



Medical Transcription & Imaging Services

Stone Network, Inc.

June 5, 2018

COPY

Materiel Division Administrator
Administrative Services
1526 K Street, Suite 130
Lincoln, NE 68508

RFP Number 5821 Z1

To Whom It May Concern:

This letter is an official protest by Stone Network Inc. of the award made to Clairsol Inc. ("Clairsol") under the RFP Number 5821 Z1 on May 23, 2018. Stone received a notice announcing the intent to award the contract to Clairsol as the apparently successful offeror and making Stone an unsuccessful offeror.

Because Stone submits this protest on June 5, 2018, which is within 10 business days of its receipt of the notice, this protest is timely filed.

Stone Network protests on the following grounds:

1. Clairsol's price as offered is unrealistically low pricing, which reflects that Clairsol does not understand and will not comply with the contractual requirements, specifically including compliance with the requirement that all work be performed within their secure facility located in the U.S..
2. Clairsol's responses to the Section V, (Part C), Scope of Work are unresponsive and not deserving of the score they received (ie: 93% of the possible perfect score).
3. Clairsol has not demonstrated any experience with the particular and necessary aspects required in this RFP. Specifically, they have provided no evidence of ever transcribing for a client where all functions, including having the transcriptionists working in the office, have been performed in the U.S.

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4. The facility listed as the location where these functions will take place is not capable of housing the transcriptionists, staff and management as claimed by Clairsol in their response nor is there any evidence that the digital recording devices as well as the necessary servers are present at the Metuchen location.

DISCUSSION OF BASIS FOR PROTEST

1. While an agency is not required to conduct a realism analysis where a solicitation contemplates award on a fixed-price basis, an agency may provide for the use of a price realism analysis for the limited purpose of measuring an offeror's understanding of the requirements or to assess the risk inherent in an offeror's approach. In this procurement, the agency had multiple and significant reasons to question the unrealistically low per line prices offered by Clairsol.

The going rate for straight transcription in the US is generally \$0.08 per line. When the RFP requests not only US transcriptionists but that the work must be done in office that would increase the price – telecommuting in this industry is so prevalent it is very difficult to get transcriptionists to come in to the office to work and usually requires an increase in the line rate.

Stone acknowledges that there have been technological improvements in the medical transcription industry over the past years. Companies are now using voice recognition software to speed up the process. When a company uses a speech engine, the transcriptionists become editors and are only paid about \$0.04 per line. However, this option is not allowable under the terms of this RFP.

Clairsol is a company with a significant off-shore operation. They regularly use off-shore labor and voice recognition software which allows them to perform the work for \$0.06.

Therefore, when you see a price of \$0.06 you have to think how can they transcribe it in the U.S. for that price? If it looks too good to be true it probably is.

2. Clairsol's response to Section V Part C is unresponsive and therefore undeserving of the 93% score received (387 out of a possible 415). In fully 8 of the 18 questions Clairsol simply responded by affirming the statement made in the RFP. For instance, #4 requires the contractor to "provide a monthly billing with accurate log." Clairsol simply agrees to provide one with no explanation as to how they calculate the bill, what information will be provided to the agency on the log so that they can justify all of the reports returned and how, if at all, the agency can verify the accuracy of the bill.

Again on #10 Clairsol simply states they "can easily meet and exceed Nebraska DDS's 24 hour turnaround requirement..." but give no information as to how that will be done. What happens when the volume fluctuates? What happens if there is phone line

interruption? How do they handle hiring, training and assignment of transcriptionists to ensure consistent workflow? What staff do they have to collect and return the completed reports?

On #11 they state that they "... agree to save the voice recording for 2 weeks ..." and on #12 they "... agree to save the transcriptions for 5 years.." but in neither response do they explain how this information will be saved, where it will be saved, how secure that information will be from unapproved access and how long it would take to retrieve those files should the agency request a copy.

Similar vague responses with no details were provided for Questions #15, #16 and #17, yet Clairsol received a score of 93% of the maximum score possible. It is our assertion that that score is not supported by the responses and the information provided by Clairsol and we would request a re-evaluation in light of the issues we have raised.

