



STATE OF WISCONSIN  
Department of Employee Trust Funds  
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Until intent to  
award is issued

**CORRESPONDENCE MEMORANDUM**

**DATE:** June 19, 2012  
**TO:** Employee Trust Funds Board  
**FROM:** Jon Kranz, Director, Office of Budget and Trust Finance  
Bob Martin, Director, Office of Enterprise Initiatives  
**SUBJECT:** Transformation, Integration and Modernization (TIM)  
Consulting Services RFP ETB0033

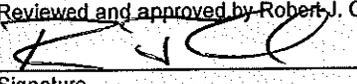
Staff recommends the Employee Trust Funds Board (Board) issue an intent to award a contract through December 31, 2017, with the option for two two-year extensions to LRWL Incorporated (LRWL) for consulting services associated with implementing a new benefit system pending successful contract negotiations.

Staff further recommends the Board delegate final contract approval to the Secretary or designee.

**BACKGROUND AND BID PROCESS**

At the December 1, 2011, meeting, the Board delegated authority under Chapter 40 of the Wisconsin State Statutes to the Department of Employee Trust Funds (Department) to issue bids for services associated with the implementation of a new benefit system. It was anticipated that two or more separate bids would be released under this delegated authority.

On April 26, 2012, the Department released a request for proposal (RFP) for consulting services to assist with identifying business requirements, to develop an RFP for a software vendor to implement a commercial off-the-shelf (COTS) software solution, and to provide other related consulting services. For the evaluation, the scoring was weighted 80% to non-cost criteria and 20% for cost.

Reviewed and approved by Robert J. Conlin, Secretary  
  
Signature \_\_\_\_\_ Date 6/20/12

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The RFP was communicated via several means: VendorNet, the State's procurement system, a posting on ETF's website as well as via a bulk e-mail message to known vendors and providers of similar services in other state and local benefits administration systems. Questions from prospective bidders were due by May 8, 2012, and ETF posted answers to those questions on May 14, 2012.

Proposals were due on May 25, 2012 at 2:00 p.m. CDT. Two vendors submitted proposals by the deadline. In addition to LRWL, KPMG LLP also proposed. The pool of qualified vendors was limited since the RFP required that the successful vendor have a minimum of ten years experience working with large public pension systems. In addition, the RFP required that the team assigned to the Department had worked together in prior engagements.

### **PROPOSAL EVALUATION AND SCORING PROCESS**

The Evaluation Committee consisted of five members representing four Department Divisions/Offices and one external business partner from Minnesota Mutual Life Insurance Company. They all reviewed both responses. The pricing proposals were in separate envelopes that remained sealed until after the evaluations were completed and compiled.

On Wednesday, May 30, 2012, evaluators were provided instructions and copies of the proposals that each evaluator was to score. Evaluators were briefed on appropriate procedures and guidelines. Each evaluator was asked to report potential conflicts of interest. Based on the information provided by the evaluators, the Department determined that there were no reportable conflicts of interest.

### **SCORES AND RECOMMENDATION**

Two firms submitted qualified proposals based upon their responses to seven mandatory requirements listed in the RFP.

Based on the evaluation of the non-cost criteria, LWRL's proposal was deemed to be far superior to KPMG. The consensus of the Evaluation Committee was that the proposal submitted by LWRL would provide the best value to the Department. The evaluation indicated that LWRL would provide a team with extensive public pension system experience that had worked together on similar projects.

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The non-cost scores are as follows:

<b>Summary of Non-Cost Points</b>			
<b>Vendor</b>	<b>Proposer Qualifications (Part B)</b>	<b>Requirements and Deliverables (Part C)</b>	<b>Total Non-Cost Points</b>
LRWL	40.55	57.31	97.86
KPMG	25.63	37.18	62.81

Following the meeting and discussions with all of the reviewers, the cost proposals from the two proposers were opened. Cost was weighted as 20% of the overall score. The cost proposal submitted by LRWL was considerably lower than KPMG. Below is a summary of the bid costs and assigned points.

<b>Summary of Bid Cost, Cost Points, and Total Points</b>				
<b>Vendor</b>	<b>Bid Cost</b>	<b>Cost Points</b>	<b>Non-Cost Points</b>	<b>Total Points</b>
LRWL	\$3,063,600	25.00	97.86	122.86
KPMG	\$7,500,000	10.21	62.81	73.02

**REFERENCES**

References, including current and former customers of the recommended vendor, were contacted. These references included representatives of systems in North Carolina; Washington, DC; Massachusetts Teachers; and Iowa Public Employees. All references spoke highly of their working experience with LRWL. In addition, the references indicated they had a positive experience with the specific team members that would be assigned to this engagement. LRWL's large customer base, their vast experience specific to public pension systems, and industry relationships were cited as positive attributes. The references also indicated that it was typical for this type of engagement to be five to seven years in length.

No references were contacted for the second proposer, KPMG LLP.

**CONTRACT NEGOTIATIONS**

Contract negotiations will follow as soon as possible once the Department gains the Board's concurrence with this recommendation. The Department is establishing a contract team with representatives of the Offices of Budget and Trust Finance, Enterprise Initiatives, and Legal Services.