State's original question numbering and scoring information?	Yes
43. Regarding RFP item 2.12 on page 12 of 21, PCI DSS certification, may we provide this upon award of finalist status or must it be included with the response? The bank requires our clients to sign a non-disclosure agreement in order to provide this proprietary document. Will the State be willing to sign our agreement?	All items in paragraph 2.12 on page 12 of 21 will be changed by addendum to read "Successful Proposer".  May be negotiated with the successful proposer.
44. Regarding the redacted copy for FOIA requirement, may we please send this to follow after the delivery of proposals on the Bid Opening Date?	No
45. Regarding RFP 1.7.B.2 and other items, providing copies on CD Rom or thumb drive; may we submit via secure email and Zip files instead? Regarding submissions on CD or thumb drive, may we include all requested docs on one Zip File/email attachment, or must there be multiple?	No
46. Regarding the annotation above RFP item 2.1 on page 12 of 21 – "do not provide responses unless specifically and expressly required;" will State please indicate, by item number, which points in this section are deemed to require a response from the State's perspective?	There are no items in Section 2 that require a response.
47. Regarding RFP Item 2.5.C. on page 11 of 21: in our experience, the vendor enrollment process and the rate of vendor acceptance of cards is highly variable due to several factors. It is dependent on the vendors themselves and their acceptance of cards, but is also largely dependent on the client's (in this case the State's) overall payment strategy and current process. For example, if the vendor can elect an ACH payment with the same terms as a card payment, they will elect ACH as the cost to them is greatly reduced. If they already have ACH payments, they will likely not change to a card payment unless there is an incentive offered by the State to do so. The results of these programs	See States response to question 18.

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	<p>vary greatly and only a select few are successful enough to achieve a rate of 25% conversion. We respectfully request the State to change this requirement from mandatory to elective and to rate proposals accordingly.</p>
<p><b>48.</b> Regarding RFP Item 2.14: "The Hot Line will be available between the hours of seven am and seven pm (7am and 7pm) Central Time Monday through Friday. Calls should be answered within four (4) rings and be immediately forwarded to the appropriate problem solver." Should State be inquiring about a hotline for its vendors, in our experience, when vendors have been enrolled, questions regarding payments (if any) are best handled by the client (State) or the merchant processor, as they pertain directly to the specific invoice (State) or payment remittance (merchant processor). We respectfully request the State to change this requirement from mandatory to elective and to rate proposals accordingly.</p>	<p>See the States response to question 33.</p>
<p><b>49.</b> Regarding RFP Item 2.1: Would the State provide a summary report by vendor of all non-payroll AP check payment amounts to vendors for a period spanning 12 months? We are looking for the following elements at a minimum: vendor name, vendor address, annual payment amount, payment method, number of invoices/checks. Ideally this report is exclusive of existing purchase card volume as well. This will allow us to ascertain program spend for Virtual Payables, and, as a consequence, determine most advantageous pricing for State. It will also determine the card acceptance of each vendor to help determine a realistic card spend conversion. Please see the attached template for data elements and format useful for a meaningful analysis.</p>	<p>See States response to question 14.</p>
<p><b>50.</b> Regarding RFP Item 2.1: How many of the State's vendors meet the \$10,000+ per year threshold of spend?</p>	<p>See States response to question 31.</p>
<p><b>51.</b> Regarding RFP Item 2.3: Of the \$211.7 million in payments for January 2016, how much of this was ACH payments and how much was Warrants? If this is a typical month or will volumes vary significantly throughout the year?</p>	<p>See States response to question 9. and question 28.</p>
<p><b>52.</b> Regarding RFP Item 2.1 and 2.3: How many agencies will be submitting payment files through SAP? Will each of the 64 agencies be initiating and reconciling payments individually or will the</p>	<p>The successful proposer will receive payment files from SAP. Those payment files may come from any of the 64 agencies. See paragraph 2.7 on page 11 of 21.</p>

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	State centralize all vendor payments across agencies? Please describe State's intended payment file initiation and reconciliation process and workflow for the ePayables program.
53.	Regarding RFP Item 2.10: We wish to respectfully submit to State that the responsibility for reporting 1099 filings to the IRS for card transactions, industry-wide, resides with the merchant processor, not the card issuer. Card issuing banks do not generate or submit these reports. We request that this mandatory requirement be removed.
54.	Regarding RFP Item 2.5.D on page 11 of 21: Single-use cards are mandatory. Would the State also consider other card account usage as long as the payments are all reconciled to the individual vendor for the SAP upload and payments are secure?
55.	Regarding Section 1.19. B-Negotiations on page 6 of 21: Request State to identify the items it wishes or is willing to negotiate. Bank policy requires that we include the Bank's Corporate Card agreement, as it contains the necessary provisions that are required by banking laws, card association operating regulations, and industry standards. Is the State willing to work, in good faith, to negotiate mutually acceptable terms/contract?
56.	Regarding Section 4.2. H on page 16 of 21: As a highly regulated national banking association, Bank requires that this Agreement be governed by the laws respecting national banking associations and, to the extent not so covered by those laws, by the laws of the State of Arkansas. Is the State agreeable to this requirement?
57.	Regarding Section 4.3. A (1stA). The State has labeled each requirement "A" page 17 of 21: With respect to local laws, ordinances and regulations, please identify the local laws, ordinances and regulations that the State of Arkansas believes are relevant to a commercial card banking services contract.

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<p><b>58.</b> Regarding Section 4.3. A (2nd A) I believe this should be “B”, however, client has labeled the second requirement “A”, Section 5. #20, and Section 5. #22 on pages 17 and 20 of 21 .With respect to indemnities, the bank is generally unable to give indemnities with respect to third-party claims growing out of treasury management services we provide to our clients. Is the State willing to discuss /negotiate mutual non-indemnification or another mutually agreeable resolution?</p>	<p>No, indemnification is a mandatory requirement of the RFP and is not waivable.</p>
<p><b>59.</b> Regarding Section 4.4. A 17 of 21: With respect to record retention, in accordance with various federal laws and regulations, we generally maintain records for a rolling 7 year period from the date of a transaction. Is this agreeable to the State?</p>	<p>4.5 A. refers to record retention. No, state law is clear that records must be kept for at least 5 years after the original contract, and any extensions to such contract end. In this case, the potential life of the contract is 7 years, in which case records would need to be maintained for 12 years total.</p>
<p><b>60.</b> Regarding Section 5. #7, #19 on pages 19 and 20 of 21: Is the State agreeable to removing provisions that are not applicable to the provision of financial services being contemplated in this RFP?</p>	<p>Yes, these provisions are not applicable to this type of RFP.</p>
<p><b>61.</b> Regarding Section 4.9 A on page 18 of 21: Is the State open to discussing termination rights and notice periods for both parties?</p>	<p>No, the state is firm on the termination rights and notice periods contained in the RFP.</p>
<p><b>62.</b> Regarding Section 4.4 B on page 17 of 21: Is the State willing to discuss/negotiate liability for damages?</p>	<p>No.</p>