

OPTION 4: NEW OFFICE BUILDING

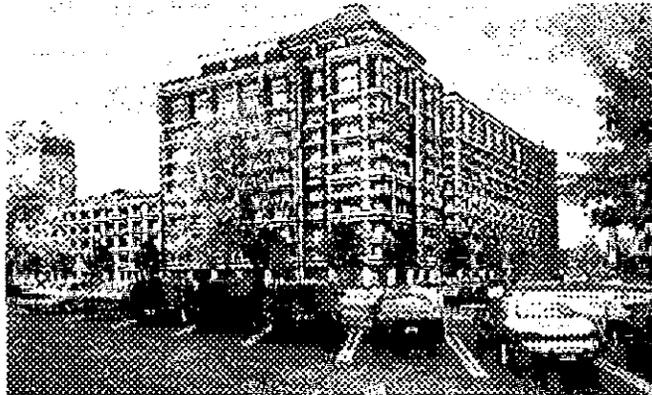


Figure IV.B.2.9-4. This new office building is a possible location for the Michigan Facility

The office building in Figure IV.B.2.9-4, located on Allegan and Townsend in Lansing, MI is a Class-A Office Building which is currently under construction in downtown Lansing. Large plate size spots are available at 15,570 SF. There is a retail area on the 1st floor with restaurants and stores. This building is centrally located in downtown Lansing near the Capital Building and other governmental offices with easy access to I-96 and I-496.

OPTION # 5 CLARK CORNERS

Clark Corners is conveniently located at the intersections of Interstate 69 & Business 27 in Dewitt, Michigan. This property includes 1,675 parking spaces, which are all free of charge, and is near the Greater Lansing Market area, which has had a recent surge in residential growth and includes a population of approximately 500,000.

SDU Facility Layout

Tier has significant experience in the design and development of child support remittance processing facilities. Over the previous 6 years, Tier has designed and developed eight facilities similar to the one we are proposing for the MiSDU. Based on this experience, Tier is able to propose a

