

**Dateline (April 24, 2002)-** TTG and the City received 5 bids for review on March 22, 2002. The following report will look at all of the considerations for selecting a finalist to supply the telecommunications system. Normally, the process would include selecting several finalists for complete review and demonstrations. However, in this case, there is a substantial financial and political reason to concentrate on one, the low bidder TIMS, and TTG will outline such reasoning in the following:

**Price Offerings:**

Bidder	System	Base Price
<b>TIMS</b>	Comdial	\$108,263.26
<b>DAD/Expanets</b>	Toshiba	\$173,700.00
<b>TCI</b>	NEC	\$193,389.00
<b>Sysborne</b>	NEC	\$205,866.53
<b>Intertel</b>	Axxess	\$224580.53

*Note-* Intertel's bid had an error of \$30,000 in cabling price which would take them to \$194k if legal to do so in a public forum and Sysborne's bid included a second year of maintenance relegating their bid comparable to TCI's.

In most cases, price would not play such a heavy factor in evaluating the bid process. But due to the large difference between the TIMS' price and all others, TTG felt that the TIMS bid should be elevated to a finalist, especially since the public bid rules prevail. TIMS was evaluated to find out whether or not they met the "Lowest and Best" criteria. Therefore, TTG proceeded on the basis that it was TIMS' bid to lose and to thoroughly investigate their product offering and ability to deliver on the project. From here on, the discussion will solely focus on TIMS.


**Deviations from RFP Specifications:**


The following are items from the RFP that TIMS did not meet-


- ☐ Has not installed all products offered and does not have 3 references that have deployed such products.

- ❑ Did not originally provide a detailed cost of each item. TTG requested and has received after the deadline.
- ❑ Some references listed did not work at their respective organizations and could not be contacted. TIMS offered backup references in lieu of the missing personnel. This raised the question of TIMS level of being in touch with the customer.
- ❑ The system does not have a direct connection to the LAN.

#### **Technical Considerations (System):**

 The Comdial is a hybrid system that is now attempting to leap forward into the VOIP arena. It seems to have brought its core capabilities to this new platform all the while integrating the new technology. The City must be aware that its remote users (those with VOIP sets) will be on the cutting edge of Comdial's platform.

 The VOIP sets do seem to operate at acceptable levels. We may have some issues in deploying them initially when attempting to integrate with the current LAN architecture, but it is believed to be a workable situation and once remedied, should meet desires.

 This system is offering a feature rich selection of options including the reading of the emails to remote users, a function, along with many others, that will move the City far ahead of its current technology base.

#### **Technical Considerations (TIMS):**

- Application- This design is beyond the TIMS' level of expertise and much of this is being deployed for the first time. As one could see from the demo, TIMS must wing certain portions until they are comfortable with the system.
- Deployment- TIMS appears to be quite capable in deploying the known technologies and has proven to go the extra mile for the City. In this regard, there are no concerns from TTG's standpoint.
- Troubleshooting- Since this is the first time TIMS has deployed such a design, they will be lacking in the technical expertise to resolve issues quickly and will need to rely on Comdial for support. There are no "in-house" experts for this one.
- Training- The local TIMS staff is rather limited and their trainers are not what would be considered adequate for this kind of network deployment. Although it will be adequate, training and presentation skills may not be sufficient to achieve desired results.

In this category, TIMS is knowingly venturing into uncharted waters but has demonstrated the desire to perform above and beyond for its host City.

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## Manufacturing Support Considerations:

During our research phase, there was concern for the viability of Comdial in light of the recent stock price plummet. The stock has gone from a \$20 per share high two years ago to a current \$.54 per share. When making a product recommendation, our firm needs to be sure that the platform will not be outdated and retired in the near future, thereby leaving the City with future forklift upgrade costs just to remain operational. The following are questions we asked of the corporate headquarters and the in blue have provided the response.

- What is the plan to keep the company afloat while its stock price is below listing minimums (\$.54 per share) Down from \$20 2 years ago. TTG sees the mean price over 5 years to be approx \$10 per. Banc of America recently purchased \$10 million of Comdial's debt in exchange for preferred stock. This reduces their debt load by 30% and points to the fact that financial organizations see Comdial as viable in the future. Also, Verizon Communications (formerly GTE) has signed a 5-year contract worth \$35 million for Comdial to install systems in all of Verizon's sales centers. This points to future growth and is interesting since Verizon sells the Nortel and NEC platforms yet has selected Comdial over itself. Verizon is also considering pushing the Comdial product line.
- What is the single biggest driver that has led to the sharp two-year decline in value? 18 months ago Comdial was too diverse in its PBX product offerings and in some cases, competed against itself in the line of systems it manufactured. Since then, they have streamlined to 2 core products. Also, while they offered diverse PBX products, Comdial was not divested as a manufacturer and took a large hit when tech stocks plummeted since they had no fall back product to lean upon.
- What is the total gross revenue per year and what is the total outstanding debt? \$76 million in revenue, \$29 million in debt.
- How many (if any) have been laid off over the last two years and what percentage reduction does this represent? 342 production workers laid off and 258 remain in sales and support. All manufacturing has been spun off to Taiwan and a company called Boundless located in Florida. The FX product offered to the City is manufactured at the Florida facility.
- What is the corporate support level to TIMS? Comdial provides a regional manager located in Cleveland and has 3 master field level technicians that can be sent in to troubleshoot and assist when needed. Also, there is a technical support center available 24/7.

