

UNIVERSITY OF HAWAII
NOTICE OF EXEMPTION FROM STANDARD METHODS OF SOURCE SELECTION

The Vice President for Budget and Finance/Chief Financial Officer, University of Hawaii, is in the process of reviewing the request from
Bursar, University of Hawaii at Manoa _____ (Department/Campus) for exemption from Standard Methods of Source Selection for the following goods, services, or construction:

License and hosting of Application Subscription Program (ASP) to use: 1) TouchNet Payment Gateway; 2) TouchNet Bill + Payment Suite; 3) TouchNet U Commerce Dashboard; 4) TouchNet Marketplace; and 5) TouchNet U Commerce Mobile system, to expand the eCommerce options available to University students to conduct on-line transactions of University-related fees and charges.

Vendor: TouchNet Information System
(If known)
Address: 15520 College Blvd.
Lenexa, KS 66219

Term of Contract: (if known)	From: March 1, 2012	To: February 29, 2017	Cost: \$1,547,658.27 (est.)
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Direct any inquiries to: Department: Bursar Contact Name/Title: Barbara Kawamoto, Bursar Address: 2444 Dole Street, BA-13, Honolulu, Hawaii 96822	Phone Number: 956-6295 Fax Number: 956-2148
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Date Posted: December 6, 2011

Submit written objections to this notice to issue an exemption from Standard Methods of Source Selection, within seven (7) calendar days from the date posted to:

Office of Procurement and Real Property Management
1400 Lower Campus Road, Room 15
Honolulu, Hawaii 96822

REQUEST FOR EXEMPTION FROM STANDARD METHODS OF SOURCE SELECTION

TO: OFFICE OF PROCUREMENT AND REAL PROPERTY MANAGEMENT

FROM: Bursar
(Department/Program)

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

Description of goods, services, or construction:

License and hosting of Application Subscription Program (ASP) to use: 1)TouchNet Payment Gateway; 2) TouchNet Bill+Payment Suite; 3)TouchNet U Commerce Dashboard; 4) TouchNet Marketplace; 5) TouchNet U Commerce Mobile system.

Estimated Cost: \$ 1,547,658.27

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

See attached.

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

See attached.

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

Licensing of the software was requested by Barbara Kawamoto, reviewed and approved by Paul Kobayashi and Howard Todo. Further review was conducted by Blanche Fountain and OPRPM since the contract amount exceeds Ms. Fountain's purchasing authority.

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

Howard Todo, Vice President for Budget and Finance and CFO.
Paul Kobayashi, Director, Financial Management and Controller
Blanche Fountain, Director, System Administrative Services
Barbara Kawamoto, Bursar

Direct questions to: Barbara Kawamoto Phone: 956-6295

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

Barbara Kawamoto
Full Name of Principal Investigator, Department Head, or Administrator

[Signature]
Signature
12/1/11
Date

Blanche Fountain
Full Name of Fiscal Officer

[Signature]
Signature
12/2/11
Date

APPROVED:

Howard Todo
Full Name of Vice President or Chancellor

[Signature]
Signature
12/06/11
Date

FOR OPRPM USE ONLY

OPRPM COMMENTS:

Recommend approval.

APPROVED DENIED

Howard Todo
VICE PRESIDENT FOR BUDGET & FINANCE/CHIEF FINANCIAL OFFICER, UNIVERSITY OF HAWAII
12/16/11
DATE

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

The University implemented the TouchNet product suite to provide eCommerce to students in 2007. Services currently include: a secure, hosted payment gateway that interfaces with the Banner SIS and provides software applications that allow users to conduct on-line activities such as viewing billing and payment information, paying for tuition, enrolling in a payment plan, signing up for an ACH refund, and designating an Authorized User on a student account. TouchNet also developed and tested a custom batch refund process for University administrative users. This portion of the current contract expires on February 29, 2012.

In 2008, the contract was amended to include the TouchNet Marketplace module which allows University departments to electronically conduct on-line eCommerce activities not connected to the Banner SIS. Examples of such transactions include sales of merchandise, payments for parking fees and fines, payments for admissions applications, non-credit classes, and conference fees. The TouchNet Marketplace product allows university departments and campuses to establish customized on-line stores quickly and efficiently without incurring extensive set-up, programming and maintenance costs while complying with strict Payment Card Industry Data Security Standards (PCI DSS) regulations for safeguarding payment information. The Marketplace currently hosts 25 merchants. This portion of the current TouchNet contract expires on June 30, 2013.

