

UNIVERSITY OF HAWAII NOTICE OF EXEMPTION CHAPTER 103D, HRS

The President, University of Hawaii, is in the process of reviewing the request from
Office of the Vice President for Information Technology & Chief Information Officer (Department/Campus)
for exemption from Chapter 103D, HRS, for the following goods and services:
Services to migrate the current, dated, on-premise Kualii Financial System (KFS) to the Kualii hosted
Software-as-a-Service (SaaS) version of KFS.

Vendor: Kualii, Inc.
(If known)
Address:
3300 North Ashton Boulevard, Suite 230
Lehi, Utah 84043

Term of Contract: (If known)	From: February 1, 2024	To: January 31, 2025	Cost: \$2,600,000 (estimated)
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Direct any inquiries to: Department: Garret T. Yoshimi Contact Name/Title: Vice President for Information Technology & Chief Information Officer Address: 2520 Correa Road Information Technology Center, 6th Floor Honolulu, Hawaii 96822	Phone Number: (808) 956-3501 Fax Number: (808) 956-7322
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Date Posted: January 16, 2024

Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days from the date posted to:

Office of Procurement Management
1400 Lower Campus Road, Room 15
Honolulu, Hawai'i 96822
email: OPM@hawaii.edu

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

TO: OFFICE OF PROCUREMENT MANAGEMENT

FROM: Information Technology Services

(Department/Program)

Pursuant to APM Section A8.220, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:

Based on an ongoing analysis of available options, UH Financial and IT organizations are working to migrate the current, dated, on-premise KFS operation to the Kualu hosted SaaS version of KFS. Migration will increase cost of operations attributed to annual operating expense of KFS, and remove reliance on on-premise hardware and infrastructure support services (reducing in-house costs), including eliminating the need for Oracle licensing post-migration. In order to finalize the full scope of work for the conversion effort, and to lock in the timing and planning for cutover to Kualu KFS SaaS operations, we require in-depth analysis of all remaining UH customizations to KFS, including decision-making for retention of the customization (by migrating into KFS baseline or KFS UH operational overlay). The work requires substantial work by both Kualu and UH, including establishing the Kualu team necessary to reach our expected commitment to a cutover in 2026. (continued)

Estimated Cost: \$ 2,600,000 (est)

(1) Explanation describing how procurement by standard competitive means is either not practicable or not advantageous to the University;

Since UH will be migrating to the dedicated Kualu KFS SaaS operation, only Kualu and UH teams working directly together, in close collaboration, will be able to complete the required scope of work, achieve firm estimate of the work required, and be able to achieve successful migration to Kualu KFS SaaS operation. The outcome of this work will, PRIOR to the December 2024 end date of this agreement, get to final firm cost and time estimates necessary to get to final fully formulated agreement for migration and subsequent steady-state operations. Pursuit of standard competitive means would waste critical time (making a 2026 or earlier conversion impossible), and would not result in any useful alternative proposals or approaches. The delay would also likely increase the cost of doing the work, and put UH at a disadvantage in ongoing operations.

(2) Details of the process or procedures to be followed in selecting the vendor to ensure as fair and open competition as practicable;

The process of evaluating and assessing alternatives has been ongoing for over three years, based on looking at options available to UH for fully functional financial systems, and considering the cost of any such alternatives. While functional alternatives exist (i.e. Workday, Oracle, Banner financial suite), the ongoing operational costs of those systems, plus the extraordinary cost related to migration and conversion to another system (excess of high 8-digits based on the experience of all others attempting the change), makes our migration to Kualu KFS SaaS the only reasonable and achievable solution. In addition, UH is under substantial time pressure to execute now with the anticipated retirement of the significant portion of senior KFS subject matter experts under ITS and Financial Management organizations.

(3) A description of the Department's internal controls and approval requirements for the exempted procurement; and

Internal review and controls are represented by VP for IT & CIO, Enterprise Systems Director, KFS Technical Lead, UH Comptroller, Financial Management KFS Lead. In addition, ongoing monitoring will be supported by ITS administrative staff.

(4) A list of Department personnel, by position title, who will be involved in the approval process and administration of the contract:

VP for IT & CIO: Garret Yoshimi; AVP and Comptroller: Amy Kunz
Enterprise Systems Director: Susan Inouye; KFS Technical Lead: Christopher Chan; KFS Functional Lead: Tammy Vandevender

Direct questions to: Garret Yoshimi Phone: 808-956-3501

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT.

Garret T. Yoshimi
Full Name of Principal Investigator, Department Head, or Administrator

Garret T. Yoshimi Digitally signed by Garret T. Yoshimi
Date: 2024.01.15 13:13:56 -10'00' 1/13/2024
Signature Date

Blanche Fountain
Full Name of Fiscal Administrator

Blanche Fountain Digitally signed by Blanche Fountain
Date: 2024.01.15 13:43:04 -10'00' 1/15/24
Signature Date

APPROVED:

Garret T. Yoshimi
Full Name of Vice President or Chancellor

Garret T. Yoshimi Digitally signed by Garret T. Yoshimi
Date: 2024.01.15 13:14:10 -10'00' 1/13/2024
Signature Date

FOR OPM USE ONLY

OPM COMMENTS:

APPROVED DENIED

David Lassner Digitally signed by David Lassner
Date: 2024.01.25 14:02:54 -10'00'

01/25/24

PRESIDENT, UNIVERSITY OF HAWAII

DATE

Description of Goods, Services, or Construction:

Based on an ongoing analysis of available options, UH Financial and IT organizations are working to migrate the current, dated, on-premise KFS operation to the Kualu hosted SaaS version of KFS. Migration will increase cost of operations attributed to annual operating expense of KFS, and remove reliance on on-premise hardware and infrastructure support services (reducing in-house costs), including eliminating the need for Oracle licensing post-migration. In order to finalize the full scope of work for the conversion effort, and to lock in the timing and planning for cutover to Kualu KFS SaaS operations, we require in-depth analysis of all remaining UH customizations to KFS, including decision-making for retention of the customization (by migrating into KFS baseline or KFS UH operational overlay). The work requires substantial work by both Kualu and UH, including establishing the Kualu team necessary to reach our expected commitment to a cutover in 2026. (continued)

The scope of work for this agreement supports the full onboarding and ramp up of the Kualu conversion and migration team to support UH, and full engagement of both Kualu and UH teams to establish certainty of scope, effort and outcomes to resolve all open existing customizations to KFS at UH, establish the final work plan and firm cost to complete the work, including establishing the cutover and conversion plan with an anticipated objective of completion prior to FYE2026.

Timing of the effort is critical to start immediately on approval in order to achieve the expected conversion date. The cost of the effort is based on discounted labor pricing by Kualu, based on "retail" rates of 250-325/hour for highest value technical resources, including standard project management and support overhead by Kualu (not otherwise costed to project effort). The net pricing of 180-240/hour of highly specialized resources is consistent with Kualu partner commitments over the prior years of Kualu supports (in small quantities, priced previously at 250/hour).