

Notice of Intent to Certify Sole Source

To: Interested Parties

From: Craig P. Orgeron, Ph.D.

CC: ITS Project Number 44168

Date: May 15, 2018

Re: Sole Source Certification Number 4092 for Pitney Bowes software licenses, software maintenance, software subscriptions, and hardware maintenance for the Mississippi Department of Revenue (DOR)

Contact Name: Chris Grimmer

Contact Phone Number: 601-432-8208

Contact E-mail Address: Chris.Grimmer@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 4092 for Pitney Bowes software licenses, software maintenance, software subscriptions, and hardware maintenance for the Mississippi Department of Revenue (DOR), please be advised that ITS intends to award the software licenses, software maintenance, software subscriptions, and hardware maintenance to Pitney Bowes Inc. and Pitney Bowes Software Inc. as the sole source provider through June 30, 2021, in an amount not to exceed \$350,949.77. For an explanation regarding Mississippi state law, policy, and procedures for sole source procurements, refer to Attachment C: Sole Source Procurement Overview.

Sole Source Criteria

1. The product or services being purchased must perform a function for which no other product or source of services exist:

The Mississippi Department of Revenue (DOR) has been using the Pitney Bowes Direct Connect (DC) proprietary operating system to process mail insertion of constituent communications on Pitney Bowes (PB) 8 Series and Rival Series mail insertion systems since 2014. The PB 8 Series and Rival Series systems have each been retrofitted with a high integrity upgrade, a 2D camera, and DCVerify-Filebase software. The high integrity upgrade allows DOR to add 2D barcodes to documents which can be read by the 2D cameras. DC Verify functionality on the inserters require the creation of a Mail Run Data File (MRDF) with a specific mail piece record and unique Intelligent Mail Bar Code (IMb) to enable a process to track critical constituent mail from creation to ingestion in to the US Postal Service (USPS) network. To provide an

electronic audit trail, each “touch point” from print file and MRDF creation, to US Postal Service scanning of the IMb will be facilitated using Pitney Bowes Production Intelligence and Mailware software to tie each specific constituent mail piece back to the creation and entry in to the US Postal Service network and delivery. As part of the integrated Mail creation process, the Pitney Bowes MailStream Plus presorts the mail prior to printing to ensure that the State of Mississippi receives the maximum postal discounts for mail preparation in ZIP code presort sequence. After the mail is printed, inserted, and placed into mail trays the Tag Printing System produces tray tags to route the entire tray either individually or on a shipping pallet, through the US Postal System to the destination post office. The Manifest Reporting Plus software maintains a complete log of all mail pieces for actual postage billing from the US Postal Service.

The customer’s sole source certification request is included as Attachment A.

2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

DOR must be able to track the USPS mail dates on assessments and Review Board letters as required by House Bill (HB) 799 from the 2014 Legislative Session. Through the continued purchase of software licenses, software maintenance, software subscriptions, and hardware maintenance, DOR is able to achieve compliance with the legislative mandate using the Pitney Bowes Direct Connect (DC) proprietary operating system to process mail insertion of constituent communications on Pitney Bowes (PB) 8 Series and Rival Series mail insertion systems.

The customer’s sole source certification request is included as Attachment A.

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for products or services:

Pitney Bowes Software Inc. (PBSI) is the owner, developer, and manufacturer of the source code to the software and has exclusive rights to distribute the software. No other vendor has end user distribution rights to the source code. PBSI is the only vendor authorized to support the software for the purpose of maintenance services, including software updates, enhancement, bug fixes, and standard technical support issues. If subscription services are applicable, the subscription master file is manipulated by PBSI to operate with the proprietary nature of the software.

The vendor’s sole source certification letter is included as Attachment B.