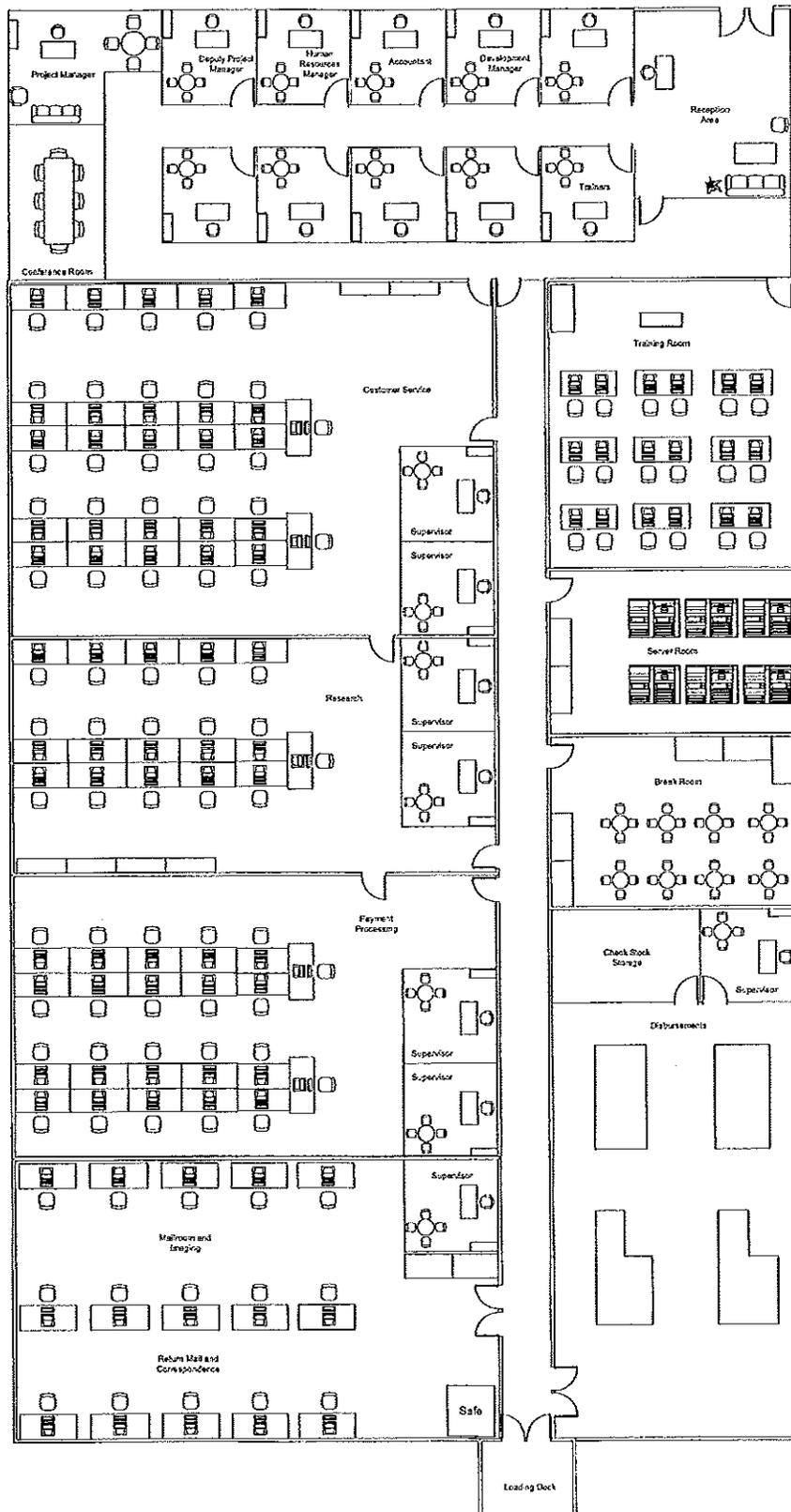


Figure IV.B.2.9-5. The Tier Sample Floor Plan illustrates the operational space for Tier.

All phases of the operation (i.e., mail opening/imaging/encoding, payment processing, research, EFT processing, QA, Customer Service, and adjustments) are located within the operational suite of the facility to promote efficiency and a team approach to the operation. In addition, first-line and second-line supervisory and management staff are also housed within the operational areas of the facility to ensure active, hands-on management participation and oversight throughout all facets of the operation. A storage room will be included to house source documents until they are shredded.

Tier believes that a pleasant work environment begins with space planning. An open, airy feel characterizes our operations. Our standard cubicle is 7 ft x 7 ft, which is an appropriate size for payment processing and customer service operations. We employ low partitions in payment processing for security purposes and to enhance space perception. When the building floor plan enables us to do so, we plan for 48-inch pathways and allow for ample perimeter space. Providing a pleasant work environment for staff is one of our foremost concerns when we select office space. Tier's operations do not have a "sweatshop" appearance. A detail picture of a payment-processing cubicle from Tier's Kentucky SDU operation can be seen in Figure IV.B.2.9-6.

