OFFICIAL RECORD DOCUMENT # 6 NOTICE OF AWARD & ACCEPTANCE_FULLY EXECUTED
PRDE-OSIATD-2018-003-WIRELESS EQUIPMENT AND SERVICES
NOTICE OF AWARD AND ACCEPTANCE LETTER

CONTRACTS AWARDED PURSUANT TO
RFP NO. PRDE-OSIATD-2018-003-WIRELESS EQUIPMENT AND SERVICES

February 25, 2019

Sent Via Electronic Mail (drodriq1@us.ibm.com) and Certified Mail, Return Receipt Requested

Mr. Darick Rodriguez
Senior Location Executive
International Business Machines
654 Munoz Rivera Avenue
San Juan, PR 00918

Dear Mr. Rodriguez:

A four-member Evaluation Committee (the “Evaluation Committee”) was appointed by me, in my capacity as Secretary, to review proposals submitted in response to the Puerto Rico Department of Education’s (“PRDE” or the “Department”) Request For Proposals No. PRDE-OSIATD-2018-003-Wireless Equipment and Services (the “RFP”), and to make recommendations for one (1) or more contract award(s). The Evaluation Committee was comprised of representatives from the PRDE’s Information Technology Department ("OSIATD"), and was advised by technical advisers and the Department’s competitive procurement consultants. After careful deliberation, the Evaluation Committee voted on February 22, 2019 to recommend awarding a three-year contract, with one (1) one-year renewal option to IBM for the sale, installation and maintenance of up to 70,000 wireless access points to IBM. The amount of the contract award is $43,855,551.64, subject to final negotiation and the execution of a contract.

This Notice of Award and Acceptance Letter outlines the competitive proposal and proposer selection process used in connection with the Request For Proposals No. PRDE-OSIATD-2018-003-Wireless Equipment and Services (the “RFP”).

I. THE RFP AND ADDENDA

The RFP was issued by the Department on December 11, 2018, and notice of the RFP was published in El Nuevo Día newspaper on December 11, 2018 and posted on the Department’s website at www.de.pr.gov and on the Puerto Rico Management and Budget Department’s Bids and RFPs website. The following five (5) Addenda to the RFP were issued by the Department and also posted at www.de.pr.gov:

1. Addendum No. 1 was issued on December 22, 2018 to delete the Network Access Control devices from the RFP requirements.
2. Addendum No. 2 was issued on December 28, 2018 to extend the proposal due date from January 4, 2019 to January 16, 209.

Proposers were given a week to review the RFP and to submit questions. Questions were submitted by seven (7) interested businesses. Responses to proposer questions were posted on the Department’s website at www.de.pr.gov on December 22, 2018.

A. Requested Equipment and Services

After the removal of the Network Access Control devices from the RFP scope by Addendum No. 1, the RFP requested proposals for the purchase and installation of up to 70,000 wireless access points (56,000 indoor and 14,000 outdoor) to (i) provide full wireless coverage in all of the Department’s 857 schools and 37 non-instructional facilities (including the 7 Educational Region Offices), and (ii) to support approximately 160,000 tablets and laptops being purchased for the Department’s schools.

B. Evaluation Criteria and Weights

As stated in the RFP, proposals were evaluated by the Evaluation Committee based on the criteria and weights set forth below.

<table>
<thead>
<tr>
<th>EVALUATION CRITERIA</th>
<th>WEIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Quality and responsiveness of proposed products and services to the specific requirements of the RFP.</td>
<td>40%</td>
</tr>
<tr>
<td>2 Past performance on other contracts of comparable scopes and size with PRDE and/or other school systems, government agencies and/or businesses.</td>
<td>30%</td>
</tr>
<tr>
<td>3 Price of equipment and services.*</td>
<td>20%</td>
</tr>
<tr>
<td>4 Quality of Service Level Agreement, including sample reports and credits</td>
<td>10%</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>100%</td>
</tr>
</tbody>
</table>

II. PROPOSER LETTERS OF INTENT AND PROPOSALS

Letters of Intent were timely filed by the following 10 proposers on or before December 28, 2019.

