



## **REQUEST FOR PROPOSAL ENTERPRISE RESOURCE PLANNING SOLUTION**

**Ref: NM/01/2022**

**Compulsory Briefing session: 14/01/2022**

**Please note that briefing session will be held via Zoom, should you wish to attend, kindly follow the link below:**

ZOOM. Meeting details:

<https://us02web.zoom.us/j/87081297378?pwd=RWdOelo5QVQ2VTJxaVp0NzZHV3YyQT09>

Meeting ID: 870 8129 7378

Passcode: 784500

**Bid closing date: 07/02/2022**

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## GLOSSARY AND DEFINITION

	<b>GLOSSARY</b>	<b>DESCRIPTION</b>
1.	<b>Activity</b>	An Activity is a task or deliverable on a project. It can be work, or delivery of materials. E.g. Foundation - Can be a % of a task, e.g. 50% of Foundation, and 100% of foundation. Will have various statuses: Claim received, Certified, Checked, Request for payment, Paid, Balance
2.	<b>AP</b>	Approved Person – person with rights to claim funds on a project from a company listed and approved on the project.
3.	<b>BCIC</b>	Board Credit Investment Committee
4.	<b>BPM</b>	Business Process Mapping
5.	<b>Builder/ contractor</b>	The construction company contracted to develop the houses on the project site.
6.	<b>Client</b>	Refer to internal and external NHFC clients namely: Employee, Intermediary, Subsidiary and Tenant.
7.	<b>Consultants/ Professional Team member</b>	Can be any company such as Engineer, Plumber, etc.
8.	<b>CRM</b>	Customer Relationship Management
9.	<b>EA</b>	Enterprise Architecture
10.	<b>Financial Data</b>	Tranches of funds received, Budget of when to be paid, Interest on Monies not disbursed, Fees.
11.	<b>FMS</b>	Fund Management System
12.	<b>GIS</b>	Geographical Information System
13.	<b>HSS</b>	Housing Subsidy System

14.	<b>Interest</b>	Earned on funds not yet disbursed and is specific to the project.
15.	<b>MCIC</b>	Management Credit Investment Committee
16.	<b>Milestone</b>	A milestone is any activity that is of significance. Any Activity can be flagged as a Milestone. Can contain multiple tasks. Any task/ Deliverable that can be listed on a project. It can also be any activity to be done related to a payment. E.g. wall plate.
17.	<b>NHFC</b>	National Housing finance Corporation
18.	<b>OEM</b>	Original Equipment Manufacturer
19.	<b>Phase</b>	Can contain multiple milestones
20.	<b>PIA</b>	Project Implementation Agent
21.	<b>PLCM</b>	Project Life Cycle Management
22.	<b>Project</b>	Can contain multiple phases
23.	<b>Projects Data</b>	Milestones, Beneficiaries

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## 1. INTRODUCTION

The National Housing Finance Corporation Soc Ltd was established in 1996 by the Department of Human Settlements (NDoHS) as a Development Finance Institution with the principal mandate of broadening and deepening access to affordable housing finance for the low–middle income South African Households. The NHFC is a Schedule 3A entity according to the Public Finance Management Act, 1999.

The Department of Human Settlements is in the process of establishing a Human Settlements Development Bank (“HSDB”). The purpose of which is to position the HSDB as a vehicle to provide effective public and private funding, financing support to key segments of the housing market, in the face of considerable market challenges, significant need and a challenged fiscus.

In 2008, the National Treasury undertook a review of the mandates of South Africa’s Development Finance Institutions (DFIs) at the request of Cabinet. The review was conducted in consultation with the national departments responsible for the DFIs. To support expanded housing delivery, the Treasury Review recommended amalgamating the three-housing sector DFIs into a single institution in order to have greater impact, viability and increased scale.

The National Housing Finance Corporation SOC Ltd (NHFC) has now merged with National Urban Reconstruction and Housing Agency (NURCHA) and Rural Housing Loan Fund (RHLF) (all 3 entities previous human settlements DFIs) to deliver quality financial support to scale up delivery of the development of a sustainable and integrated human settlement in the country. The NHFC needs to strategically reposition itself as the Human Settlements DFI of choice through significantly enhancing its product offering, financial strength and building capabilities in order to make a positive developmental impact, whilst balancing the challenges of financial sustainability and developmental imperative. This will be achieved through the establishment of the HSDB.

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The NHFC remains largely a wholesale funder providing funding in the affordable housing market through a network of clients that include social housing institutions, large scale property developers and investors, non-banking retail intermediaries. In addition, it facilitates implementation of a programme on behalf of the Department of Human Settlements which is focused on providing a subsidy for first time homebuyers, known as the Finance Linked Individual Subsidy Programme

The organisation therefore embarked on a journey to standardize, optimise, and digitise business processes, systems and its ICT infrastructure to align with current and future business goals. This is in line with its approved ICT strategy which supports digital transformation, operational efficiencies, business growth, ICT enablement and the modernization of ICT as a division and the entire organisation. The introduction of architecture practices and principles will enable the NHFC to build from firm foundations and be able to successfully execute on its business strategy. Therefore, the organisation appointed a service provider to partner with them in the implementation of an Enterprise Architecture (EA) and Business Process Management (BPM) Project. The project has been successfully completed and the organisation therefore seeks to implement the recommendations and initiatives that emanated from the findings of the project.

## **2. PURPOSE**

### **2.1 Objectives of the ERP Deployment.**

NHFC's purpose and goal is to take advantage of a modern ERP system that is designed around best practices which will allow the NHFC to streamline and improve processes that result in timely, accurate, and easy-to-access information. More specifically, the ERP system that would meet the following objectives:

- Consolidate information, link processes and functions, and eliminate separate departmental systems. Currently there are siloed applications that are not integrated across the business divisions;
- Streamline business processes to take advantage of best practices through automation, integration, and workflows;
- Provide a user-friendly and intuitive user interface to promote system use and productivity. Currently, there are bespoke outdated legacy applications in use that

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have not been maintained or updated and are not part of any maintenance/support agreements with their development houses;

- Eliminate the need for redundant data entry;
- Eliminate the need for manual input when preparing the annual budget and financial statements;
- Improve and/or provide necessary reports and reporting capabilities, and access to data through inquiry or drilldown capabilities;
- Integrate with other systems that are in the operating environment, including banks;
- Provide seamless interface capabilities with third-party systems; and
- Address audit issues related to legacy systems in the NHFC environment.

In addition to the functionality identified above, NHFC is seeking a bidder to provide professional services (e.g. best practices guidance, data conversion, system configuration, training, testing, project management, interface, warranties etc.) that will help ensure a successful ERP implementation in a timely and professional manner.

## **2.2 Expected Project Outcomes**

There are many dimensions to the strategy of the ERP deployment project of NHFC, and they are formulated around the possibilities offered by ERP solutions.

2.2.1 Standardization – standardization of processes, records, terminology, information exchange mechanisms.

2.2.2 Proven solutions - With the scale and criticality of its activities in mind, NHFC has identified that a proven ERP solution would address the following.

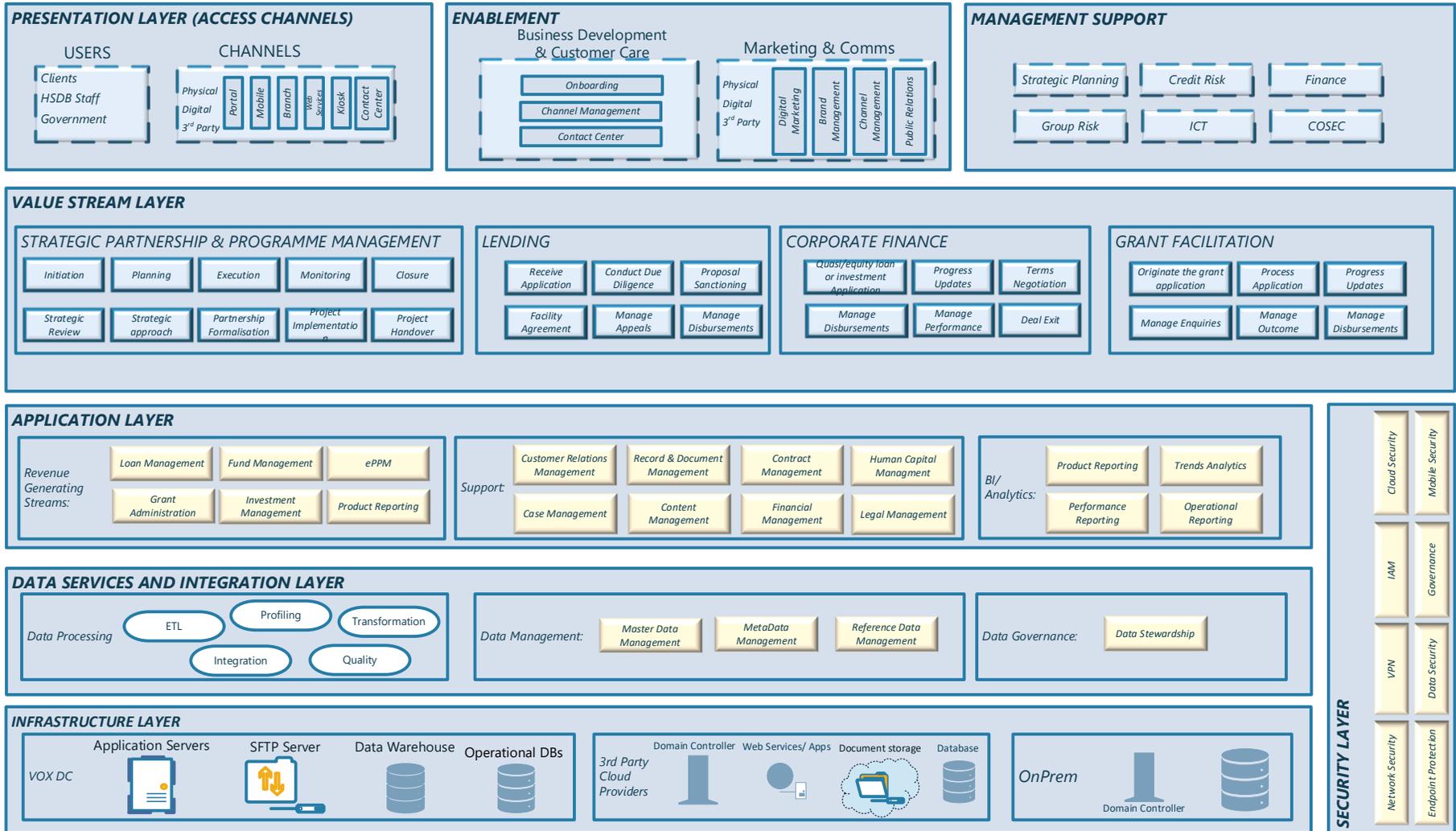
- The integration of processes – the ERP Solution will provide an ICT platform to integrate end-to-end processes of NHFC;
- Best Practices – the ERP solution will benchmark with global best practices and processes in the areas of lending, grant facilitation, project management, financial management, procurement, materials management, human resources, treasury management etc.

