ADDENDUM 1

DATE:	May 16, 2019
PROJECT:	Procure to Pay (P2P) Business Solutions
RFP NO:	744-R1913 P2P
OWNER:	The University of Texas Health Science Center at Houston
TO:	Prospective Proposers

This Addendum forms part of and modifies Proposal Documents dated, April 30, 2018, with amendments and additions noted below.

General Questions

1. What modules of PeopleSoft are currently being used today?

Answer: PeopleSoft FMS modules: GL/KK (General Ledger/Commitment Control), AP (Accounts Payable), AR (Accounts Receivable), AM (Assets Management), Billing, ePro (eProcurement), Purchasing
Custom FMS solutions for: Budgets interface, Grants (post award), Travel, numerous interfaces

2. Is it UT's intention to continue to use those PeopleSoft modules, or replace them with this RFP?

Answer: We are in the evaluation process and have not made a decision on how we will award. This includes what, if any, components will be retained in the existing system, and what components we will implement as a new business solution.

3. Is it UT's intention to have a software that handles the entire "Procure to Pay" process, and then pass those transactions over to a separate GL system?

Answer: We are in the evaluation process and have not made a decision on how we will award. All transactions and General Ledger information will ultimately reside in PeopleSoft.

4. Would UT entertain the option of utilizing a completely integrated Supply Chain-Accounts Payable- General Ledger system?

Answer: We are not evaluating a new General Ledger system.

5. **Project Goals & Annual Volumes:** On **page 11** of the RFP you said that the Number of Users are 950. Can you let us know how many "Power Users" and "Lite Users" are from the 950 users?

   For us a User is defined as any person (employee, contractor or agent of the company) who has a login and able to access to any Internal Functionality (functionality not on the Supplier Portal). A login may only be assigned to one named person and may not be shared.

"Power users" are defined as users enabled to create or edit any of the following Objects: Supplier, Contract, Product, Sourcing event, Auction, Program, BOM, Forecast, Performance/Risk Questionnaire, Campaign, Action Plan, Improvement Plan, Invoice, Spend Workbench, Tooling, Analysis, User or Master Data.

"Lite users" are all other Users not included in the Power User definition.

Answer: The 950 users identified in “Annual Volumes” of section 5.1 represents the number of users with various Oracle Procurement related user roles. These roles would allow for the types of functionalities as your “Power User” definition.

6. **Spend Analytics:** Approximate total number of transaction (#rows/#invoice lines etc.) to be imported into the new system?

Answer: FY18 contained 447,987 payment transactions.

7. **Spend Analytics:** # of years of data for implementation?

Answer: One (1) year.

8. **Spend Analytics:** # of different data sources?

Answer: One (1) source – PeopleSoft.

9. **Spend Analytics:** For commodity classification and/or supplier consolidation what are the different data elements (supplier, GL Account, line descriptions, material etc.) that can be used for commodity classification?

Answer: Supplier, GL Account, Contract #, item #, description, UNSPSC, price, UOM

10. **Spend Analytics:** What is the commodity structure to be used (UNSPSC or custom)?

Answer: UNSPSC

11. **Spend Analytics:** What is the desired spend data refresh frequency?

Answer: Monthly

12. **Spend Analytics:** What is the maximum # of years of data to be maintained within the new system?

Answer: Seven (7) years.

13. What are the typical optimization scenarios/analysis, which are run very regularly for the sourcing events?

Answer: Yes – we specify the evaluation criteria in each individual bid. A percentage is based on the pricing and the other percentage is made up of a variety of criteria selected by the evaluation team (examples: experience, qualifications, implementation plan).

14. Please list any specific UI (User Interface) language support required, other than English?

Answer: None, only English.

15. Please list down the languages in which help desk support would be required?

Answer: English

16. Number of suppliers to be onboarded?

Answer: We currently have 136,826 active suppliers.

17. Number of suppliers for EDI registration?

Answer: The goal is to have as many supplier on EDI as allowable/possible.

