

Office of the Special Deputy Receiver
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Request for Qualifications (RFQ)

Information Technology Improvements

Response deadline – August 4, 2009 by 4:00 P.M. Central Time

July 21, 2009

Introduction

In April and May of 2009, a consultant undertook an assessment of the Office of the Special Deputy Receiver's (the "OSD") current information technology infrastructure and produced a report recommending strategic and tactical plans for addressing both the OSD's current and foreseeable information technology needs (the "Assessment"). The OSD now seeks a firm it can collaborate with in a program designed to improve its information technology architecture, organization, and services (the "Program").

The OSD requests Statements of Qualifications ("Statements" or "Statement") for use in selecting a short list of firms that could provide needed products and services. We use the RFQ to collect information from companies prior to publishing a request for proposal (RFP). The RFQ facilitates the RFP phase by creating a short list of candidates based upon our evaluation of the ability of the firms responding to the RFQ to achieve the Program's desired results.

We encourage firms to describe their approach to both the overall Program and its component projects and to explain why the OSD should select their firm for the short list.

This RFQ summarizes objectives that support current needs and prepare for further improvements at the OSD. Following the selection of firms for the short list, we will issue an RFP setting forth more detailed information concerning the Program's objectives. The objectives are consistent with the Assessment's recommendations. Some of the objectives to be included in the RFP will require further specification and depend in part upon: 1) the firm's ability to identify and address the issues and 2) the structuring of the contract and ongoing business relationship between the firm and the OSD.

Background

The OSD, a private not-for-profit corporation, administers the conservation, rehabilitation, and liquidation of insurance companies (estates) for the Illinois Director of Insurance.

All 89 OSD employees normally work at a single location – an office on the fourteenth floor of the Merchandise Mart in Chicago, Illinois. Some employees temporarily work in the offices of receivership companies, typically shortly after receipt of an applicable court order. OSD employees remotely access the OSD network via a secure https connection to the Citrix Secure Gateway in our office.

The IT Department ("IT") directs and coordinates the operation of all computer systems used by the OSD and all insurance companies in receivership in Illinois. IT uses insolvent companies' computers and data to identify potential claimants and collect financial and other electronic records and network backups.

Computing Environment and Infrastructure

Employees now use Microsoft IE6 and Office 2003 applications running in a Window Server 2008 Active Directory, Window Server 2003 – Citrix Presentation Server 4.0, switched client-server environment. They also use internally developed, RPG 4 applications running on a nine-year old, IBM model 620 mid-range computer with the IBM V5R2 operating system. IT develops and tests RPG programs on an IBM model S10 ‘test system’. They develop and maintain applications on the LAN using Microsoft Access and VBA.

Much of the network and desktop hardware is approximately nine years old. Employees use either PCs or Windows-based terminals (thin client devices) to access LAN applications primarily running on seven Citrix servers. Most employees connect to the AS/400 systems through the Citrix servers using IBM Client Access software on their PCs or the Citrix servers.

Existing Applications

The OSD Liquidator claims administration system (the “Liquidator System”), Accounts Payable, General Ledger / Investments, Cost Allocation system, Archives system, F & E inventory system, and other RPG programs run on a legacy, IBM model 620, mid-range computer. Those programs, some of which were written in the 1980s, have since been modified and updated to varying degrees.

The Liquidator System, an RPG application custom written for the OSD’s insurance company receivership functions, includes modules for claim processing, proof of claims, return premiums, adjudication, distribution of assets, salvage and subrogation, Early Access, and claim statistics. The OSD uses the National Association of Insurance Commissioners’ Uniform Data Standard (UDS) for exchanging data with the states’ Guaranty Funds. The Liquidator System is compatible with version 1.0 of UDS.

Claim inquiry and policy inquiry systems, the CASH system, Tenrox Timesheet application, HRMS Entre HR system, Pinetop Insurance’s reinsurance – retrocessional billing and accounts receivable systems, estate specific EOB (Explanation of Benefits) systems, and Microsoft Access 2003 database applications run on the Windows – Citrix LAN.

IT faces challenges in meeting requests for new and modified applications and services due in part to the age and performance limitations of the hardware infrastructure, legacy platforms, legacy software applications, and lack of up to date software development languages and tools. The *About OSD* page on the company’s website www.osdchi.com includes descriptions of the Accounting, Claims, Corporate and Administrative Services, Claims, Estate Strategic Planning,

Human Resources, Information Technology, Legal, Reinsurance Operations, and Tax & Compliance departments.

Goals and Objectives

The OSD established goals and objectives for this program based upon the following criteria. Solutions should be scalable, flexible, maintainable, and cost effective with investments spread over time. Leasing and hosting of hardware and software are preferable where feasible, practical, and effective.

