

Solicitation No: 5757 Z1

Service: NEBRASKAland Magazine Subscription Fulfillment

Opening Date: February 15, 2018

Attachment B: Cost Proposal

From: Infonet Systems, Inc.

ORIGINAL

Cost Proposal Request for Proposal Number 5757 Z1

Bidder Name: Infonet Systems, Inc.

Bidder should propose an annual lump sum amount based upon the requirements indicated in this RFP. Payments shall be monthly based on the requirements of this RFP.

All prices, costs, and terms and conditions submitted in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made or the RFP is cancelled.

Prices submitted on the cost proposal form, once accepted by the State, shall remain fixed for the initial three (3) years of the contract. Any request for a price increase subsequent to the initial three (3) of the contract shall not exceed three percent (3%) of the price bid for the period. Increases shall not be cumulative and will only apply to that period of the contract. The request for a price increase must be submitted in writing to the State Purchasing Bureau a minimum of 90 days prior to the end of the current contract period. Documentation may be required by the State to support the price increase.

The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.

NEBRASKAland Magazine Subscription Fulfillment

Set Up Fee (one-time payment)
\$0

Initial Contract Period			Optional Renewal Periods			
Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 4
\$ 44,710	\$44,710	\$44,710	\$44,710	\$44,710	\$44,710	\$44,710

Optional Services

Pricing is also being requested for the addition of any service not required in Section V. of this Request for Proposal but still within the Scope of Work. Additional costs should be listed individually.

Service	UO M	Rate
New business and nominee promotion(2 or 3 per year)		\$10,000
Postage not included		

ATTACHMENT B. COST PROPOSAL

Before getting into the itemized costs, the following cost savings should be noted:

1. Fulfillment.

- a. Savings in postage due to the unique comingling equipment of CDS and the use of a Consolidator that is available due their high volume of mail. This savings is estimated at about \$.04 per piece. At the annual volume of mail projected for NEBRASKAland magazine, this results in a \$5,000 savings over most competitors.
- b. Savings in the use of promotional packages printed on-line at the time of promotion instead of preprinting and storing material has been estimated to be about \$.05 per piece not counting the associated savings in inventory control and flexibility to change appeals. This ability to change is likely to be especially important to NEBRASKAland magazine as it implements their new editorial plans for magazine. This results in \$7,500 in savings over other standard black and white printing or pre-printed forms currently used.
- c. Other savings are more qualitative but have meaningful savings of at least \$2,000 per year over most competitors. This includes: (1) ACS electronic receipt of address changes from the Post Office at about \$.25 per piece, (2) the CDS Mail Save program which is used to suppress the mailing of selected records based on new incoming orders from the subscriber, (3) scanning of most incoming orders for faster and more accurate processing, (4) on line access to the subscriber record for faster and more comprehensive changes to the database, (5) website support to subscribers for renewal, gift and invoice processing and promotion, and (6) allocated use of post office boxes with other state magazine incoming mail. This saves approximately \$900 per year.

2. Promotion/Marketing.

- a. Although difficult to assess, we feel our services in the following areas are equivalent to one person spending half of their time working for your magazine. At prevailing rates for marketing people with even minimum experience, we feel this translates into a benefit in this bid of \$40,000 per year

3. Management Consulting.

- a. As above, we feel that we the services provided below are equivalent to one person spending one-fourth of their time working for NEBRASKAland magazine. At prevailing rates for management consultants, we feel this translates into a benefit of \$20,000 per year:
 - 1) Support in pricing & special offers including premiums, multi-terms.
 - 2) Timing and effort recommendations for renewals, invoices and gifts.
 - 3) Generation and promotional handling of nominees.
 - 4) Breakeven and lifetime analyses.
 - 5) Financial analyses involving cash flow, earned and net income and unit cost analyses.

Part A. Cost Sheet*

The base price and itemized costs are listed below and the referenced attachments on the following pages. The annual cost is a “fixed price” which is really a “not to exceed price”.

BASE PRICE: Per subscription @\$.96 / year \$18,750

Includes caging, putting the names on file, selections for billing notices to open charges, selections for up to six renewal promotions, generation magazine labels or electronic media (main run and supplements) with postal reports, and producing basic operating reports.

