

**WIRELESS DATA AND VOICE SERVICES**

**RFP NUMBER: 112-0504**

**SELECTION REPORT**

**Presented to the ITD Executive Steering Committee**

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## CHAPTER 1

### INTRODUCTION AND BACKGROUND

#### A. RFP Background

This Request for Proposal (RFP) was issued by the Information Technology Department (ITD) in coordination with the Office of Management and Budget of the State of North Dakota (hereinafter referred to as the State). The purpose of this RFP was to elicit proposals for wireless data and voice services. It is the desire of the State to act as catalyst for the introduction of wireless broadband data services in North Dakota to meet certain needs of the State and to bring the benefit of this new technology to the general population of the state. The State offered some incentives to providers in an attempt to entice them to deploy broadband wireless data within the state; however the incentives were not sufficient at this time.

The State received two proposals that offered voice and 1X (low speed –not broadband) data and one alternate proposal. None of the proposals offered the wireless broadband data requirement of the RFP.

#### B. Evaluation Committee Members

##### 1. State Participants:

Dillys Bach – State Procurement  
Cindy Bosworth – Job Service ND  
Joan Chapek – North Dakota State University  
Larry Fisk – University of North Dakota  
Darrin Lee – Information Technology Department  
Kevin Nosbusch – Information Technology Department  
Glen Rutherford – Information Technology Department  
Kathie Silkey – North Dakota State University  
Bob Steckler – North Dakota Department of Transportation

##### 2. Federal Engineering Participants:

James Anderson  
Tony Herbert  
Mary Goosens



## C. Schedule of Events

### RFP Schedule of Events

The approximate RFP schedule:

- RFP was Issued: **19 August 2005**
- Letters of Interest were due: **26 August 2005**
- Deadline for receipt of questions and objections related to the RFP was: **6 September 2005**
- Deadline for answers to questions and objections related to RFP was: **12 September 2005**
- Proposals were due: **21 October 2005**
- State issues Notice of Intent to Award a Contract approximately: **7 November 2005**
- State issues contract approximately: **30 November 2005**
- Contract start date: **30 November 2005**
- Voice Service start date: **1 December 2006**
- Data Service start date: **On Contract Signing**



## CHAPTER 2

### EVALUATION PROCESS AND CRITERIA

Section Five of the RFP contained the following evaluation criteria and contractor selection information, which explained how the proposals would be scored. The total number of points used to score this contract is 100, broken down in the following manner for each service category requested in the RFP.

<b>Information Technology Solution</b>	<b>40 points</b>
<b>Product Support and Customer Service</b>	<b>10 points</b>
<b>Experience, Qualifications, and Financial Strength</b>	<b>10 points</b>
<b>Contract Cost</b>	<b>40 points</b>
<b>Total Points Possible</b>	<b>100 points</b>

Appendix A contains a detailed description of the evaluation criteria as contained in the RFP.



## CHAPTER 3

### OVERVIEW OF PROPOSALS

Three proposals were received response to the RFP: Alltel, Verizon, and Extend America/Space Data. The following discussions provide a brief overview of each of the proposals with a discussion of general strengths and weaknesses as determined by the Evaluation Committee.

#### Alltel

**Overview:** This proposal offered voice plans and stated that they currently have 1X data offerings. Due to the major price advantage this company scored 1<sup>st</sup> overall.

**Strengths:** This proposal offered the best price for the voice services.

**Weaknesses:** This proposal at the current time has a limited 1X data offering and the plans for broadband data deployment have not been established. Western Wireless has merged with Alltel and the company has not defined a data strategy for North Dakota other than to commit to BlackBerry and Treo service for 1X data by February 2006. They did not make any commitment to the deployment of broadband data in North Dakota.

#### Verizon

**Overview:** This proposal offered voice plans and a wide offering 1X data services which included BlackBerry and Treo devices. They scored 2<sup>nd</sup> overall due to the good offerings.

**Strengths:** This proposal did a good job of describing the current 1X data and voice offerings and they offered strong national plans that included roaming. Though they do not currently have broadband deployed or planned for North Dakota, Verizon has deployed broadband in many major markets throughout the nation.

**Weaknesses:** The price for the voice plans was considerably higher than Alltel. They did not make any commitment to the deployment of broadband data in North Dakota.

#### Extend America/Space Data

**Overview:** This proposal offered a demonstration project to test the deployment of wide area coverage for low speed data services through the use of weather



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balloons. Because it was proposed as a demonstration project, and the fact that they do not have any commercially available voice or broadband data offerings at this time, the proposal was not scored. The State did decide to participate with the company on trials of a voice offering and possibly a data offering. See Appendix B for a more detailed explanation of the Extend America/Space Data demonstration project.

