

INDIANA UNIVERSITY

Remote Deposit Capture Image Deposit Services

REQUEST FOR PROPOSAL (RFP)

February 4, 2008

Note: This RFP is posted for reference purposes only. The bidding period for the RFP has closed.

HISTORY

Information on Indiana University may be seen at: <http://www.indiana.edu>

SCHEDULE OF EVENTS

Issue RFP	February, 4 2008
Responses Due	February 22, 2008
Review/Select Finalists	February 25-29, 2008
Finalists Interviews (if needed)	March 13-14, 2008
Award Contract	March 17, 2008
Implementation	April 2008

TERM OF CONTRACT:

The term of this contract award is for a period of Three (3) years beginning March 2008. There is the possibility of renewal for two additional one-year terms if mutually agreed upon.

OBJECTIVES:

Indiana University is requesting proposals from qualified vendors for Remote Deposit Services (RDC) to be used system wide at all Indiana University campuses.

Proposals should also include the following:

- Processes for the depositing of items that cannot be deposited via RDC such as foreign/international checks or non-MICR (consumer printed) checks.
- Recommendations for notifying and returning to IU Returned Deposited Items (RDI). RDI recommendations should give consideration for both a consolidated return area at IU and a decentralized return environment. (i.e. all RDIs returned

to one IU address or individual RDIs returned to each respective department of first deposit.)

The University may open one bank account for deposit purposes or elect to open separate bank accounts for each campus's Remote Deposit Capture deposits. The University may elect to open an additional bank account for the processing of Return Deposited Items. These accounts may be opened as a Zero Balance Accounts where possible.

The key objectives we hope to obtain from the RFP process are:

- Reduce and or eliminate the transportation of paper checks between campus units and between IU and its depository financial institution. The ultimate goal is to electronically process all paper checks received on the IU campuses as quickly and efficiently as possible.
- Improve funds availability.
- Improve Return Deposited Item (RDI) (ie. NSF) notification, timeliness of returns, and accuracy of processing.
- Implement a Web based Remote Capture client system that maintains a high level of data security and control.

Vendors must provide the university and departments with daily and monthly balance and deposit detail reporting information in a timely and accurate manner. Web based same-day and prior day/period information including available balances; one and two day float data is required.

Vendors must provide the university with a BAI II (or similar, suggestions welcome) daily transmission that contains at a minimum the following criteria per deposit: date, amount, location code or location number.

Web based Return Deposited Item information reporting that clearly identifies the department of first deposit is preferred.

EVALUATION CRITERIA:

The following factors will be considered in making the award:

- Cost of Services
- Ease of Implementation
- Availability of Training Materials and Methods
- Compatibility with Existing IU Processes
- Funds Availability Schedule
- Cost of Supplies
- Customer Service
- Vendor Ability to Provide a Web Based System

OVERVIEW:

Currently IU is receiving approximately 425,000 checks annually over the counter or via US mail at our campuses. There are approximately 600 business units across all campuses that may receive checks. IU is seeking to install 50-150 Remote Deposit Capture units. Equipment may be placed at both individual high volume departmental locations and in central building locations where multiple departments receive checks but individual departmental volumes are too low to support their own RDC equipment.

Note: IU does not guarantee that estimated check volumes will remain at or near 400,000. It is expected that check volumes will decrease as more payments are made to IU via electronic methods.

SPECIFIC REQUIREMENTS AND FINANCIAL INSTITUTION BACKGROUND:

Complete the pricing worksheet (attachment A) detailing each service and related cost both per item/unit and annually. In addition, please list all recommended services, equipment costs, and associated pricing that are not part of the pricing worksheet. All anticipated costs for all associated services must be included in the worksheet.

