

**Department of Management and Budget
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000
To Current Contracts for Computer Software Development,
Hardware Acquisition, or Quality Assurance**

Sec. 713 of Public Act 161 of 2003

(January 21, 2004)

Questions regarding this report may be directed to Jim Konrad, 517-373-0315

January 21, 2004

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B5000692 - Purchase of Dense Wave Division Multiplexers for Unisys Main Frame - Department of Information Technology - Data Center Operations

CONTRACT PERIOD - BASE YEAR(S): 5/8/95 through 12/31/08 (13 years, 7 months, 23 days)
 - **OPTION 1** N/A
 - **OPTION 2** N/A
 - **OPTION 3** N/A

CONTRACTOR: Unisys Corporation, Okemos, MI
INCREASE \$528,885.00

- Check if AS1 received by Acquisition Services and reviewed by DMB
 - Check if request is to extend contract (no option in base contract) - Time period of extension:
 - Check if extension request is beyond option year(s) - Time period of extension:

PURCHASE JUSTIFICATION:

Description of Product Service Requested: The purpose of this purchase is to justify the replacement of one set of OM 9000 Dense Wave Division Multiplexers (DWDM) with a spectrum 2000DWDM. Data Center Operations (DCO) has two sets of DWDMs.

Purpose/Business Case of New Contract, Amendment, or Extension and Expected Outcomes: The current OM9000 DWDMs were acquired by the State in December 1999 to provide a high-speed data path over dark fiber between two DCO facilities. DCO is fully using the existing system and needs additional capacity. Replacement of one set will allow for additional interface cards and on-site spares of the OM9000 hosts.

Commitment: Prices are fixed for the duration of the contract.

Funding Source: 100% IT Revolving Funds recovered through service rates.

Risk Assessment: If this purchase is not approved, additional Storage Area Network fabric connectivity will not be available. DCO needs to expand their capacity over existing strands because additional dark fiber is not available. The current OM9000 hardware is out of production and replacement parts are indispensable. This is a complex environment of six vendors communicating over a common infrastructure. Unisys as the

prime on the contract insures the environment functions and provides the State with one vendor to call for trouble. Unisys has been the provider of the services, maintenance, hardware, and software for many years and it would not be economically feasible to change vendor.

Cost Reduction Consideration:

A. Negotiated Savings: Unisys has offered a price discount of \$26,445.00 as a result of price negotiation.

B. Total Savings: 26,445.00 - 5%

PRICE CLAUSE: Pricing is fixed for the duration of the contract.

CS-138: NJ

ORIGINAL CONTRACT AMOUNT: \$28,663,778.00

CURRENT CONTRACT AMOUNT: \$89,783,100.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$528,885.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 2%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: .006%

ESTIMATED 04 FISCAL YEAR INCREASE: \$528,885.00

NEW TOTAL CONTRACT COST: \$92,169,104.00

Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

INFORMATION BELOW THIS LINE FOR INTERNAL USE ONLY

Buyer Signature

Manager Signature

Division Director Signature

Acquisition Services Director Signature

January 21, 2004

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B3001048 - Provide for and Deploy a Remote Initial Claims Center (RICC) - Department of Labor and Economic Growth - Unemployment Agency

**CONTRACT PERIOD -
BASE YEAR (S):** 09/16/02 through 01/31/04 (16 months)
 - **OPTION 1** N/A
 - **OPTION 2** N/A
 - **OPTION 3** N/A

CONTRACTOR: Unisys Corporation, Okemos, MI
INCREASE \$690,737.00

- Check if AS1 received by Acquisition Services and reviewed by DMB
 - Check if request is to extend contract (no option in base contract) - Time period of extension: NA
 - Check if extension request is beyond option year(s) - Time period of extension: N/A

PURCHASE JUSTIFICATION:

Description of Product Service Requested: The Bureau of Workers and Unemployment Compensation (BWUC) has undergone major changes over the past few years including the decision to redesign and reengineer all Agency functions by consolidating 45 local Branch Offices into three Remote Initial Claims Centers (RICCs). Technological advances and increasing recognition of the service potential of telephones, Interactive Voice Response (IVR) systems, and the Internet have promoted the "Call Center" as the dominant customer/ organization interface. The RICC initiative impacts the service delivery of Unemployment Insurance benefits to all claimants in Michigan. In September 2002, a contract for the development piece of the RICC initiative was awarded to Unisys. Due to several changes in the focus, the RICC project is behind schedule and efforts to implement the system have been hindered by the hiring freeze and the loss of key project staff to the early out retirement. Consequently, many offices have closed or are functioning with minimal staff and a manual process, which has compromised the ability of BWUC to provide Unemployment Insurance benefits. The current situation is receiving media attention and BWUC must get the project implemented as soon as possible. This increase is for Phase V of the RICC Initiative that will enhance the functionality of the application; provide technical support to DIT staff who are charged with supporting the IVR and WebSphere MQ applications to ensure successful statewide operations. Unisys will also facilitate continuing knowledge transfer to both UA and DIT

staff and provide Call Center expertise in assisting UA with the initial startup risks in the statewide operations of the RICCs.

Purpose/Business Case of New Contract, Amendment, or Extension and Expected Outcomes: Successful completion of the final Phase #4 of the RICC Initiative.

Commitment: Fixed price for service is subject to appropriations.

Funding Source: 100% federal funds

Risk Assessment: If this is not approved and the contract continued, the BWUC will not be able to deploy this new system allowing for efficient processing of claims and checks in a timely manner. BWUC will continue to get negative press in the media, which will further hinder progress.

Cost Reduction Consideration:

A. Negotiated Savings: Currently negotiating savings with vendor. Currently holding contract pricing.

B. Cost Avoidance: NA

C. Total Savings: NA

PRICE CLAUSE: Prices to remain firm for the duration of the contract.

CS-138: NJ

ORIGINAL CONTRACT AMOUNT: \$3,000,000.00

CURRENT CONTRACT AMOUNT: \$8,145,159.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$690,737.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 23%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 9%

ESTIMATED 04 FISCAL YEAR INCREASE: \$690,737.00

NEW TOTAL CONTRACT COST: \$8,835,896.00

Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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Buyer Signature

Manager Signature

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