Projects planned for inclusion in the subsequent RFP include:

1. Integrated financial system - Dynamics GP

Replace the OSD's General Ledger with Microsoft Dynamics GP including their General Ledger, Accounts Payable, Accounts Receivable, and Fixed Assets modules. Integrate the new system with other OSD systems.

2. Establish future state IT

Implement and upgrade IT processes, departmental structure, software tools, and training. Processes would include project and incident management, project requests and budgeting, source code control, and quality assurance/control. Organizational objectives would involve refining staff responsibilities, plans related to other IT improvements, and staffing needs. Tools include systems development life cycle (SDLC) methodologies and products such as Microsoft Project, SharePoint, and Visual Studio. IT training requires short term and longer range planning, budgeting, and initiation.

3. Network upgrade

Upgrade network switches and replace hubs with switches. Add new servers and server virtualization. Upgrade to Microsoft Office 2007 and SQL Server 2008. Implement Microsoft Office SharePoint Server and Project. Replace, upgrade, and add firewalls and uninterruptible power supplies. Evaluate the existing remote access solution and Internet connection relative to projected needs of the planned IT environment. Test network cabling and change cables for a planned office space consolidation.

4. AS/400 upgrade

Replace one model 620 AS/400 and one model S10 AS/400 with a refurbished IBM iSeries 520-0902. Working independently or with an IBM partner (Meridian IT), plan and implement application and data migrations. Establish functional production and test environments. Verify hardware and software maintenance and support for the system.

5. Desktop upgrade

Upgrade PCs and thin-client devices for all employees. Replace CRT monitors with thin panel, LCD displays. Determine where productivity and quality would improve with the use of dual monitors and implement dual monitors for applicable employees.

6. Enhance the OSD's claim system

Working in parallel with the responsible OSD IT member, design, develop, test, and implement improvements for specific modules of the Liquidator, the OSD claim system.

7. Data warehouse (Claims and Reinsurance, financials, and other metrics)

Develop, implement, test, and provide training for a data warehouse that would be used by business intelligence applications to create and update dashboards, create reports, and enable user-analysis of information from the OSD's systems. This would be introduced in phases starting with Claims and Reinsurance. The next phase would yield improved financial analysis and reporting, and the third phase would incorporate data from other systems such as time-entry and HR.

8. Simplified time entry system

Implement an improved functionality, easier to use, time entry system. Either improve or replace the existing Tenrox Timesheet application. Simplify the selection of project codes. Minimize the amount of scrolling needed when doing a typical timesheet. Coordinate the features and functions of the time entry system with improvements planned for the OSD's budgeting and project management processes. Ensure that the new or upgraded time entry system works well with planned computer and display replacements.

9. Integrated HR system

Improve or replace the current HRMS HR system. Improve integration between the HR, time entry, AS/400 (and replacement), and payroll systems. Create and edit standard reports and enable easier customization of special reports.

10. Estate management (two phases)

In the first phase, review all activities and processes for estate (liquidated insurance company) management. Design and establish improved processes and work with the OSD to propose more effective activities and

organizational structure. The second phase is dependent upon the details of the planned new financial system. If not available in Microsoft Dynamics GP, establish cost-based accounting for estates.

11. Other

The OSD may consider additional improvements.

Contract Responsibility

The firm awarded the contract on the RFP that is expected to follow this RFQ will be considered the prime contractor for all projects arising from that RFP and shall be the OSD's sole point of contact with regard to all contractual matters, including design, development, acquisition, installation, configuration, implementation, integration, testing, training, service, maintenance, and operation.

Statements of Qualifications

One signed original, six printed copies, and one electronic PDF format copy of your Statement of Qualifications must be received by the OSD by 4:00 P.M. Central Time on August 4, 2009 (receipt of less than all of these required materials by the deadline shall result in your submission being treated as late). Send or deliver your Statement to:

Richard Hungsberg, IT Manager
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 1450
Chicago, IL 60654
rhungsberg@osdchi.com

All Statements received late will be rejected and will not be considered. All statements become the property of the OSD and will not be returned, whether received timely or late.

Although other OSD employees will participate in this program, the IT Manager will be the single point of contact for questions, suggestions, and requests during the RFQ phase. Send written communications to him at rhungsberg@osdchi.com.

Firms will be solely responsible for interpreting the RFQ requirements. However, the OSD may publish collected common questions and answers related to this RFQ. Only the terms of the RFQ and written answers to questions shall be binding on the OSD.

Each responding firm will bear all expenses associated with preparing, providing, and presenting their response to this RFQ. Firms must treat all OSD information (documents, verbal, and electronic) as confidential.