All respondents must include responses to the following questions:

Experience

1. How long has your business offered remote deposit services?
2. Do you currently use remote deposit services for your operations? If yes, describe how you use this process at your company.
3. Are you dependent on any other company as a partner, co-bidder, subcontractor, or any other business relationship in order to provide the services included in the proposal? If so, please describe in detail.
4. Have you installed and maintained a remote deposit service with at least one company in our industry with similar processing volumes? If so, discuss how many companies you have worked with that meet these criteria and describe any lessons learned, problems encountered, benefits delivered, and/or other information that could benefit Indiana University's remote deposit initiative.

Competitive Position and Future Commitment

5. What differentiates your service from other providers of remote deposit services?
6. How do you plan to keep your service current and competitive?
7. Provide a description of any related services not requested in the RFP that the university might find desirable for either initial or future implementation.
8. Do you have a user's conference for remote deposit services? If so, please provide the agenda for the two most recent conferences.
9. Provide details on any mergers or acquisitions that you are currently committed to and the expected impact on the services requested in this RFP.

References

10. Provide names and phone numbers of three references, preferably within our industry or with comparable volumes, who have been using the services requested in this RFP. Select a mix of long-standing and recent customers.
11. Provide any additional information that you believe to be relevant to this RFP and your capabilities to provide the services requested (e.g., product brochures, articles in trade journals).

Remote Deposit Services

1. Provide a brief description and general workflow of your remote deposit service capabilities. Attach any diagrams that would assist a novice in understanding the service.
2. Can IU establish multiple depository accounts per RDC location? If so, are there any restrictions on the number of accounts to which we can apply deposits from each location?
3. Does the remote deposit service support paper deposit tickets for processing? If yes, please explain the value and benefits to IU of scanning deposit tickets.
4. Does your service allow the deposit total to be entered before the scanning of checks? (i.e. control total)
5. Is there a limit on the number of checks that can be contained in a single deposit? If so, describe.
6. Will your service allow IU to make multiple deposits by location in a single day? If so, discuss any limitations.
7. How and when will IU be notified of deposit corrections and/or adjustments?
8. Describe the process used for balancing and correcting deposits transmitted to the bank by our organization.
9. Does your service offer the ability to adjust data using recognition technology (e.g., Magnetic Ink Character Recognition (MICR), Optical Character Recognition (OCR), Intelligent Character Recognition (ICR)) that was not captured correctly by the scanner?
 - a. If yes, please describe.
 - b. If no, does the service allow the addition, deletion, and rescanning of checks during both the correction and balancing functions?
10. Does your service offer the ability to print IU's endorsement on checks? If so, can the endorsement be customized?
11. Does your service offer the ability to virtually endorse the check images? If so, can the

endorsement be customized?

12. Does your service require a check to be endorsed before it is imaged?
13. Does your service offer the ability to print processing details (e.g., depository site) on scanned checks? If so, discuss any limits on the types or amount of information that can be printed and/or the placement of the printed information on the check.
14. Are there any open user defined fields for transaction information in the record for each scanned check? If so, how many and what are the limitations on the fields?

Payment Exception Processing

15. Describe the procedures for handling exception items (e.g., MICR rejects, piggy back images, torn documents) received in a customer's deposit transmission and all associated charges and fees for exception processing.
16. Describe the procedures our organization would use to process non-standard check items (e.g., money orders, food stamps, credit card checks, image replacement documents, substitute documents).
 - a. Will we need access to a branch to process these items?
 - b. Will we need deposit slips to process the items listed above?

Check Duplicate Detection

17. What methodology does the remote deposit service use to identify duplicate items?
18. What period of time does the remote deposit service retain the images to detect duplicates?
19. Explain whether the remote deposit service can detect duplicates from multiple scanners (e.g., two scanners in one office).

Clearing Capabilities

20. What is your availability schedule for Remote Capture Deposits?
21. Will you guarantee to IU the "best availability" schedule you offer?

22. What is the standard deadline for same-day ledger credit of funds? Are later deadlines available? If so, are there any fees associated with the later deadline?
23. Can files be sent after the standard deadline for same-day ledger credit? If so, discuss how availability of funds is assigned to items included in these files.
24. Do you plan to accelerate float availability to the depositor as clearing partners begin to exchange images rather than clearing paper substitute checks? If so, discuss.
25. Do you offer ARC (Accounts Receivable Conversion)? If so, discuss.
26. How is the decision made to clear via Image Exchange, ARC, or IRD? Discuss benefits of each option to IU.

