

**STATE OF MICHIGAN**  
**DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET**      **October 20, 2011**  
**PURCHASING OPERATIONS**  
**P.O. BOX 30026, LANSING, MI 48909**  
 OR  
**530 W. ALLEGAN, LANSING, MI 48933**

**NOTICE**  
**OF**  
**CONTRACT NO. 071B2200032**  
**between**  
**THE STATE OF MICHIGAN**  
**And**

Fax: (312) 526-0266

NAME & ADDRESS OF CONTRACTOR <b>Gartner, Inc.</b> <b>200 West Jackson Blvd. Suite 2000</b> <b>Chicago, IL 60606</b>  <div style="text-align: right;">ivy.anderson@gartner.com</div>	TELEPHONE (312) 526-0264 Ivy Anderson
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-3215 <b>Steve Motz</b>
Project Manager: Virginia Hambric (517-241-9617) <p style="text-align: center;"><b>ICT Strategy Technical Advisory Services</b></p>	
CONTRACT PERIOD: 1 yr. + 2 six-month options    From: <b>October 18, 2011</b> To: <b>October 17, 2012</b>	
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION:	

**TOTAL ESTIMATED CONTRACT VALUE:    \$1,250,000.00**

**STATE OF MICHIGAN**  
**DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET**  
**PURCHASING OPERATIONS**  
**P.O. BOX 30026, LANSING, MI 48909**  
 OR  
**530 W. ALLEGAN, LANSING, MI 48933**

**CONTRACT NO. 071B2200032**

**between**  
**THE STATE OF MICHIGAN**

**And**

Fax: (312) 526-0266

NAME & ADDRESS OF CONTRACTOR <b>Gartner, Inc.</b> <b>200 West Jackson Blvd. Suite 2000</b> <b>Chicago, IL 60606</b>  <div style="text-align: right;">ivy.anderson@gartner.com</div>	TELEPHONE (312) 526-0264 Ivy Anderson CONTRACTOR NUMBER/MAIL CODE  BUYER/CA (517) 241-3215 <b>Steve Motz</b>
Project Manager: Virginia Hambric (517-241-9617) <p style="text-align: center;"><b>ICT Strategy Technical Advisory Services</b></p>	
CONTRACT PERIOD: 1 yr. + 2 six-month options From: <b>October 18, 2011</b> To: <b>October 17, 2012</b>	
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION:  <p>The terms and conditions of this Contract are attached. This Contract was awarded on the inquiry of RFP # 084R1300100.</p> <p>Estimated Contract Value: <b>\$1,250,000.00</b></p>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the RFP No. 084R1300100. Orders for delivery will be issued directly by the Department of Technology, Management and Budget through the issuance of a Purchase Order Form.

**FOR THE CONTRACTOR:**

**Gartner, Inc.**  
 \_\_\_\_\_  
 Firm Name

\_\_\_\_\_  
 Authorized Agent Signature

\_\_\_\_\_  
 Authorized Agent (Print or Type)

\_\_\_\_\_  
 Date

**FOR THE STATE:**

\_\_\_\_\_  
 Signature

**Jeff Brownlee, Chief Procurement Officer**  
 \_\_\_\_\_  
 Name/Title

**DTMB, Purchasing Operations**  
 \_\_\_\_\_  
 Division

\_\_\_\_\_  
 Date



**STATE OF MICHIGAN**  
**Department of Technology, Management and Budget**  
**Purchasing Operations**

**Contract No. 071B2200032**  
**ICT Strategy Technical Advisory Services**

Buyer Name: Steve Motz  
Telephone Number: 517-241-3215  
E-Mail Address: [motzs@michigan.gov](mailto:motzs@michigan.gov)



## Table of Contents

<b>Article 1 – Statement of Work (SOW)</b>	<b>8</b>
<b>1.000 Project Identification</b>	<b>8</b>
1.001 Project Request	8
1.002 Background	9
<b>1.100 Scope of Work and Deliverables</b>	<b>12</b>
1.101 IN SCOPE	12
1.102 Out of Scope	15
1.103 Environment	15
1.104 WORK AND Deliverables	15
<b>1.200 Roles and Responsibilities</b>	<b>31</b>
1.201 Contractor Staff, Roles, And Responsibilities	31
<b>1.300 Project Plan</b>	<b>36</b>
1.301 Project Plan Management	36
1.302 Reports	37
<b>1.400 Project Management</b>	<b>38</b>
1.401 Issue Management	38
1.402 Risk Management	38
1.403 Change Management	39
<b>1.500 Acceptance</b>	<b>39</b>
1.501 Criteria	39
1.502 Final Acceptance	39
<b>1.600 Compensation and Payment</b>	<b>40</b>
1.601 Compensation And Payment	40
1.602 Holdback – RESERVED	41
<b>Article 2, Terms and Conditions</b>	<b>42</b>
<b>2.000 Contract Structure and Term</b>	<b>42</b>
2.001 Contract Term	42
2.002 Options to Renew	42
2.003 Legal Effect	42
2.004 Attachments, APPENDICIES & Exhibits	42
2.005 Ordering	42
2.006 Order of Precedence	42
2.007 Headings	42
2.008 Form, Function & Utility	43
2.009 Reformation and Severability	43
<b>2.010 Consents and Approvals</b>	<b>43</b>
2.011 No Waiver of Default	43
2.012 Survival	43
<b>2.020 Contract Administration</b>	<b>43</b>
2.021 Issuing Office	43
2.022 Contract Compliance Inspector	43
2.023 Project Manager	43
2.024 Change Requests	44
2.025 Notices	45
2.026 Binding Commitments	45
2.027 Relationship of the Parties	45
2.028 Covenant of Good Faith	45
2.029 Assignments	45
<b>2.030 General Provisions</b>	<b>46</b>
2.031 Media Releases	46
2.032 Contract Distribution	46
2.033 Permits	46
2.034 Website Incorporation	46
2.035 Future Bidding Preclusion	46
2.036 Freedom of Information	46



2.037	Disaster Recovery	46
<b>2.040</b>	<b>Financial Provisions</b>	<b>47</b>
2.041	Fixed Prices for Services/Deliverables	47
2.042	Adjustments for Reductions in Scope of Services/Deliverables	47
2.043	Services/Deliverables Covered	47
2.044	Invoicing and Payment – In General	47
2.045	Pro-ration	47
2.046	Antitrust Assignment	48
2.047	Final Payment	48
2.048	Electronic Payment Requirement	48
<b>2.050</b>	<b>Taxes</b>	<b>48</b>
2.051	Employment Taxes	48
2.052	Sales and Use Taxes	48
<b>2.060</b>	<b>Contract Management</b>	<b>48</b>
2.061	Contractor Personnel Qualifications	48
2.062	Contractor Key Personnel	48
2.063	Re-assignment of Personnel at the State's Request	49
2.064	Contractor Personnel Location	49
2.065	Contractor Identification	49
2.066	Cooperation with Third Parties	49
2.067	Contract Management Responsibilities	50
2.068	Contractor Return of State Equipment/Resources	50
<b>2.070</b>	<b>Subcontracting by Contractor</b>	<b>50</b>
2.071	Contractor full Responsibility	50
2.072	State Consent to delegation	50
2.073	Subcontractor bound to Contract	50
2.074	Flow Down	51
2.075	Competitive Selection	51
<b>2.080</b>	<b>State Responsibilities</b>	<b>51</b>
2.081	Equipment	51
2.082	Facilities	51
<b>2.090</b>	<b>Security</b>	<b>51</b>
2.091	Background Checks	51
2.092	Security Breach Notification	52
2.093	PCI DATA Security Requirements	52
<b>2.100</b>	<b>Confidentiality</b>	<b>52</b>
2.101	Confidentiality	52
2.102	Protection and Destruction of Confidential Information	52
2.103	Exclusions	53
2.104	No Implied Rights	53
2.105	Respective Obligations	53
<b>2.110</b>	<b>Records and Inspections</b>	<b>53</b>
2.111	Inspection of Work Performed	53
2.112	Examination of Records	53
2.113	Retention of Records	54
2.114	Audit Resolution	54
2.115	Errors	54
<b>2.120</b>	<b>Warranties</b>	<b>54</b>
2.121	Warranties and Representations	54
2.122	Warranty of Merchantability	55
2.123	Warranty of Fitness for a Particular Purpose	55
2.124	Warranty of Title	55
2.125	Equipment Warranty	55
2.126	Equipment to be New	55
2.127	Prohibited Products	55
2.128	Consequences for Breach	55
<b>2.130</b>	<b>Insurance</b>	<b>56</b>
2.131	Liability Insurance	56
2.132	Subcontractor Insurance Coverage	57
2.133	Certificates of Insurance and Other Requirements	57



<b>2.140</b>	<b>Indemnification</b>	<b>58</b>
2.141	General Indemnification	58
2.142	Code Indemnification	58
2.143	Employee Indemnification	58
2.144	Patent/Copyright Infringement Indemnification	58
2.145	Continuation of Indemnification Obligations	59
2.146	Indemnification Procedures	59
<b>2.150</b>	<b>Termination/Cancellation</b>	<b>60</b>
2.151	Notice and Right to Cure	60
2.152	Termination for Cause	60
2.153	Termination for Convenience	60
2.154	Termination for Non-Appropriation	60
2.155	Termination for Criminal Conviction	61
2.156	Termination for Approvals Rescinded	61
2.157	Rights and Obligations upon Termination	61
2.158	Reservation of Rights	62
<b>2.160</b>	<b>Termination by Contractor</b>	<b>62</b>
2.161	Termination by Contractor	62
<b>2.170</b>	<b>Transition Responsibilities</b>	<b>62</b>
2.171	Contractor Transition Responsibilities	62
2.172	Contractor Personnel Transition	62
2.173	Contractor Information Transition	62
2.174	Contractor Software Transition	62
2.175	Transition Payments	63
2.176	State Transition Responsibilities	63
<b>2.180</b>	<b>Stop Work</b>	<b>63</b>
2.181	Stop Work Orders	63
2.182	Cancellation or Expiration of Stop Work Order	63
2.183	Allowance of Contractor Costs	63
<b>2.190</b>	<b>Dispute Resolution</b>	<b>64</b>
2.191	In General	64
2.192	Informal Dispute Resolution	64
2.193	Injunctive Relief	64
2.194	Continued Performance	64
<b>2.200</b>	<b>Federal and State Contract Requirements</b>	<b>65</b>
2.201	Nondiscrimination	65
2.202	Unfair Labor Practices	65
2.203	Workplace Safety and Discriminatory Harassment	65
2.204	Prevailing Wage	65
<b>2.210</b>	<b>Governing Law</b>	<b>66</b>
2.211	Governing Law	66
2.212	Compliance with Laws	66
2.213	Jurisdiction	66
<b>2.220</b>	<b>Limitation of Liability</b>	<b>66</b>
2.221	Limitation of Liability	66
<b>2.230</b>	<b>Disclosure Responsibilities</b>	<b>66</b>
2.231	Disclosure of Litigation	66
2.232	Call Center Disclosure	67
2.233	Bankruptcy	67
<b>2.240</b>	<b>Performance</b>	<b>67</b>
2.241	Time of Performance	67
2.242	Service Level Agreement (SLA)	68
2.243	Liquidated Damages	68
2.244	Excusable Failure	68
<b>2.250</b>	<b>Approval of Deliverables</b>	<b>69</b>
2.251	Delivery of Deliverables	69
2.252	Contractor System Testing	69
	Deleted – Not Applicable	69
2.253	Approval of Deliverables, In General	69



2.254	Process for Approval of Written Deliverables	70
2.255	Process for Approval of Custom Software Deliverables	70
	Deleted – Not Applicable	70
2.256	Final Acceptance	71
<b>2.260</b>	<b>Ownership</b>	<b>71</b>
2.261	Ownership of Work Product by State	71
2.262	Vesting of Rights	71
2.263	Rights in Data	71
2.264	Ownership of Materials	72
<b>2.270</b>	<b>State Standards</b>	<b>72</b>
2.271	Existing Technology Standards	72
2.272	Acceptable Use Policy	72
2.273	Systems Changes	72
<b>2.280</b>	<b>Extended Purchasing</b>	<b>72</b>
2.281	MiDEAL (Michigan Delivery Extended Agreements Locally	72
2.282	State Employee Purchases	72
<b>2.290</b>	<b>Environmental Provision</b>	<b>72</b>
2.291	Environmental Provision	72
<b>2.300</b>	<b>Deliverables</b>	<b>74</b>
2.301	Software	74
	Deleted – Not Applicable	74
2.302	Hardware	74
	Deleted – Not Applicable	74
<b>2.310</b>	<b>Software Warranties</b>	<b>74</b>
2.311	Performance Warranty	74
	Deleted – Not Applicable	74
2.312	No Surreptitious Code Warranty	74
	Deleted – Not Applicable	74
2.313	Calendar Warranty	74
	Deleted – Not Applicable	74
2.314	Third-party Software Warranty	74
	Deleted – Not Applicable	74
2.315	Physical Media Warranty	74
	Deleted – Not Applicable	74
<b>2.320</b>	<b>Software Licensing</b>	<b>74</b>
2.321	Cross-License, Deliverables Only, License to Contractor	74
	Deleted – Not Applicable	74
2.322	Cross-License, Deliverables and Derivative Work, License to Contractor	74
	Deleted – Not Applicable	74
2.323	License Back to the State	74
	Deleted – Not Applicable	74
2.324	License Retained by Contractor	74
	Deleted – Not Applicable	74
2.325	Pre-existing Materials for Custom Software Deliverables	74
	Deleted – Not Applicable	74
<b>2.330</b>	<b>Source Code Escrow</b>	<b>74</b>
	Deleted – Not Applicable	74
	<b>Glossary</b>	<b>75</b>
	<b>DELETED - Attachment A – Resume Templates</b>	<b>77</b>
	<b>Attachment B – Preliminary Project Plan</b>	<b>78</b>
	<b>Attachment C-1 (Deliverables Pricing)</b>	<b>79</b>
	<b>Attachment C-2 (Hourly Rates for Optional Services)</b>	<b>83</b>



## **Article 1 – Statement of Work (SOW)**

### **1.000 Project Identification**

#### **1.001 PROJECT REQUEST**

For the State of Michigan (SOM), Information, Communications and Technology (ICT) is a pivotal area in the transformation of state operations, as well as the State itself. As such, the State seeks to ensure alignment of its ICT assets, business model, operations and strategy with current and future needs. To this end, an experienced consulting partner is needed to review, assess, evaluate and make recommendations for improvement. This is in light of the anticipated opportunities and needs of Michigan's citizens and businesses, the corresponding executive office goals and relevant actions planned across agencies and programs statewide.

Michigan, along with other states, is faced with new challenges and opportunities which call for revisiting the expectations about government goals, policies, strategies, operations and performance, and the role that ICT plays in enabling and driving government functions and services. State organizations and jurisdictions have found that they cannot avoid sometimes radical change and innovation. They cannot avoid risk by standing still or doing nothing, as inaction entails as much or more risk than action.

The State seeks to maximize its assets, enhance shared services and cross-boundary partnerships, reduce the cost of operations and improve customer service over the short- and long-run. Specifically, the intended outcomes of this initiative are to:

1. Improve customer service;
2. Implement a successful, sustainable and innovative governance model;
3. Reduce Michigan's cost of procuring, implementing, operating, upgrading and replacing ICT infrastructure products, applications and services;
4. Increase attraction, retention and development of the SOM ICT workforce;
5. Enable cost savings and better government through shared solutions and cross-boundary partnerships;
6. Implement best practice ICT solutions and technologies.

This will be accomplished through a more business-driven, innovative and responsive technology environment and governance model that will produce cost efficiencies at multiple levels while delivering quality services and consistently high levels of customer satisfaction.

At its core, this initiative will focus on assessing the following:

- Current processes, models and services within the Department of Technology, Management & Budget (DTMB), including identification of whether they are optimized for efficiency and effectiveness;
- DTMB's provision of customer service to agencies in order to help them accomplish their goals and strategic visions now and into the future, and;
- Changes needed, if any, to the current organizational structure so that it better supports the achievement of intended organizational goals and initiatives.

Services, for this expansive review include:

- Evaluation of current organizational structure and ability to meet the State's goals and key focus areas: 1) Quality of Life, 2) Value For Money Government, 3) People – Health and Education, 4) Public Safety and 5) Economic Strength, including the identification of opportunities for and challenges to changing those structures;
- Analysis of the State's current ICT environment, employee skills, governance model, rate structure and service delivery operations, including benchmarking against industry best practice and prices;
- Evaluation of statewide and agency-specific ICT needs and priorities;
- Identification of opportunities to advance shared services in those instances where sharing aligns with the Governor's priorities, generates savings and increases operational efficiencies;



- Development of recommendations for changes to the current business model for the delivery of technology services;
- Preparation of an implementation roadmap, including changes to the current business model.