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- Multi-channel delivery – the ERP solution should be able to facilitate transactions to be carried out through multiple devices and computer systems, thereby, facilitating multi-channel service delivery to NHFC employees, strategic partners, intermediaries, funders, local and international funding agencies subsidiaries, shareholders, third-party service providers and South African citizens,

2.2.3 A platform to address the evolving needs and future strategic direction – The operational characteristics of NHFC are evolving. The ERP solution is expected to act as a platform within which the multiple requirements could be addressed effectively.

# F1 - Diagram A:

**Target Architectural Landscape** - This provides a high-level overview of how the HSDB components fits together across the business, data, application, technology and security architecture domains.



### **3. TERMS OF THE APPOINTMENT**

The service provider will be expected to commence on an agreed date and the assignment must be completed within (18 - 24) months, in line with a project plan from the commencement of the assignment. Agile methodology would be considered for **rapid project deployment**.

#### **3.1. Proposal Cost**

Respondents shall bear all costs incurred in the process of responding to the RFP and in any subsequent negotiation. The bidder is responsible for all costs incurred in connection with participation in the bidding process, including, but not limited to, costs incurred in participation in meetings/discussions/presentations, preparation of proposal, in providing any additional information required by NHFC to facilitate the evaluation process, and in finalizing a Service Agreement or a contract or all such activities related to the bid process.

### **4. IMPLEMENTATION**

NHFC will procure the ERP solution which would best meet its requirements

**The implementation of the ERP will cover the following functions.**

*\* These are not exhaustive, however indicative high-level functions.*

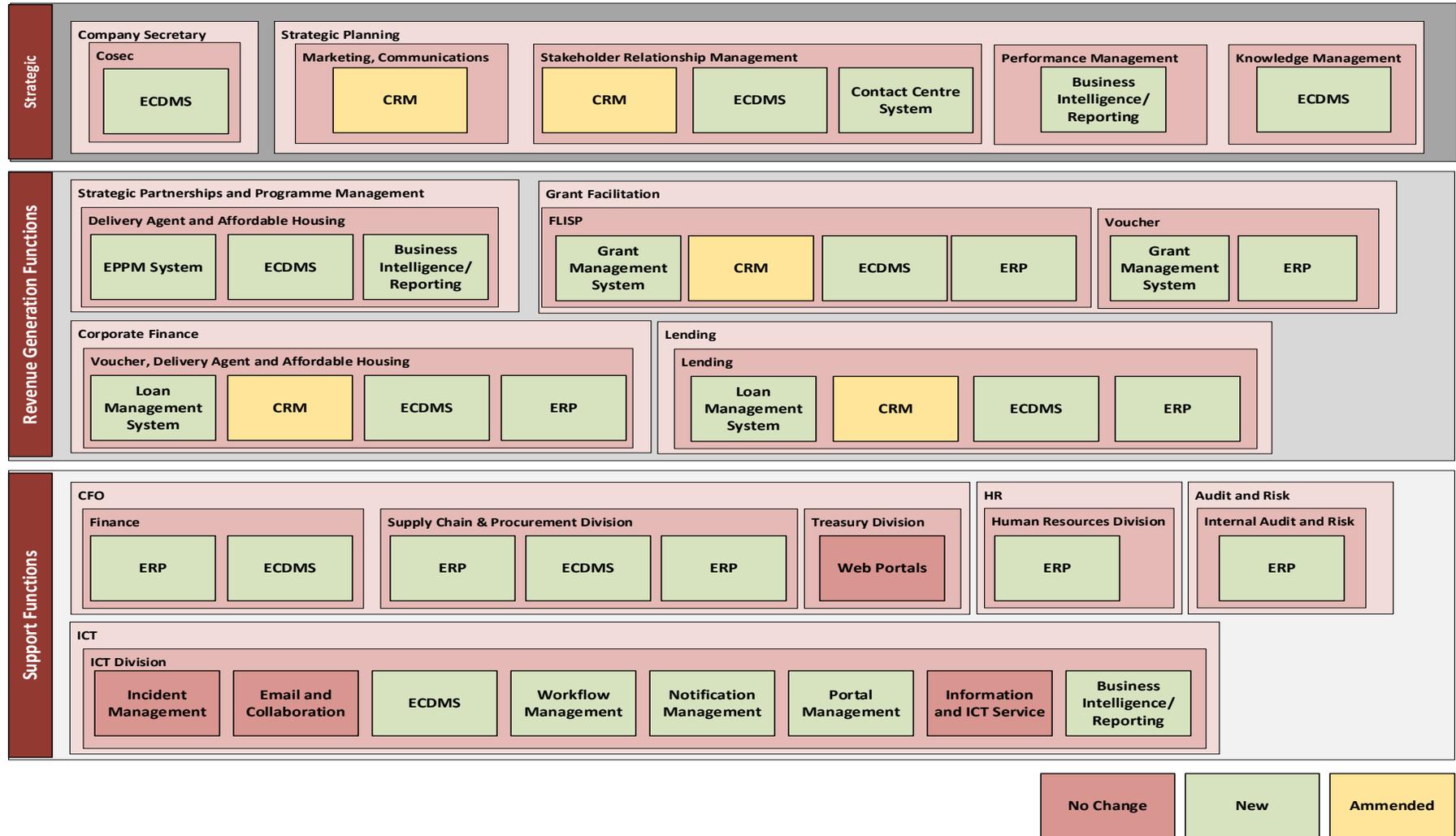
- ✓ Loan and Grant Management System: Solution that caters for the requirements of all divisions and different products;
- ✓ Centralised Business Intelligence/ Reporting solution based of a centralised data warehouse to support the organisations reporting requirements;
- ✓ Finance and accounts;
- ✓ Asset management;
- ✓ Treasury management;
- ✓ Banking Interfaces;
- ✓ Human Resources, Payroll management and administration;
- ✓ Procurement and contracting Management including e-procurement;

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- ✓ Materials management;
  - ✓ Governance, Risk and Compliance;
  - ✓ Implement workflow management, notification management and portal management to support the automation, dissemination and access to information for all NHFC stakeholders;
  - ✓ Integration module to integrate other applications internally and externally;
  - ✓ Enterprise Content and Document Management Solution to manage content and manage the document retention needs of the organisation;
  - ✓ Customer Relationship management systems that can be used by all divisions and configured to cater for their specific requirements;
  - ✓ Enterprise Content and Document Management Solution to manage content and manage the document retention needs of the organisation; and
  - ✓ Customer Relationship management systems that can be used by all divisions and configured to cater for their specific requirements.

## F2 - Diagram B:

### Target NHFC Logical Application Architecture

This model provides a view of the logical applications requirements that could consist of existing solutions, new solutions to be procured or solutions that could be developed within the NHFC.



## **5. SCOPE OF WORK**

### **5.1 TECHNICAL SPECIFICATIONS FOR THE PROJECT**

#### **5.1.1 Scope of the ERP solution**

The scope and characteristics of the ERP solution to be proposed by the bidders to meet the requirements of NHFC by covering the following aspects, amongst others:

- 5.1.1.1 Process coverage and the functional divisions of NHFC;
- 5.1.1.2 User base of the NHFC;
- 5.1.1.3 Solution Capabilities and features;
- 5.1.1.4 Solution Integration; and
- 5.1.1.5 Future expansion and future proofing.

#### **5.1.2 Scope of work for the project**

The scope of ERP implementation services to be provided by the bidder would include the following:

- 5.1.2.1 Supply and implement (Configure/customize) the ERP as per requirements of NHFC;
- 5.1.2.2 Integration and/or interface for banking transactions;
- 5.1.2.3 Providing implementation and project management services;
- 5.1.2.4 Sizing the required infrastructure or hosting requirements for ERP solution and installing the ERP solution;
- 5.1.2.5 Data Cleaning, Quality and Migration;
- 5.1.2.6 Training the users and facilitating the adoption of the ERP solution by the users/employees of NHFC;
- 5.1.2.7 Providing application support for 36 months after completing the implementation of the ERP Solution;
- 5.1.2.8 Setting up the center of excellence (CoE); and
- 5.1.2.9 Providing skilled staff to augment the capacity of NHFC in continuous improvement/adoption of the ERP solution.