Return Items (RDI)

27. Describe your steps for processing remote deposit items that are returned as unpaid.
28. Can you automatically redeposit return items which are processed as remote deposit transactions?
 - a. How many times is the item presented for payment?
 - b. Do you support electronic presentment of returned items (RCK)?
29. How do you process items returned for reasons other than insufficient funds (e.g., stop payments, account closings)?
30. Do you make images available for checks that are re-deposited as an ACH check converted RCK item?
31. Can IU request that returned remote deposit items be grouped and charged in a summary total with supporting documents attached (i.e., return cash letter)?
32. Based on the assigned location identification number can you send Returned Deposited Items to the IU department that originally captured the item?
33. Can you charge all returned deposited items to a centralized return item processing account? Note: this account would be separate from the RDC depository account.

Transmissions

34. What deposit transmission protocols does your service support?
35. What is the minimum bandwidth required for deposit transmission? What is the optimal bandwidth?
36. Does the remote deposit service have the capability to detect duplicate file transmissions? If so, how is the customer notified of duplicate file transmissions?
37. Do we receive an acknowledgement of transmissions that you have successfully received? Do we receive an end of day notification of all deposits received or notification that no deposits were received each business day?
38. If our transmission is interrupted for any reason, can we resend a transmission? What safeguards are in place to prevent duplicate items?
39. Does the remote deposit service have any scheduled times the service will be unusable? If so, provide schedule.
40. Describe the safeguards against lost data. Do they include built-in back up features and data recovery if processing is disrupted due to power loss or other interruptions?
41. What safeguards do you have in place to prevent tampering with the data that is transmitted by the company?
42. Does your service allow us to create deposits offline and transmit them at a later time?
43. Can we transmit images of documents received with their checks and have those images re-associated with the appropriate check images? If so, describe this process.
44. Can you provide a daily BAI II file that details prior day individual deposit locations, deposit amounts and dates? Please list all associated costs.

Auxiliary Services

45. Does your service determine when to process for check conversion to an Account Receivable (ARC), Back Office Conversion (BOC) and/or an image exchange paper process?
46. Can IU elect to have items cleared via Image Exchange or IRD only per RDC location? (i.e. no ARC or BOC)

47. Is the user able to add information to the exclusion table for items that cannot be converted to ACH?
48. Does your service allow processing of scan-able documents and non-check documents? If so, does it employ the following:
 - a. 1-D Barcode Recognition
 - b. 2-D Barcode Recognition
 - c. Mark Sense Detection

Audit Trails and Reports

49. Does your solution offer the ability to provide a report of all listed users and their rights?
50. Can IU self administer users and access rights via your system?
51. Do you offer deposit reconciliation services which may be applied to remote check deposits? Explain.
52. Does your solution pass along scanner location identifier to the depository bank account? Is the depositing location ID printed on the monthly bank statement?
53. Is there a consolidated report which may be used as an audit trail or for centralized reconciliation? If so, please attach sample reports which detail:
 - The deposit detail (check information)
 - The deposit summary
 - Any scanner identification/location codes if the capability exists
54. Does your solution provide any reporting of deposits? Please describe all standard reporting available.
55. Does the proposed solution provide IU operational report capabilities and management monitoring/controls of all solution processes and workflows? Provide copies of reports available.
56. Does the solution provide recognition statistics that allow management to

determine the success rates of automated recognition technology?

Check IMAGING

1. Describe the check and document imaging capabilities of your service.
2. Does the service capture the image of the front and back of the check?