The project will include all activities and services as defined in Article 1 and associated attachments. The State seeks to have services begin upon award of the contract. The State and Contractor will determine a final project schedule within ten days of Contract signing. The project schedule will include dates for submission of deliverables A through F, with the Final Report (Deliverable G) due by February 8, 2012.

This Contract has a term of 1 (one) year and includes 2 (two) additional 6 (six) month options. Renewal of the Contract will be at the sole discretion of the State and based upon the need for additional services, acceptable performance and pricing by the selected Contractor and funding availability as determined by the SOM.

A specific description of the services (work) and deliverables sought for this project is provided in Article 1, Section 1.101, In Scope and expanded on in Section 1.104, Work and Deliverables (and its associated attachments).

### **1.002 BACKGROUND**

Information contained in section 1.002 Background is for information purposes only. Specific scope items are specified in section 1.100 Scope of Work and Deliverables.

Governor Rick Snyder's administration and his drive to energize Michigan's lagging economy and reshape state government officially began in January 2011. This assessment and resulting improvements in technology will contribute to the reinvention of Michigan to become a stronger, more vibrant state. Technology in state government plays a key role and can be one of the driving forces of success. Building on ten years of consolidation, Michigan has reached a unique juncture where government technology is not only capable of providing service to the agencies but is also uniquely positioned to drive and enable shared services, collaboration and innovation across and beyond state government boundaries. This RFP is being issued by the Department of Technology, Management & Budget (DTMB) which is solely responsible for Information, Communication and Technology throughout Michigan government.

In 2001, Michigan's governor issued an Executive Order consolidating the ICT environment within state government and creating one centralized organization, the Michigan Department of Information Technology (MDIT). MDIT was tasked with improving IT investments, standardizing information and data and enhancing the delivery of State services. In 2010, that function was further consolidated with the Department of Management and Budget (DMB), to form Michigan's Department of Technology, Management & Budget (DTMB). Michigan's consolidated technology approach is mandated to increase strategic technology infrastructure planning and implement common technology across the executive branch.

Prior to the initial consolidation, the State's ICT resources were housed and managed in 19 autonomous departments, with disparate technologies, priorities, policies and methodologies. The result was a highly complex, disparate set of technology environments across state government. Today, with a cabinet-level Chief Information Officer and the governor's support, DTMB is a key part of executive-level planning. The department is taking bold steps to align its strategy and action with the business needs of agencies and the citizens and business served. This model was established, implemented and sustained under three governors and implemented in five phases:

- 2003: Shift from centralized IT to enterprise and statewide;
- 2006: Implementation of cross-boundary and shared services model;
- 2008: Introduction of government innovation and transformation goal;
- 2010: Consolidation of IT with management and budget and shift from an Information Technology to an Information, Communication and Technology (ICT) formulation;



- 2011: ICT is enabling and driving government 2.0 (the use of ICT to socialize and commoditize government services, processes and data).

DTMB is responsible for statewide purchasing operations including a portfolio of more than 1,150 multi-year contracts currently valued at \$14.6 billion. At any given time, the IT division of Purchasing Operations manages a portfolio of more than 300 multi-year contracts currently valued at more than \$2.6 billion. The annual estimated IT spend off of these contracts, is \$400 million. This division has the responsibility to assist with bid specifications and requirements gathering, issuing requests for proposals, evaluating proposals, and negotiating and writing contracts as well as purchase orders. A modern and responsive sourcing strategy drives the approach of this organization.

Technology is first in the department's name to emphasize that it must be fully-leveraged for a whole host of reasons, including streamlining and advancing administrative functions. Emphasis is on enterprise performance management, process design and redesign, as well as shared enterprise and statewide services. This is defined and driven by a strategic framework with the following guiding principles:

- Instituting proven state management best value practices, at the agency and enterprise level;
- Leveraging the confluence of management and technology;
- Building upon proven, national, and global ICT best practices; and,
- Utilizing structural change, driving transformational ICT business and service models and increasing citizen and economic value.

DTMB's strategic goals include the following:

1. Customer Service Excellence
  - Provide top quality, cost-effective services and information, enabling our partners to achieve their goals
2. Operational Efficiency
  - Manage taxpayer dollars effectively and efficiently
3. Accountability and Performance
  - Ensure sound decision making and operational excellence through transparent and consistent use of metrics
4. Expertise and Commitment
  - Create an environment for employees and teams to gain the knowledge, skills and resources to get the job done
5. Shared Services
  - Drive cost savings and better government through shared services
6. Innovation and Leadership
  - Solve today's problems and reinvent Michigan

Michigan's ICT strategic goals include the following:

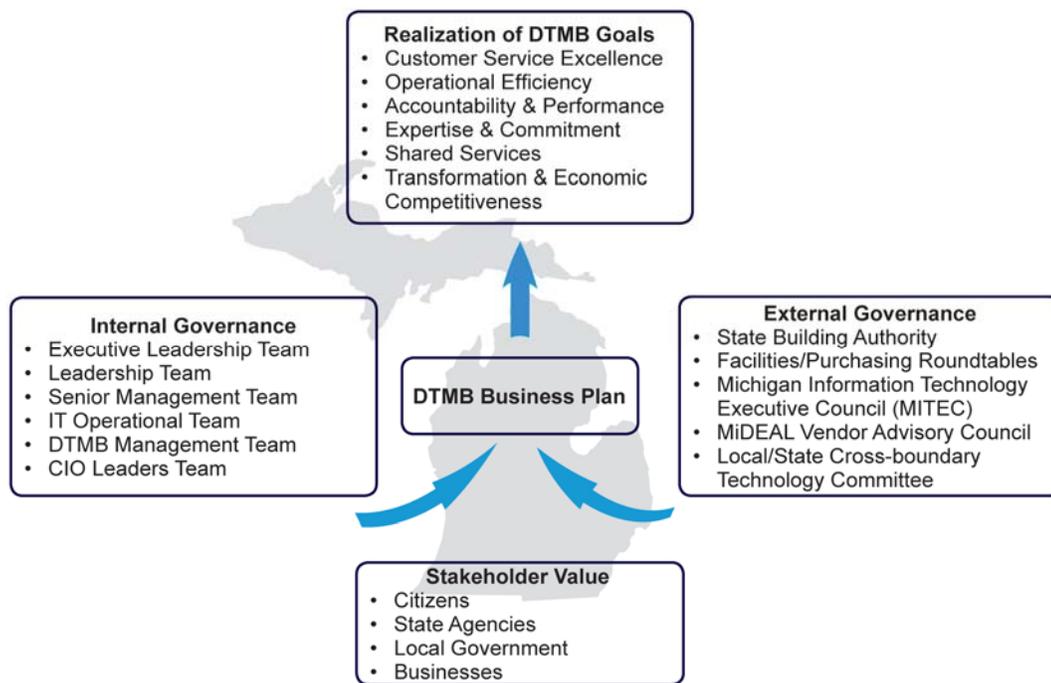
- 1) Access: Provide exceptional services to Michigan citizens and businesses anytime, anywhere;
- 2) Service: Deliver efficient and effective technology services and shared solutions;
- 3) Management & Infrastructure: Strengthen operations and security through statewide solutions and universal standards;
- 4) Great Workplace: Support a talented and engaged workforce - attract, engage and retain;
- 5) Cross-boundary Solutions: Accelerate partnerships across and beyond state government; and,
- 6) Innovation & Transformation: Drive innovation and technology to transform Michigan government.



**Governance**

DTMB places a high priority on the cultivation and sustainability of a sound organizational governance structure. This is both the foundation on which trust with customers is built as well as the platform by which engagement and open communication with employees and end-users is enabled. DTMB’s commitment to the highest standards and effective governance is critical to achieving satisfaction among key stakeholders, including state and local government officials, private industry and citizens. DTMB’s approach to governance is comprised of two layers, one internal and one external.

There are five organizational teams that make up the department’s internal governance structure. As shown in the illustration below, teams address issues that range from strategic and department-wide to more tactical and issue specific. On the external governance side, a handful of councils, boards and advisory committees have been formed to support the daily operations and bigger picture strategic vision of the department. Those groups, which are also listed below, are supported and maintained by DTMB and are composed of individuals both inside and outside state government.



The consolidation of business services under DTMB has enhanced the use of technology to non-traditional areas, including within policies, facilities and government employee retirement services, just to name a few. There are many opportunities to further maximize this consolidated structure, for example, equipping physical security with enhanced video surveillance to automate building access.

**Partnerships and Affiliations**

In addition to the more formal governance structure, DTMB has fostered strong informal relationships and partnerships across and beyond state government, both in the public and private sectors. This work is ongoing and essential to the department’s strategy to deliver better and more cost-efficient services for the citizens of Michigan. Partnership activities within Michigan include:

- Working with the Legislature on implementing or improving policy;
- Collaborating with local governments and higher education to leverage resources and buying power;
- Coordinating with Michigan-based business to secure broadband funding and ensure high-speed coverage to all areas of the state;
- Collaborating with local economic development organizations for IT sector growth and economic competitiveness;



- Leveraging the state's radio communications system with local emergency agencies so that all first responders have interoperable communications; and,
- Working with the U.S. Department of Homeland Security to isolate potentially harmful Internet traffic impacting both state and local government.

Extensive partnerships and affiliations have also been developed with multi-state and national organizations to systematically track best practices and identify innovative ways to provide or improve services. A few examples of these affiliations and memberships include:

- National Association of State Chief Information Officers;
- Multi-state Information Sharing and Analysis Center – IT Security; and,
- National Association of State Procurement Officials.

### **ICT Functional Areas**

Within the ICT role of DTMB are three key areas, as follows:

- Agency Services (AS) is responsible for technology services and client relationships with all state agencies. AS works in partnership with clients' leaders to strategize, plan and implement technology solutions, focusing on business drivers, service-level agreements and strategic plans. The Center for Shared Solutions focuses on services and products that are common to all areas of state government. It also leads development of partnerships with local governments to better leverage technology.
- Infrastructure Services (IS) provides environments, products and services that meet the information, communications and technology needs of state departments. The team works across eight service areas including Enterprise Architecture, Michigan Public Safety Communications System (MPSCS), Project Management, Technical Services, Telecommunications, Field Services, Office Automation Services, and Data Center Operations. Staff members work to simplify the state's technology architecture and create a unified system enterprise-wide. IS ensures state systems are more reliable and information technology support is readily available to all agency customers.
- The Office of Enterprise Security (OES) integrates information security efforts with Michigan's statewide information and communications technology goals. OES works to ensure the confidentiality, integrity and availability of State of Michigan information assets. OES maintains the highest achievable levels of protection of data resources and reduces overall threats to critical computer, technology and communications services.

The following attachments provide more detail on the key functional areas:

- Attachment D-1 Agency Services (2010 IT Strategic Plan Appendix);
- Attachment D-2 Infrastructure Services (2010 IT Strategic Plan Appendix);
- Attachment D-3 Enterprise Architecture (2010 IT Strategic Plan Appendix);
- Attachment D-4 Office of Enterprise Security (2010 IT Strategic Plan Appendix);
- Attachment D-5 MPSCS Radio (2010 IT Strategic Plan Appendix);
- Attachment D-6 Purchasing (2010 DTMB Business Plan Appendix); and,
- Attachment D-7 Shared Services Presentation (2011 Shared Services PowerPoint).

### **1.100 Scope of Work and Deliverables**

#### **1.101 IN SCOPE**

The Contractor shall review, assess, evaluate and make recommendations for improvement for all ICT-related services which are procured, deployed, maintained, and operated by DTMB, as well as the methods used to host and share services. Beginning with a baseline of the ICT operations and environment, the assessment will identify specific areas, processes and procedures where strategic changes will result in operational and financial efficiencies for DTMB and the State of Michigan. The categories of focus are as follows:

**1. TECHNOLOGY**

- a. Application technologies and services, to include online services
- b. Infrastructure platforms and services
- c. Communications and network technologies and services
- d. Cloud environment options

**2. PEOPLE**

- a. General baseline of overall current employee skillsets
- b. Gaps in overall current skillset (based on applications and/or infrastructure needs e.g. long term cloud utilization)
- c. Back up and redundancy coverage (primarily focused on mission critical applications)
- d. Succession planning (overall strategy including best practices recruitment strategy)

**3. PROCESSES AND CAPABILITIES**

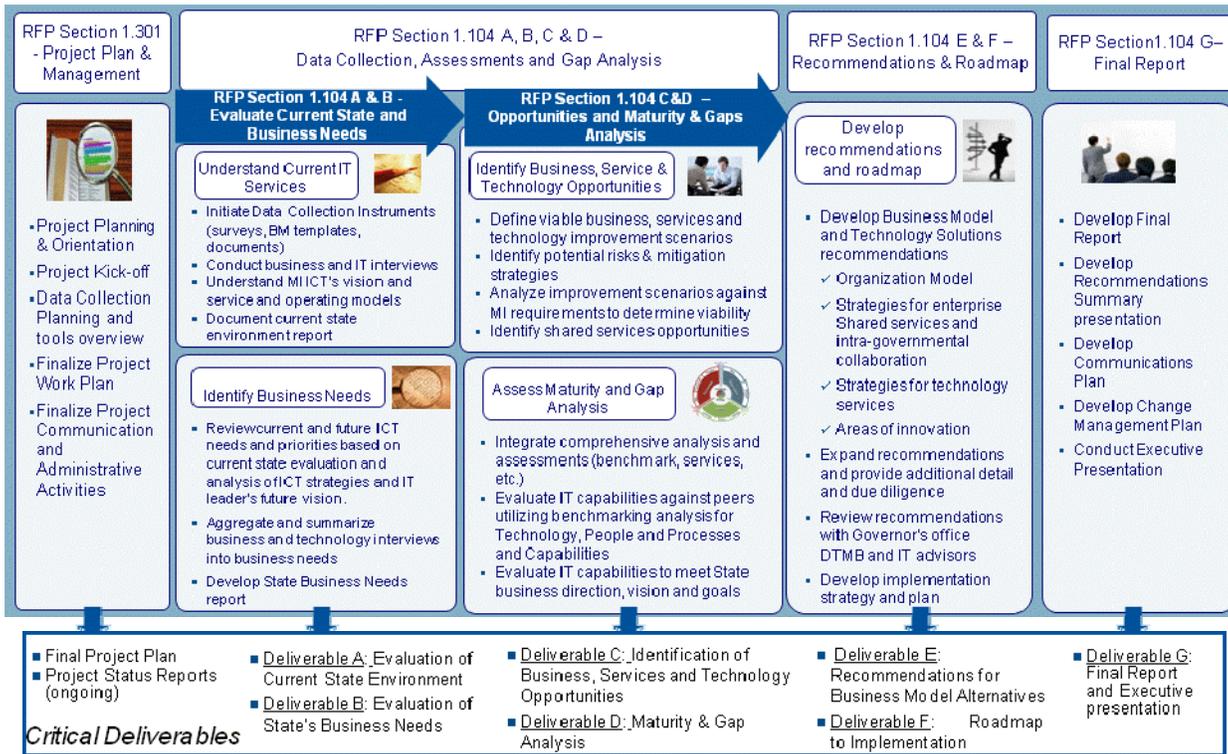
- a. Governance structure
- b. Collaboration, partnerships and shared services
- c. Information management
- d. Mobility
- e. Enterprise architecture
- f. Organizational structure
- g. Project, program and portfolio management
- h. Budgeting, financial management and rate structure comparisons (agency partnerships, partnership agreements, benchmark against industry standards)
- i. Accountability and Performance Management
- j. Business process review (ICT and business process integration)
- k. Security, risk management and disaster recovery, business continuity
- l. Sourcing and procurement, plus ICT vendor management
- m. Change and innovation management
- n. Social media strategy
- o. Web and portal services
- p. Customer service management and operations
- q. ICT agency/business operational model
- r. Communications

Additional detail on these functional areas can be found in Attachment E-1, Functional Area Detail. The State does not have a single comprehensive inventory. Various inventories exist for several functional areas described in Attachment E-1 and will be made available to the Contractor at Contract signing.

The State does not have a single comprehensive service catalog. Draft service catalogs exist for many functional areas described in Attachment E-1 and will be made available to the Contractor at Contract signing.