#### **5.1.3 Scope of work for implementation**

The scope of work for implementation of the ERP solution are defined by using the following areas in conjunction with each other:

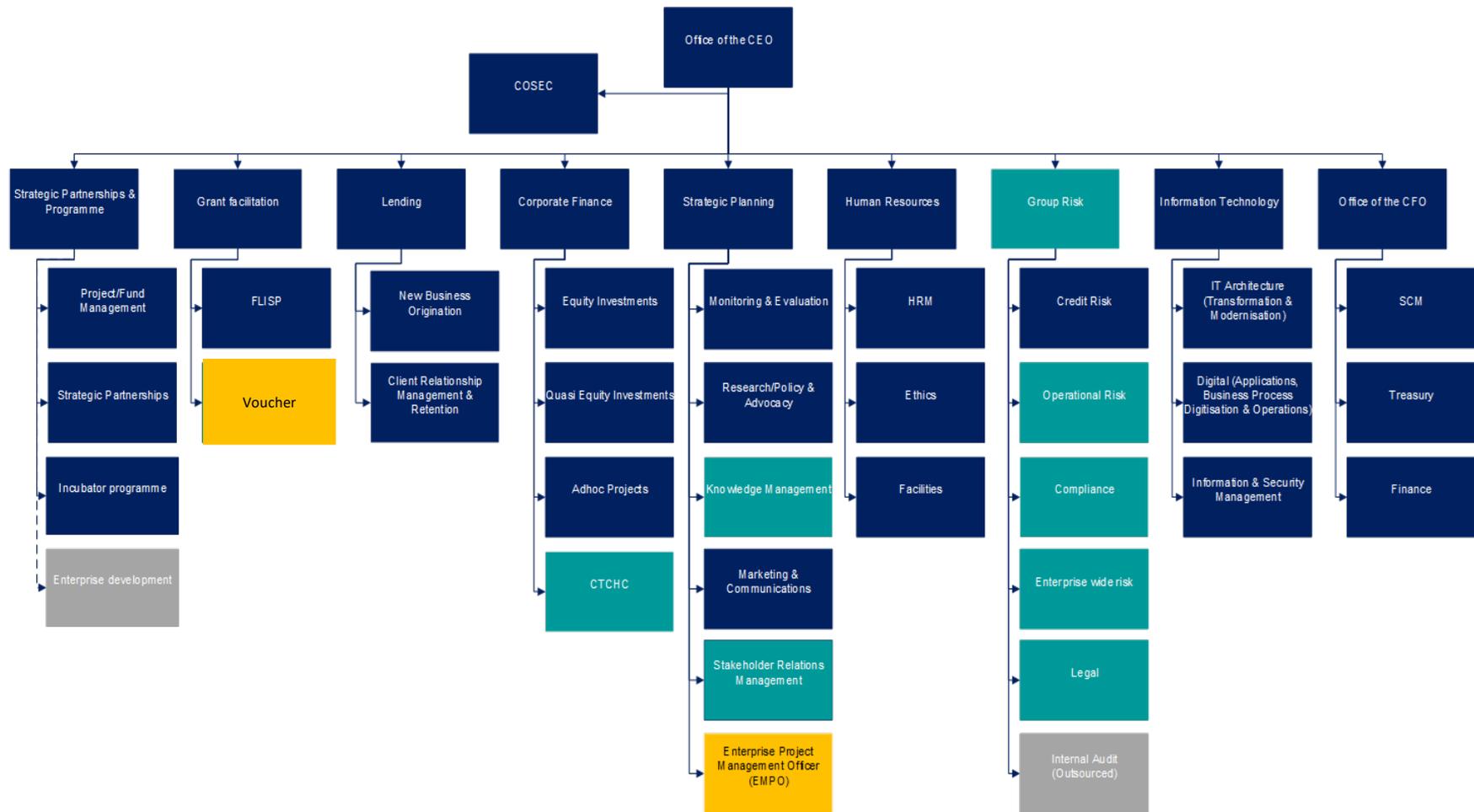
- 5.1.3.1 The solution modules of the proposed ERP Solution;

- 5.1.3.2 The best practices and statutory requirements as applicable to public entities and banking sectors;
- 5.1.3.3 The solution features/capabilities of ERP solution;
- 5.1.3.4 The functional division of NHFC;
- 5.1.3.5 The processes of NHFC;
- 5.1.3.6 The solution users;
- 5.1.3.7 The Integration requirements; and
- 5.1.3.8 The implementation stages, activities, methodology and standards of implementation of ERP.

## 5.2 THE USERS BASE

The proposed ERP solution and the implementation services are expected to cover the following user base of the organization.

Functions divisions of NHFC	No. ERP users
Finance	10
Treasury	5
SCM	7
HR (Includes Facilities)	15
ICT	10
Grant Facilitation	22
Credit	14
Corporate Finance	3
Strategic Planning & Monitoring	8
Strategic Projects & Partnerships	7
Legal	4
CoSec	3
CEO office	2
Lending	13
EWR	4
CTCHC - subsidiary of NHFC	5
Fixed Terms contractors, all in Strategic Projects & Partnerships Department	17
<b>Current Total Number of Users</b>	<b>149</b>



Existing function
  Change in divisional organisation
  New function
  Eliminated function/ Outsourced

### **5.3 OVERVIEW OF THE IMPLEMENTATION SERVICES**

The scope of activities and services to be provided by the bidder as part of the ERP Implementation are expected to be the following:

- 5.3.1 Solution development and implementation services;
- 5.3.2 Business design or blue-print based on the assessment of the operations of NHFC, outlined business processes and the current IT applications in use;
- 5.3.3 Configuration / customization of the ERP Solution;
- 5.3.4 Data cleanliness and migration for each of the existing applications, functions into the ERP solution;
- 5.3.5 Data cleaning and migration of project data, contract data, finance data and employees data, etc. into the ERP solution;
- 5.3.6 Formulation of cut over strategy and making the ERP solution “usage ready”; and
- 5.3.7 Integration and/or interface with other applications, if required.

#### **Project Management services**

- 5.3.8 NHFC intends to complete the project of implementation of ERP and complete the solution deployment, within (18 - 24) months of signing the contract for implementation. The service provider is required to organise the project to ensure these timelines;
- 5.3.9 Deployment of a competent team of experts in the area of the ERP and specific functional areas;
- 5.3.10 Scheduling the activities so as to complete the project of implementation and ERP deployment with all the functional areas of NHFC within a span of (18 -24) months of starting the project;
- 5.3.11 Deployment of resources to ensure that the project activities are carried out as per plan; and
- 5.3.12 Deployment of a project structure for effective monitoring, review and risk mitigation

#### **Project quality services**

- 5.3.13 Deployment of experts with deep knowledge of the processes of lending, grant facilitation, investment management, financial operations, finance & accounting, credit management and human capital management;
- 5.3.14 Deployment of templates and standard accepting mechanisms for the

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project deliverables;

5.3.15 Use of native tool like **solution manager** for managing project repository, and project activities;

5.3.16 Feedback, monitoring and adoption;

5.3.17 NHFC may use the services of an independent third-party expertise to assess, review and quality control of the project artifacts and deliverables.

5.3.18 The NHFC will institutionalize mechanisms to adopt the feedback and ensure quality of work, without affecting the project timelines and also guided by the service provider where needed;

5.3.19 The bidder will put together a structure and mechanism for ensuring that all the key functional areas, users of each of the enterprises are consulted, feedback adopted and key differences identified, so as to facilitate standardisation as well as user adoption.

#### **Training and documentation.**

5.3.20 Training all the users;

5.3.21 Preparation of user manuals and training manuals with the provision for electronic manuals;

5.3.22 Documentation of processes;

5.3.23 Training the key executives and management for monitoring the performance and using the reports effectively; and

5.3.24 Training of NHFC core team on selected ERP solution developmental aspects.

#### **Support services**

5.3.25 Facilitating user adoption;

5.3.26 Continuous improvement and refinement of the processes;

5.3.27 Operations of help desk and refresher training;

5.3.28 Institutionalising structures and processes for management of SLA, strategic control.

#### **Technical services**

5.3.29 Sizing the infrastructure requirement based on the configuration and usage requirements; and

5.3.30 Provide support to NHFC to install and commission the ERP solution in the NHFC private cloud.

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## **5.4 THE SUPPORT SERVICES**

- 5.4.1 Help desk operations - Initial Response, Immediate telephonic response and support for usage related and other minor problems. Dial-in/remote support for handling, minor bug fix;
- 5.4.2 Onsite support - On-site support for hand holding the users, database recovery and data synchronization after crash, performance tuning, bug fix, update for all critical functions;
- 5.4.3 Operational Support – On-site operational support after implementation;
- 5.4.4 OEM support – Ensuring the ERP Solution OEM services for system performance, performance tuning, upgrades etc;
- 5.4.5 Documentation - upgrade the Documentation system on any new releases and provide any updates of technical and functional manuals

**Centre of Excellence** - Establishment of center of excellence (CoE) for ERP with the following:

- 5.4.6 Processes and structures for continuous improvement;
- 5.4.7 Processes and structures for solution roll out; and
- 5.4.8 Skills and expertise to maintain support and continuously improve the ERP solution.

### **Skill augmentation**

- 5.4.9 The bidder is required to deploy skilled ERP functional consultants and technical experts to work with NHFC;
- 5.4.10 These functional consultants will work as the members of the internal team of NHFC, during the period of their deployment, carrying out the work as per NHFC requirements
- 5.4.11 The proficiency for the functional consultants to be deployed as part of the skill augmentation service has to be of the same proficiency as the functional/technical consultants required for the project.

### **Technical Architecture support**

- 5.4.12 The preferred bidder shall validate NHFC's existing technical infrastructure and recommend an appropriate required infrastructure size to meet NHFC's business requirements in the implementation of the ERP system. This should be in line with the NHFC cloud strategy and infrastructure;

- 5.4.13 The preferred bidder shall also monitor the archiving strategy, control and security aspects during implementation of ERP at NHFC.
- 5.4.14 The preferred bidder will then recommend the ICT architecture design for the implementation keeping in mind the geographical spread & complexity of the implementation, communication infrastructure available at NHFC and data archival & storage requirements;
- 5.4.15 The preferred bidder shall ensure that the recommended architecture is also able to provide for test, quality assurance and production environments.

## 6. FUNCTIONAL REQUIREMENTS

*THE BELOW FUNCTIONAL REQUIREMENTS ARE NOT EXHAUSTIVE, HOWEVER INDICATIVE REQUIREMENTS.*

### 6.1 Lending

Capabilities to apply for different Lending products across the NHFC value chain (Bridging Subsidy Housing, Wholesale Lending, Rental Housing Finance, Bridging Affordable Housing, Incremental Lending, etc)

#### 6.1.1 Product descriptions

All loans must have a facility to allow for moratoriums on repayments of capital, interest or both. These may be loaded on initiation of the loan, or as part of a restructuring at a later date.

Product Offering	Description
<b>Bridging finance</b>	Short term loan term from 3 months to 1 year Interest rate linked to prime Facility fees Disbursement fees Penalty interest chargeable for late payments Maximum loan amount and maximum disbursements need to be recorded Loan amount is disbursed in more than one payment, each of which has a term. Usually secured by a certificate of completion
<b>Long term mortgages</b>	Long term loan term from 15 to 30 years Interest rate linked to prime or JIBAR Penalty interest charged on late payments

	Facility fees Disbursement fees Maximum exposure amount set Loan amount is disbursed in more than one payment, with the total loan having a term Usually secured by a first covering mortgage bond.
<b>Wholesale loans</b>	Term from 1 to 5 years Interest rate linked to prime or JIBAR Facility fees Disbursement fees Penalty interest chargeable for late payments Maximum loan amount and maximum disbursements need to be recorded Loan amount is disbursed in more than one payment, each of which has a term. Usually secured by a cession of debtors' book and bank account
<b>Further divisions</b>	Each of the above types can be split into the following: <ul style="list-style-type: none"> <li>• Senior debt where NHFC has first right of repayment;</li> <li>• Mezzanine debt where some other loan has first right for repayment;</li> </ul>

### 6.1.2 Customer categories

The following are the current customer categories, any of whom may use any type of loan. New categories may be added from time to time.