Image Quality

3. Describe the process used for ensuring high quality check images.
 - a. Does your service use IQA (Image Quality Acceptability) / IQU (Image Quality Usability)?
 - b. Where is the quality control verification process performed (e.g., customer site, provider site)?
4. Describe the process for handling an image that you believe to be substandard after the customer has already successfully processed the deposit.
 - a. How soon would the customer be notified that the image(s) is substandard?
 - b. How are deposits adjusted for substandard images? Do you adjust the deposit amount or create an adjustment entry?

Image Storage & Retrieval

5. How does your service store images (e.g., separate database, files within remote deposit application)?
 - a. What is the maximum number of images that can be stored?
 - b. How and with what frequency are image files backed up?
6. Describe the process we would use to find and view imaged items. Explain the research capabilities available to IU on a self serve basis.
7. Describe the methodology your service uses to index image data.
8. How many fields can be used as an indexed field? Can users define which fields are used as indices?

Technical Capabilities

Internet

1. Can the product operate within a Web browser? Is you service a Web based service?

Hardware and Software Requirements

2. Does your service require a stand alone PC? Can your service co-exist on the same PC with other software?
3. What are the minimum PC requirements? What are the optimal requirements? Is there a need for any specific software other than yours to perform the necessary functions?
4. List any additional peripheral hardware that may be required for optimal performance of your service
5. Do you permit customization of the software?
6. Can the software be used over a LAN? If yes, what are the optimal network requirements necessary to run the software?
7. Can the software be accessible in a Citrix environment?

Scanners:

8. Describe in detail the service's scanner options including the model of the scanners, speed, volumes, and size and specification sheet if available.
 - a. Do you offer a multi-tray feeder solution for high volume scanners?
 - b. What is the average expected lifetime volume for the scanners?
9. What are the procurement and fulfillment services for supported scanners?
10. Describe the repair and maintenance activity that is common for your solution and equipment.
11. Does the remote deposit service provide a warranty on its hardware? If so, provide the details.
12. What supplies are needed for the ongoing operation of the scanner (e.g., ink cartridges)? Will you provide these supplies to IU at no cost?

13. Describe your process and expected timeframe to repair or replace malfunctioning or outdated equipment at the user's location. Will you guarantee replacement equipment or trade in values for old or out dated scanners?
14. Can IU use our own scanning equipment with your remote deposit service? Provide scanner specifications required.

Integration Capabilities

15. Explain your service's capabilities to integrate with an account receivable solution.

Security

Security & Administrative Rights

1. Discuss the methods used to authenticate items such as users, files, locations, or other identifying criteria.
2. Describe the process to ensure that a user cannot change pre-established account information or make deposits to accounts other than those authorized by the company.
3. How many deposit accounts can be established per site?
4. Does your service assign a unique customer identifier?
 - a. If so, can it be modified?
 - b. How is it established?

User Security

5. Describe the process we would use to establish and verify user profiles.
6. How often does the user authentication expire? Can this time frame be controlled by IU?
7. Describe the security parameters governing user passwords, including:
 - a. Minimum and maximum length
 - b. Restrictions on content of passwords (e.g., username and password cannot be the same)
 - c. Mandatory password changes (e.g., initial sign-on, periodic)

d. User-initiated password changes

8. Discuss the process used to identify and authenticate users of the system when logging in to the system. Is the authentication methodology provided by a third party? If so, discuss.
9. Are users required to re-authenticate after being signed on to the system for a period of time? If so, how long can users remain on the system before they are required to re-authenticate? Can IU modify the time required for re-authentication?
10. Does your service disable or suspend a username after a fixed number of unsuccessful sign-on attempts? If so, can this number be controlled by IU?
11. Does the service prohibit a user from being signed on to more than one workstation?
12. Can a single username access various IU accounts at different locations using remote deposit?

