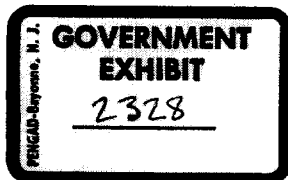


The  
Neiman  
Marcus  
Group

*Request For  
Proposal*

Oracle e-Business /HRMS suite  
Gap Analysis



Wednesday, January 29, 2003

STRICTLY CONFIDENTIAL

<i>1</i>	Table of Contents
<i>2</i>	General Information
<i>3</i>	Vendor Guidelines
<i>4</i>	Background Information
<i>5</i>	Partner Background
<i>6</i>	Costs
<i>7</i>	Appendix A: Non-Disclosure Agreement
<i>8</i>	Appendix B: Notice of Intent to Respond
<i>9</i>	
<i>10</i>	



# Table of Contents

**General Information .....1**

- Purpose of the RFP ..... 1
- Proposal Requirements ..... 1
- RFP Communications ..... 2
- Timeline ..... 2
- RFP Preparation ..... 2
- Vendor Responses ..... 2
- Effective Dates of Pricing ..... 2
- Evaluation Criteria ..... 2
- Right To Reject ..... 3

**Vendor Guidelines .....3**

- Invitation To Propose ..... 3
- Invitation Only ..... 3
- Single Provider Responsibility ..... 3
- Non-Disclosure Agreement ..... 4
- Notification of Intent to Respond ..... 4
- Partner Selection Process ..... 4
- Process Milestones (all times Central) ..... 4
- Bidders' Conference ..... 4
- Notification of Intent/Non-Disclosure Agreement ..... 5
- Open Line Question and Answer ..... 5
- Written Responses Due ..... 5
- Invitation to Present Oral Responses ..... 5
- Oral Presentations ..... 5
- Evaluation Committee ..... 5
- Vendor Guidelines ..... 6
- RFP Response Format ..... 6
- Exceptions to this RFP ..... 7
- Confidentiality ..... 7

**Background Information .....7**

- Neiman Marcus Background ..... 7
- NM/Human Resources ..... 8
- NM/Information Services ..... 8
- Project Overview ..... 9
- Background ..... 9
- "Visioning"/Strategic Objectives ..... 9
- Product Selection ..... 10
- Gap Analysis ..... 10

**Partner Background ..... 13**

- Vendor Profile ..... 13

Project Team Composition/Structure ..... 13

Experience..... 14

**Costs ..... 14**

    Estimates of Costs..... 14

    Type of Estimate..... 14

    Detailed Estimate ..... 14

    Schedule of Rates ..... 14

**Appendix A: Non Disclosure Agreement..... 15**

**Appendix B: Notice of Intent to Respond..... 20**



.....

# Request for Proposal

## *Oracle e-Business/HRMS suite Requirements/Gap Analysis*

### **General Information**

#### **Purpose of the RFP**

The Neiman Marcus Group ("NMG", "Neiman Marcus", the "Company") intends to replace its existing Human Resources, Payroll and Benefits Administration applications with a market leading, enterprise-class Human Capital Management System. Based on its initial product selection analysis, NMG has designated Oracle as its preferred vendor for this opportunity. The next step is to discover and document the detailed functional and technical requirements for this application in order to then identify potential gaps between Oracle's "out-of-the-box" capabilities and Neiman Marcus requirements. This analysis will be relied upon for the subsequent project planning, design, budgeting and staffing activities necessary to support development, deployment and on-going operations.

The purpose of this Request for Proposal (RFP) is to identify a partner to lead NMG's Gap Analysis of the Oracle e-Business/HRMS suite.

NMG expects to exit the Gap Analysis phase with the following deliverables: a full requirements specification, a detailed implementation plan (including phases, as appropriate), a full project costing, a proposed staffing plan (headcount, skill sets and org chart), the identification of required modules, and an estimation of the ongoing cost of ownership. Because NMG desires to minimize or eliminate customizations to the application, the Gap Analysis should also identify recommendations for business/process reengineering as a means of mitigating identified gaps and of aligning HR activities with leading industry practices.

Based on Oracle's proposal and the preliminary understanding of requirements and capabilities, NMG anticipates implementing the following modules of Oracle's e-Business Suite: Human Resources, Self Service HR, Payroll, Advanced Benefits, iRecruitment, Training Administration, Incentive Compensation, and HR Intelligence. The Gap Analysis should validate this understanding, if appropriate, or otherwise establish software-licensing requirements.

Finally, NMG requires exiting the Gap Analysis phase with a full RFP to be used for the selection of an implementation partner. While NMG expects that its Gap Analysis partner will be uniquely qualified to continue the relationship as the implementation partner, being awarded the Gap Analysis phase should not be construed as guarantee for being awarded the implementation phase.

#### **Proposal Requirements**

NMG desires to select the Gap partner for this opportunity with the greatest accuracy and with the fewest possible distractions to the business. In addition, NMG intends to implement a set

of reasonable and equitable ground rules that are respectful of all parties' commitments—including time, people and financial—to this process.

### RFP Communications

Please direct all communications/correspondence regarding this RFP to:

Cameron Humphries  
Manager, Applications Development  
Neiman Marcus/Information Services  
111 Customer Way  
Irving, TX 75039  
(972) 401-6673  
cameron\_humphries@neimanmarcus.com

Failure to observe this policy will adversely affect the consideration of your proposal and may result in immediate elimination from consideration.

### Timeline

As described in this document, Neiman Marcus intends to conclude its partner evaluation no later than Friday, February 28. This should enable the Gap Analysis to begin on or before Monday, March 24.

### RFP Preparation

Invitees will absorb all costs incurred in the preparation and presentation of an RFP. In the event that modifications or additions to the RFP become necessary, prospective vendors will be notified in writing. All supporting materials submitted with the proposal will become the property of Neiman Marcus unless otherwise requested by the prospective vendors at the time of submission.