18. Is our solution expected to integrate with any 3rd party supplier risk management systems for any supplier screening data/risk data/insights? Do you have any subscription/relationship with 3rd parties currently? Please list.

Answer: No.

19. How critical is the requirement to have payment processing being supported in our solution?

Answer: Our current payment processing is supported in PeopleSoft FMS. As we are open to all solutions, it would be advantageous to see what solution you offer for possible future considerations.

20. Is global invoice compliance expected as part of the solution? This is typically for global suppliers and would entail invoice compliance such as country specific, tax, audit compliances, etc.

Answer: Global suppliers are not subject to any United States Tax info if they have no corporate entity or US base in this country. They can be added without a Federal Tax ID number because they are not obligated to have one.

21. How many hosted catalogs will be created in the system?

Answer: University's goal is to establish access as many PunchOut or direct supplier catalogs as possible and move away from hosted catalogs where possible.

22. How many punch out catalogs will be enabled in the system?

Answer: University's goal is to establish access to as many PunchOut or direct supplier catalogs as possible and move away from hosted catalogs where able.

23. What middleware does The University of Texas Health Science Center leverage for integration? Are there any specific file formats required for integration with The University of Texas Health Science Center systems?

Answer: PeopleSoft FMS supports cXML, Web services, CI (Component Interfaces), Excel and CSV flat file format. UTH has most experience with cXML and CSV flat files. We are interested in how the vendor has previously integrated with PeopleSoft FMS.

24. Do you currently have any tax master or tax calculator software in place?

Answer: No

25. Do you use any 3rd party provider for travel and expense management? If yes, can you provide details for the same?

Answer: No, we do not currently use any 3rd party provider for travel and expense management.

26. Should we assume that the scope of implementation is US only?

Answer: Yes

27. We understand that the expectations from the new P2P system is to manage the complete end-to-end purchasing lifecycle (catalogs, requisitioning, PO's, receiving, Invoicing, etc.). Let us know if this is to be limited to specific components or if some components would be retained in the existing system?

Answer: We are in the evaluation process and have not made a decision on how we will award. This includes what, if any, components will be retained in the existing system, and what components we will implement as a new business solution.

28. Which are the ERP/SAP systems which we will need to integrate our platform with? Can you please elaborate on what information/data do you envision to be exchanged through this integration. Additionally, can you provide a list of systems, # of instances of those systems that would potentially require integration?

Answer:
PeopleSoft FMS:
Test and Production environments will require integration.
Information to be exchanged is still not fully determined, but may include:
Accounting/Account information
Supplier information
Requisitions
Purchase Orders
Vouchers
Commitments/Encumbrances (Budget Checking)
Workflows for Reqs, POs and Vouchers
Security roles

Documentum Document Management System – Have not determined the level of integration at this time. Would like to understand the vendor approach to document management and which document management systems that vendor has integrated with. UTH would need integration for test and production environments.

29. Do you plan to continue using Jaggaer for e-catalog functionality or the new platform will be used for e-catalog functionality? If the new platform will be used, what are the current challenges faced with Jaggaer?

Answer: The “e-catalog functionality” is up for bid; University will consider all solutions presented. The greatest challenge faced with Jaggaer has been licenses that limits the number of PunchOut catalogs available. Another challenge we encounter is the amount of time spent in the overall enablement process of PunchOut suppliers.

30. Will you please share any SIPOC, Ishikawa, or other LEAN principled analysis that have been done in your procurement current state?

Answer: We have not completed any of the analysis you refer to above. We have conducted process mapping and these documents will become available if you are selected to move forward.

31. To what degree do you value Procurement Transformation qualifications and solutions that have been successfully deployed to Fortune 500 companies?

Answer: We highly value any solutions that have been implemented at Fortune 500 companies. Please describe or incorporate any successful deployments as you respond to the RFP.

32. Of the eight areas for which you are requesting Procurement transformation, which are your highest and first priorities?

