**RFP 21-873 Clarification**

**INSTRUCTIONS**

***Instructions:*** *Please provide responses to the clarification questions below. Information provided in the clarification responses will be considered as part of the respondent’s proposal. Where appropriate, supporting documentation may be referenced by specific page and/or paragraph number(s). If any of the responses contain confidential information, as defined by IC 5-14-3, please reference the attached confidential material and separate from the rest of this response document. Otherwise, a redacted version of this clarification document will need to be submitted.*

**RESPONDENT NAME: Irwin Hodson Group**

**DUE DATE: September 15, 2020 BY 3:00 PM EDT**

| **Clarification Question** | **Respondent Response** |
| --- | --- |
| Please provide a detailed and specific plan for householding with specific focus on registrations and registrations with plates. | IHG worked cooperatively to develop and fine-tune the current Indiana householding process for license plates. Since the inception of the program, over three years ago, IHG has been providing completely householded license plates to the Prime Contractor with zero errors reported. IHG is extremely familiar with the householding process by virtue of establishing the process and executing it on a daily basis. If IHG is chosen as the contractor for this project, IHG looks forward to further standardizing and improving the process with the transition to the ***iPRIME*** software suite.  **Householding and Mail Sorting of BMV Order Records**   * Files are uploaded to ***iPRIME*** either through a web service API or SFTP batch. ***iPRIME*** will parse information out to appropriate fields to insert into the ***iPRIME*** database. Records that fail validation will be returned to the State per the agreed process. * If required by the state (the state has indicated that it will supply addresses that have undergone these processes) ***iPRIME’s*** householding algorithm will clean all records for mailing accuracy using Coding Accuracy Support System (CASS) certified software. This process standardizes the format of the address, adds any missing information, validates the address as deliverable, and verifies the address against the USPS’s “locatable address conversion” system in case any delivery changes have been registered. Addresses are also checked against the USPS NCOALink (USPS National Change of Address database) database for address changes. * ***iPRIME’s*** householding algorithm also sorts all records for maximum mailing efficiency, to ensure maximum savings for the State, comparing the address 1 and address 2 fields, city, state, and the five-digit zip code. The five-digit zip code sort allows for the lowest first class mail rate through USPS. Once this process is complete the first and last name fields for each sorted record are then compared to give the final sort including household groupings. * Each record is assigned a three-part batch location/householding number. This number is used to ensure householded plates are manufactured and located together, and in the correct order. * The household IDs are also used during the fulfillment process to indicate when plates and registrations should be packaged together.   **License Plate Manufacturing and Quality Checking**   * Records that require a license plate to be manufactured, are sorted for mailing efficiency then sorted according to size, sheeting type and thermal transfer ribbon color configuration, for efficient manufacturing. * Thermal transfer printing technology is IHG’s printing methodology of choice. Thermal transfer printing is the proven, industry workhorse production methodology that qualifies for full finished plate warranties vs. other available, unproven printing technologies that would not qualify for such warranty protection for the State. * The printer operator loads the printer with the correct sheeting overlaminate and ribbon mix. * During the orienting process a three-part batch location/householding number is printed on each plate, allowing for reassembly of batches of manufactured plates into complete sequential householding groups. * A bar code is also printed on the plate giving access to all information held in the data base against that plate, including lot numbers of sheeting and aluminum, and plate type and sequence. This bar code is also used in the registration matching process. * All plates once manufactured are staged in the correct mail sort order on the IHG custom-made license plate carts prior to further processing at the quality checking station. This results in reducing the overall cost of USPS shipping and achieves the BMV’s expected householded cost savings. * After printing, and blanking, finished license plates are checked for quality and the bar code scanned and the status changed to QA pass. If a license plate fails the quality process its bar code will be scanned and its status changed to “remake” in the database, and the plate is queued to be remade. * License plates that have passed the QA process are placed into the correct pre-labelled bin locations, of the custom license plate carts, and in the correct order, according to the batch location/householding number.   See Fig 1.) and Fig 2.) below.  **Fig 1.) Householding cart Fig 2.) Householding cart bin locations**     * The batch location/householding number is held in the data base against each plate to aid with the remake process, ensuring remade plates are inserted back into the correct location when required. * License plate carts with plates batched for householding are transferred to the fulfillment area of registration matching.   **Registration Printing for Plate Matching**   * Prior to the scheduled completion of license plate manufacturing and quality checking, registrations to be matched with plates are printed on printers that are dedicated to this function, in optimal mail sort order, (the same order as the license plate groupings). * Printed registrations are staged in totes awaiting arrival of finished license plates for matching * Once printed, the registration status is updated in ***iPRIME*** to printed. Custom made license plate carts containing batched license plates are moved to the registration matching area.   **Matching Batches of Plates and Registrations**  IHG staff match the license plates with the corresponding registrations, insert the plate into the envelope and registration into the envelope pouch with bar codes and address information visible through the window. This process is described in detail below: -   * To complete a match, both plate(s) and registration(s) bar codes are scanned. * Scanning the plate bar code brings an image of the plate up on the operator's screen, with its correct plate sequence. * The matching software component gives both a visual (green light) and audible sound (“ping”) for a correct match and ***iPRIME*** updates the record in the database to “matched”. * The correctly matched plate registration pair is inserted into the envelope.   + For a failed match, the software gives a visual (red light) and audible sound (“buzz”) and ***iPRIME*** updates the record in the database to “match-failed”.   + In the event of a match-fail, an attempt will be made to immediately rectify the problem and another scan attempted.   + If a match-fail occurs that cannot be immediately rectified, the operator will escalate the issue according to the Quality Management Plan.   + The operator has the option to move on with processing the remainder of the batch if required, while the match-fail quarantined pair is held until it can be successfully processed.   **Registration Only Production and Printing**  IHG and BIS have years of registration printing experience to draw upon and the registration printing and sorting solution chosen is capable of printing and sorting over 40,000 registrations per 8-hour day. This is more than sufficient to meet the State’s estimated 6.893 million yearly requirement. The solution is also modular and highly scalable and can grow with the State’s requirements. As with the license plate manufacturing equipment the ***iPRIME*** solution has built in redundancy of equipment with an extra sorting insertion unit on site and additional hot spare thermal transfer registration printers   * Records for registration only mailings are processed separately from the plate with registration records. * Registration only records, with pre-allocated batch and householding group IDs, are sent to the thermal transfer “registration only” printers. * All registrations are printed with the 3 required barcodes used for registration, validation, and matching. * Additionally, a 4th barcode will be used, representing the address for postage. All registrations that have been printed, will be marked as printed in the status indicator, ensuring a real-time view of the registration for the BMV and customers. * Bar codes are inspected for print quality * As registrations are printed, the bar code is scanned and the ***iPRIME*** status is updated to “registration printed.” If a print fails, the ***iPRIME*** status is updated to “print-fail”, at which stage the operator can choose to reprint or to place the record into quarantine and escalate the issue pending a fix. * Registrations are quality checked post printing, and if there is a quality issue, the ***iPRIME***status is updated to “remake” and the registration is immediately reprinted on a dedicated reprint printer and inserted back into the batch per its location number.   **Packaging**  Householded Plate and Registration Packaging   * Householded mailings have each plate and registration pair scanned and placed in appropriately sized packaging, with ***iPRIME*** generating a label for the outside of the package which includes a 2D bar code of the package contents allowing the items to be packaged together to be “scanned-in”, removing the opportunity for human error. As each item is scanned into its householding package ***iPRIME*** updates the records status in the database to “packaged”.   Registration Only Packaging     * Printed registrations are collected and taken to one of the two sorting and insertion units. Having two units allows for hot-spare swapping should one unit fail. Each of the inserting units has a capacity of over 30,000 registrations per day. * Registrations are loaded into one of the two sorting/insertion units and are automatically inserted into their envelope. * As each registration is sent through the sorting and packaging machine, the machine scans the barcode on each registration to ensure that all registrations, including those marked for householding, are accounted for, and inserted appropriately into the same envelope. An advantage of the solution is that, even after registrations are printed, the BMV can notify IHG of the need to stop the shipment of a registration. The logic will flag the registration to be removed from the packaging and shipping. When the barcode is scanned, that registration will be flagged to be removed * As the sorting/insertion machine reads each inserted registration’s bar code through the window and ***iPRIME*** updates the status for each record to mailing packaged. * Bar code scanning of each registration also allows for automated intervention should a registration be cancelled or put on hold for any reason. * For destinations that require more than 5 registrations, ***iPRIME*** will generate packing labels, which includes a 2D bar code allowing the items to be packaged together to be “scanned -in”, removing the opportunity for human error.   **Shipping**   * Where USPS is still the most cost-effective method of delivery, Plates/Registration mailings are then packed into USPS tubs, an IMpb barcode manifest is printed from USPS. website, and IHG staff transport the USPS tubs and IMpb manifest to the local USPS distribution center for daily insertion into the USPS mail-stream. * For larger packages, where USPS is not as cost efficient, the most cost effective and accurate courier will be used such as UPS or FedEx. IHG also has extensive experience in providing and using the correct packaging for delivering plates and registrations in perfect condition.   Throughout the production and mailing process, ***iPRIME*** provides IHG and BMV users a view of all activities in real-time and real-time updates on the status of each record, plate, registration and package, allowing for intervention when and where required. |