Schedule

Task	Date
First Advertisement Date	05/15/18
Second Advertisement Date	05/22/18
Response Deadline From Objectors	05/30/18, at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 05/31/18

Project Details

In December 2013, DOR issued Invitation for Bid (IFB) Number 2014-01 through the Mississippi Department of Finance and Administration (DFA) for mail processing equipment and the award was made to Pitney Bowes Inc. During the 2014 Legislative Session, HB799 was passed which required DOR to track the USPS mail dates on assessments and Review Board letters. In March 2015, DOR requested from ITS and received a sole source certification to purchase the hardware and software. ITS on behalf of DOR executed an agreement with Pitney Bowes Inc. and Pitney Bowes Software Inc. to purchase hardware and software for the inserter of existing equipment in the DOR print shop that confirms the mail date is prepared for delivery to meet the January 1, 2015 legislative mandate. The current Agreement expires on June 30, 2018.

DOR wishes to purchase software licenses, software maintenance, software subscriptions, and hardware maintenance for three years from Pitney Bowes Inc. and Pitney Bowes Software Inc. to be able to continue to track the USPS mail dates as required by HB799 of the 2014 Legislative Session.

Submission Instruction and Format of Response from Objecting Parties

Interested parties who have reason to believe that the software licenses, software maintenance, software subscriptions, and hardware maintenance for the Pitney Bowes Inc. hardware and software should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to Pitney Bowes Inc. and Pitney Bowes Software Inc.

1.1 Interested Party Information

1.1.1 Contact Name, Phone Number and email address

1.1.2 Company Website URL, if applicable

1.2 Objection to Sole Source Certification

1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.

1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.

1.3 Comments will be accepted at any time prior to Wednesday, May 30, 2018, at 3:00 p.m. (Central Time) to Chris Grimmer at Chris.Grimmer@its.ms.gov or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail, or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Chris Grimmer to verify the receipt of their Responses. Responses received after the deadline will be rejected.

1.4 Interested Party responses should include the following information:

SUBMITTED IN RESPONSE TO
Sole Source Certification No. 4092-44168
Accepted until May 30, 2018 @ 3:00 p.m.,
ATTENTION: Chris Grimmer

If you have any questions concerning the information above or if we can be of further assistance, please contact Chris Grimmer at 601-432-8208 or via email at Chris.Grimmer@its.ms.gov.