Answer: Some areas of high priority include supplier information management, procurement, PO/Invoice automation. This may change as we continue to gather information through this RFP process.

33. What is your biggest issue or concern about the current end user interface?

Answer: A more user-friendly interface, more catalogs, budget information, one stop shopping.

34. What efforts to improve the existing system have been undertaken?

Answer: We have added catalogs (punch-out) but at a slow pace.

35. If there was a way to improve your current process without moving to a new software, what would be your level of interest?

Answer: You need to present whatever solution you consider to be most effective to address and improve our current state operations.

36. The underlying storage database of Oracle - does that present any issue as a repository for your data?

Answer: UTH utilizes Oracle for the PeopleSoft ERP systems. This is our preference.

37. What percentage of overall spend is consumable items vs services/indirect purchases?

Answer: Based on the purchase orders that were issued in FY18 (9/1/17 through 8/31/18) 15.68% were services.

38. Describe the process of solicitations/bidding for business with UT Health?

Answer: Please reference **Section 5.2 Scope of work** > Functional Area: Sourcing (pg. 17-18 of the RFP document.

39. How do prospective bidders submit bid proposals?

Answer: Please see Answer to Question #38.

40. How are bids evaluated?

Answer: It varies by bid. Typically, price is 20 – 30% of the score and the other 70-80% is determined by the evaluation team prior to the bid being issued. There are evaluation questions that are included in the RFP and the team will score these questions.

41. How are awards executed and communicated to bidders?

Answer: Currently the buyer manually tabulates the team's evaluation scores and merges them with the pricing scores to come up with a final ranking. The team will either make a decision to award to the top scoring supplier, or move into shortlist presentations. Award and regret letters are manually drafted and emailed to bidders.

42. In addition to the criteria specified in the RFP, what other information is collected about potential vendors before they are validated as such?

Answer: None

43. How are vendors evaluated for performance, and what, if any, is the process for a vendor to get blacklisted or audited?

Answer: Evaluated during the bid process. Suppliers that do not comply with our term and conditions, or do not fulfill their contract are inactivated. Suppliers show up on the State Comptroller's website as "Forfeited" or "Franchise Tax Involuntarily ended" cannot do business with us as a State entity.

44. What access do vendors have to modify their information?

Answer: Suppliers do not have access to alter information in our system, however the supplies can request that information be updated with a current / signed and dated W-9, W-8 or an invoice

45. Are vendors able to do self-service registration?

Answer: The suppliers do not have access to do self-service registration.

46. Are there any contract templates that UT Health uses today?

Answer: Yes. We use templates that are provided by our Office of General Council based on the type of service or commodity.

47. Is there any software that UT Health has procured to specifically support the contract authoring functions (aside from more manual methods like Microsoft Word, Adobe Acrobat, etc.)

Answer: We currently use Jaggaer contract management software.

48. What type of contracts are used in the procurement area?

Answer: construction, services, agreement between University and Contractor, architect and engineer agreements, commodity agreements.

49. Can suppliers respond to RFP/RFQ documents and requests for information through a portal?

Answer: We do not have this functionally available at this time.

50. Can suppliers acknowledge and respond to POs and Blanket POs through a portal?

Answer: We do not have this functionality available at this time.

51. Can UT Health share inventory forecasts (for those types of items) or demand signals with suppliers through a portal?

Answer: We do not have this functionality available at this time.

52. Can UT Health pay vendors and send invoices through a portal?

Answer: We do not have this functionality available at this time.

53. How is on hand inventory visibility viewed in the current environment?

Answer: Inventory is not managed centrally.

54. How is on hand inventory consumed in the current environment (from a transactional perspective)?

Answer: Please see answer to Question #53 above

55. Is there a cycle or physical count program in place? What is the current inventory accuracy?

Answer: Please see answer to Question #53 above

56. Are any purchased items lot or serial controlled?

Answer: Please see answer to Question #53 above

57. For capital expense purchases, are those assets tracked in some system today?

Answer: Capital expenses are tracked in PeopleSoft.

