Lessons Learned/Best Practices on EBT Re-Procurement

Problem or Challenge #1: RFPs often don't accurately reflect a state's current needs and expectations, current federal regulations and policy, or the current market conditions, and are not written to be flexible or forward looking, making the resulting contract ineffective at responding to changing conditions, or requiring lots of change orders.

Causes:

- Narrative information in the RFP, about state operations, flow, technology, etc., is often simply copied from the previous RFP, as if the only thing that has changed in 10 years is caseload.
- States assume that all EBT processors operate essentially the same way, so there's no reason to expect that current, detailed descriptions of current state operations or future goals are necessary or will make any difference in proposals.
- States believe they can't estimate or envision their future needs well enough to include them in their RFPs, so change orders are the only way to handle things.
- RFPs often assume that the only kinds of unforeseen events are natural disasters.
- With procurements 8-10 years apart, EBT staff often do not remain in their positions long enough to carry expertise from one procurement to the next
- Staffing of EBT functions is thin, with knowledge of required functions and services often residing with only one person
- State procurement policies and processes are generic, and discourage tailoring to the unique requirements of EBT
- Often the only documentation of the procurement process are the RFP and contract themselves. There are no SOPs, or records of resources to check, processes to follow, etc.

Solutions:

- Current EBT coordinators should create and maintain an EBT procurement resource file containing state and federal policy changes relating to EBT, lessons learned, state procurement rules and templates, examples from other states, guidance from FNS, etc. so writing the next RFP needn't rely on only a 10 year-old, outdated document, or begin with a blank page.
- Before it's time to write the RFP, gather information and create SOPs to guide the process and to make sure it stays on track even if key staff leave during the procurement phase
- Begin the process earlier, to reduce the need to find shortcuts to meet the deadline
- Hold a planning conference with your procurement office (months are often lost when EBT staff learn of procurement structure or template requirements AFTER the document is already written).
- Make sure resources, drafts, etc., are saved in a shared location, not in the files of one individual
- Include EBT staff roles in department succession planning, training, and back-up staffing
- Re-examine your workflow and staffing before writing your RFP. Are there aspects of it that may impact your needs or expectations for EBT services? Have you changed your eligibility system?

- Re-examine your participant universe. For example, have participant abilities and expectations changed, regarding things like call centers versus mobile apps? The more customer service functions shift to mobile apps, the fewer calls there are to a call center. If your state's call center volume has shifted measurably over the last 5-10 years, make sure that your performance expectations and your cost structure reflect those kinds of changes. Do the same standards for answer times or availability that you had 10 years ago make sense now? If your processor has implemented effective IVR strategies, mobile apps, or other self-service options, and the number of calls talking to a CSR is still high, try to figure out why before writing your requirements the same way. Are you paying your processor to respond to something that the state could and should address at the source?
- Consider any new laws, waivers, options, or flexibilities in the SNAP program. How could you write your RFP so that options and technologies you may not be using today could be added or implemented with minimal negotiation in the future?
- Look at how your state, and your processor, handled recent unforeseen events like the Federal government shutdown of 2019/20, and the pandemic of 2020/21. Knowing what you know now, how could you describe your expectations or specify how unforeseen tasks will be negotiated or billed?
- Build into the contract an approach for non-disaster, "emergency" services. For example, an "emergency" like the Federal government shutdown generated additional call volume, even though it was not a disaster. Unexpected circumstances may result in changes to issuance schedules, reissuances, or adding new households and household types to receive benefits. States can develop pre-negotiated costs for emergency issuance services. These costs could be used in the immediate short term while states negotiate with vendors on longer-term services. There may be a variety of ways to achieve this, but two that states may want to consider are the "Tell us your methodology" approach, and the "show us your labor rates" approach. The first doesn't allow the state to compare solid numbers, but can still be the basis for an objective comparison of bidders' responses. The second allows a side-by-side comparison of potential costs.
    - "Tell us your methodology" – in the RFP, the state agency might include language like: *"Please describe your methodology for determining costs for emergency services, including factors such as labor rates for key personnel categories (PM, developer, BA, etc.), the impacts of urgency on cost (i.e. getting developer time to complete a change in a week costs more than getting developer time to complete a change in a month), the factors impacting card costs (volume, design/branding), etc.. Based on lessons learned in the Federal shutdown of 2019/20 and the pandemic of 2020/21, please identify the key cost drivers in your company's response to emergency situations and describe the relative importance, scale and impact of each in setting your costs for unplanned needs."*
    - "Show us your labor rates" – In the RFP, the state agency might ask bidders to provide:
        - *Labor rates for*
            - *Developer*