### Vendor Responses

Invitees are required to submit six (6) hard copies of their proposals as well as an appropriately rendered electronic version. Appropriate formats include Acrobat, PowerPoint, or Word. All supporting materials and documentation must be included with the proposal and in both electronic and paper formats. All copies must be received by Wednesday, February 12, 9:00 a.m.

### Effective Dates of Pricing

Proposals should state in writing that all furnished information, including pricing, will remain valid and applicable for a minimum of 60 days from the date of proposal.

### Evaluation Criteria

Prospective partner proposals will be evaluated using the following general criteria:

- **HR Practitioner/Oracle Applications Experience.** While Neiman Marcus appreciates the value of general firm experience and capabilities, we will place a premium on the actual experience and capabilities of proposed individuals. Inability to provide firm commitments regarding the team's explicit composition and capabilities will adversely affect consideration of your proposal.
- **Methodology.** NMG recognizes that the methodology and process employed to conduct the Gap Analysis can have a profound and formative





effect on the value it provides. In considering proposals, we will look forward to evaluating the proposed deliverables, including templates and "cleansed" examples, as well as in understanding how the proposed techniques and processes are used to create them.

- **Firm Experience/Resources.** No matter how talented, experienced and capable the team, Neiman Marcus anticipates that the Gap Analysis team will benefit from being able to leverage the broader perspective that a firm's experience with both the Oracle application and HR practices can provide.
- **Pricing.** Because Neiman Marcus is inviting only a select number of highly qualified firms, we expect to receive multiple competitive responses. In that event, pricing clearly serves as a means of differentiation. Understand that the budget has already been established for this phase and that no proposal exceeding this budget, regardless of how capable and compelling, will be seriously considered.

### Right To Reject

Neiman Marcus reserves the right to accept or reject any and/or all submitted proposals and to request additional information from all prospective vendors. Neiman Marcus specifically reserves the right to negotiate a contract with the selected vendor. The vendor's response to this RFP will be included in whole or by reference in the final contract. At the discretion of Neiman Marcus, a third-party financial institution or consulting team could be included in contract negotiations. Any contract that is eventually awarded will be made to the organization who, based on the evaluation of all responses, applying all criteria and oral interviews (if required), is determined to be the best qualified to provide the requested solution and support.

## Vendor Guidelines

### Invitation To Propose

You are invited to participate in the partner selection process for the Gap Analysis phase of this project. Based on its initial marketplace evaluation, NMG has selected a single preferred vendor (Oracle) against which to conduct the formal Gap Analysis. Using the Gap Analysis findings, including the anticipated project financials, NMG will formulate its go-forward strategy with regard to the funding and deployment timeline, electing either to begin the project or delay (per the original timeline) until 2004 and beyond.

### Invitation Only

This RFP is being provided to a limited number of vendors. No opportunity to respond will be offered to any firm not listed below. Each firm included in the list has been selected either based upon previous experiences with NMG and/or general marketplace standing and reputation. These experiences may include previous proposals, previous presentations, or previous work engagements at NMG.

The firms receiving copies of the RFP are (in alphabetical order): BearingPoint, Boss Corporation, Cap Gemini/Ernst & Young, IBM Global Services, InfoSys, and Lucidity.

### Single Provider Responsibility

NMG intends to come to agreement with a single entity for the Gap Analysis. Nothing in the foregoing should be construed to preclude agreements between the prospective partners and third parties to improve the quality, timeliness or cost of the proposal. Neiman Marcus,

*Neiman Marcus*

Neiman Marcus/Information Systems  
Copyright © 2003 / CONFIDENTIAL

HCMS Gap Analysis Request For Proposal  
Version 1.0—January 29, 2002

however, will hold the successful partner solely responsible for the Gap Analysis and all supporting deliverables.

#### Non-Disclosure Agreement

Any information disclosed to prospective Gap Analysis partners, as a part of this RFP and discovery process, must be kept confidential. Each firm must sign and turn in the Non-Disclosure Agreement (NDA) found in the Appendix according to the timeline established in the "Partner Selection Process." Any firm failing to sign and return the NDA per that timeline forfeits the right to retain a copy of this RFP and the right to respond to this RFP.

#### Notification of Intent to Respond

After signing the NDA and reviewing the RFP, each firm that intends to respond must notify Neiman Marcus. The guidelines for proper notification are found within the Appendix to this document. Failure to provide appropriate notification per the timelines defined above will result in NMG determining that you do not intend to respond and in forfeiture of all rights to participate in the opportunity from that point forward.

#### Partner Selection Process

The NMG/HCMS product selection process is structured in order to preserve equity and ensure that participants' efforts are focused against known and understood objectives. In that interest of equity, much of the activity will occur in a public forum with all participants' concurrent involvement.

#### Process Milestones (all times Central)

Milestone	Date	Summary
Bidders' Conference	Wednesday, January 29 (3:00-5:00 p.m.)	Review high-level "visioning" findings, explain vendor selection process and present RFP documents.
Notification of Intent/Non Disclosure Agreement	Friday, January 31 (9:00 a.m.)	Notify NMG of intentions to participate and the execution of mutual NDA.
Open Line Question and Answer	Tuesday, February 4 (Code 2345) Thursday, February 6 (Code 2350) Monday, February 10 (Code 2355)	Conduct question and answer on an open conference call (1:00-2:00 pm). Dial-in: (972) 401-6488
Written Responses Due	Wednesday, February 12 (9:00 a.m.)	Provide full written proposals.
Invitation to Present Oral Responses	Tuesday, February 18 (9:00 a.m.)	Invitations are extended to three finalists to present an oral response.
Oral Presentations	Wednesday, February 26 (8:00-9:30 a.m.) (10:00-11:30 a.m.) (1:00-2:30 p.m.)	On-site presentations of response and of candidate teams.