## High Level Overview of Contractor’s Approach



The Contractor shall utilize subject matter experts as well as research and analytic capabilities in meeting the deliverable requirements by leveraging and utilizing their technology, people, process and capability benchmarking, performance and maturity data bases, metrics and analytic tools, such as the following resources or others containing equivalent information or capabilities:

- IT Spending and Staffing Report and database
- IT solution and technology uptake and adoption rate information
- Human Capital Management Skills Inventory Tool and database
- Hype Cycle (Government and other sector) database and related personalized analytic tools
- SL 100 IT Services Catalog
- Industrialized Low Cost Service database
- IT Score Maturity Models for Infrastructure and Operations
- Innovation Management Maturity Model
- Others as may be identified during the design, assessment and documentation phases for the deliverables

The Contractor will deploy a team of four to six core consultants, supported by functional, technical, and public sector domain subject matter experts. The core consultants on the project team will be responsible for day to day activities, including data collection and analysis, deliverable creation, and interaction with DTMB subject matter experts. Additional project consultants will be used to help conduct the detailed analysis and recommendations described earlier — benchmarking, ICT skills, ICT procurement, and technology capabilities and opportunities. The Contractor’s subject matter experts will provide point-specific expertise in relevant topic areas which will include people, process and capabilities, and technology categories identified in Section 1.101, and public sector domain expertise such as human services, public safety and education.

The Contractor will be required to provide all work and deliverables identified in Article I, Section 1.104.



**1.102 OUT OF SCOPE**

This Contract does not include:

- Non ICT functions within DTMB (example: Print Services, Vehicle and Travel Services, etc.)
- Implementation services focused on managing, directing, or executing the recommendations provided through this Contract are out of scope. Note that deliverable F of this contract is a detailed roadmap to implementation. A detailed roadmap, including specific advice or recommendations is within scope.

**1.103 ENVIRONMENT**

The State Unified Information Technology Environment (SUITE) is a methodology that includes standards, forms and templates for project management and systems engineering:

<http://www.michigan.gov/suite>

The Contractor shall conform to SUITE Project Management Methodology (PMM) and adopt said processes and templates in performance of the project., or as mutually agreed to between Gartner and the state Project Manager.

**1.104 WORK AND DELIVERABLES**

This initiative presents a unique opportunity to partner with the State of Michigan in advancing the transformation of Michigan’s ICT maturity, service levels and outcomes. As detailed below, the Contractor will be responsible for reviewing, assessing and evaluating Michigan’s current ICT environment—including services, organizational structure, technical skillsets, challenges and opportunities. This will be followed by recommendations for improvement and an implementation plan. The State will have the option to procure additional services following the ICT Assessment, as required.

The Contractor shall provide staff and otherwise do all the things necessary to complete all deliverables and associated tasks in order to meet the requirements of the Contract.

The Contractor will address key areas of reviews as outlined in the following table. Note that the Contractor Approach column does not amend the Key Areas of Review column, nor does it represent a complete response to the focus area (technology, people, processes/capabilities) or deliverable.

The table below provides the Contractor’s approach to address key areas of review. It is recognized that a comprehensive response to a key area spans multiple deliverables, and may not be fully addressed in any one deliverable.

Key Areas of Review	Deliverable(s) (A-G)	Contractor Approach
1. What does DTMB do well and what are DTMB’s weaknesses?	A, B, C, D	Multi-tier data collection (interviews, surveys and documentation review) will inform the basis of understanding of the strengths and challenges of DTMB. These are reviewed across multiple disciplines of governance, technology, process and will provide the foundation to understand the DTMB’s mission, goals and current and future direction that drive the ICT needs.
2. Describe and recommend services to be provided by DTMB, to be provided by external service providers under contracts managed by DTMB or through a hybrid approach.	C, D, E	Based on Contractor’s understanding of the current environment and future direction of ICT for the State of Michigan, Contractor will recommend services and sourcing strategies for those services. The following approaches will be used: <ul style="list-style-type: none"> <li>■ Contractor’s Benchmarking data will enable Contractor to compare DTMB’s service delivery efficiency and effectiveness</li> <li>■ Contractor’s proposed skill assessment will help</li> </ul>



Key Areas of Review	Deliverable(s) (A-G)	Contractor Approach
		<p>identify areas where the State’s portfolio of skills will support or inhibit the ability to provide key services</p> <ul style="list-style-type: none"> <li>■ Contractor’s understanding of sourcing vendor capabilities will help to validate potential opportunities and risks to the state of Michigan</li> <li>■ Contractor’s industry and sourcing subject matter experts will review existing services and recommend candidates for external service providers, DTMB services, and those which may be suited for a hybrid approach.</li> </ul>
<p>3. Recommend service delivery business model alternatives to meet Michigan’s need to reduce costs and improve the quality of customer service. These options shall include both qualitative and quantitative descriptions of benefits and costs.</p>	<p>C, D, E</p>	<ul style="list-style-type: none"> <li>■ Leveraging future opportunities identified, Contractor will propose recommendations for service delivery alternatives by transforming DTMB from a technology-centric cost center to a customer-centric partner delivering undeniable business value</li> <li>■ Contractor will leverage Research Analysts and industry subject matter experts to define viable service delivery business model alternatives</li> </ul>
<p>4. Recommend services and offerings to be included in the Shared Services portfolio.</p>	<p>C, D, E</p>	<p>Using viable business and operating scenarios and leveraging the State’s future business needs, Contractor will collaborate with DTMB to define and recommend services that must be part of the shared services portfolio and that can be delivered with current or future resources and capabilities. Contractor subject matter experts will provide additional insight from their experience with other public and private sector clients shared services efforts.</p>
<p>5. Describe the opportunities and risks of adjusting the current ICT business model and the recommended steps to be taken to implement these changes.</p>	<p>C, D, E</p>	<p>Using viable business and operating scenarios and leveraging the future business needs, Contractor will collaborate and work with DTMB to define and recommend the services that must be part of the shared services portfolio and that can be delivered with current or future resources and capabilities. Contractor industry and technology subject matter experts will review options and provide potential risk and mitigation plans that may be helpful for the state of Michigan.</p>
<p>6. Recommend adjustments to DTMB’s overall organizational structure and ICT business model.</p>	<p>D, E</p>	<p>Using the results of the skills and competency surveys with the pertinent current state environment, Contractor will recommend potential changes and adjustments to the current organization model to be successful in the future.</p> <p>Contractor’s understanding of DTMB’s ICT management practices, as discovered when reviewing ICT processes, and selected aspects of the benchmarking results will provide additional recommendations for organization structure and business model.</p> <p>Contractor will leverage research and subject matter experts to identify a comprehensive set of potential risk</p>



Key Areas of Review	Deliverable(s) (A-G)	Contractor Approach
		factors and critical success factors for changing the business model.
<p>7. Assuming a new ICT business model is adopted, what are the expected benefits and cost savings to the State? How would operations be transformed? How would customer satisfaction be improved? What are the recommended methods for monitoring/tracking?</p>	D, E, F	<p>Contractor will assess and provide recommendations on DTMB's strengths and challenges related to change readiness, understanding of current capability and capacity, and levels of responsibility to develop key cultural risk factors and corresponding mitigation strategies. Contractor subject matter experts will help document and explain the pros and cons of each model and where opportunities for improvements might generate savings. The quantitative benchmarking information will help provide estimates of value an impact for the State. In addition, the benchmark, IT Score assessments, and ICT skills assessments all provide a baseline for the State to use in the future to monitor performance, document trends and identify issues. Contractor will leverage research, subject matter experts and benchmarking models to project potential costs and benefits, including impacts on internal and external staff.</p>
<p>8. Financially speaking, recommend alternatives for ICT cost budgeting? What are the considerations in changing the current budget model? What pricing methodology, procedures and systems would be recommended to support changes to the business model?</p>	D, E, F	<p>Using viable business and operating scenarios and leveraging the future business needs, Contractor will collaborate with DTMB to define and recommend the changes that must be implemented to gain the cost savings. At minimum, these recommendations will provide the detail of activities, timelines, and risks that must be addressed to reap the benefits. Contractor project consultants with benchmarking expertise will provide information and feedback on pricing methodologies, procedures and solutions in this area. In addition, Contractor can reach back into the organization to access other subject matter experts on ICT chargeback, and cost allocation if needed to provide additional recommendations and proven practices.</p>
<p>9. From a process and methods standpoint, what improvements, redesign or reengineering would be recommended to implement a new business model?</p>	,D,E	<p>Leveraging future opportunities identified, Contractor will propose recommendations for process improvements and delivery alternatives by transforming DTMB from a technology-centric cost center to a customer-centric partner delivering undeniable business value.</p>
<p>10. Describe considerations on how agencies and other customers would need to prepare to maximize the benefit of changes to the current business model.</p>	C, D, E, F	<p>Contractor's recommendations bring leading practices and experience across multiple disciplines. These actionable recommendations will be enabled by Program, Process, People (Organization, Governance, Change), and/or Technology initiatives. As a part of implementation planning, the Contractor team will identify major risks that may impact DTMB and other agency customers. In advance of implementing significant transformative initiatives, Contractor recommends organizations conduct a readiness assessment to document how</p>



Key Areas of Review	Deliverable(s) (A-G)	Contractor Approach
		prepared the organization and its customers are for the impending changes. This broad assessment will provide insight in some, but not all areas that would be included in such a Readiness Assessment. The cost of a Readiness Assessment is NOT included in the proposed activities.
11. Recommend components to be included in partnership agreements (with vendors and agency customers) to successfully implement and maximize the benefit of changes to the current business model.	D, E, F	Based on Contractor's deep experience with similar organizations, Contractor will identify and recommend opportunities and new services that DTMB should consider pursuing to deliver services to customers. During facilitated sessions/meetings, Contractor sourcing subject matter experts will also discuss the use of service levels to differentiate between tiers of services between vendors and customers to ensure agreements are in place.
12. What are the recommended changes to the State's approach to procuring technology products and services? What enhancements to the ICT Governance Structure are recommended to provide effective program oversight, urgency, accountability and transparency?	E, F	The Contractor team will align recommended initiatives with future ICT Requirements to determine short- and mid- term Projects that shall bring immediate benefits that map to key business lines and that have clearly definable strategic impact. Contractor's Implementation Strategy and Roadmap is a structured plan focused on the organizational, governance, tools, methodology, process, and technology changes required to achieve the desired vision. In short, it represents the "how to get there".
13. What are the recommendations for the State to support this change including recommended role, function, resource allocation and structure?	E, F	Contractor's Implementation Strategy and Roadmap is a structured plan focused on the organizational, governance, tools, methodology, process, and technology changes required to achieve the desired vision. In short, it represents the "how to get there".
14. Performance measurements are a priority for DTMB and SOM. Recommend how to measure and communicate the progress, impact and outcomes of any ICT business service delivery model adjustments. Recommend specific measures and the method by which those measures would be incorporated into DTMB's existing Performance Management Program.	C,D,E, F	Articulating the success criteria—moving from general intent to measurable, objective performance metrics—is also key in ensure success for DTMB. Contractor will leverage its extensive experience in developing and executing evolving models that will be captured in recommendations and final report.
15. Recommend ways for the State to maximize economies of scale, either through shared services or otherwise.	C,D,E, F	Contractor's Implementation Strategy and Roadmap is a structured plan focused on the organizational, governance, tools, methodology, process, and technology changes required to achieve the desired vision. In short, it represents the "how to get there".



## Role of the Contractor in Conducting this Work

Seven separate deliverables (payment milestones) are required, as described in subsections A-G below. All written deliverables will be provided in MS Office format.

### A. Evaluation of the Current Environment

The Contractor shall perform the following:

1. Review and assess DTMB's current ICT services and related operations, including governance, cost, budgeting, funding, efficiency and customer service.
2. Evaluate the structure and governance of the current ICT environment, the way it is funded, the ability of this structure to support agency customers today and into the future, as well as statewide and multi-agency activities.
3. Evaluate DTMB's delivery of ICT services against other public and private sector organizations, including benchmarking of cost, services and identification of any gaps.
4. Evaluate how well the current organizational structure and overall staffing meets goals.
5. Deliver summary presentations to Executive team and Steering Committee.

#### A.1 Detailed Approach and Breakdown of Categories

The Contractor will conduct a 360 degree integrated assessment of the State's ICT services and capabilities which will answer questions in the following four key areas: technology, people, process and capabilities.

As part of the evaluation of the current environment, Contractor will address the following objectives:

- Quantitative Assessment—Benchmark current ICT infrastructure/technology/applications costs, services and performance against peers
  - Servers, Platforms and Services, Communications, Networks, Storage
  - Data Center Facilities
  - System Management and Monitoring Tools
  - Application technologies
- Qualitative Assessment—Assess current environment and capabilities against industry trends and leading practices. This review of the current state will become the basis for the Gap Analysis and Roadmap. Dimensions of assessment include:
  - People (skills and competencies)
  - Process and capabilities
  - Technology
  - Business

DTMB and the Contractor shall jointly identify the applications to be assessed through benchmarking analysis and qualitative assessment.

The Contractor will utilize its key assessment tools, as identified in section 1.101, to support a data driven current state assessment of the different areas, including capability/maturity analysis, functional/technical quality ratings, user surveys and best practice analysis. In particular, the benchmarking provided by the Contractor will be used to complement the analysis from best-in-class comparative and cost effectiveness perspectives.

The Contractor will perform the following activities:

1. Initiate a series of data collection efforts, including but not limited to surveys of organization capabilities, skills, benchmarking data collection templates, documents, etc.
  - a. Contractor will work closely with the State to establish the schedule and agenda for all data collection activities, and will distribute data collection spreadsheets and guidelines documents. This includes:



- i. Distributing data collection material to read in advance of the data collection meetings or activities
    - ii. Presenting data collection materials and definitions at planned meetings
    - iii. The State will identify data collection teams that for be responsible for collecting data within the relevant DTMB organizational unit. Examples of data or information collected are outlined in Table 1. Major data collection activities include:
    - iv. Collect information on ICT Skills across the DTMB enterprise as the first step in understanding the true capability of DTMB's organization resources. Contractor will leverage its database of ICT skill categories and behavioral competencies to create a foundational understanding, and as a baseline for comparison to other organizations.
    - v. The Contractor will conduct a skills survey that will focus on approximately 200 skill categories, 15 generally accepted ICT job families, and the top five behavioral competencies for each job family. This will provide a basis for understanding organizational capabilities, a comparison with other organizations, and a structured objective approach. The skills inventory will reflect major categories (e.g., web development platforms), rather than specific technologies.
    - vi. Current policies, practices, technologies and enabling statute related to procurement of technology assets by DTMB, as well as customers or stakeholders of DTMB that hold independent technology procurement authority
    - vii. Enterprise technology components and direction to understand the specific technologies in place for the organization and the enterprise architecture approach.
    - viii. Background documentation on DTMB technology management processes — ICT governance, enterprise architecture, project program and portfolio management, accountability and performance management, and other items outlined in item 3. Processes and capabilities (a-r).
  - b. The State's data collection teams have primary responsibility for collecting and reporting required data in a timely manner.
  - c. The Contractor project team will work with the State data collection teams to answer any questions and provide guidance as required.
  - d. Once data has been submitted, the Contractor's project team will review the data for completeness and reasonableness and may ask questions of the State's data collection teams to clarify revise or report some data. With respect to benchmark data, the team will meet with DTMB subject matter experts to validate the data before analyzing it.
2. Plan and conduct follow-on interviews across ICT and the business
- a. After reviewing the data, Contractor may conduct follow-up interviews across ICT and the businesses within scope. The purpose of these interviews will be to ask additional questions and to further validate information from the data collection are interpreted correctly. This includes the following:
    - i. Conduct individual or group interviews ICT staff/managers and business partners to better understand current operating model and business strategies context. Interviews will be limited to 2 days during a one week period.
    - ii. Leverage Contractor's IT Score across applications and infrastructure to assess current infrastructure environment relative to industry trends and leading practice for people, process, technology, and business management.
    - iii. Review processes and capabilities across Project Management, Governance, Enterprise Architecture, business processes review (integration), customer service management and operations.
    - iv. Evaluate of the delivery of ICT services against other public or private sector organizations
    - v. As required validate skills inventory with respect to analysis of the organizational structure
    - vi. Interview key DTMB agency and local stakeholders regarding effectiveness of DTMB procurement programs



- b. Utilizing the results of the various data collection and interviews, Contractor will develop a preliminary understanding of each agency’s requirements for ICT infrastructure services and how these services are delivered to each customer unit within an organization.
- 3. Contractor will provide (1) one ½ day workshop the DTMB Project Manager or identified core team to briefly review and validate Current State Assessment
- 4. Contractor will finalize the findings and observations and report on this evaluation of the Current State

**Table 1: Examples of Data to be Gathered**

Data Category	Per Domain
Hardware costs	Annual Costs
Software costs	Annual Costs
FTE costs	Fully burdened staff costs
Transmission costs	For Network Domains
Occupancy costs	Floor space, environmental costs
Number of FTE	Total FTEs
Workload	Volume of the services or capacity based on the number of devices, contacts, minutes, traffic or other volume measures
Processes and Capabilities	DTMB processes and practices, including: shared services descriptions/offerings, service level measurements, technologies/tools, practices, planning and governance practices, etc.
Skills inventory	Skill inventory and behavioral competency information as configured within the <b>skillpower™</b> tool.