<table>
<thead>
<tr>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 COLUMBUS NETWORK PUERTO RICO</td>
</tr>
<tr>
<td>2 CP CORP</td>
</tr>
<tr>
<td>3 DREYFOUS AND ASSOCIATES</td>
</tr>
<tr>
<td>4 EVERTEC GROUP LLC</td>
</tr>
<tr>
<td>5 HEWLETT PACKARD PUERTO RICO</td>
</tr>
<tr>
<td>6 IBM</td>
</tr>
<tr>
<td>7 IQTEK SOLUTIONS PUERTO RICO</td>
</tr>
<tr>
<td>8 PUERTO RICO TELEPHONE COMPANY</td>
</tr>
<tr>
<td>9 RSM PR</td>
</tr>
<tr>
<td>10 3 RIVERS TECH</td>
</tr>
</tbody>
</table>
Of the 10 proposers that submitted Letters of Intent, the following three (3) proposers submitted proposals by
the extended proposal deadline of 3:00 p.m. AST, January 16, 2019.¹

<table>
<thead>
<tr>
<th>PRIME CONTRACTOR</th>
<th>PRODUCT</th>
<th>TOTAL PRICING</th>
<th>ADJUSTED PRICING</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBM</td>
<td>Cisco Meraki</td>
<td>$43,855,551.64</td>
<td>N/A</td>
</tr>
<tr>
<td>DREYFOUS &amp; ASSOC.</td>
<td>Cisco Meraki</td>
<td>$45,584,184.00</td>
<td>$43,760,816.64</td>
</tr>
<tr>
<td>PUERTO RICO TELEPHONE CO.</td>
<td>Aruba</td>
<td>$22,386,164.70</td>
<td>$21,596,001.69</td>
</tr>
</tbody>
</table>

Each proposer that timely submitted a proposal identified participating subcontractors, as follows:

<table>
<thead>
<tr>
<th>PRIME CONTRACTOR</th>
<th>COMPANY</th>
<th>% OF WORK</th>
<th>SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBM</td>
<td>Truenorth</td>
<td>50%</td>
<td>AP Procurement, configuration &amp; warranty support</td>
</tr>
<tr>
<td></td>
<td>Martel</td>
<td>30%</td>
<td>AP Installation</td>
</tr>
<tr>
<td>DREYFOUS &amp; ASSOC.</td>
<td>CommWay Telecom Solutions</td>
<td>60%</td>
<td>Not Indicated</td>
</tr>
<tr>
<td></td>
<td>Bermudez, Longo, Diaz-Masso, LLC</td>
<td>40%</td>
<td>Not Indicated</td>
</tr>
<tr>
<td>PUERTO RICO TELEPHONE CO.</td>
<td>Hewlett Packard Enterprise</td>
<td>40%</td>
<td>Installation/Configuration and PMO Support</td>
</tr>
</tbody>
</table>

III. THE EVALUATION AND PROPOSER SELECTION PROCESS

The proposal review process was conducted in accordance with the terms and conditions of the RFP, based
on the criteria and elements set forth below. No proposer presentations were conducted for this RFP.

CRITERIA #1 (40%): Quality and responsiveness of proposed products and services to the specific
requirements of the RFP.

This Criteria was evaluated based on the following three (3) elements:

A. Proposal Submittal Compliance. The three responding proposers submitted all mandatory documents and
information with their proposals, so no points were deducted from any proposer due to failure to submit
material documents or information.

B. Proposal Functionality Compliance/Quality of Equipment proposed and Comprehensiveness of Solution.
The three (3) proposers presented quality wireless equipment that would meet the Department's needs as
stated in the RFP. IBM and Dreyfous & Associates ("Dreyfous") proposed Cisco Meraki access points;
Puerto Rico Telephone Company ("PRTC") proposed Aruba access points.

The three (3) proposers each met the RFP requirements for access point technical specifications, licenses
and warranty and support. However, points were deducted from PRTC, because the company failed to
include or price the required enclosure for the access points and Zero Touch Provisions (ZTP).

