

RFP Analysis

- A. Endothon's request for proposal was released to source a vendor to manage the implementation and knowledge transfer for an enterprise resource planning system integration project. The executive leadership team wants a new system that will effortlessly integrate with our clients' systems. Clients use (SAP), Systems Applications and Products in Data Processing in their businesses. The project integration timeline is considered aggressive with a 10-month period for design and implementation followed by a two-year period of training and knowledge transfer for our internal team to get up to speed and learn the system. The project has a budget of \$10,000,000. The selected vendor will be wholly relied upon for design, configuration, implementation, maintenance, and support services for the two-year period following the implementation phase.

Our current enterprise resource planning system is on premise Epicor that is more than 18 years old and several versions behind in software updates that supports US domestic operations. We will accept the vendors recommendations for the SAP implementation type, version and method of operation as outlined in their responses to our request for proposal. The implementation must occur on time and in budget, as this is the case, we are seeking a lower cost resource to achieve these goals.

The enterprise resource planning system includes several modules to handle core business processes and areas, this implementation will address three specific modules: Financial Accounting and Controlling (FICO), Human Resource Management (HRMS), and Sales and Distribution (SD). The FICO module will include purchasing and international contracts, financial transactions payment and performance, exchange rates tracking and posting. The HRMS module will include personnel work history, salary, medical records, training, and organizational unit. The SD module will track the eight automated manufacturing plants, designs, and product components. Data transfer is encrypted from Atlanta, GA to the plants continuously and includes customer information, product transport logistics and inventory loads.

- B. Project Sponsor is Mei Lee, Chief Information Officer

Project Stakeholders include John Prescott-Chief Operating Officer, Sam Goodwin-Vice President of Sales, Anne Scofield-Sr Vice President of Human Resources, Kevin Cahill-Chief Financial Officer in addition to Endothon clients and investors.

Project Steering Committee includes Maria Sousa-Chief Executive Officer, Kevin Cahill-Chief Financial Officer, Anne Scofield-Sr Vice President of Human Resources, Sam Goodwin-Vice President of Sales and Alice Trebold-Chief of Supply Chain Manufacturing.

- C. Upon review of proposal response from Bullzai Ltd., several strengths and areas of opportunity exist. Bullzai Ltd. has several offices located internationally including the US, Germany, and India. This is appealing to the team at Endothon as we have international

offices. They indicate in their response, plans to migrate the platform to the cloud from on premise environment which has its own advantages and challenges, namely decreased capital expenses however cloud adoption will require us to adopt the security posture of the cloud provider, Oracle Web Services is proposed in this case. A gap analysis is included.

Their proposal does not include customer support which was not a requirement of the request however other vendors do include this and the service would be a welcome value to the project. They do include an Endothon support services website for the organization. There will also be complete user and manager documentation supplied including a full runtime management license that allows for access online to all the resources.

As all programming is done in Chandigarh, India, the staff resource plan will consist of talent local to the region, this has been known to be a challenge for English speaking Americans. We will also have to consider cultural concerns that may conflict with our own such as customs related to leadership, staff holidays and workday hours and after-hours support availability.

Bullzai Ltd was set up in 2002, has a mixture of large and medium size clients worldwide and has been designing and implementing SAP ERP systems since 2005, this means they are likely to be well versed in handling many of the unforeseen challenges that can come to be realized with an ERP implementation.

Bullzai Ltd explicitly recommends governance framework including CoBit 5 models to measure maturity and find gaps in processes and close alignment with regulatory guidelines such as U.S Export Administration Regulations (EAR), and ISO 20000 International Standards to manage and support the newly implemented ERP system. Methods and results they will adhere to are **Sarbanes–Oxley** (SOX 2002) standards for finance auditing. The team will assign certified Project Managers with experience using Project Management Body of Knowledge and the M1 Center for Project Management. Safe Structure agile development method will be practiced throughout the project.

They also propose a customer portal to aid client adoption and agree to custom reporting for a project sponsor, the steering committee, and stakeholders. They will hold daily meetings with project teams and OWS planning team which provides the opportunity to catch any issues early on and align solutions that keep the project on time, in budget and within scope. The steering committee will be engaged at each phase for approval to continue which allows for consistent alignment with project goals through-out and early warning for issues.