**A.2 State Responsibilities and Resources**

- DTMB Project Manager will schedule kick-off meetings, coordinate planning for activities, and schedule individual and group interviews within the current state evaluation
- DTMB Project Manager will coordinate planned project activities with Contractor’s Project Manager
- State personnel will be made available per the final project schedule
- As required, DTMB Project Manager will work with state resources or participants to provide timely delivery of documentation and/or information describing the processes, capabilities, current ICT/business strategies, role descriptions, policies and practices across the categories of focus (TECHNOLOGY, PEOPLE, PROCESS and CAPABILITIES)
- The State will identify data collection teams that will be responsible for collecting data at each DTMB organizational unit
- Identify clear accountability and ownership for data collection and interview activities
- Individuals with knowledge of workload units and cost (spending and staffing) for the various technical areas. The State will need access to recent fiscal year spending, expenses and depreciation for ICT assets and labor costs. Typical time commitment:
  - one to three weeks during data collection period for primary data collectors
  - one to three weeks for data review and refinement post data collection
- Selected DTMB representatives will log into the system and complete the inventory in order to confirm the configuration and obtain experience to provide basic support to the participants.
- ICT employees will provide information on their ICT skills and behavioral competencies. Contractor will work with DTMB to achieve a 90%-95% participant and manager ICT Skills Inventory completion rate.



### **A.3 Contractor Responsibilities and Resources**

- In advance of workshops, or submission of formal deliverables, Contractor will review the planned and emerging deliverable with relevant project team members and subject matter experts. These reviews will be scheduled, and depending upon the deliverable may take one to two hours.
- The Contractor team will examine identified outsourced application and infrastructure contracts (based on mutual agreement) to determine potential opportunities for improvement (i.e., in-sourcing, contract restructuring, recomplete, etc.)
- Contractor Project Manager will work with the DTMB Project Manager to coordinate project plan status and scheduling
- Contractor ICT Assessment experts will address planned project activities as outlined
- Provide subject matter experts to review and evaluate current state practices
- Project consultants will assist State resources with completing data collection templates by providing an orientation and detailed review of the data collection instruments, and point-specific advice while DTMB employees gather the information
- Partner with DTMB project manager to schedule interviews and follow-on discussions for current state evaluation
- Configure and support the skills inventory data collections for the DTMB participants
- Contractor Project Manager will work with the State to coordinate project plan status and scheduling

### **A.4 Acceptance Criteria**

The State will accept a fully-documented detailed report in Microsoft PowerPoint or other format as appropriate that meets Deliverable A requirements described above as well as a summary presentation in Microsoft PowerPoint and a narrative executive summary in Microsoft Word. In addition, the acceptance criteria for Deliverables listed in Section 1.501 must be met.

## **B. Evaluation of State's Business Needs**

The Contractor shall perform the following:

1. Identify current ICT needs and evaluate future ICT needs and priorities, at both the agency-specific and statewide level.
2. Evaluate how well the current technology environment supports agency-specific and statewide goals.
3. Evaluate the key factors driving DTMB technology investment decisions and how well the current environment ensures that investments support executive office, agency-specific and statewide objectives.
4. Deliver summary presentations to Executive team and Steering Committee.

### **B.1 Detailed Approach and Breakdown of Categories**

Through ongoing data collection and interviews of the State's priorities, vision and short/long term direction, the Contractor will better understand the business environment, trends and the implications on existing process, information, and technology. In order to provide a qualitative assessment of the efficacy of specific technology systems and answer a number of key questions to understand the State's needs and objectives, Contractor shall:

- Review the executive office, agency-specific, and statewide goals and objectives. For each of these entities Contractor shall:
  - Identify ICT solutions and the objectives they support
  - Identify objectives not supported by ICT solutions
  - Describe the extent to which ICT services adequately support achievement of executive office, agency specific and statewide future direction and objectives, including gaps and implications of these gaps



While evaluating the State's business needs, Contractor will:

1. Conduct interviews with executive office, State agency, statewide representatives or business leaders to determine linkages between the organization's mission, business goals and objectives, and current and future ICT directions
2. Review current and future ICT needs and priorities based on current state evaluation and analysis of ICT strategies and ICT leader's future vision.
  - a. Evaluate current state understanding against executive office, agency-specific and statewide goals or strategic direction, including:
    - i. Technology investments and transformations (infrastructure/applications)
    - ii. Procurements and sourcing
    - iii. Organizational structure (skills, reporting, competencies)
    - iv. Short and Long range investments (initiatives)
  - b. Evaluate key drivers or factors driving State agency/business and ICT/DTMB technology investment decisions
3. Analyze industry comparisons (public and private) from infrastructure and applications against future State vision/directions.
4. Contractor will finalize the state business needs analysis narrative and summary report.

### **B.2 State Responsibilities and Resources**

- Communicate the purpose and scope of this effort to the DTMB customer base to facilitate access and support.
- DTMB Project Manager will schedule interviews and ensure attendance by scheduled stakeholders.
- The DTMB Project Manager will identify and schedule up to 10 individual or group business and ICT leaders (45 minutes to 1.5 hours, depending upon the size of the group being interviewed) to review current and future strategies, needs and vision.
- DTMB Project Manager will coordinate planned project activities with Contractor's Project Manager.
- As required, DTMB Project Manager will work with state resources to provide timely delivery of documentation and/or information describing the processes, capabilities, current ICT/business strategies, role descriptions, policies and practices across the categories of focus (TECHNOLOGY, PEOPLE, PROCESS and CAPABILITIES).
- State personnel will be made available per the final project schedule.
- The DTMB Project Manager will provide Executive office, agency-specific and statewide goals and objectives in advance of interviews.
- The DTMB Project Manager will provide a compilation and high level explanation of executive office, agency-specific, and statewide ICT solutions in advance of interviews and meetings.

### **B.3 Contractor Responsibilities and Resources**

- In advance of workshops, or submission of formal deliverables, Contractor will review the planned and emerging deliverable with relevant project team members and subject matter experts. These reviews will be scheduled, and depending upon the deliverable may take one to two hours.
- Contractor Project Manager will work with the State to coordinate project plan status and scheduling.
- Contractor ICT Assessment experts will address planned project activities as outlined.
- Contractor industry subject matter experts to review and identify key drivers and business needs for ICT and statewide goals.



#### **B.4 Acceptance Criteria**

The State will accept a fully-documented detailed report in Microsoft PowerPoint or other format as appropriate that meets Deliverable B requirements described above as well as a summary presentation in Microsoft PowerPoint and a narrative executive summary in Microsoft Word. In addition, the acceptance criteria for Deliverables listed in Section 1.501 must be met.

#### **C. Identification of Business, Services and Technology Opportunities**

The Contractor shall perform the following:

1. Identify what other opportunities may exist to improve the State's business, services and technology capabilities.
2. Review factors to be considered when expanding shared services.
3. Identify opportunities to advance technology and business process integration, partnerships and shared services, enhanced accountability and performance management and generate savings and operational efficiencies.
4. Outline the short- and long-term impacts of changing services along with the operational efficiencies and savings expected to result.
5. Identify opportunities for and challenges to adjusting existing organizational structures.
6. Provide a methodology and conduct analysis to ultimately generate recommended prime candidates for shared services. Specific criteria, should include, but not be limited to: Business value, known advantages/disadvantages; level of strategic priority; return on investment, effort required, timetable and implementation considerations.
7. Deliver summary presentations to Executive team and Steering Committee.

#### **C.1 Detailed Approach and Breakdown of Categories**

Contractor will identify and define future State opportunities that may continue to enhance the State's business, services and technology capabilities. The future State vision will be used to further identify opportunities that may exist to improve or enhance the State's current state and capabilities. These opportunities and future vision will also be used to establish a gap analysis between the current and desired future state. Contractor shall:

1. Identify viable business, service, and technology operating scenarios
  - a. Outline a Future State Profile that meets DTMB's business vision and direction while providing a more efficient and effective shared services.
  - b. Develop a comprehensive view of State ICT services that will focus business vision and strategies and apply Contractor research findings, industry trends, and leading practices.
  - c. Compare with industry standards, including, but not limited to, describing Contractor's IT Score and where the State's infrastructure maturity would fit within this model to visually articulate the amount of work left to accomplish.
  - d. Focus on trends in State governments, including business opportunities within the following agencies: economic development, health, human services, education, transportation, environment and energy.
2. Identify potential risks and mitigation
  - a. Identify key gaps, risks and opportunities for improvement while reducing cost and increasing service levels.
3. Analyze scenarios against State requirements using comparable organizations and industry leading practices for:
  - a. Technology—Illustrate how the State compares to peer organizations in spending on a functional area basis and by spending categories. Opportunities to reduce costs will be identified. Opportunities to increase investment in areas tied to achieving executive objectives will also be identified. In addition, assess how the ICT technology portfolio is positioned for strategic technology capabilities of the future.



- b. People—measure current levels and cost for staffing for technology services. Opportunities to change reduce or add staff will be identified.
  - c. Processes and Capabilities—opportunities to improve or reduce service levels will be identified. Process and capabilities needed across governance, policy, investments and services will also be identified.
4. Analyze and outline recommendations for candidate shared services based on current State and business needs
    - a. Include a definition of business value, advantages/disadvantages, level of strategic priority, return on investment, effort required, timetable and implementation considerations.

### **C.2 State Responsibilities and Resources**

- DTMB Project Manager will schedule interviews and ensure attendance by scheduled stakeholders.
- DTMB Project Manager will coordinate planned project activities with Contractor's Project Manager.
- State personnel will be made available per the final project schedule.
- As required, DTMB Project Manager will work with state resources to provide timely delivery of documentation and/or information describing the processes, capabilities, current ICT/business strategies, role descriptions, policies and practices across the categories of focus (TECHNOLOGY, PEOPLE, PROCESS and CAPABILITIES).

### **C.3 Contractor Responsibilities and Resources**

- In advance of workshops, or submission of formal deliverables, Contractor will review the planned and emerging deliverable with relevant project team members and subject matter experts. These reviews will be scheduled, and depending upon the deliverable may take one to two hours.
- Contractor Project Manager will work with the State to coordinate project plan status and scheduling.
- Leverage Contractor subject matter experts and Research capacities as described above in Section 1.101 of the Contract to better assess how well the DTMB ICT portfolio is positioned for the future.
- Contractor ICT Assessment experts will address planned project activities as outlined.
- Provide subject matter experts to review and identify key business, technology and service opportunities ICT and statewide goals.

### **C.4 Acceptance Criteria**

The State will accept a fully-documented detailed report in Microsoft PowerPoint or other format as appropriate that meets Deliverable C requirements described above as well as a summary presentation in Microsoft PowerPoint and a narrative executive summary in Microsoft Word. In addition, the acceptance criteria for Deliverables listed in Section 1.501 must be met.

For major improvement recommendations that can be quantitatively analyzed, Contractor will provide financial analysis that includes savings and costs, as well as additional calculations such as benefits, return on investment, total cost of ownership, and payback period, as appropriate. For major improvement recommendations of a qualitative nature, Contractor will provide general estimates of savings and costs as feasible.

## **D. Maturity and Gap Analysis**

The Contractor shall perform the following:

1. Assess and describe the gap or difference between the current 'as-is' status and the best practice opportunities and potential for Michigan's ICT services and environment.



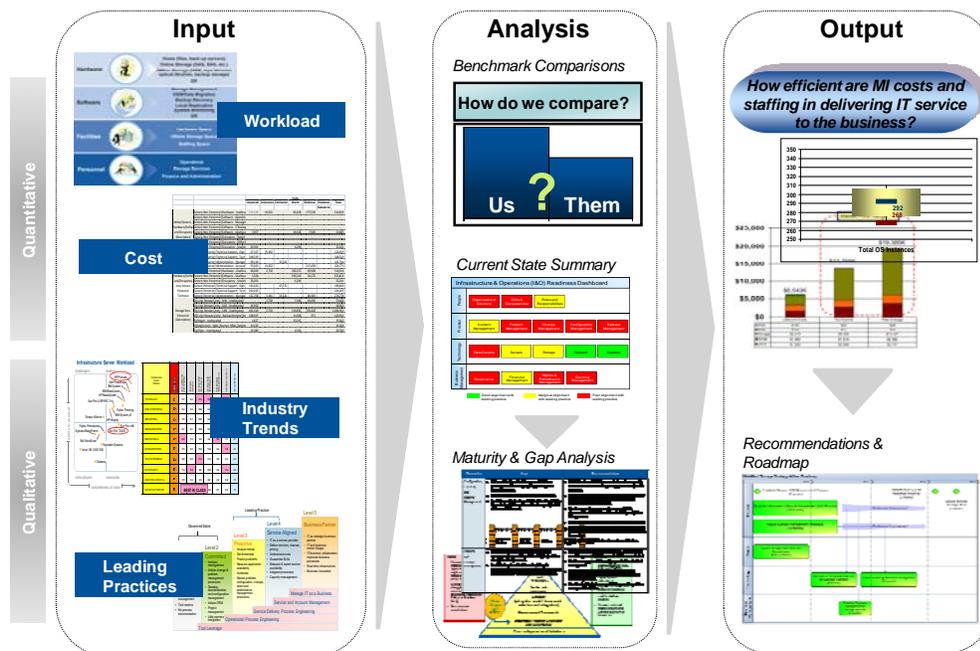
2. Identify and document the qualitative and quantitative difference in the categories of focus outlined in section 1.101, including at a minimum:
  - o Role and goals for information, communications and technology (ICT)
  - o Business and management models, and ICT alignment with business processes
  - o Policies, strategies and legal provisions
  - o Governance, organization design, staffing and skill composition
  - o Processes, services and technology capabilities
  - o Internal / external balance of service provision and scope of shared services
  - o Funding and resources, including any savings or cost avoidance
  - o Differences in performance and outcomes
3. Deliver summary presentations to Executive team and Steering Committee.

**D.1 Contractor Approach and Breakdown of Categories**

A core component of Contractor’s approach is a comprehensive ICT capabilities assessment. Contractor’s framework for ICT assessments allows organizations to develop a comprehensive understanding of strengths and weaknesses of ICT, and how well the ICT organization is able to meet current and future business requirements. As outlined in the following diagram, Contractor will conduct a maturity and gap analysis utilizing a holistic framework.

Based on the current State findings, business drivers, and maturity analysis, Contractor will identify key gaps, risks, and inefficiencies that provide opportunity for increasing productivity and service quality while also reducing costs and risk. Contractor will utilize a variety of quantitative and qualitative analysis techniques to integrate current State understanding into an overall Maturity and Gap analysis. The following diagram outlines how the integration of the methodologies and techniques will provide inputs into the development of a prioritized list of recommendations and initiatives for the State to take action in the near and long term.

**Contractor Approach for Integrating Assessment Data into a Comprehensive Assessment**



Contractor will develop a comprehensive set of gap and maturity assessments through:

1. Integrating analyses to provide a comprehensive analysis and assessment of maturity, including:



- a. Utilize the Contractor maturity models to assess current state maturity against Contractor's IT Score assessment model for Technology, People, Process and Capabilities.
- b. Outline gaps between current state and the best practices across Technology, People, Process and Capabilities.
2. Evaluating ICT capabilities against peers utilizing benchmarking analysis for:
  - a. Technology—Specific gaps in spending, workload in technical areas will be identified. Best practices in terms of cost and staffing in technical functional areas will be discussed.
  - b. People—Comparisons in staffing in terms of levels, skills and costs in each area.
  - c. Processes and Capabilities—the benchmark analysis will identify gaps between the State and peer organizations in terms of service management processes and service levels.
3. Evaluating ICT capabilities to meet State business direction, vision and goals
  - a. Reviewing integrated assessment results of maturity and gaps against the State's business direction, vision and goals
  - b. Outline gaps in people, process and technology

#### **D.2 State Responsibilities and Resources**

- DTMB Project Manager will coordinate planned project activities with Contractor's Project Manager.
- DTMB Project Manager will coordinate any additional follow-on interviews or data collection/clarification sessions and ensure attendance by scheduled stakeholders.
- DTMB Project Manager will work with state resources to validate information describing the processes, capabilities, current ICT/business strategies, role descriptions, policies and practices across the categories of focus (TECHNOLOGY, PEOPLE, PROCESS).
- DTMB will validate ICT information (policies, processes, staffing, financial/accounting, and technology) prior to analysis and integration.
- State personnel will be made available per the final project schedule.