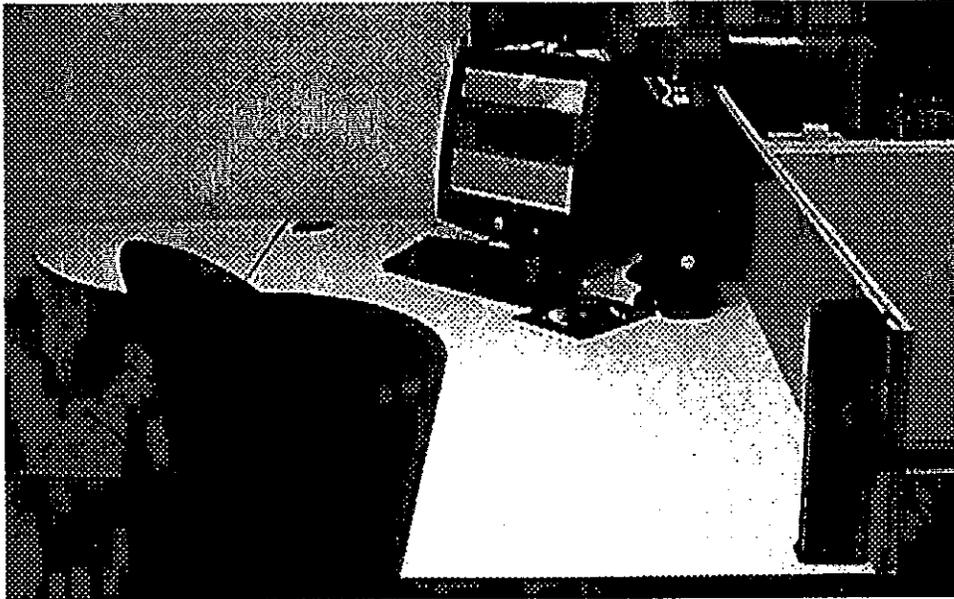


Figure IV.B.2.9-6. Payment Processing Cubicle

The MiSDU facility will be complete with state of the art security. Entrances to the building and various rooms will be outfitted with Iris Scan Technology, video surveillance, and 1 hour fire proof safes to protect files and other valuable MiSDU materials. Please refer to Section IV-D, *Security*, of this proposal, for a detailed discussion of Tier's customized Security Plan for the MiSDU.

2. MiSDU State Staff

As required by the ITB, MiSDU State staff will be allowed access to the MiSDU 24 hours daily, 7 days a week for the State MiSDU director, and 6:00 AM to 9:00 PM daily for other State staff assigned to the MiSDU within areas of the MiSDU based on functional responsibility.

3. Relocation of Non-MiSDU State staff

Tier will also provide an additional 15,000 square feet separately billable to the State for relocation of Non-MiSDU State staff supporting the MiCSES and OCS. Access for that staff will be limited to their functional areas. The physical areas occupied by this State staff will have separate secured access.

Days of Operation [ITB II.C.4.b]

Tier recognizes the importance of providing MiSDU staffing, as required by this ITB, and will go above and beyond these requirements by operating the MiSDU 7 days a week. The States' clients rely on the SDU for information that many use to make basic decisions such as when to pay their rent. Realizing the importance of SDU access, Tier will take measures to ensure that MiSDU customer services will be accessible from at least 7:30 AM to 6:00 PM Monday through Friday. In observance of official State holidays, Tier will make arrangements with the State to close the SDU.

In order to ensure that we can meet the State's requirements for receipting, validating, and transmission to MiCSES for posting, Tier will also transmit files to MiCSES Monday through Saturday except on the days the U.S. Post Office is closed and mail is not available. Tier understands that Saturday is not considered a business day for reporting purposes, but Tier will still transmit files to MiCSES on Saturdays.

Transaction research and suspense management will be performed on all State workdays, except when MiCSES is not available on State holidays. The hours of operation will be from 7:30 AM to 6:00 PM.

Tier understands that the work we are entrusted with is crucial to custodial parents and Michigan's children. As in our other SDU operations, to ensure same day processing Tier's staff will work until each day's payments are processed and within contract requirements. Tier will coordinate with MiCSES if there is a need for off-hours access to MiCSES.

Billing Methods and Timeliness [ITB II.C.4.c]

In accordance with the ITB, service billings will be sent in a timely manner so that they are received by Michigan no later than fifteen days following the close of each month.

Operations Incident Report [ITB II.C.4.d]

Tier understands that on occasion events or occurrences may ensue that interfere with the functioning of the MiSDU and the accomplishment of its performance requirements. When such situation occurs it will be reported to the State as soon as possible after discovery to assure State awareness.