- Social Housing: NPC;
- Social Housing: ODA;
- Rental Housing;
- Affordable Housing;
- Subsidy Housing; and
- Incremental lending.

### 6.1.3 Revenue types

**Interest** - This can be linked to prime or JIBAR or fixed. The system must contain proper audit trail showing the details of the employee who has made changes to the system, including changes in interest rate.

**Fees** - Initiation fee charged on granting on a loan as a percentage of loan range from

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0% to 3% Disbursement fee charged on each payment made on a loan as a percentage of the amount paid out range from 0% to 3%.

#### **6.1.4 Loan Application Management**

The ERP solution must have the ability to enable applicants to apply for a Lending product using physical/ digital (web based) channels. The expectation is for the NHFC clients to have a frictionless application process when using any of the Physical and Digital Channels availed. The system should have the capability to monitor Due Diligence process and be able to record the results of Due Diligence conducted on the application. A Preliminary Checklist should be checked from the system to ensure that all the necessary application requirements are fulfilled. Preliminary Checklists should be completed using the system which helps determine if a project is viable or not viable. Pipeline Register must then be updated, and Application file completed. The application should then progress to assessment stage. Detailed Checklist is submitted on the system, and Proposal is completed. The ERP must have the ability to produce statistical reports and dashboards showing number of applications received and number of financially viable applications, and number of applications at different milestones and also the time it took to complete each sub-process. The system must have the ability for Client Relationship Managers to prepare a Proposal for sanctioning.

#### **6.1.5 Credit Assessment Management**

The ERP solution must have the capability to perform evaluation of the application. Credit policy parameters for each product should be imbedded in the system. The system should have a link to verify current company directors, check PEP as well as credit checks. Reports be saved in the system for future reference. The client application is assessed to verify financial standing and means to deliver on the proposed value. The Proposal will be Approved/ Declined/ Referred back. The system should be able to capture outcomes and deliberations from sanctioning committees (MCIC, BCIC). The system should then produce Approved Term sheet for the client to sign and store the Signed Term Sheets. The system must then generate the Approval Letter. The ERP must have the ability to produce reports and dashboards showing number of Credit proposals approved, number of Credit proposals declined, number of in credit applications in progress, the total Value of Approvals and turn-around time.

#### **6.1.6 Document Management**

Application documentation must be produced from the system using the approved NHFC templates at any stage of the application Term Sheets, Approval Letter, Loan Agreements, Drawdown request forms, Status Change forms. The signed documents

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should be stored in the system.

### **6.1.7 Agreement Management**

The system must have the ability to generate loan agreements. The client signs a loan and agrees to conditions attached. Counter signed loan facility agreement and Signed Loan Agreement Conditions precedence. The ERP must have the ability to produce reports and dashboards showing number of fully signed agreements.

### **6.1.8 Case Management**

The client must be allowed to appeal a decision taken by NHFC and lodge an appeal. The system should re-open the application to allow for the Outcome to be revised. Revision of the decision will be conducted, and the application may be approved or remain declined. The ERP must have the ability to produce reports and dashboards showing number of application reviews and key event dates including addendums.

### **6.1.9 Notifications Management**

The ERP must send updates on the progress of the application to the applicant. The applicant must receive notifications on progress of their application process when key specified points are reached in the workflow. The ERP must have the ability to produce reports and dashboards showing number of failed notifications, number of successful notifications and turn-around time.

### **6.1.10 Disbursement Management**

The ERP platform should have the ability to disburse the funds into client or project accounts. The client must receive funds in accordance to agreed schedule/ milestones with the flexibility of amending the payment schedule should the client be ahead or behind schedule with construction or disbursing. Disbursements are to be finalised from the system. Payment of funds occurs in the form of Drawdowns. Drawdown request must be electronically signed, Status Change Form completely signed, and drawdowns updated in the financial system. The system should be able to block further drawdowns for projects that are in arrears, i.e. the client cannot process a drawdown request if not performing. The ERP must have the ability to produce reports and dashboards showing the Value of disbursements. The system should allow for periodic total, product totals etc.

### **6.1.11 Repayments Management**

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The ERP system must be able to handle all kinds of repayments into the loan facility. There should be functionality to cater for overpayments, refunds, and advanced payments. The system must show payment lines separately according to payment type for ease of identification and analysis purposes. The system should be able to generate settlement quotations, including calculation of pre-payment penalties and allow for clients to settle and close-off the loan facility earlier than the prescribed term. The system should have the capability to handle revolving credit loan type portfolios.

#### **6.1.12 Debtors Book Management**

The ERP system should have the ability to manage interest and capital moratoriums, overdues, arrears, and defaults on the loan facility including loan facility restructurings. The ERP system should send notifications to the Credit Risk Monitoring team as soon as clients miss their payment date. The ERP must be able to produce loan ageing reports and dashboards per product offering, per facility, per client, showing age analysis by number of days past due, age analysis by funder, trends, current amounts due and roll rates etc. The dashboard should include the amounts billed together with the amounts collected per product or client at any given time in order to determine the collection rate. The reports should be available at any given or desired period e.g., daily, weekly, monthly, and quarterly. The system should flag loans that are non-performing or in distress as early as possible so that the necessary action can be taken timeously, and legal action can be avoided.

The system should have functions to make provisions for impairments and also be able to write-off non-performing loans from the loan book while stepping in and pursuing collections on them. The system should calculate interest and rates that can be linked to prime or JIBAR or fixed. Where necessary the system should allow interest to be raised on a debtors' statement but not recorded in the ledger due to default. Penalty interest on overdue amounts must also be possible. The ERP should provide a report by customer and loan type showing losses monthly and annually split into provisions, write offs and fair value adjustments to enable IFRS9 calculations. Ideally this should include take on records. The system must have proper segregation of duties between the capturer/originator and approver across all business functions performed.

#### **6.1.13 Customer Relations Management**

The ability to manage all client communications from the system and client Meeting Management capabilities and talk to the Debtors Book management system. Reports on the following should be available: Client application aging by position in approval process (aging by days / weeks / months), Client queries aging in days and Client

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queries handling time.

#### **6.1.14 Workflow Management**

The system must be workflow based with proper user segregation in place and the ability to route submissions, disbursements etc to the relevant approvers with rerouting for absent people seamlessly. The system should have proper roles and authorisations defined in line with the approved delegation of authority, also the business process and business rules.

### **6.2 Finance**

Over and above the typical financial reporting model, the ERP should also have the following:

#### **6.2.1 Budgeting tool**

The ERP system should have a budgeting model whereby all divisions of the NHFC can capture their Forecast for the remaining period in the current financial year and budgets for the next financial year per month and the annual budgets for the outer year. The ERP system should consolidate all the divisional budgets automatically and generate the budget financials for the forecast year and future years. The ERP system should have a dashboard for analysis of relevant key performance indicators important for the NHFC. Once approved should be integrated in the financial, management and procurement systems/models.

#### **6.2.2 Costing for management reporting**

The ERP system should have a model that is separate from the financial reporting that will accommodate allocation of costs across the divisions and another level for allocation of all costs (using different allocation basis) to products and revenue generating units. The ERP system should be able to generate income statement per product and revenue generating unit taking into account all allocated costs.

### **6.3 Finance Linked Individual Subsidy Programme - FLISP**

#### **6.3.1 FLISP Application Management**

The ERP system must enable the origination of the grant application using a digital channel made available at the early stages of application when the applicant is still

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applying for a home loan at a Financial Institution such as Banks, RFIs, etc. FLISP is one of the most important initiatives of the NHFC and the National Department of Human Settlements which is targeted at the first-time homebuyers. It is one of the few programmes where the NHFC engages directly with the retail market through processing and paying housing subsidies to need South Africans.

A client can apply for a FLISP subsidy to supplement existing finance application granted by the financier and to support community savings scheme or individual savings. A client can also apply for a FLISP subsidy in order to reduce the home loan amount where 100% of the home loan was granted. Client's application is processed, reviewed and client is notified. The client is notified of progress throughout different stages of the application. Client can submit queries, enquiries, and request for changes. A client is issued with the outcome and their ID number/ name and surname recorded in the National Housing Subsidy Data Base system as a recipient of the government grant. A client can dispute an outcome of the FLISP application. Client receives payment in bond account or attorneys trust account number provided. In some instances, once approved, subsidies will be paid into the Lenders Suspense Account and Lenders will pay service providers and/or pay into the beneficiary Bond account.

### **6.3.2 Originate the grant application**

The ERP solution must have the ability to capture a prospective client application with all the relevant supporting documents prepared and attached. A completed application form filled via an online platform and supporting documents are to be uploaded to the system. The system must have Application checklist completed before the application is submitted for processing. The ERP must have the ability to produce reports and dashboards showing number of applications received per province (cascading to Municipal level), number of applications processed per province, number and rand value applications approved per province, number and rand value of applications disbursed per province and number and rand value of approved loans leveraged from financial institutions. Other reports required are gender of applicants which can be reported on or by the preceding variables.

### **6.3.3 Application Processing**

The system must be seamlessly integrated with 3rd Party systems to perform real-time validation on external databases to validate ID numbers against certain criteria when Processing the Application. The system must interface with those external databases when the Application is assessed which inform the decision taken. These Qualification Criteria Checks are done with the following third-party systems:

- Home Affairs checks;
- Deeds Office checks;

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- NHSDB;
  - Persal checks; and
  - GEPF checks/ UIF checks.

The system must be able to interpret the results returned by these external databases, the outcome therefore established, and the Application set to Approval/ Decline status. The system must have the capability for the user/supervisor to override search results returned by the external interface when the processed application yields an unfair unfavourable outcome to the client. The system must generate a grant letter or decline letter which must be signed and sent to the grant applicant systematically. The ERP must have the ability to produce reports and dashboards showing number of applications declined due to being recipients of subsidy housing products previously, number of applications declined due to misrepresentation of info, number of applications approved, Total value of approvals and Total value of home loans approved. The execution of reports must be such that they can be presented by Province. The system should also be able to track the duration of application processing in the FLISP value chain and produce a Processing Turnaround time report.