Based upon the above, TTG is satisfied that Comdial will be viable at least for the short term to support Gahanna's venture. Due to the volatility and ever-changing product status in the technology market, no one can forecast the long term at this point. Attachments to this document are materials that outline recent financial events to the Comdial Corp.

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### **E911 Consideration:**

In the initial discussions prior to the release of the RFP, Dave Mazzau requested that ALI specifications be put into the bid for the awarded vendor to deliver to the 911 center. The following is a pullout from the RFP page 33-

**“E911** - System must be capable of delivering specific location information (Automatic Location Identification -ALI) from each set through the public switched telephone network (PRI service thru PSTN) to the designated 911 dispatch center. System must, at the very least, provide correct address, room location, and DID or extension number of each set, including all IP phone sets.”

Through our research, we asked the various bidders their response to this request. The following is from TIMS but is typical across all 5 bidders that responded:

*“Gahanna's proposal calls for DID services. For DID phones, like the 23 IP telephones, the DID number would typically be used as the calling party number delivered to the local exchange carrier (LEC) for 9-1-1 calls. This would allow the proper authorities to call the phone back directly and for a unique ALI record to be specified for each DID. Normally, banks of DID numbers are associated with an ALI record equivalent to the listed directory number of the LEC's group. Customizing each ALI database entry associated with each individual DID number is a manual process that must be initiated with the LEC and/or the local Public Safety authorities. Ameritech provides this service which is called Ameritech 9-1-1 Locator ID.”*

This means that the system will deliver the telephone number assigned to each set but we have to coordinate through the local provider to insert our numbers into their database. The service mentioned above, Locator ID, is a fee based service that costs \$5,000 in a one-time setup fee to build our own private database in Ameritech's system and we can manage ongoing for approximately \$80 a month to keep the records up to date.

This seems rather costly and the City will have to decide its value in conjunction with Dave's group. Although the system does not meet the specifications listed in the RFP, the other finalists did not either and therefore we see this as no impact on the TIMS/Comdial decision.

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### **Final Price Considerations:**

TTG recommends that the City implement the following items into a final contract with TIMS should they be awarded the system implementation-

- Base Price - \$108,263.26
    - Complete re-cabling of Police facility - \$9,410.80
    - Re-cabling of City Hall 2<sup>nd</sup> floor data runs - \$2,900.02
  - Swap 80 (50 at CW / 30 at police) small display sets for larger display - \$12,320.00
    - Call Accounting package upgrade - \$1,198.00
    - 4 headsets - \$572.00
  - Battery Backup - \$2,216.00
- \$136,880.08**

Based upon our work with the City and developing the design, TTG recommends that the City consider entering into a contract for all of the above. The City may also want to set aside an additional **\$10,000** for system add-ons throughout the process. It has been TTG's experience that organizations add miscellaneous items throughout the project and being a city government, it is wise to go to the board one-time with a plan for contingencies. In no way do we feel that the City will in fact spend this extra \$10,000, but wishes to plan for any alternatives.

Although the City could save **\$6,585.48** over 4 years by purchasing the maintenance package up front, TTG does not recommend this at this time and the City may or may not wish to deploy in years 2 through 4 due to reliability of the system and the fact that "time and material" proves most often to be the more beneficial option.

Cities often purchase these packages to receive guaranteed response times but in this case, TTG feels that TIMS will respond regardless of whether or not a maintenance contract is in place. Each year costs approximately \$9900, leaving this as the liability mark for equipment failure and it has not been TTG's experience that the City will meet or exceed this in any one-year period.

### **Overall Recommendation**

- Financially the TIMS offer is outstanding (low, low bid).
- Ongoing price points are in line and quite palatable.
- System meets technical specifications
- System offers all of the features we anticipate for the future
- TIMS has the staff to accommodate
- Comdial seems to be viable
- TIMS is a local business

Due to the above, TTG recommends that the City enter into final contract negotiations with TIMS and the Comdial product.

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## **The BIG BUT...**

Although TTG has outlined all of the sectors that may cause concern for the City and has put TIMS to the test (to a passing grade), a sound rings clearly in the background following our presentation to the board a few months ago. The message that we heard was clear - there are concerns that a change in platform had better not cause users to think they have been cheated and that the efforts not be wasted. "We changed five years ago and have never been satisfied since" is basically the comment of the evening. Also, as we left that night, a local reporter present commented to us that he has been around through 3 such changes over the years and the record plays the same song each time- good idea at the gate but the story plays out the same each time.

All of that being said; TTG has no real technical proof that the Comdial and TIMS will not provide what we have designed. Technically, the system meets the specifications. There is just concern that the application is just slightly above TIMS level of expertise or experience and that the Comdial is a hybrid system making their first play in a completely new breed of technology. Both are making a stretch here. We are just concerned this may cause some bumps and bruises along the way. But this is mere speculation and the cost savings (\$65,000) is so great that it can serve as an aspirin for the headaches that may appear.

TIMS and Comdial may do a great job with virtually no issues. That remains to be seen but there is certainly potential. TTG must advise the City to approach cautiously and to place on the table our overall concern.

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This ends our vendor selection portion of the project and we now look forward to moving towards final implementation.

Sincerely,

J Haver  
Director of Project Management

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