#### Bidders' Conference

All prospective partners are invited to the partner evaluation "kickoff" meeting. In order to accommodate all participants, please limit the number of representatives to two. At this time, Neiman Marcus will present the RFP documents, the partner selection process and review the project progress to date. From this point forward, all communications (written or oral) should be directed exclusively to the Neiman Marcus point of contact.

While participants will be strongly encouraged to utilize the Open Line forums to present and address discovery questions, Neiman Marcus appreciates that from time-to-time, certain issues may arise that require full confidentiality. Neiman Marcus reserves the right to accept or reject such "out-of-band" inquiries and may or may not acknowledge the existence of such activity to the other participants.

#### Notification of Intent/Non-Disclosure Agreement

Per above ("Vendor Guidelines: Invitation to Propose"), please inform Neiman Marcus of your ability and willingness to participate in the evaluation process.

#### Open Line Question and Answer

By providing an established time and place for addressing the inevitable questions that arise in preparing the presentation, it is intended to facilitate all parties' ability to address and resolve those questions quickly. Please note that these sessions are conducted in an open forum. This is intended to ensure that all participants have equal access to information and to mitigate Neiman Marcus requirements to answer the same question repeatedly.

#### Written Responses Due

Neiman Marcus expects a full and complete written response to this RFP and will place significant emphasis on the contents of that response. The selection committee will review proposals during the latter half of the week of February 10 and based on the responses, will narrow its consideration to no more than three (3) firms who will be asked to present their response and proposed teams onsite on February 26.

#### Invitation to Present Oral Responses

In order to mitigate resource requirements of all parties, Neiman Marcus will narrow its field of consideration based on the written responses. Neiman Marcus will invite up to three (3) "finalist" firms to present orally their proposals. These invitations will be extended no later than the morning of Tuesday, February 18.

#### Oral Presentations

Neiman Marcus will host the finalist presentations on Wednesday, February 26, at the NM/IS Customer Way facility. Each firm will be given 90 minutes in which to present its proposed Gap Analysis team and highlights from its written response.

While we appreciate the perspectives and experience that a large number of your participants may provide, we ask that you limit your participation to no more than 6 individuals.

#### Selection Committee

##### Human Resources

- Karl Mayer NMG Director, Employee Benefits
- Lee Roever NM/HR Vice President, Human Resources

##### Finance

- Kerry Carney NM/Finance Assistant Controller

##### Information Systems

- Michael Tobey NM/IS Vice President, Applications Development
- Rick Bolka NM/IS Director, Applications Development
- Cameron Humphries NM/IS Manager, Applications Development

## Vendor Guidelines

### RFP Response Format

Prospective vendors should address the requirements outlined in this RFP as directly and concisely as possible. Extraneous information with no apparent connection to Neiman Marcus and this RFP will dilute the focus that decision makers can give to your proposal and may adversely affect our consideration of your proposal.

Vendor responses to this RFP will become a part of the final contract between Neiman Marcus and the vendor, and participants are requested to provide their proposal in the following format:

### Letter of Transmittal

The letter of transmittal should be no longer than two (2) pages and should include the following:

- A brief statement of the firm's understanding of the mission-critical nature of the Gap Analysis to NMG's successful implementation of an HCMS.
- A brief statement of the proposed services to be provided.
- A statement of commitment to provide the services requested within the time and manner specified.
- The names of personnel authorized to represent the firm, including titles, addresses, phone and FAX numbers. Please know that Neiman Marcus would prefer to communicate with a single individual.
- A summary of the prospective partner's qualifications to perform this type of engagement.

### Table of Contents

The table of contents should include a clear and complete identification of the materials submitted by section and page number.

### Understanding of Scope

Prospective partners should indicate that they understand the scope of this opportunity by responding to the questions in the "Background Information: Project Overview" section of this RFP.

### Recommendations/Methodology

Prospective partners should offer recommendations based on their experience with this type of Analysis, the Oracle e-Business Suite, and the retail vertical. These recommendations should include project structure, appropriate timelines, deliverables, and approach/methodology.

### Proposed Project Team

Prospective partners should provide the information requested in the "Partner Background: Project Team Composition" section of this RFP. Please note our requirements to specify actual team composition.



**Workplan**

Prospective partners should present a workplan that addresses how their proposals will achieve our requirements, as presented in the "Background Information: Project Overview" section of this RFP. The workplan should describe the deliverables, identify resource requirements, highlight potential risks and appropriate risk mitigation strategies.

**Cost Requirements**

Prospective partners should provide the information requested in the Cost Summary section of this RFP.

**Client References/Previous Relevant Experience**

Prospective partners should provide the information requested in the "Partner Background: References/Experience" section of the RFP.

**Standard Terms and Conditions**

Prospective partners should provide Neiman Marcus with a copy their standard terms and conditions.

**Appendix**

Prospective partners may provide any additional information that the vendor considers appropriate for this proposal in an Appendix.

**Exceptions to this RFP**

Prospective partners may find instances in which their operations do not function in a manner that is consistent with the specifications of this RFP. In such cases, it is permissible to take exception to portions of this RFP. The exceptions should be clearly identified. Please be prepared to document and describe any advantages that these exceptions represent to Neiman Marcus.

**Confidentiality**

This RFP and all materials submitted by Neiman Marcus must be considered confidential. Neiman Marcus requests that this RFP not be copied and not be forwarded to any third party for evaluation or for any other purpose without Neiman Marcus's express written consent. All prospective partner personnel should note that they are under a signed, mutual confidentiality agreement.

When submitting confidential material to Neiman Marcus, prospective partners must clearly mark it as such.