¹ Two (2) other proposers attempted to deliver their proposals on January 16, 2019 after the 3:00 p.m. deadline. On the advice
of legal counsel, the proposals were not accepted by the Department.
Security Enclosure. In the RFP, proposers were also informed that all access points "must have a security mounting solution to reduce the physical damage risk". (RFP p. 10) The Department's requirement concerning the security mounting solution was clarified in the Department's responses to proposer questions. The importance of the physical security solution for the access points was emphasized in at least seven (7) Department written responses to proposer questions, including the following:

"PRDE wants each vendor to propose a security enclosure designed for the indoor and outdoor access points. In the access points market, there are several vendors that design specific enclosures by Access points brands. These enclosures are safe and aesthetically appropriate and presentable."

More specifically, when IBM asked "[s]hould the price for the enclosure and installation of the enclosure be shown as an optional line item in Form 2: Price Proposal Form," the Department stated "[n]o, the enclosure is a mandatory price item.

Both Dreyfous and IBM included security enclosures and pricing for said items in their proposals. The IBM security enclosure solution was the most robust and aesthetically appropriate for school sites, resulting in IBM receiving a 10 rating for this element. The security enclosure proposed by Dreyfous for indoors access points is a front cover, but the outdoor access point enclosure doesn't have sufficient ventilation. However, the Dreyfous solution did comply with the minimum specifications, so they received a rating of 9 for this element. However, PRTC did not include a quote for the enclosure, which resulted in points being deducted from PRTC regarding the comprehensiveness of their solution.

Zero Touch Provisioning (ZTP). The RFP also required proposed solutions to include ZPT to allow devices to be provisioned and configured automatically, eliminating a large part of the manual labor involved with adding devices to the network. (RFP p. 10-11) With ZTP, the proposer only needs to install the access points and cloud services automatically provide access and configuration. The Dreyfous and IBM proposals both included ZTP as part of their proposed solution. However, the Evaluation Committee found that the PRTC proposal did not fully comply with this requirement. On pages 50-53 of the PRTC proposal, the company proposed to install and configure four (4) servers to implement Aruba Clear Pass, hosted at the Amazon Private Cloud, which is a work-around not as efficient as ZPT.

Quality of Project Plan and Deployment Schedule. The Evaluation Committee noted that IBM project plan and schedule was much more detailed than those provided by Dreyfous and PRTC. The IBM plan had start and finish dates, with clear milestones and deliverables, and a project completion date of September 25, 2019. Although the PRTC plan also had start and finish dates, with milestones and deliverables, the plan was less detailed and had a completion date of November 27, 2019. The Dreyfous project plan contained clear deliverables and a good division of proposer and Department responsibilities. Although the Dreyfous plan did not contain specific start and end dates, it did identify the number of days, weeks or months specific tasks would take to complete, which the Evaluation Committee found to meet minimum requirements. IBM received a 10 rating for its project plan and schedule; Dreyfous and PRTC both received a 6 rating for this element.
CRITERIA #2 (30%): Past performance on other contracts of comparable scopes and size with PRDE and/or other school systems, government agencies and/or businesses.

This Criteria was evaluated based on the following four (4) elements:

A. **Years in Business.** The three (3) proposers have all been in business for more than 10 years, and therefore each proposer received a 10 rating for this element.

B. **Reference Ratings (3 highest).** The average of each proposer’s three (3) reference highest scores was assigned to each for this element. Based on the reference questionnaires submitted by the proposer’s clients, Dreyfous received a rating of 9.96, IBM received a rating of 9.22 and PRDE received a rating of 8.67 for this element.

C. **Prior Experience with PRDE.** The Department has done work with each of the proposers and for the most part, found the proposers’ work to meet most of the contract requirements. Of the proposers, the Evaluation Committee rated IBM the highest (10), because of the Department’s positive experience with them on the PRDE Data Center and IBM’s E-Rate Internal Connections Project work at the schools. On both of those initiatives, the Department assessed IBM as meeting 100% of the contract requirements and exceeding certain criteria -- presenting viable alternatives for unexpected issues and not charging the Department additional costs for problems not expressly delineated in the IBM agreements. Dreyfous received a rating of 7 for meeting all contract requirements, but not exceeding contract obligations. The Department’s experience with PRTC on the WIFI project was less satisfactory, resulting a rating of 4, for meeting 75% or more of the contract requirements, but not all. PRTC lost points on this elements primarily due to long device outages and slow repair/replacement time, limited reporting and few (if any) credits awarded for down devices under the PRTC SLA.

