



Arkansas Public Employees' Retirement System

Response to ALC regarding RFP

Linea Services, Inc.

RFP Proposal Tabulation Sheet

APERS-24-0001 Project mgmt, cyber assessment and monitoring, vCiso services

| RFP Opening | | | | Weighted Technical Proposal Score | | Cost | | Grand Total Score *Weighted Technical Proposal Score + Cost Score | |
|--------------------|-------------|-----------|------------------------|-----------------------------------|-------|---------------|----------------|--|----------------|
| Date: | Read By: | Witness | Proposal Submitted By: | Max. Possible: | Score | Cost | Max. Possible: | Score | Max. Possible: |
| 9/5/2024 | A. Golleher | | | 700 | | | 300 | | 1,000 |
| 4:00 PM | | L. Gilson | | | | | | | |
| | | | | 303 | | \$ 186,000.00 | | 300 | 603 |
| Tyler Technologies | | | | 639 | | \$ 535,515.00 | | 104 | 743 |
| Linea Solutions | | | | 313 | | \$ 620,160.00 | | 90 | 403 |
| ERL Global | | | | | | | | | |

Highest Ranked Prospective Contractor: Linea Solutions

Purpose of Linea Professional Services Contract Request:

- **Expertise and Experience:** Linea's third-party project managers bring specialized skills and experience with similar upgrades, enabling them to foresee challenges and navigate complexities efficiently. This gives us the advantage of benefiting from the mistakes made during previous upgrades at comparable retirement systems.
- **Objectivity:** External oversight provides an unbiased perspective, helping to ensure the project aligns with goals and that decisions are based on the APERS' best interests.
- **Resource Management:** Allows internal staff to remain primarily focused on their core responsibilities while the third-party team provides oversight for the upgrade's demands.
- **Risk Mitigation:** A skilled project management firm will identify potential risks early and establish controls, reducing the likelihood of costly errors or delays
- **Accountability and Timeliness:** Third-party oversight helps ensure that the project stays on schedule and within budget while maintaining quality standards.
- **Organizational Change Management (OCM)** is the process, tools, and techniques used to manage the people side of change to achieve required business results. Linea will help effectively manage the business transformation from APERS current version to the new version. OCM is a critical yet often overlooked component of implementing new initiatives across all businesses. Providing constant information to APERS staff and stakeholders on how the new version will operate and the benefits which can lessen the apprehension associated with change. Ensuring the readiness of staff to accept the new system and monitoring their understanding of the new processes is an essential component of Change Management.
- **Training:** Training is an additional component of Change Management. Linea will assist in developing and delivering training plans and materials to ensure users are ready for the new business processes, procedures, and system operations.
- **Testing:** Linea will provide a rigorous, structured method of validating that the system will meet APERS' needs. Linea will combine their testing responsibilities with a focus on collaboration with APERS staff, including them in the testing process to build expertise with the solution. Linea will document each testing type, testing cycle, defect management, and issue management, and testing benchmarks.

Upgrading a mature system like ours is challenging because of the extensive regression testing required. It is essential that none of the existing processes are impaired during the upgrade project. This extends to benefits calculations, payroll functions, COLA granting, workflow configuration, document creation, tax reporting, and digital self-service.

- **Data Migration:** The sheer volume of data contained within our system demands close supervision of data migration. Linea will assist with an audit of data to provide information on the current state of our data and identify the types of problems that should be corrected before migration. They will assist with manual and automated data fixes and reconciliations.

Key Benefits to Upgrade

- **Enhanced Capabilities and Technology:** V3locity is a cloud-native platform designed with a modular architecture built on Amazon Web Services (AWS). It offers advanced features like scalability, continuous deployment, and robust security. Transitioning from APERS' 2017 version to this modern infrastructure involves extensive upgrades and a fundamentally different, more powerful system.
- **Development and Maintenance Costs:** The upgrade is much more than a simple patch or update; it represents an entirely new version with improved performance, security, and usability. Vitech invests in ongoing development, testing, and compliance to meet modern standards, and upgrade fees support these essential activities.
- **Cost Savings Over Time:** V3locity's architecture allows for better integration, seamless updates, and potentially lower maintenance costs due to cloud efficiencies. These long-term benefits offset the upfront investment and reduce the need for frequent large-scale upgrades.
- **Enhanced Security and Compliance:** V3locity ensures compliance with the latest industry standards with embedded security tools and enhanced access control. Given the sensitive nature of retirement data, these advancements provide valuable protections that are crucial in today's cybersecurity landscape.
- **Investment in Innovation:** With the cloud capability in this upgrade, continuous advancements can be made in real time to reduce the need for future costly upgrades. This focus on innovation ensures APERS members have access to a top-tier, future-proof platform.

COMPASS V3 Background

APERS selected Vitech Systems Group as part of a competitive bid RFP to provide Pension Administration software starting in 2012. The proprietary customized software was developed for APERS, AJRS, and ASPRS specific laws, needs, and data over five years, and we started production use of this system in 2017. The current contract expires June 30, 2025. The cost of the original Vitech implementation was over \$20 million. Market research indicates projects of the size, scope, and complexity of implementing a new software would be closer to \$30 million in 2024.

The system in use today manages payments of over \$600 million in benefits and receives over \$400 million in contributions (FY 24). A staff of ~70 employees provide services to ~100,000 active, inactive, and retired members participating in all three systems we administer.

Cyber Security Background

Pensions are a unique source of risk. They are often vulnerable to phishing attempts, wire fraud, and misdirection of funds. These sums can often be large and, if lost, difficult to recover.

Many payments (such as retirements and termination refunds) can be initiated online. Identity verification is very important.

VCISO services will include penetration testing of current and upgraded solutions and gathering requirements for the security design of the upgraded systems.

It is impossible to eliminate risk entirely, but APERS believes that improving our security posture by utilizing a vendor with specific experience in pension-related security needs is a prudent choice.

| Date | APERS RFP Process Steps |
|--------------------------|---|
| Late May/Early June 2024 | APERS Market Research and Planning began |
| May/June 2024 | APERS IT Director and Dep Directors of Operations and Benefits compiled a draft APERS Dep Director of Operations completed 16 hours of OSP training on courses required to be certified to facilitate agency procurement |
| June 14, 2024 | APERS Executive Director shared draft with the DIS Director for review. |
| July 3, 2024 | DIS Director reviewed and responded that draft met DIS standards for vCISO and requested to discuss using the AWS Cloud hosted by DIS during the upgrade with APERS |
| July 11, 2024 | APERS sent request form to OSP |
| July 18, 2024 | OSP responded to have more discussion with APERS |
| July 25, 2024 | APERS met with OSP to discuss RFP/RFQ. OSP advised of the merits of RFP vs. RFQ for this solicitation |
| August 2, 2024 | OSP signed off on the request from APERS to issue an RFP |
| August 6, 2024 | OSP shared solicitation price sheet templates for APERS utilization |
| August 13, 2024 | OSP reviewed the solicitation and technical proposal packet, shared guidance, that APERS incorporated |
| August 15, 2024 | APERS issued RFP |
| August 19, 2024 | APERS received three Proposals |
| September 5, 2024 | APERS RFP Evaluation Committee scored all proposals and cost scoring was incorporated for all proposals |
| September 5-9, 2024 | Negotiation with Linea to reduce overall cost from \$534,515 to \$515,882 |
| September 10-12, 2024 | APERS issued an Intent to Award to Linea Solutions, Inc. pending Legislative Review/ALC |
| September 12, 2024 | |