#### **6.3.4 Send notifications on progress**

The ERP system must be able to send automated notification to the customer notifying them of application progress. FLISP application notifications must be setup such that they systematically get sent to FLISP beneficiaries and partners who submitted the application on behalf of FLISP applicants. The Notification Trigger Event should contain details such as the application reference, missing info that the client needs to supply, application outcome, etc). The ERP must have the ability to produce reports and dashboards showing number of successful notifications and number of unsuccessful notifications.

#### **6.3.5 Case Management**

The system must have the ability to log Client query/ request, issue a Reference Number and capture updates when the Query/ request is being resolved and update status accordingly. Reference Number must be closed when the Client query or dispute is resolved, and feedback has been provided. The ERP must have the ability to generate reports and dashboards showing number of cases, queries, enquiries, complaints, or disputes logged, number of cases by status e.g., successfully closed, in progress, etc.

#### **6.3.6 Finalise Outcome**

The ERP solution must have an automated interface to register the beneficiaries in the National Housing Subsidy Database (NHSDB) System following a successful outcome

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at processing of the application. Once Confirmation has been sent to the client the details of subsidy recipient are recorded in NHSDB to prevent future similar benefits from government funding. The ERP must have the ability to produce reports and dashboards showing number of NHSDB-Registrations which can be represented by Province.

### **6.3.7 Manage Appeals**

The system must have the functionality to manage appeals on declined applications. The client is given an opportunity to appeal an unfavourable outcome by lodging a dispute. The appeal will be lodged with relevant supporting documents attached. The system must be able to reopen the application and allow for further processing of the application. Dispute must be resolved from the system and feedback provided. The ERP must have the ability to produce reports and dashboards showing number of disputes/issues resolved, number of disputes raised.

### **6.3.8 Manage Disbursements**

The ERP system must have the ability for clients to initiate a payment request when the funds are required. The Payment Requisition must be processed from the system and Payment request submitted to Finance Department for Disbursements. The ERP system must be fully integrated with the Finance and Treasury systems, Banks, and other participating Financial Institutions. The system must create an end of day batch file of all payment requisitions approved on a daily basis and send them to the bank through an automated interface. The ERP must have the ability to produce reports and dashboards showing number of payment requests made, payments audit report showing successful/ bounced payments and Total value of disbursements.

### **6.3.9 Document Management**

Application documentation must be produced from the system using the approved NHFC templates at any stage of the application Checklist, Grant Letter, Decline Letter, Payment requisition, Client/Application supporting documents. The signed documents should be stored in the system.

### **6.3.10 Customer Relations Management**

The ability to manage all client communications from the system and client Meeting Management capabilities. The system must comprise of Partner On-boarding capabilities for Banks, Developers, Bond originators, and any future partners.

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### **6.3.11 Workflow Management**

The system must be workflow based with proper user segregation in place and the ability to route submissions to the relevant approvers. The system should have proper roles and authorisations defined in line with the business process and business rules.

## **6.4 Corporate Finance**

### **6.4.1 Investment Proposal Management**

The ERP solution must have the ability for applicants to apply for quasi-equity loan or equity investment. The prospective clients should be able to apply for a quasi-equity loan or equity investment product in order to finance housing projects and structures as this will enable sustainable delivery of affordable housing options to customers. All relevant information related to the quasi/ equity application is received from the applicant and the investment proposal is developed. The application must be completed together with supporting documents supplied uploaded to the ERP solution. Initial Financial Due Diligence is then completed where missing info/ documents are supplied by the applicant. The ERP system must have the functions to record the results of the due diligence conducted on the application.

The Appraisal stage gets completed and Contract is drawn up. Contract is finalised and an Agreement signed. Total funds authorised for disbursements are captured in the system. The ERP must have the ability to produce reports and dashboards showing number of applications submitted, number of applications assessed and reports showing Turnaround time for application.

### **6.4.2 Receive notifications on progress**

The ERP solution must have the ability to send notifications to clients. The applicant must receive updates on the progress of application when key specified points are reached in the workflow while the Proposal status is being finalised. The ERP must have the ability to produce reports and dashboards showing number and percentage (%) of failed notifications as well as number and percentage (%) of successful notifications.

### **6.4.3 Partner/Client Onboarding (CRM)**

The system must have client relations management capabilities where the Partner/Client details are captured and verified. Partner/Client is onboarded.

### **6.4.4 Negotiate Terms and finalise**

The client must be given the opportunity to negotiate the terms of the contract prior to approval/ decline. The terms of the contract are reviewed and negotiated. The ERP

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system must allow for the review of terms and the Contract then finalised with all Conditions met. The system must track Turnaround time.

Legal Agreement Management – The system must be able to generate Loan Agreement/Subscription/Shareholders, send to client and agreement signed stored in the system. Partner will be onboarded following the signing of the loan agreement and Total funds authorised for disbursements must be captured.

#### **6.4.5 Contract Management (Equity Management/ Equity Partnerships)**

The system must provide the capability to manage the contract between the client and NHFC until end of term.

#### **6.4.6 Disbursement Management**

The ERP system should have the ability to process client payments. Clients should be able to receive Disbursements as per anticipated projections on the agreement with NHFC. The client must receive disbursements as per agreement. Disbursements are paid out in line with the agreed terms. The system must have the ability to report on Total funds authorised for disbursements, disbursements paid, disbursements remaining.

#### **6.4.7 Loan/Investment Performance Monitoring**

As per agreement, the client will report on performance as per guidelines provided by NHFC. Investment performance is in accordance with projections. Management accounts of the partner. Conditions for investment horizon timelines have matured.

#### **6.4.8 Loan Debtors & Investment Processing**

The ERP solution must have Debtors and Investment management functionality. It should produce age analysis reports showing days past due on the Loans.

#### **6.4.9 Deal exit**

The client must be afforded the opportunity to buy back equity in an event that NHFC intends to divest. Investment is sold and agreement signed. Investment will reach maturity and Investment performance may not in accordance with projections. Sale is finalised and an Agreement is signed. The ERP must have the ability to produce reports and dashboards showing number of number and percentage (%) of Unsuccessful investments as well as number and percentage (%) of Successful investments.

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#### **6.4.10 Case Management**

The ERP system must have the ability to log Client query/ request, issue a Reference Number and capture updates when the Query/ request is being resolved and update status accordingly. Reference Number must be closed when the Client query or dispute is resolved, and feedback has been provided. The ERP must have the ability to produce reports and dashboards showing number of cases, queries, enquiries, complaints, or disputes logged, number of cases by status e.g., successfully closed, in progress, etc. The reports should be available on a periodical basis as per the user selection.

#### **6.4.11 Document Management**

Application documentation must be produced from the system using the approved NHFC templates at any stage of the application Term Sheets, Approval Letter, Loan Agreements, Drawdown request forms, Status Change forms. The signed documents should be stored in the system.

### **6.5 Strategic Partnerships**

#### **6.5.1 Grant and Voucher Management**

The ERP solution must have capabilities to receive grant to fund – receiving grants, allocating them to programmes/ projects and authorising payments (qualifying beneficiaries are provided with a site which is resourced in terms of basic infrastructure – voucher is broken down to correspond to work delivered).

#### **6.5.2 Inspect to Pay**

Quality control processes to verify delivery of agreed work before payment is authorised.

#### **6.5.3 Request to Manage Programmes**

The Strategic partnerships stream also focuses on the requests by clients to manage programmes being delivered by suppliers (development, capacity improvements) and thus act as an intermediary between customer and supplier (implementing agent – earn fees).

### **6.6 Programme Management**

#### **6.6.1 Fund Management**

The ERP system must consist of a Fund Management (FM) solution to manage funds placed with NHFC by Clients for disbursements to service providers for the construction projects. The client enters into an agreement with NHFC for the

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management of funds, where in some instances the NHFC plays a Project Implementation Agent (PIA) role where the construction project is left entirely with NHFC.

### **6.6.2 Budget**

The FMS should be able to load multiple copies of a Project. A project can have two (2) modes:

- **Budget setup mode** – Entire Project should be loaded here, when satisfied the data to be copied to the Live Mode. This data mode will then be converted to live on the approval of an Administrator. This data mode will not be made available or interfaced with either the Financial and Supply Chain systems or the web portal.
- **Live mode** – All transactions performed here. Project can be copied to a budget file, so additional budgeting can be done. A copy of the Live Mode can be made and then the Live Mode entries can be edited due to a change in the subsidy/fund amount per unit. This can occur at any time when the amount budgeted for a unit can be changed. In this case, all costs on the Live mode must be changed, and be applicable as of that specific date.

### **6.6.3 Web Portal**

A web portal is to be designed to capture the work done by an Approved Person (AP). The AP will log in and all entries for the AP/ Company will be pre-populated to this interface screen. The AP will be able to sort and filter and select the entries from this budget as to the work completed. The ability to claim a lesser amount (percentage %) can also be entered as a claim for the line item. Once the claim is correct the AP can submit the claim, and as such the claim will be updated in the FM system for NHFC Approval and Payment.

### **6.6.4 Systems Integration**

It is important for the system to integrate with Financial and Supply Chain system and other systems in the organisation including NHFC Treasury systems. This will enable reconciliations to occur between the 2 systems, such that the Fund, fees, and the interest can balance equally between the systems. The budgeting according to the current manual Business Financial Management (BFM) costing model will also be done on Financial and Supply Chain system.

The interface will consist of the below:

- Receive Fund balances from FINANCIAL system;
- Send Payment request to FINANCIAL system;
- Receive confirmation of Payment from FINANCIAL system;
- Send Fees amount that is Invoiced to FINANCIAL system;
- Send Request to FINANCIAL and Loan Management system for Drawdown and

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- Request Interest Balance on Fund in High Yield Account from FINANCIAL system.

### **6.6.5 Processing of claims/ Invoice**

A claim is a list of costs on a project that must be paid by NHFC to a Company for work done. A claim can be received from an AP in 2 ways:

- Online by an AP on the FMS Claim Web Page; or
- On Paper by an AP, and an NHFC Person can re-capture the Claim directly into the system.