#### **D.3 Contractor Responsibilities and Resources**

- In advance of workshops, or submission of formal deliverables, Contractor will review the planned and emerging deliverable with relevant project team members and subject matter experts. These reviews will be scheduled, and depending upon the deliverable may take one to two hours.
- Contractor Project Manager will work with the State to coordinate project plan status and scheduling.
- Contractor ICT Assessment experts will address planned project activities as outlined.
- Provide subject matter experts to review and identify gaps/maturity analysis results for ICT and Business goals.

#### **D.4 Acceptance Criteria**

The State will accept a fully-documented detailed report in Microsoft PowerPoint or other format as appropriate that meets Deliverable D requirements described above as well as a summary presentation in Microsoft PowerPoint and a narrative executive summary in Microsoft Word. In addition, the acceptance criteria for Deliverables listed in Section 1.501 must be met.

For major improvement recommendations that can be quantitatively analyzed, Contractor will provide financial analysis that includes savings and costs, as well as additional calculations such as benefits, return on investment, total cost of ownership, and payback period, as appropriate. For major improvement recommendations of a qualitative nature, Contractor will provide general estimates of savings and costs as feasible.



## **E. Recommendations for Business Model and Technology Solution Alternatives – Based on Results of Deliverables A-D**

The Contractor shall perform the following:

1. Develop recommendations for an organizational model including external relationships and partnerships.
2. Formulate strategies for the expansion of shared services, including recommendations for governance models, and examples of successful models from the public and private sector.
3. Recommend options for collaboration and sharing of technology and services between state and local governments, in support of executive office goals to reinvent Michigan.
4. Assess requirements and opportunities for innovation through service delivery and management approach, as well as partnerships within the areas including, but not limited to, economic development, health, education, human services, transportation, environment and energy.
5. Identify specific advantages and any disadvantages of any proposed model, including implementation strategies, critical success factors, potential barriers to implementation, a pricing model including both total cost of ownership (TCO) and return on investment (ROI) and customer service targets.
6. Show evidence of the success of the recommended model changes in other entities.
7. Present findings to the Governor's Office, DTMB, and advisors for a review of the options and facilitate a discussion to determine next steps.

### **E.1 Detailed Approach and Breakdown of Categories**

Contractor will develop specific recommendations on an improvement program to address opportunities highlighted by the preceding benchmarking and gap analysis. Contractor will partner with key stakeholders from the State to review the recommendations and validate, revise or refine these recommendations and options to facilitate a discussion for next steps. Contractor will:

1. Develop recommendations and propose models based on formulating:
  - a. Organizational Models—internal and external partnerships or future collaborations warranted
  - b. Strategies for shared services
  - c. Strategies for technology services, service delivery and technology management processes and capabilities
  - d. Areas of innovation and reinvention
2. Develop and prioritize recommendations to address gaps in ICT services
  - a. Validate the impacts and implications for the proposed models
  - b. Outline advantages and disadvantages of proposed models
3. Conduct a workshop with DTMB leadership and selected others to review and validate potential opportunities. This would be held in advance of a meeting with the Governor's office, DTMB, and advisors to vet emerging ideas and concepts.
4. Present findings to the Governor's office, DTMB leadership and external advisors and determine next steps.

### **E.2 State Responsibilities and Resources**

- DTMB Project Manager will coordinate planned project activities with Contractor's Project Manager.
- DTMB Project Manager will identify key stakeholders (Governor's Office, DTMB, and external advisors) to participate in review sessions.
- DTMB Project Manager will coordinate and schedule the presentation and review of the findings, options and model alternatives with the key stakeholders (Governor's Office, DTMB, and external advisors) .
- State personnel will be made available per the final project schedule.



### **E.3 Contractor Responsibilities and Resources**

- In advance of workshops, or submission of formal deliverables, Contractor will review the planned and emerging deliverable with relevant project team members and subject matter experts. These reviews will be scheduled, and depending upon the deliverable may take one to two hours.
- Contractor Project Manager will work with the State to coordinate project plan status and scheduling.
- Contractor ICT Assessment experts will address planned project activities as outlined.
- Provide industry- and domain-specific subject matter experts to outline and refine recommendations, and participate in executive meetings.

### **E.4 Acceptance Criteria**

The State will accept a fully-documented detailed report in Microsoft PowerPoint or other format as appropriate that meets Deliverable E requirements described above as well as a summary presentation in Microsoft PowerPoint and a narrative executive summary in Microsoft Word. In addition, the acceptance criteria for Deliverables listed in Section 1.501 must be met.

For major improvement recommendations that can be quantitatively analyzed, Contractor will provide financial analysis that includes savings and costs, as well as additional calculations such as benefits, return on investment, total cost of ownership, and payback period, as appropriate. For major improvement recommendations of a qualitative nature, Contractor will provide general estimates of savings and costs as feasible.

## **F. Roadmap to Implementation**

The Contractor shall perform the following:

1. Prepare an implementation action plan, based on the model and next steps agreed upon through Deliverable E.
2. For major recommendations, identify the detailed steps, resources required, estimated timelines, estimated costs and savings, interdependencies, impacts on employees and customer agencies, and risks and potential mitigation strategies.
3. Host a joint meeting, including the Governor's Office, DTMB, and external advisors to present and review the implementation plan.

### **F.1 Detailed Approach and Breakdown of Categories**

The Roadmap describes the steps needed to achieve the strategic recommendations. Contractor will develop an actionable Roadmap that addresses the major themes and provides value driven optimization in areas where gaps have been identified. Using the prioritization of opportunities and direction of the business model, Contractor will develop an implementation plan for the State. Contractor will factor in project priorities, dependencies and resource constraints when sequencing the projects on the roadmap.

Contractor will take the finalized recommendations and develop:

1. Implementation strategy and plan based on a Contractor's proposed service delivery and business model and comprehensive analysis, including:
  - a. Detailed activities and interdependencies
  - b. Resource requirements
  - c. Estimated timelines
  - d. Critical Success Factors, including impacts on State personnel and agencies
  - e. Risks and mitigation strategies
  - f. Estimated costs and savings and other financial impacts as identified in deliverables C through E.
2. Review implementation plan with key stakeholders



## **F.2 State Responsibilities and Resources**

- DTMB Project Manager will coordinate planned project activities with Contractor's Project Manager.
- DTMB Project Manager will identify key stakeholders (Governor's Office, DTMB, and external advisors) to participate in review sessions.
- DTMB subject matter experts will provide substantive input and feedback on recommended initiatives.
- State personnel will be made available per the final project schedule.
- DTMB Project Manager will coordinate and schedule the presentation and review of the findings, options and model alternatives with the key stakeholders (Governor's Office, DTMB, and external advisors).
- State Project Sponsor, DTMB Project Manager, and key stakeholders will review draft implementation roadmap prior to joint meeting with the executive office, DTMB leadership, and external advisors.

## **F.3 Contractor Responsibilities and Resources**

- In advance of workshops, or submission of formal deliverables, Contractor will review the planned and emerging deliverable with relevant project team members and subject matter experts. These reviews will be scheduled, and depending upon the deliverable may take one to two hours.
- Contractor Project Manager will work with the State to coordinate project plan status and scheduling
- Contractor ICT Assessment experts will address planned project activities as outlined
- Provide subject matter experts to outline and refine implementation roadmaps.

## **F.4 Acceptance Criteria**

The State will accept a fully-documented detailed report in Microsoft PowerPoint or other format as appropriate that meets Deliverable F requirements described above as well as a summary presentation in Microsoft PowerPoint and a narrative executive summary in Microsoft Word. In addition, the acceptance criteria for Deliverables listed in Section 1.501 must be met.

For major improvement recommendations that can be quantitatively analyzed, Contractor will provide financial analysis that includes savings and costs, as well as additional calculations such as benefits, return on investment, total cost of ownership, and payback period, as appropriate. For major improvement recommendations of a qualitative nature, Contractor will provide general estimates of savings and costs as feasible.

## **G. Final Report Deliverable – Based on Results from Deliverables A-F**

### **G.1 Detailed Approach and Breakdown of Categories**

The Contractor shall perform the following:

1. Provide a fully-documented, free-standing narrative report to include:
  - Recommendations
  - Roadmap to implementation
  - Business case for change
  - Risk assessment and benefits/value to DTMB and State agencies
  - Cost and savings of implementing changes as identified in deliverables C through F
  - Return on investment
2. Recommendations summary presentation
3. Communications plan
4. Change management plan
5. Present findings to the Executive Office and other key executives within the State of Michigan.



**G.2 State Responsibilities and Resources**

- DTMB Project Manager will coordinate planned project activities with Contractor’s Project Manager.
- State personnel will be made available per the final project schedule.
- DTMB Project Manager will identify key stakeholders (Governor’s Office, DTMB, and external advisors) to participate in review sessions.
- DTMB Project Manager will coordinate and schedule the presentation and review of the findings, options and model alternatives with the key stakeholders (Governor’s Office, DTMB, and external advisors).
- State Project Sponsor, DTMB Project Manager, and key stakeholders will review draft implementation roadmap and summary presentation prior to joint meeting.

**G.3 Contractor Responsibilities and Resources**

- In advance of workshops, or submission of formal deliverables, Contractor will review the planned and emerging deliverable with relevant project team members and subject matter experts. These reviews will be scheduled, and depending upon the deliverable may take one to two hours.
- Contractor Project Manager will work with the State to coordinate project plan status and scheduling.
- Contractor ICT Assessment experts will address planned project activities as outlined.
- Provide subject matter experts to finalize final report content.

**G.4 Acceptance Criteria**

The State will accept a fully-documented detailed report in Microsoft PowerPoint or other format as appropriate that meets Deliverable G requirements described above as well as a summary presentation in Microsoft PowerPoint and a narrative executive summary in Microsoft Word. In addition, the acceptance criteria for Deliverables listed in Section 1.501 must be met.

For major improvement recommendations that can be quantitatively analyzed, Contractor will provide financial analysis that includes savings and costs, as well as additional calculations such as benefits, return on investment, total cost of ownership, and payback period, as appropriate. For major improvement recommendations of a qualitative nature, Contractor will provide general estimates of savings and costs as feasible.

**1.200 Roles and Responsibilities**

**1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES**

**A. Contractor Staff**

1. The following subcontractor is approved:

Civic Initiatives LLC  
 301 Congress, Ste. 375  
 Austin, TX 78701

Civic Initiatives LLC will provide procurement related expertise and services including but not limited to the following:

- data collection support, data analysis and recommendations for procurement assessment
- procurement assessment findings as part of the integrated assessment results



2. The Contractor will provide and update when changed throughout the project, an organizational chart.
  - a. This chart must indicate lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm.
  - b. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.
  - c. The chart must clearly indicate all roles required in the project and must also indicate the total number of persons expected to be involved by the Contractor (and any subcontractors) in each role.
  
3. Key Personnel
  - a. The Contractor will provide sufficient qualified staffing to satisfy the deliverables of this Statement of Work. All Key Personnel will be subject to the State's interview and approval process. The State reserves the right to require a change in any key position if the individual is not, in the opinion of the State, adequately serving the needs of the State. Any key staff substitution proposed by the Contractor must meet the required skills and experience outlined below per position, and must have the prior written approval of the State. The following three (3) roles are required as Key Personnel for this Contract and subject to liquidated damages per section 2.243:
    1. **Project Manager (Eugene Martinez)** - 100% dedicated to this project
 

Required Skills and Experience:

      1. Demonstrated information technology management experience in public sector
      2. Demonstrated information technology management experience in private sector
      3. Demonstrated experience assessing a consolidated ICT organization and infrastructure of at least 500 employees
      4. Must have PMP certification

Required Responsibilities:

      1. Interact with the designated personnel from the State to insure a smooth execution of this project.
      2. Coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State
      3. Manage all defined Contractor responsibilities in this Scope of Services.
      4. Manage Contractor's subcontractor
      5. Develop the project plan and schedule, and update as needed
      6. Serve as the point person for all project issues
      7. Coordinate and oversee the day-to-day project activities of the project team
      8. Assess and report project feedback and status
      9. Resolve project issues, project risks, and other concerns
      10. Ensure creation of all deliverables. Review all project deliverables and provide feedback
      11. Proactively propose/suggest options and alternatives for consideration
      12. Utilize change control procedures, if any
      13. Prepare project documents and materials
      14. Manage and report on the project's budget
    2. **ICT Assessment Expert (Robert Stalder)** - 100% dedicated to this project
 

Required Skills and experience:

      1. Has delivered a state, county, or municipal project that is comparable to this RFP in size and scope.



2. Demonstrated information technology management experience in public sector
3. Demonstrated information technology management experience in private sector
4. Demonstrated experience assessing a consolidated ICT organization and infrastructure of at least 500 employees

Required Responsibilities:

1. Manage all defined Contractor assessment responsibilities in this Scope of Services
2. Develop assessment related project plans, timelines and recommendations
3. Serve as the point person for all assessment related issues
4. Coordinate and provide hands-on involvement in the day-to-day assessment activities
5. Provide timely assessment task progress, feedback and status
6. Resolve assessment / task related issues, assessment / task related risks, and other
7. assessment / task related concerns
8. Create all assessment deliverables. Review all assessment related deliverables and provide feedback
9. Proactively propose/suggest options and alternatives for consideration
10. Prepare project documents and materials

3. **Single Point of Contact (Paul Denvir)**

Required Skills and experience:

1. Demonstrated information technology management experience in public sector
2. Demonstrated information technology management experience in private sector
3. Demonstrated experience assessing a consolidated ICT organization and infrastructure of at least 500 employees

Required Responsibilities:

1. Support the management of the Contract
2. Facilitate dispute resolution
3. Advise the State of performance under the terms and conditions of the Contract

4. Non Key Personnel

The Contractor will provide the following non-key individuals and positions:

**Project Team (non-key Personnel)**

1. Jillian Jones – Project Consultant
2. Matt Talbott – Project Consultant
3. Ivy Anderson – Quality Assurance
4. Brett Rugroden – Quality Assurance
5. Jim Lewandowski –IT Skills Project Consultant
6. Janice Francis – IT Skills Project Consultant
7. Dustin Lanier – Project Consultant/Procurement/Subcontractor
8. Derrek Davis – Project Consultant/Procurement/Subcontractor
9. Dick Arnold – Benchmark Project consultant
10. Howard Peters – Benchmark Project Consultant
11. Catherine Taylor – Benchmark Project Consultant
12. Shitij Sharma – Project Consultant
13. Frank Petrus – SME



- 14. Jon Kashare –SME
- 15. Steve Buckley – SME
- 16. Barry Goldberg – SME
- 17. Michael Pedersen -- SME

- The Project Consultants/SMEs will work closely with the State to complete work plan tasks and high quality deliverables. They conduct data collection and analysis, and assist in development of deliverables. They work under the direction of a team lead, ICT Assessment Expert, or Project Manager. Project consultants may have general skill sets, or engagement-specific skills, as noted below.
  - ❑ *Benchmark Analysts*— Provide data collection support, data analysis and recommendations creation for benchmarking activities and present benchmarking results to DTMB as needed.
  - ❑ *ICT Skills Assessment*—Provide data collection and analysis of skills assessment data; provides input on organization structure and related areas.
  - ❑ *Procurement* — Provide data collection and analysis of ICT procurement data; provide comparisons to other state and government entities.
  - ❑ *Subject Matter Experts (SME)* —Provide depth and breadth of expertise in specific areas to support the development of client deliverables. As appropriate, assist in facilitating client workshops to build consensus around specific strategy areas.
  - ❑ *Quality Reviewers*—Ensure overall quality of deliverables and client satisfaction. Conduct internal review of key client deliverables with Contractor project team prior to delivery to client. Act as a key point of contact within Contractor to identify and obtain key subject matter experts to provide point-specific guidance and advice.

**B. On-Site Work Requirements**

**1. Location of Work**

- a. The Contractor will perform work at various State facilities located near downtown Lansing, Michigan. Approximately 10% of the State facilities will be in Michigan, outside of the Lansing area, and include the metropolitan Detroit area. The Contractor is not required to perform all work onsite, however the State’s expectation is that there will be a significant amount of work onsite including but not limited to the following face to face activities: meetings and workshops, physical assessments, interviews, and presentations.
- b. When the Contractor is on-site:
  - i. The State will provide workspace (work space, telephone, and access to a printer, copier, and fax machine).
  - ii. The State reserves the right to inspect and scan any equipment supplied by the Contractor that will be connected to the State’s network.
  - iii. The Contractor is responsible for the return of all State issued equipment in the same condition as when provided by the State, reasonable wear and tear expected, upon Contractor staff release from the project.

