



STATE OF IOWA

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CHIEF INFORMATION OFFICER

July 1, 2016

Approved
s/Janet E. Phipps/
07/06/2016

Director Phipps:

The Office of Chief Information Officer requests a waiver under DAS Administrative Rule 11-118.16 (8A) of the application of DAS Administrative Rule 11-118.11(3) concerning the duration of service contracts. The latter rule states that "A service contract, including all optional renewals, shall not exceed a term of six years unless the state agency obtains a waiver of this provision pursuant to rule 11-118.16 (8A)." OCIO is requesting this waiver with respect to the following agreement:

Master Agreement #3427-11 between Sirius Computer Systems and DAS (original effective date of Oct. 1, 2008) for IBM Products and Services, entered into pursuant to RFP #808005440, issued March 19, 2008 and extended for one year under a waiver from the applicable DAS administrative rule beginning October 1, 2015.

Background

Sirius Computer Systems provides the State of Iowa with IBM hardware, software, and services. Today, the IBM hardware, software, and services are being utilized in the Integrated Information for Iowa (I/3) and the HRIS system used by most state agencies, along with the OCIO electronic mail system that supports over 12,500 state employees. These systems provide critical governmental services to the State of Iowa.

IBM hardware, software, and services were originally procured through RFP #808005440 issued March 19, 2008. The State selected MSI Systems Integrators (MSI), now Sirius Computer Systems, and entered into Master Agreement #3427-09 for IBM Products and Services dated as of Oct. 1, 2008. MSI was purchased by Sirius Computer System in February 2011 and due to the change of company name; Master Agreement #3427-11 was entered into by Sirius Computer Systems and the State.

In early 2009, for reasons unknown to the State of Iowa, IBM began limiting MSI/Sirius' ability to resell certain IBM hardware, software, and services to the State of Iowa. From 2009 to 2011, the State and IBM attempted to negotiate a separate sole source agreement to fill the gap in IBM's portfolio that Sirius was no longer authorized to sell. During this exercise, the State was unable to get a clear answer from IBM on what hardware, software, and services IBM directly sold and what authorized resellers could sell. Additionally, the State and IBM were unable to agree to terms and conditions acceptable to both parties.

In February 2012, DAS leadership decided that the most advisable route to take would be to put out the entire menu of IBM goods and services through the competitive bid process via a Request for Proposal (RFP). A committee was formed in early 2013 and met a number of times during the spring of 2013, resulting in the formation of a draft RFP provided to DAS management in June 2013 which was delayed in its release due to the competing priorities and resource constraints associated with the creation of the Office of the CIO and the release of RFP's for a statewide e-mail system. A waiver of the application of DAS Administrative Rule 11-118.11(3) was requested, giving OCIO time to develop a procurement strategy, issue a solicitation, and award a contract. The OCIO requested an additional 1-year waiver of administrative rule governing the duration of service contracts for Master Agreement #3427-09 for IBM Product and Services beginning September 29, 2015 and set to expire on September 28, 2016.

During the past eight months, the OCIO has nearly completed the tasks required by the terms of the September 2015 waiver. On June 27, 2016, OCIO and DAS-CPE released a multi-award competitive RFB for IBM Goods and Services. Responses from the vendor community are due back on July 21, 2016. This provides OCIO and DAS-CPE nearly two months of time to review and vendor bids and negotiate terms and conditions with successful vendors, prior to the expiration of the current waiver period.

Justification for waiver

The September 2015 Waiver Justification cited the critical importance of IBM goods and services for continued state operations including state e-mail, server hosting, and mainframe services for IWD, DHS, and IDR. Those critical factors are still applicable at this time.

OCIO and DAS-CPE have successfully released an RFB seeking replacement of the current Master Agreement #3427-11 between Sirius Computer Systems and DAS, however, OCIO has reasonable concerns regarding our ability to complete contract negotiations prior to expiration of the waiver period. As many as four vendors may be awarded contracts under this multi-award RFB, in which case limited OCIO resources would be required to perform multiple simultaneous contract negotiations within a brief two month period. The time required to conduct these types of negotiations can be significant, as such, it is in the best interests of the State to mindfully avoid the risks inherent in the artificial truncation of contract negotiations. While this office is sensitive to the potential issues caused by use of this waiver, it is at least equally problematic to place the State at a negotiating disadvantage by unnecessarily limiting the amount of time the State is allowed to perform due diligence.

6 Month Plan

In order to allow a sufficient amount of time to complete contract negotiations, the State proposes a 6 month extension of the current waiver period to complete these tasks.

Respectfully submitted by:



Chief Information Officer, Robert von Wolfradt

Waiver Approval:

DAS Director, Janet Phipps

Date