Attachment A: Customer Sole Source Certification Request

Attachment B: Vendor Correspondence

Attachment C: Sole Source Procurement Overview



3771 Eastwood Drive
Jackson, Mississippi 39211
Phone 601-432-8000 Fax 601-713-6380

Sole Source Certification Request

Project Title: Pitney Bowes Contract Extension			Stimulus (ARRA) Funds? Yes No <input checked="" type="checkbox"/>	
Customer Contact Information				
Agency/Public University: MS Department of Revenue Address: 500 Clinton Center Drive Clinton, MS 39056			Contact Person: Jennifer Morgan Phone: 601-923-7466 Fax: 601-923-7500 Email Address: Jennifer.morgan@dor.ms.gov	
MAGIC Customer Number (only required from state agencies): 7000000082			Division/Dept: Handmail: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Project Summary Narrative Description of Project (include details of original acquisition if applicable): HB799 of the 2014 Legislative Session required DOR to track a mail date on assessments and review board letters. To comply with this law change, DOR had to be able to receive and store the mail date by 1/1/15. DOR purchased hardware to attach to the inserter of existing equipment in the DOR print shop and software that confirms the mail date is prepared for delivery. The system also creates and sends a mail data file to the USPS and provides for receipt of a file back from the USPS to allow for confirmation of the mail date.				
ITS Acquisition Approval (CP-1) should be effective through this date (Please allow time for all vendor invoices to be paid): June 30, 2021				
Cost Estimates Fiscal Year	Initial Costs	Ongoing Costs	Time Constraints Item Needed by: 7/1/2018 Funds Expire: 6/30/2021	Anticipated Lifecycle of Products/System (i.e. estimated years of effective use): 5-8 years
2019	\$181,926.00	\$54,754.43	Discuss Funding (e.g. how much of needed funding is definite; total project budget; any matching or other non state funds): Using General Funds	
2020		\$56,326.49		
2021		\$57,942.85		
Subtotal	\$181,926.00	\$169,023.77		
Total		\$350,949.77		
Acquisition Details				
Items Requested	Quantity	Description	Building Location(s)	
Mail Inserter Software	1 – Enterprise License	Software license fees, maintenance, and subscription fees for 3 years	DOR	
RFW DC Verify Solution with Insite Workstation	1	Hardware maintenance for 3 years	DOR	
Rival Retrofit Camera	1	Hardware maintenance for 3 years	DOR	
Describe platform & infrastructure (connectivity; software/hardware platforms; utilization of State Data Center resources: mainframe, eGovernment portal, payment engine, document management, hosting). For equipment or hosting outside the State Data Center, attach justification: The physical equipment and software will be located at DOR.				
Progress to Date: What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)? A procurement project has been entered with ITS to extend the current CP1.				
Sole Source Certification Note: Certification must be renewed for each revision or continuation of previous Sole Source Approvals.				
Specific business requirements to be met by the requested products or services: DOR must be able to track the USPS mail dates on assessments and Review Board letters as required by House Bill (HB) 799 from the 2014 Legislative Session. Through the continued purchase of software licenses, software maintenance, software subscriptions, and hardware maintenance, DOR is able to achieve compliance with the legislative mandate using the Pitney Bowes Direct Connect (DC) proprietary operating system to process mail insertion of constituent communications on Pitney Bowes (PB) 8 Series and Rival Series mail insertion systems.				
Explain why these products or services are the only ones that can meet your needs (include unique features/special functionality): The Mississippi Department of Revenue (DOR) has been using the Pitney Bowes Direct Connect (DC) proprietary operating system to process mail insertion of constituent communications on Pitney Bowes (PB) 8 Series and Rival Series mail insertion systems since 2014. The PB 8 Series and Rival Series systems have each been retrofitted with a high integrity upgrade, a 2D camera, and DCVerify-Filebase software. The high integrity upgrade allows DOR to add 2D barcodes to documents which can be read by the 2D cameras. DC Verify				

Attachment A

functionality on the inserters require the creation of a Mail Run Data File (MRDF) with a specific mail piece record and unique Intelligent Mail Bar Code (IMb) to enable a process to track critical constituent mail from creation to ingestion in to the US Postal Service (USPS) network. To provide an electronic audit trail, each "touch point" from print file and MRDF creation, to US Postal Service scanning of the IMb will be facilitated using Pitney Bowes Production Intelligence and Mailware software to tie each specific constituent mail piece back to the creation and entry in to the US Postal Service network and delivery. As part of the integrated Mail creation process, the Pitney Bowes MailStream Plus presorts the mail prior to printing to ensure that the State of Mississippi receives the maximum postal discounts for mail preparation in ZIP code presort sequence. After the mail is printed, inserted, and placed into mail trays the Tag Printing System produces tray tags to route the entire tray either individually or on a shipping pallet, through the US Postal System to the destination post office. The Manifest Reporting Plus software maintains a complete log of all mail pieces for actual postage billing from the US Postal Service.

Explain why the source is the only entity that can provide the products or services (Include other products/vendors researched or evaluated):

Pitney Bowes Software Inc. (PBSI) is the owner, developer, and manufacturer of the source code to the software and has exclusive rights to distribute the software. No other vendor has end user distribution rights to the source code. PBSI is the only vendor authorized to support the software for the purpose of maintenance services, including software updates, enhancement, bug fixes, and standard technical support issues. If subscription services are applicable, the subscription master file is manipulated by PBSI to operate with the proprietary nature of the software.

Explain why the amount to be expended for the services is reasonable: N/A

Explain what your agency did to obtain the best possible price for the services: N/A

Vendor's Certification of Sole Source attached: ☒ Yes ☐ No

Vendor's proposal submitted: ☒ Yes ☐ No

MAGIC Vendor Code(s) Vendor must be in MAGIC before a CP-1 can be issued.

