Ohio Treasurer of State
Josh Mandel

is soliciting comments for:

FINANCIAL TRANSACTION DEVICE GATEWAY SERVICES ON BEHALF OF THE OHIO DEPARTMENT OF PUBLIC SAFETY - BUREAU OF MOTOR VEHICLES AND DEPUTY REGISTRARS

A copy of this Request for Comment("RFC") may be obtained by request from the Office of the Treasurer of State on or after August 19, 2015.

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REQUEST FOR COMMENT OF FINANCIAL TRANSACTION DEVICE GATEWAY PROVIDER SERVICES

SECTION 1 – ADMINISTRATIVE OVERVIEW

1.0 Purpose

The Ohio Treasurer of State ("Treasurer") and the Ohio Deparment of Public Safety/Bureau of Motor Vehicles ("ODPS/BMV"), are exploring Gateway Provider services that will process credit card and non-PIN debit card transactions through the State's current Processors. The selected Gateway Provider must demonstrate the technical capability and resource capacity to select equipment, process financial transaction devices through Processors, provide transactional reporting, and interface into the ODPS/BMV's proprietary software system, Business Application Services System ("BASS"). Currently, the ODPS/BMV serves customers via face-to-face transactions through a network of 191 Deputy Registrars and seven (7) Reinstatement Service Centers located across the State. These agencies do not currently accept credit, debit, or prepaid cards

The Treasurer is issuing this Request for Comment ("RFC") for financial transaction device Gateway Provider services ("FTD"), meaning services that can be used to accept and process credit cards, debit cards and prepaid cards ("credit cards") in accordance with the Ohio Revised Code ("R.C.") § 113.40 for the State of Ohio ("State").

This RFC is strictly for comment from financial transaction device Gateway Providers. All Gateway Providers interested in the RFC will have the opportunity to meet with the ODPS/BMV and the Treasurer's team to discuss a solution and conduct a demonstration. A subsequent RFP will be issued and evaluated and the selected Gateway Provider will be expected to connect (settle) to either of the current State of Ohio merchant services processors: Key Bank/Elavon or Fifth Third/Vantiv ("Processors"). The selected Gateway Provider must also either enter into a contractual relationship (i.e. Gateway Services Agreement) with the Treasurer, or have a current contractual relationship, or enter into a new contractual relationship, with one of the current State of Ohio Processors. Said gateway services will be provided to Deputy Registrars ("DRs") located in the state of Ohio and the Ohio Bureau of Motor Vehicles, which is a division of the Ohio Department of Public Safety ("ODPS/BMV"). This service is pursuant to R.C. § 4503.102(H).

1.1 Preferred Solution

The preferred solution is that the Gateway Provider be responsible for paying all costs associated with the acceptance of credit cards through the use of a service fee that is paid by the customer, thus resulting in a 'no cost' solution to the ODPS/BMV and DRs. If all costs cannot be included in the service fee, please explain what expenses can (and cannot) be included in a service fee.

The preferred technical soluton is that the Gateway Provider provide all necessary EMV compliant point-of-sale hardware (note: pin-based debit cards are not in scope for this initiative) for each DR cashiering workstation (approximately 1000) across the State. The EMV compliant hardware/device should communicate directly with the Gateway Provider by transmitting PCI 3.1 encrypted data over the ODPS network via a network connection. The hardware/device should

not be tethered to any ODPS hardware other than the network equipment necessary to transmit the data.

The ODPS/BMV's BASS application will be responsible for calculating the charges to the customer. However, the merchant service fee can be calculated by either the Gateway Provider or by BASS. The ODPS/BMV does not have a preference and would like to select the method that best aligns with the Gateway Provider's suggested solution. In either case, the service fee amount needs to be displayed to the customer prior to credit card prompt (or 'dipping'). The total charged to the customer should be coordinated from BASS through a web service provided by the Gateway Provider. The Gateway Provider should then be able to coordinate with the corresponding point-of-sale device that is associated with the specific BASS workstation.

