A Clarification

We have come across an allegation that has been raised in an online journal regarding the procurement of Customer Portal and mobile App by KSFE. The context and facts relating to the customer portal-mobile application tender and award of contract is described below truthfully.

The report argues- **"Currently, KSFE has a core application "CASBA" for its business accounting, which is accessed by its branches through a private network. However, the new portal and apps were planned to be developed due to urgent business needs."**

The customer portal and mobile app were planned not only to cater to the existing customers of KSFE but also taking in to account the future growth trajectory of KSFE. But, it was found that CASBA was inadequate to support the said initiatives for various technical reasons. The EOI document clearly states the following:" Since the CASBA application is not being developed in a secure way no external connection/ web service is now exposed. A complete revamp of the CASBA software is planned in the near future using the latest technology stack and security measures." The mobile app and new portal were based on this roadmap. The products being developed aims to address the requirements of attracting new generation to KSFE and is an effort to embark upon new fintech functionalities in KSFE products.

Why a controversy over this?

The general dictum in KSFE ever since CASBA was procured in 2010 was to look forward to the developer of this solution for any new IT requirements in KSFE. But, although CASBA was implemented as core banking product, a detailed IT audit of the software revealed certain serious lacunae in its design, security and technology aspects. It was also revealed that CASBA required a heavy infrastructure for its functioning and up gradation. Based on these findings, the technical committee concluded that the existing software would not be adequate to support the proposed new digital initiatives. It was also found that CASBA cannot support the growth and diversification plan of KSFE. A portal and app dependent on CASBA neither would nor cater to the growth plans of KSFE. It was against this background that the company decided to look for alternative solutions to support KSFE's business initiatives. This would be done in two phases. It comprises the mobile app, customer portal and agent app with full PoS functionality. This would be augmented by an additional solution in the second phase which will have more elaborate functionalities like covering new customers, simplified KYC processes, block chain based online auctions, integrated digital marketing etc.

Why startups were also looked for in the EoI itself?

The EoI was the outcome of extensive deliberations focusing on digital transformation in KSFE. The current trends in the fintech sector world over are to focus on Analytics, Artificial Intelligence, Bigdata, Blockchain and Embedded Systems. The strategy which KSFE is trying to leverage is to incorporate some of these technologies in the KSFE solution. Kerala is blessed with Startups working in some of these cutting edge areas in emerging technologies and KSFE is trying to leverage the advantage the new and nascent players have in these areas. The purpose of an EoI stage was itself to look at drawing inputs from the industry on possible solutions around the KSFE use cases. The broad outline that emerged from the EoI stage was as follows: Analytics for customer profiling and auction improvement, AI based chat bot for improving customer experience, embedded system solution for point of sales device and providing data science based predictive tools for improved bidding and product selection.

Ravi Pillai Son gets KSFE Order!

The order for design development and implementation of the mobile application and customer portal was given to Aiware Technology Systems Private Limited and Consortium Partners Thought Ripples Private Limited and VST Mobility Solutions Info park. One among the share holders of M/s Aiware Technology Systems was Ganesh Pillai. The share has been relinquished subsequently with the name of the company being changed as Cleareye.ai limited which was incorporated with the Registrar of Companies (RoC). The CEO of Aiware Cleareye is Murali Gopal, one of the founders of UST Global, who is also a senior technocrat in the fintech sector and an alumni of IIM Calcutta. Aiware was listed as one of the most promising startups around Artificial Intelligence, Cognitive Automation, Advanced analytics and Cloud Computing and topped the 10 most recommended startups 2019 by the CIO Insider Magazine.

As regards the ownership of the vendor company, KSFE does not look into whether they are connected to any particular person or group. Our concern is about the technical, commercial, legal and professional competence and eligibility of the vendor. We also insist on compliance of the due and legitimate process stipulated by the Government. Another critical area of concern for KSFE is to ensure that the delivered product maintains the highest standards of quality.

Norms were violated in the order!

No norms were violated in the tender process. A three-stage public tender process was organized involving an EoI notified through the Government of Kerala e-tender site. This was followed by a 2 stage Technical bid based on an RFP -a Technical Bid was notified followed by a Commercial Bid. The three-stage process was evaluated by a tender committee involving the representatives of IT and Finance departments of the Government, apart from external experts. The tender was awarded after a three-stage process to the qualified bidder following all norms. The Purchase Order was issued after obtaining Board Approval*.

Special exemptions were given to the vendor violating pre-qualifying conditions!