Place Order To

Vendor Name: Pitney Bowes Software, Inc.

Vendor Address: One Global View

Troy, NY 12180

Remit To

Vendor Name: Pitney Bowes Software, Inc.

Vendor Address: One Global View

Troy, NY 12180

By my signature, I certify that, to the best of my professional knowledge: the requested product or services are a sole source as outlined in the ITS Procurement Handbook, Rule 207.2:013-030 Procurement Types: Sole Source, and as outlined in Mississippi Code annotated Section 31-7-13. In addition, I acknowledge that there is a charge for ITS procurement services associated with this request which will be billed to the requestor by ITS and that my agency/public university is responsible for these charges/costs.

HERB FRIERSON/COMMISSIONER

Name (Agency Head or Public University CIO)/Title

Herb Frierson 5-7-18

Signature

Date

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March 29, 2018

Mississippi Department of Revenue
Attn: Jennifer Morgan
500 Clinton Center Drive
Clinton, MS 39056

SOLE SUPPLIER CERTIFICATION

This is to certify that the computer software program(s) identified below (the "Software"), are proprietary property of Pitney Bowes Software Inc. ("PBSI"). PBSI is the owner, developer, and manufacturer of the source code to the Software and has exclusive rights to distribute the source code. No other vendor has end user distribution rights to the source code.

DC Verity functionality on the inserters require the creation of a Mail Run Data File (MRDF) with a specific mail piece record and unique Intelligent Mail Bar Code (IMb) to enable a process to track critical constituent mail from creation to ingestion in to the US Postal Service network. To provide an electronic audit trail, each "touch point" from print file and MRDF creation, to US Postal Service scanning of the IMb will be facilitated using Pitney Bowes Production Intelligence and Mailware software to tie each specific constituent mail piece back to the creation and entry in to the US Postal Service network and delivery. As part of the integrated Mail creation process, the Pitney Bowes MailStream Plus presorts the mail prior to printing to ensure that the State of Mississippi receives the maximum postal discounts for mail preparation in ZIP code presort sequence. After the mail is printed inserted and placed into mail trays the Tag Printing System produces tray tags to route the entire tray either individually or on a shipping pallet, through the US Postal System to the destination post office. The Manifest Reporting Plus software maintains a complete log of all mail pieces for actual postage billing from the US Postal Service. Pitney Bowes is the sole manufacturer of these products and they all integrate together to provide a comprehensive mail generation system that is optimized for the State of Mississippi.

PBSI is the only vendor authorized to support the Software for the purposes of the creation of updates enhancement and corrective programming. If subscription services are applicable, the subscription master file is manipulated by PBSI to operate with the proprietary nature of the Software.

"Products"
See Attached Schedule A

Sincerely,


genique.mccutcheon@pb.com

Genique R. McCutcheon
Manager, Contracts & CRM Administration
Pitney Bowes Software Inc.
301-918-0311

4200 Parliament Place | Suite 500 | Lanham MD 20706-1890

Schedule A

Pitney Bowes Software Products	
P/i Output Manager	EngageOne Inform <i>fka Mail360 Data Manager</i>
P/i Output Enhancement	EngageOne Inform Return Mail Workflow <i>fka Mail360</i>
MailStream Plus	Tag Printing System II
Manifest Reporting Plus	VeniMove Access
Palletization Plus	


E-Signed

Attachment C: Sole Source Procurement Overview

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website (www.its.ms.gov).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole-sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1. The product or services being purchased must perform a function for which no other product or source of services exists,
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND
3. The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment B.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1. An explanation about why the amount to be expended is reasonable, and
2. An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of \$5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over \$5,000 but not over \$50,000 (not over \$25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than \$5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to \$250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source

Attachment C: Sole Source Procurement Overview

certification above \$5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above \$250,000 lifecycle cost require ITS approval.

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS. The customer's Sole Source Certification Request for this project is included as Attachment A.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.