The risk assessment will include international business requirements for cloud-based applications and data in addition to security protocols recommending AES256, SOC1 and SOC2 standards to audit policy and procedures for protecting client data. Additionally, a review of network traffic samples for data being moved to the web environment is included.

Bullzai Ltd projects \$1.5M fixed staffing cost during the first 24 months and an hourly rate of \$93.00 for hours beyond the 24-month period.

Bullzai Ltd also indicates they will keep errors and omissions insurance greater than our minimum requirement.

- D. Synesthor intends to implement a hybrid cloud environment using colocation which allows us to keep certain hardware and software locally. Their response includes a value-added benefit of customer service and support. The team will also perform SWOT analysis for each of the functional areas we have identified in the request for proposal.

Synesthor's response includes staffing to support the implementation, however this information is somewhat vague compared to other vendors.

Synesthor will research IT governance methods and frameworks as requested in the RFP however their response does not allude to anything more than Information Technology Systems Management (ITSM). They will communicate with key stakeholders and produce an analysis with recommendations.

Synesthor does agree to plan, design, configure, implement, and support the new ERP system using HyperCare.

They include a portfolio management plan to outline the projects to be completed in order to implement the ERP system using Project Management Institutes PMBOK practices. Certified project managers will be resources for all tasks. ITIL V2 Foundations and Practitioner certified staff will use ISO 20000 methods and apply SOX 2011 standards for quality adherence and audit.

The SAP implementation team offers weekly performance metrics that are anchored to project milestones, in three categories, program sponsor and CIO, steering committee, and once for stakeholders. They will also create monthly reports for future projections and metric averages. They will also facilitate monthly finance meetings to review budget and re-alignment for costs more than 10% of the projection.

Synesthor's response includes projected cost of licensing, technical support program and project management. This cost will also include projections for maintenance, warranty support, infrastructure, consulting, and documentation.

Business Implementation Process (BIP) method for project execution in phases that requires sponsor and steering committee approval to progress to the next phase will be used. They will also train our team on the BIP process.

Synesthor plans to provide a digital two-year training plan to help our staff in certification for system operation, configuration, support remediation, diagnostics, and maintenance.

Synesthor will train 50 of our staff members in ITIL Fundamentals V3 and 15 staff members in ITIL Practitioner V3 within one year, also paying for the training, exams, and related costs.

There is a third-party vendor performing security gap analysis.

- E. I recommend that we contract with Bullzai Ltd to complete the SAP ERP implementation project. Bullzai Ltd has 10 years of experience ushering mid and large size organizations through ERP implementation. Bullzai Ltd.'s response is well documented with specific solutions, technologies, methodologies and practices outlined for clarity. Oracle Web Service is a familiar technology and is common for most SAP business application implementations. The recommendation to utilize COBIT 5 Governance highlights Bullzai Ltd.'s insight to the need to manage the multiple frameworks. The team at Bullzai Ltd. Will hold daily stand-up meetings in addition to monthly finance meetings and a quarterly meeting for executive review and feedback. This level of engagement will provide direct value to the project and ensuring its alignment to the project goals and plans. They will train the staff and pay training costs for COBIT 5 fundamentals and ISO 20000 for the first two years which further enables the cutover for our team to transition to support and maintenance on schedule.

Critical Path Method (CPM) methodologies will help steer the project and maintain the project schedule. The vendor's specific use of this methodology has heavily influenced my recommendation. The Key Deliverables timeline lays out clear time frame projections for major tasks.

Additionally, Bullzai Ltd has a reputation for completing projects ahead of schedule which could potentially lend to resources being re-directed for testing or training of staff post implementation.

- F. Section 9 Customer Responsibilities, all planned after hours or weekend services require 2 weeks' notice with exception for emergency outage or failures. Provide opportunity to designate staff for facilities access after-hours and weekends.

Section 14(e) Termination: Continuation of services, if we provide notice of termination and direct company not to proceed with services through notice period, we would not find it ideal to pay for services not rendered. To maintain project budget, we would want to avoid payment for services not rendered.

