



Maryland Public Television, (MPT)
11767 Owings Mills Blvd.
Owings Mills, Maryland 21117-1499

PROCUREMENT OFFICER'S DETERMINATION
COMAR 21.05.09.04

Contract Title: Database Software and Fundraising Services
Contract No.: MPT 0003-2018
Contractor Name: WGBH Educational Foundation
Contract Amount: \$5,761,504

BACKGROUND

MPT needs to upgrade and replace its aging donor database program in order to increase donor revenue. MPT has investigated multiple options to accomplish this goal.

MPT is unique as a State agency in that it depends on membership and donations from its viewers. Membership currently contributes approximately \$ [REDACTED] annually (13%) to MPT's operating budget.

MPT membership revenue has been flat over the last 10 years and it is forecasted to decline. Current donors are aging and recruiting younger donors is difficult. With limited resources, MPT needs to focus on initiating best marketing efforts utilizing accurate and consistent data to build a reliable view of its donors. Not only will this enable MPT to more efficient by eliminating duplicate records but also stop alienating donors by over-communicating or miscommunicating to them. MPT needs to invest in a customer data platform and marketing consulting firm, preferably with experience in public television with its multiple donor touchpoints which includes direct mail, pledge and online donations, and social and mobile media.

Contributor Development Partnership (CDP), a subsidiary of WGBH, was created by the Corporation for Public Broadcasting and WGBH in Boston. WGBH is the largest PBS member station, and has worked in a cooperative effort with other PBS stations to identify, disseminate, and create the most effective local fundraising practices for public television and public radio stations.

CDP provides a comprehensive fundraising approach that includes, among other services, database management, customized customer data platform management, PBS station directed marketing consulting and membership and gift processing services. CDP uses the most advanced fundraising technologies that are specifically designed for public television. The integration of these services enables continual review of best practices and efficiency in fundraising strategies.

FINDINGS OF FACT

Recently Western Illinois University (WIU) awarded a contract to WGBH Educational Foundation for database software and various fundraising services for WQPT, a PBS member station, in Moline, Illinois. WIU, a public university in Illinois, is an instrumentality of another state and thus is a “governmental entity” for the purposes of COMAR 21.01.01.03 B (1).

Additionally, the Request for Proposal (RFP) from WIU specifically allows other governmental entities to use the awarded contract. This provision is referenced in the WIU RFP, in section 1.14 Governing Law and Forum, in accordance with the Illinois Compiled Statutes and The Illinois Procurement Code (30ILCS 500).

MPT believes that utilizing the WIU contract would give MPT access to the best practices of PBS stations nationwide in boosting station membership and immediate ability to improve revenue. This contract will provide fundraising campaign management and execution, data analytics and reporting, and consulting on membership acquisition and retention.

Cost Analysis:

If MPT continues current costs, it would be approximately a total of \$ [REDACTED] over four years. As stated previously MPT forecasts related revenue to decrease following that path. To increase revenue MPT would need additional services. The following chart demonstrates the forecast of adding those additional services.

	Current MPT Costs	Projected Additional Costs	Estimated MPT Total Costs	MPT Projected Revenue Increase	Projected MPT Net Variance
Year 1	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]		\$ [REDACTED]
Year 2	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Year 3	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Year 4	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total			\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

MPT’s current costs are comprised of:

- current member database system and email distribution (\$ [REDACTED]).
- Lockbox (\$ [REDACTED])
- direct mail marketing, printing and production costs. (\$ [REDACTED])

The Projected additional costs are comprised of:

- customer data platform software program which would need to include the software and custom design and development of the program to provide reliable and relevant data (estimated cost \$ [REDACTED])
- contracting with a marketing consulting firm (estimated cost \$ [REDACTED])
- utilizing separate contracts will require hiring additional staff to coordinate and manage the programs and data analysis. (estimated cost \$ [REDACTED])

The following chart identifies revenue forecast by procuring and using the CDP software program and services.

	CDP Costs	CDP Projected Revenue Increase	Projected CDP Net Variance
Year 1	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Year 2	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Year 3	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Year 4	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

The CDP Costs include:

- member database system and email distribution, \$ [REDACTED]
- credit card processor, \$ [REDACTED]
- direct mail marketing printing and production costs, \$ [REDACTED]
- customer data platform system, \$ [REDACTED]
- CDP marketing staff, \$ [REDACTED]

One-time transition costs to new database program of \$ [REDACTED] are included in the total contract costs.

Analysis of costs for the contract must also consider revenue increases. CDP has projected revenue increases for MPT based on their experience with other PBS stations in the nation. Utilizing CDP services has the potential of increasing membership revenue by 30% in four years. Additionally, the CDP customer platform system is already configured to meet the needs of a public television station and is currently utilized by CDP. This will save considerable time to implement the new system, and these time savings equates to hundreds of thousands of dollars in revenues.

Over the four-year period MPT will potentially generate \$ [REDACTED] more revenue by utilizing the CDP program when compared with the potential revenue generation from the current system and its additional costs.

Benefits to MPT:

- MPT would be accessing the fundraising data, analytics and the expertise of other PBS stations, including WGBH the largest PBS member station in the country.
 - CDP has developed these database and marketing programs and created a successful program for its own donor development as well as other member stations. Utilizing a growing understanding of donor behavior and preferences, CDP has refined and improved the membership and donor program to improve revenue streams.
- MPT gains market and data analytics innovations.
 - These innovations are immediately available to MPT that would otherwise require extensive internal IT investments for custom development and integration.
- MPT transitions to a developed system that demonstrates increased revenue generation. The sooner the transition is complete, the sooner MPT can benefit from using the system.

Benefits to State of Maryland

- Saves money by increasing revenue and more efficient use of funds
- Improve Membership database system which includes better data and data analytics

RECOMMENDATION

MPT has determined that there is sufficient evidence that the Intergovernmental Cooperative Purchasing agreement will provide cost benefits to the State and will promote administrative efficiencies.

Based on the facts presented above, and in accordance with COMAR 21.05.09.04, the Procurement Officer has determined and recommends that this Intergovernmental Cooperative Purchasing Agreement (ICPA) procurement be awarded to WGBH Educational Foundation of Boston, Massachusetts. It is in the best interest of the State and is not intended to evade the purposes of Division II of the Article.

Determination:

[Redacted Signature]

MPT Procurement Officer

8/21/18
Date

Approve:

[Redacted Signature]

DoIT Secretary or Designee

9-13-18
Date