**2. Hours of Operation:**

- a. Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday. Work will be performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
- b. The State is not obligated to provide State management of assigned work or access to state personnel assigned to this project outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.
- c. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.



### 3. Travel/Housing Accommodations:

- a. No travel or expenses will be reimbursed, including travel costs related to training provided to the State by the Contractor.
- b. Travel time will not be reimbursed.
- c. The State is not responsible for providing the use of vehicles for the Contractor.
- d. The State is not responsible for providing housing accommodations to the Contractor.

### 4. Additional Security and Background Check Requirements:

For personnel in state, Contractor must present certifications evidencing satisfaction Michigan State Police Background checks (ICHAT). For personnel out of state, Contractor must present certification of background check. Contractor should also indicate the individuals have passed a company sponsored drug test.

In addition, proposed Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints, if required by project.

Contractor will pay for all costs associated with ensuring their staff meets all requirements.

## 1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

State personnel are only authorized to perform work on Business Days, unless otherwise authorized by the State.

The State will provide a project management team that will coordinate all of the activities of the State's personnel assigned to the project, including the following:

- (1) Coordinate with the Contractor to determine the system configuration;
- (2) Coordinate the State's information technology systems;
- (3) Coordinate the State resources necessary for the project;
- (4) Facilitate coordination among external contractors;
- (5) Facilitate communication among State departments;
- (6) Provide acceptance of Deliverable(s);
- (7) Review and approve timesheets and invoices;
- (8) Escalate project issues as necessary;
- (9) Utilize change control procedures;
- (10) Document important project decisions; and
- (11) Facilitate State personnel attendance at project meetings.

The State's project management team includes:

- Virginia Hambric, Project Manager
- Jim Willems, Strategic Planning Lead

The two State individuals identified above are the primary State staff for this project. Other relevant experts and staff members are aware of the project and will be made available as needed, at the Project Manager's discretion.

The State will utilize Subject Matter Experts (SMEs) to represent the business units involved. The SME's will participate in project activities in accordance with the agreed upon project plan. SMEs will coordinate the activities of their respective business units, including the following:

- (1) Review the project plan;
- (2) Provide status updates;
- (3) Review project issues as necessary;
- (4) Review Deliverable(s);
- (5) Utilize change control procedures;
- (6) Coordinate the business unit resources necessary for the project; and
- (7) Make recommendations as necessary.



## **1.300 Project Plan**

### **1.301 PROJECT PLAN MANAGEMENT**

#### **Project Control**

1. The Contractor will carry out this project under the direction and control of DTMB
2. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at <http://www.michigan.gov/suite>
3. The Contractor will submit the Project Plan within twenty (20) business days of the execution of the Contract, to the State Project Manager(s) for final review and approval.
4. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:
  - a. Staffing tables with names of personnel assigned to Contract tasks.
  - b. Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each.
    1. Summary plan showing start and end dates for all deliverables
    2. Said plan is updated no less than biweekly
  - c. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

#### **Project Plan**

The Preliminary Project Plan was submitted with Contractor's technical proposal and is provided as **Attachment B**. The Preliminary Project Plan serves as the foundation upon which the Project Plan will be built.

The Contractor shall review current gubernatorial, DTMB, selected agency and ICT strategic goals as well as interview key senior executives and stakeholders to better understand the State's priorities. This information will be used to adjust focus and assessment priorities and will be included in the final project plan.

1. The Project Plan will include:
  - a. Statement of project objectives
  - b. Statement of project approach, that is, how the contractor will apply their understanding and their experience while following the components in Section 1.104.
  - c. Roles and responsibility matrix for both Contractor and State personnel
  - d. Organization chart consistent with Section 1.200 requirements
2. The Project Plan will include a MS Project Schedule that includes:
  - a. All deliverables and tasks as defined in Section 1.104
    - i. Target start and end dates for the deliverables.
    - ii. Reflect the dates when deliverables are submitted to the State for review and the dates when deliverable approval is expected to be approved (consistent with terms defined elsewhere including 1.500, 2.253 and 2.254)
  - b. Dependencies that illustrate the relationship of various tasks and deliverables
  - c. Identification of roles likely to participate in the tasks and deliverables
  - d. Internal milestones
  - e. Task durations
3. The Project Plan will include the following deliverables for which payment shall be made.
  - a. Payment to the Contractor will be made upon the completion and acceptance of the deliverable, not to exceed contractual costs. A deliverable is defined as complete when all of the components within the deliverable have been completed and accepted by the State.
    - i. Failure to provide deliverable by the identified date may be subject to liquidated damages as identified in Article 2.



4. The Project Plan will include the following:
  - a. Change Management Plan – See Section 1.403 below
  - b. Communications Plan – Details how information is shared within the team and with stakeholders including meetings, reports, who creates the report, who attends meetings or receives reports, frequency, etc.
  - c. Resource Plan – Details the process to ensure skills and experience are identified and procured or developed to ensure “right people for the specific roles.”
  - d. Issues Management Plan – See Section 1.401
  - e. Risk Management Plan – See Section 1.402
  - f. Quality Management Plan
5. The Project Schedule developed during Initiation and Planning will include:
  - a. Tasks
  - b. Deliverables

### **Orientation Meeting**

Upon 10 calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract. This is not the same meeting as the Project Kick-off defined elsewhere. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

### **Status Review Meetings**

The State will require the Contractor to attend no less than biweekly meetings to review the Project Status as well as Contractor’s performance under the Contract. The meetings will leverage the Project Status Report (defined below) and updated Project Schedule. They will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

## **1.302 REPORTS**

A Weekly Project Status Report (PSR) will be required from the Contractor from the start of the project until the completion of the project. The PSR must reflect the activity of all parties involved in the project and not just contractor effort.

Reporting formats must be submitted to the State’s Project Manager for approval within ten (10) business days after the execution of the contract resulting from this RFP. The Contractor shall use as its base the Project Status Report SUITE template. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract unless changed with written agreement of the DTMB Project Manager. Report components will include:

- Executive summary of activity during the report period
- Accomplishments during the reporting period
- Deliverable status
- Schedule status
- Change control
- Planned accomplishments during the coming report period
  - Planned accomplishments indicate specific work started or completed and not work in process
- Action item status
  - The log may be attached rather than material copied into the actual PSR
  - Action Item includes the action, owner, target date, updates and closure date
- Issues
  - The log may be attached rather than material copied into the actual PSR
  - Detail on the Issue Log is provided in 1.401 (below)
- Risks
  - The log may be attached rather than material copied into the actual PSR



- Detail on the Risk Log is provided in 1.402 (below)

The Contractor shall include, within the Executive Summary of the Project Status Report, a statement that the project is on schedule or, if not, reasons for discrepancies and a tracking date.

An updated Project Schedule reflecting activity to date as well as updates to the estimate to complete will also be provided by the Contractor with the Project Status Report. The Project Schedule will identify tasks that are over estimate and/or behind schedule with associated actions to address the situation.

#### **1.400 Project Management**

The Contractor will use the State's Project Management Methodology known as SUITE. The Contractor may augment the State's Methodology with additional tools and processes.

Within the Project Plan (defined above) the Plans need to include each of the following topics and be consistent with the content herein.

#### **1.401 ISSUE MANAGEMENT**

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget.

The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Project Manager as part of the Project Status Report or as otherwise agreed to. The issue log must be updated and must contain the following minimum elements:

- Description of issue
- Issue identification date
- Target date for resolution
- Responsibility for resolving issue (a single owner).
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor)
- Resources assigned responsibility for resolution
- Updates (indicating date and progress made towards resolution of the issue)
- Resolution date
- Resolution description

Issues will be retained for the life of the project. However, upon resolution of an issue and communication thereof, the issue may be moved to an archive issue log for retention.

The Contractor and State Project Managers will determine appropriate escalation path for issue resolution.

#### **1.402 RISK MANAGEMENT**

A risk is a circumstance or event that may be "reasonably presumed" to occur and, if it occurs, may have a positive or negative impact on the project.

The Contractor is responsible for establishing a risk management plan and process, including the identification and recording of risk items, prioritization of risks, definition of mitigation strategies, and monitoring of risk items. Risk assessment reviews with the State will occur at the start of each deliverable and no less than monthly. Therefore if the deliverable last multiple months, the risk assessment is updated each month. The documentation of the risks and associated information (defined above) will be in the Risk Log and updated to reflect each review.

The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract.



The Contractor shall provide the tool to track risks subject to the approval of the DTMB Project Manager. MS Office is, for example, an acceptable tool for tracking risks. The Contractor will work with the State and allow input into the prioritization of risks.

The Contractor is responsible for identification of risks for each deliverable of the project and for updating said risk assessment no less than monthly. Mitigating and/or eliminating assigned risks will be the responsibility of the Contractor. The State will assume the same responsibility for risks assigned to them.

#### **1.403 CHANGE MANAGEMENT**

Change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract.

If a proposed contract change is approved by the Agency, the Contract Administrator will submit a request for change to the DTMB Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the DTMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change Notice. **If a Contractor provides products or services prior to the issuance of a Contract Change Notice by the DTMB Purchasing Operations, there is a risk of non-payment for the out-of-scope/pricing products and/or services.**

The Contractor must employ change management procedures to handle such things as “out-of-scope” requests or changing business needs of the State while the migration is underway.

The Contractor will employ the change control methodologies to justify changes in the processing environment, and to ensure those changes will not adversely affect performance or availability.

#### **1.500 Acceptance**

##### **1.501 CRITERIA**

Deliverables that are documents must:

- Be allowed no less than 5 business days for review and consistent with Section 2.254.
- Be in electronic format, compatible with State of Michigan software in accordance with Article 1.302.
  - Provide a heading indicating document name on each page
  - Provide page number and “of pages” on each page.
  - Provide an “as of” date.
  - Indicate final and not draft status
- If required by SUITE will leverage the SUITE template or leverage a template that serves the same purpose and contains similar information but only with prior approval of the DTMB Project Manager.
- Reflect correction of feedback provided by the State regarding but not limited to level of detail and clarifications.
- Reflect correction of issues identified by State personnel during the review of said documents unless waived in writing by the DTMB Project Manager

The approval process is defined in more detail in the terms and conditions, specifically sections 2.253, and 2.254 and also discussed in Section 1.104.

##### **1.502 FINAL ACCEPTANCE**

The following requirements for final acceptance apply:

- That all deliverables defined in Article 1 and per the acceptance criteria defined in section 1.501 have been completed and written approval provided



## **1.600 Compensation and Payment**

### **1.601 COMPENSATION AND PAYMENT**

#### **Method of Payment**

The Contract is a firm, fixed-priced Contract. Payment is made upon completion of each deliverable as reflected in Attachment C-1. The Contractor shall adhere to the deliverables identified in the Cost Table.

The Contractor agrees the costs provided in Attachment C-1 represent the total charge to the State, and that there are no other charges required to ensure successful Contract execution.

Attachment C-2 provides additional hourly rates for optional additional work to be defined in future Statements of Work. See Attachment C-2 for additional details.

#### **Travel**

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. This includes travel costs related to training provided to the State by Contractor. Travel time will not be reimbursed.

#### **Out-of-Pocket Expenses**

Contractor out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates.

The State does NOT provide free parking when working at State locations. "At cost" parking lots, parking garages or metered on street parking spaces exist within easy walking distance of the State location.

#### **Statements of Work and Issuance of Purchase Orders**

- Unless otherwise agreed by the parties, each Statement of Work will include:
  1. Background
  2. Project Objective
  3. Scope of Work
  4. Deliverables
  5. Acceptance Criteria
  6. Project Control and Reports
  7. Specific Department Standards
  8. Payment Schedule
  9. Project Contacts
  10. Agency Responsibilities and Assumptions
  11. Location of Where the Work is to be performed
  12. Expected Contractor Work Hours and Conditions
  
- The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

#### **Invoicing**

The Contractor will submit properly itemized invoices to "Bill To" Address on Purchase Order. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number;
- Contractor name, address, phone number, and Federal Tax Identification Number;



- Description of any commodities/hardware, including quantity ordered;
- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor's list price for each item and applicable discounts;
- Maintenance charges;
- Net invoice price for each item;
- Shipping costs;
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

**1.602 HOLDBACK – RESERVED**



## **Article 2 – Terms and Conditions**

### **2.000 Contract Structure and Term**

#### **2.001 CONTRACT TERM**

This Contract is for a period of 1 year. All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in **Section 2.150** of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued.

#### **2.002 OPTIONS TO RENEW**

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to 2 additional six-month periods.

#### **2.003 LEGAL EFFECT**

Contractor accepts this Contract by signing two copies of the Contract and returning them to the Purchasing Operations. The Contractor shall not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State shall not be liable for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract or Change Order has been approved by the State Administrative Board (if required), signed by all the parties and a Purchase Order against the Contract has been issued.

#### **2.004 ATTACHMENTS, APPENDICES & EXHIBITS**

All Attachments, Appendices and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of this Contract.

#### **2.005 ORDERING**

The State must issue an approved written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are specifically contained in that Purchase Order or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown; however, the Contractor will be required to furnish all such materials and services as may be ordered during the Contract period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

#### **2.006 ORDER OF PRECEDENCE**

The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work shall take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract. The Contract may be modified or amended only by a formal Contract amendment.

#### **2.007 HEADINGS**

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.



## 2.008 FORM, FUNCTION & UTILITY

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

## 2.009 REFORMATION AND SEVERABILITY

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

### 2.010 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

## 2.011 NO WAIVER OF DEFAULT

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

## 2.012 SURVIVAL

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section

### 2.020 Contract Administration

## 2.021 ISSUING OFFICE

This Contract is issued by the Department of Technology, Management and Budget, Purchasing Operations (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The Purchasing Operations Contract Administrator for this Contract is:

Steve Motz  
Buyer  
Purchasing Operations  
Department of Technology, Management and Budget  
Mason Bldg, 2nd Floor  
PO Box 30026  
Lansing, MI 48909  
motzs@michigan.gov  
517-241-3215

## 2.022 CONTRACT COMPLIANCE INSPECTOR

The Director of Purchasing Operations directs the person named below, or his or her designee, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. **Monitoring Contract activities does not imply the authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract. Purchasing Operations is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contract Compliance Inspector for this Contract is:

Virginia Hambric

## 2.023 PROJECT MANAGER

The following individual will oversee the project:

Virginia Hambric



## 2.024 CHANGE REQUESTS

The State reserves the right to request from time to time any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, Contractor shall provide a detailed outline of all work to be done, including tasks necessary to accomplish the Additional Services/Deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly before commencing performance of the requested activities it believes are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall be conclusively considered to be in-scope Services/Deliverables and not New Work.

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such Services or providing such Deliverables, the Contractor shall notify the State in writing that it considers the Services or Deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that Service or providing that Deliverable. If the Contractor does so notify the State, then such a Service or Deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

### (1) Change Request at State Request

If the State requires Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

### (2) Contractor Recommendation for Change Requests:

Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.

### (3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

### (4) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

### (5) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Purchasing Operations.



- (6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

## **2.025 NOTICES**

Any notice given to a party under the Contract must be deemed effective, if addressed to the party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:

State of Michigan  
Purchasing Operations  
Attention: Steve Motz  
PO Box 30026  
530 West Allegan  
Lansing, Michigan 48909

Contractor: Contractor information is provided on the cover page of the Contract notice.

Either party may change its address where notices are to be sent by giving notice according to this Section.

## **2.026 BINDING COMMITMENTS**

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon giving written notice.

## **2.027 RELATIONSHIP OF THE PARTIES**

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors shall be deemed to be an employee, agent or servant of the State for any reason. Contractor shall be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

## **2.028 COVENANT OF GOOD FAITH**

Each party shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties shall not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

## **2.029 ASSIGNMENTS**

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.



Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties and the requirement under the Contract that all payments must be made to one entity continues.

If the Contractor intends to assign the contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

### **2.030 General Provisions**

#### **2.031 MEDIA RELEASES**

News releases (including promotional literature and commercial advertisements) pertaining to the RFP and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the RFP and Contract are to be released without prior written approval of the State and then only to persons designated.

#### **2.032 CONTRACT DISTRIBUTION**

Purchasing Operations retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

#### **2.033 PERMITS**

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

#### **2.034 WEBSITE INCORPORATION**

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

#### **2.035 FUTURE BIDDING PRECLUSION**

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP; it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP

#### **2.036 FREEDOM OF INFORMATION**

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

#### **2.037 DISASTER RECOVERY**

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract shall provide the State with priority service for repair and work around in the event of a natural or man-made disaster.



