

**Testimony of Brent and Trish Levinson
for the
North Dakota Senate Appropriations Public Hearing on March 17th 2021.**

Chairman Holmberg and committee members of the Senate Appropriations Committee,

This testimony is presented by Brent and Trish Levinson the owners of Affinity Global Solutions (AGS) whose IBARS (Internet Budget Analysis and Reporting System) product is used to source, analyze, and generate publications for the State's budget. In the upcoming biennium IBARS is to be replaced through a project sponsored by OMB and the Governor's Office. OMB has requested an "annual contract for a new budget system" with a request amount of \$1,230,100 (see Exhibits A and B) with additional funding to be sourced through the Strategic Investment and Improvement Fund. It is unclear what the intent and scope of this contract is. Perhaps, this is a long term software as a service (SaaS) contract for \$1,230,100 per year where the State owns no solution?

AGS has been a partner with the State of North Dakota in sourcing, analyzing and producing reports and publications for the State's budget for over 25 years. The origins of IBARS were built to meet the needs of North Dakota's State budgeting process and then enhanced to meet the needs of many other States. For example, IBARS went live in December 2019 for the State of New Jersey. IBARS is an actively supported, developed, vibrant and competitive product built by and for North Dakotans. 2020 maintenance of IBARS for the State of North Dakota was \$93,635. North Dakota has a perpetual license for IBARS. IBARS is consistently the most competitive solution in the marketplace. 100% of IBARS is developed and supported in the State of North Dakota. Therefore, keeping small business alive and staff employed.

On April, 30th of 2020 AGS was advised that the State intended, on the following day, to release an RFP to replace the State's IBARS budget system. This blindsided AGS. AGS is unaware of any deficiency of functionality, support, or other issue that would necessitate the State to find a new solution. On the contrary, year after year AGS works closely with OMB staff to ensure that IBARS performs the many complex data collection, analysis, simulations, reporting and publication tasks needed to generate the Governor's Budget. Also, Legislative Council (LC) uses IBARS. LC receives the Governor's Budget in their IBARS and has further processes and reporting supported by AGS.

Having worked with State of North Dakota since 1995 for various departments within the Executive Branch we have been exposed to rigid procurement practices that force agencies to go through extensive consultation processes with existing vendors before undertaking any purchase of replacement systems. We have seen this result in agencies staying with existing solutions rather than purchasing new systems.

No such due diligence has been followed by the State to replace the current budget system. There is no feature or functionality that cannot be provided by AGS in IBARS that another product can provide. Further, the RFP released by OMB and Governor's Office included:

- 1) An explicit statement that the selected solution would "**replace IBARS**" (page 8 of the RFP- Exhibit C) thereby excluding an AGS' IBARS solution, and
- 2) An itemization of **only 39 requirements**. Typical State budget system RFPs have 500 to over 1000 requirements. This means that any solution provided under the terms of the State's RFP is bound to be laden with change orders certainly making the original bid a step stone to a much more costly and disruptive endeavor.

Implementations of Statewide budget solutions range from \$10 million upwards towards \$40M. This money will go out of State versus supporting a local vendor that employs North Dakotans who contribute to the North Dakota economy and pay North Dakota taxes. The implementation costs referenced do not include direct State costs to provide the tens of thousands of resource hours needed for such an undertaking in the way of a State project team, acceptance testing, user time in training and learning a new system.

We, as citizens of North Dakota, partners in providing the State's budget solution, a North Dakota technology company employing North Dakota technology professionals, and as North Dakota tax payors both personally and corporately find this planned purchase extremely frustrating. This is an example of yet another ill-advised and ill-conceived IT project that will burn through millions of taxpayers' dollars unnecessarily.

We ask the North Dakota Legislature to send this matter back to the Governor's Office and OMB without funding. Insist that they communicate to AGS their needs of needed features so those can either be enabled or developed as required to IBARS, a product that is proudly North Dakota built and supported. This will save tax payors millions of dollars and keep highly valued technology jobs in North Dakota.

Included with this submission are our prior outreach to the Governor and OMB when this matter came to our attention (see Exhibit D). Our letter went unanswered.