Once the customer's credit card is 'dipped' and the data is encrypted and securely transmitted to the Gateway Provider, the Gateway Provider will be responsible for communicating the result of the transaction request to BASS. BASS will then either complete the transaction (from the BMV perspective), ask for another form of payment if the credit card request was not successful, or cancel the transaction.

Additionally, all DR client workstations currently have a Verifone MX870 signature pad (model M094-107-01-RC). The signature pad includes functionality that allows the customer, based on the transaction type, to electronically read and sign electronic documents. The signature pad is also used to capture the customer's signature for their Ohio Driver License or Identification Card. The ODPS/BMV and the DRs do not want to create confusion for customers or DR employees by having two signature pads available for use (e.g., read and sign the BMV signature pad for the DR transaction, but use the Gateway Provider signature pad for the credit card transaction.)

The Gateway Provider should recommend a detailed solution that mitigates this confusion and minimizes the number of signatures that are necessary as the result of new EMV rules (e.g., does passing the credit card fee along to the customer via a service fee require a separate transaction and signature?). It is the ODPS/BMV preference to not store any paper receipts with or without signatures and to minimize the number of customer signatures required.

Options and alternatives that should be discussed are:

- Gateway Provider's point-of-sale terminal does not include a signature pad and is only used to read and transmit credit card information. The State's existing Verifone MX870 signature pad could be used to display all fees and to capture the customer signature for the credit card transaction. The BMV or DR would print the customer's receipt on their existing receipt printer.
- Gateway Provider's point-of-sale terminal does not include a signature pad and is only used to read and transmit credit card information. The State's existing Verifone MX870 signature pad could be used to display all fees. A physical signature would not be captured and the customer's receipt would be printed by the BMV's or DR's receipt printer.
- Gateway Provider's point-of-sale terminal includes a signature pad and is used to read and transmit credit information AND is used to replicate all existing BMV or DR signature pad functionality. (Note: The signature pad should have no direct connection with the BMV or DR workstation unless the Gateway Provider can certify that the ODPS/BMV will not need additional security requirements because the device is used to accept credit cards and that the credit card information will never be accessible through

the BMV or DR workstations). This option can be explored as a "Phase 2" to this original implementation request. All other ideas and options are open for discussion. This includes having two signature pads, one for the credit card transaction and one for the BASS transaction.

Direct deposit of all revenue due to the State will be deposited into one (1) of the six (6) State depository institutions. Financial transaction service fee revenue will settle to an account of the Gateway Provider's choosing under a separate Merchant Identification Number ("MID"). (A portion of the fee is retained by the individual DR. If possible, a split settlement would be the preferred solution whereby a DR's portion of this fee would be directly deposited into a separate DR bank account. The service fee would be calculated on the total amount of the transaction fee which includes the portion retained by the DR.)

The solution will be for credit card transactions only. No PIN debit card transactions are being sought at this time.

1.2 RFC Objectives

While specific requirements are provided within the respective service section of this document, the overall objectives for the RFC are to:

a. Identify a realistic and achievable solution for the implementation of credit card acceptance at all DRs and the seven ODPS/BMV Reinstatement Centers by July 1, 2016. Based on the comments received from the RFC and discussions at the individual Gateway Provider meetings, an RFP will be issued encompassing the preferred solution requested by the ODPS/BMV, capabilities of Gateway Providers, and EMV requirements.

b. Discuss a pricing structure that meets the requirement of a percentage-based service fee and takes into account the combined transaction volumes of all DR locations and ODPS/BMV reinstatement service centers. Also, to establish optimal, clear, and specific pricing for each service defined within this RFC. The Gateway Provider will be responsible for paying all costs associated with the acceptance of credit cards through the use of a service fee, thus resulting in a 'no cost' solution to the ODPS/BMV and DRs.

c. Discuss a solution that meets the needs of the ODPS/BMV and DRs and can be fully 'implemented and operational' at all applicable locations by the statutory deadline of July 1, 2016. (For the purposes of this RFC, the terms 'implemented and operational' are fully described Section 4 – Acronyms/Definitions; it is expected that the selected Gateway Provider will agree and abide by these descriptions.)

