

**TRANSMITTAL LETTER**

August 7, 2020

David Brandon-Friedman  
Strategic Sourcing Analyst  
Indiana Department of Administration  
Procurement Division  
402 W. Washington St., Room W468  
Indianapolis, IN 46204

**Re: RFP 21-1788 Single Imaging Vendor**

Dear Mr. Brandon-Friedman:

Fairfax Imaging, Inc. (dba Fairfax Software) is pleased to submit this proposal to the State of Indiana, Department of Revenue (DOR) for a Single Imaging Vendor in response to the above referenced Request for Proposal (RFP). We state with confidence that Fairfax Software has addressed all requirements listed in the RFP and take no exceptions to any of the terms and conditions of the RFP. The information contained in this proposal or any part thereof, including any exhibits, schedules, and other documents and instruments delivered or to be delivered to the State is true, accurate, and complete. We acknowledge receipt of all Addendums.

Fairfax Software acknowledges understanding of the general information within Section 1 of the referenced RFP and agrees to comply with all the requirements and conditions listed in Section 1. In reviewing our response, you will certainly see that, in almost every requirement, the system proposed provides the functionality that is desired by DOR at the base level of product offering.

Fairfax Software was founded in 1994 to provide products, services, and solutions to the document management, data and forms processing, and data entry industries, in the commercial and government sectors. Last year we celebrated our 25<sup>th</sup> anniversary year!

Fairfax Software is a leader in turnkey image-based products and solutions for the data capture, forms processing, document imaging, and tax remittance processing industries. Throughout our history, we have remained focused on this area of expertise. With a solid base of system installations in the commercial, federal, and state marketplaces, Fairfax Software has gained a solid reputation as a premier solutions provider. By utilizing our solutions, our customers are able to perform their data capture tasks more efficiently and more productively.

Throughout our proposal, we demonstrate our ability to supply the requested products and services to meet the requirements in Section 2.4 of the RFP. We are particularly proud of our record over the last quarter century culminating in the largest number of successful front-end data capture in the state and tax and revenue marketplace with the next competitor a distant second. We have continued to grow our base of satisfied government clients to the point where we are in thirty (30) states serving forty-three (43) state government agencies, including twenty-one (21) state tax and revenue agencies. Our presence in the tax market is much more than all of our competitors combined. This level of supremacy was only achieved through our prolific commitment to our state government customers and for running each

new project exactly the way our respective state tax customer expects it: the glove that fits the hand. In addition to our unrivaled presence in the state government marketplace, our *Quick Modules* product line enjoys a mature and solid customer base spanning over one hundred (100) commercial clients.

Since 2014, Fairfax Software has been supporting DOR for tax processing for the remittance part of the front-end processing. The remittance solution has been providing DOR with safe, reliable support for many tax seasons. Fairfax Software's support and commitment to DOR has been affirmed with the way Fairfax Software has supported the DOR remittance processing with our *Quick Modules* software. The software being proposed is our *Quick Modules* 5.0 (Branch Release 7), which is our latest version of the *Quick Modules* solution providing the remittance support.

The proposed solution offering of *Quick Modules* 5.0 is easily extended to incorporate the entire breadth of forms received by DOR for both remittances as well as full page items. In fact, in most deployments where *Quick Modules* is used by state revenue agencies, this is the manner in which it is deployed and operated, i.e. to process all inbound mail items.

*Quick Modules* 5.0 meets and in many cases exceeds all the requirements stated within Section 2.4 (Technical Requirements) of the RFP. *Quick Modules* offers a common software platform and architecture to process all the forms scanned by remote and central locations without the need to marry two different systems together. The distinction of our singular integrated approach is that it was built from the ground up in our engineering facility in Rockville, Maryland, using the same common database platform, the same common homogenous workflow, consolidated reporting, and the same programming constructs throughout for ease of use and ease of support and maintenance. All of our modules feature the same look-and-feel, single sign-on, and single point of system management for the best user and managerial experience. This advantage cannot be minimized because the main power of performance of a front-end tax processing system lies in the homogeneity of the solution and not the marrying of two different solutions from two different vendors, two different workflows, and two different databases. *Quick Modules* as a product line provides significant processing flexibility and benefits as DOR moves forward in its next step to processing.

The electronic check deposit (Check 21) component of our system offers an automated method for depositing of checks to DOR's bank of choice. Our solution provides real-time monitoring and reporting of the system performance. A highly informational activity monitor displays are provided to track and reconcile the items from mail room to scanning to output. The system provides both high level and granular views of the workflow to monitor operations, tasks within the workflow, and system performance. The *Quick Modules* System comes with our standard statistical reporting package along with the ability to create custom reports specific to DOR.