Risk assessment – We want to confirm risk assessment includes recommendations for international data transmissions specifically sensitive information from our Atlanta offices to all locations. BIS registration status of the Vendor and their ability to register and follow reporting as needed.

Risk assessment to include sampling of data from 1 laptop and 1 desktop from each of our locations.

It is not acceptable that a performance-based pricing model push the project over budget, we want to reward the efforts of the vendor however bonus cap needs to be set not to exceed total budget projected.

- G. Re-negotiating any of the issues noted previously will require consideration of the cultural differences between Endothon and Bullzai Ltd. There are several steps to handling these negotiations. The proposal clearly indicates a level of agreement in many areas. While there are items that benefit Endothon we also understand that the vendor may be unwilling to meet our full requests in that case our request for BIS registration, compliance, and reporting, after hour and weekend work advance notification and continuation of payment for services not rendered during a termination notice period would negate the continued recommendation of this vendor for the services. All other items are concerns that can be conceded without negative impact to the project either by taking on those issues in house or pulling in SME on the subject.
- H. Bullzai Ltd.'s technical team is based in Chandigarh, India. Diversity and cultural training are well positioned in cross-border project teams. This type of training can be further enhanced to our benefit by specific regional training in local languages, dialects, difference in use of American English words, terms, or phrases in the local culture. Another tool is scenario-based training that allows employees to choose between different ways to handle situations that may arise. Training related to non-verbal communication across cultures should also be provided. Focus on implicit and explicit context such as silence or partially completed sentences instead of "No" to determine when to read the environment. Prepare the team for the beliefs the team at Bullzia Ltd are likely to have about US or Western cultures, we are perceived as informal communicators, and direct communicators which is perceived as rude in other cultures. Lastly, we can look to hire interpreter services for meeting attendance to provide confidence that both parties have mutual understanding.
- I. Global Cybersecurity rankings place India number 50 in a list (Sussman, 2018) of 194 countries that have "High commitment" to limiting the impact of cyber-attacks on a global scale. This is a positive endorsement however this commitment does not translate to practice leaving India ranking 16 in a list₂ of the least secure countries. Telnet attacks originating from India are common, telnet is not a secure connection, and this is likely only one such known concern. Physical security would not leave Endothon exposed to real property loss however the security of Bullzai Ltd. and any theft or loss of property would

negatively affect our ERP implementation project. The protection of intellectual property is also at risk and will require mitigation steps to ensure the success of the project. Discussion regarding in place protocols at Bullzai Ltd. will open the floor to explore on the ground conditions and level of concern.

- J. Communications between Endothon and Bullzai Ltd potentially fall under license exemptions statuses, however a thorough review exposes many opportunities for misclassification and even deciding valid license exceptions to later learn they are not correct determinations. Fines can be steep for a company found to willfully disregard EAR regulations and the general business consensus is it is better to report than assume it is not needed to do so. In review of control lists (Bureau of Industry and Security (BIS), 2017) the traffic between Endothon and our vendor will be highly encrypted for the purpose of customer data, financial data, and employee data in the ERP system. ECCN 5D002/5A002 (software including source code should be consulted for products using strong encryption to protect data and web traffic) These transmissions can be self-declared and reported upon and can be sent without license provided the receiver is not an E:1 destination country provided we register with the BIS first or the chosen vendor is already registered as the manufacturer of encryption products. "Software" specifically designed for use in equipment that is on control list 5A991 or 5B991 applies to mass marketed items made available to public sold at retail and limited access to modify the encryption behaviors and use low encryption methods would not apply as the vendor is customizing the modules combined in the SAP ERP system and we will be securing those data transmissions with strong encryption. This does require us to confirm Bullzai Ltd.'s listing with BIS and any previous breeches of BIS reporting and classification policy. Our use can also be categorized as ENC license exception for US companies, foreign employees, contractors and interns and subsidiaries are exempted when the items are for private sector end users, in specific countries targeted for internal development or production of new products. As there is no downloading of encrypted software or source code involved, we do make note that contractor is not applied to a company but an individual for EAR compliance purposes. I recommend registering ECCN 5D002/5A002 with BIS, self-declaring and annual reporting as required noting our selected Vendor's status as well and discussing any requirement for their compliance as a condition of granting the proposal.

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