Private Sector Organisation of Jamaica (PSOJ) Loan Management System Request for Proposal (RFP)

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Bryan Hamilton, CPA
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Private Sector Organisation of Jamaica (PSOJ) Loan Management Request for Proposal (RFP) analysis of vendor responses.

1. BASE REQUIREMENTS

Loan Management software has the primary objective of ensuring that the data related to loan recording, interest and fee billing and collections are handled in an efficient manner. Other capabilities include reporting on loan status and balances, collections, earnings and fees. System should also be able to generate correspondence to borrowers.

Loan Files – this is the master file of the individual member loan data. Software must be able to generate loan portfolios and differentiate loans by individual and aggregate loans by portfolio. The loan file is the basis for many reports and billing transactions.

The optimal method to handle loans is to have a Loan file for each active member and then attach the corresponding loans to each file. This allows the association to determine the financial exposure to an individual and also their history.

The review of the loan management system depends on multiple criteria:

- Must have native multi-user networking security and and the ability to segregate multicurrency portfolios.
- The software must be widely used with a large, established user base and sourced from the United States or Canada
- Support must be available from the developer/vendor with a minimum of coding/programming necessary to function. All maintenance and modifications must be of a standard and well-documented method, which can be supported and interpreted by any qualified vendor.
- The staff should not be required to modify any output data in order to print reports, statements.
- Interest income and loan balance statements must be readily printed by portfolio.

- The software must:
  i. Manage and report on loans with simple interest (eg Interest only 90 days @ 15%)
  ii. Manage loans with multiple payments (eg 12 Payments of J$10,000 @ 15% annum)
  iii. Manage loans with balloon payments (eg Principal and Interest due in 90 days @ 15%)
  iv. Accumulate Interest, Fees and charges to facilitate General Ledger posting.
  v. Print loan history at a glance
  vi. Print Payout at a glance.
  vii. Print statements of loans receivable, past due
  viii. Export to other applications to facilitate mass mailings, emails and faxes.

2. Conversion:
   Loan listing - The vendor must create the proposed master loan listing after consultation with the respective managers of the relevant associations. The vendor must create a master loan data scheme (format) that will allow the conversion of the existing member loan databases to their respective loan portfolios. This format must be communicated to the associations in a timely manner to facilitate efficient data conversion. The vendors will be evaluated on their proposed methodology.
   Interest Rate and Fee Structure – Associations must structure interest rate , loan terms and fees based on a matrix of considerations such as payment frequency, loan principal, early payoff, late payments, grace period. The loan module must apply interest and late fees based on pre-established criteria. These criteria are applied to the individual loans.

3. Conversion of loan balances: the vendor in cooperation with the PSOJ must load the opening balances of the existing loan accounts. Loan particulars and balances as at the conversion date will be converted. It is not expected that the vendor load the detailed history of each account but rather the loan balances as at an agreed conversion date.

   The preferable method is for vendor to provide a format for the data import (Excel/text file) and the PSOJ load the data to the spreadsheet. The vendor would then electronically import the opening balance data without any manual input.

   A vendor who proposes to shift the data entry process (input of opening balances) towards the PSOJ staff will receive a lower score. If a vendor proposes a manual data entry method for conversion and loading of the opening balances they will receive a lower score.

4. Training: the method and amount of training is an important component of the evaluation of the vendor's proposal. Due to the different methods of processing in each proposed system it is difficult to determine the minimum numbers of hours

that would be required to gain competency on each program. A general rule is that a relatively higher number of training hours is preferable. As such, vendors who propose a higher number of hours will be given a higher evaluation.

5. Quality and completeness of the response: The adequacy of the response to specific technical questions and completeness of the response is a qualitative indicator of the vendor's professionalism. Multiple queries from the vendor to complete the RFP will result in a lower score. A complete response with attached company profiles, employee biographies and history of accomplishments will result in a higher score.

6. Scoring: the weighted score grid is weighted average of scoring criteria defined by the RFP. Emphasis is placed on price, program abilities and reporting capabilities, and the adequacy of the number of hours the vendor has proposed for the conversion of data and the setup of system. Major scoring areas:

   a. Cost - The cost of the product is given a scoring weight of 35%. The installed cost includes components for conversion and training. **The cost does not include the vendor's travel and lodging related to the installation, conversion and training.**

   b. It is preferable that installation training and conversion costs represent a higher percentage of the total system cost as these represent the man-hour deliverables promised by the vendor. The vendor's time projection is a good indicator of their commitment to a project. A vendor who proposes relatively low hours of conversion installation and training is, in effect, transferring these tasks to the client (PSOJ).

   c. Conversion methodology - Electronic conversion of the client data is preferable to manual conversion. The manual conversion process tends to be staff intensive and error prone. If a vendor proposes manual conversion of data his conversion methodology score will be low.

   d. Proposed product features - the modules that are proposed vary by vendor. The quotes have been reviewed to reduce the variance of the offerings to allow a fair comparison. The essential product features are portfolio reporting, management of multiple payment loans and comprehensive lookups and histories. If a vendor leaves out a specific essential capability and upon query, it is determined to that the vendor intended to do so, their score will be lower.
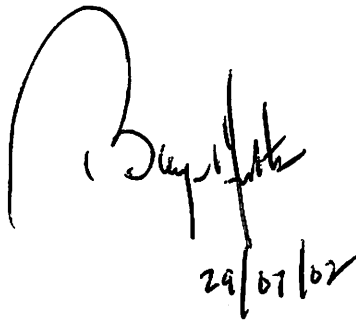
VENDOR SELECTION

Based on the review of these criteria the vendor selected in **JJT Computing** of **The United States.**

This is based on their superior scoring in the Weighted Scoring sheet, which is attached. Their higher scoring is primarily due a lower initial price. JJT has met the minimal functional requirements with a product that costs 25% of the next bidder. Of course, the more expensive systems may have more capabilities, but the JJT package appears to meet our current and foreseeable needs (less than 500 loans). This software does not run on an SQL server and may not adequately scale up if the PSOJ plans to substantially increase the scope of its lending (become a retail commercial lender with 5,000 loans)

The vendor's software has not been demonstrated to me through a hands on demo of the software or a web session. I have only reviewed the vendor's submission. I have not loaded or tested software for its ability to handle the loads that the PSOJ may generate nor have I tested speed of data retrieval under actual conditions.

The vendor has not been contacted for price reductions and no additional negotiations as to payment or delivery terms have been performed.