In addition to the undeniably advanced technical attributes of our proposed solution, Fairfax Software accepts full responsibility for providing all the professional services as outlined within the RFP for project Management, application support, training, knowledge transfer, documentation, and support.

Fairfax Software fully understands that, in order to be successful, a technically superior solution must also be implemented by an experienced team of project managers, business analysts, and support engineers. Fairfax Software's Professional Services Group (PSG) has successfully implemented more tax and revenue solutions in the last seven (7) years than any other vendor in the US. Our DOR project team is composed of experienced and knowledgeable professionals who will assist the State with best practices throughout the project implementation. Fairfax Software project implementation

methodology and approach supports the direction of DOR. This methodology has provided us with a wealth of subject matter expertise, technical know-how, and best practices; and we will make sure to bring these to bear within this project to ensure a solution for DOR that is unmatched in the industry. This expertise will be the difference between just a run-of-the-mill installation and one that is based on experience from dozens of similar state government projects and will be the firm foundation upon which to build future applications.

Unlike many of our competitors, Fairfax Software does NOT charge incrementally for increased volumes, pages or keystrokes, or check volumes processed annually for increased revenue. Our value proposition to DOR simply means that, as the needs of the State grow in the future by perhaps adding on more work, taking on other agencies' processing needs, or acting as a lockbox for other departments, Fairfax Software will provide any additional *Quick Modules*' software licenses, free of charge, and as a good partner of the State. We are proposing to the DOR a licensing approach for the *Quick Modules* system that is unique and best value in the industry, in that it encompasses an unlimited, site-wide, perpetual, and un-throttled license to all of our proposed software modules. In this manner, we can guarantee that our system will grow in lockstep with the State's growth needs. Best of all, the same software that is already licensed by DOR, operated by DOR, and paid for by DOR is being extended as part of this RFP response as covered under our paid maintenance program with DOR. This licensing scheme is another undeniably strong value proposition that cannot be minimized.

There are numerous distinguishing characteristics that differentiate Fairfax Software from our competition:

- Our experience in tax processing is unmatched in the industry with a total number of successful integrated front-end data capture and remittance processing that exceed all of our competitors combined. This experience has given a subject matter expertise that is second to none.
  - Longevity, maturity, and management continuity: Fairfax Software was co-founded in 1994 by an engineer who worked on the IRS SCRIPS project in the early nineties. To this day, this same engineer still owns the company. SCRIPS was the first imaging and data capture project of this kind in the US, and our co-founder was one of the main designers of this system for the IRS. The SCRIPS solution remains in operation at the IRS's Service Centers today. Our founders identified an opportunity to make a difference in the state revenue marketplace that is similar to their accomplishment at the IRS, and hence Fairfax Software was born. Fairfax Software is now in thirty (30) states processing mission-critical revenue, labor, and motor vehicle applications for these states. The same fundamentals that have helped catapult us into thirty (30) states over a 26-year span have remained our paradigm for sound project management and technical prowess over the years. Unlike many of its competitors, Fairfax Software has not been bought, bartered, or fused within another company, thereby ensuring continuity in the management and leadership styles.
  - Caring and nurturing employer: Fairfax Software is proud of its main mission to serve its state tax and revenue clients. Yet, it realizes that it could not have accomplished its breakthroughs for these state tax and revenue customers had it not been for its loyal and passionate workforce. We are proud to report that Employees # 1 through Employee # 7 hired between 1994 and 1999 are still with the company today. This fact, which in of itself is very rare in the software industry, speaks to the power of caring for, nurturing, and investing in our employees as though they are family. The bond that exists in our midst in unshakable and the trust that has developed over all these decades of working together has

unleashed our creativity in the service of our state tax and revenue customers in ways that are very difficult to describe in words.