        - *Business analyst*
        - *Project manager*
        - *Etc.*
    - *Cost per card for additional card supply, above regular anticipated caseload, with less than X days' notice*
        - *0-5000 additional cards*
        - *5,000-10,000 additional cards*
        - *10,000 – 50,000 additional cards*
        - *(or whatever breakdown or tiers make sense for your state)*
    - *Same as above, for unbranded or "blank" cards*
    - *Set-up fee per new case*
    - *CPCM for incident-related cases only (not built into the actual CPCM bid, but what the CPCM WOULD BE for additional cases)*
    - *CPCM for existing SNAP cases with additional incident-related Issuance*
    - *Costs for various types, volume tiers or other increments of call center activities*

- Talk to other states and investigate which processor services are the same for all their customers and which are customized or unique to each customer. Those differences are reflected in cost, customer service, etc. Consider the relative trade-offs and what you think is best suited to your state over the next 10 years.

Problem or Challenge #2: Joint procurements between SNAP and WIC don't go as planned, or don't achieve expected results.

Causes:

- Mistaken or unverified assumptions about the benefits of joint procurement, particularly with regard to cost and the degree to which the two programs share requirements and expectations for service or performance.

Solutions:

- Before beginning the procurement process, have a meeting between SNAP, WIC, and Procurement offices to determine if and why a joint procurement is the appropriate choice – don't just begin with assumptions. Make sure people who understand each program's EBT requirements fully are represented. Confirm expectations, time frame, roles, approval processes, etc.
- Have meaningful conversations with states who have done joint procurement and ask detailed questions about their experience. What were their goals or expectations for doing it? Did they achieve their goals? Did they do joint RFP and separate contracts, or both jointly? Why? How long did it take? Which sections of their RFP were able to represent both programs fully, and which sections had to be written separately for each program? Were their requirements and performance expectations the same for both programs? How many Q&As did they get from vendors on their RFP? Were they able to complete their procurement in the planned time frame? If not, why not? Did they offer vendors the opportunity to bid on just one program or the other, or both, or did they require bidding on both to be considered responsive? What costs did they break out separately from CPCM? Why? Did they get better pricing than comparable states with

separate procurements? (It's hard to compare costs across states when, increasingly, especially in WIC, the CPCM does not represent the full cost. Ask about the complete cost picture, in both programs.)

- Interview vendors or hold a pre-procurement (before you even start writing the RFP) vendor forum to ask about the pros and cons of joint procurement.
- Make sure both programs are fully represented from the beginning when drafting documents. Months are lost in rewrites when one program offers to do the first round, only to find out later that the discrepancies between the programs are significant.
- Don't be married to the idea of joint procurement. Significant evidence indicates that there is often no cost savings to either program, and that the transition and conversion processes are completely separate. A joint procurement may only add complications and hold one program hostage to the timeline of the other.

Problem or Challenge #3: Vendor proposals are under- or over-responsive. They seem to inadequately address some expectations, and provide countless pages on others, making it hard to compare them and score them consistently.