**Background Information****Neiman Marcus Background**

The Neiman Marcus Group (NMG), a publicly traded specialty retailer (NYSE: NMGA) headquartered in Dallas, Texas, is one of the nation's premier specialty store retailers, operating stores under the banners of Neiman Marcus, Bergdorf Goodman, Neiman Marcus Last Call, Chef's Catalog and Horchow Finale. NMG also operates the direct-to-consumer catalogs of Neiman Marcus By Mail, Horchow and Chef's Catalog, as well as the e-commerce sites of NeimanMarcus.com, Horchow.com and ChefsCatalog.com. In addition to its retail properties, NMG owns the majority interest in Kate Spade and Laura Mercier. The company has locations throughout the United States and a call center in Canada. In the most recently completed fiscal year, gross revenues for NMG were \$3.0 billion.

### NM/Human Resources

NMG employs approximately 16,500 sales associates, merchants and support staff, including 150 unionized employees in the Bergdorf Goodman division located in New York, NY. Of these employees, 12,700 are hourly (exempt and non-exempt) and 3,350 are salaried (exempt). NMG has stores and operations located across the United States and also operates support functions in Canada. Although there is no additional international presence at present, future expansion may include international operations in Canada and beyond.

### NM/Information Services

Beginning in 2001, NM/IS embarked upon the wholesale replacement of its core legacy systems. As envisioned, this effort will retire the bulk of its systems architecture—much of which is internally developed and mainframe-based—and replace it with a “best-of-breed” approach, relying on commercial, Enterprise applications that utilize current n-tier architecture.

The organization employs a wide range of technology including mainframe, mid-range (AIX and Solaris), and departmental servers (NT). NM/IS services are centralized at the company’s Las Colinas data center.

In addition to its recent investment in Oracle Financials, NM/IS has made several strategic technology investments that it intends to leverage across its enterprise functions. It is expected that experience in one or more of these technologies could bring value to the anticipated integration of Oracle HCMS into the NM/IS infrastructure.

- **Business Intelligence.** NM/IS is in the process of standardizing its business intelligence/decision support on Business Objects. Because the Vision for HCMS, outlined briefly below, places an emphasis on the contributions provided by Workforce Analytics broadly defined, customization and development of the solution provided reporting capabilities are anticipated. Further, it is desired to provide the business user and technology communities with a consistent BI interface and support requirements.
- **Portal.** NM/IS is launching its corporate intranet/extranet based on the ATG Dynamo portal framework. Selection of this platform allows NM/IS to leverage its extensive experience with ATG’s commerce platform and personalization capabilities. The Gap Analysis should explore opportunities to leverage the capabilities provided by Oracle e-Business suite within the ATG portal. These capabilities include security/directory services. Additionally, the Gap should outline a strategy for integrating the self-service capabilities provided by e-Business with ATG.
- **Extraction, Transformation, and Load (ETL).** NM/IS has selected Informatica’s PowerCenter for its packaged ETL requirements and uses that technology to support the ETL requirements of Oracle Financials and Neiman Marcus Online. Our intention is to leverage this investment as warranted across the enterprise. The Gap Analysis should explore how Informatica may be used to support analytical database requirements and whether the ETL intellectual property contained within e-Business suite warrants the adoption and use of Oracle Warehouse Builder (OAB).

The Gap Assessment should address how best to manage Oracle Financials and Oracle HCMS within the broader NM/IS architecture, including staffing and support, as well as identifying opportunities to leverage these existing strategic systems investments best to support the Oracle HCMS deployment.

## Project Overview

### Background

Replacement of the HR systems, supporting payroll, commissions/incentives, and benefits ("Kronos," the existing timekeeping system, will not be replaced), was originally scheduled to initiate in January 2004. The ongoing success of current system replacements, coupled with the critical business benefits promised by a new HR system, have prompted senior NMG management seriously to consider accelerating deployment of the Human Capital Management System ("HCMS"), as the HR replacement initiative is called, by 12 to 15 months. Reflecting the depth of that commitment, executive and functional sponsorship of the project has already been established and an initial "visioning" session, involving 40 NMG participants at all levels, has been conducted. Additionally, through the months of November and December, Neiman Marcus functional leaders compiled a high-level set of feature and functionality requirements, which were then used to compare the Oracle and PeopleSoft application. Based on that analysis, the executives selected Oracle as the preferred provider for the subsequent Gap Analysis.

### "Visioning"/Strategic Objectives

The Human Capital Management project envisions replacing the current HR systems, which are designed to automate the traditional HR transactional responsibilities of administering payroll and benefits, with a value-creating system that more fully enables HR to participate in the strategic activities of the company. The "Visioning" process highlighted these value-creating opportunities in particular:

- **Workforce Analytics/Performance Management.** Looking beyond standard HR reporting metrics, Workforce Analytics should enable management to track and evaluate performance across key, multi-disciplinary metrics such as merchandise margin, customer data, marketing campaign activity and training/education.
- **Self-Service/Open Enrollment.** Allowing employees and managers to conduct many of the administrative tasks that currently require HR staff will both improve the employees level of service, reduce the cost associated with providing and administering HR services, and free HR staff and management to pursue a variety of value-added activities.
- **Competency Management/Recruitment and Development.** By establishing a single repository for employee data, NMG will be better positioned to leverage the talents and competencies of its own employees. These capabilities should enable NMG to reduce the cost associated with acquiring talent, improve the fit of placements, reduce turnover, and allow management to align employee competencies with strategic objectives.

In addition to these strategic capabilities, the Visioning session also explored the baseline activities that the HCMS is expected to support and improve.

- **HR Administration.** Provide a consolidated, comprehensive, and cradle-to-grave management of an associate's relationship with NMG. These capabilities will reduce the associated administrative costs and improve employee retention.
- **Recruiting and Staffing.** Automate, manage, and track the recruitment and staffing process, leveraging where possible the competency management activities referenced above. These capabilities will reduce the cost of recruitment and staffing as well as improve the fit of placement.