Implementation

1. What are some of the common obstacles you have observed in other customers' implementations?
2. Provide a detailed description of the recommended implementation process, including testing, as well as a sample implementation schedule and timeline that would include a large scale, multi-site, installation of 30 or more scanners.
3. Describe the support provided during implementation, including technical assistance, user manuals, instructional and/or educational materials, on-site visits, and/or other assistance.
4. Provide a copy of all documents, agreements and service terms that will be required to initiate remote deposit services.
5. Discuss any inconsistencies between the service terms proposed for this service and your standard service terms.
6. Will the bank assign an implementation team to our project? If so, provide a description of the implementation team's functions and qualifications.
7. Does your implementation plan offer the option of a staged rollout prior to full "live" implementation? If so, please describe.
8. Discuss the process that will be followed to migrate from our current remote deposit service to your service.
9. Are there special considerations when implementing the remote deposit service for multiple locations?
10. Are technical experts needed to install any required software or is the software self-install? Can on-site installation be provided upon request?
11. Will future enhancements to the service be distributed via a CD/DVD or Internet for customer implementation?

Training

12. Describe your method for transferring knowledge to users of the remote deposit service through training initiatives and on-site activities, including the initial user training for all employees in all offices.
13. Discuss the process and method used for training users in the use of the remote deposit service subsequent to the initial user training (i.e. On site, Web based training, video conference, phone, ect.)
14. Describe materials available and/or any on-site training provided in the areas listed below.
 - a. Remote deposit preparation
 - b. Information reporting/detail transmission systems
 - c. Technical support
 - d. Hardware distribution and installation
 - e. Refresher Training

Customer Service and Quality

Customer Service

1. Describe your customer service organizational structure (e.g., separate customer service department for remote deposit services, centralized customer service department for all cash management services).
2. Will a dedicated customer service representative be assigned to handle this business?
 - a. For how many other accounts is this representative the primary contact?
 - b. How do you ensure continuity of service when the primary customer service representative is unavailable?
 - c. Describe the responsibilities of customer service personnel, including the chain of command and escalation procedures for problem resolution.
3. What are the hours of operation of the remote deposit services customer service unit?
[Specify time zone]
4. Discuss all methods (e.g., phone, fax, e-mail, real-time messaging) the company can use to initiate and track inquiries. Describe the security measures associated with each method.
5. How are inquiries requiring research and adjustments handled? Are there established turn-around times for research and adjustment items? If yes, specify.
6. What is your record for meeting established response times?
7. Describe your technical customer support for computer hardware, software and communications problems? What are the hours of operation for technical support?
[Specify time zone]

Compensation

Pricing

1. Provide a price schedule for the proposed services using. Include any one-time or set-up charges, research fees and all other fees that will be charged, even if already in place or listed elsewhere in the proposal.
2. How long will you honor the price schedule offered in this proposal while the company is evaluating proposals?
3. If you are awarded this business, for how many years will you guarantee the price schedule provided in this proposal?
4. How and when is the customer notified of a price change?
 - a. Can future price changes be indexed? If so, to what index or indices?
 - b. Can future price increases be capped? If so, discuss.
5. If prices are tiered based on volume, provide all price tiers.
6. Describe incentives or price breaks offered based on volume.
7. Is the company charged for any customization required (e.g., ERP interface, custom reports)? If so, list any charges for customization included in this RFP.

Scanners

8. Provide a price schedule for supported scanner equipment referenced in this proposal. Include any one-time or set-up charges, maintenance agreements, trade in options, and/or necessary supplies.
9. Provide details of any equipment leasing programs you may offer.

Account Analysis

10. IU requires that all RDC fees (including cost of scanners) be assessed via a monthly account analysis. IU prefers to pay fees monthly via ACH. Please advise if this method is supported.
11. What methods of physical and electronic delivery for account analysis are available? If

the account analysis is available electronically via the ASC X12 822, what versions do you support and by what methods can the analysis be transmitted?

12. Is the bank's account analysis statement available online via a browser-based access service? How many months are these statements maintained on this service?
13. Does the provider include AFP Service Codes on account analysis statements? If so:
 - a. Which version of the Codes does the provider offer (i.e., 1993, 1997, 2004)?
 - b. Are the Codes included on paper statements, electronic statements, or both?
 - c. Is the provider an AFP Service Codes Accredited Provider?