Causes:

- RFPs contain outdated regulatory or policy requirements, that vendors don't know whether to address (even though they are invalid or incorrect) or ignore (risking being labeled "non-responsive).
- RFPs say that every requirement must be addressed in the proposal, but are ambiguous or confusing about what constitutes a requirement, with some clearly labeled, and others scattered throughout the document, often with varying use of "should" "must" "shall" etc.
- Questions are addressed by telling vendors to read a section of the RFP, rather than answering the question or providing needed clarification. Vendors read the RFPs carefully. If there is a question, it's likely because the RFP did not fully explain the requirement or expectation.
- Questions are answered so close to the bid deadline that vendors have to prepare their proposals almost entirely before getting the answers they need. Final edits are often rushed, and vendors have to err on the side of over-answering rather than under-answering.
- When uncertain about expectations, vendors over-respond or over-explain, choosing to cover all the bases, twice, rather than risk missing a requirement.

Solutions:

- States know when their current contracts will expire years in advance. Start the re-procurement process earlier and allow more than enough time to write an accurate, clear, complete, and bid-able RFP. You'll have to live with the results of this procurement for a long time. Take the time to do it right.
- Structure the RFP so that all elements that require a response are grouped together or listed in one place.
- Make sure that there is at least 30 days after answers are provided, for vendors to complete their proposals.
- Provide two rounds of Q&A, to assure that all state expectations are truly clarified, and that vendors can adjust their proposals to be responsive to those expectations.

- Don't answer questions by referring vendors back to a page of the RFP. *When drafting a response consider not only the language of the question but also try to understand why a vendor would ask the question.*
- Re-check your regulatory citations, and actually re-read the regulations and policy. Many vendor questions are generated by discrepancies between what the vendors know the regulation says, and a differing requirement in the RFP.

Problem or Challenge #4: Despite state intentions to balance price and quality, the lowest priced vendor wins.

Causes:

- Many states don't understand what the true cost drivers are, among the services and performance expectations in the RFP. The weighting in their evaluation criteria may assign disproportionate value to things that actually have little impact on price. Tiny distinctions in one requirement, like call answer time, can drive cost far more than something that seems much bigger.
- Requirements are described in ways that allow very little room for vendors to distinguish themselves on service or performance, so technical scores usually vary by only a few points across vendors (often less than 1%).
- When states ask for separate pricing for a variety of services, they often don't include those costs in the scoring calculation, making the CPCM price the only real distinguishing factor among bids.
- Even if the points distribution were 90% technical and 10% cost, lowest price still wins when scores differ by so little.

Solutions:

- Divide your technical score into several parts – 1) Mandatory minimums, 2) measurable or quantitative criteria and 3) non-measurable or qualitative criteria.

    - 1) Mandatory minimum criteria – the yes/no things all vendors must do, and they all do essentially the same way, or it doesn't matter how they do it, so there is little opportunity for them to distinguish themselves on these things. If there are differences in HOW each vendor does something, that distinguishes them from each other, that item doesn't belong in this list. Nor is this a list of assurances or commitments. These are strictly yes/no requirements that need no further explanation or where further explanation is for information only, not for scoring or evaluation purposes. Award a very small percentage of points for this whole category – 5%. Examples of mandatory yes/no criteria:
        - Participants can choose or change their own PIN through the IVR
        - Vendor will conform to QUEST operating rules (SNAP)
        - Vendor will conform to ANS x9.93-2:208 Financial Transaction Messaging standards (WIC)
        - The vendor will conform to the FNS WIC EBT TIG (WIC)
        - The call center and all call center staff will be located in the USA
        - Food Program and cash benefits will not be comingled.
        - When a client has multiple cash benefits, the EBT contractor shall apply a first in, first out disbursement method.