**Strengths:** The technology and deployment method that was proposed does hold the potential for wide area coverage for voice and broadband data.

**Weaknesses:** The companies are in a development phase for voice and broadband data. The commercially available services today are 1X type of data for remote locations. The company has demonstrated some voice services with the military however integration with commercial cellular voice services has not been demonstrated at this time.



## CHAPTER 4

### SCORING OF PROPOSALS

The Evaluation Committee met during the week of October 24th and jointly reviewed the Wireless RFP responses, discussed member's reactions to the proposals, and came to consensus on the points to be allocated to each proposal, in each scoring category.

The Extend America/Space Data proposal was deemed non-responsive to the RFP in that it only offered on the opportunity to pilot or demonstrate the company's technology. Therefore, the committee did not perform a detailed evaluation for Extend America/Space Data's proposal.

Alltel and Verizon's proposal were evaluated in detail by the committee, and the following evaluation categories were reviewed by the committee and assigned a score for each proposal based upon the consensus of the committee:

✓ Information Technology Solution	40 Points
✓ Product Support and Customer Service	10 Points
✓ Experience, Qualifications, and Financial Strength	10 Points
✓ Cost	40 Points

Within each category several qualitative questions were reviewed for each response and discussed among the committee members. Each company was then interviewed by the committee to gain clarification to its response. Each category was reviewed for each proposal for assignment of one of the following qualitative factors based upon the consensus of the committee:

➤ None.	Not addressed or response of no value
➤ Fair.	Limited applicability
➤ Good.	Some applicability
➤ Very Good.	Substantial applicability
➤ Excellent.	Total applicability

After thorough discussions about each proposal and its response to the evaluation questions, an overall score was agreed upon by the committee. The following discussions provide an explanation of the committee's assessment of the proposals, and the resulting scores for each proposal.



**1. Information Technology Solution – 40 Points Possible**

<b>Question</b>	<b>Proposal #1 Alltel</b>	<b>Proposal #2 Verizon</b>
(a) Functionality/Scope	Fair	Good
(b) Compatibility/Standards	Very Good	Very Good
(c) Value Added Functionality	None	None
(d) Coverage Area	Very Good	Very Good
(e) Network Performance/Service Levels	Good	Good
(f) Broadband Plans	None	Good
(g) Billing System	Good	Good
(h) Number Portability	Excellent	Very Good
<b>Total Information Technology Solution</b>	17	28

Comments:

**Proposal #1:**

(a) Did not offer the high speed data service, listed 1X service in the 12 listed cities but they did not define the bandwidth of their 1X service, or current service offerings. They did not address the voice bulk plan at all. The flat rate voice plan did not address what was asked for since roaming charges still applied. They did offer to grandfather in the current plans for existing service but new service was addressed under the new plans. They did not provide a response that demonstrated a good understanding of what the State stated that it desired.

(b) The proposal did not currently contain information in regards to this question. However as the current provider all systems are compatible.

(c) Some value added potential from some future features such as BlackBerry, Treo, accessories discount, Kyocera passport card, office number, push to talk, no charge for change orders, no return/restock fee. However these are more standard features and expected for wireless providers.

(d) They provided good voice coverage. Most of the country is covered.

(e) Industry standards were stated in generalities. They did not provide any data about their systems.



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- (f) No high speed data deployment was proposed. Alltel has approximately six large markets in which EV-DO is currently offering service. Does not currently have broadband plans that can be shared.
- (g) The proposal addressed the billing needs well.
- (h) Non issue since they are the current provider.

### **Proposal #2:**

- (a) The proposal did not provide any new broadband data services above current data services. Currently provide good 1X capability within North Dakota, with services deployed such as Blackberry. The proposal did not respond to overall intent of the RFP to have the state be an anchor tenant for broadband data deployment. Verizon does have EV-DO within their network, and has it deployed in 98 large markets in the country. Some ND communities could be in future plans.
- (b) The proposal provides for compatible technology that will interface with the state's existing standards.
- (c) No new value added functionality described.
- (d) 90-95% in state voice and 1X coverage. Verizon provides adequate national coverage.
- (e) Response seems reasonable and adequate. Verizon does not provide service level agreements, but strives to achieve 99.5% reliability.
- (f) The proposal did not provide any broadband deployment plans for North Dakota. However, they have deployed EV-DO within their network nationally.
- (g) For traditional plans they appear to provide a detailed description of their billing system. Their Internet billing system provides good functionality for the state to manage its bills.
- (h) The proposal did not provide details of how number portability would be achieved. Numbers would need to be validated for portability.