#### **Costs on a Project:**

Costs on a project can be of the below forms:

1. Fixed Staff costs – this can be fixed per period or fixed per Unit. Note that there would be multiple Fixed Staff cost entries;
2. Variable Staff Costs, this can be loaded as a monthly cost;
3. Operating Costs;
4. Fees;
5. Professional Team/ Resource. This can be linked to a phase, a unit or group of units or any activity;
6. Work -Any form of work can be loaded as an activity, with an associated cost; and
7. Materials - Materials can be loaded as an activity, with an associated expense.

#### **Notes:**

- An Invoice can have multiple Payments; and
- A User can enter Start of period and End of period, enter Cost per period, or cost per month and system to show total for period.

### **6.6.6 NHFC Fees**

Fees are received for a service completed by NHFC. NHFC will create an invoice automatically based on the contract with the Funder. The Funder will authorise the payment (external process) and NHFC will receive payment.

Fees can be:

- Fixed per building/ Unit /Payment effected on Payment of a Milestone; and
- A Percentage (%) of Funds (calculated on Tranche transferred) Payment effected on Transfer.

Fees will be paid from Fund to NHFC Company/ Account (specify Account). The system should ensure that fees cannot be double charged, i.e. it is either on Fund transfer or on Milestone completed. The system will calculate the fees based on the User capturing the fees and producing an Invoice, by either completion (part or full) of a Milestone, or on receipt of Funds.

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### **6.6.7 Beneficiaries**

Each being built is allocated to a beneficiary by the HSS system. The HSS system has a beneficiary's export file that links beneficiaries to Stand numbers. The FM System should be able to import beneficiaries from an excel file, and populate the FM system, and this should be editable by an Administrator. There should be a seamless integration with other systems like HSS.

### **6.6.8 Capturing and Loading the company**

This refers to capturing or loading any company and related data. This can be any company such as NHFC or any of its sub companies, a funder, a developer or contractor or sub-contractor, or any company or creditor that does any work related to a project. All the company data that is mandatory must be captured into the system. The system should allow new companies to be added, and company data to be updated. A company can also have different roles on different projects, so can be captured multiple times, each with a different role and with a different bank account number. A bank account number can only be changed by a system Super User.

A company can also be involved in multiple projects and as a result have multiple loan accounts, and as such each loan account can be linked to either the same company with a different role or a different bank account. The maximum bridge finance facility and amount will be dependent on the project and related Loan account. The system should also have a save button for data captured on the screen to be committed to the database, and saving should also be done by the system on exiting the screen, or on the User pressing any button to navigate to another place in the system, such as on the new or update buttons. The system should also have a search functionality to view a list of all companies in a table format, and this table should be dynamically updated / filtered upon the User typing in characters in the company search field.

### **6.6.9 Capturing / Loading a Fund**

As noted in the process when a new project is approved, the first action that occurs is a Fund is provided to NHFC for the Project. As such all the details pertaining to the Fund must be captured. Information such as the project (name) related to the Fund, the amount of the Fund, when it is received and for what the Fund is to be utilised for.

A Fund can also be received in multiple tranches, and as such there can be multiple amounts received at different dates to make up the total Fund. The system should update the tranche number and amount as each amount is paid to NHFC per Fund, although this tranche number can be updated by a User.

A user should be able to update the Fund as a new tranche gets paid to NHFC. The functionality for the system to get an update from the FINANCIAL AND SUPPLY

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CHAIN SYSTEMS can also be developed. The following buttons should be available for this Fund capture functionality: New, Update, Save, Delete (Admin Only), View and Print. The View button should provide a table to show the tranches of a Fund (Monies received from a Funder).

#### **6.6.10 Capturing / Loading a Project**

This would refer to building a project and all its sub tasks and work as well as budgeted costs to each of the activities. The system should allow a User to build a project. This means that the User should be able to capture the projects over archiving administration and financial data to the project such as the Project Name, maximum project value, Project budget, maximum Units, Funder, etc.

The User should then also be able to build the project in line with its activities such as the phases of the project, with its sub milestones, and its dependent tasks and administrative work in a tree structure. Project data capturing should include information on the Service Level Agreement in terms of project size, subsidy amount, project duration, contract value, programme/project managers detail, client details, project scope, etc. As an example, the project could consist of 2 phases of 100 houses and 100 apartments, each would have multiple and different milestones such as foundation, wall plates, and roof for houses and possibly foundation, walls, slab1, walls, and roof for apartments; each would also have a number of work tasks such as electrical, plumbing, etc. and professional tasks like engineers inspection, NHBC certificate etc.

The system should therefore allow the User to build the project flexibly and as per the project building schedule. The system should also allow for other types of tasks to be added into the schedule for example Materials, trucks, etc. It must have drop down arrows and search functions. Project information to be grouped into project phases as per PLCM. The system should also be able to link a company to an activity. This will allow a company/ creditor to be paid for the activity completed (or in part). For each Activity where a payment must be made the system should check for a document to be uploaded. As an example, a wall plate activity 100% completed should require a certificate to be attached before a payment for the wall plate is made.

The system should also track the percentage for each activity, such that any activity completed partially could also be paid as a percentage. An example is where 30% of the bricks is delivered for the activity 'Bricks' a payment for 30% of the budget against the total brick budget should be allowed. These partial payments will require a

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secondary authorisation. Each Task should also have a time allocated to it. This would be the budgeted time for the activity.

Since projects like any businesses operate of fixed and variable costs, the projects' ability to finish within the budget and schedule is paramount. The means even if the project is within budget the longer it takes beyond the original schedule the more it erodes profit. Ability to manage and report on this relationship is part of project management. The system should also have an ability to generate projected performance such that deviation from plan is identified timely and resolved before more damage is done.

#### **6.6.11 Capturing / Loading Beneficiaries**

This would refer to a User capturing beneficiaries of housing units, or a system import and update of beneficiaries. All details related to Beneficiaries must be input to the system. The system should accommodate the following buttons: New, Update, Add, Delete (Admin), Save, View and Print. The View button should bring up a screen table where the list of beneficiaries can be viewed and edited. The Print button should allow a print of this list, per page specified.

#### **6.6.12 Capturing Payments**

This would pertain to actual payments that need to be made on a project. The payment process would start from an invoice being received. Each line items that needs to be paid will be captured for payment on this system. The User will select from the Payments menu the project and activity as per the invoice, as this should already be in the system, and further capture the company to be paid and the amount.

Once the amount is captured the User should be able to see the list of payments to be made and post this for verification to a Super User for authorisation. Upon Authorisation a batch of payments should be printed for payment (in the manual case) or posted to Financial and Supply Chain system for payment.

The Finance department would make payments as per the batch of payments received from the FM module, (either manually or via the system), and a confirmation of payment should be sent back to the FM module to confirm that the invoice has been paid. The FM system will then change the payment status to Paid. The balances on the project, and phases and activities as has been budgeted against each item will be updated in the FM module.

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### **6.6.13 Creditors**

The ERP Fund Management module must provide for the payment of creditor. The creditors must be linked to the project so that each creditor's report can reflect payments made against specific project and project budgets. The creditor's details must be captured in full reflecting all the key details, like banking details, vat number, etc.

- **Payments on Milestones** – The system must be able to recognise units within a milestone that have been paid already to avoid duplication. **Paid milestones/units must be locked off.**
- **Receipts from Client** must reflect the amount and date received, the number of units for which it is received, the milestone for which it is received and accumulated receipts at any given time. In cases of variations/increase in subsidy quantum for remaining units, the system must be able to accommodate the new subsidy quantum.

### **6.6.14 Web Portal Payment Requests**

This refers to any creditor or any company requesting payments on behalf of creditors. The Requestor will have a Username and Password to sign-in to a web page that can allow the requestor to capture the payment request. This request will be saved by the requestor and posted. The system will then trigger an e-mail to the NHFC person to check the payments table and make payment. An update to the Payments table should happen once a payment request has been verified, approved, successfully processed, and committed in the database of the system. The system should link all costs associated with this payment request in line with activities initiated on the portal. There should be web services that expose functions that will provide information to the web portal.

### **6.6.15 Construction**

Project Site visits should be recorded in the system. The system must have an inspection function that takes pictures of milestones and beneficiary ID at hand-out. Capability to Record GPS co-ordinates of the project site should be available and the ability to load photos of inspections on site. Progress on each milestone should be updated online by all parties involved so that the administrator does not have to request monthly reports.

## **6.7 Interface to Financial and Supply Chain system**

***This refers to all FMS and FINANCIAL AND SUPPLY CHAIN SYSTEM interfaces. Interfaces:***

1. Receive Fund balances from Financial and Supply Chain systems;
2. Send Payment request to Financial and Supply Chain systems;
3. Receive confirmation of Payment from Financial and Supply Chain systems;

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4. Send Invoice to FINANCIAL AND SUPPLY CHAIN SYSTEMS for Fees;
  5. Send Request to FINANCIAL AND SUPPLY CHAIN SYSTEMS for Payment/ Disbursement; and
  6. Request Interest Balance from Financial and Supply Chain systems.

## **6.8 Data Migration from the legacy system**

The service provider is expected to purify and migrate all data and history from the existing systems to the new system before go-live.

## **6.9 Reporting requirements**

The ERP system must be able to produce reports and dashboards that show the number of units completed per milestone and produce financial reports showing funds received from clients, payments made and the balance of funds in NHFC's bank account. The system must provide for the management of creditors/service providers and show the accumulated payments to each service provider per invoice/claim submitted. The system should also be aligned to the Business fulfilment costing model where the following main cost streams must be managed – Fixed staff cost, Variable staff cost, Overheads/Running cost and Fees/Profit due to NHFC. (Where construction of Houses forms part of the programme the actual construction milestones as should be included in the construction milestone report). Reports must be able to calculate percentages and be graphical. Users must be able to design their own reports using own field selections and customising the report according to unique requirements and flexible periods such as weekly, monthly, quarterly, and yearly reports with a From and to date, NHFC logo and Report Title.