1.3 Financial Transaction Device Gateway Services Scope of Services

a. Identify a Gateway Provider that will manage and collect a percentage-based service fee assessed on the transactions to cover the costs associated with accepting FTD payments. Gateway Provider will be responsible for collecting the service fees and paying all credit card fees related to this service. The service fee funds will be collected and managed by the gateway service provider under a separate MID.

b. Gateway Provider's system must meet or exceed PCI DSS 3.1 compliance requirements. The Gateway Provider shall be responsible for storing, maintaining, and securing all

credit card information. No PCI credit card holder information shall be stored on ODPS/BMV systems or premises. However, non-PCI data will be provided such as, but not limited to, type of credit card and the last four digits of the card number.

c. Gateway Provider's solution must be fully EMV compliant by the time of first pilot implementation and adhere to the standards that define the interaction at the physical, electrical, data, and application levels between Integrated Chip ("IC") cards and IC card processing devices for FTDs.

d. Gateway Provider will agree to adhere to the statutory deadline of July 1, 2016, for full implementation and operation at every ODPS/BMV reinstatement center and DR location. No extensions of this deadline will be allowed.

e. Gateway Provider's solution will include and set out a Design/Proof of Concept, project plan, change management plan, project team, and all resources necessary for full implementation and operation in accordance with the statutory deadline of July 1, 2016. (ODPS/BMV and Treasurer must approve the final Proof of Concept, project plan and pilot project definition. Given the current schedule (see Section 1.7), the ODPS/BMV needs several months after the Gateway Provider's solution is agreed upon and available to integrate the solution with BASS and ensure financial viability. Given this timeline, it is expected the ODPS/BMV will be ready for a pilot on or around May 1, 2016, with all DR workstations being able to accept credit cards by June 30, 2016. However, if the solution is implemented in advance of May 1, 2016, and operates successfully, the rollout can be moved forward.

f. Gateway Provider's solution will provide an online (web-based) reporting system that includes all FTD transactional information such as credits, debits, chargebacks, voids, test transactions, and location identifiers.

g. Gateway Provider will work with Processor to provide test credit cards to allow ODPS/BMV and DR locations to test the functionality of the chosen system before going live.

1.4 Issuing Office

The Treasurer is issuing this RFC to gain comment from Gateway Providers about the feasibility of performing the Preferred Solution, Objectives and Scope of Services as set forth in this RFC.

1.5 Inquiries about this RFC

The Treasurer and ODPS/BMV will accept questions and inquiries about this RFC. Interested Gateway Providers may submit questions about the intent or content of this RFC, and request clarification of any and all content of the RFC. Any inquiries shall be sent via e-mail to Jennifer E. Day, COO, Treasurer of State at: jennifer.day@tos.ohio.gov and shall state "TOS Gateway Services RFC" in the subject line. Gateway Providers shall not contact any employee from the Treasurer or ODPS/BMV with inquiries regarding this RFC. Any Gateway Provider who violates the terms of this provision may, at the Treasurer's discretion, be disqualified from further participation in this RFC process.

Any verbal communication from the Treasurer's employees or any other parties concerning this RFC is not binding on the State or Treasurer, and shall in no way alter a specification, term, or condition of this RFC.

The deadline for receipt of all inquiries is
3:00 p.m. on September 9, 2015, Eastern Standard Time.

Responses to questions about the RFC will be posted within two (2) Business Days of the question being received via e-mail. The response will be posted on the Treasurer's website at www.ohiotreasurer.gov. The final set of responses shall be posted no later than September 11, 2015.

If the Treasurer revises this RFC, amendments will be posted on the Treasurer's website in the RFC question and answer area found at http://tos.ohio.gov/forms.

