HAWAII HEALTH SYSTEMS CORPORATION  
NOTICE OF AND REQUEST FOR EXEMPTION  
FROM CHAPTER 103D, HRS

EX Number: EX-027

1. TO: Chief Procurement Officer

2. FROM: Heath Hollenbeck

Department/Division/Agency: Pursuant to 103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction: Contractor provides a secure email encryption service.

4. Name and Address of Vendor: ZixCorp
   2711 N. Haskell Ave, Suite 2300
   Dallas, Texas 75204

5. Price: $66,000

6. Term of Contract: From: Date of Execution To: One Year Term

7. Prior Exemption Ref. No. N/A

8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:
   Contractor provides a secure email encryption gateway to ensure that HHSC does not send Patient Health Information (PHI) and other sensitive data via email without encryption. Current Contractor has existing hardware in the HHSC Data Center that has already been professionally installed and configured. Additional hardware is not needed to continue using the Contractors encryption service. Current HHSC staff are trained in how to maintain and update/configure the current Contractors hardware. Bidding this service out for a new Contractor would not be beneficial to the State of Hawaii as it would not be cost effective. A new Contractor would require HHSC to purchase new Hardware, Installation, Professional Setup and Train HHSC staff on how to maintain and update/configure the product.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: Direct negotiations with ZixCorp, and no formal solicitation will be conducted.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
    The exemption request is reviewed by HHSC senior management in accordance with HHSC policies and procedures. The President and CEO of HHSC (or his delegated CFO) approves the exemption requests covering more than once facility and in accordance with internal procurement policies and procedures. HHSC policies and procedures will be followed and periodic reviews of the contract action will be performed.

11. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:
    | Name            | Position    | Approval | Administration |
    |-----------------|-------------|----------|----------------|
    | Heath Hollenbeck| Director Technical | ☑        | ☒               |
    | Jeff Ellers     | HHSC CIO    | ☑        | ☒               |
    | Edward N. Chu   | HHSC CFO    | ☑        | ☒               |

HHSC PUR Policy 0017  Rev. 1-30-12  PUR 007
12. Direct Inquiries to:  
Contact Name: Andrew Alvarez  
Phone Number: 808.873.3053

Agency shall ensure adherence to applicable administrative and statutory requirements
I certify that the information provided above is, to the best of my knowledge, true and correct.

Department Head  
(Print: Jeff Ellers)  
Date: 4/16/15

Reserved for CPO/Delegee Use Only

14. Date Notice Posted: 4/14/15

The CPO is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days or as otherwise allowed from the above posted date to:
Chief Procurement Officer, HHSC, 3675 Kilauea Ave., Honolulu, Hawaii 96816

Chief Procurement Officer's comments:

15. ☑ APPROVED  
HHSC Chief Procurement Officer - Signature  
Date: 4/29/15

☐ DISAPPROVED:
☐ NO ACTION REQUIRED