- Growth and financial stability: For over a quarter century of our existence, we have experienced steady growth and prudent stability. We are proud to report that we are, and have almost always been, debt-free. Most importantly, we have never lost sight of our commitment to our customers. Our customers are especially attracted to the stability of our company and software, the flexibility and power of the *Quick* Modules solution, and the long-term partnership between our state tax and revenue clients and our people.
- Intellectual property rights: Fairfax Software owns the rights to ALL the software proposed. This makes us eminently qualified to perfect any changes or adaptations that are required by DOR without having to “seek permission” from a third-party vendor, who may be overseas, as is often the case in many of our competitors’ situation. At Fairfax Software, “the buck stops here” with no excuses. As the sole owner and provider of the *Quick* Modules software we are able to offer the most competitive pricing since we are not bound by outside royalty fees.
- Empowerment of project staff: We have always empowered our project managers to make decisions on the spot and have trained them to be our client’s best advocate, thereby making custom decisions rest in the hand of the program manager, as opposed to a third-party vendor or manager overseas. We find this method to yield a better solution, a system that is adapted best to the client’s environment and is most responsive to the client’s needs and requirements.
- Our proposed *Quick* Modules solution will allow the DOR to take advantage of leading technologies designed exclusively for revenue agencies including:
  - One solution built from the ground up under one common workflow: Fairfax Software is the only vendor who designed the software from the ground up to process both full page and remittance processing under one common workflow and feeding into the same common database. All of our software has been developed in-house by our technical teams and by our own staff. We do not need to go back to any third-party supplier for any adaptation or retrofit for the benefit of DOR. This is ideal for the DOR’s processing environment. Our competitors started out as either a full-page or a remittance software solution provider and then later added on the full-page image processing or remittance processing solution to be competitive in the tax and revenue market. Most, if not all of our competitors obtain the add-on software component from third parties, and sometimes, foreign suppliers. Experience has shown that this approach never fully achieves the desired integrated processing efficiency or systems integrity of the Fairfax Software *Quick* Modules software, for it creates islands of automation with a hybrid solution involving various and distinct workflows polling on each other and multiple databases feeding one another. Compare this heterogeneous implementation to the homogeneous and native aspect of all the modules found in the Fairfax Software *Quick* Modules 5.0 solution. It goes without saying that maintenance and support difficulties and trackability are only a fraction of the multitude of problems that can be expected in a heterogeneous solution designed by different vendors and containing the gamut of flavors of technologies. In fact, some of these

technologies were not even designed with the US state tax and revenue marketplace in mind. This forces the vendor to attempt to “shoe-string” these technologies into the DOR solution.

- All-inclusive unlimited sunk license fee: From the inception of the implementation, Fairfax Software is providing a worry-free, unlimited, site-wide license to the *Quick Modules* software components that make up our remittance and full-page solution. In addition, this unlimited licensing is already paid for allowing the DOR to increase the capacity of the system without incurring additional software costs on the *Quick Modules* system in the future.
- No incremental unthrottled licensing model: Unlike many of our competitors, we **never** charge for licenses based upon the number of documents scanned or the number of characters recognized. From the very first day of production, DOR will have the full, unthrottled use of our software and recognition engines.
- Unique state tax and revenue features: Fairfax Software has developed an unstructured recognition process that is capable of processing “vendor/substitute” tax forms without the need to create hundreds of templates. This process allows for greater processing accuracy and eliminates the burden associated with creating and maintaining a large library of templates for tax forms that are generated by software providers. This capability was developed as a direct result of Fairfax Software’s continued market presence within the tax and revenue market.
- Patented state tax and revenue features: Fairfax Software has developed and patented a unique piece of software that recognizes data automatically on W2’s and 1099’s. This patented software has allowed our state tax and revenue customers to fight tax fraud and capture additional revenue thereby making the cost of the investment in Fairfax Software just worth it from the financial standpoint.
- Process tracking from mail receipt to FAST output: *Quick Modules* tracks mail (envelopes) and its contents from receipt into the DOR location all the way through the entire processing pipeline to output. Fairfax Software helped design the mail tracking solution in conjunction with Agissar Corporation and is still today the only company that has fully integrated the tray tracking solution with its offering. This includes tracking the work and providing measurable methods of calculating time to process as well as audit capabilities to ensure that the work received is processed through to the tax system. Fairfax Software has been an innovator in the development of this “tray tracking” process and our solutions provide clients with real measurable results for process improvement and quality.
- Consolidated reporting as a byproduct of our integrated solution: Consolidated reporting and dashboard monitoring of the entire pipeline as a whole rather than individually by component or process occurs with *Quick Modules*. This will provide the DOR with the ability to manage the workflow of the entire system - from mailroom to mainframe - to ensure compliance with processing deadlines, identify bottlenecks in the system, perform audit/tracking of items received, and consolidate reporting.
- Thin-client processing: Because no *Quick Modules* software resides on the workstation, thin-client application provides the ability to distribute the work beyond the central location via the

internet and simplifies support. This feature is particularly true these days where work-from-home paradigms are part of the new norm.