1.6 Gateway Provider Demonstration/Discussion Meeting

The Treasurer and ODPS/BMV, at their sole discretion, may schedule a separate two-hour meeting with any Gateway Provider to discuss a solution and conduct a presentation as set out in the ODPS/BMV Preferred Solution, Objectives and Scope of Services. If scheduled, the meeting will be held at the Ohio Department of Public Safety during the week of August 31 through September 3, 2015. The Treasurer and ODPS/BMV requests that a Gateway Provider requesting a meeting notify Jennifer E. Day, COO, Treasurer of State at jennifer.day@tos.ohio.gov to schedule a time and date during the meeting period set out above. The email communication shall include the names, titles, email address, and phone number of each attendee and indicate whether the attendee is participating in person. The Treasurer and ODPS/BMV reserve the right to limit the number of attendees that can participate in person.

The Treasurer and ODPS/BMV will answer questions and clarify the Preferred Solution, Objectives and Scope of Services at each Gateway Provider meeting. The Treasurer and ODPS/BMV may respond both to questions posed on the day of the conference and to questions emailed prior to the conference. Anything stated at each Gateway Provider meeting may be incorporated into the subsequent RFP. No written answers will be provided during the Gateway Provider meeting.

1.7 Proposed Timeline

The Gateway Provider will be expected to provide a working solution that can be integrated with the BMV's BASS application by December 1, 2015, in order to provide sufficient development and testing time. The Gateway Provider and the ODPS/BMV will work collaboratively to integrate the BMV's BASS application with the Gateway Provider's solution and to implement all necessary network communication paths.

It is also assumed that a joint project team will be created which includes team members from the Treasurer, ODPS/BMV and Gateway Provider. This full team will actively participate in all phases of the project including design, build, test, pilot and rollout.

Below is a proposed timeline including a projected implementation schedule to assist Gateway Providers in offering a solution.

Proposed Timeframe	Item
August 19, 2015 @ 5:00 pm EST	Release of the RFC
August 31 – September 3, 2015	Gateway Provider Demonstration/Discussion Meetings
September 9, 2015 @ 3:00 pm EST	Deadline for Submitting Questions
September 14, 2015 @ 3:00 pm EST	Release of the RFP
September 30, 2015 @ 3:00 pm EST	Deadline to Submit RFP Responses
October 1 – October 9, 2015	ODPS/BMV and TOS Evaluation
October 19 – November 6, 2015	Contract Negotiation and Award*
October 19 – November 6, 2015	Design and Proof of Concept
November 6, 2015 – February 29, 2016	ODPS/BMV Development
December 1, 2015	Release of Gateway Provider Solution for ODPS Use
February 1 – March 30, 2016	System/Integration Testing
April 1 – April 30, 2016	UAT and Load Testing
April 1 – July 1, 2016	Hardware Rollout and Training
May 1, 2016	Pilot Phase Begins
May 1 – June 30, 2016	Rollout
July 1, 2016	Implementation Complete

(*) Please note, any contract resulting from the RFP will be executed after a Proof of Concept has been completed and agreed to by TOS and ODPS/BMV.

SECTION 2– ACRONYMS/DEFINITIONS

For the purposes of this RFC, the following acronyms/definitions will be used. Unless otherwise indicated, the underlying definition/codes/numbers for each term in effect as of the date of the execution of a Gateway Services Agreement with the Treasurer or continue a current contractual relationship, or enter into a new contractual relationship, with one of the State's Processors, shall be used for the duration of the Agreement or contract. If any of these acronyms or definitions are governed by federal, state, or local law, and are changed by the applicable governing body, a Gateway Provider's Gateway Services Agreement or contractual relationship with the State's Processor, if selected, shall be amended to reflect the newest version(s) of the terms defined below:

ACH (*Automated Clearing House*): A facility used by Financial Institutions to exchange (clear and settle) electronic debit and credit entries drawn on one another.

Account Analysis Statement: Tthe Gateway Provider's electronic statement to the Treasurer and Account Holders for services provided on a monthly basis. Information includes balance information, service activity, and cost itemization as described in Section 2.

Account Holder: The Ohio Bureau of Motor Vehicle, a division of the Ohio Department of Public Safety will be the account holder on behalf of the Deputy Registrars located in Ohio.

BMV: *Ohio Bureau of Motor Vehicle; a division of the Ohio Department of Public Safety*

Business Day: A day other than (1) Saturday or Sunday, (2) a day in which banks in Ohio are required by law to close, or (3) a holiday recognized by the Federal Reserve System.

