

Executive Summary

Information Systems Advisory Committee Meeting, November 19, 2024
Board of Governors Meeting, December 4, 2024

Document Generation Software and Professional Services

Topic

Citizens staff is requesting approval to increase the total contract spend with Smart Communications LLC (“SmartComms”) for the continued use of their Document Generation software. The increase in spend requested now is to a) cover the funds for the remainder of the term ending March 2027 with updated PIF projections, and b) an expected need for professional services. The request is to seek authority to continue using the contract through the end of the final renewal period (March 9, 2027) with additional spend authority of \$743,763, bringing the total authorized spend to \$5,455,980.

History

SmartComms provides Document Generation software which integrates with Guidewire Insurance Suite to facilitate policy and agency document mailing and archiving. This software integrates with policy data to generate policy specific documents including new policy packets, policy renewals, invoices, claims communications, takeout offers, and other policy related communications. The software is used for both electronic and printed communication distribution channels. The contract includes a minimum annual fee with additional usage-based charges when service demand exceeds the annual minimum. Additionally, spend authorization for professional services is requested for integrations with existing and future systems, and to allow for transition services required to move to a new product when this contract expires in 2027.

On July 15, 2011, Citizens issued Invitation to Negotiate No. 11-0043 for Document Generation software, resulting in an awarded contract to SmartComms.

On December 7, 2022, the Board approved estimated spend authority through March 9, 2025, bringing the total contract spend authority to \$4,712,217. That Consent Item included renegotiated pricing reflecting price concessions with the vendor.

This Consent Item requests spend authority for the remainder of the contract term (March 10, 2025 through March 9, 2027). The contract spend for this period is estimated to be \$1,280,804, however since spend authority remains available from the prior Consent Item, only an additional \$743,763 of authority is being requested for the additional two-year contract term.

The actual and estimated spend compared to authorized spend is as follows:

	Actual	Estimated	
	2012-2024	2025/26	2026/27
Annual Fees	\$ 3,308,696	\$ 213,075	\$ 223,729
Transactional Costs	\$ 745,760	\$ 255,000	\$ 289,000
Professional Services	\$ 120,720	\$ 100,000	\$ 200,000
Annual Spend	\$ 4,175,176	\$ 568,075	\$ 712,729
BOG Authorized Spend	\$ 4,712,217		
Remaining Authorized Spend	\$ 537,041	\$ (31,034)	\$ (743,763)

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Recommendation

The recommendation is included in the Action Item.

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ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Purpose/Scope	<p>This Consent Item seeks Board approval to increase the total contract spend from \$4,712,217 to \$5,455,980, an increase of \$743,763 to cover the following:</p> <ol style="list-style-type: none"> 1. Transactional costs incurred when service demand exceeds the annual minimum, through renewal term ending March 9, 2027; and 2. Professional services needed for integrations with existing and future systems and to allow for transition services required to move to a new product when this contract expires.
Contract ID	<p>Document Generation Software License and Services Agreement Contract No: 12-11-0043-00 Vendor: Smart Communications LLC</p>
Budgeted Item	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The required funding for 2025 will be included in the budget request presented at the December 4, 2024 Board meeting, and funding for subsequent contract years will be budgeted in the appropriate budget year.</p>
Procurement Method	<p>On July 15, 2011, Citizens issued Invitation to Negotiate No. 11-0043 for Document Generation software. Nine (9) vendors submitted replies and the Evaluation Team identified four (4) proposals to proceed to the Negotiation phase. Following comprehensive software demonstrations and further negotiations, the Negotiation Team recommended an award for Smart Communications LLC (f/k/a Thunderhead, Inc.)</p>

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Contract Amount	\$5,455,980
Contract Terms	Five (5) year base term, with two (2) optional five (5) year renewals.
Committee Recommendation	Staff proposes that the Information Systems Advisory Committee review, and if approved, recommend the Board of Governors: a) Approve additional spend authority in the amount of \$743,763 for the Document Generation Software License and Services Agreement contract; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Board Recommendation from Committee	If approved at its November 19, 2024 meeting, the Information Systems Advisory Committee recommends that the Board of Governors: a) Approve additional spend authority in the amount of \$743,763 for the Document Generation Software License and Services Agreement, as set forth in this Consent Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Contacts	Aditya Gavvala, Chief Information Officer