Problem Tracking and Resolution [ITB II.C.4.e]

Tier's Project Methodology ensures accurate and continuous visibility into the project throughout the project life cycle. Establishing a comprehensive system made up of a series of project management and project lifecycle metrics accomplishes our goal to measure everything. These instruments promote rigorous tracking of issues and action items, project cost management, plan variance analysis, requirements traceability across the project lifecycle, as well as deliverable and milestone tracking.

Another component of our approach to project tracking and oversight is comprehensive project status reporting and pre-defined project reviews. The project reviews are linked to key milestones in the project lifecycle, project deliverables, and identifiable risks. The reviews establish key project baselines, which are a critical component to our overall scope management approach. Supported by the communications plan, Tier's approach to project tracking and oversight is the distribution of pertinent information to the right people at the right time.

Tier's approach to project tracking and oversight provides a Problem Tracking and Resolution system which focuses all problems to a single point where they can be identified, logged, managed, and status reported until closure.

Tier will implement corrective action plans that meet the requirements set forth in this ITB. They will be prepared as illustrated in Figure IV.b.2.9-7.

PROBLEM TRACKING	CORRECTIVE ACTION PLAN
Technical/Data Reporting Problems	Within four business days
Financial Management Problems	Within two business days
Customer Service Problems	Within four business days

Figure IV.B.2.9-7. Tier's Corrective Action Plans meet the requirements set forth in the ITB.

Please see the Section IV.B.2.2 Functional Requirements of this proposal for a detailed description of Tier's problem tracking and corrective action plan for each respective set of potential issues as mentioned above.

Escalation of Issues [ITB II.C.4.f]

Tier's experience in working with the Child Support community is extensive. Our experience of operating seven SDUs as a prime contractor has strengthened our ability to address and successfully handle any issue or problem condition—large or small—in a timely and professional manner.

Tier's confidence in its ability to handle these issues comes from Tier's experience and attitude. When setting up services in a state, Tier creates a partnership with that state. It is critical to the end-user, calling for information, that there be a seamless and invisible partnership and interface between the State and Tier. Tier's goal is the same as the state's goal: to provide accurate information, in a timely fashion, conveyed with the utmost professionalism. Tier's SDU professionals promote a customer-centric atmosphere with quality assurance (QA) guidelines focusing on methods and results.

Tier's Customer Service Representatives (CSRs) are trained in handling customers from frustrated to irate. Tier uses the following series of proven techniques to resolve these matters:

- ◆ Professional opening – An upbeat professional voice answers the call and expresses a willingness to help

- ◆ Empathy not Sympathy – “That sounds like a challenging situation, Ms. King. We can research this topic and find a resolution for you. May I gather some information concerning this?”
- ◆ We vs. They - Tier, MiSDU, and other agencies are not “They.” Tier’s CSRs address the Customer Service Center, DHS and all related agencies (FOC, MiSDU, OCS, and MiCSES) as “We.” Whether the problem started within the service center or outside of the vendor’s realm, Tier’s CSRs have ownership of each problem they encounter.
- ◆ Professional “Warm Transfers” when available. One of the most frustrating situations for callers is explaining their problem and then having to explain the problem over again after being transferred. Tier strives to implement warm transfers whenever possible. This allows for a partnership between departments and the seamless transition between groups.
- ◆ Information - During each call that reaches a CSR, Tier will inquire if the caller has a PIN for the automated information line, this will ensure that the caller has access to information 24 hours a day.

