State of Delaware RFP for Merchant Services

Q&A Document

1. **Pg 2, Background.** "*Traditional countertop POS terminals*." Although the State mentions later in this section (and in Appendix A), can the State list the manufacturer, make and model name of each different terminal and how many there are of each model? The State should have completed its migration to Ingenico iCT250 terminals by the implementation of this contract, at which point the State will own about 50 units.
2. **Pg 2, Background.** "*Traditional countertop POS terminals*." Are any check readers used today? No.
3. **Pg 2, Background.** If any of the POS systems use a *third-party payment software/middleware application*, provide the company name, product name and version, including service packs of each software and the POS system it is used with? Elevon (ProtoBase) and ActiveNetwork provide reservation and transaction software, but both do not interact directly with the processor.
4. **Pg 2, Background.** "*Computer-based virtual terminals*." Is Govolution the only provider of virtual terminals for the State? What is the name of the Govolution gateway? If there are other providers, please list the provider and name of the gateway. Which Divisions use this payment acceptance method? Govolution's gateway product, called Velocity Payment System, is used by almost all virtual terminal merchants and all web merchants across all State divisions. Govolution passes the transaction data to the processor. The incumbent processor happens to also provide gateway services. Should the contract be awarded to another vendor, the few merchants using it would migrate to Govolution's product at that time.
5. **Pg 2, Background.** "*Computer-based virtual terminals*." Are you using the virtual terminal to accept over the counter, payments, mailed in payments, <u>and</u> phoned in payments? Virtual terminal merchants are capable of accepting card present and MOTO transactions.
6. **Pg 2, Background.** "*Computer-based virtual terminals*." Are any card readers (like swipe readers attached to a PC for a virtual terminal) used today? If so, can you provide the number of each, manufacturer, make and model and if owned, rented or leased? The State currently owns about 80 Magtek USB-connected swipe devices, of which four (the most recent purchases) have encryption capability. As a result of EMV liability, the State is planning to switch to the iPP320, but that switch has been delayed pending the outcome of this RFP process.
7. **Pg 2, Background.** "*Web-based [mode]*." Is the website payment interface via a hosted order page or application programming interface? Some web payment interfaces are designed by and hosted by the State, while others are designed by and hosted by third parties, and still others are designed by and hosted by Govolution. As the State's gateway, Govolution is responsible for collecting, formatting and transmitting the data to the processor.
8. **Pg 2, Background.** Are you accepting payments via phone through an IVR system? No.
9. **Pg 2, Background.** Are any recurring transactions performed and automatically executed by the current vendor? No.
10. **Pg 2, Background.** Do any of the Divisions/agencies have communications needs such as MPLS Circuits, VPN connectivity or Secure FTP, if so please identify specific needs? None of the State's merchants use MPLS or VPN. There is at least one group (Parks and Recreation) that uses Secure FTP. Most agencies use integrated web, which communicates over HTTPS post.
11. **Pg 4, III.A.2. Daily Deposit Reporting.** The requirement here seems to indicate that the State wants reports on transactions about 8:30 am the next day. However, in the Scope of Services on page 37,

the time given is 10:00 am. Are the reports actually needed by 10:00 am? An 8:30 a.m. report is preferred, 10:00 is required. Any later than that would not allow OST to incorporate that revenue figure into the day's cash position.

12. **Pg 5, III.B.1.** What's your status of PCI compliance? The State's approach is that PCI compliance is an agency responsibility. Generally, this means a group of merchants. The State's merchant groups are either Level 4 or Level 3, and almost all are compliant. Those which are not are actively working to achieve compliance, which may be something as simple as doing the self-assessment. ControlScan is the third party provider that has been recommended to State agencies.

13. **Pg 18, Vendor Overview, item 8.** Item 8 mentions "web-based ACH debit transactions are passed to The Bank of New York Mellon." Does Govolution handle these payments? What information does a customer enter on the website for and ACH debit transaction? The processor will be responsible for handling card transactions; ACH debit transactions are outside the scope of this RFP.

14. **Pg 18, Vendor Overview, item 9.** Financial statements can be over 200 pages long. Can the vendor provide a URL link to the financial statements instead? Lengthy financial statements may be included in the proposal via CD or thumb drive in PDF format.

15. **Pg 19, Authorization and Settlement, item 4.** How are you funded, via wire or ACH? Currently, the depository account receives about 1,800 ACH credits per month from the processor's sponsoring bank.

16. **Pg 25, Attachment 2.** What is the annual number of credit card transactions processed today by card type? Of the 1.6 million annual total transactions, about 900,000 are Visa, 450,000 are MasterCard, 90,000 are Discover, and 160,000 are American Express. Five agencies accept Amex, and the annual dollar volume is $46 million. As is true worldwide, Amex has the highest average transaction size.

17. **Pg 32, Appendix A: Scope of Services.** From the Required Information in Section IV.A. of the RFP, it appears the vendor does not respond to Appendix A in our proposal. Can you confirm whether or not we should respond to Appendix A, and if we should respond, how? Treasury has created an agency-wide consistent RFP format where an attachment requires a response, and an appendix provides information. So, a response to Appendix A is not required, unless the vendor needs to cite an exception to Scope of Services.   In that case, a brief summary of the exceptions should be given in the transmittal letter, and the specifics should be provided in Attachment 5 (which comprises Tab F of the proposal.