Also included is a similar message provided to select legislators (see Exhibit E).

Thank you for your help in this matter and we certainly hope that you share our concern in the way this solicitation has been handled. AGS takes pride in its contribution to budget development in North Dakota and sees the planned to change as a needless and costly decision to replace a proven solution and North Dakota vendor.

Thank you for your time,
Brent and Trish Levinson

BUDGET CHANGES NARRATIVE

Date: 11/30/2020

110 Office of Management and Budget

Time: 13:28:33

Change Group: A	Change Type: A	Change No: 2	Priority:
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Facility Management

Restoring ongoing bond payments of 564,515

Change Group: A	Change Type: A	Change No: 5	Priority:
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Central Services

Equipment over \$5,000 provides for the replacement of existing production equipment and enhancements to existing IT solutions.

Change Group: A	Change Type: A	Change No: 100	Priority:
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15% Base Budget Reduction

Removed 15% from all pass-through grants and statewide dues, removed contingency appropriation, underfunded some positions and reduced operating in all divisions.

Change Group: A	Change Type: A	Change No: 200	Priority:
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5% Reprioritization Decrease

Decrease Special funds for reprioritization

Change Group: A	Change Type: A	Change No: 300	Priority:
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5% Reprioritization Increase

Increase of special funds for reprioritization

Change Group: A	Change Type: C	Change No: 1	Priority: 4
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Fiscal Budget System Annual Contract

Add funding to pay annual contract for new budget system.

Change Group: A	Change Type: C	Change No: 2	Priority: 9
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Restore Statewide Grants

Restore Guardianship, Prairie Public, Community Service, COSE, and Boys and Girls Club Grants from 15% reduction.

Change Group: A	Change Type: C	Change No: 3	Priority: 10
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IT EQUIPMENT OVER \$5,000

110 Office of Management and Budget

Date: 12/09/2020

Version: 2021-R02-00110

Time: 13:23:11

Description	Funding	2021-2023 Request	2021-2023 Optional Request	2021-2023 Recommendation
New Eprocurement Software	General Fund	0	2,021,204	2,021,204
	Federal Funds	0	0	0
	Special Funds	0	0	0
Total New Eprocurement Software		0	2,021,204	2,021,204
New budget system	General Fund	0	1,230,100	1,230,100
	Federal Funds	0	0	0
	Special Funds	0	0	0
Total New budget system		0	1,230,100	1,230,100
Virtual Tour Program	General Fund	0	100,000	0
	Federal Funds	0	0	0
	Special Funds	0	0	0
Total Virtual Tour Program		0	100,000	0
Agency Totals	General Fund	0	3,351,304	3,251,304
	Federal Funds	0	0	0
	Special Funds	0	0	0
	Agency Total	0	3,351,304	3,251,304

Exhibit A

SECTION TWO – BACKGROUND

2.0 BACKGROUND INFORMATION

North Dakota Office of Management and Budget's (OMB) mission is to provide innovative leadership and support to state government. Our vision is that OMB will set the standard for leadership and expertise in state government; and our core values include respect, integrity, excellence, resourcefulness, and responsiveness. OMB is comprised of five separate divisions, each with a unique mission and function, but sharing a common purpose of service to the agencies of state government, the team members of all state agencies and the people of North Dakota.

Within OMB, the budget office assists the Governor and his staff in developing executive budget recommendations that are presented to the legislature each biennium and monitors these recommendations throughout the legislative process.

The functions of the Budget Office include:

1. Budget Development
2. Financial / Economic Analysis
3. Budget Implementation
4. Planning and Reporting

North Dakota employees about 15,800 workers within seventy-four state agencies. The total state budget for the current 2019-21 biennium is over \$14.6 billion including a mix of general, federal, and other funding sources. The state budget solution will be used to budget for all these agencies and state employees.

ND OMB has been using various iterations of the current IBARS system since 1995, the resulting system from this RFP will replace that application.

The ND OMB is soliciting proposals from qualified vendors to provide a statewide budget system solution to support the STATE's biennial budgeting process. The goal of the STATE is to have a new budget system that will be useful into the foreseeable future. The system should be easily maintainable with a clear upgrade path for the underlying software components.