Tier understands the importance of quickly addressing complaints to maintain the child support customer’s faith in the Customer Service component of the Child Support program. Tier’s proven training and call management practices will be utilized by the MiSDU employee; however, if the employee is unable to respond to the complaint it will be referred to the lead or to the supervisor until the call is successfully resolved. With this notion firmly in place, formal complaints against Tier, DHS, a local child support office, or another DHS Contractor will be submitted for review by Don Atwell, our Project Director. These issues will be handled prudently and with care. Tier believes that its training and managing practices will address and resolve most challenging calls before they escalate; however, if a formal complaint is logged, Tier will capture all relevant information in the Customer Relation Manager (CRM) application and a

Complaint Log will be generated for the Project Director's review. Once the director review of the complaint is completed, Tier will provide a copy of the response within the required 24 hour period. Tier will submit the complaint and a schedule to resolve the issue. This Complaint Log will outline which department has ownership of the resolution and the expectation set for resolution.

Tier believes that resolving complaints in a timely manner provides not only the opportunity to satisfy a single caller, but more importantly allows us to identify or correct shortcomings in processes or procedures, which initiated the call.

Systems, Processes, Reports, and Files [ITB II.C.4.g]

Tier will maintain a documentation library that will be accessible by the State that contains all vendor-MiSDU policies, processes, practices, reports, and systems. Please refer to the "Methods and Procedures" section of this proposal for a detailed description of the documentation library of policies, business rules, and practices that Tier will maintain. The library will be accessible by the State of Michigan.

Escrowed Operations Software [ITB II.C.4.h]

1. Tier will use D.S.I. as its independent third party for the MiSDU functions that need to be escrowed.
2. The State will use the software and operate the MiSDU if the vendor operations are aborted due to work stoppage, contract cancellation for cause, or other event.

IV.B.2.10 Disaster Recovery Plan [ITB II.C.4.i]

1. Continuation of Business – Site and Infrastructure Still Usable – Same Day Recovery

Tier understands the importance of providing near-seamless system operations during an unexpected system disruption. Contingency considerations and business continuity planning are important if key system compo-

nents and infrastructure become unavailable due to a natural disaster or other unforeseen circumstances. As Tier’s standard practice and as part of our contingency planning, back-up files of databases and image files are stored off-site daily. As detailed below, we ensure that under circumstances of system disruption, due to a natural disaster or other unforeseen circumstances, Tier has the appropriate accommodations to facilitate same day recovery to the State of Michigan’s SDU operations and plans are in place for retrieval, installation, and reinitiating of full operations within one hour following restoration of power or occupancy of the building.

Backup Procedures

Tier understands the need to retain data that is received at our facility, transmitted to the server, and transmitted to Michigan. Tier has a great deal of experience in providing back-up requirements not only for our clients but also for our self, as a corporation. Each Tier facility follows strict guidelines for performing backups of all data. Table IV.B.2.10-1 displays the standard backup requirements followed at each Tier site.

Table IV.B.2.10-1. Tier Standard Backup Procedures

Frequency	Retention Period
Daily Backups	One week
Weekly Backups	One month
Monthly Backups	One year

Tier will adhere to the above guidelines in performing backups of all electronic data received and/or entered at our Michigan SDU facility. Strict adherence to scheduled backups and testing the recovery of those backups is the key to ensuring Tier meets this commitment. Tier does assume backups of the MiCSES system will continue to be completed by Michigan or the MiCSES vendor.

File transmissions made to Michigan will be periodically copied to an additional media, such as CD-ROM. After contract award, Tier will estab-

lish the frequency and schedule for “burning” these transmissions. Daily backups will be stored onsite, while weekly and monthly backups will be stored in a fire-proof safe located in our backup facility.

Restoration of Operations Within One Hour After a Power Outage

Tier’s strategy is to minimize system downtime while providing progressively greater levels of services as component or infrastructure failures are addressed. Kids1st can support anticipated changes in component availability due to known failures (e.g., storage or server component failures, network communication disruption, etc.) through fail-over capabilities inherent in the application design (e.g., server redundancy, off-line data entry, delayed processing, etc.).

As a first step in preparing for a disaster, Tier develops detailed Disaster Recovery Plans (DRP) for each of our operations.