D. **Other Comparable Projects – Scope.** Based on the comparable projects described in the proposals, Dreyfous received a rating of 6 for this element for having at least one (1) project of comparable scope. IBM received a 9 for at least three (3) projects of comparable scope. PRTC received an 8 for two (2) comparable scope projects.

---

CRITERIA #3 (20%) Price of equipment and services.

PRTC’s pricing was by far the lowest of the three (3) proposals, resulting in PRTC receiving a higher rating than Dreyfous and IBM. However, PRTC lost points on pricing for the following reasons:

1. The PRTC proposal pricing did not include the requested enclosures and ZTP.
2. PRTC’s proposal also including pages of assumptions that if not met could increase the quoted pricing considerably. For example, the following conditions in the PRTC proposal could very well increase costs and/or slow down installation, which were major concerns of the Evaluation Committee:
   - The Customer will be responsible for relocating any of the equipment to be serviced, should this be required. Otherwise, CLARO PR cannot be responsible for any loss or damage of equipment during the relocation.
- The Customer will be responsible for delivering the schools with all the network (copper, fiber, POE-Switches, Cabinets, points of AP installations, etc.) in place and operating in optimal conditions prior to the installation of the AP's.
- No school will be installed if the network infrastructure is not complete.
- In case a revisit to the school is necessary because a faulty (NON-AP) network infrastructure the revisit will be invoiced.
- No request can be made to CLARO PR at the end to increase the installation throughput teams to cope for a shortage in school's availability.
- If the schools have all the requested AP’s installed, working properly and the test protocol worked OK the school is considered finished and no last time requests will be accepted.
- It’s not included any change to original design of the solution.
- In addition, we assume that all tasks to be done by third parties contracted by Customer will be coordinated by Customer, unless requested to CLARO PR, in which case will be billed on a time and material basis.

Another concern about PRTC’s pricing related to the $99.00 pricing for each indoor access point. This pricing for high-end Aruba equipment raised a concern for the Evaluation Committee, because that pricing is well below available commercial pricing for this brand of products. At the recommendation of the Director of Purchasing, the Evaluation Committee obtained three (3) independent quotes from other distributors that were all substantially higher than the cost quoted by PRTC. As a result, the Evaluation Committee expressed apprehension that PRTC might try to increase the pricing after-the-fact if they were awarded a contract. To address this concern, the Evaluation Committee asked PRTC to commit in writing to honor the $99.00 pricing for the quoted new Aruba devices with 3-year warranties, for the entire term of any contract award. PRTC promptly submitted the requested written guarantee. The Evaluation Committee accepted the guarantee and voted not to deduct points from PRTC for the below market pricing.

PRTC received a rating of 8 for pricing (2 points were deducted for the enclosure omission and the number of assumptions with potential costs to the Department); Dreyfous and IBM both received ratings of 3, because their pricing was twice as high as the pricing quoted by PRTC.

CRITERIA #4 (10%): Quality of Service Level Agreement, including sample reports and credits.

The three (3) proposers each submitted a Service Level Agreement (SLA) that met the Department’s minimum specifications, which only a nominal rating difference between their respective ratings. Dreyfous – 8, IBM – 9; and PRTC – 8.

IV. EVALUATION COMMITTEE VOTE AND CONTRACT AWARD RECOMMENDATION

The proposals were reviewed and rated by the Evaluation Committee, with the assistance of technical advisers and the Department's competitive procurement advisers, using the criteria and weights described above and in the RFP. The Evaluation Committee members voted by phone conference on February 22, 2019, recommending unanimously that the wireless equipment and services contract be awarded to IBM. The following is the final vote of the Evaluation Committee:
CRITERIA

Quality and responsiveness of proposed products and services to the specific requirements of the RFP.
Past performance on other contracts of comparable scopes and size with PRDE and/or other school systems, government agencies and/or businesses.
Price of equipment and services.
Quality of Service Level Agreement, including sample reports and credits.