58. What methodology, if any, is in place to replenish inventory items?

Answer: Please see answer to Question #53 above

59. How often is inventory ordered?

Answer: Please see answer to Question #53 above

60. How is perpetual inventory value reported on today?

Answer: Please see answer to Question #53 above

61. What costing method (standard, average, actual) is used to value inventory?

Answer: Please see answer to Question #53 above

62. How are inventory adjustments handled (from a transactional standpoint)?

Answer: Please see answer to Question #53 above

63. What kind of costing reports are needed as a part of month end close?

Answer: Please see answer to Question #53 above

64. Do all schools use a single standard Chart of Accounts and same Accounting Calendar?

Answer: Yes.

65. Does any of the direct procurement require inventory tracking? If so, is any of that inventory costed?

Answer: Please see answer to Question #53 above

66. Where is the budgets for the procurement budgets checked currently stored?

Answer: All University budgets are stored in PeopleSoft's Commitment Control module.

67. Are approval routings for expense reports, AP invoices, etc. complex in nature (parallel approvals) or simplistic (employee/ supervisor)?

Answer: Approvals workflow can be simple as routing to employee groups and supervisors or combinations of monetary amounts, chart of accounts, departments.

68. What formats will be used for supplier payments (i.e. check, ACH)?

Answer: Check, ACH, EFT, Single-Use, and Wire.

69. How will AP disbursements accounts be reconciled (i.e. in PeopleSoft or the new P2P solution)?

Answer: PeopleSoft Financial Management System

70. Has there been any thought to deployment phases such as by location, business unit or product suite?

Answer: Yes, we are open to a phased implementation by location, business unit, or product suite. We are a complex institution with multiple schools and locations.

71. Will the point of integration be at the PeopleSoft GL with accounting distributions interfaced from the new P2P solution to the GL?

Answer: Yes, the expectation is that the new P2P solution will integrate with PeopleSoft in order to display GL information both account codes and budget and to encumber funds back to PeopleSoft.

72. How are employee travel expenses reimbursed (i.e. via payroll, check, ACH)?

Answer: Check, ACH, EFT, Direct Deposit.

73. Are programmatic data conversions expected including suppliers, open AP invoices and open Purchase Orders?

Answer: Yes, but will be evaluated at a later date. If this requires additional fees then please delineate.

74. What University resources will be participating in what roles/capacity during the project?

Answer: We are asking vendors to provide recommendations in their proposed solution.

75. Is The University providing Organizational Change Management (OCM) resources and capabilities or would you like the implementer to provide this?

Answer: We are asking vendors to provide recommendations in their proposed solution.

76. They talk about the initial term of the agreement beginning in September, but on the supplier call they mentioned it could be later in 2019. What timeframe should we plan to start the project? We understand the go-live July 1, 2020.

Answer: The expectation is that the award will take place in September, and the contract finalized sometime before the end of the calendar year. This means that the project may start as early as November, or in January of 2020.

<u>IT Questions</u>

77. Do vendors who are responding to the RFP need to be FedRAMP compliant? The Federal Risk and Authorization Management Program (FedRAMP) is a government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services.

Answer: We require HIPAA Compliance for PHI, PCI-DSS compliance for credit cards and a FERPA agreement for student data.

We need to understand the level of standards/compliance that the vendors have in place for IT security controls (typically provided via a third party assessment (ie. SOC2, SSA16). We need each responding vendor to answer the questions thoroughly in the RFP questions.

78. Do vendors who are responding to the RFP need to be NIST compliant? Generally speaking, NIST guidance provides the set of standards for recommended security controls for information systems at federal agencies. I'm not sure if the University accepts federal funds and is subject to these recommended security controls.

Answer: Please see response to Question #77.

79. Do vendors who are responding to the RFP need to be PCI compliant? It's a Payment Card Industry Data Security Standard. Since we don't handle that information, we are not compliant. We have run into it before so I wanted to ask.

