



**State of West Virginia
Department of Administration
Purchasing Division**

NOTICE

Due to the size of this bid, it was impractical to scan every page for online viewing. We have made an attempt to scan and publish all pertinent bid information. However, it is important to note that some pages were necessarily omitted.

If you would like to review the bid in its entirety, please contact the buyer. Thank you.



State of West Virginia
Request for Proposal
for
Enterprise Resource Planning (ERP)
Software and Services

Submitted to:

Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130



High performance. Delivered.

Submitted by:

Accenture LLP

David B. Andrews

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WV PURCHASING
DIVISION



Accenture LLP
11951 Freedom Drive • Reston, VA 20190
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August 30, 2011

Purchasing Division
Attn: Krista Ferrell
2119 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130

Reference: Request for Best and Final Offer for RFP # FAR226005 Enterprise Resource Planning (ERP) Software and Services

Dear Ms. Ferrell,

The purpose of this letter is to respectfully submit Accenture's Best and Final Offer (BAFO). We re-examined each area of your RFP to identify how to satisfy your requirements while providing the highest value at the lowest cost.

We understand there was a significant cost difference between our initial bid and one of the other finalists. To make our offer more attractive, we have negotiated lower prices from hardware and software providers, proposed more economical approaches to meet the same requirements, and reduced margins. As a result of our efforts we have:

- Reduced the price for ERP and other software license and maintenance
- Reduced the price for ERP implementation and post implementation support
- Reduced the price for software major release upgrade services
- Reduced the price for ERP technical infrastructure and support

Our BAFO approach is to provide you with the most thorough and comprehensive solution and estimates up front so that you are fully prepared to see the total cost of the project at the outset versus providing a "low ball" estimate that will require significant change orders as the project rolls out.

- We provide a complete implementation effort for the ERP planning, analysis, design, development, testing, go live, and post production support. Unlike other vendors, we do not limit our effort by providing a cap of hours on specific tasks.
- We fully utilize, but not over utilize, the State and STA resources allocated to the project. We have not put an impractical burden on your staff.
- We include costs for all requirements that have been identified as requiring modification, regardless of priority. This is different than other vendors who included only "high" priority requirements in their scope of modifications.
- We include a complete training and change management solution that provides sufficient knowledge transfer for the project team and custom developed training for the end users.
- We provide a comprehensive solution with a single point of contact to the State. Accenture would serve as the point of contact for all hardware and software vendors. We do not push this responsibility to the State.
- We provide the necessary resources to provide post implementation support after each go-live and the long-term post production support. This is different from other vendors that only provide production support for two years.
- We provide a fixed price for the conversion effort as instructed in the RFP. This is different than another vendor who instead bid a fixed level of effort for conversion.

- We size the solution to your requirements and will be able to meet the availability, scalability, and performance requirements of the RFP. This is different than other vendors who are not committing to their hardware sizing's ability to meet performance and availability requirements.
- We propose a technical architecture that properly separates production from non-production. It appears that a different vendor proposed non-production and production environments that share a web server in the DMZ, which poses a potential security risk.
- We include upgrades for each component required by the RFP. It appears that a different vendor did not include upgrades for all their proposed software products.

We applied our proven analysis and estimating methods to create a solution which is realistic, comprehensive, transparent, and supported by itemized details. These are the same proven methods we have used time and time again, and most recently in the State of Kansas ERP, the most recent statewide project similar to West Virginia. The Kansas project concluded with a total project cost that was 99.5% accurate compared to the initial contract amount. No other vendor can demonstrate such accuracy and precision, and provides confidence that the project will be on time and budget and meet all your requirements.

Our BAFO also includes several creative options to show West Virginia a way to accomplish the same scope at half the cost to state appropriations. We recognize these options were not specifically requested, but we also note the State has repeatedly emphasized the need for "best value" from this ERP initiative. Each option would be led by our consultants and shows the State how to use the functionality of the ERP in concert with industry leading practices to generate hard dollar savings and/or revenue increases. For each option, we perform due diligence, leveraging our knowledge of best practices and using specific West Virginia data to develop the respective business case. Each option has been proven in other government environments. For these options, Accenture is willing to put its consulting fees at risk as evidence of our confidence. We would be happy to discuss any of these options in greater detail as an innovative way to fulfill the best value concept emphasized in your RFP.