## **2.040 Financial Provisions**

### **2.041 FIXED PRICES FOR SERVICES/DELIVERABLES**

Each Statement of Work or Purchase Order issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor shall show verification of measurable progress at the time of requesting progress payments.

### **2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES**

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

### **2.043 SERVICES/DELIVERABLES COVERED**

The State shall not be obligated to pay any amounts in addition to the charges specified in this Contract for all Services/Deliverables to be provided by Contractor and its Subcontractors, if any, under this Contract.

### **2.044 INVOICING AND PAYMENT – IN GENERAL**

- (a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (b) Each Contractor invoice shall show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis shall show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.600**.
- (c) Correct invoices shall be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) All invoices should reflect actual work done. Specific details of invoices and payments shall be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Management & Budget. This activity shall occur only upon the specific written direction from Purchasing Operations.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) shall mutually agree upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

### **2.045 PRO-RATION**

To the extent there are Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.



## **2.046 ANTITRUST ASSIGNMENT**

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

## **2.047 FINAL PAYMENT**

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor shall it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

## **2.048 ELECTRONIC PAYMENT REQUIREMENT**

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment shall be made by electronic fund transfer (EFT).

### **2.050 Taxes**

#### **2.051 EMPLOYMENT TAXES**

Contractor shall collect and pay all applicable federal, state, and local employment taxes, including the taxes.

#### **2.052 SALES AND USE TAXES**

Contractor shall register and remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a) (2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

### **2.060 Contract Management**

#### **2.061 CONTRACTOR PERSONNEL QUALIFICATIONS**

All persons assigned by Contractor to the performance of Services under this Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

#### **2.062 CONTRACTOR KEY PERSONNEL**

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.



- (c) The State shall have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State shall provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

### **2.063 RE-ASSIGNMENT OF PERSONNEL AT THE STATE'S REQUEST**

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service shall not be counted for a time as agreed to by the parties.

### **2.064 CONTRACTOR PERSONNEL LOCATION**

All staff assigned by Contractor to work on the Contract shall perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel shall, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

### **2.065 CONTRACTOR IDENTIFICATION**

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

### **2.066 COOPERATION WITH THIRD PARTIES**

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor shall provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to



activities specifically associated with this Contract and shall not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

## **2.067 CONTRACT MANAGEMENT RESPONSIBILITIES**

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties shall include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

The Contractor shall provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor shall act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

## **2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES**

The Contractor shall return to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

### **2.070 Subcontracting by Contractor**

## **2.071 CONTRACTOR FULL RESPONSIBILITY**

Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State shall consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

## **2.072 STATE CONSENT TO DELEGATION**

Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Technology, Management and Budget, Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State shall agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work shall not be counted for a time agreed upon by the parties.

## **2.073 SUBCONTRACTOR BOUND TO CONTRACT**

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing,



contained in such contracts before providing them to the State. The management of any Subcontractor shall be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State shall not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. A list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract is attached.

#### **2.074 FLOW DOWN**

Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, and 2.200** in all of its agreements with any Subcontractors.

#### **2.075 COMPETITIVE SELECTION**

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

#### **2.080 State Responsibilities**

#### **2.081 EQUIPMENT**

The State shall provide only the equipment and resources identified in the Statement of Work and other Contract Exhibits.

#### **2.082 FACILITIES**

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it shall not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

#### **2.090 Security**

#### **2.091 BACKGROUND CHECKS**

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results shall be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations shall include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks shall be initiated by the State and shall be reasonably related to the type of work requested.

All Contractor personnel shall also be expected to comply with the State's security and acceptable use policies for State ICT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel shall be expected to agree to the State's security and acceptable use policies before the Contractor personnel shall be accepted as a resource to perform work for the State. It is expected the Contractor shall present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff shall be expected to comply with all Physical Security procedures in place within the facilities where they are working.



## **2.092 SECURITY BREACH NOTIFICATION**

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State shall cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

## **2.093 PCI DATA SECURITY REQUIREMENTS**

Contractors with access to credit/debit card cardholder data must adhere to the Payment Card Industry (PCI) Data Security requirements. Contractor agrees that they are responsible for security of cardholder data in their possession. Contractor agrees that data can ONLY be used for assisting the State in completing a transaction, supporting a loyalty program, supporting the State, providing fraud control services, or for other uses specifically required by law.

Contractor agrees to provide business continuity in the event of a major disruption, disaster or failure.

The Contractor shall contact the Department of Technology, Management and Budget, Financial Services immediately to advise them of any breaches in security where card data has been compromised. In the event of a security intrusion, the Contractor agrees the Payment Card Industry representative, or a Payment Card Industry approved third party, shall be provided with full cooperation and access to conduct a thorough security review. The review will validate compliance with the Payment Card Industry Data Security Standard for protecting cardholder data.

Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor shall continue to treat cardholder data as confidential upon contract termination.

The Contractor shall provide the Department of Technology, Management and Budget, Financial Services documentation showing PCI Data Security certification has been achieved. The Contractor shall advise the Department of Technology, Management and Budget, Financial Services of all failures to comply with the PCI Data Security Requirements. Failures include, but are not limited to system scans and self-assessment questionnaires. The Contractor shall provide a time line for corrective action.

### **2.100 Confidentiality**

#### **2.101 CONFIDENTIALITY**

Contractor and the State each acknowledge that the other possesses and shall continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below), which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

#### **2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION**

The State and Contractor shall each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State shall (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of



the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party shall limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

### **2.103 EXCLUSIONS**

Notwithstanding the foregoing, the provisions in this Section shall not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section shall not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

### **2.104 NO IMPLIED RIGHTS**

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

### **2.105 RESPECTIVE OBLIGATIONS**

The parties' respective obligations under this Section must survive the termination or expiration of this Contract for any reason.

#### **2.110 Records and Inspections**

### **2.111 INSPECTION OF WORK PERFORMED**

The State's authorized representatives shall at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor shall provide all reasonable facilities and assistance for the State's representatives.

### **2.112 EXAMINATION OF RECORDS**

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State shall notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to



review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

### **2.113 RETENTION OF RECORDS**

Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records shall be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

### **2.114 AUDIT RESOLUTION**

If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor shall respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State shall develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

### **2.115 ERRORS**

If the audit demonstrates any errors in the documents provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount shall be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the contract, whichever is earlier.

In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10%, then the Contractor shall pay all of the reasonable costs of the audit.

## **2.120 Warranties**

### **2.121 WARRANTIES AND REPRESENTATIONS**

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State shall infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.



- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Technology, Management and Budget, Purchasing Operations.

**2.122 WARRANTY OF MERCHANTABILITY - RESERVED****2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE - RESERVED****2.124 WARRANTY OF TITLE - RESERVED****2.125 EQUIPMENT WARRANTY \_ RESERVED.****2.126 EQUIPMENT TO BE NEW - RESERVED****2.127 PROHIBITED PRODUCTS - RESERVED****2.128 CONSEQUENCES FOR BREACH - RESERVED**



**2.130 Insurance**

**2.131 LIABILITY INSURANCE**

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims that may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether the services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance must be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State.

See [www.michigan.gov/dleg](http://www.michigan.gov/dleg).

Where specific limits are shown, they are the minimum acceptable limits.

The Contractor is required to pay for and provide the type and amount of insurance checked  below:

- 1. Commercial General Liability with the following minimum coverage:  
 \$2,000,000 General Aggregate Limit other than Products/Completed Operations  
 \$2,000,000 Products/Completed Operations Aggregate Limit  
 \$1,000,000 Personal & Advertising Injury Limit  
 \$1,000,000 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.



The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- 4. Employers liability insurance with the following minimum limits:
  - \$100,000 each accident
  - \$100,000 each employee by disease
  - \$500,000 aggregate disease
- 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
- 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
- 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

### 2.132 SUBCONTRACTOR INSURANCE COVERAGE

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

### 2.133 CERTIFICATES OF INSURANCE AND OTHER REQUIREMENTS

Contractor must furnish to DTMB Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **The Contract Number or the Purchase Order Number must be shown on the Certificate Of Insurance To Assure Correct Filing.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverage afforded under the policies SHALL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Technology, Management and Budget. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insured under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.



The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and must not be construed; to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

## **2.140 Indemnification**

### **2.141 GENERAL INDEMNIFICATION**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

### **2.142 CODE INDEMNIFICATION**

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

### **2.143 EMPLOYEE INDEMNIFICATION**

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

### **2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii)



accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

#### **2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS**

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

#### **2.146 INDEMNIFICATION PROCEDURES**

The procedures set forth below must apply to all indemnity obligations under this Contract.

- (a) After the State receives notice of the action or proceeding involving a claim for which it shall seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.



## **2.150 Termination/Cancellation**

### **2.151 NOTICE AND RIGHT TO CURE**

If the Contractor breaches the contract, and the State in its sole discretion determines that the breach is curable, then the State shall provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

### **2.152 TERMINATION FOR CAUSE**

- (a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State
- (b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.
- (d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

### **2.153 TERMINATION FOR CONVENIENCE**

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for convenience must cease on the effective date of the termination.

### **2.154 TERMINATION FOR NON-APPROPRIATION**

- (a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of



- termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract shall be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.
  - (c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section shall not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

### **2.155 TERMINATION FOR CRIMINAL CONVICTION**

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

### **2.156 TERMINATION FOR APPROVALS RESCINDED**

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State shall pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

### **2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION**

- (a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract which the State has paid for and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the



Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

## **2.158 RESERVATION OF RIGHTS**

Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

### **2.160 Termination by Contractor**

## **2.161 TERMINATION BY CONTRACTOR**

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

### **2.170 Transition Responsibilities**

## **2.171 CONTRACTOR TRANSITION RESPONSIBILITIES**

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor shall comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 180 days. These efforts must include, but are not limited to, those listed in **Section 2.150**.

## **2.172 CONTRACTOR PERSONNEL TRANSITION**

The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

## **2.173 CONTRACTOR INFORMATION TRANSITION**

The Contractor shall provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

## **2.174 CONTRACTOR SOFTWARE TRANSITION**

The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being



used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

### **2.175 TRANSITION PAYMENTS**

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

### **2.176 STATE TRANSITION RESPONSIBILITIES**

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to reconcile all accounts between the State and the Contractor, complete any pending post-project reviews and perform any others obligations upon which the State and the Contractor agree.

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

### **2.180 Stop Work**

#### **2.181 STOP WORK ORDERS**

The State may, at any time, by written Stop Work Order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the Stop Work Order is delivered to Contractor, and for any further period to which the parties may agree. The Stop Work Order must be identified as a Stop Work Order and must indicate that it is issued under this **Section**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the Stop Work Order as provided in **Section 2.182**.

#### **2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER**

The Contractor shall resume work if the State cancels a Stop Work Order or if it expires. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the Stop Work Order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024**.

#### **2.183 ALLOWANCE OF CONTRACTOR COSTS**

If the Stop Work Order is not canceled and the work covered by the Stop Work Order is terminated for reasons other than material breach, the termination shall be deemed to be a termination for convenience under **Section 2.153**, and the State shall pay reasonable costs resulting from the Stop Work Order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a Stop Work Order issued under this Section.



## **2.190 Dispute Resolution**

### **2.191 IN GENERAL**

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

### **2.192 INFORMAL DISPUTE RESOLUTION**

(a) All disputes between the parties shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DMB, or designee, to resolve the dispute without the need for formal legal proceedings, as follows:

- (1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter at issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
  - (2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract shall be honored in order that each of the parties may be fully advised of the other's position.
  - (3) The specific format for the discussions shall be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
  - (4) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.
- (b) This Section shall not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under Section 2.193.
- (c) The State shall not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

### **2.193 INJUNCTIVE RELIEF**

The only circumstance in which disputes between the State and Contractor shall not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is that the damages to the party resulting from the breach shall be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

### **2.194 CONTINUED PERFORMANCE**

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.



## **2.200 Federal and State Contract Requirements**

### **2.201 NONDISCRIMINATION**

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, and marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

### **2.202 UNFAIR LABOR PRACTICES**

Under 1980 PA 278, MCL 423.321, et seq., the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

### **2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT**

In performing Services for the State, the Contractor shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

### **2.204 PREVAILING WAGE**

Wages rates and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the Contract. Contractor shall also post, in a conspicuous place, the address and telephone number of the Michigan Department of Labor and Economic Development, the agency responsible for enforcement of the wage rates and fringe benefits. Contractor shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.



## **2.210 Governing Law**

### **2.211 GOVERNING LAW**

The Contract shall in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

### **2.212 COMPLIANCE WITH LAWS**

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

### **2.213 JURISDICTION**

Any dispute arising from the Contract shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

## **2.220 Limitation of Liability**

### **2.221 LIMITATION OF LIABILITY**

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The Contractor's liability for damages to the State is limited to the value of the Contract or the Contracts value for the applicable Contract year in which the liability arises which ever is higher. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor is limited to the value of the Contract.

## **2.230 Disclosure Responsibilities**

### **2.231 DISCLOSURE OF LITIGATION**

Contractor shall disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) shall notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor shall disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements that are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation shall be deemed to satisfy the requirements of this Section.



If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (a) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (b) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
  - (1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
  - (2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor shall make the following notifications in writing:
  - (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB Purchasing Operations.
  - (2) Contractor shall also notify DTMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
  - (3) Contractor shall also notify DTMB Purchase Operations within 30 days whenever changes to company affiliations occur.

### **2.232 CALL CENTER DISCLOSURE**

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State shall disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of this Contract.

### **2.233 BANKRUPTCY**

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

### **2.240 Performance**

#### **2.241 TIME OF PERFORMANCE**

- (a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.241**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must



notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

## **2.242 SERVICE LEVEL AGREEMENT (SLA) - RESERVED**

### **2.243 LIQUIDATED DAMAGES**

#### **Unauthorized Removal of any Key Personnel**

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Section 2.152, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under Section 2.060 and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$833.33 per day for each day of the 30 day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed \$50,000.00 per individual.

### **2.244 EXCUSABLE FAILURE**

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected



Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

## **2.250 Approval of Deliverables**

### **2.251 DELIVERY OF DELIVERABLES**

A list of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable") or a Custom Software Deliverable is attached, if applicable. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of this Contract.

Prior to delivering any Deliverable to the State, Contractor will first perform all required quality assurance activities, and, in the case of Custom Software Deliverables, System Testing to verify that the Deliverable is complete and in conformance with its specifications. Before delivering a Deliverable to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

In discharging its obligations under this Section, Contractor shall be at all times (except where the parties agree otherwise in writing) in compliance with Level 3 of the Software Engineering Institute's Capability Maturity Model for Software ("CMM Level 3") or its equivalent.

### **2.252 CONTRACTOR SYSTEM TESTING**

Deleted – Not Applicable

### **2.253 APPROVAL OF DELIVERABLES, IN GENERAL**

All Deliverables (Written Deliverables and Custom Software Deliverables) require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which, in the case of Custom Software Deliverables, will include the successful completion of State User Acceptance Testing, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables being reviewed. If Contractor fails to provide a Deliverable to the State in a timely manner, the State will nevertheless use commercially reasonable efforts to complete its review or testing within the applicable State Review Period.

Before commencement of its review or testing of a Deliverable, the State may inspect the Deliverable to confirm that all components of the Deliverable (e.g., software, associated documentation, and other materials) have been delivered. If the State determines that the Deliverable is incomplete, the State may refuse delivery of the Deliverable without performing any further inspection or testing of the Deliverable. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable and the applicable certification by Contractor in accordance with this Section.



The State will approve in writing a Deliverable upon confirming that it conforms to and, in the case of a Custom Software Deliverable, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable that remain outstanding at the time of State approval.

If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing State approval of a Deliverable, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the contract price for such Deliverable and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses without the need to furnish proof in substantiation of such general expenses; or (iii) terminate this Contract for default, either in whole or in part by notice to Contractor (and without the need to afford Contractor any further opportunity to cure). Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

The State, at any time and in its own discretion, may halt the UAT or approval process if such process reveals deficiencies in or problems with a Deliverable in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the review or UAT process and, in that event, Contractor will correct the deficiencies in such Deliverable in accordance with the Contract, as the case may be.

Approval in writing of a Deliverable by the State shall be provisional; that is, such approval shall not preclude the State from later identifying deficiencies in, and declining to accept, a subsequent Deliverable based on or which incorporates or inter-operates with an approved Deliverable, to the extent that the results of subsequent review or testing indicate the existence of deficiencies in the subsequent Deliverable, or if the Application of which the subsequent Deliverable is a component otherwise fails to be accepted pursuant to **Section 2.080**. **There shall be no default acceptance.**

#### **2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES**

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Written Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is approved in the form delivered by Contractor or describing any deficiencies that shall be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.