- **Benefits.** Support the breadth of regulatory requirements and plan compositions that will enable NMG to offer and manage an array of benefits alternatives that are competitive in the marketplace and cost effective to the company.
- **Payroll.** Manage existing and future payroll requirements, as well as provide full integration with Accounts Payable.

### Product Selection

Following conclusion of the Visioning session in early November, the project's functional sponsors worked with the IS organization to prepare a requirements scorecard, consisting of some 60-70 features, that Oracle and PeopleSoft were requested to demonstrate. Not surprisingly, Oracle and PeopleSoft competed strongly and competitively in nearly all areas of the scorecard. Oracle differentiated itself in three areas, leading to its unanimous selection by the executive team.

1. **Incentive Compensation.** A critical driver for this project is that it should enable management to measure and align employee performance with strategic business objectives. Based on the oral and written product demonstrations, it is anticipated that Oracle's Incentive Compensation module will provide business managers with a rich and powerful means of making the findings from Workplace Analytics and CRM actionable. Our understanding is that retail application of the Incentive Compensation module is relatively untested. The Gap Analysis should identify potential risks and challenges to deploying Incentive Compensation against the high and strategic expectations that will be placed upon it.
2. **Integration Requirements.** Integrating Oracle HRMS with Oracle Financials is believed to be far less onerous and far less risky than integrating Financials with PeopleSoft. While intuitively this seems self-evident, the Gap Analysis should confirm these benefits, identify opportunities to leverage Oracle functional and technical expertise, and highlight any potential complications between Financials and HRMS.
3. **Technology Standards.** Relying on standards, such as the Java language and J2EE application servers, the technology team possesses a greater existing skill set to leverage in the development, administration and operation of Oracle applications. There is also greater confidence in IS' ability to support customizations in Oracle than in relying upon PeopleTools/PeopleCode. It is anticipated that this will provide a variety of benefits to NM/IS. The Gap Analysis should confirm this understanding and identify opportunities to leverage these standards across the IS organization.

### Gap Analysis

The Gap Analysis phase is used to validate the product selection by assessing its detailed functional capabilities against existing business requirements and processes, which at this point have not yet been systematically explored and formally documented. The Gap Analysis will encompass calculating the hard and soft returns that the HCMS will provide, calculations that will be presented to the Board of Directors as justification for final funding and go-ahead approval.

### Project Phase Objectives

The deliverables of the Gap Analysis phase will achieve the following objectives.

1. **Identify Gaps.** The Gap assessment will highlight areas in which Oracle HCMS cannot meet existing business requirements without application development activity. These gaps will be scrutinized heavily and may prove to be candidates for business process reengineering rather than for application customizations.
2. **Develop Implementation Plan.** The Gap will establish a proposed project plan, including timelines, milestones, phases and costing, all of which will be relied upon for resource allocations and for establishing appropriate expectations at all levels of the organization.
3. **Propose Implementation Team Composition.** The Gap will provide recommendations regarding the project team composition, with a particular focus on NMG participation requirements. This will be used to secure the appropriate level of participation, up to and including full-time project allocation, of both Neiman Marcus functional and technical personnel.
4. **Establish Staffing Requirements.** The Gap will recommend the go-forward staffing requirements, again for both technology and functional support. These recommendations will likely result in organizational changes, transfers, hiring and terminations.
5. **Forecast Budget Requirements and ROI.** The Gap will enable executives and senior management to move forward with confidence that the project is sufficiently resourced for success and that the project will deliver an acceptable ROI.

#### Principle Deliverables

- **Functional Requirements Discovery.** The Gap team will meet with representatives of all relevant business functions in order to document fully NMG's functional requirements for its HCMS. Additionally, the Gap team will meet with representatives of all applications, database and systems functions in order to establish the technology requirements for successful deployment and administration of the HCMS. These discovery activities, documented separately, will provide sufficient detail for the implementation team to use them (without additional analysis or development) as the functional and technical specifications for HCMS development.
- **Fit/Gap Assessment.** The Gap team will assess each enumerated requirement against the capabilities of Oracle HRMS suite. As appropriate, the Gap team will advise of third-party applications that may be used to address gaps. If gaps are found to be the result of divergent HR, Benefits, Payroll or IS practices, the Gap team will advise that gaps could be addressed through process reengineering activities.
- **Proposed Implementation Plan/Costing.** The Gap team will develop a proposed implementation plan. This plan will reflect the team's experience with deploying Oracle HCMS in similar or otherwise relevant environments. Based on the Requirements Discovery, the Fit/Gap Assessment and all other relevant experiences, the Gap team will identify opportunities for phasing the implementation, will identify potential project risks, will develop a milestone-level timeline for each phase, and will establish budgetary estimates for each milestone. It is understood that this resource allocation activity must be sufficiently detailed and accurate to request and obtain final budgetary approval. There will be no opportunity to

obtain additional funding whatsoever beyond that approval. The proposed implementation plan, therefore, must account for a broad array of scope modification and general contingencies.

- **Project Staffing.** The Gap team will propose a staffing model to support the application during development, go-live and post-deployment. Staffing model must address requirements for full-time, contract and temporary staff, as well as for the implementation partner. This staffing model should encompass all relevant areas, including functional support, systems, security, database, change management, application development, business analysis and management. The team should construct the staffing model in light of existing Oracle applications and database resources, drawing attention to opportunities to leverage resources and skill sets across the teams. In addition to a proposed organization chart, the team will write job descriptions, establish employment qualifications, and assist with an organizational change management plan to migrate, train, hire and/or terminate staff as necessary to fulfill the staffing plan. Gap team members may be called upon to participate in the hiring process.
- **Process Reengineering Opportunities.** There are a variety of reasons why Neiman Marcus desires to avoid customizations. Not only do customizations increase the risk and complexity of the initial implementation, they further complicate upgrade and maintenance activities. Additionally, customization requirements for an enterprise-grade, tested and mature application also may indicate a broad divergence between NMG practices and industry-leading practices. As gaps may be revealed, the Gap team will identify those gaps that portend candidate opportunities for additional process reengineering.
- **Application, Database and System Scoping.** The Gap team will validate that the proposed Oracle e-Business modules are required to address business requirements. If there are gaps that could be appropriately addressed by the inclusion of additional Oracle or by using third-party modules, the gap team will identify those gaps, the recommended software package and both the costs and benefits associated with that approach. Once the application modules are adequately scoped, the Gap team, in consultation and cooperation with NM/IS technologists, will then scope system and database requirements. The Gap team may also offer recommendations to configuration and architecture that will improve either the operations of the HCMS deployment or that of existing applications following the HCMS deployment. These scoping activities will be used to budget hardware and, as relevant, with additional resource allocation activities.