- 2) Quantitative or Measurable scored criteria – these should be the things that vendors can and should distinguish themselves on that are ***measurable.*** For each of these criteria, the state should specify how bidders must measure them, or what form of documentation or proof is acceptable. Since most of these are simply self-reporting on the part of each bidder, what do you want them to submit to support their statements? If you don't know how to measure them, or where the measurable data comes from now, to specify in your RFP, how will you get the measurable data to hold your vendor accountable for performance later? Examples include:
  - Demonstrable uptime (RFP should define exactly how to count this)
    - *Define exactly what kinds of incidents count as outages*
    - *Specify how the State agency differentiates an outage at the processor from outages due to other causes*
    - *Specify what length of time qualifies as an "outage", in minutes.*
    - *Specify what time period must be disclosed – a year? 3 years?*
    - *Specify how bidders should measure outages that impacted only some customers, states or regions compared to those which impacted all their customers*
    - *Specify whether bidders must include only the number and length of events, or more details like the date, root cause, resolution, etc.*
  - Call center metrics like answer time, hold time, abandonment rate, etc.
  - Days to respond to a change request
  - Card mailing timeliness
  - Report timeliness
  - Card deactivation timeliness
  - Retailer database update timeliness

- 3) Qualitative or non-measurable scored criteria. These are thing on which vendors can distinguish themselves, but that have no specific metric, such as:
  - References - (Use references to check not only customer service, but to validate each vendor's stated track record on things like down time.)
  - Conversion approach
  - Testing approach
  - Staff experience
  - Disaster services
  - Training approach
  - Operating model
  - Client support approach
  - Technical model (everyone served on the same system, or separate iterations for each customer?)
  - Things that are unique to your state

    - Don't include criteria or requirements that are impossible to enforce or there is no real way to measure, like "one call resolution". (If a participant calls two days in a row, how is the vendor supposed to report on whether the caller had the same issue or a different issue, and how are you going to validate that?)
    - DO THE HOMEWORK ON YOUR REQUIREMENTS, PERFORMANCE EXPECTATIONS AND SCORING CRITERIA. The portion of the technical score assigned to the quantitative/measurable criteria and the non-measurable/qualitative criteria should not be an even split or a wild guess. They should accurately reflect what matters most to your state, and what you are prepared to base your selection on. The things that you will hold the vendor accountable for later, in your performance and penalty structure, are not necessarily the same things you think are most important in vendor selection! Use only the operating performance factors that matter most as selection criteria. You may choose to assign relatively few points to things that all vendors generally perform acceptably on, and that can be managed through performance monitoring, and more weight on things that vendors may do very differently, like their approach to conversion, customer service and disaster services. What causes you more pain – downtime or disaster handling? Call hold times or conversion testing? Weight your scores accordingly.
    - Make sure that scoring criteria crosswalks to your requirements and performance elements!! *All requirements and expectations in the RFP should be connected to points awarded in the scoring.*
    - Identify performance expectations for which the state should identify not just the "what" but the "how". For example, for vendor responses to change requests, define not just how quickly they must respond, but what information must be included, any required format or template, and any other criteria that defines "responsive".

- Divide your pricing model into separate parts too
    - CPCM
        - Don't use an average of prices at all tier levels. Vendors can easily estimate what tier levels you will likely never use, and price those disproportionately low, to manipulate the average. The average isn't what you'll actually be paying.
        - To keep price from dominating technical score, make sure that CPCM does not dominate cost score, and that the technical score factors that matter to you most outweigh CPCM. (See Model)
    - Planned services with measurable use or volume that DO scale up or down with caseload, such as:
        - Card issuance services
        - ATM fees
    - Planned services that DON'T have a unit of measure or that DON'T scale up and down with caseload. *SNAP Caseloads often rise at the same time that state budgets are decreasing, like during the pandemic. You don't want to be paying more for things that DON'T go up with caseload, just when your caseload is going up! Break things like this out from CPCM and ask for them to be priced separately.*