MANAGEMENT LIASON FEE: Monthly management fee to cover all routine fulfillment and promotion services @ \$980 / month. \$11,760

LETTERSHOP SERVICES**: All basic lettershop functions to handle the mailing of regular renewals and bills. Includes the costs for personalized packages printed on demand. Postage and new business promotions are not included herein. Varies by volume but estimated at: \$2,000

OTHER FULFILLMENT CHARGES: Costs for various optional and/or routine services such as incoming toll free telephone charges, allocations of website charges, etc. are estimated at \$5,200

PRODUCT: Costs for these services will vary based on the number of orders and the type of media used for ordering, i.e. automated on-line, phone or mail. Estimated at: \$7,000

Total Annual Cost \$44,710

* Costs for new business and nominee promotions are not included in above. However, we estimate a **budget of \$30,000** should be planned for circulation growth.

**Postage is not included in the annual costs or in the budget for new business.

Part B. COST PROPOSAL

1. BASE PRICE: Per subscription \$ 0.96/year

Includes caging, putting the names on file, selections for billing notices to open charges, selections for up to six renewal promotions, generating magazine labels or electronic media (main run and supplements) with postal reports, and producing basic operating reports.

2. MANAGEMENT LIAISON FEE: Monthly management fee to cover all routine fulfillment and promotion services \$ 980/month

3. LETTERSHOP SERVICES: All basic lettershop functions to handle the mailing of regular renewals and bills. Postage and new business promotions are not included herein. See Attachment A and B.

4. OTHER FULFILLMENT CHARGES: Costs for various optional and/or routine services such as incoming toll free telephone charges, allocation of website charges. See Attachment C.

5. PROMOTION: Merge/purge costs are shown in Attachment D. The lettershop, printing and package costs are shown in Attachment A and B.

6. PRODUCT FULFILLMENT: See Attachment E.

ATTACHMENT A
LETTERSHOP CHARGES

Each mailing package will be priced and invoiced separately based on the following rates:

1. Machine Operations

a) Inserting

- (1) Up to size #10 envelope

- (2) Invoice or regular renewal mailing

- (3) Maximum capacity – 6 components and mailing envelope

- (4) Keys or commingled lettershop groups with like components, with quantities of 2,000 and over will be charged at the rate of:

Number of components (including envelope):

2-4 inserts	\$12.00/M
5 inserts	\$12.50/M
6 inserts	\$13.00/M

- (5) Keys or commingled lettershop groups with like components, with quantities of 500 or more but less than 2,000 will be charged at the rate of:

Number of components (including envelope):

2-4 inserts	\$20.70/M
5 inserts	\$21.00/M
6 inserts	\$21.50/M

- (6) Keys or commingled lettershop groups with like components, with quantities of under 500 constitute a hand operation and will be billed at the hand rate.

- (7) Metering in-line \$0.85/M
Metering separate pass \$2.80/M

Add one working day to mail date schedule for each 35M requiring separate meter pass.

b) Metering Envelopes Only – separate pass – up to size #10 envelope

Less than 10,000	\$2.80/M
10,000 or more	\$2.50/M

Add one working day to mail date schedule for each 35M requiring metering envelopes only.

c) Sorting, Tying and Bagging third class material

(1) As part of the inserting function	\$5.00/M
(2) Sorting & tying only	\$7.30/M

d) Folding

(1) Limited to one or two parallel folds	
(2) 8½" x 14" to 4" x 6"	
(3) 1 Fold	\$2.20/M
2 Folds	\$2.50/M

Add one working day to mail date schedule for each 100M requiring folding.

e) Sealing (as an independent operation only)

Envelopes only – up to size #10

Less than 10,000	\$2.80/M
10,000 and over	\$2.50/M

f) Sealing Self Mailer

10,000 and over	\$5.00/M
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g) Sealing and Metering Gift Cards \$4.20/M

h) Labeling

- (1) Quantities of 2,000 and over:
- | | |
|--------------------|-----------|
| Cheshire | \$4.20/M |
| Pressure sensitive | \$5.00/M* |
- (*plus label stock)
- (2) Quantities under 2,000 constitute a hand operation and will be charged at the hand rate.