**2. Product Support and Customer Service - 10 Points Possible**

<b>Question</b>	<b>Proposal #1 Alltel</b>	<b>Proposal #2 Sprint</b>
(a) Trouble Reporting Processes	Very Good	Very Good
(b) Account Representation	Very Good	Very Good
(c) Customer Inquiry Plan	Very Good	Very Good
(d) Value added Support	Good	None
(e) Training & On-line catalogue	Good	Good
<b>Total Product Support and Customer Service</b>	8	7

Comments:

**Proposer #1:**

- (a) The proposal did a good job identifying the trouble reporting and additional service process.
- (b) The account representation seems adequate and will be expanded.
- (c) The proposal did a god job of identifying the customer inquiry process but that process does not meet the needs of the State very well.
- (d) Some potential improvements in billing are stated.
- (e) The proposal did respond to this point.

**Proposer #2:**

- (a) They have identified contacts (some out of state), but have not detailed any procedures or processes.
- (b) They provided a list of representatives, both local and national. Adequate.
- (c) They have identified contacts (some out of state), but have not detailed any procedures or processes.
- (d) No value added support identified.
- (e) Training is addressed, but there is no reference to an on-line catalogue.



**3. Experience, Qualifications, and Financial Strength – 10 Points Possible**

<b>Question</b>	<b>Proposal #1 Alltel</b>	<b>Proposal #2 Verizon</b>
(a) Education and Experience of Personnel	Very Good	Very Good
(b) References Provided	Very Good	Very Good
(c) Subcontractor Evaluation	NA	NA
(d) Financial Stability of Firm	Excellent	Excellent
<b>Total Experience, Qualifications, and Financial Strength</b>	9	9

Comments:

**Proposer #1:**

- (a) It appears to be adequate.
- (b) References were provided.
- (c) Will not use subcontractors.
- (d) Financially viable.

**Proposer #2:**

- (a) It appears to be adequate.
- (b) References were provided.
- (c) Will not use subcontractors.
- (d) Financially viable.



**4. Cost of Proposal – 40 Points Possible**

<b>Question</b>	<b>Proposal #1 Alltel</b>	<b>Proposal #2 Verizon</b>
(a) Points based upon cost	40	25

Comments: See Chapter 5 for a detailed explanation of the cost proposed for each proposal.

**5. Total Points Awarded – 100 Points Possible**

<b>Category</b>	<b>Proposal #1 Alltel</b>	<b>Proposal #2 Verizon</b>
Information Technology Solution (40)	17	28
Product Support and Customer Service (10)	8	7
Experience, Qualifications, and Financial Strength (10)	9	9
Contract Cost (40)	40	25
<b>Total Points Awarded (100)</b>	74	69



**CHAPTER 5**

**DETAILED COST BREAKDOWN BY PROPOSAL**

Both proposals provided current pricing for their voice services throughout the state and the country. Because neither firm offered deployment of broadband services, the financial assessment of each proposal focuses on pricing for voice services.

Alltel offered to honor the current pricing for current subscribers throughout the contract or until a change takes place in any existing subscriber’s account. Any new subscribers would come under the new pricing, which is higher than the current pricing. This was a significant factor in the cost comparison between the proposals.

Another significant factor in the cost evaluation is that Verizon requires a \$4.05 charge per month for any phone wishing to pool minutes with any other phone. Alltel offers pooling at no additional charge, and this practice is highly utilized within the agencies of the state to share unused minutes across groups of employees, or even whole departments.

A model for cost comparison purposes was developed that estimated that there would be a 5% growth in phones during a one year period. These phones would be added at the new rates quoted by Alltel. Also the model estimated paying Verizon \$4.05 per phone pooling charge for an annual amount of \$106,142. The following tables show the cost comparison for each company utilizing the costing model.