| Please provide a more detailed and specific breakdown of the components that make up the total cost per license plate. More specifically, please outline the individual costs of production/labor, materials/equipment, pre-sorting/distribution, and all other costs. | Please see the revised pricing worksheets (attached) which provide a detailed and specific breakdown of the components that make up the total cost per license plate, as requested. We have provided some commentary below to better explain the revised pricing worksheets.   1. The pre-sorting/distribution line item is very minimal/negligible, which is why we originally indicated this line item as a no charge item as the costs were already contained in the plate pricing.     By way of explanation, this line item was originally set up to show the cost of distributing/mailing license plates by USPS, but per the request of the State of Indiana for this RFP, the cost of the USPS mailing was removed from this costing/pricing in this RFP. Therefore, the only remaining distribution cost for IHG is the cost of transporting the finished license plates/registrations, and registrations only, from IHG’s Fort Wayne location to the local USPS facility, which on a per plate/registration basis, is very low, and negligible to the overall pricing. For the purpose of providing a figure for this line item, we have reduced the “equipment/materials” line item by a corresponding amount, and we have shifted that amount to the pre-sorting/distribution line item.    With regards to the cost of pre-sorting, this is a completely automated digital sorting function that is automatically completed by our ***iPRIME*** software algorithms as the data files are received from the State of Indiana. As such, there is no charge for this digital pre-sorting of plates/registrations and registrations only.     1. With regards to other costs, the majority of plates costs are all contained in the cost of materials/equipment and labor, however, to be compliant with the State’s request for a breakdown of plate pricing, we have shifted some costing, for example overhead, from the “materials/equipment” line item to the “other costs” line item. This “‘shift” does not affect IHG’s overall final plate pricing in any way, but hopefully this will provide additional clarity for the State of Indiana in the format that you have requested.      1. The change to the pricing template that removed the householding percentage did have a significant impact of increasing the overall pricing of the contract by approximately $5.5 million over the entirety of the contract. The decreases that IHG Indiana is offering through this final BAFO round have been significantly off-set by the removal of the householding percentage and the change to that calculation. The State of Indiana was correct to do this as the householding percentage was artificially/incorrectly decreasing the bid total when it should have only been applied to the actual USPS costs, and not the registration costs. We just wanted to draw attention that our overall pricing offer has decreased significantly during the BAFO process, but the concurrent changes to the householding calculations somewhat mask the positive impact of the BAFO.      1. For the final BAFO round, IHG is very pleased to be able to offer the State substantial savings from our original price proposal. We have made two significant changes to our line item pricing, as described below…      * 1. IHG has reduced its overall passenger plate pricing from $1.91 per plate to $1.79 per passenger plate. This results in cost savings of $1,664,400 from our original pricing proposal.      * 1. IHG reduced the pricing of the “Automobile/Trailer/Motorcycle with plate year decal” from $0.50 per registration to $0.40 per registration. This results in savings of $1,240,000 from our original pricing proposal.     The results of the proposed decreases from IHG’s BAFO result in combined savings of $2,904,400 over the life of the contract. We are very pleased to be able to offer this to the State of Indiana and we would welcome further discussion with the State on further potential savings, if IHG is chosen as the successful vendor. Thank you for placing your trust in our organization. |
| Please describe how the sentence below will be enforced and at what levels within your infrastructure.  Data at rest (PII) is protected using the NaCl library for encrypting data which in turn uses XSalsa20 and Poly1305. Authentication of users can be via internal password hash data store or Active Directory integration (or combination thereof). | The referenced IHG RFP response will be enforced internally as follows:  The ***iPRIME*** solution utilizes the Networking and Cryptography Library (NaCL) for cryptographic encryption of network traffic through the API. Specifically, the ***iPRIME*** solution utilizes a combination of Curve25519, xSasla20 and poly1305 to provide authenticated encryption and data integrity verification of information transferred using API keys.  The initial key exchange by our API is conducted with curve25519 to protect the secret key. The xSalsa20 stream cipher is used to encrypt the network traffic component to protect data in motion when transferred between systems utilizing the API. Poly 1305 is used to verify the integrity and authenticity of the message to that was encrypted using the xSalsa20 stream cipher. Essentially this is used to protect data in transit between customer and IHGIN/BIS systems.  Locally stored data within databases for application-based usage such as personally identifiable information is stored using a sha-512 hashing function provided through the libsodium software library as it is compatible and easily integrated with NaCL. This protects the data at rest.  Since we are transferring data over the API, this level of encryption is systematically enforced on all incoming data transfers and all sensitive information stored within our database. Any non-conforming connections are automatically terminated during the key exchange. This requirement is maintained within the IHG security policy and monitored by IT security staff, reporting directly to the Enterprise Architect/Security Expert to ensure systematic operational controls are monitored and enforced.  Any potential changes to the security policy require extensive review by both the IHG Enterprise Architect/Security Expert and senior IHG management and are done in conjunction with customer interaction, feedback and needs. |