### **6.9.1 THE FOLLOWING REPORTS MUST BE GENERATED:**

**Funder / Client Report, List of Funds Received, Summary Per NHFC Company, List of Projects, Payment Summary (Summary per Project), Track Overall Monthly Claims, Track payments per supplier/ contractor, incl. invoice numbers where applicable, Milestones/site payment recon, List of Drawdowns/ Payments Made Paid against Budget, List of Fees Due by various Clients, List of Beneficiaries, List of Receipts, Interest Report - On interest earned on funds not disbursed and various periods applicable, Company/ Creditor Summary Opening Budget, Payments total, Balance, Interest rate, InterestAccum, Company/ Creditor Detail (Statement) Opening Budget, Dates & Invoices, Dates & Payments received, total Balance, Interest rate, InterestAccum, Age Analysis, Construction milestone report - Showing unit rate, approved no of beneficiaries, approved budget, amount received from client, amount paid to date per milestone, balance available per milestone, units produced to date per milestone, no of units covered by the available funds, Executive Financial Summary - Showing Total budget for the project, funds received from client to date for the various**

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*tranches, funds paid to date for the various, **Payments to Creditors** - Showing amounts paid per various milestones and per invoice/claim numbers per period, **Month End Reconciliation** - Ability to do monthly bank reconciliations and others on the system.*

## **7 TECHNICAL PROPOSAL FOR ERP SOLUTION**

7.1 The bill of materials: The Technical proposal for ERP Solution should contain details of the solution components proposed along with how each of the solution components would meet the requirements of NHFC. The technical proposal should address the followings: -

- 7.1.1 Functional coverage of the solution proposed;
- 7.1.2 The complete landscape of the solution with modules, integration points etc;
- 7.1.3 How the different processes of NHFC are integrated with the solution;
- 7.1.4 The bill of material of the ERP solution with a list of all the modules, tools independently priced items along with metrics for licensing (pricing) and total quantity proposed;
- 7.1.5 The rationale for the different solution components and the licensing metrics;
- 7.1.6 The rationale for the sizing of the different modules of the ERP;
- 7.1.7 How the solution components are sized and their relationship to licensing metrics;
- 7.1.8 The details of third-party solutions if any, their description and purpose, licensing metrics and sizing considerations; and
- 7.1.9 The bidders while proposing the ERP solution with detailed bill of materials, are also required to provide definitive commitment on how each section of the processes described in the RFP are addressed by which module/components of the bill of material.

7.2 **Key technical features:** The bidders are required to provide the compliance of the proposed ERP solution to the following key technical features.

- 7.2.1 Proposed application shall offer all the functionalities required as a single application solution covering real time posting;
- 7.2.2 The Proposed ERP solution should have all the core modules with required functions as natively integrated applications on a single interoperable open platform;
- 7.2.3 The ERP Solution should provide wide range of security features such as

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Single Sign-On (SSO), Multi-factor Authentication, Authorisation and Integrated User management;

- 7.2.4 The ERP solution should provide implementation, administration and operational tools seamlessly integrated with the product;
- 7.2.5 The ERP Application shall provide an application architecture which can be integrated with third party/ legacy applications using the built-in integration tools;
- 7.2.6 ERP Application should have single sign-on access across applications and should be intuitive, with easy-to-use user interface that can be accessed via the web interface;
- 7.2.7 ERP Application should have single sign-on access across applications and should be intuitive, with easy-to-use user interface that can be accessed via the web interface;
- 7.2.8 ERP Application should have ability to provide concise overview of parameters like configuration changes, infrastructure usage, performance, required maintenance activities, potential security issues, status of business flows and diagnostic test results;
- 7.2.9 ERP Application should provide performance statistics for the CPU/ Memory, database, Application servers;
- 7.2.10 The ERP Application shall have a built in software to manage application software backups and restore with Source Control and the solution shall have a built in software to manage automated database backups and restore;
- 7.2.11 The ERP Application should include tools/ mechanism for System, Database and performance measurement activities;
- 7.2.12 ERP Application / System should have tools for administration of Configuration management, Performance tuning, System diagnostics and Capacity planning;
- 7.2.13 The ERP solution should support multiple levels of reporting including transactional reporting, analytical reporting etc. It should support reporting on excel sheets as well as format intensive reporting, graphics and will have a facility to drill down;
- 7.2.14 The ERP solution should come with inbuilt tools for data migration, upgrades etc;
- 7.2.15 The ERP solution should have provision for handling reporting through a data warehouse;
- 7.2.16 The ERP Solution should provide application development tools to support

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the continuous development/refinement of application; and

7.2.17 The ERP solution should provide a robust set of communication and reporting tools and must be able to auto-trigger emails / SMS communications to concerned as per business rules configured in the system.

## **8 ANTICIPATED PROJECT TIMELINES**

An anticipated project timeline is provided to provide a sense of the scope of work. However, NHFC recognizes that once a service provider is selected, the desired milestone dates may shift and a detailed project schedule will be developed to meet the NHFC'S timeline as best as possible. To minimize risk, NHFC desires working with the service provider to determine the best roll out strategy. NHFC recommends rolling out the implementation using an iterative approach, however, will look to the service provider for best practices in reducing customer and employee impacts.

## **9 EXPERTISE AND CAPACITY**

The minimum proficiency of the experts/resources: It is expected that the key resources to be deployed by the bidder would have the following minimum proficiency in the role they are proposed for the project.

9.2 Project Manager: Degree, Minimum 8 years of proven experience, experience of managing at least three projects as project manager and proficiency across multiple modules of the ERP solution.

9.3 Functional consultants: Graduates in computer science or business administration or commerce or relevant degree, Minimum 5 years of proven experience in the functional and implementation of proposed ERP solution, experience of executing at least two projects as functional consultant for the specific functional area.

9.4 Technical consultants: Graduates in science or Engineering or relevant degree, Minimum 5 years of proven experience in the technical areas related to the proposed ERP solution, in terms installation, commissioning, architecting and technical developments. The appointed service provider will have to:

9.5 Bidder to be a certified partner of the proposed ERP solution.

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NB: Proposals should be able to not only provide what is mentioned above but also indicate areas of importance pertinent to the process.

## **10 PROJECT IMPLEMENTATION METHODOLOGY**

10.1 The methodology to be deployed by the bidder to implement the ERP solution will have different work elements and activities. All these activities and the work elements should coherently focus on achieving the following key results.

1. Quality of the solution deployed;
2. Customer satisfaction while deploying and during usage; and
3. Successful implementation in terms of completeness and timely accomplishment of the outcome.

10.2 Critical activities of Implementation: While there are different techniques and tools available as a part of the methodology, the following are expected to be part of the implementation methodology to be adopted by the bidder.

10.2.1 Workshops with different stakeholders for validating, capturing business requirements, creating awareness of best practices, communicating the changes, building consensus on process design, for signing off the deliverables etc. These need to be organised at different intervals and in different places throughout the duration of the projects as demanded by the context.

10.2.2 Stakeholder consultation other than workshops, with those stakeholders who will be identified by NHFC, for the purpose of critical inputs, review, suggestions, process description etc.

10.2.3 Review sessions with different stakeholders for signing off the deliverables, walking through the deliverables for facilitating quick understanding.

10.2.4 Documentation of proceeding – recording the developments, discussions, deliverables, using standard methodology and native tools available with the ERP solution.

10.2.5 Work standards/practices for documentation, configuration, testing, data migration etc.

10.2.6 Training the different stake holders, on a continuous basis. The above descriptions are not exhaustive, however indicative requirements.

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## 11 TESTING APPROACH

The bidder shall propose and explain the test approach. The following are expected to be part of the testing approach to be adopted by the bidder.

**11.1 Unit Testing:** validates that individual functions are configured and/or developed to appropriately translate technical and functional requirements. This would include testing of individual configuration elements, process steps associated with business transactions, and custom development objects. Unit testing should include:

- Positive Testing – validates that test functions correctly by inputting a known value that is correct and verifies that the data/view return is what is expected.
- Negative Testing – validates that the test fails by inputting a value that we know is incorrect and verify that the component or test case fails. This allows us to understand and identify failures and that the target application is operating correctly by displaying the appropriate warning message.
- Unit Test Data – fabricated or customer specific master data will be manually entered as required for unit testing and used by other teams where appropriate.

The unit testing shall be done on the DEV system, on the fully configured and enhanced system. A separate unit test client should be setup on DEV for the testing. Unit testing will be planned, executed and managed with participation from the NHFC project team members.

**11.2 Scenario (Integration) Testing** – validates a set of business processes that define a business scenario in a comprehensive and self-contained manner on a macro level.

- Integration testing is recommended to be done in multiple iterations.
- The initial iteration of integration testing concentrates on testing all important business processes within the ERP Solution components , starting with touch point scenarios and ending with end-to-end scenarios.

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- The final iteration of integration testing focuses on cross-functional business scenarios, custom development objects, converted data, and solution security.

The integration test shall be done on the Quality Assurance (QAS) server on the fully configured and enhanced system that was transported to QAS. Integration testing shall be managed and executed by all project stakeholders. All test results shall be formally noted and problem resolution carried out as a priority according to the problem sheet.

**11.3 User Acceptance Testing (UAT)** - The User Acceptance test will be performed and signed off by the NHFC business stakeholders. The user acceptance test shall be done on the Quality Assurance (QAS) server on the fully configured and enhanced system that was transported to QAS

## **12 CHANGE MANAGEMENT APPROACH**

The bidder shall define its approach to Organisational Change Management over the life of the engagement, including the development of a detailed assessment and the implementation of a communication plan. These activities will be conducted by the bidder in conjunction with NHFC.

## **13 PROFESSIONAL MEMBERSHIP**

It is mandatory for the service provider that will be in charge of this NHFC assignment to be a Certified Business Partner or Original Equipment Manufacturer.

## **14 PRESENTATION OF THE PROPOSAL**

The committee may invite each bidder to make a presentation to the NHFC at a date, time and venue determined by NHFC to make a presentation of their Technical Proposal. The purpose of such presentations would be to allow the bidders to present their methodology, unique capabilities if any, the project structure, the quality of the project team etc.

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The presentation of the Technical Proposal should be made by the proposed project manager of the bidder for this Project of NHFC, with some of the key team members to support the project manager as part of the presentation team, instead of the sales representative or the senior executive of the organization.

The presentation of the technical proposal would also include the demonstration of the proposed ERP solution to highlight the technical requirements of NHFC and to validate the specific technical specifications. The bidders are expected to bear the cost of travel or any other associated cost incurred for the purpose of making these presentations.