i) Stamping

- (1) Up to size #10 envelope
- (2) Postage stamps only – lip or full stamp
- | | |
|------------------|----------|
| (3) 500 – 50,000 | \$4.20/M |
| 50,001 and over | \$3.90/M |
- (4) Production is limited to 50M per 24 hour day
- (5) Quantities under 500 will be charged at the hand rate.

j) Inserting Gift Cards into Gift Order \$5.60/M

k) First and Third Class Electronic Presort

CDS will provide First and Third Class letter mail (No. 10 or smaller outer envelopes) presorting on an exclusive basis, employing CDS' electronic presorting system. The NGPC shall follow the appropriate CDS published guidelines for preparation of mailing materials. The mailing pieces shall, at all times, be compatible with installed CDS electronic presorting equipment. CDS agrees to provide reasonable assistance to support requests to obtain bar code discounts offered by the Postal Service, subject to the eligibility of other commingled presorted letter mail. A participant in the Postal bar code program must prepare mailing materials conforming to the requirements of both the CDS published guidelines and the current Postal Service regulations regarding bar code machinability requirements as published in the current Domestic Mail Manual. Charges for CDS First and Third Class (standard A class) letter mail electronic presort will be assessed as follows: fifty percent (50%) of the Postal discount earned by qualified pieces, but not less than \$0.02 per qualified piece, subject to adjustment in the event a change in Postal Service regulations decreases the number of qualifying pieces. CDS shall be entitled to add an extra working day to any schedules in the Agreement for mailing invoices and renewal promotions in order to perform electronic presorting.

1) Destination Entry Program and SCF Processing

CDS will charge \$10.00/M for providing Destinations Entry Program Services, subject to adjustment in the event that the Consolidator's charges to CDS are increased. The USPS discount and NGPC's savings under the Destination Entry Program will be reflected on the invoices sent to the NGPC.

CDS will charge \$2.50/M for providing enhanced presort processing for possible additional SCF discounts, subject to adjustment in the event of change(s) in the USPS discounts and/or change(s) in the Consolidator's charges. The additional SCF discount will apply only to the electronically presorted Standard Mail that qualifies for the SCF discount. The SCF savings and the CDS processing charge will be reflected on the invoices sent to the NGPC.

Shipping

All charges for shipping of mailing stock to CDS shall be borne by the NGPC.

2. Storage

CDS shall store active non-gift mailing stock received. Following seven (7) months of non-usage, there shall be a charge of \$11.00 per skid per month for five (5) months and \$22.00 per skid per month thereafter. Non-gift mailing stock not used for twelve (12) months may be placed in outside storage and vendor charges shall apply. Gift card Stock: Following thirteen (13) months of non-usage, there shall be a charge of \$11.00 per skid per month for five (5) months and \$22.00 per skid per month thereafter. Gift mailing stock not used for eighteen (18) months may be placed in outside storage and vendor charges shall apply.

3. Hand operations

All hand operations \$15.00/Hour

4. Customer Furnished Stock

Use of Customer Furnished Stock instead of standard forms and envelopes.

\$18.00/M

ATTACHMENT B

Personalized packages printed on demand PPC and CPP Packages

Usage:	Renewals, Bills, Gift Acknowledgments, etc.
Ink Colors:	PPC - Black and a choice of Red, Green or Blue CPP - Black
Paper Stock:	Recycled (all components) PPC – white CPP – choice of blue, green, tan or yellow
Inserts:	One insert from clients own stock allowed
Turnaround:	48 Hours (excluding presort)
Charges:	Small Package - \$54.60 per 1,000 Large Package - \$73.50 per 1,000 (includes all CDS components and printing \$10 Set up fee (per job) All other operations – folding, bursting, inserting, etc. are billable according to terms in Attachment A, Lettershop Charges.
Components:	CRE Outer (1 st , 3 rd class) Form

A 4 color PPC package is available. Prices are determined upon request depending upon ink coverage, etc.

ATTACHMENT C

MISCELLANEOUS FULFILLMENT CHARGES

1. Gift and donor acknowledgement cards shall be signed and addressed on a timely basis, if requested, at the rate of \$0.19 each.
2. The major credit cards shall be accepted by mail, telephone and website media by the vendor at a charge of \$0.45 each by mail or telephone or \$0.35 each by web or automated renewal. The subscriptions shall be processed in the standard operating manner and entered as paid orders. The vendor shall provide the credit card information electronically to a designated clearinghouse such as Paymentech, First Data, authorize.net, Lydle or the NGPC's office. The vendor agrees to handle subsequent subscription relation activities associated with rejects of the credit card.