Oracle has presented Neiman Marcus with an offer to upgrade its existing Financials applications to the Oracle e-Business suite instead of purchasing the HRMS applications "a la carte." The Gap team will review this proposal, confirm that the upgrade licensing terms are sufficient and appropriate, and make a recommendation regarding whether to acquire the HRMS applications via the e-Business upgrade or the a la carte model.

- **Ongoing Development Maintenance and Support Requirements.** The Gap team will identify the expected on-going maintenance and support requirements of the HCMS as deployed at NMG. This will include recommended practices and approaches regarding security, portal integration, and SCM, as well as the pure baseline operational tasks.



- **Return On Investment (ROI) Analysis.** The Gap team will work with HR and IS executives to prepare a detailed ROI analysis. This analysis will include both soft and hard cost recoveries. If appropriate, it may include census recovery as well.
- **Implementation RFP.** The Gap team will prepare the RFP to select the implementation partner. While the Gap partner will clearly be very strongly positioned to win the implementation opportunity, these elections will be awarded independently and equitably. The Gap team, therefore, will be expected to craft an RFP that is robustly scoped and sufficiently detailed to support Neiman Marcus' selection of a highly qualified implementation partner.

## Partner Background

### Vendor Profile

Prospective partners should provide responses to the following questions:

- Describe your company's background and relationship to Oracle applications and to active practitioners of Human Capital Management. Please state historical dates, parent company (if any) and mode of operation.
- Is this your company's only business? If no, please describe the other functional areas and industries in which your firm operates.
- What are your future plans in the areas of Oracle applications and Human Capital Management?
- Provide annual reports and/or financial statement for the years 2000-2002. (Annual reports may be added as an Appendix.) State timing of fiscal year end.
- List any special relationships with other companies that improve your ability to be a leader in the area of deploying Oracle HRMS and assisting Fortune 1000 firms in the area of leading Human Capital Management practices.
- Describe any legal issues or constraints that could conceivably affect a relationship with Neiman Marcus.

### Project Team Composition/Structure

Prospective partners should supply current resumes, curriculum vitae ("CVs") or other appropriate statements of qualifications for each member of the proposed team. Understand that these candidates should be the actual proposed team members and not surrogates for a team whose composition will be established subsequently to the opportunity being awarded. Failure to commit individuals to this opportunity will significantly and adversely affect our consideration of your response. Changes to team composition without the express and advance written consent of NMG will be considered a material breach of the subsequent agreement.

Please describe each team member's availability for the foreseeable duration of this project, identifying any known issues that might compromise or materially affect their participation on the project.



Finally, presentation of the proposed project team should include proposed organizational structure, as well as a description of roles and responsibilities.

### **Experience**

Prospective partners should provide Neiman Marcus with a list of client references as well as an explanation of previous relevant experience. For each client reference, please describe the dates and scope of that engagement. Neiman Marcus may request you to arrange one or more reference calls, but also reserves the right to leverage its industry contacts and relationships in order to approach any firm listed as a reference. Understand that misleading or inaccurate representations of experience will adversely affect our consideration of your proposal and may result in immediate removal from consideration.

## **Costs**

### **Estimates of Costs**

The proposal should outline a price quote and all pricing options available to support the requirements and deliverables described above.

### **Type of Estimate**

The proposal should indicate whether it is time and material or fixed-bid, and discuss any options or alternatives in regards to either option. If your proposal incorporates bonuses or penalties for performance, please describe it here. As you anticipate synergies from winning both gap and implementation phases, please describe the hard financial benefits to Neiman Marcus here as well.

### **Detailed Estimate**

The proposal should provide a detailed cost estimate that correlates directly to the workplan and methodology you described earlier. Contingencies and options related to the workplan and associated deliverables should be discussed here, as well as the identification of any expenses, such as travel.

### **Schedule of Rates**

The proposal should outline the hourly rates for each resource named in the response. Travel policies, including expenses, should be discussed here.





**Appendix A: Non Disclosure Agreement**

**THE NEIMAN MARCUS GROUP, INC.**  
**1618 Main Street**  
**Dallas Texas 75201**

**STRICTLY PRIVATE AND CONFIDENTIAL**

TO: \_\_\_\_\_, 2003  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_:

The Neiman Marcus Group, Inc. (together with any of its subsidiaries or affiliated companies, partnerships or agents, "NMG") and \_\_\_\_\_ (together with any of its subsidiaries or affiliated companies, partnerships or agents, "Supplier") are interested in exploring a potential strategic alliance (hereinafter, the "Alliance") of certain aspects of their respective businesses (collectively, "the Businesses"). In consideration of NMG and Supplier agreeing to make Confidential Information (as hereinafter defined) available to the other, NMG and Supplier hereby agree and undertake to hold, keep, treat and deal with all such Confidential Information in accordance with the terms of this letter.