2.1 BUDGET

The funds for payment of this contract are contingent upon appropriation of funding. Funds will be requested through the 2021-2022 legislation session.

2.2 TECHNICAL ARCHITECTURE OVERVIEW

A brief description of each component of the technical architecture is provided in the Technical Architecture Overview – Attachment B to this RFP.



Affinity Global Solutions

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June 2, 2020

Honorable Doug Burgum
Governor of North Dakota
600 East Boulevard Ave
Bismarck, North Dakota
58505-0001

Dear Governor Burgum:

RE: RFP 110.7-20-017 State Budget System

RFP 110.7-20-017 was issued on May 1, 2020 for a State Budget System and it clearly states that the State wants to replace IBARS. Affinity Global Solutions (AGS) is the owner of IBARS and we have been supporting the ND Budget process for the past 25 years, through 3 prior Republican administrations. We also provide our budget software in 6 other states and also have other states that self-support prior versions of our budget system. This RFP is clearly written to exclude us, therefore, AGS sees no opportunity in responding despite the fact that IBARS vastly covers the State's documented requirements, is proven on State infrastructure, proven to deliver the State's budget, well supported, vital, and cost effective.

AGS has responded to dozens of RFPs for either a State wide budget system and city/county wide systems. All other RFPs have intense requirements that range from 500-1000 in count. ND's RFP has 39, very broad requirements. These do not reflect the needs of the State. Any purchase made through this RFP will result in much increased total price due to vendor Change Orders every time the State finds it has a need that was not itemized in the RFP.

OMB will purchase a new system and those funds will go to a out-of-state vendor. What happened to the 'great' state of ND and it's people?

To date, no one at the State has made any feature requests or asked for any enhancements to the IBARS product, or described any limitation of the current software that would explain a need to replace the IBARS system.

There are aspects of the RFP asked to "simply" the State's budgeting process. We have offered to the State to take aspects of the system configuration, or to streamline aspects of the budget system, however, the State have never gotten back to us on these offerings.

Affinity Global Solutions is based in Bismarck, North Dakota and owned by Trish and Brent Levinson. We are a small business entity and a woman owned business. We have 17 employees. 15 staff members are dedicated to ongoing support, hosting, development and R&D. Our offices and data center reside in the 23,000 square foot Levinson Technology & Business Center.

AGS was founded in 1995 by managers who gained their experience by implementing large public sector financial systems while employed by Andersen Consulting, EDS and KPMG Peat Marwick. The origins of IBARS go back to 1995 when the State of North Dakota and Affinity Global Solutions partnered to build the State's budget system called SIBR. Trish Levinson was the project manager of the SIBR implementation and is now the majority owner of AGS. AGS went on to market that system to other States. AGS then paid the State of North Dakota royalties which more than paid for the State's contribution to the system. This successful history has continued:

- During mid-90s AGS consolidated the various SIBR based budget solutions to a core system called BARS.
- Starting in 2000 AGS rewrote BARS to be web based and released IBARS in 2004 using its new eGov Framework. Nearly all AGS State's have upgraded to IBARS.
- AGS started providing hosted IBARS solutions in 2008.
- More recently starting in 2017, AGS began to rewrite the eGov Framework user interface that IBARS is built on. This new user interface is now used in AGS provided Inspections and Crash Reporting systems.
- Now in 2020 IBARS is undergoing a conversion effort to support this new user experience that supports a slide out menu and a widget driven work flow.

With AGS' 25 year history, it is well known for its commitment to customer service, ability to meet deadlines, and has budget savvy professional software development staff that excel at crunch time. As a small company we provide expedited, and cost effective, services that large competitors cannot. Despite our small size we exceed our competitors in budget focused/dedicated staff count.

IBARS is built specifically for public sector budget and for the State of North Dakota by Affinity Global Solutions.

