



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO Box 1468
Sacramento CA 95812-1468
Telephone (916) 845-6782 Fax (916) 845-0254

STEVE WESTLY
Chair
JOHN CHIANG
Member
MICHAEL C. GENEST
Member

MEMORANDUM

To: Selvi Stanislaus June 2, 2006

From: Mark Shijo

Subject: Board Approval for Contracts Exceeding \$1 Million

This memorandum provides information for your notification to the Board pursuant to the Board's resolution requiring approval for purchases exceeding \$1 million.

Enterprise-Wide Customer Service Platform II (ECSP II)

This proposal requests \$10.5 million to implement a unified communication platform that will replace the CallWise system and the Interactive Voice Response system that have reached end of life. ECSP II will utilize the Computer Telephone Integration (CTI) technology to integrate Interactive Voice Response (IVR) technology, Automatic Call Distributor (ACD) call management software, and some agent desktop applications as a single package. The proposed platform must also have the appropriate level of integration with FTB's current LAN and CALNET network as well as other call center specific applications.

FTB needs an integrated voice and data customer service platform that receives, distributes and tracks each customer contact. End-to-end reporting on each contact is necessary to ensure that customers are being served as quickly and efficiently as possible. This communication platform is essential to maintain the department's service goals. The contract is scheduled for award in June 2006.

Court Ordered Debt (COD) Collection Expansion Project

This proposal requests \$7.1 million over a scheduled three year agreement to contract for technical consulting services (programmers, developers, system analysts and system testers). These services are essential for FTB to execute the system modifications that are needed to meet the legislative mandate to make the program permanent expanding the services to courts and counties statewide. The contract is scheduled for award in October 2006. FTB IT staff will be responsible for all ongoing system maintenance. The DOF approved the Feasibility Study Report for the COD Expansion Project No. 1730-182 on January 10, 2006.

Server License Renewal

This proposal requests \$1 million to renew the department's software maintenance for IBM Passport Advantage. The IBM Passport Advantage consists of a suite of software products that are housed on our server environment. These products support enterprise applications for revenue producing activities. The contract award is scheduled for June 2006.

Central Processing Unit (CPU) Upgrade and Maintenance

- CPU Hardware Upgrade - This proposal requests \$2.2 million to upgrade our CPU from an IBM z900 (rated at 641 MIPS) to an IBM z9 (rated at 752 MIPS). During the last tax filing season the department's current CPU exceeded 90% capacity on a regular basis. The high capacity is attributed to workload growth. In order to have sufficient processing capacity to support next year's tax filing season, the CPU must be upgraded to a z9 model. The contract is scheduled for award in September 2006. Installation and testing of the CPU upgrade will be completed in November 2006.
- Software License Renewal (IBM) - This proposal requests \$1.98 million to renew and extend the department's IBM annual license expiring on June 30, 2006. These software products support the department's CPU and are important pieces within the department's operating system platform.

Without this license renewal, the department would not be able to perform many of its revenue generating functions or related administrative tasks that are supported by the CPU.

- Software License Fee and Maintenance - This proposal requests \$1.5 million for the license upgrade fee and three years of maintenance. The Software AG products provide complex database operating systems for the department's critical records that are housed on the CPU. Without support for these products, the daily system production and its revenue generating functions and various other administrative tasks that involve the mainframe computer system will cease. The contract is scheduled for award in November 2006 to correspond with the installation of the CPU upgrade.

Network Switches – Equipment Purchase

This proposal requests \$1.3 million for Cisco equipment for the expansion of the department's data service infrastructure. The expansion is required to support California Child Support Automation System, E-commerce Network, District Office Network, and the Scan and Shred project. The data service infrastructure serves

Selvi Stanislaus

Page 3

Board Approval of Contracts Over \$1 Million

the department's customers and meets our business and data requirements. The contract is scheduled for award in June 2006.

If you have any questions regarding any of the above items, please contact me at 845-6782.

Director, Financial Management Bureau

cc: Titus Toyama
Carol E. Ford
Lisa Crowe
Geoff Way
Anne Miller