## **15 CONTENT OF THE PROPOSAL**

### **15.1 The Technical Proposal must include the following:**

- Company profile and relevant experience;
- Proposed methodology and approach to be used in keeping with the scope of work;
- Full and comprehensive description of similar work undertaken in the past 5 years;
- A list of client references where the bidder has successfully concluded similar customisation work within the public sector including SOE, DFI etc in terms of scope and complexity;
- Composition of the project team [Abridged CV of each member of the proposed team (qualifications, experience, expertise etc.) and
- Submit project implementation plan for deployment.

## **16 MANDATORY COMPLIANCE DOCUMENTS**

- Valid Copy of B-BBEE certificate or Affidavit;
- Proof of CSD registration (submit summary report);
- Company registration documentation;
- Valid Tax clearance certificate pin; and
- All Standard Bidding Documents (SBD forms).

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## 17 EVALUATION CRITERIA

Evaluation of the bid will be conducted in 3 (three) phases as follows:

### **Phase 1: Eligibility / Pre-Qualification criteria**

Bidders will be evaluated according to pre-qualification requirements which include the submission of mandatory information or documentation as stated in section 16 of this document. Bidders that fail to meet the pre-qualification requirements of the bid will not be considered further for evaluation.

### **Phase 2: Technical/functional evaluation**

Qualifying bidders shall be evaluated on technicality / functionality after meeting all compliance requirements outlined above. The minimum threshold for the technical/functionality requirements is 75 points. Bidders who score below the minimum requirement shall not be considered for further evaluation in stage 3.

<b>ITEM</b>	<b>CRITERIA</b>	<b>WEIGHTS</b>
1	Organisational Experience	25 points
2	Work Plan / Project Schedule	25 points
3	Implementation approach and methodology	15 points
4	Experience of key personnel	35 points
<b>Total</b>		<b>100 points</b>

Details of the scoring methodology presented above are outlined below:

CRITERIA	SUB CRITERIA	SCORES	WEIGHT
<b>Organizational Experience</b>	<p>Bidders must provide proof of specific experience as defined under Section 15 of this document and submit references in respect of related services undertaken.</p> <p>Bidder to submit the following, per project as proof:</p> <p>Signed recommendation letter with company logo and contact details of the client company</p>	Five points for each signed reference letter submitted	<b>25 points</b>
<b>Work Plan / Project Schedule</b>	<p>Score will be based on a project schedule (Gant Chart) that is realistic and meets the NHFC's timeline requirements (18 - 24) months Provide a project schedule that incorporates all the major milestones:</p> <ul style="list-style-type: none"> <li>• Requirements Gathering</li> <li>• Development</li> <li>• Testing</li> <li>• Data Migration</li> <li>• End-user Training</li> <li>• Post Go-Live Support</li> </ul>	<p>Score will be allocated for a Project Schedule according to the following:</p> <ol style="list-style-type: none"> <li>1. None of the listed Key Milestones, with activities indicated on the schedule are provided = <b>0 points</b></li> <li>2. (2 to 3) of the listed Key Milestones, with activities indicated on the schedule and aligned with the preferred duration of the project are</li> </ol>	<b>25 points</b>

		<p>provided = <b>5 points</b></p> <p>3. (4 to 5) of the listed Key Milestones with activities indicated on the schedule and aligned with the preferred duration of the project are provided = <b>15 points</b></p> <p>4. All listed detailed Key Milestones, with activities indicated on the schedule aligned with the preferred duration of the project, showing the critical path, proper sequencing of activities and clear understanding of the scope of Work = <b>25 points</b></p>									
<p><b>Implementation approach and Methodology</b></p>	<p>Methodology should consist of the major milestones</p> <table border="1" data-bbox="521 1740 1053 1913"> <tr> <td>Stage1</td> <td>Project preparation</td> </tr> <tr> <td>Stage 2</td> <td>Requirements/Blue print</td> </tr> <tr> <td>Stage 3</td> <td>Configuration/Realisation</td> </tr> <tr> <td>Stage 4</td> <td>Final preparation</td> </tr> </table>	Stage1	Project preparation	Stage 2	Requirements/Blue print	Stage 3	Configuration/Realisation	Stage 4	Final preparation	<p>1. None of the listed Stages with the scope of work are provided =0 points</p>	<p><b>15 points</b></p>
Stage1	Project preparation										
Stage 2	Requirements/Blue print										
Stage 3	Configuration/Realisation										
Stage 4	Final preparation										

	<table border="1"> <tr> <td data-bbox="509 144 672 233">Stage 5</td> <td data-bbox="672 144 1068 233">Deployment/Go-live and support</td> </tr> <tr> <td data-bbox="509 233 672 279">Stage 6</td> <td data-bbox="672 233 1068 279">Run</td> </tr> </table>	Stage 5	Deployment/Go-live and support	Stage 6	Run	<p>2. (1 to 5) of the listed Stages are provided = 15 points</p> <p>3. All Stages are provided with:</p> <ul style="list-style-type: none"> <li>• Alignment to the scope of work -</li> <li>• Functionality</li> <li>• Associated quality gates</li> <li>• Clearly defined Timelines</li> <li>• Highlighted risks</li> <li>• Mitigating measures</li> </ul> <p>= 25 points</p>	
Stage 5	Deployment/Go-live and support						
Stage 6	Run						
<b>Experience of key personnel</b>	<p>Score will be based on average number of years for each level of experience of all personnel and qualifications</p> <p>NHFC reserves the right to phone the key personnel to validate the CV received.</p>	<p><b>Project manager</b> 8 years = 15 points 5 years = 10 points 1 year = 5 points</p> <p><b>Technical personnel</b> 5 years = 10 points 3 years = 5 points 1 year = 1 point</p> <p><b>Functional personnel</b> 5 years = 10 points 3 years = 5 points 1 year = 1 point</p>	<b>35 points</b>				

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### Phase 3: B-BBEE and Price evaluation

Bidders who score a minimum of 75 points will be further evaluated in terms of Price and Preference points (B-BBEE status level of contributor). As per the table below, price is evaluated over 80 points and preference 20 points over:

Price Assessment	80 Points
<b>TOTAL</b>	<b>80</b>
Preferential Elements	20 Points
B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

## 18 COMMERCIAL OBLIGATIONS

This section of the document outlines the general commercial process and obligations of the service provider.

### 18.1 CONTRACTING

A contract will be concluded between NHFC and the successful service provider which will incorporate the following:

- The letter of acceptance to the successful bidder;
- The original tender documents;
- The proposal of the successful service provider; and
- Terms and conditions as stipulated above and general contract terms and conditions.

### 18.2 MATERIAL RIGHTS

The product of this project will be confidential information, and will be the property of the NHFC and no disclosure of information to other parties will be made without prior written approval of the NHFC.

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### **18.3 RULES OF BIDDING**

- The NHFC reserves the right to amend or cancel this RFP at any time, at its sole discretion;
- The NHFC is not bound to accept any of the proposals submitted, and reserves the right to call for best and final offers from the short-listed bidders before final selection;
- The NHFC reserves the right to call for interviews/presentation with short-listed bidders before final selection;
- The NHFC reserves the right to negotiate price and other aspects of the contract with the preferred bidder;
- The NHFC reserves the right not to accept the lowest scoring bid (if applicable) or any bid in part or whole. The NHFC would award a contract to a bidder who proves to be fully capable of handling the contract and whose bid is functionally acceptable and/or financially advantageous to the NHFC.
- An eligible Bidder, if requested, must be prepared to present evidence of experience, ability, service facilities, and financial standing necessary to satisfactorily meet the requirements set forth or implied in this proposal;
- The NHFC reserves the right to request all relevant information, agreements and other documents to verify information supplied in the bid process. The bidder hereby gives consent to the NHFC to conduct background checks on the bidding entity and any of its directors / partners / trustees / shareholders /members/employees. The NHFC reserves the right to consider the information arising from such background check as part of the tender evaluation process.
- NHFC reserves the right to award a contract in part, to reject any and all quotations in whole or in part, to waive technical defects, irregularities and omissions, at its sole discretion;
- The successful bidder (s) will be required to sign a Service Level Agreement (SLA), in terms of which the service provider's performance will be measured and managed.
- Late submissions will not be considered.

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**i. Submission Address**

Proposal, endorsed with **RFP: NM/01/2022** must be hand delivered to:

NHFC Tender Box

The Isle of Houghton

Old Trafford 3, 1st Floor

11 Boundary Road

Houghton

Johannesburg

**Attention: Ms Pumza Nsukwini**

**ii. Copies**

Three hard copies and a soft copy (USB) must be submitted in a sealed envelope, appropriately addressed.

**iii. Submission Date**

The Proposal (technical and financial) must reach the NHFC **by Monday the 07 of February 2022 at 11h00am.**

**iv. Proposal Cost**

The cost of compiling a Proposal is and remains the prospective service provider's own cost and will not be paid for by NHFC.

**v. Contacts**

The contact person for information pertaining to the RFP proposal is Ms. Pumza Nsukwini, telephone numbers 011-644 9800 fax number 011 484 0204 and e-mail [pumzan@nhfc.co.za](mailto:pumzan@nhfc.co.za).

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## 19 ANNEXURE

### 19.1 REFERENCE LETTER

<b>The ERP Implementation Project Information (one form for each project reference duly certified by authorized signatory).</b>	
<b>ERP solution implemented</b>	
The name of the solution	
The Solution components implemented	
The scale of deployment in terms of number of users	
The operation areas, functions covered	
<b>Client Information</b>	
Name of client	
Name of the person who can be referred to from Clients' side, with name, designation, postal address, contact phone, fax number, e-mail id,	
Nature of business / operations of client	
<b>Project Details</b>	
Brief description of the Project	
Scope of the Project	
Details of services provided	
Supporting Documents attached herewith	

### 19.2 PROJECT COMPLETION DECLARATION

We confirm that based on the internal documents, the following projects have been completed as per the respective contracts and billed/invoiced for the services rendered as per the respective contracts.

The referred Project and contract reference	Completed and invoiced on

### 19.3 OEM AUTHORISATION.

To be submitted on the Letterhead of the OEM of the proposed ERP Solution Confirm that the bidder is a certified partner to supply the licenses and provide implementation services of the solution and have due authorization from OEM to provide services, to NHFC as listed below per Request for Proposal (RFP) document.

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SERIAL NUMBER	PRODUCT NAME	REMARKS

**19.4 BILL OF MATERIAL/QUANTITY**

NO	ERP SOLUTION MODULES	UNITS PRICE	NO. OF UNITS	TOTAL PRICE