Disaster Backup and Recovery Procedures

There are several facets of the Michigan SDU operation that must be considered when drafting the DRP, including Tier’s ability to:

- ◆ Enter and retrieve information online from MiCSES
- ◆ Transmit payment information electronically to Michigan
- ◆ Process payments using Kids1st
- ◆ Image all incoming financial instruments and documents
- ◆ Provide disbursement functions
- ◆ Provide live customer service
- ◆ Provide outreach.

The focus of any DRP must be to provide uninterrupted service and no loss of data. With this said, it is imperative that Tier’s management take part in the disaster recovery operations. Management must include on-site management as well as Tier’s corporate management. It is through a successful communication system that recovery operations can be thoroughly

and conclusively fulfilled. Tier management will keep staff and Michigan informed of the recovery progress.

The objective of the DRP is to provide:

- ◆ No interruption of service or loss of data
- ◆ Protection against accidental loss
- ◆ Routine back-up of regularly scheduled data and any necessary restoration of data
- ◆ Ability to back out any incorrectly loaded data
- ◆ Storage of purged data on removable media
- ◆ Synchronization of data with interfacing systems upon restoration after failure
- ◆ Off-site installation of systems
- ◆ Restoration of service
- ◆ Business continuity during downtime.

Tier understands the need for a DRP that ensures uninterrupted service and no loss of data during the duration of the contract.

Components of the Disaster Recovery Plan Strategy

Tier will, during the transition period of the contract, finalize a DRP that not only addresses system recovery, but also includes business continuity issues in order to provide a complete avenue for recovery from catastrophic failure. Tier will consider five components during the construction of the DRP:

- ◆ Disaster recovery – Plans for orderly restoration of computing and telecommunications services after a disruptive event
- ◆ Business resumption – Workaround procedures for business processes, used until the processes are recovered
- ◆ Business recovery – Plans for complete recovery of business processes, including the people, workspace, non-IT equipment, and facilities
- ◆ Contingency planning – Plans for responses to various external events

- ◆ Crisis management – The overall coordination of an organization's response to a crisis to avoid or minimize damage to profitability, reputation, or ability to operate.

These five items can be integrated with agency- and State business continuity plans to ensure standards and technology requirements are met. Thus, the plans will reflect the unique operating characteristics of the MiSDU applications and processes in the context of state-wide response plans.

Historically the data processing function alone has been assigned the responsibility for providing contingency planning. Frequently this has led to the development of recovery plans to restore computer resources in a manner that is not fully responsive to the needs of the business supported by those resources. Contingency planning is a business issue rather than a data processing issue. In today's environment, long-term operations outage could have a catastrophic impact. The development of a viable recovery strategy must, therefore, be a product not only of the providers of the organization's data processing, communications, and operations center services, but also the users of those services and management personnel who have responsibility for the protection of the organization's assets.

Proposed Mechanisms

The goals of the DRP should be to:

- ◆ Identify weaknesses in the operational, computing, and communication environments and implement a disaster prevention program
- ◆ Minimize the duration of a serious disruption to business operations
- ◆ Facilitate effective coordination of recovery tasks
- ◆ Outline business continuity process
- ◆ Reduce the complexity of the recovery effort.

Tier's methodology for developing a DRP consists of a number of steps or phases as described below.

Phase 1 - Pre-Planning Activities (Project Initiation)

Phase 1 is used to gain an understanding of the MiSDU existing and projected operational environment. The Project Director should finalize the detailed work plan and develop interview schedules with unit supervisors for conducting the Security Assessment and the Business Impact Analysis.

Phase 2 - Vulnerability Assessment and General Definition of Requirements

Security and control within an organization is a continuing concern. From an economic and business strategy perspective, it is preferable to concentrate on activities that have the effect of **reducing the possibility of disaster occurrence** rather than concentrating primarily on minimizing impact of an actual disaster. This phase addresses measures to reduce the probability of occurrence.