        - Call center services – Several things besides caseload drive call center volume, and costs. With the vast majority of participant inquiries being addressed by the IVR, online portal, or mobile app, call center staffing is more often driven by the need for 24/7 coverage than actual volume. By keeping those costs separate from the CPCM, they won't go up with caseload.
    - Optional services
        - Disaster response
    - Expected needs with pre-set costs/rates
        - New data analysis or development of new reports
    - PRICE EACH OF THESE SEPARATELY, WEIGHT THEM APPROPRIATELY, AND COUNT THEM ALL IN THE PRICE SCORE (Except conversion/transition costs). When pricing for optional services is not included in the price score, vendors know that they can bid unrealistically low on the CPCM, win the contract, and expect to make up revenue on these additional services.
    - Conversion or transition costs. – Do Not allow these to be rolled into the CPCM, and do not include them in the price score. There is no scoring model in which the incumbent and the competitors can complete on a level playing field here. Don't make a decision that will determine your costs and your quality of service for the next 8-10 years based on one-time costs.
    - If your state's budgeting process makes it really easy to get the funding for your "flat" costs, like CPCM, but really hard to get the funding you need for fluctuating or unexpected costs, then consider asking vendors to bid both ways, so that you can see the difference and determine what's best for you. You may be able to use that information to make your case for the budget you need. But be sure to structure your selection criteria so that you don't end up right back at CPCM trumping all your other selection criteria.

Problem or Challenge #5: Time is wasted trying to negotiate over things that are non-negotiable.

Causes:

- Generic procurement language is used in the RFP, that doesn't differentiate standards or requirements that apply to different kinds of contracts, for different services.
- SNAP/EBT/Program and Procurement/Legal make incorrect assumptions about the nature of the service being procured or the procurement requirements
    - Procurement/Legal don't understand EBT processing services in detail, so they try to apply security requirements, for example, that are appropriate to in-house operations, but not to hosted services.
    - SNAP/EBT staff don't understand procurement requirements or standards in detail, so they assume that they can't challenge the standard language in the template when writing the RFP, or more appropriately specify certain requirements.
- RFPs contain inaccurate language about what is truly, absolutely non-negotiable and what isn't.

Solutions:

- Program/EBT should meet with Procurement before the RFP is drafted, to discuss the nature and scope of the procurement, to make sure that the right requirements and

specifications are being applied for THIS kind of services, to clarify where flexibilities do and do not exist, and to learn how to seek exemptions or flexibilities if needed. For example:
    - Requiring a technology provider to disclose all attempted breaches makes sense, until you understand that EBT processors are essentially providing BANKING services, where attempts happen every day, but rarely succeed. The requirement should be tailored accordingly.
    - Requiring ownership of intellectual property is generally not applicable, since the state is procuring a service, not a system. If the state does retain ownership of intellectual property, it should be limited to stand-alone deliverables, developed specifically for the state.
    - Requiring that a vendor commit that the company won't be sold without the state's permission. Such a requirement is not reasonable, and not enforceable.
- The RFP should clearly and specifically spell out what administrative or legal requirements are negotiable, and which are not, especially in the areas of liability and indemnification.
- Be realistic. Termination clauses that permit termination in weeks or even months are absurd. Even setting procurement processes aside, it's not possible for another vendor to convert your data and take over your processing in less than a minimum of 9 months. A termination clause with less time than that is not a credible option and will never be used.

Problem or Challenge #6: Determining the right contract length.

Causes:

- Longer contract periods usually offer better pricing. Since an incumbent can often bid lower because they don't have conversion/transition costs, a competitor must be able to assure a sufficient contract length to recoup those costs after offering a low enough CPCM to win the contract.
- States often mistakenly assume that the ability to NOT exercise remaining option years is an effective tool for managing performance.
- Occasionally, state law or regulation dictates minimum or maximum contract lengths

Solutions:

- The length of the contract is one of the key drivers of cost – a longer contract will get you better pricing. But you can UN-do the benefits of a long contract by not managing your other cost drivers.
- Don't use contract length as a performance management tool. Work with your contracting office to establish meaningful performance requirements and a penalty structure that supports managing performance in real time, and that you are willing to enforce. Since it takes a minimum of 2-3 years to write an RFP, solicit, evaluate, negotiate, contract and transition, it's not realistic or effective to solve a performance problem by threatening not to exercise future options. It's like threatening a 13-year old that if they don't clean up their room, you won't let them get their driver's license in three years.