What sets IBARS apart:

- Enterprise licensed - One license for statewide use, for an unlimited number of users, with an unlimited number of application instances.
- Optional source code agreement - As a commitment to looking out for the best interest of our customers, AGS optionally provides source code and a building system holding agreement on a memory stick to ensure customers able to support their budgeting needs into the future.
- No 3rd party licensing - In order to provide the best return on investment, AGS requires no 3rd party licenses (note: IBARS runs against MySQL/MariaDB in order to eliminate database licensing requirements).
- Yearly Configuration - Configuration rules in IBARS are tagged by year, this means that system rules can change dynamically each year and all processing and functional aspects of IBARS operate seamlessly according to the year of the data.
- Standard 24 hour, year round support - AGS staffs only Tier 1 support who are available during regular business hours and via cell phone support after hours at no additional cost.
- Rule driven model - The IBARS system is highly rule driven, this means that at every possible design point in the application, AGS includes administrative capabilities to change form rules, formulae, work flow, security, etc. Therefore, when business needs change, our clients typically do not require programming efforts by AGS. Clients can undertake creating

new forms, rules, workflow and security configuration on their own. For example, we have a State using IBARS to build out their own COVID 19 tracking schedule.

- Publications/Rich Narrative - The reporting and print ready publication system is fully integrated and configuration "aware". This means that as client system configurations change, reports and publications adjust so that programming is not required to support reporting. This also means that historical configuration reports operate seamlessly.
- Schedule Driven - IBARS Schedules provide for administratively building forms that can collect any type of data and have independent or integrated workflow. This means that data collection can also include department specific data requirements like tracking case loads, grants, COVID 19 fund dispersion, etc.

The vitality of IBARS is demonstrated in the many, many, new features recently added to IBARS, which ND has chosen not to use. Most features are deep "in the weeds" of rules, security and selections, however, there are some notable high level enhancements such as:

- Performance and Metrics - Performance budgeting (budgeting by metric) has been available in IBARS for many years, more recently the metrics schedule engine has been added to allow for data collection and reporting of performance measures in independent schedules, or in an integrated manner through posting to "drive" budgets.
- Subschedule rates - Formulae are enhanced to allow for rate lookups which provides for case driven, commodity driven, or claim driven rates to be applied to metrics and then resulting amounts post into department budgets.
- Testlink - AGS integrated unit testing with its issue tracker and provide clients with training and access to Testlink. This allows clients to document their unique step-by-step process rules for both internal and AGS usage.
- Automated Testing (Selenium) - Integrated with IBARS is an automated testing and load tool that simulates system usages of specific scenarios in order to perform critical test cases, find multi-user contention issues, and generally load-test server systems.
- Notifications and Job control - Provides on screen and/or email notifications based on rule defined system events. In addition, this module provides automated process (batch) control.
- Ad hoc query Service - Provides the ability for users to query IBARS data from any tool while restricting data access according to each user's privileges.
- Ad hoc Pivot Sample - An Excel sample automatic Pivot builder based on the ad hoc query service.
- Dashboard - A new dashboard tab allows for graphs, charts, and reporting, to be dynamically arranged according to user preference and security.
- Live Deployment - Provides for deploying new releases of IBARS while users are working on the system.
- Password Reset - A comprehensive and configurable email token and question/answer based password reset solution.
- Language Compare - Allows for reporting that compares narratives between versions to underscore, strike through, red line, or bracket changes between text or rich narrative between versions of a budget.

Features to be Imminently Released:

- Browser based GUI form designer - IBARS schedule form design migration to drag and drop browser based form builder.
- New User Interface - New menu system and screen designs that are "frameless" to provide more usable screen area with a slide out menu.
- Widget navigation – A fully configuration driven widget based navigation system.
- Data Collection Tool (DCT) Integration - Standalone mobile device data collection and data sync with IBARS.
- Pin and Cluster Mapping - As part of our DCT integrate effort, IBARS now gains the advantage of license free mapping for presenting financials and project data geospatially.

2021 and on:

- Ad hoc Query Edit - Allows for users to query data, edit it, and then post it back to the main data store.
- Dashboard R2 - The next release of the dashboard will enable drill down on charts and graphs, where applicable, to source data entry screens.
- Budget Check Out - Optionally allow users to "check out" budget data and work independently (offline) then check-in and synchronize the changes back to the central server.
- And much more, can be found at www.affinitygs.com/roadmap.htm.