DR: *Deputy Registrars*

DRP: *Disaster Recovery Plan*

EFTP: *Electronic Funds Transfer Process*

EMV (Europay, MasterCard and Visa): A global standard for inter-operation of intergrated circuit cards (IC cards or "chip cards") and IC card capable point of sale (POS) terminals and automated teller machines (ATMs), for authenticating credit and debit card transactions.

Financial Transaction Device: A credit card, debit card, prepaid or stored value card, or automated clearinghouse network credit, debit, or e-check entry that includes, but is not limited to, accounts receivable and Internet-initiated, point-of-purchase, and telephone-initiated applications.

Implicit FTPS (*File Transfer Protocol via SSL*): File transfer method in which a client may not negotiate authentication: a secure method of transporting files from start to finish.

Implemented and Operational: A term used to describe the installation and full function of the point-of-sale hardware at all DR workstations across all locations statewide, connected to the ODPS network, accessible by the Gateway Provider and available for production use by BMV customers for credit card transactions.

MTTR (*Mean Time to Recovery*): A disaster recovery metric designed to measure the average time for a business to return to normal operations following a disaster.

Merchant Account Holder: Any entity that is deemed to be a customer of Gateway Provider, and that is not a State Agency, Board, or Commission of the State of Ohio.

ODPS: *Ohio Department of Public Safety*

PCI DSS: *Payment Card Industry Data Security Standards*

Respondent: An organization/individual submitting a response to the RFP that is an eligible entity pursuant to R.C. § 113.40.

Port 990: Firewall port number required for the use of implicit FTPS.

R.C.: *Ohio Revised Code*

Relationship Manager: An individual appointed by the Gateway Provider to be the primary contact for all State business pertaining to the subsequent RFP and Gateway Services Agreement.

SFTP: Transferring files using the secure SSH protocol. Not to be confused with simple FTP over SSH.

State: The State of Ohio and any agency, board, commission, or office of the State. When the term "State" is used on its own, it may include the Treasurer.

Subcontractor: A third party, engaged by the Gateway Provider, who will provide services identified in this RFC and subsequent RFP. This does not include third parties who provide support or incidental services to the Gateway Provider.

Treasurer: Ohio Treasurer Josh Mandel and his staff.

Vendor Services Agreement: Any Agreement between the Treasurer and the Gateway Provider resulting from the RFP.

EXHIBIT A – TRANSACTION ACTIVITY

The ODPS/BMV averages approximately 10.4 million customers per year across the 191 Deputy Registrars and 7 Reinstatement Service Center locations. The amount spent by each customer can range from $3.50 (out-of-state vehicle inspection) to thousands of dollars (reinstatement fees) based on the type of transaction. In total, these Deputy Registrars and Reinstatement Service Center locations collect a total of $661 million per year for an average of $63.53 per customer.

In calendar year 2014, the Deputy Registrars conducted a total of 16,893,614 transactions. No transactions were paid by credit card.

EXHIBIT B

ODPS/BMV PROJECT SPECIFICATIONS

I. Transactional Information

The ODPS/BMV averages approximately 10.4 million customers per year across the 191 Deputy Registrars and 7 Reinstatement Service Center locations. The amount spent by each customer can range from $3.50 (out-of-state vehicle inspection) to thousands of dollars (reinstatement fees) based on the type of transaction. In total, these Deputy Registrars and Reinstatement Service Center locations collect a total of $661 million per year for an average of $63.53 per customer.

II. ODPS/BMV Application Specifications

The Deputy Registrars and Reinstatement Service Centers use BASS (Business Application Services System) as the front-end application for all transactions. The web-based application provides numerous services to its many customers around the state of Ohio. Its high volume service includes issuing Vehicle Registrations, Driver Licenses, Reinstatements and ID Cards.