The responsibility for setting up credit card merchant accounts and clearinghouse operations are the responsibility of the NGPC. All associated fees of the credit card companies, the clearinghouse and any related banking fees are the responsibility of the NGPC. The vendor shall not be responsible for activities of credit reporting agencies, telemarketing firms, or other outside sources submitting data to the vendor, or for any credit approvals, collections, charge-backs, or clearance of checks.

3. Toll-free in-WATS telephone service will be provided at the rate of \$0.72/ minute.
4. A duplicate of a main file run will be supplied, if requested, at \$5.50/M
5. Gift orders will be entered at \$0.17 each, or if CDS processes the orders outside of the system, at the rate of \$15/hour. (An order may consist of one or more subscriptions.)
6. Canadian sortation will be performed at the rate of \$3/M records sorted.
7. System program changes necessary to produce premium labels will be performed on request. Special requests for new programs or systems will be quoted individually in advance, in writing at \$105/hour.
8. In the event that requests for non-routine conversion out, or otherwise, require special use of the CDS computers, there shall be a charge based on:

CPU Second	\$0.75/second
Tape EXCP	\$0.46/M
Disk EXCP	\$0.44/M
Printing	\$0.55/M print lines

Advance written notice is required for such transactions.

9. Voluntary credit cancellation transactions resulting from new business promotions will be processed at a charge of \$0.10 each if "soft offers" are used.
10. Premium labels will be prepared at the rate of \$2/M plus label stock. A minimum charge of \$25/month shall apply.
11. CDS will provide First Class Mail Presort, on groups of like components in excess of 14,000 pieces, on an exclusive basis, for a fee equal to fifty percent (50%) of the postage savings realized by the NGPC. Second Class Label Sortation can be performed by CDS at the rate of \$0.75/M qualified records for 5-digit sort and \$2/M qualified records for Carrier Route sort.
12. Data downloading will be performed, if requested, and provided at the following rates (a) file downloading - \$50/file (one download per month free effective 7/1/10) and (b) downloading for non-CDS model initialization - \$600/run. FTP services, if requested, at \$28/each for up to 250,000 records.
13. Dupe elimination against the magazine's master file will be performed: (a) the first dupe elimination each year at no charge, (b) additional dupe eliminations requested in contract year, at a charge of \$148.50 per computer run and \$28.90/M possible duplicates isolated.
14. Acknowledgments on non-gift cash orders will be selected, computer printed and processed at the rate of \$3/M. This rate does not include the fee for related PPC and lettershop services.
15. CDS will provide the clerical work necessary to process additional service requirements not provided for at the rate of \$15/hour.
16. Single copy requests can be processed and mailed in accordance with instructions at the rate of \$0.75 per single copy label produced if CDS maintains the magazine inventory at CDS facilities. Supplemental (back copy) labels can also be accommodated. Storage of overrun copies of current and past issues for one full publication year will be provided at a cost of \$50/month.
17. Minor PPC print program/text changes will be \$25 each. New Print program development at \$72/hour.
18. R111, R401 and other React reports at no charge.
19. CDS will charge on a NGPC basis for the use of the SMART system of upselling and cross selling, where applicable.
20. CDS will provide reports to straight forward queries against the master file, if requested, at a cost of \$25 each.

21. Names may be selected for special promotions from the master file, if requested, at a charge of up to \$9/M.
22. NCOA clean up of non subscriber names on the main file will be charged 10¢ per corrected address.
23. Mail Save procedures, when used, will be charged at 50% of the savings.
24. Website link available at a allocation of charges for incoming orders at \$100/month.

This monthly fee includes unlimited pages for subscriptions, gifts, and customer care; access to the administration tool; and access to online reports.