Answer: Please see response to Question #77.

Attachment A Questions

80. **Tab 1: Can you ensure the data is valid?** Is there certain data you are wanting validated?

Answer:

- We want to make sure a Duns number request is added to the list of required fields on the interface that the suppliers will complete.
- We want a current signed and dated W9, W8BEN or W8BEN-E, with all changes to supplier information. This way we will not have be concerned with a merger, or a name change, because the new documents will verify that information.
- **All suppliers do not show up in the System of Awards Management database,** so we look on the sites below also for a thorough vetting.
- Our validation process includes a check:
    - the State of Texas Comptroller's Office
    - Federal System for Award Management,
    - Visual Compliance, FMX Digit Calculator (which validates the EIN or SSN-pattern recognition)
    - Texas State Office of the Inspector General
    - Federal Office of the Inspector General

81. **Tab 3: Do you allow supplier punch outs to achieve even more savings through non-catalog items?** Can you please elaborate on what you're trying to do here?

Answer: Please skip this question – it will be removed from our list of questions.

82. **Tab 3: Does your solution us the web to find the best deals, product availability and add them to your cart with just a few clicks?** Are you asking if we do a full internet search, not just what is available based on your suppliers and catalogs setup?

Answer: Yes, we are asking if your solution performs internet searches to suggest best value for goods and services outside of existing supplier Enablement.

83. **Tab 4: Does your system features and functionally solve the challenges with our accounts payable process?** Kindly elaborate current challenges with your AP system? What gaps have you identified with present AP system?

Answer: Please skip this question – it will be removed from our list of questions.

84. **Tab 4: Does your system allow for compliant invoices to contain a supplier disclosure section which is created by the supplier?** Can you please provide more details around this requirement?

Answer: Please skip this question – it will be removed from our list of questions.

85. **Tab 8: P2P metrics benchmarked in real-time against market average.** Is there a sight in mind and/or expectation of where this information is pulled from?

Answer: No, we are relying on vendor proposals for suggestions/solutions

86. **Tab 8: Ranking based on top and bottom rated suppliers.** What is the ranking currently based on and/or how are we supposed to know the rankings?

Answer: Please skip this question – it will be removed from our list of questions.

87. **Tab 8:** Do you envision to replace your existing spend analytics tool? Or do you want the new tool for carrying out reporting functions only?

Answer: Depends on if the new system would be an improvement over our current system. The new tool should have extensive reporting and analytics capabilities.

88. **General:** We will be bidding on some but not all 8 functional areas. Would you like us to fill out, print and include functional areas we do not bid on in our response?

Answer: No, please only fill out and include functional areas that you are including in your response – please be sure to label your response with the corresponding Tab Number.

Attachment B Questions

89. **Line 93: Do you integrate with ImageNow?** How or what are you needing us to integrate with in imagenow or do you just need a bulk upload/transfer of imagenow documents/information one-time?

Answer: Depending on the P2P solution and workflow, we anticipate a requirement to extract documents from the P2P solution into ImageNow (based upon transaction status) and create a link from the P2P solution to view the document (which is housed in ImageNow).

90. **Line 94: What other solutions does your application integrate with?** Do you have a list of potential solutions or scenarios of solutions you are looking at?

Answer: This question is intended to determine what solutions the P2P application integrates with currently. We anticipate heavy PeopleSoft integration (Vendor, Account, Encumbrance, AP, GL), integration with Imaging solutions, SAML/SSO integration, and any new offerings that the P2P software provides (i.e., Address verification tools).

HUB Subcontracting Plan Questions

91. Where may I obtain the Requisition # that is required in the document? Is this a number you can provide?

Answer: The requisition number is RFP 744-R1913- P2P.

Section 5.6.2 Questions

92. **Section 5.6.2 Supplier Information Management - Question 5.6.2.8: After a form is completed and returned by a supplier, can it be routed for approval to verify the information the suppliers have provided? (www.sam.gov, State OIG, Federal OIG, Restricted Party Screening, State Comptroller's Office)** Is there requirement here to route the supplier responses to a 3rd party for approval? Can you please explain the requirement here in detail?