The system is primarily used to issue Driver Licenses and Vehicle Registrations and interfaces real-time to the Vehicle Registration System (VRS), Driver's License System (DLS), and other systems, and handles all point-of-sale (POS) functionality. BASS provides bank deposit information and updates a central deposit system. It also implements numerous other services offered by the Deputy Registrars, such as Driver and Vehicle Abstracts, Special and Personalized Plates, Salvage Title Inspection Receipts, CDL Test Receipts, Motor Coach Bus Inspections, Driver Images, Print on Demand Vehicle Registration Stickers and a host of POS items.

BASS is an in-house application written in VB.NET and utilizes a Microsoft .NET 4.0 framework. The application also uses client-services for many functions and has a SQL Server 2005 database. (Note: ODPS/BMV is currently working on upgrading the database to either 2008R2 or 2012).

BASS will serve as the ODPS/BMV front-end application for the acceptance of financial transaction device (FTD) services. The cost of all services, except the financial transaction service fees, will be calculated and originate in BASS. It is dependent on the Gateway Provider suggested solution as to whether the financial transaction service is calculated in BASS or by Gateway Provider (ODPS/BMV does not have a preference). All point-of-sale/point-of-interaction components should integrate with BASS at the server level. The preferred solution is for the point-of-sale device to stand-alone and have no direct connection with the PC (see Section 1.1 for a full explanation). Any recommended solution must be able to interface with BASS and both accept and send information by utilizing web service over a secure network connection. (ODPS/BMV IT employees will be responsible for any development in BASS to support the integration).

III. ODPS Hardware Specifications

There are approximately 1,500 workstations across the network of Deputy Registrars and Reinstatement Service Centers. Of those 1,500, approximately 1,000 are used to tender transactions and would need the ability to accept credit card transactions. ODPS/BMV is requesting any solution provided be able to operate with a Dell OptiPlex 9030 desktop.

ODPS/BMV runs Windows 7 64-bit and either Internet Explorer version 11.0 or version 9.0 based on location. However, ODPS/BMV will be working to standardize on Internet Explorer version 11.0 (or higher) on all workstations before the start of this project. It is ODPS/BMV's goal to stay current on all Microsoft technologies and be at either the current version or the current version minus one. In addition, based on the set-up at the agency, it may be necessary that the solution integrate with Windows 7 32-bit.

Full specifications for these workstations can be found at the following location: http://www.dell.com/learn/us/en/19/shared-content~data-sheets~en/documents~dell-optiplex-9020-spec-sheet_final_v2_g13001038.pdf

Additionally, all client workstations have a Verifone MX870 signature pad (model M094-107-01-RC) and a standard USB magnetic card swipe reader attached. The signature pad includes functionality that allows the customer, based on the transaction type, to electronically read and sign electronic documents. The signature pad is also used to capture the customer's signature for his Ohio Driver License or Identification Card. The magnetic card swipe reader is used to swipe the customer's Ohio Driver License or Identification Card in order to pull information from the card to auto-populate several fields in the BASS application.

Finally, the ODPS/BMV does not anticipate replacing the USB magnetic card swipe reader as these are very small units and often located in convenient locations (e.g., attached to the side of the monitor, next to the keyboard, etc.) on the clerk side of the counter.