(a) Monthly "hit" Charges:

A monthly charge per hosted website	\$100/month
First 50,000 hits	No Charge
50,001 - 250,000	\$5.00/M
250,001 - 500,000	\$3.50/M
500,001 - 1,500,000	\$2.50/M
1,500,001 - 3,000,000	\$1.50/M
Over 3,000,000	\$1.00/M

The charge rate tier is determined based on the aggregate volume, and then 50,000 hits are deducted from the volume before the calculation is performed (e.g., an aggregate volume of 260,000 hits for the month determines the charge rate of \$3.50/M and then the 50,000 hits at no charge are deducted from the 260,000 so that the calculation will be 210,000 x \$3.50/M). A hit is a statistical term used to count any time an item is requested off a web server. Each page, command, image, or other resource requested by a web browser constitutes a hit.

(b) Manual Transactions \$0.85/each

This charge includes the application of Magazine transactions to the Database that require manual intervention. Example: International orders received via the subscriber site generally require manual intervention and will be charged at this rate.

(c) Autosubscribe Transactions \$0.20/each

Autosubscribe is used to send an order transaction through a remote website.

(d) E-mail Inquiries Not Requiring a Response to Subscriber \$0.93/each

This charge includes viewing a subscriber's e-mail with no action required.

(e) E-mail Inquiries Requiring a Response to Subscriber \$1.86/each

This charge includes viewing a subscriber's e-mail and sending an e-mail response back to the subscriber.

(f) e-gift Card \$0.10/card

This charge includes e-mailing an e-gift card notification to the recipient and holding the e-gift card for the customer to view for a maximum of 60 days.

(g) In-bound FTP Transaction Process:

0 - 5,000 records	\$0.05/transaction
5,001 - 25,000 records	\$0.04/transaction
25,001 - 125,000 records	\$0.03/transaction
Over 125,000 records.....	\$0.02/transaction
Monthly Minimum.....	\$255.00

(h) Internet Services Development and Support/Consulting..... \$145.00/hr

Minimum per job/request ½ hour

(j) Outbound emails

e-renewals.....	\$0.015/each
e-bills	\$0.015/each
STAE.....	\$0.015/each

ATTACHMENT D
SELECTION AND MERGE/PURGE CHARGES*

<u>Merge/Purge</u>	
Input record (promotion file)	\$ 1.75/M
Suppression (purge file)	.50/M
Address standardization (input)	.75/M
Net output (post merge/purge)	.50/M
Carrier route coding	3.25/M
5 digit/3 digit unique city (with carrier route)	.90/M
5 digit/3 digit unique city (without carrier route)	1.25/M
Panel presorting (tests - \$50 minimum)	.50/M
Sweepstakes # assignment	.75/M
State SCF or zip codes	.50/M
Male/female sort	.50/M
Title code changes	.30/M
Nielsen coding	.50/M
Media output per panel (out of house)	\$50.00

	<u>Selection</u>	<u>Tape</u>
Volume		
1 – 25,000		\$ 4.50/M
25,001 – 200,000		3.50/M
200,001 – 1,000,000		2.50/M
1,000,001+		1.75/M

* DMA Pandering and reformatting of outside file – no charge. \$250 minimum per job:
 NCOA processing \$1.35/M - \$250 minimum per job.

ATTACHMENT E
PRODUCT FULFILLMENT

The charges for product fulfillment are shown below. Obviously the total amount varies with the number of sales and the method of order entry.

Order Management

Product Line Set-up	\$250.00/each
Automated order entry (online, transmitted and phone orders).....	\$0.25/order
Hard copy orders.....	\$0.90/order
Automated payment processing*	\$0.25/tran.
Hard copy payment processing*	\$0.75/tran.
Credit card processing**	\$0.20/each
Database updates.....	\$0.05/each
Continuity Generations	\$0.20/each
File transmissions to a third party	\$25.00/each
Accounting services	\$100/line/month
Transactional emails	\$0.015/each
Invoice selection	\$0.07/invoice
BI+ reporting.....	\$250.00/month
Electronic check processing.....	\$0.01/each
Account management.....	\$125.00/month
Refunds	\$1.00/each
Email capture	\$0.10/each
Clerical Rate.....	\$15.00/hr.

**payments received with order incur no additional payment charges*

***credit card fees apply whether or not payment is received with order*

Product Customer Service

Telephone Customer Service	\$2.75/call or tran.
White Mail and e-mail not requiring a response.....	\$0.75/each
White Mail and e-mail requiring a response.....	\$1.50/each