# Phones	Alltel <u>Plan #</u>	<u>Annual</u>
1165	STND15QA	\$ 232,308
618	STND20QA	\$ 185,073
58*	GF \$25	\$ 17,400
31*	GF \$35	\$ 13,020
61	XNAT75QC	\$ 45,165
97	XNAT45QC	\$ 46,169
139	XNAT35QC	\$ 51,057
12*	Nat'l Free500	\$ 4,607
3*	Nat'l Free1350	\$ 2,304
<b>2184</b>		<b>\$ 597,101</b>

Includes use of current plans for current subscribers

\* Includes 5% growth on new plans



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# Phones	Verizon	
	<u>Plan #</u>	<u>Annual</u>
1,488	AC200	\$506,039
372	AC450	\$144,589
214	AC900	\$123,238
110	AC1350	<u>\$ 84,467</u>
		\$858,333
	Pooling	<u>\$106,142</u>
<b>2184</b>		<b>\$964,476</b>

Includes 5% growth

Includes \$4.05 per phone for pooling of unused minutes

As a result Alltel earned 40 points for offering the least costly solution to the state.  
Verizon earned 25 points under the following formula as provided in the RFP:

$$\$594,101/\$964,476 = 61.9\% \times 40 = 24.76 \text{ Points} = 25 \text{ Points}$$

Further details regarding pricing for both companies can be found in their official responses, including specifics regarding the proposed calling plans.



## CHAPTER 6

### SUMMARY AND RECOMMENDATIONS

As a result of the evaluation the committee considered recommending an award to Alltel for voice only services. However, after extensive discussions, it is the committee's opinion that the best course of action is to renew the existing Alltel contract and make no award under the RFP. The current contract can be extended for up to two more years.

The committee recommends that ITD renew for one year, with the potential for an additional one year renewal, at ITD's discretion. This provides the state with the best pricing available during a one or two year period, depending upon the length of the contract extensions.

This recommendation also provides the state with the most flexibility in reacting to new data services as they are deployed in North Dakota. Agencies or university personnel needing 1X data services can procure those through Verizon or Alltel as they become available. If Verizon and Alltel's networks (or others) expand to offer broadband services in North Dakota in the future, the state can procure directly, or eventually release a new bid for expanded broadband data services in the future.

If the state is unable to renew the current contract with Alltel, the committee recommends that ITD make a voice only award to Alltel for up to three years, based upon their response to the RFP.

Furthermore, the committee recommends that ITD work with Extend America/Space Data to test the deployment of Space Data's balloon technology and the offering of low speed data services. The Department of Transportation should consider joining these demonstrations to evaluate the potential for applications such as vehicle tracking through these new technologies. Further, Extend America/Space Data is interested in deploying voice services over their balloon platform, and potentially broadband services. Through the demonstration projects ITD can determine if Extend America/Space Data solutions can have application for the state, or for other businesses or citizens in North Dakota.



**Appendix A**

**SECTION FIVE  
EVALUATION CRITERIA AND CONTRACTOR SELECTION**

**THE TOTAL NUMBER OF POINTS USED  
TO SCORE THIS CONTRACT IS 100**

**5.01**

**Information Technology Solution**

*Forty Percent (40%)* of the total possible evaluation points will be assigned to this criterion.

Weight *40 Percent*. Maximum Point Value for this Section  
100 Points x *40 Percent = 40 Points*

Rating Scale ( <i>40 POINT</i> Maximum)	
Point Value	Explanation
<i>0</i>	None. Not addressed or response of no value
<i>1-10</i>	Fair. Limited applicability
<i>11-20</i>	Good. Some applicability
<i>21-30</i>	Very Good. Substantial applicability
<i>31-40</i>	Excellent. Total applicability

Proposals will be evaluated against the questions set out below.

[a] How well does the proposed product and/or services meet the functional requirements? Has the Offeror proposed services that align with the requirements and demonstrate a good understanding of the scope required for this project?

[b] Is the proposed product and/or service compatible with the State's technology standards, and/or will it interface with existing technology if required?

[c] Has the Offeror proposed any value-added functionality, products, services, or upgrades as part of the proposal that demonstrate added value?

[d] How much area does the existing and planned voice coverage within the State cover? What additional advantage to the State does the national voice coverage represent?

[e] What value does the network performance and service levels provide to the State?

[f] How well does the proposed broadband data deployment plan meet the needs of the State?

[g] Has the Offeror proposed sufficient understanding of the detailed billing requirements to meet the State's needs?

[h] How well has the proposal addressed the State's number portability needs?



**5.02**

**Product Support and Customer Service**

**Ten (10%)** of the total possible evaluation points will be assigned to this criterion.

Weight **10 Percent**. Maximum Point Value for this Section  
 100 Points x **10 Percent = 10 Points**

Rating Scale ( <b>10 POINT</b> Maximum)	
Point Value	Explanation
<b>0</b>	None. Not addressed or response of no value
<b>1-2</b>	Fair. Limited applicability
<b>3-5</b>	Good. Some applicability
<b>6-8</b>	Very Good. Substantial applicability
<b>9-10</b>	Excellent. Total applicability

Proposals will be evaluated against the questions set out below.