#### **2.255 PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES**

Deleted – Not Applicable



## **2.256 FINAL ACCEPTANCE**

“Final Acceptance” shall be considered to occur when the Custom Software Deliverable to be delivered has been approved by the State and has been operating in production without any material deficiency for fourteen (14) consecutive days. If the State elects to defer putting a Custom Software Deliverable into live production for its own reasons, not based on concerns about outstanding material deficiencies in the Deliverable, the State shall nevertheless grant Final Acceptance of the Project.

### **2.260 Ownership**

#### **2.261 OWNERSHIP OF WORK PRODUCT BY STATE**

The State owns any Deliverables, originally created hereunder that is provided to the State by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables originally created hereunder.

#### **2.262 VESTING OF RIGHTS**

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State’s request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

#### **2.263 RIGHTS IN DATA**

The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State’s data. Contractor will not possess or assert any lien or other right against the State’s data except as specifically identified herein.

Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

Nothing contained in this Agreement shall preclude Contractor from rendering services to others or developing work products that are competitive with, or functionally comparable to, the consulting services performed. Contractor shall not be restricted in its use of ideas, concepts, know how, data and techniques acquired or learned in the course of performing the consulting services, provided that Contractor shall not use or disclose any of State’s confidential information, as defined below. (c) With respect to any benchmarking Services performed by Contractor, the State acknowledges that (i) the contents of the Benchmarking Report (as defined in the applicable Statement of Work) and other deliverables are based upon information which is proprietary to Contractor and contained in Contractor’s proprietary database, (ii) the contents of the database belong to Contractor solely, (iii) State’s data may become part of the database, (iv) Contractor will code any presentation of State’s data to preserve State’s anonymity, and (v) the database will be used by Contractor in future consulting and benchmarking engagements. (d) State shall retain its rights in any proprietary material that State supplies to Contractor.

The State may use, but not sell the data provided by the Contractor for any internal or external business purposes. Furthermore, the State may release data to 3rd parties as required by law or statute. The State will not possess or assert any lien or other right against the Contractor’s data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information.



## **2.264 OWNERSHIP OF MATERIALS**

The State and the Contractor will continue to own their respective pre-existing tools, methodologies, research and data both tangible and intangible together with all intellectual property rights therein hereinafter referred to as ('pre-existing intellectual property") developed or existing before entering into the Contract. Contractor grants to the State a perpetual, non-exclusive, royalty free license to use and to disclose the Contractor pre-existing intellectual property embodied in a Deliverable, subject to the limitations set forth in sections 2.263 and 2.264 of this Agreement.

Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

### **2.270 State Standards**

#### **2.271 EXISTING TECHNOLOGY STANDARDS**

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dit>.

#### **2.272 ACCEPTABLE USE POLICY**

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

#### **2.273 SYSTEMS CHANGES**

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access and configuration management procedures.

### **2.280 Extended Purchasing**

#### **2.281 MIDEAL (MICHIGAN DELIVERY EXTENDED AGREEMENTS LOCALLY**

Deleted – Not Applicable

#### **2.282 STATE EMPLOYEE PURCHASES**

Deleted – Not Applicable

### **2.290 Environmental Provision**

#### **2.291 ENVIRONMENTAL PROVISION**

**Energy Efficiency Purchasing Policy:** The State seeks wherever possible to purchase energy efficient products. This includes giving preference to U.S. Environmental Protection Agency (EPA) certified 'Energy Star' products for any category of products for which EPA has established Energy Star certification. For other purchases, the State may include energy efficiency as one of the priority factors to consider when choosing among comparable products.

**Environmental Purchasing Policy:** The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and recyclables; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.



**Hazardous Materials:** For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials the as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

- (a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State shall advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.
- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor shall resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

**Labeling:** Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit [http://www.michigan.gov/deq/0,1607,7-135-3310\\_4108-173523--,00.html](http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html)

**Refrigeration and Air Conditioning:** The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.

**Environmental Performance:** Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

**2.300 Deliverables****2.301 SOFTWARE**

Deleted – Not Applicable

**2.302 HARDWARE**

Deleted – Not Applicable

**2.310 Software Warranties****2.311 PERFORMANCE WARRANTY**

Deleted – Not Applicable

**2.312 NO SURREPTITIOUS CODE WARRANTY**

Deleted – Not Applicable

**2.313 CALENDAR WARRANTY**

Deleted – Not Applicable

**2.314 THIRD-PARTY SOFTWARE WARRANTY**

Deleted – Not Applicable

**2.315 PHYSICAL MEDIA WARRANTY**

Deleted – Not Applicable

**2.320 Software Licensing****2.321 CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR**

Deleted – Not Applicable

**2.322 CROSS-LICENSE, DELIVERABLES AND DERIVATIVE WORK, LICENSE TO CONTRACTOR**

Deleted – Not Applicable

**2.323 LICENSE BACK TO THE STATE**

Deleted – Not Applicable

**2.324 LICENSE RETAINED BY CONTRACTOR**

Deleted – Not Applicable

**2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES**

Deleted – Not Applicable

**2.330 Source Code Escrow**

Deleted – Not Applicable



**Glossary**

<b>Term</b>	<b>Definition</b>
24x7x365	Means 24 hours a day, seven days a week, and 365 days a year (including the 366 <sup>th</sup> day in a leap year).
Additional Service	Means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Audit Period	See Section 2.110
Bidder	The Bidder is a Vendor prior to award. The term Bidder is used to identify work the Bidder performs during the ITB/RFP process.
Blanket Purchase Order	An alternate term for Contract as used in the States computer system.
Business Critical	Any function identified in any Statement of Work as Business Critical.
Business Day	Whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
Chronic Failure	Defined in any applicable Service Level Agreements.
Contractor	The term Contractor and Vendor are used interchangeably in this RFP and refer to the firm awarded the work and performing the project.
Days	Means calendar days unless otherwise specified.
Deleted – Not Applicable	Section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.
Deliverable	Physical goods and/or commodities as required or identified by a Statement of Work
DTMB	Department of Technology, Management, and Budget.
Environmentally preferable products	A product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to, those that contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.
Excusable Failure	See Section 2.244.
Hazardous material	Any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).
Help Desk	SOM Customer Service Center (CSC)
ICT	Information, Communications and Technology
Incident	Any interruption in Services.
ITB	A generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders
Key Personnel	Any Personnel designated in Article 1 as Key Personnel.
DTMB	Michigan Department of Technology, Management and Budget.
New Work	Any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Ozone-depleting substance	Any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydro chlorofluorocarbons
PDF	Portable Document Format.
PMM	The Project Management Methodology (PMM) was created by DTMB to manage and monitor Information Technology projects by establishing formal project management practices.
Post-Consumer	Any product generated by a business or consumer which has served its intended end



Term	Definition
Waste	use, and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.
Post-Industrial Waste	Industrial by-products that would otherwise go to disposal and wastes generated after completion of a manufacturing process, but do not include internally generated scrap commonly returned to industrial or manufacturing processes.
Recycling	The series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.
Reuse	Using a product or component of municipal solid waste in its original form more than once.
RFP	Request for Proposal designed to solicit proposals for services
SEM	The System Engineering Methodology (SEM) was created by DTMB and provides guidance for information systems engineering related practices and procedures.
Services	Any function performed for the benefit of the State.
SOM	State of Michigan
Source reduction	Any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.
State Location	Any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
Subcontractor	A company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
SUITE	SUITE stands for State Unified Information Technology Environment. SUITE is meant to standardize methodologies, procedures, training and tools for project management and systems development lifecycle management throughout DTMB. SEM and PMM (defined elsewhere) are components of SUITE.
Unauthorized Removal	Contractor's removal of Key Personnel without the prior written consent of the State.
Waste prevention	Source reduction and reuse, but not recycling.
Waste reduction and Pollution prevention	The practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.
Work in Progress	A Deliverable that has been partially prepared, but has not been presented to the State for Approval.
Work Product	Refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by this Contract.



**DELETED - Attachment A – Resume Templates**



**Attachment B – Preliminary Project Plan**

The Bidder shall attach their Preliminary Project Plan per the requirements in section 1.300



**Attachment C-1 (Deliverables Pricing)**

Bidders are required to propose a not-to-exceed cost for each of the deliverables in **Attachment C-1 (Deliverables Pricing)**. The State will only consider deliverable-based cost Proposals for these deliverables. The Bidder must submit its deliverable-based cost using the format set forth in **Attachment C-1**. The Fixed Fee is firm for the duration of the contract. Travel and other expenses will not be reimbursed.

While payment will be made upon acceptance of each deliverable, the Bidder must show the number of estimated hours that were used to arrive at the cost for each deliverable. "Estimated Hours" are non-binding and will be used at the State's discretion.

The Contractor may invoice the State following the State's written acceptance of each deliverable. The not-to-exceed cost for each deliverable is all-inclusive. There will be no additional reimbursement for travel or any incidental expenses.

Deliverables and Required Components		Deliverable A Evaluation of the Current Environment	Deliverable B Evaluation of State's Business Needs	Deliverable C Identification of Business, Services and Technology Opportunities	Deliverable D Maturity and Gap Analysis	Deliverable E Recommendations for Business Model Alternatives	Deliverable F Roadmap to Implementation	Deliverable G Final Report Deliverable	Sum Total
<b>1. Technology</b>									
a. Application technologies and services to include online services	Estimate Hours	191	57	53	91	50	44		496
b. Infrastructure platforms and services	Estimate Hours	191	57	53	91	50	44		496
c. Communications and Network technologies and services	Estimate Hours	191	57	53	91	50	44		496
<b>2. People</b>									
a. General baseline of overall current employee skill set	Estimate Hours	74	22	21	35	20	17		189
b. Gaps in overall current skill set	Estimate Hours	74	22	21	35	20	17		189



Deliverables and Required Components		Deliverable A Evaluation of the Current Environment	Deliverable B Evaluation of State's Business Needs	Deliverable C Identification of Business, Services and Technology Opportunities	Deliverable D Maturity and Gap Analysis	Deliverable E Recommendations for Business Model Alternatives	Deliverable F Roadmap to Implementation	Deliverable G Final Report Deliverable	Sum Total
(based on applications and/or infrastructure needs e.g., long term cloud utilization)									
c. Back up and redundancy coverage (primarily focused on mission critical applications)	Estimate Hours	74	22	21	35	20	17		189
Succession planning (overall strategy)	Estimate Hours	74	22	21	35	20	17		189
<b>3. Process and Capabilities</b>									
a. Governance structure	Estimate Hours	48	14	13	23	13	11		122
b. Collaboration, Partnerships and Shared Services	Estimate Hours	48	14	13	23	13	11		122
c. Information Management	Estimate Hours	48	14	13	23	13	11		122
d. Mobility	Estimate Hours	48	14	13	23	13	11		122
e. Enterprise Architecture	Estimate Hours	48	14	13	23	13	11		122
f. Organizational structure	Estimate Hours	48	14	13	23	13	11		122
g. Project, program and portfolio management	Estimate Hours	48	14	13	23	13	11		122
h. Budgeting,	Estimate	48	14	13	23	13	11		122



Deliverables and Required Components		Deliverable A Evaluation of the Current Environment	Deliverable B Evaluation of State's Business Needs	Deliverable C Identification of Business, Services and Technology Opportunities	Deliverable D Maturity and Gap Analysis	Deliverable E Recommendations for Business Model Alternatives	Deliverable F Roadmap to Implementation	Deliverable G Final Report Deliverable	Sum Total
Financial Management and Rate structure comparisons (agency partnerships, Partnership Agreements, benchmark against industry standards)	Hours								
i. Accountability and Performance Management	Estimate Hours	48	14	13	23	13	11		122
j. Business Process Review (ICT and Business Process Integration)	Estimate Hours	48	14	13	23	13	11		122
k. Security, Risk Management and Disaster Recovery, Business Continuity	Estimate Hours	48	14	13	23	13	11		122
l. Sourcing & Procurement, plus ICT Vendor Management	Estimate Hours	48	14	13	23	13	11		122
m. Change and innovation management	Estimate Hours	48	14	13	23	13	11		122
n. Social Media strategy	Estimate Hours	48	14	13	23	13	11		122
o. Web and portal services	Estimate Hours	48	14	13	23	13	11		122
p. Customer	Estimate	48	14	13	23	13	11		122



Deliverables and Required Components		Deliverable A Evaluation of the Current Environment	Deliverable B Evaluation of State's Business Needs	Deliverable C Identification of Business, Services and Technology Opportunities	Deliverable D Maturity and Gap Analysis	Deliverable E Recommendations for Business Model Alternatives	Deliverable F Roadmap to Implementation	Deliverable G Final Report Deliverable	Sum Total
service management and operations	Hours								
q.ICT agency/business operational model	Estimate Hours	48	14	13	23	13	11		122
r.Communications	Estimate Hours	48	14	13	23	13	11		122
TOTAL	<b>Total Estimated Hours</b>	1733	511	477	827	464	398	284	4,694
	<b>Total Fixed Fee for Deliverable</b>	\$330,446	\$119,128	\$111,293	\$165,097	\$105,533	\$91,938	\$108,160	<b>\$1,031,595.</b>
								The Fixed Fee for Deliverable G must be 10% of the Total Not-To-Exceed Cost (Holdback Amount)	<i>Not-To-Exceed Cost  (Sum of Fixed Fee for each deliverable)</i>

**Notes:**

1. The Fixed Fee is firm for the duration of the contract.
2. Travel and other expenses will not be reimbursed.
3. The "Estimated Hours" are non-binding.



**Attachment C-2 (Hourly Rates for Optional Services)**

The Bidder should identify and describe additional titles and propose an associated hourly rate in Appendix C-2 (Hourly Rates for Optional Services): The State does not commit to acceptance of any proposed additional titles.

Hourly rates quoted are firm, fixed rates for the duration of the contract. For responses to separate statements of work for additional scope that is not currently identified in this RFP (including but not limited to additional IT Assessment requirements that occur during the life of the resulting Contract). A total not-to-exceed cost (fixed fee) for each engagement will be established in mutually agreed upon SOWs, subject to approval by the State and will be based on the firm fixed hourly rates. The fully-loaded hourly rates shall include, but are not limited to, labor wages and benefits for the resource, travel expenses, and any other incidental or reasonably determinable costs. Travel and other expenses will not be reimbursed by the State.

The parties agree that any Services/Deliverables to be rendered by the Contractor using the “Staff – Hourly Rate Card” on this Contract will be defined and described in detail in separate Statements of Work. The Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a purchase order issued against this Contract.

Staffing Category	Firm Fixed Hourly Rate	Comments
Project Manager	\$365	
IT Assessment Expert	\$305	
Business Manager	\$305	Contractor does not provide staff augmentation or implementation services, and as such, cannot provide estimates for these roles. In some cases, Contractor associates have provided project-oriented services in the areas specified, but the hourly rate would vary based on the level of expertise needed to meet project deliverables.  The rate shown in the column to the left is the rate for a senior individual providing project oriented services in these areas. In cases where the rate is described as N/A, Contractor does not provide services.
IT Manager	N/A	
Director/Manager of Infrastructure	\$365	
Communication Lead	\$190	
Training Coordinator	\$190	
Technical, Business, Requirements, Business Analyst Leads	\$305	
Quality Assurance/Testing Lead	N/A	
Senior Software Developer	N/A	
Programmer	N/A	
Technical Writer	\$190	
List Any Other(s)		
Engagement Manager	\$395	
Quality Assurance Reviewers	\$395	<i>Quality Reviewers</i> —Ensures overall quality of deliverables and client satisfaction. Conducts internal review of key client deliverables with Contractor project team prior to delivery to client. Acts as a key point of contact within Contractor to identify and obtain key subject matter experts to provide point-



Staffing Category	Firm Fixed Hourly Rate	Comments
		specific guidance and advice.
Subject Matter Experts	\$365	<i>Subject Matter Experts (SME)</i> —Provides depth and breadth of expertise in specific areas to support the development of client deliverables. As appropriate, assists in facilitating client workshops to build consensus around specific strategy areas. Contractor anticipates that Contractor will leverage SMEs to provide point-specific guidance in technology, process, and public sector domain areas
Project Consultant	\$245	<i>Project Consultants</i> —Works closely with client to complete work plan tasks and high quality deliverables. Conducts data collection and analysis, and assists in development of deliverables. Works under the direction of a team lead, IT Assessment Expert, or Project Manager. Project consultants may have general skill sets, or engagement-specific skills

Initial Funding for Optional Services	\$218,405.00	<i>This amount is included along with the \$1,031,595 to arrive at the total Estimated Contract Value of \$1,250,000.</i>
---------------------------------------	--------------	---