1. **Definitions.** In this letter the terms set forth below shall have the following meanings:

**"Confidential Information"** means, without limitation:

- (a) all information (as hereinafter defined) relating directly or indirectly to the Businesses or the Alliance that is disclosed by or obtained directly or indirectly (whether by the receipt of documents, orally or through observation) from either NMG or Supplier, as the case may be; and
- (b) All information relating to either NMG or Supplier, as the case may be, that is disclosed by or obtain directly or indirectly (whether by the receipt of documents, orally or through observation) from either NMG or Supplier, as the case may be; and
- (c) The fact that discussions regarding an Alliance of the Businesses are taking place and the contents of this letter; and
- (d) All information obtained from any director, officer, employee, subsidiary or parent company, agent, professional adviser, contractor or "controlling person" (within the meaning of Section 20(a) of the Securities Exchange Act of 1934, as amended) of either NMG or Supplier, as the case may be (said directors, officers, employees, subsidiary or parent companies, agents, professional advisers, contractors and controlling persons being hereinafter collectively referred to as "Representatives" and singularly as a "Representative").

**BUT EXCLUDING:**

- (a) Information that is generally available to the public at the time of receipt by either party hereto or its Representatives, or subsequently becomes generally available to the public, otherwise than as a consequence of a breach of the terms of this letter by the receiving party or its Representatives; or

- (b) All Information that is properly and lawfully in the possession of NMG, Supplier or their respective Representatives, as the case may be, and which was not obtained directly or indirectly from NMG or Supplier, as the case may be, nor from another source known to NMG or Supplier as the case may be, to be bound by a duty of confidentiality to NMG or Supplier, as the case may be; or
- (c) Information that is shown to have been at any time acquired by NMG, Supplier or their respective Representatives, as the case may be, from a third party who (i) was lawfully in possession of such Information, (ii) had the right freely to disclose such Information; and (iii) was not bound by a duty of confidentiality to NMG or Supplier, as the case may be; or
- (d) Information that is shown to have been at any time developed by NMG, Supplier or their respective Representatives, as the case may be, independently of and without reference to the Confidential Information of the other party.

All reference to Confidential Information in this letter shall be the whole or any part of parts thereof as the context permits.

**“Information”** means:

All financial, trading, business, organizational or legal information of any nature whatsoever and in whatever form, including without limitation all data, know-how, trade secrets, formulations, analyses, compilations, studies, collections of data, proposals and plans, whether in writing, conveyed orally or by facsimile transfer recording, diagram, financial statements, computer program, electronic mail or any other machine-readable medium, and including all data, know-how, trade secrets, formulations, analyses, compilations, studies, collections of data, proposals and plans containing or otherwise reflecting or generated from such information.

## 2. Duty to Keep Confidential Information Confidential.

NMG and Supplier hereby agree and undertake that with respect to the other party's Confidential Information they will:

- (a) Treat and keep all Confidential Information as secret and confidential;
- (b) Not divulge reveal, publish, communicate or disclose any Confidential Information (directly or indirectly) to any other person, except:
  - (i) With the prior written consent of the other party hereto; or
  - (ii) To such of their respective Representatives who are required, in the course of their duties, to receive and consider such Confidential Information for the purpose of evaluating an Alliance with respect to the Business; provided, however, that each such Representative shall be bound by the terms hereof; or
  - (iii) As may be required by law (subject, in all cases, to the provisions of paragraph 5(b) below);
- (c) Be responsible for any breach of the terms of this letter by their respective Representatives;
- (d) Not use any Confidential Information in any way or for any purpose other than to evaluate an Alliance with respect to the Business and determine whether they wish to pursue such an Alliance;
- (e) Not use any Confidential Information for their personal benefit, or for the personal benefit of their respective Representatives, or for the personal benefit of any other person;

*Neiman Marcus*

Neiman Marcus/Information Systems  
Copyright © 2003 / CONFIDENTIAL

HCMS Gap Analysis Request For Proposal  
Version 1.0—January 29, 2002

DOJ.KY.A.000000360

- (f) (i) Not divulge, reveal, publish, communicate or disclose (directly or indirectly) to any other person (other than their respective Representatives identified in paragraph 2(b) (ii) above) the existence of this letter of its contents, nor the fact that Confidential Information has been supplied to or obtained by either party hereto or that negotiations or discussions are currently taking place concerning an Alliance involving the Business or any other matter relating to discussions or negotiations which may be taking place, except as required by law (in which case, each of NMG and Supplier agree to comply strictly with the terms of paragraph 5(b) below);
- (ii) Maintain the secrecy and confidentiality of the Confidential Information and ensure that the Confidential Information is not disclosed by any person (in whole or in part) contrary to any of the terms of this letter;
- (iii) Not make any public or other announcement with respect to an Alliance of the Businesses, and ensure that one of their respective Representatives make any such announcement, except as required by law (and in that event only in a form that has been approved in advance by both parties);
- (iv) Under all circumstances, be responsible for, and indemnify the other party hereto from and against, all damages, fees, costs and other expenses (including without limitation reasonable attorneys' fees and costs of court) resulting from any breach of this letter by each of them or their respective Representatives.

### 3. Return of Documents.

NMG and Supplier hereby agree and undertake that in the event either party hereto ceases to be interested, for any reason, in continuing to evaluate an Alliance with respect to the Business, said party will promptly inform the other party in writing of its decision, and NMG and Supplier will (i) immediately deliver to the other party or destroy all documents (including, without limitation, diagrams, tapes, computer programs or other machine-readable materials) which contain any Confidential Information of the other party hereto that has been supplied or made available to them or any of their respective Representatives, and (ii) certify in writing to the other party hereto that it has complied fully with the provisions of this paragraph. Analyses, compilations, studies or other documents, in whatever format or medium, prepared by NMG, Supplier or their respective Representatives in a good faith effort to evaluate one copy of the other party's Confidential Information in its outside counsel's files solely for the purpose of determining its continuing obligations hereunder. Notwithstanding the return, destruction or retention of such documents, the obligations of confidentiality and all other obligations set out in this letter shall remain in full force and effect.