IV. Service Fee Strategy

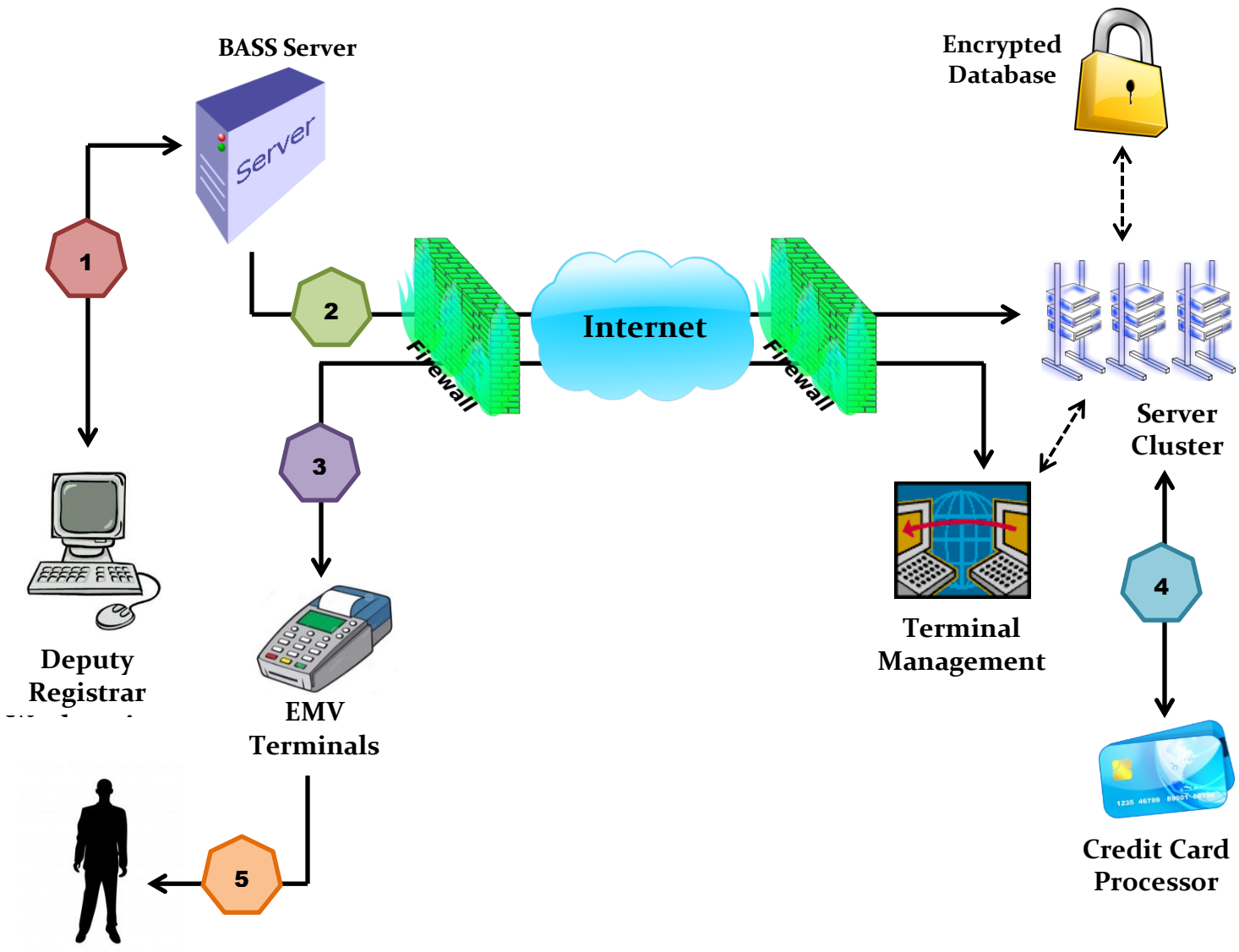
The Treasurer and ODPS/BMV are asking for the Gateway Provider's input on what expenses related to the acceptance of credit cards can be included in a service fee.

It is a project goal that the contractor be responsible for paying all costs associated with the acceptance of credit cards through the use of a service fee. If all costs cannot be included in the service fee, please explain what expenses can (and cannot) be included in a service fee.

It is anticipated that the contractor would charge a percentage based service fee to customers, as permitted by card association agreements, to cover the cost of providing a credit card payment system, the hardware needed to implement the credit card payment system, the credit card fees and any other expenses related to the acceptance of credit cards. The contractor will be required to use one of the State's designated public depositories. The service fee revenue will settle directly to the contractor and funds will be collected, disbursed and managed by the contractor.

EXHIBIT C

ODPS/BMV's Preferred Solution Model



STEP 1: DR employee enters credit card transaction type into BASS via his workstation.

STEP 2: BASS places a secure web service call to create the transaction order.

STEP 3: DR employee retrieves the order and requests a credit card authorization.

STEP 4: Gateway Provider authorizes the payment with the Credit Card Processor

STEP 5: EMV terminal prints receipts and DR employee confirms credit card payment.