Agenda Item 4d
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TO: Clipper® Executive Board DATE: October 17, 2016

FR: Carol Kuester

RE: Next-Generation Clipper® (C2) System Integrator Assumption of Clipper® Operations

At the August 2016 Clipper® Executive Board meeting, board members supported a recommendation to adopt a strategy in which the C2 system integrator would assume responsibility for the Clipper® Program when the current contract (C1) expires in November 2019. Weighing potential benefits with risks, the current plan remains having the C2 system integrator operate the C1 system once the current Clipper® contract expires in November 2019. The benefits include:

- No need for an extension of the current Clipper® contract or parallel system operations;
- Smoother transition of Customer Service Center operations to benefit Clipper® cardholders; and
- C2 system integrator understanding and knowledge of agency business rules, customer behavior, and unique operational environments during the design of the C2 system.

During the C2 system integrator Request for Expressions of Interest (RFEI) process, most vendors said that they would find taking over C1 difficult and recommended parallel operations. However, during interviews, they also said that they would be willing to assume operations of C1 as long as they were provided with adequate training and key technical information, including proprietary information necessary to integrate C2 cards with the C1 system. Some vendors gave examples of where they had assumed a legacy system's operation, while some expressed that the level of effort required to operate and maintain the existing system software and hardware would be difficult to estimate.

Staff will evaluate and monitor industry response to our current plan during the Industry Review phase of the procurement and will share any updates and feedback with the Clipper® Executive Board.

Carol Kuester

Carol Kuester

Attachment:

- Attachment A: Next Generation Clipper® Update: C2 System Integrator to Assume C1

Next Generation Clipper® Update

C2 System Integrator to Assume C1
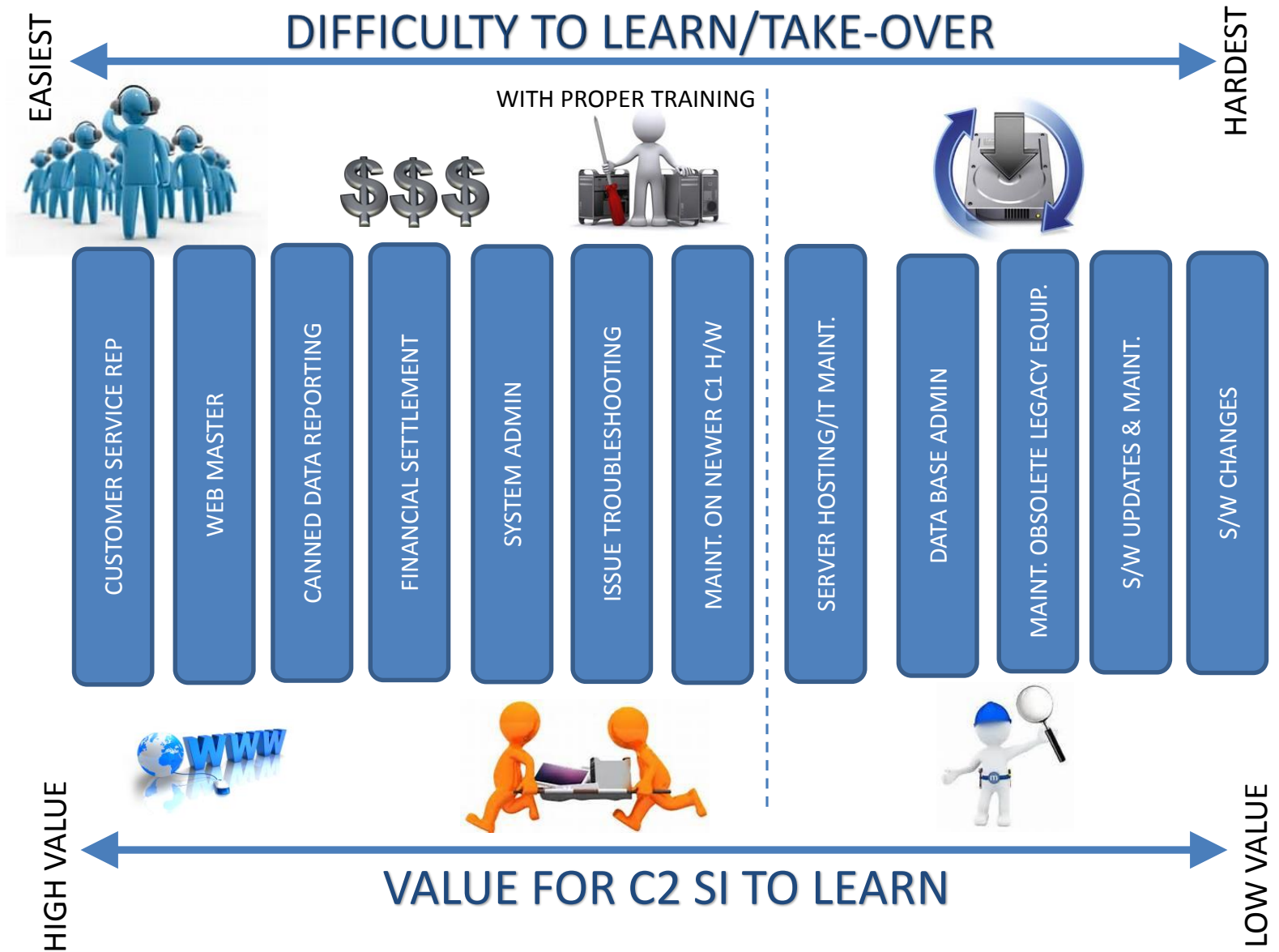
10/17/2016