Answer: No 3rd Party approval required. Verification is done by the processors

93. **Section 5.6.2 Supplier Enablement & PO/Invoice Automation – Question 5.6.2.44: Do you support supplier owned user management and advanced authorization capabilities? If so, can authorization capabilities be configured to set up Supplier application/registration approvals?** Can you please provide more details around this requirement?

Answer: Supplier owned user management or supplier profile management includes functionality like self-service. The supplier user can maintain standard company profile details such as address, contacts, business/diversity classifications, products and services category, and banking details. Internal administrators can review the application/registration and changes that suppliers provide before approving.

For the follow up question - If so, can authorization capabilities be configured to set up Supplier application/registration approvals? In another words, can these approval workflow (example: how it routes) of applications/changes be configured or be setup on-line by internal administrator.

94. **Section 5.6.2 Procurement Card (BuyCard) Management and Expense Reconciliation – Question 5.6.2.135: Please describe how your system would help or improve the monthly reconciliation process by card user and how it would integrate with Citibank?** Can you please provide more details around this requirement and the envisioned process flow?

Answer: As a general planning tool, we are currently entering approximately 70K Point of Sale requisitions to track encumbrances by matching the online statement lines to the individual purchase order lines in Financial Management System. This two way matching process helps to avoid overspending as well as predict cash outflow within our annual budget. However, we would like to streamline the monthly reconciliation process.

95. **Question 5.6.2.189 mentions ongoing improvement and optimization.** Would The University like us to present a managed services or ongoing support program?

Answer: This question is a product development question. We would like to know if they have dedicated product development staff, how many staff and how do they ensure new features, functions, performance enhancements.

Pricing Questions

96. How many users will be using the Procure to Pay solution? How many will be accessing e-Procurement functionality?

Users defined: Users with the ability to:

- **Create catalogs, requisitions, orders, receipts, invoices & invoice reconciliation documents**
- **View catalogs, requisitions, orders, receipts, invoices & invoice reconciliation documents**
- **Approve catalogs, requisitions, orders, receipts, invoices & invoice reconciliation documents**
- **Create, save, view and export reports**

Answer: The 950 users identified in "Annual Volumes" of section 5.1 represents the number of users with various Oracle Procurement related user roles. These roles would allow for the types of functionalities as described in your definitions.

97. How many power users will be using the Sourcing solution?

Power Users defined: Users with the ability to:

- **Create Sourcing Events & Reports**
- **Create Sourcing Request**
- **Approve Sourcing Request**
- **Edit Sourcing Events & Reports**
- **View Sourcing Events & Reports**
- **Approve Sourcing Events**
- **Score Sourcing Events**
- **Search Sourcing Events**
- **Export Reports**
- **Create Sourcing Templates**

Answer: 10 -15 people

98. How many power users will be using the Spend Analysis solution?

Power Users defined: Users with the ability to:

- **Create Reports**
- **Edit Reports**
- **View Reports**
- **Share Reports with other Users**
- **Export Reports**

- **Subscribe/Schedule Reports**

Answer: 10 -15 people

99. How many power users will be using the Supplier Management solution?

Power Users defined: Users with the ability to:

- Add New Suppliers
- Create Forms, Scorecards and Action Plans
- Edit Supplier Profile
- View Suppliers, Forms, Scorecards & Reports
- Approve Suppliers
- Score Supplier Scorecards
- Evaluate Supplier Information
- Create Reports
- Search Suppliers
- Export Reports
- Create Form & Scorecard Templates

Answer: There are four power users that will need access to the Supplier Management solution.

100. How many power users will be using the contract management solution?

Answer: We are not seeking a contract management solution at this time.

101. How many # of suppliers will you be communicating with via the application? The ones that will logon and communicate with UTH Procurement? (getting clarification on this)

Answer: Approximately 8,000 annually.