- Strategic Sourcing. This offering leverages ERP functionality and employs best practices to maximize West Virginia purchasing power and get lower prices.
- Fleet Rationalization. This offering uses the ERP functionality with supply and demand analytics to reduce costs in West Virginia's automotive fleet.
- Real Estate Optimization. This offering leverages the ERP functionality to optimize utilization and decrease facilities footprint and thus costs.
- Overtime Reduction. Using the ERP time and scheduling functionality, this offering automates complex workforce scheduling (staffing patterns for 7 x 24 operations) to avoid staffing gaps that are filled with overtime
- Increased collections. Supplementing the ERP functionality, this offering applies analytics and best practices in collections support to collect delinquent debt and increase revenues.

To jumpstart our proposed set of cost savings options, we have included a 6 week strategic sourcing spend assessment as part of our ERP implementation at no additional cost to the State. The spend assessment would be conducted in concert with our business process reengineering phase for the PeopleSoft purchasing and strategic sourcing module implementations. The spend assessment would identify areas of opportunity, quantify the benefits expected from pursuing these opportunities, and prioritize in what order these opportunities should be pursued. Based on our initial analysis of West Virginia data, we expect that the spend assessment would identify over \$50M of savings in the first two years of the project, enough savings to fund a large portion of the ERP program.



If the State approves this spend assessment, the next step would be the implementation phase during which the identified opportunities would be pursued utilizing Accenture's proven Strategic Sourcing Methodology. These opportunities would be pursued in groups or "waves". We expect that two six month waves of strategic sourcing would achieve the majority of possible \$50M savings. This work would be completed on a contingent fee basis, where Accenture would be paid only if the savings are identified. As the ERP is implemented into production in 2013, the PeopleSoft purchasing and strategic sourcing modules would naturally provide the right information to provide ongoing sourcing capability. The strategic sourcing processes would fully utilize and dovetail with the capabilities of the PeopleSoft ERP system, allowing West Virginia to continue to generate increased procurement value and savings without any additional consulting assistance.

To summarize, we have made the following changes to our Technical Proposal:

- Removed the Transportation Bridge Management and Transportation Pavement Management functionality from scope.
- Removed the Cashier functionality from scope.
- Updated our organization chart and resumes. We have made no changes to our Project Management, Functional, and Technical leads that were in our original proposal and that you met at orals. We have made a couple minor changes to our functional team members and added additional resumes for our functional, technical, and enterprise readiness teams.
- Updated our Staffing Plan to reflect the changes in scope, phasing, and implementation timeline.
- Modified our Post Production Support to provide 100% on-site resources.
- Modified our Upgrade Approach to provide a more cost effective solution.
- Updated our Statement of Work to reflect the BAFO changes.
- Added a Strategic Sourcing spend assessment to our implementation approach.

In closing, we have the overall desire for the State to get a quality product and the expertise it needs for successful implementation, with no surprises along the way. Your project is complex with many moving parts. It is difficult to understand the great disparity in the initial cost proposals based on what Accenture knows the State will need in order to be successful.

We believe it is important for West Virginia to step back and examine all three bids on an "apples to apples" basis. Information presented in the respective Technical Proposals needs to be validated and compared to information presented in the Cost Proposals. These facts compel a re-examination of the Technical Proposals and merit a re-scoring on technical grounds. Once that "apples to apples" basis is accomplished, then a fair evaluation of the cost can be done.

We look forward to our continued dialogue with you about this important initiative. Please feel free to contact me if you have any questions at david.b.andrews@accenture.com or by phone at (919) 349-2276.

Sincerely,

David B. Andrews, Senior Executive