Agenda Item 4d
Attachment A - Revised

Current Plan: C2 SI Assuming C1 Operations

Benefits of current plan:

- No extension of current Clipper® contract or parallel operations
- One SI responsible for C1 System to C2 System transition
    - Better customer experience for cardholders
    - More transit operator control
    - SI will learn C1 shortcomings while designing C2
- C2 SI understanding during design
    - Customer service
    - Agency needs and operations
    - Back-office processes
    - Business rules
    - Infrastructure
- Incentive to showcase new system quickly

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C2 System Integrator Assumes C1 Operations

Board Concerns About Requiring C2 Contractor to Operate Current System

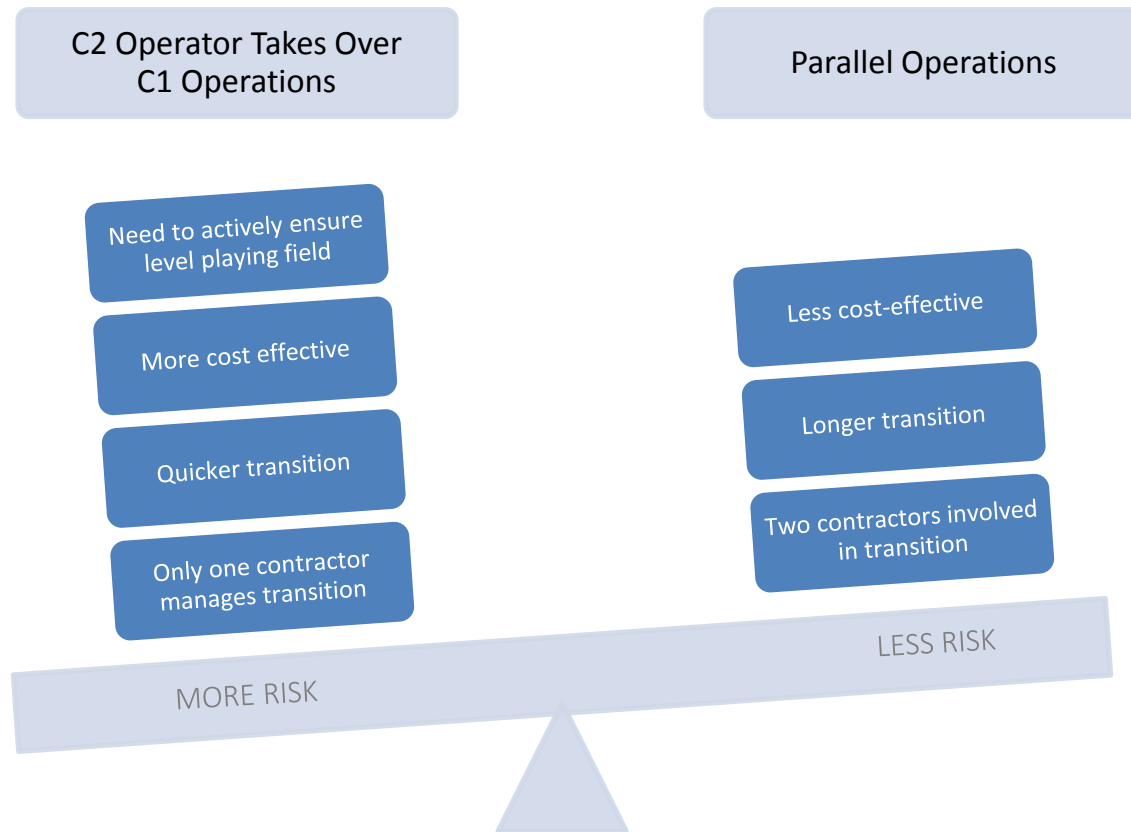| CONCERN	MITIGATION
Risky Plan: During RFEI, some vendors said this innovative approach is risky, and challenging to deliver	**Contract Extension**: MTC staff will extend the Cubic contract five years as safety net.
Incumbent Bias: Plan could appear inherently biased toward incumbent and limit the bidder pool.	**Isolated Bid**: The RFP will require separate price bids for operation of current system. **Responsive to Industry**: After Industry Review, the C2 Procurement team will be prepared to readjust approach based on responses to industry review RFP.

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C2 Systems Integrator RFP Scope of Work Structure

RFP ATTACHMENT #	COMPONENT
A	Scope of Work
A – 1	System Requirements
A – 2	Operations and Maintenance of C1
A – 3	Design, Implementation, and Testing of C2 System
A – 4	Transition of C1 to C2
A – 5	Operations and Maintenance of C2
A – 6	Upgrades and Enhancements to the C2 System
A – 7	End of C2 Term Transition
A – 8	Service Level Agreements
A – 9	Task Order Process and Form

Trade-offs of Approaches to Manage C1 Operations

C2 Operator Takes Over C1 Operations

Parallel Operations

Need to actively ensure level playing field

More cost effective

Quicker transition

Only one contractor manages transition

Less cost-effective

Longer transition

Two contractors involved in transition

LESS RISK

MORE RISK

Region is seeking best possible deal, largest viable pool of bidders, acceptable level of risk

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