Each Statement should include:

- The name of firm and the addresses of both its corporate headquarters and of the office that will provide the services, if different.
- The names and contact information for the firm's primary and alternate contacts.
- The background and ownership of the company including number of years in business and number of employees.
- Descriptions of the firm's areas of expertise and experience in providing these types of products and services.
- Descriptions of similar projects that the firm has worked on for similarly sized companies within the past three years (identify each such company).
- Name and contact information for references at each of the companies identified in response to the preceding item.
- Resumes of the firm's employees who could work on the project.
- For each of the 10 projects listed under the Goals and Objectives section of this RFQ, state whether your firm will be rendering all of the required services, or if you will be acting in the capacity of a general contractor. In each case where you will be acting as a general contractor, provide the following information for each subcontractor you would currently consider using: name of firm, products and services they would be rendering to the project, their applicable experience, and contact information.
- Conditions, procedures, processes, approvals, and rates for addressing out-of-scope work.
- A statement affirming that your firm does not have a financial or vested interest in any of the recommended subcontractors and products.
- A statement that the firm, either acting independently or with one or more qualified subcontractors, is capable of fulfilling the requirements of each project.
- A description of how the firm would address the business and technological aspects of the program and objectives.
- A description of program and project management techniques and resources that would be applied to the overall OSD program and individual projects.
- A copy of the most recent annual report of an audited financial statement.
- A statement describing the firm's financial strength.

Optional Statement:

Another purpose of this RFQ is to explore options related to financing and scalability. The OSD plans to conduct this project in a manner that benefits our current estates, as well as any potential future estates. Also, the project should be conducted in a manner that is scalable to reflect different levels of activity. We invite firms responding to this RFQ to provide a statement indicating their suggestions for responding to the financing and scalability issues. The statement is not a requirement of the RFQ.

References and Submitted Information

The submission of a Statement gives the OSD permission to make inquiries concerning the respondent of any persons or firms deemed appropriate by the OSD. Information received in Statements, at the OSD's discretion, may be disclosed to other parties (excluding other responding firms during the OSD's RFQ process), including but not limited to the Illinois Department of Insurance.

Evaluation and Selection

The OSD intends to compile a shortlist of candidates that in the OSD's opinion best meet the desired qualifications. However, this RFQ does not commit the OSD to select any firm, and OSD reserves the right to reject any or all Statements. An OSD committee will review and evaluate the statements. The decision of the OSD regarding the selection of a firm will be final and not subject to appeal.

The OSD intends to assess the firms' qualifications based upon the information they supply in their Statements or that is otherwise known. We may, however, contact firms with questions on their responses, request interviews or presentations, or select firms after reviewing and ranking written responses only. Failure to meet requirements for the completion of Statements will affect our evaluation and will result in the downgrading of your score as discussed in the next section.

Evaluation of Responsiveness

The OSD intends to use a point ranking system in the evaluation process. We will rank firms using their total points (unless otherwise specified).

We intend to include the highest-ranking firms on the short list and plan to limit that list to a maximum of four firms. The OSD will include fewer than four firms, if less than four firms receive 105, or more, points. Only firms on the short list will be eligible to submit proposals in response to the subsequent RFP.

1. The maximum number of points for responsiveness is 175.
2. Firms that receive fewer than 105 points will not be considered for selection.

3. A firm's references will only be contacted if, after having been scored on all other evaluation criteria, they have received at least 85 points.
4. Firms that receive fewer than half of the maximum points for any of evaluation criteria 1 - 9 will be rejected.
5. The following table identifies the evaluation criteria and their relative points.

	Evaluation Criteria	Points (maximum)
1	Firm's qualifications and ability to perform	40
2	Financial stability	20
3	Capability of handling <u>all</u> identified OSD projects	20
4	Firm's experience on projects of similar scope and size	20
5	Input from reference contacts	20
6	Qualifications and experience of proposed team members	15
7	Maintenance and operational support capabilities	10
8	Training - guidance and resources	10
9	Quality and comprehensiveness of the Statement of Qualifications	10
10	Direct experience in insurance or insurance receiverships	10
	Total (maximum)	175

Evaluation of Price

The OSD does not intend to use price as a factor in evaluating the Statements. Price, however, will be a factor in evaluating subsequent bids, quotes, and proposals.

RFQ Timeline

Publish RFQ
 Statements (responses) due
 Select firms for the short list

July 21, 2009
 August 4, 2009
 September 14, 2009

Inquiries

Please submit all questions concerning this RFQ to the OSD's IT Manager at rhungsberg@osdchi.com.