The University would now like to:

1. License the TouchNet U.Commerce Mobile system software to give students the ability and convenience of making on line payments and checking their accounts using mobile devices for the period March 1, 2012 to February 29, 2017. TouchNet has offered discounted five year pricing for this product.
2. Extend the current contract for license and hosting of the TouchNet Payment Gateway, Bill+Payment Suite, Marketplace and Dashboard for the period March 1, 2012 to February 29, 2017. TouchNet has reduced the maximum price escalation for these modules 2%, from 10% to 8%.
3. License the TouchNet International Wire Payment and Campus ID card products for the five year period March 1, 2012 to February 29, 2017. TouchNet will waive the annual licensing fee for these two products for the five year period.

Negotiating a new contract directly with TouchNet for a five year period beginning March 1, 2012 instead of using a standard competitive process like the Request for Proposal (RFP) is not practicable or advantageous to the University for the following reasons:

1. Current business model, practices and procedures and new applications

TouchNet is the only vendor whose total product suite meets the University's current business model. The University has already invested a considerable amount time and money, testing, implementing and training administrative users and the client community in the use of this system. Additionally, we have invested time and resources in developing and testing a custom batch refund solution that works with TouchNet's products and Banner SIS. Other vendors could possibly create a custom solution but the University would need to expend additional financial and human resources. University budgets and human resources are already scarce and limited.

There are no industry standard, generic, stand alone eCommerce systems. Individual products like a payment plan manager or eRefund manager within a product suite offered by a specific vendor are part of the same architecture and operate on the same platform. The eCommerce solution offered by each vendor is unique and proprietary to that company such that each vendor offers a fully integrated suite of products developed by that company. It is unreasonable to expect that a specific module from one vendor can be interfaced and compatible with a module from another vendor's system.

TouchNet is the only vendor that can provide the University with: 1) a tested, customized batch refund process which interfaces to Banner SIS; 2) a Ucommerce dashboard; 3) mobile payments for both student and departmental eCommerce systems and 4) an international wire transfer module which will auto post payments back to Banner SIS from the gateway.

TouchNet's U.Commerce Mobile software will only work with the TouchNet payment gateway.

TouchNet has attained and maintained its Collaborative Advanced Member status with SunGard HE, the developer and owner of Banner SIS. This level of collaborative membership recognizes TouchNet's successful relationship with SunGard HE and the colleges and universities it serves. To reach this Collaborative Advance Member status, TouchNet's products must demonstrate and prove product integration and interoperability with SunGard HE products.

TouchNet has been responsive and continues to meet the University's expectations concerning customer service levels.

2. Business interruption- If an RFP process is followed and TouchNet is not the winning offeror, the University would incur substantial business interruption to un-install the present eCommerce system and re-install a new system.

- Testing and implementing a new Banner SIS interface would be required;
- Testing and implementing a new batch refund solution would be required;
- UH staff would need to be re-trained in how to use a new administrative system to service the University community;
- All student tutorials, FAQs, websites, and other documentation on how to use various services such as the payment plan, authorize a user, sign up for an eRefund, etc. would need to be re-written.
- A change in the payment gateway would require each Marketplace vendor to change their website content and payment links since the TouchNet Marketplace payment URL is embedded in each vendor's website.
- The University will replace its aging financial management information system in July 2012. All available functional and technical resources have been dedicated to the implementation of the new Quali Financial System. University resources are already strained and limited. Additional functional and technical resources to implement a new student eCommerce system and train administrative users are not available. Installation of a new student eCommerce system without adequate functional and technical support could jeopardize the timely collection of \$150 million in tuition revenue.

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

TouchNet was selected after reviewing all vendors who provide a similar integrated suite or eCommerce services to higher education institutions. Attached is a matrix of vendors and current product offerings.

TouchNet is the only vendor that can provide the University with: 1) a tested, customized batch refund process which interfaces to Banner SIS; 2) a Ucommerce dashboard and 3) an integrated international wire payment product which interfaces to Banner SIS.

Student eCommerce Vendors

Item	Product	Sallie Mae	Nelnet	Higher One	TouchNet
1	Payment Gateway	x	x	x	x
2	eCommerce				
2a	eBilling	x	x	x	x
2b	ePayment	x	x	x	x
2b(1)	no fee e checks	x	x	x	x
2b(2)	no fee credit card	x		x	x
2b(3)	mobile tuition payments			x	x
2c	eRefund	x	x	x	x
2c(1)	custom batch refund				x
2d	UH Managed Payment Plan	x		x	x
2e	International Wire Payment			x	x
2f	Campus ID Card	x	x	x	x
3	Dashboard				x
4	Marketplace	x	x	x	x
4a	Marketplace Mobile			x	x