Phase 2 will include the following key tasks:

- ◆ A thorough Security Assessment of the computing and communications environment including personnel practices, physical security, operating procedures, backup and contingency planning, systems development and maintenance, database security, data and voice communications security, systems and access control software security, insurance, security planning and administration, application controls, and personal computers.
- ◆ Based on the Security Assessment, the project team will improve any existing emergency plans and disaster prevention measures and implement required emergency plans and disaster prevention measures where none exist.
- ◆ Present findings and recommendations resulting from the activities of the Security Assessment to management so that corrective actions can be initiated in a timely manner.
- ◆ Define the scope of the planning effort.

- ◆ Analyze, recommend, and purchase recovery planning and maintenance software required to support the development of the plans and to maintain the current plans following implementation.
- ◆ Develop a Plan Framework.
- ◆ Assemble a Project Team and conduct awareness sessions.

Phase 3 - Business Impact Assessment

A Business Impact Assessment (BIA) of all business units that are part of the business environment enables the project team to:

- ◆ Identify critical systems, processes, and functions (e.g., mail delivery, processing payments, bank deposit, file transmission, print and mail checks, and answer customer service calls).
- ◆ Assess the economic impact of incidents and disasters that result in a denial of access to systems services and other services and facilities.
- ◆ Assess the "pain threshold" -- the length of time business units can survive without access to systems, services, and facilities.

The BIA Report should be presented to management for review. This report identifies critical service functions and the timeframes in which these functions must be recovered after interruption. The reviewed BIA Report should be used as a basis for identifying systems and resources required to support the critical services provided by information processing and other services and facilities.

Phase 4 - Detailed Definition of Requirements

During this phase, a profile of recovery requirements is developed. This profile can become a basis for analyzing alternative recovery strategies. The profile is developed by identifying resources required to support critical functions identified in Phase 3. This profile should include hardware (mainframe, data and voice communications, and personal computers), software (vendor supplied, in-house developed, etc.), documentation (DP, user, procedures), outside support (public networks, DP services, etc.), facilities (office space, office equipment, etc.), and personnel for each busi-

ness unit (critical function). Recovery Strategies will be based on short term, intermediate term, and long term outages.

Another key deliverable of this phase is the definition of the plan scope, objectives, and assumptions.

Phase 5 - Plan Development

During this phase, recovery plan components are defined and are documented. This phase also includes the implementation of changes to user procedures, upgrading of existing data processing operating procedures required to support selected recovery strategies and alternatives, vendor contract negotiations (with suppliers of recovery services), and the definition of Recovery Teams, including their roles and responsibilities. Recovery standards are also developed during this phase.

Phase 6 - Testing/Exercising Program

The plan Testing/Exercising Program is developed during this phase. Testing/Exercising goals are established and alternative testing strategies are evaluated. Testing strategies tailored to the environment should be selected and an ongoing testing program should be established.

Phase 7 - Maintenance Program

Maintenance of the plans is critical to the success of an actual recovery. The plans must reflect changes to the environments that are supported by the plans. It is critical that existing change management processes are revised to take recovery plan maintenance into account. In areas where change management does not exist, change management procedures will be recommended and implemented. Many recovery software products take this requirement into account.

Phase 8 - Initial Plan Testing and Implementation

Once plans are developed, initial tests of the plans are conducted and any necessary modifications to the plans are made based on an analysis of the test results.

Specific activities of this phase include the following:

- ◆ Defining the test purpose/approach
- ◆ Identifying the test team
- ◆ Structuring the test
- ◆ Conducting the test
- ◆ Analyzing test results
- ◆ Modifying the plans, as appropriate.

The approach taken to test the plans depends, in large part, on the recovery strategies selected to meet the recovery requirements of the organization. As the recovery strategies are defined, specific testing procedures should be developed to ensure that the written plans are comprehensive and accurate.