18. **Page 18, Item 8:** Do all countertop terminals, virtual terminals and web-based applications process via the Govolution gateway to the credit card processor? Does everything process through Govolution? If not, what other gateways does the State use? Please provide information on any payment channels are not included in the RFP, along with the name of gateways.   The Division of Parks and Recreation has a relationship with Active Network to manage its parks reservation system. Those are mostly web-based transactions, and Active Network uses Cybersource as its gateway. Cybersource would need to be certified to the processor to pass those transactions. The Delaware National Guard has a lodging merchant that uses Elavon's product ProtoBase to process transactions, which are passed to TSYS before being passed to the processor.

19. **Page 4, Item 3:** Invoicing – Summary invoice to the State – is this only for entities billed to the State or does this include agency billing? OST receives an invoice for the majority of merchants, while some agencies are directly invoiced for their own merchants.

20. **Page 24, Item 4:** Regarding State-defined MIDS – please clarify how these MIDS are utilized (e.g. settlement detail, invoices, reporting, ad-hoc reporting). The last five digits coincide with the Division of Accounting's numbering system that has been used for many years to identify departments, divisions and sections. MIDs are registered with the State's automated accounting system. The MID travels with the transaction data from the merchant to the processor to the

depository bank. When the depository bank provides its daily BAI file to the State, the MIDs are present and they are used to create Accounting documents.

21. **Page 34, Item 3:** What are the data requirements/specifications for the Depository Bank File Transmission?   A daily transmission is required to the depository bank. The transmission must include detail by individual batch totals and their respective MIDs. MIDs can have more than one batch total for the day. These batches should be transmitted as individual batches not as a group total for the individual MID.

22. **Page 36, item D:** Can you expand on the State's reporting requirements? What specific reporting is the State looking for. Is this the reporting for funds to be deposited into DDA, or reporting of sales transactions completed and processed to network?   For reconcilement purposes, Treasury primarily uses the depository bank for its reporting. Agencies are the main users of the processor's reporting system, and each agency has its own individual reporting needs. They need batch reports to submit accounting documents to claim their share of the aggregate bank deposit, and they need other reports to analyze their performance and provide summary data. A reporting hierarchy is essential – individual merchant, merchant groups (agency) and statewide. In addition to the agencies, Treasury's program manager – the Designated Contact – must have a robust reporting capability.

23. **Page 36, item D:** Is the reporting through Govolution? Govolution does provide its own reporting for those merchants using its gateway service, but not all merchants use Govolution. So, the processor must provide reporting for all merchants, irrespective of Govolution's capabilities.

24. **Page 24, Item 6:** Does the State anticipate charging convenience fees in the future? It may, but the major impediment is how to account for the revenue in the State's accounting system. The State would like for its processor to have experience supporting governments that charge convenience fees.

25. Is the State willing to set up a deposit account with a processor's sponsoring bank to facilitate next day merchant deposits?   That is a possibility, but the State prefers to have merchant services deposits made directly into either of the State's two major cash management banking relationships – BNY Mellon and PNC Bank. Otherwise, a concentration transfer will become necessary.

26. What front end does the State currently process through and what is the cutoff time for next day credit? The incumbent processor is both a front-end and back-end processor and does not process through TSYS, Global, First Data or Paymentech.

27. What percent of the annual volume is card not present? The State was unable to obtain this information for this Q&A document, but it is probably more than 50 percent.

28. How many merchant locations are "card not present?" Aside from web merchants, which are obviously "card not present," the virtual terminal merchants are capable of accepting both "card present" and "card not present transactions." There are no virtual terminal merchants that are exclusively MOTO.

29. Are the standalone terminals using an analog or IP communication? They will use IP communication by the start of this contract.

30. **Section II, Background.** Will the state consider replacing the Ingenico terminals currently in place at all locations? As these are new EMV-compliant terminals, the vendor would need to make a compelling case for replacing them, including willingness to help the State mitigate the financial loss that would happen if a change is made.

31. **Section III, Scope of Services.** Is the customizable MID a requirement for bidding? Yes. To add to the response for question 22, if the vendor cannot provide true customizable MIDs, the State would accept the possibility of using "alias" MIDs. With those, the MIDs that the State uses and which carry through the transaction cycle actually represent "behind the scenes" traditional MIDs that mean something to the processor and card associations. Currently, the State's MIDs have meaning; they are generated by Treasury and correspond to the Division of Accounting's numbering system to

identify agencies. Further, much work has been done to program (code writing) the State's automated accounting system to be in synch with the current numbering scheme. In particular, changing the number of digits in the MID would be problematic. As explained in the RFP in Section III on page 4, changing what each digit represents would also present a significant problem for the State, but one which the State may be willing to accept.

32. **Appendix A, Section A.** Is the Govolution gateway used in conjunction with the Ingenico terminals in a Retail application? Yes. Are all locations on the Govolution gateway for Retail, Ecommerce, and MOTO applications? Yes, Govolution's gateway supports six different transaction categories within a single application.

33. **Appendix A, Section G.** Will a bidder be disqualified if unable to support monthly invoicing? No.

34. **Questionnaire.** Will the winning bidder be expected to offer a convenience fee processing capability within the time period of the agreement? No.

35. What role does Govolution play in the payment process for the state? Where Govolution provides duplicate services to the responding vendor, will the state still require the vendor to connect with Govolution? Govolution is the State's gateway provider, an essential link in the payment process for all web-based and virtual terminal-based merchants. For those types of merchants, the processor must "connect" to Govolution. Even if the processor offers the State a gateway service as an ancillary service – above and beyond the scope of this RFP – it is very unlikely that the State would cease using the Govolution gateway.

36. Where the vendor may provide convenience fee funded payments in the future, will the state allow the current POS equipment to be replaced/added with vendor-supplied equipment to facilitate convenience fee funded payments? It is a possibility, but a cost/benefit evaluation of that move would need to be done.