PROPOSAL IN RESPONSE TO:

Nevada Department of Wildlife Business Support System

RFP # 3432

Part II – Cost Proposal

Vendor:
KALKOMEY ENTERPRISES, LLC
14086 Proton Rd, Dallas, TX 75244

Opening Date: May 31, 2017
Opening Time: 2 p.m.

Section II – Cost Proposal

The Nevada Department of Wildlife (NDOW) has created this RFP to modernize our online customer interface, including all licensing for sportsmen, hunting fishing, trapping and tag application. This also includes all transactions for watercraft users, volunteer and hunter education, and possibly web site hosting. To grow our business and that of the winning bidder, we also seek support in recruitment, retention and reactivation of individuals who are inclined to engage in fishing, hunting and boating opportunities in Nevada.

NDOW understands that each company participating in this RFP process may have a different business model and method to deal with customer interactions. To create uniform comparisons, we have listed the main revenue generating items and sales volumes from 2016 in the table below. Your pricing for this RFP should be a breakdown of cost for 2016 sales volumes and how you would apply *your* business model going forward. Please provide base price totals and pricing for a total combined contract amount for 2016 core business sales volumes. Separate line items should be provided for any enhancement your firm may want to include in the contract. The following table is the functional volume statistics for 2016.

Vendors should propose their implementation strategy to include all calendar commitments beginning in December 2017. The calendar of activities guidelines should be used in conjunction with your firm's proposed price structure.

KALKOMEY PRICING PROPOSAL

Kalkomey Enterprises, LLC aims to offer a clean, simple, easy-to-understand pricing model. Kalkomey proposes three options:

> ***Option 1** gives NDOW the lowest per-privilege fee by having the NDOW pay a one-time, upfront implementation fee.*
>
> ***Option 2** is a purely transaction-driven model that allows NDOW to spread the costs of implementation over the term of the contract. Kalkomey earns revenue on a per-privilege basis and charges NDOW no upfront cost for implementation.*
>
> ***Option 3** is something that only Kalkomey can offer. For a small increase in the per-privilege fee, **Kalkomey will offer all existing online boating and hunter education courses to Nevada residents at no charge**. This directly supports the NDOW's R3 initiatives by removing a significant barrier to entry into the outdoor community.*

Kalkomey's pricing model is based on the following factors:

- ***Privilege sales/fulfillment volume (free and paid privileges)***
- ***Anticipated customer support volume***
- ***Fulfillment costs, including stock costs***
- ***Kalkomey provides 90 complete sets of equipment to license Sales Agent and an additional 20 license printers to PC users.***

- ***Business requirement complexity***
- ***Anticipated implementation effort, support, and timeframe***
- ***Licenses are printed on waterproof, tear-resistant paper***
- ***Boat decals are pre-printed on durable self-adhesive paper***
- ***Kalkomey will receive agent sales commissions for privileges sold on* ndowlicenseing.com**
- ***NDOW customers will purchase 485,000 billable privileges on an annual basis, including:***
    - ***135,000 licenses***
    - ***65,000 hunting tags***
    - ***215,000 applications***
    - ***70,000 boat registrations***

Kalkomey has calculated a per-privilege fee based on the factors listed above. Guided by the information provided in the RFP solicitation, Kalkomey proposes the following pricing models and invites NDOW to choose the option that best suits its needs.

OPTION 1: Transaction-Based Pricing with Implementation Fee

Per-Privilege Fees	
Hunting License	$1.10
Special Hunt Tags	$1.10
Special Hunt Applications	$0.85
Boat Registrations	$3.25

Average Kalkomey fee per privilege: $1.30

Implementation Fees
NDOW pays a $300,000 upfront implementation fee.

OPTION 2: Transaction-Based Pricing with No Implementation Fee
NDOW pays no upfront implementation fee; all per-privilege fees increase by $0.07.

Per-Privilege Fees	
Hunting License	$1.17
Special Hunt Tags	$1.17
Special Hunt Applications	$0.92
Boat Registrations	$3.32

Average Kalkomey fee per privilege: $1.37

OPTION 3: Transaction-Based Pricing with no implementation fee and FREE Online Education
NDOW pays no upfront implementation fee; all per-privilege fees increase by $0.07.

All Nevada residents receive existing online boating and hunter education courses at no charge; all per-privilege fees increase by $0.10. (The $0.10 incremental per-privilege increase can also be combined with Option 1 if NDOW elects to pay the upfront implementation fee.)

Per-Privilege Fees	
Hunting License	$1.27
Special Hunt Tags	$1.27
Special Hunt Applications	$1.02
Boat Registrations	$3.42

Average Kalkomey fee per privilege: $1.47

Convenience Fees

Additionally, under either option, NDOW may choose the best way to handle credit card payments for sales made through* ndowlicensing.com *and payments for awarded permits.

- ***If NDOW allows Kalkomey to use the Nevada credit card portal (Kalkomey incurs no credit card fees), Kalkomey will waive the convenience fee, allowing customers to purchase licenses on the internet for the same price they would pay at a license Sales Agent location.***
- ***If Kalkomey must use our own credit card portal, Kalkomey will require a 3% convenience fee per credit card transaction (3% of the full price of the credit card transaction. For example, if the full cost of a hunting privilege is $100, the convenience fee charged to the purchaser would be $3, for a total of $103.)***

Please note, all pricing is built from the projections and equipment volumes provided by NDOW in the solicitation. If these change materially, Kalkomey will evaluate the potential impact to the price structure.