- Virtual Batching: Fairfax Software was the first company to offer and perfect the concept of virtual batching successfully in a state tax and revenue context. *Quick Modules* eliminates most, if not all, the up-front sorting required, thus speeding up the mailroom operations. It also provides intermixed scanning of all form types into a single common workflow because both coupons/checks and full-page documents are processed at the same time. Thanks to virtual batching, DOR can scan all documents received without the need for upfront sorting, and let the software intelligence group documents of like-type to be processed together and then ungroup them back to be output in the same homogeneous way expected by FAST in output.
- Transaction based processing to avoid peaks and valleys in processing: For many years of batch processing, one of the main issues confronted by state tax and revenue agencies dealt with the entire batch being stopped because of one problem transaction within. Fairfax Software put that issue once and for all by creating transaction processing in addition to batch processing in the same workflow. There are certain functions within a workflow that are best suited in batch mode (e.g., scanning, automated data capture, database population, and output). Other parts of the workflow are better suited in transaction mode. As such, we made sure that *Quick Modules* provides both batch and transaction-based processing at various stages of the workflow. That is the best of both worlds. For instance, we scan and capture data in batch mode, while we key and review in transaction mode. This optimal use of the software reflects at the degree of sophistication that we have been able to achieve thanks to our many years of listening to our clients and solving their pain points.
- Specific Check21 modules: The *Quick Modules* solution features processes specifically designed for check deposit including automated means of reporting, quality checking and handling of exceptions, and electronic presentment of checks to the bank for automated deposit are integral to the power of the Check 21 module from Fairfax Software.
- Project management methodology: Fairfax Software utilizes a full project development approach that includes business process improvement of the current DOR environment. *Quick Modules* provides productivity gains in the processing of taxes by incorporating business rules into the workflow, quality assurance processes, and higher quality of information that will improve taxpayer satisfaction.
- Compliance with the most stringent industry standards: Fairfax Software's *Quick Modules* solution is SOC 2 Type 1 and Type 2 compliant. It is also compliant with NIST 1075 and FIPS 140-2 of the Federal Information Processing Standard (FIPS PUB 140-2). All data are encrypted 128-bit both in transit and at rest. Independent auditors have examined the *Quick Modules* SaaS Application Services system as of January 15, 2019, based on the criteria for a description of a service organization's system in DC section 200, *2018 Description Criteria for a Description of a Service Organization's System in a SOC 2® Report* (AICPA, *Description Criteria*), and the suitability of the design of controls stated in the description as of January 15, 2019, to provide reasonable assurance that Fairfax Software's service commitments and system requirements were achieved



based on the trust services criteria relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy (applicable trust services criteria) set forth in TSP section 100, *2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Criteria*)

Below list all sections and materials for which statutory exemption is being claimed within our proposal. We have provided separate redacted (for public release) versions of the documents that are covered as part of this exemption.

Document / Section	Applicable APRA Statutory Exception	Description / Explanation
Attachment E – Business Proposal, Section 2.3.2 - Respondent's Company Structure	Ind. Code § 5-14-3-4(a)(4).	The names of personnel and company organization structure constitute trade secrets which are considered confidential under the APRA.
Attachment E – Business Proposal, Section 2.3.3 Company Financial Information (attached as Appendix B)	Ind. Code § 5-14-3-4(a)(5).	Fairfax Software's audited financial statements for the two (2) most recent completed fiscal years of 2018 and 2019 include confidential financial information and are therefore confidential under the APRA.
Attachment E – Business Proposal, Section 2.3.6 References	Ind. Code § 5-14-3-4(a)(4).	The customer names and information included in this section constitute trade secrets which are considered confidential under the APRA.
1.0 Technical Narrative – Project Management	Ind. Code § 5-14-3-4(a)(4).	The proposed project organization and staffing plan included in this section constitute trade secrets which are considered confidential under the APRA.
4.0 Technical Narrative – Security	Ind. Code § 5-14-3-4(a)(4).	The technical narrative includes information that is protected by Fairfax Software and derives independent economic value from not being generally known and is therefore considered a trade secret which is considered confidential under the APRA.
5.0 Technical Narrative – Technical	Ind. Code § 5-14-3-4(a)(4).	The technical narrative includes information that is protected by Fairfax Software and derives independent economic value from not being generally known and is therefore considered a trade

		secret which is considered confidential under the APRA.
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Michael Minter is authorized to sign for Fairfax Imaging, Inc. (dba Fairfax Software) committing the Company to its representations and hereby certifies that the information offered herein meets all general conditions, including the information requested in Section 2.3.4.

Michael Minter  
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Mr. Minter is also the principal contact for the proposal for any questions or clarifications. Should you have any questions about our proposal, please contact Michael Minter at 877-627-8325 x103 or email at [mminter@fairfaxsoftware.com](mailto:mminter@fairfaxsoftware.com).

Sincerely,



Michael D. Minter  
VP, Sales and Marketing