

**REQUEST FOR INFORMATION FOR  
ELECTRONIC FRAUD DETECTION SERVICES FOR RETAIL  
PURCHASES**

**ISSUING OFFICE**

**PENNSYLVANIA LIQUOR CONTROL BOARD  
PURCHASING AND CONTRACT  
ADMINISTRATION ROOM 312, NORTHWEST  
OFFICE BUILDING HARRISBURG,  
PENNSYLVANIA 17124**

**RFI NUMBER: 20240220**

**DATE OF ISSUANCE**

**FEBRUARY 20, 2024**

**REQUEST FOR INFORMATION [RFI #20240220]**

**ELECTRONIC FRAUD DETECTION SERVICES FOR RETAIL PURCHASES**

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## PART 1

### GENERAL INFORMATION

#### SUMMARY

The Pennsylvania Liquor Control Board (PLCB) issues this Request for Information (RFI) to gather information to assist with the development of a solicitation for Fraud Detection Services for the PLCB's retail operations. The goal of this RFI is to seek information from the vendor community to better understand industry standards and expectations for these services so the PLCB can best combat in-store and online fraud by consumers who use both bank debit and nationally recognized credit cards as forms of payment.

Specifically, this request seeks information from which the PLCB can formulate specifications and requirements, realistic timeframes and cost structures for the referenced procurement and project. The PLCB desires to produce a solicitation that promotes vendor competition and creative technical solutions. The PLCB is open to all ideas in relation to this project and encourages alternative ideas within responses that will help it better define its requirements. This RFI is an earnest attempt to become aware of and knowledgeable about current solutions to support this project's requirements and to better assist the Commonwealth with evaluating potential vendors who can provide the required services to support this goal.

***NOTE: This RFI is issued solely for information and planning purposes and does not constitute a procurement solicitation. Responses to this notice are not offers and cannot be accepted to form a binding contract. Information provided in this RFI is not intended to convey any predisposition to a particular solution, method, service delivery methodology, vendor, or to limit response creativity.***

#### PURPOSE

A component of the PLCB's mission is to responsibly sell wine and spirits as a retailer and maximize financial returns for the benefit of all Pennsylvanians. As a retailer, the PLCB operates 585 Fine Wine & Good Spirits (FW&GS) stores, 13 licensee service centers and an e-commerce website, [www.fwgs.com](http://www.fwgs.com). In fiscal year 2022-2023, FWGS generated \$3.15 billion in sales and taxes that returned \$869.7 million to the Commonwealth of Pennsylvania's General Fund, state and local governments, and other eligible beneficiaries.

Implementing a state-of-the-art detection service to mitigate payment fraud would reduce PLCB costs and resources lost to fraudulent activities.

#### BACKGROUND

Currently, the PLCB detects fraud by reviewing online orders for velocity, inconsistencies in customer-provided information on an order, and chargeback history. Potentially fraudulent orders

are also identified by store personnel and are reviewed by Customer Service, Asset Protection, and Finance.

The PLCB accepts the following payment methods for retail sales: American Express, Visa, Mastercard, Discover, Japan Credit Bureau, and Diner's Club. Transactions are processed through CardConnect and ConnectPay through API calls. In a calendar year the PLCB typically processes over 40 million transactions through e-commerce and retail channels. In the future this solution would need to integrate with Oracle Xstore and Xoffice. The review of each transaction would need to occur during the middle of the processing of the transaction and be invisible to the consumer.

## **ISSUING OFFICE**

This RFI is issued by the PLCB, Purchasing and Contract Administration Division, Room 312, Northwest Office Building, 910 Capital Street, Harrisburg, PA 17124-0001, telephone: (717) 705-2238; email: [treadinger@pa.gov](mailto:treadinger@pa.gov). Tanya Readinger is the Issuing Officer and **the sole point of contact** at the PLCB for this RFI.

## **TIMELINE**

Responses are due by email to Tanya Readinger, RFI Issuing Officer, at [treadinger@pa.gov](mailto:treadinger@pa.gov) by 12:00 PM EST on March 12, 2024.

## **RESPONDING INFORMATION**

If you wish to respond, please submit a complete response using and following the format in Part III of this RFI. Although the PLCB may ultimately issue a competitive solicitation based on the information gathered from this RFI, there is no guarantee that this will occur.

Responses should be prepared simply and economically, by providing straight-forward and concise descriptions.

## **DISCLAIMER**

This RFI is issued solely for information and planning purposes only and does not constitute a solicitation for future business, an offer for procurement, or any other type of current or future procurement or contractual action and is only intended to gather input. The PLCB will not award a contract based on this RFI, nor will it pay for information it receives. Responses to this notice are not offers and cannot be accepted by the PLCB to form a binding contract. No party is bound by the information provided in response to this RFI.