The order for design development and implementation of the mobile application and customer portal was given to Aiware Technology Systems Private Limited and Consortium Partners Thought Ripples Private Limited and VST Mobility Solutions, Info park. The consortium eminently satisfied the pre-requisites for EoI like mobile development experience of applications hosted in google store/play store. It was the bidder with highest number of android and apple applications deployed viz. 26 and 14, Next qualified vender had 6 each. The consortium was the only bidder with at one with more than 100000 downloads and with two more apps with downloads between 10,000 and a lakh. The consortium was also the only bidder which applied for the bid which had an ISO 9001 and ISO 27000 standard based embedded system manufacturing facility.

The EoI original notification had clearly stated that exemptions on turnover, prior experience approved by Government of India and Government of Kerala shall apply. The exemptions were provided as per G.O. (Rt) No 36/2018/SPD dated 17.09.2018 and Government of India Policy Circular No 12(1)/2016-MA dated 10-3-2016, Ministry of Finance Office Memorandum No F.20/2/2014-PPD(Pt) dated 25th July 2016 and 20th September,2016.

Startup procurement can be done only below Rs 20 lakh whereas the order value is Rs 67 Lakh!

Go (MS) No 35/2018/ITD dated 18.12.2018 has enhanced the limit for direct procurement of startups from 20 lakhs to 100 Lakhs over and above the amount in the G.O. quoted. But both these Government orders are not relevant to the context since direct procurement from startups through a preferential bidding process only involving startups was not the one resorted here. Instead a three-stage public tender process was followed giving concessions in turn over and number of years of experience as per GoI and GoK norms. The selection was based on the competitive bid in a Quality- Cost- Based System (QCBS) mode in which the consortium obtained the highest quality index against other startups and established new generation companies who participated in the bid. In such a bid the price arrived is the one arrived through competitive bidding.

Expression of Interest was called for one company. But now, it's a three- company consortium carrying out the work. Additionally, only Thought Ripples has registration in Start-up Mission. VST does not have it. From this, we can find that concessions were given to a company which didn't have registration with Start-Up Mission,"

The Expression of interest does not state that consortium is not allowed and only single companies should be engaged. Hence the argument that KSFE was looking for single vendor is not correct.VST Global has registration of the Kerala Startup Mission and Government of India. That concessions were given to a company which is not registered with Start-Up mission is not factual. VST global after obtaining an international assignment from Gulf Business Development Group Doha for their embedded system solutions in public transport deployment started figuring as one of the most promising Kerala Startups in the Startup Mission Website and publications.VST is a ISO 9001 and ISO 27000 approved security oriented embedded system manufacturing facilities covering an area of 4000 square feet in Kerala Technology Innovation Zone. They avail the Surface Mount Technology facility of Maker village for manufacture of their devices. They have a unique indigenized production line for the product and compete well with international products from Verifone (USA) and Ingenico Group (France) in quality and price. Their product has been also listed in a rate contract of Association of State Road Transport Undertakings; Government of India Their product has also been certified by the Central Institute of Road Transport, Ministry of Transport as a rugged, android-based field ticketing and billing device in transport buses.

"A whistleblower from KSFE said, adding that KSFE senior officials had declared that the app would be online by January. It is now March but the app is yet to be seen."

As per the agreement signed by Aiware with KSFE it shall deliver the final set of products on May 26 with an interim delivery in end March, subject to availability of the APIs for integration on January 15and handling other dependencies. It is true that this being the Golden Jubilee year of KSFE there was a demand to launch important technology initiatives along with the Anniversary Celebrations. On March 12th, Aiware and its consortium partners had intimated that their development work is put on hold in view of Corona and the non-availability of the APIs. This has been reinitiated at the instance of KSFE w.e.f 12 May 2020. A project management process to provide SRS approvals, Aadhar connectivity, and various gateways from KSFE, cloud infrastructure for hosting and APIs for linkages with the legacy systems has been put in place in KSFE recently with clear accountabilities. The optimistic delivery date for the delivery of the app is now September 30, 2020.

Order was given to a company which is 47 day old!

Startups are sought to be young companies with specialised technical skills. Age of the company is not the weighting factor but experience, skill sets and capabilities. The only exemption given to Aiware was with regard to the experience and the turnover which is as per prior notification in the EoI. Aiware-Clear eye has a space of 8000 Sq. Ft. in Tejaswani in Technopark and has 84 employees in India and has also presence in US. The narrative of 47-day Company is to create an impression that the order is given to a hotchpotch dispensation.

Last, but not the least……

KSFE has nothing to hide in this process. This entire process was done very transparently following all norms based on a clear roadmap to take KSFE to new heights by building an alternative for its existing core banking product which is proposed to be replaced. No doubt such bold decisions impact some interests. The effort to create a controversy and do draw serious journalists into maligning a public sector company like KSFE is very unfortunate.

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