3. On Page 28 Section A (2) (h) the agency requests that the bidders submit information regarding their experience with projects similar in size, scope and complexity. This RFP differs from many other RFP's in that it requires the work to be completed in the office. That is a very different experience than having transcriptionists work remotely from home on their own schedules. Clairsol presented no evidence that they have ever had this experience. Although they perform work for WVDDS and SCDDS, neither require it be done in the office. That is like saying because I can drive a car, I can also drive an 18 wheel truck. They are both vehicles and get you from point to point but they are completely different experiences and require very different skills. Clairsol has not provided any evidence of experience with in-house transcription but received a score commensurate with someone who does. We would suggest that the evaluation team review their scoring in this area in light of the information we have provided.

4. The RFP specifies on page 25 Section D (2) that "The contractor must perform all work in a secure facility" and again in Section D (2) Subsection C asks the bidder to describe their ability "to perform the work in its facility under the direct supervision of the Contractor at all times." **Clairsol, by its own statements, does not meet this basic and critical requirement.**

"All work" would include having the digital recorders on site to record the NEDDS providers' dictation, having the transcriptionists in the office while transcribing the reports, having the clerical staff present to process the work, having the servers on site to store the voice files and the completed reports and having all management associated with this contract on site as well.

However, on Page 19 of Clairsol's response they clearly state that the all of the dictation servers as well as the data backup and core infrastructure systems are off site at the "Expedient specialized data center."

Such an arrangement is very common in this industry as it provides significant cost savings and operational advantages. However, this RFP does not allow for any part of the performance to take place off site and not under the direct supervision of the contractor.

Going one step further, in Clairsol's response on Page 10 they discussed the Contact person for this account. They indicated there was a dedicated Account Supervisor who could escalate any issue to three other Account Supervisors and ultimately to the HIM Operations Manager, Executive Director, HIM Operations and then to the COO. On Page 15 they speak of the Disaster Recovery process including a Network Operations Manager, IT Manager, DR Manager and a Recovery Team.

This description is very impressive. By our count, this would include as many as 10 individuals available to address all issues that may arise, not including the processing staff and the transcriptionists.

However, on the bid submission by Clairsol that was submitted by the COO, they list their address as a P.O. Box in Western Pennsylvania, not the office in Metuchen.

In addition, a member of our staff drove past Clairsol's facility in Metuchen, N.J. It was on a Thursday at about 11:30 A.M.,- the middle of a normal business day. The facility is a converted residence. It did not even remotely resemble the facility described by Clairsol on page 17 of their response when they discussed Facility Security (digital ID card and biometric access mechanism), Access Levels (all inside offices are protected by levels of access), Strong Room, Direct Supervisor, etc. There was no name on the door. When they knocked on the door they noticed only two people inside, not the extensive listing of available staff that Clairsol outlined in their bid response. They were working in one room, the only room with lights on in the facility. When a woman came to the door she was asked the name of the business that operated there and she refused to answer, stating only that they were the only ones in the building.

We raise these issues because it is important that all bidders are being held to the same standard. Based on these facts raised in this protest, we believe that there is a strong likelihood that the operations required under this RFP are not, and could not be, performed as and where described by Clairsol. By their own admission we know that the recording and the storage of files does not take place there. Therefore, their bid should be determined to be deficient on its face and not responsive and the contract should be awarded to the bidder with the next highest score.

Alternatively, the agency should, at the very least, take advantage of the option listed in the RFP to request an oral interview and do so with the two highest scoring bidders. This would be a logical 'next step' in doing your due diligence before awarding this contract. Doing so, and requesting a facetime interview, would allow the agency to confirm the existence of all of the team members Clairsol has listed and confirm that they are in fact

on site. It would allow the agency to visually confirm the existence of all the necessary equipment (digital recording devices, work stations and PC's for the in-house transcriptionists, servers to store voice and report files) and to confirm the ability of the Metuchen facility to host and actually perform the functions required under this RFP.

If you have any further questions or need further information, please feel free to contact me directly at 215-712-2400 or tim@stonenetwork.net.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Nicholls". The signature is fluid and cursive, with the first name "Tim" being more prominent than the last name "Nicholls".

Timothy Nicholls, V.P.