## **SUBMISSION COSTS**

Respondents are solely responsible for all expenses associated with responding to this RFI. The PLCB is not liable for any costs or expenses incurred by the Respondent in the preparation of its responses.

## **PROPRIETARY INFORMATION**

To the extent permitted by law, responses will be held in confidence and will not be revealed or discussed with other responders. However, the PLCB does not request or require confidential/proprietary information in response to this RFI.

Respondents needing confidential treatment for any proprietary information they furnish must clearly identify that in their respective Responses. All information received in response to this RFI that is marked Proprietary will be handled in accordance with applicable law including the Pennsylvania Right-To-Know Law (RTKL), as amended.

Further, please note that RTKL applies to this RFI. If confidential /proprietary information is submitted, please complete the attached Trade Secret/Confidential Proprietary Information Form. The PLCB will rely upon the form from the Respondent in denying a RTKL request for the requested information unless the PLCB determines that the requested information is clearly not protected from disclosure under the RTKL. In determining whether the requested information is clearly not exempt from disclosure, the PLCB shall follow the procedure described in the RTKL. Additional information concerning the *Right-to-Know Law* can be found here: <https://www.openrecords.pa.gov/RTKL/About.cfm>

## **SUMMITTED MATERIALS**

All material submitted in response to this RFI, apart from appropriately identified proprietary information as noted above, becomes property of the PLCB and may be returned only at the PLCB's discretion. Responses submitted may be reviewed and evaluated by any persons at the discretion of the PLCB, to the extent permissible by applicable laws and Commonwealth policies. The PLCB has the right to use any or all ideas presented in responses in any future formulation of a competitive solicitation.

All material submitted shall be considered the property of the Commonwealth of Pennsylvania and may be returned only at the Commonwealth's option. Notwithstanding any Respondents copyright designations contained on responses, the Commonwealth shall have the right to make copies and distribute responses internally and to comply with public record or other disclosure requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.

Respondents to this Request shall not provide recommendations as to specific courses of action and shall not be deemed to be an advisor or consultant to the Commonwealth. The PLCB will evaluate the information presented and determine any subsequent course of action, which may consist of procuring and subsequently contracting for implementation of fraud detection services as it determines in its sole discretion.

Responses to this RFI will not be returned. Respondents will not be notified of the result of the review, nor will they be provided copies of it.

## **PART II**

### **REQUEST FOR INFORMATION RESPONSE FORMAT**

#### **A. COVER LETTER**

A cover letter must be provided with your RFI response. The cover letter should be on company letterhead and include the following:

1. An introduction of your company.
2. The name, title, mailing address, telephone number, and email address of the person to be contacted.
3. A description of specific experience and qualifications in providing fraud detection services.

#### **B. CONCEPTUAL SOLUTIONS AND STRATEGIES**

Please address the topics and questions listed in Appendix A. Responses should be provided immediately following each question.

Responses should be prepared simply, providing straightforward and concise language and descriptions. All responses should be produced in 12-point Times New Roman font, one sided, and singled spaced. Please refrain from sending marketing materials to the PLCB or including them with your response.

#### **C. TRADE SECRET/CONFIDENTIAL PROPRIETARY INFORMATION**

If applicable, complete the attached Trade Secret/Confidential Proprietary Information Form.

## **APPENDIX A**

### **RFI QUESTIONS FOR RESPONSE**

#### **General**

1. Are there any value-add services that have not been included in the PLCB's current structure as explained in the General Information of this RFI that should be considered when developing a procurement solicitation? Please explain what should be included and its context.
2. Are there any other recommendations or lessons learned that have not already been mentioned but that the PLCB should consider as services to be provided?

#### **Standards and Qualifications**

1. What is the industry standard for fraud detection services?
2. What are industry-standard criteria to approve/reject merchant transactions?
3. Are there different standards for point-of-sale transactions versus e-commerce transactions?
4. What offeror qualifications (years of experience, certifications, accreditations, etc.) should the PLCB consider and/or require in developing a procurement solicitation for credit/debit card payment fraud detection services to be integrated with an existing payment processor and why?
5. Please identify key performance indicators and service levels in this industry.
6. What data protection and PCI compliance and data security standards should be required of the solution and why?

#### **Implementation**

1. How much time is needed to implement such services?
2. Is there a software product(s) that integrates with CardConnect, ConnectPay, and Oracle Xstore and Xoffice? If so, please identify each explaining the benefits and detriments of the product.
3. What types of data or support would be required from the PLCB to support such a solution?