### 4. No Representation or Offer.

- (a) NMG and Supplier hereby agree and undertake that neither this letter nor the provisions to the other party hereto of any Confidential Information shall constitute a representation or warranty as to the accuracy or completeness of such Confidential Information by NMG or Supplier or any of their respective Representatives. In addition, and for the avoidance of doubt, NMG and Supplier understand that neither the contents of this letter nor the furnishings of any Confidential Information to the other party hereto constitutes, in any manner whatsoever, an offer promise or binding obligation by or on behalf of either NMG or Supplier to enter into any agreement or arrangement with the other party hereto concerning an Alliance or the Business, nor shall it constitute the basis of any such contract or arrangement which may be relied upon by either party.
- (b) NMG and Supplier further acknowledge and agree that neither party hereto will make any representation or warranty, express or implied, as to the accuracy or completeness of any Confidential Information except to the extent set forth in a definite agreement or agreements entered into as a result of the commercial discussions contemplated in this letter.

*Neiman Marcus*

Neiman Marcus/Information Systems  
Copyright © 2003 / CONFIDENTIAL

HCMS Gap Analysis Request For Proposal  
Version 1.0—January 29, 2002

DOJ.KY.A.000000361

- (c) NMG and Supplier further acknowledge and agree that they will acknowledge in any definite agreement which may be executed in relation to an Alliance concerning the Businesses that they have not relied on or been induced to enter into such agreement by any Confidential Information, except to the extent other wise set forth in such agreement.

**5. General.**

- (a) Any failure or delay by NMG or Supplier in exercising any right, power or privilege hereunder shall not constitute a waiver hereunder, nor shall any single or partial exercise thereof preclude any further exercise of any right, power or privilege or the exercise of any other right, power or privilege.
- (b) In the event that either NMG or Supplier is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process, statutes or rules and regulations of the Securities and Exchange Commission, stock exchange or otherwise) to disclose any of the Confidential Information, it shall immediately provide the other party with written notice of such requirement proceedings or action. The party so requested or compelled will keep the other party fully and promptly informed of all such matters so that the other party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this letter. In the event that such protective order of other remedy is not obtained or the other party of the Confidential Information to be disclosed in advance of its disclosure, whereupon such disclosure will not result in any liability hereunder.
- (c) Without the prior written consent of the other party hereto, for the period commencing on the date hereof and continuing through the expiration of three (3) years from the date all discussions relating to an Alliance of the Business cease, neither NMG nor Supplier nor any of their respective subsidiaries, parent companies or affiliates will directly or indirectly solicit for employment (including without limitation through the retention or activities of a recruiting firm) any person who is currently employed by the other party hereto.
- (d) NMG and Supplier hereby further acknowledge and agree that (i) damages would not be an adequate remedy for a breach of any provision of this letter, and (ii) in the event of a breach of any provision of this letter, the non-breaching party shall be entitled to injunctive relief (without the necessity of posting a bond in connection therewith) in addition to, and not in limitation of, any other remedies to which it may be entitled, at law or in equity.
- (e) The provisions of this letter shall continue in effect for a period of ten (10) years from the date hereof, notwithstanding any decision by either party not to proceed with the commercial discussions contemplated herein regarding an Alliance of the Businesses or the return of any Confidential Information pursuant to paragraph 3 above.
- (f) In the event that any term of this letter shall be void or unenforceable as a matter of law, such term shall be deleted and the remaining terms shall continue in full force and effect.
- (g) For purposes of this letter, the term "affiliate" or any variations thereof shall have the meaning ascribed to it in Rule 12b-2 of the Securities Exchange Act of 1934, as amended.
- (h) This letter shall be governed by and construed in all respects in accordance with the laws of State of Texas, exclusive of any provisions relating to conflicts of laws. The venue for the resolution of all disputes arising out of or in connection with this letter shall be exclusively in a court of competent jurisdiction sitting in Dallas County, Texas.

If you are in agreement with the foregoing, please so indicate by signing and returning one copy of this letter, whereupon this letter shall constitute a binding agreement between the parties hereto with respect to the subject matter hereof.

Sincerely,

THE NEIMAN MARCUS GROUP, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

TO: The Neiman Marcus Group, Inc.:

We hereby agree to and accept the terms of your letter to us dated \_\_\_\_\_, 2002, a copy of which is set out above.

\_\_\_\_\_  
(Supplier)

Date: \_\_\_\_\_ By: \_\_\_\_\_

\_\_\_\_\_, President





**Appendix B: Notice of Intent to Respond**

Should your company determine that it wishes to participate in the RFP process for the HCMS Gap Analysis, please fax a completed and signed copy of this page to Cameron Humphries. The fax information is already completed for Neiman Marcus. Please complete the remainder of the document and return it by Friday, January 31, 9:00 a.m.

**Fax**

<b>To:</b> Cameron Humphries	<b>From:</b>
<b>Fax:</b> 972/401-6598	<b>Company:</b>
<b>Phone:</b> 972/401-6673	<b>Date:</b>
<b>Re:</b> Notice of Intent to Respond	<b>CC:</b>

Mr. Humphries:

Please accept this as formal notice of our intent to propose on the HCMS Gap Analysis project. We have reviewed the information and believe that we can provide a quality proposal within the timeframe allotted. We agree to abide by the guidelines and directions set forth in this RFP.

Signed:

Date:

All sales correspondence should be address to the following contact:

**Name:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
 \_\_\_\_\_  
**Phone:** \_\_\_\_\_  
**E-Mail:** \_\_\_\_\_

*Neiman Marcus*

Neiman Marcus/Information Systems  
 Copyright © 2003 / CONFIDENTIAL

HCMS Gap Analysis Request For Proposal  
 Version 1.0—January 29, 2002

DOJ.KY.A.0000000365





**MultiDex**  
Quick Reference Index System