- [a] How well has the Offeror described their processes for trouble reporting and requesting additional services? How well does the process meet the States needs?
- [b] Evaluate the Offeror’s proposed account representation in support of this contract?
- [c] How well has the Offeror identified its plan for handling customer inquiries and response time to inquiries?
- [d] Has the Offeror proposed any value-added support services, as part of the proposal that demonstrate added value?
- [e] Has the Offeror proposed adequate training and on-line catalog capabilities in its proposal?

**5.03**

**Experience, Qualifications, and Financial Strength**

**Ten Percent (10%)** of the total possible points will be assigned to this criterion.

Weight **10 Percent**. Maximum Point Value for this Section  
 100 Points x **10 Percent = 10 Points**

Rating Scale ( <b>10 POINT</b> Maximum)	
Point Value	Explanation
<b>0</b>	None. Not addressed or response of no value
<b>1-2</b>	Fair. Limited applicability
<b>3-5</b>	Good. Some applicability
<b>6-8</b>	Very Good. Substantial applicability
<b>9-10</b>	Excellent. Total applicability



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Proposals will be evaluated against the questions set out below.

[a] How extensive is the applicable education and experience of the personnel designated to work on the project?

[b] Did the required references provide information to verify the satisfactory performance of the vendor?

[c] How well do any subcontractors measure up to the evaluation used for the Offeror?

[d] Does the firm appear to be financially stable?

### 5.04

#### **Contract Cost**

**Forty Percent (40%)** of the total possible evaluation points will be assigned to cost.

Weight **40 Percent**. Maximum Point Value for this Section

100 Points x **40 Percent = 40 Points**

#### **Converting Cost to Points**

The State will convert discounts to cost by applying discounts against future purchasing estimates.

After applying any reciprocal preference, the lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined as follows:

#### Price of Lowest Cost Proposal

Price of Proposal Being Rated X Total Points for Cost Available = Awarded Points

Any prompt payment discounts terms proposed by the Offeror will not be considered in evaluating cost. The cost amount used for evaluation may be affected by the application of North Dakota preference laws (N.D.C.C. § 44-08-01). The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be evaluated according to the method set forth in the Proposal Evaluation form attached to this RFP.



## Appendix B

### Extend America/Space Data Demonstration Projects

Extend America/Space Data provided a joint proposal for the state to work with both companies in performing demonstration projects to test new balloon communications technologies in North Dakota. Space Data Corporation of Chandler, Arizona has deployed weather balloons with a payload of low speed data equipment in the south central region of the United States. Space Data's SkySite Network consists of wireless repeaters launched on free floating weather balloons operating between 60,000 and 100,000 feet. The SkySites are carried on standard weather balloons which are launched from 4 launch sites at a rate of 2 times a day. Each SkySite will operate for approximately 48 hours before being retrieved and refurbished for re-use.

Space Data's wireless voice system is still under development and is expected to be ready for deployment in North Dakota in 2006. However, for the past year, the company has successfully operated a commercially available 24 x 7 wireless data system in Texas, Oklahoma, Louisiana, Arkansas and New Mexico. This data system has throughputs of fewer than 10 Kbps and is used for paging and remote telemetry applications such as GPS based vehicle and asset tracking, monitoring of production operations such as oil and gas wells and for monitoring critical assets such as pipelines or water supplies.

Using GPS technology the companies believe that applications such as vehicle tracking and text messaging can be achieved through the use of this technology in North Dakota.

Extend America currently provides wireless broadband services in Bismarck, North Dakota using the Motorola Canopy system over unlicensed spectrum. Extend America intends to expand its current broadband service to other North Dakota communities, including the communities identified in the RFP. Motorola's Canopy system is a fixed point to point wireless solution.

Space Data's deployment to-date has been with low speed data capabilities. They do have plans to deploy and test voice applications across the platform which if successful could provide voice coverage solutions currently not provided by existing cellular carriers. Further, the proposal did discuss the possibility of broadband deployment over the platform if it continues to be successful delivering other communications applications.

Extend America/Space Data's proposal is an innovative approach to potentially solving some of North Dakota's need for voice and data coverage in the future. However, as a pilot or demonstration proposal, it offers no current services to meet the state's need as requested in the RFP.