#### **Costs**

1. What is the typical cost structure for credit/debit card payment fraud detection services to be integrated with an existing payment processor (monthly subscription, per-inquiry fee, etc.)? What are the service costs (i.e., licensing additional hardware/software)?

2. Are there any additional purchases that PLCB would need to make in addition to the cost of the service to support the solution? If so, what would they be?

### **Respondent-Specific Solutions for Services to be Procured**

1. Explain your solution and how it works including how charge backs are handled or mitigated.
2. Is your product risk-based? If so, do you use a default set of risk rules or would you develop a custom set of risk rules for the PLCB?
3. Does your solution offer frictionless authentication?
4. Do you offer device fingerprinting?
5. What dashboard or reporting capabilities does your solution include?
6. What is the accuracy rate (i.e., false/positive) for your solution?
7. What sources of information do you use (AI, banks, etc.) to gather information to provide the risk profile to a transaction?
8. What is the maximum number of locations you can handle?
9. How many concurrent transactions can your product provide assessments for?
10. How much involvement-from both PLCB Business and Information Technology resources-would be required for implementation, ongoing support, and transaction review?
11. What level of support is typically offered to address questions when a transaction is declined? What is the process to address inquiries relating to declines?
12. How is the PLCB notified when there's an interruption of fraud detection services? How would interruption of service impact processing of transactions?
13. What protections are afforded when fraud detection fails or services are interrupted?
14. What is the industry standard for maintaining the information used to determine the risk profile of a transaction? (i.e., day, year worth?)
15. What is the industry standard for maintaining the support for decisions made on behalf of the PLCB?
16. Can you diagram the typical flow of data among systems to enable the fraud detection solution.



## APPENDIX B

### TRADE SECRET/CONFIDENTIAL PROPRIETARY INFORMATION NOTICE

Instructions:

The Commonwealth may not assert on behalf of a third party an exception to the public release of materials that contain trade secrets or confidential proprietary information unless the materials are accompanied, at the time they are submitted, by this form or a document containing similar information.

It is the responsibility of the party submitting this form to ensure that all statements and assertions made below are legally defensible and accurate. The Commonwealth will not provide a submitting party any advice regarding trade secret law.

**Name of submitting party:**

**Contact information for submitting party:**

**Please provide a brief overview of the materials that you are submitting (e.g. bid proposal, grant application, technical schematics):**

**Please provide a brief explanation of why the materials are being submitted to the Commonwealth (e.g., in response to PLCB Request for Information #20240220):**

Please provide a list detailing which portions of the material being submitted you believe constitute a trade secret or confidential proprietary information, and please provide an explanation of why you think those materials constitute a trade secret or confidential proprietary information. Also, please mark the submitted material in such a way to allow a reviewer to easily distinguish between the parts referenced below. You may attach additional pages if needed.

**Note:** The following information will not be considered a trade secret or confidential proprietary information:

- Any information submitted as part of a vendor’s cost proposal.
- Information submitted as part of a vendor’s technical response that does not pertain to specific business practices or product specification.
- Information submitted as part of a vendor’s technical or disadvantaged business response that is otherwise publicly available or otherwise easily obtained.
- Information detailing the name, quantity, and price paid for any product or service being purchased by the Commonwealth.

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## Acknowledgment

The undersigned party hereby agrees that it has read and completed this form and has marked the material being submitted in accordance with the instructions above. The undersigned party acknowledges that the Commonwealth is not liable for the use or disclosure of trade secret data or confidential proprietary information that has not been clearly marked as such, and which was not accompanied by a specific explanation included with this form.

The undersigned agrees to defend any action seeking release of the materials it believes to be trade secret or confidential, and indemnify and hold harmless the Commonwealth, its agents, and employees, from any judgments awarded against the Commonwealth in favor of the party requesting the materials, and all costs connected with that defense. This indemnification survives so long as the Commonwealth has possession of the submitted material and will apply to all costs unless and until the undersigned provides a written statement or similar notice to the Commonwealth stating that it no longer wishes to exempt the submitted material from public disclosure.

The undersigned acknowledges that the Commonwealth is required to keep all records for at least as long as specified in its published records retention schedule.

The undersigned acknowledges that the Commonwealth reserves the right to reject the undersigned's claim of trade secret/confidential proprietary information if the Commonwealth determines that the undersigned has not met the burden of establishing that the information constitutes a trade secret or is confidential. The undersigned also acknowledges that if only a certain part of the submitted material is found to constitute a trade secret or is confidential, the remainder of the submitted material will become public; only the protected information will be removed and remain nonpublic.

If being submitted electronically, the undersigned agrees that the mark below is a valid electronic signature.

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Signature

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Title

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Date