From our experience in supporting OMB over the years, we understand that statutory requirements significantly dictate the budget process and reporting. Legislative requirements have often directed the configuration of IBARS as Legislative action would be needed to change the budget process or budget publications. IBARS strength is its flexibility to adapt through administrative configuration (without programming). AGS would certainly prefer to retain North Dakota in the IBARS community. We are more than happy to continue our relationship with OMB and streamline your IBARS budget process and collection of data to help the agencies and the Governor's Office obtain a better end result and user experience.

Sincerely,

Trish Levinson
President

cc: Joe Morrissette - Director, Office of Management and Budget

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On May 7, 2020, at 1:42 PM, Trish Levinson
<trishp@affinitygs.com wrote:

PLEASE READ BELOW - are you available to meet with us to discuss this matter on a conference call at your convenience?

On May 1st North Dakota OMB and the Governor's Office came out with an RFP to replace the IBARS budget system. Levinson Enterprises, Inc. dba Affinity Global Solutions (AGS), the owners of IBARS of Bismarck, has been a provider of the State's budgeting solution since 1995. The AGS budget solution has improved, evolved and been re-engineered over the years and continues to be a vital product. The State of New Jersey just went live with IBARS in 2019.

We have had a relationship with the State of ND budgeting that began with Governors Schafer, and followed with Governors Hoeven and Dalrymple. Governors Hoeven and Dalrymple were speakers at the opening of our Bismarck headquartered offices in the Levinson Technology Center. We pride ourselves on our commitment to the State for providing quality service at a great financial price.

The situation with this RFP extremely troublesome for many reasons which we will outline below. Some of these reasons are troubling in general, and others are not only troubling but we believe also demand legislative action.

- 1) The specifically worded intent of this RFP is

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to "replace IBARS". AGS has never been made aware of any lack of features, functionality of IBARS for collecting, analyzing and producing the State's budget, nor have any of AGS' services been questioned. Because of this wording, we are not allowed to bid.

2) Budget systems are complex implementations. An RFP for a Statewide budget system usually has 500-1000 documented requirements. We know this as we have bid on many RFPs for budgeting and we currently provide our IBARS product to Montana, Kansas, Wyoming, New Hampshire and New Jersey. The OMB's RFP has 39 requirements, thirty-nine. 39 requirements do not make for authentic RFP or show due diligence for any information technology RFP, never mind a Statewide budget solution.

3) The annual maintenance for IBARS is \$90,000. For this the State gets unlimited support and continuous access to new product development without restriction to use IBARS for an unlimited number of users, an unlimited number of product instances, for use statewide by the State of North Dakota. Budget system replacement replace costs start at \$10 million and run upwards, any bid to replace the State of North Dakota's system should well exceed this amount.

And, if a bid is less, that means the bid specifically intends to provide a basic solution footprint and then bill for the final product through another contract mechanism. Truthfully, no company can provide true bid to the RFP the state has provided.

4) Any State procurement should be required to duly investigate and exhaust existing alternatives to any needed solution before bidding to replace a system, unless there is some cost factor that makes pursuing a purchase a money saver to tax payers (clearly Not the case here). OMB and the Governor's have never reached out to AGS and described any desired features or functionality that is needed in the IBARS budget solution. We have "heard" that the Governor wants a dashboard, but any generalities or specifics of this are unknown to us. IBARS does have a dashboard, but OMB has not configured it, and if IBARS was in some way lacking a feature, AGS would develop it.

5) On May 1st Governor Burgum and OMB announced that State agencies were to reduce spending 5-15%. How in conscience can OMB and the Governor ask for 5-15% budget cuts at the same time seeking to procure a budget solution that will cost millions of dollars? How will the RFP be funded? The State is receiving 626 million(x2) for Covid relief? How will that money be spent? Will they buy a new budget system?

6) AGS is a North Dakota business employing 17 technology professionals. Although we do not necessarily expect any special competitive treatment, why would the State of North Dakota go out of it way to dispense of a 25 year partnership with a North Dakota business, that employees North Dakotans, whom pay North Dakota taxes and directly contribute to North Dakota's economy? Any other vendor that supplies a budget solution to the State will send all dollars for their company out-of-State.

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