WEIGHT

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>WEIGHT</th>
<th>DREFYOUS</th>
<th>IBM</th>
<th>PRTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>40%</td>
<td>6.25</td>
<td>7.50</td>
<td>5.25</td>
</tr>
<tr>
<td>2</td>
<td>30%</td>
<td>8.24</td>
<td>9.56</td>
<td>7.67</td>
</tr>
<tr>
<td>3</td>
<td>20%</td>
<td>3.00</td>
<td>3.00</td>
<td>8.00</td>
</tr>
<tr>
<td>4</td>
<td>10%</td>
<td>8.00</td>
<td>9.00</td>
<td>8.00</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>25.49</td>
<td>29.06</td>
<td>28.92</td>
</tr>
</tbody>
</table>

RATING

6.25
8.24
3.00
8.00
6.00
8.00
8.00
8.00
8.00
8.00

SCORE

25.0%
24.7%
6.0%
8.0%
6.0%
9.0%
8.0%
63.7%
24.7%
16.0%
100%

The Committee's recommendation was presented to me for consideration and approval. After a full briefing on the Evaluation Committee deliberations and the proposer responses to Evaluation Committee questions and information requests, I reviewed the Committee member voting record, and hereby approve the award of the services to IBM, as recommended by the Evaluation Committee.

This award to IBM shall be for three-year period (subject to annual appropriations), with one (1) option to renew for one (1) additional year, subject to the negotiation and execution of a legally binding contract. The services shall commence following the execution of the contract and the issuance of a purchase order and upon satisfaction of such other terms and conditions as shall be established by the Legal Department.

V. AWARD REVIEW PROCEDURE

A copy of this Notice of Award and Acceptance Letter is being sent by certified mail to the proposers that did not win the award, in accordance with the terms of the RFP. Award revisions will be governed by the dispositions of the Law of Uniform Administrative Procedures (Law 38 of June 30, 2017, as amended). Any Proposer adversely affected by this decision may file a request for reconsideration with the PRDE within twenty (20) days of notification. The PRDE must consider the request for reconsideration within thirty (30) days of its filing date. If the PRDE does not answer the request for reconsideration within such period, it will be deemed to have been rejected. The Proposer may request a writ for review of PRDE's final decision with the Puerto Rico Appellate Court within 20 days of notification. All requests for reconsideration or review must be filed within twenty (20) calendar days from the date of the postmark on the envelope containing the Notice to the Proposer seeking review or from the date on which the Proposer's request for reconsideration was deemed rejected by the PRDE. Proposers who fail to file requests for review within the periods indicated herein waive their right to contest an award. The presentation of a writ of review before the Appellate Court will not paralyze this award.

VI. ACCEPTANCE OF THIS CONTRACT AWARD

Please review the terms of this award carefully and notify the Department immediately of any errors or omissions. If IBM accepts the terms and conditions set forth in this Notice of Award and Acceptance Letter, as well as the General and Specific Terms and Conditions of the RFP which are incorporated herein by reference, please acknowledge IBM's acceptance and agreement by signing two (2) copies of this Notice of Award and Acceptance Letter. One original executed copy of the should be retained by IBM and one original executed Notice of Award and Acceptance Letter should be mailed to undersigned at the address below within three (3) calendar days of the receipt hereof.
Thank you for providing the Department with a cost-effective proposal to deliver critical services to our schools for the benefit of our students, teachers and administrators. We look forward to working with you on this initiative.

PUERTO RICO DEPARTMENT OF EDUCATION

Julia B. Keleher, Ed.D.
Education Secretary
P.O. Box 190759
San Juan PR 00919-0759

CC: To be sent by certified mail, return receipt requested

Miguel O. Vargas, Business Sales Director
Lydia Toledo Velazquez, Government Sales Manager
PUERTO RICO TELEPHONE COMPANY
PO Box 360998
San Juan, PR 00936-0998

Dr. Ricardo Dreyfous
CEO and Founder
DREYFOUS AND ASSOCIATES
PMB 641 HC-1 and Box 29030
Caguas, PR 00725-8900

AWARD ACCEPTED AND AGREED TO BY:

INTERNATION BUSINESS MACHINES

Darick Rodriguez, Senior Location Executive