- Follow the model above for the pricing score. Don't include transition/conversion costs in it, so that all bidders have a level playing field on cost.
- Assure the best pricing throughout the life of the contract by pricing different elements separately, so that you only pay for what you need.
- Create a performance and penalty structure that incentivizes solving the problem, not cost savings.

Problem or Challenge #7: Contract penalties are difficult to enforce

Causes:

- The performance standards and penalties included in the RFPs and contracts are often not reconsidered from procurement to procurement. States simply copy and paste the language from their previous RFPs.
- Often in small-medium states, staff and resource constraints make contract oversight or enforcement a low priority.
- Performance requirements lack definition or measurable metrics. For example, the "2 in 10,000" inaccurate transaction limit has not been defined by FNS or by most states, and "first call resolution" is not actually defined in almost any current contracts, (and is almost impossible to measure or validate).
- Lacking clear definitions or metrics, some alleged performance failures seem subjective or anecdotal, and are easily challenged by the vendor, taking both parties' time and resources, and rarely reaching satisfactory resolution.
- Performance issues may be difficult to document or prove, making procurement or legal offices unwilling to act on them.
- Some states may consider an amicable professional relationship with the vendor to be more important than many small performance infractions, or simply have a person in a key role who can't bear confrontation or disagreement.
- If a state uses penalties such as liquidated damages, rather than hold-backs, and there is no opportunity for the vendor to negotiate a "trade" or earn back the penalty, the incentive to remedy the problem is reduced. There's nothing they can do to reduce the penalty anyway, so why hurry?
- Standards that all for 100% performance 100% of the time are almost always unachievable or unenforceable.
- "Up time," one of the performance elements that states say is most important to them, is usually not clearly defined, subject to several variables, and therefore easily disputed.

Solutions:

- Do a thorough forensic review of your current performance requirements. How many performance elements, beyond those required by Federal regulations, do you have? Identify which ones you have really applied, and why you have not applied others. If penalties were assessed, but challenged by the processor, investigate why, and how the dispute ended. Examine whether all performance elements are written so that anybody, at both the state and the processor, could clearly explain what each one means.
- Use this forensic analysis to check how often elements that required 100% performance 100% of the time were not met. If it's not realistically possible for a processor to meet them, and penalties are inevitable, consider carefully what you are trying to achieve,

and how best to achieve it. Is the point of your performance structure to collect penalties? Are those 100% elements the ones that are actually most important to your state?

- Write performance standards and penalties as you intend to enforce them.
    - Meet with contract/legal advisors before writing the RFP and contract to make sure that all performance elements have metrics that are supportable and penalties they are willing to uphold and pursue. Whether or not a performance failure is acted upon should not depend on who's in the office that day or how busy they are.
    - If low-dollar damages or holdbacks are not worth pursuing, then either don't include them in the contract, or create a structure that tracks all failures but applies penalties only when certain thresholds are reached. Establish what the tracking, warning and escalation processes will be.
    - Review performance expectations, and the penalties associated with them, and make sure that "the punishment fits the crime" so to speak. Penalties that are disproportionate to the cost or risk of the infraction only drive-up costs. And enforcing penalties that are small and have little impact on performance simply create administrative work for both the state and the processor.
    - Make sure all performance metrics are clearly defined, measurable and documentable, and everyone is clear on who does what. Make it clear which ones are based on vendor-reported data, and which ones rely on other sources. For other sources, like timeliness in responding to change requests, or customer service complaints, identify the source of the data or information that will be used in those performance elements, who collects it, when the clock starts, etc. In negotiations, make sure that performance definitions and metrics are clearly understood by all parties. If the contract contains performance elements that nobody knows how to track or measure, they are either badly written, or useless (because you'll never enforce them).
    - Federal regulations prescribe some performance requirements, but do not prescribe how they must be enforced.
    - Make sure that your hold-back or penalty structure reflects the relative value or impact of different kinds of failures. Not all failures have the same impact.
    - Remove or revise unenforceable standards.
- Carefully investigate and understand the relative merits of hold-backs versus liquidated damages. Don't assume that what is right for another state is right for you, or that what you did last time, 10 years ago, is still right for you, at this time, in this market.
- Many states agree that withholding provisions encourage vendors to fix issues quickly in order to get the money withheld from their invoice and can be applied/managed without involving legal counsel. Others believe damages encourage vendors to fix problems because profit margins are low and money talks. Whether states chose damages or withholding they should be mindful of how even the penalty language influences vendor behavior. For example, damages that are calculated per minute or day encourage a more rapid response than damages calculated per incident.
- Remember that ultimately, the state, not the vendor, pays for excessive penalties. The risk of frequent or high damages must be built into the vendor's bid – they can't absorb those costs and stay in business. If your penalty structure is fair, doesn't penalize for

small non-participant-impacting infractions, and focuses on resolution rather than getting money, the bids will reflect that.

- If the state requires the use of damages, rather than hold-backs, consider an agreed-upon system in which penalties for small or non-customer-impacting infractions are applied only after repeated incidents of the same performance failure. Make sure the tracking and reporting mechanism supports this.
- If negotiated solutions are permitted by state rules, such as "trading" a performance penalty for an additional service or change request, make sure that the value of what the state gets is sufficient to act as an incentive to make sure the performance problem doesn't occur again. The goal is to ensure solid performance, not get a discount on a new report.
- If negotiated solutions are permitted by state rules, confirm in the contract that negotiated solutions do not "expunge the record" so to speak. The vendor's track record should reflect actual performance, not just whether or not a penalty was assessed. If you were checking references with another state, you wouldn't want to be told that a vendor never had any contract violations or performance issues when, in fact, they did, but were never assessed any penalties. (And when checking references, don't ask only about whether penalties were assessed, but whether performance failures occurred and how the state handled them.)
- Carefully examine the relative value of 100% performance elements. How much more might a processor have to charge to strengthen their operations to prevent a single error, of any size, any time, for 10 years? Even small tolerance levels can save money. Similarly, if you insist on 100% performance levels, are you prepared to track, document, and enforce that, at whatever cost to the state to do so?
- Make sure that "up time" is clearly defined, including specifying what kinds of down time or outages are and are not considered the processor's responsibility, and how those will be identified. Where does the burden or reporting and proof lie? *When defining the damages accompanying uptime states need to consider how and when penalties will be assessed, including how they will be calculated. Do penalties start for failing to meet the 99.9% threshold or for more than 30 minutes of downtime a month? Does this downtime need to be consecutive? Will damages be tiered based on downtime length? Are they assessed per minute, per second?*
- Before specifying a performance standard of 99.9% or 99.99% or 99.999%, actually do the math! While those numbers seem like essentially the same thing, they aren't, and the difference can be either a significant cost driver, or unenforceable. The difference between 99.9% and 99.99% is a difference of 43 minutes versus 2 minutes per month.
- If possible, separate the functions of day-to-day operations and performance monitoring from contract management and enforcement, so that the person who conducts routine operations with the processor, doesn't have to be the "bad guy" in conversations about performance.
- Could performance reporting by the processor be streamlined in some way, such as the timing of reports, or the layout of the dashboard, so that the task of monitoring and identifying performance issues could be tailored to your state's specific requirements, priorities, and internal procedures? If appropriate, include these requests or expectations in the RFP.