To ensure each phase of the Disaster Recovery Plan can be completed, a Disaster Recovery Team must be designated.

Project Team

The composition of the DRP Team may vary depending on the environments and business units for which plans are developed and should include Michigan SDU staff for input. It is important to note that the managers of environments and business units for which plans are developed will be responsible for the maintenance and testing of their respective plans. However, the person/unit responsible for recovery/continuity planning should retain the role of co-coordinator of testing activities, major plan revisions, and maintainer of the Master Plan.

The Michigan Core Project Team is automatically part of other project teams.

Suggested Core Project Team Composition

1. Project Director
2. Deputy Project Director
3. Applications Manager

4. Facilities Manager
5. Technical Manager
6. Telco Providers
7. USPS Liaison

Suggested Information Systems/Technology Support Team Composition

1. Database Administration
2. Information Systems Security
3. Operations
4. Network Support
5. Network Implementation

In implementing Tier's DRP for the MISDU, we plan to utilize existing infrastructure and procedures.

Corporate Oversight Team

This team is responsible on the Tier corporate level for general oversight and status of the recovery efforts. They will also handle company communications with the press/media and additional resource allocation. Mr. Don Atwell, Vice-President Business Process Outsourcing, heads up this team and, in his role as the MISDU project director, will be responsible for this function at our Lansing facility.

Testing of the DRP

Tier will provide a final detailed disaster plan for approval by Michigan within the first 90 days of the transition period. Tier's approach to testing our DRP is a process that will encompass a number of different disaster scenarios and provide a mechanism for improving on the plan itself. Hazards such as fire, smoke, flood, water damage from sprinklers, storm, tornado, and other natural or unanticipated disasters are accounted for under this recovery plan.

2. Hard Disaster – Site Not Usable – Requires Relocation of Operations

Proposed Backup Facility

In order to be successful a DRP must support the recovery of each major function within the operation. For the MiSDU, this includes the following functional areas:

- ◆ Payment Processing
- ◆ Disbursements
- ◆ Customer Service

Tier has developed a comprehensive backup strategy to support each of these functions, which will be fully detailed in the final DRP provided to the State within the first 90 days of the transition period.

Payment Processing Operations – Recovery of the payment processing operations requires a number of discreet components including, at the highest level, infrastructure – physical and technical; access to the incoming payments whether mailed or sent through EFT; staff; the ability to deposit the processed payments; and finally, the ability to transfer the payment file to MiCSES.

Physical Infrastructure – Tier has selected our Nashville, Tennessee facility as the hot site to meet the MiSDU disaster recovery requirements related to payment processing. The Tennessee facility will include the same hardware and software solution used to process payments in our Lansing facility. Tier will utilize the Tennessee infrastructure from 6 pm each day, when the TN operations end, to 7 am the following day to process the Michigan child support payments. Processing the payments overnight ensures that there is no chance that payments from the Tennessee operation are commingled with payments forwarded from the Michigan project.

The mail will be rerouted to the backup facility through coordination with the USPS or by taking delivery of the mail in Lansing and forwarding by overnight mail to our recovery site in Nashville, Tennessee. Processing EFT payments requires only that we are able to download the file from

Fifth Third Bank. We will coordinate with the Bank to determine the most effective method of accessing the file remotely from the Tennessee facility.

Once the method for moving the Michigan payments has been identified, the means for ensuring staff are available to process the payments is the next major hurdle in implementing a successful DRP. Understanding that the Tennessee staff cannot be expected to work all day processing the Tennessee payments and all night processing Michigan payments, Tier will arrange transportation of the required Michigan staff from Lansing to Nashville. Additionally, select staff from Tier's Tennessee, Kentucky, and Alabama operations will be made able to supplement the Michigan disaster recovery efforts in Tennessee. Unlike other smaller vendors, Tier's existing child support operations can provide staff to support any recovery efforts. Moreover, two of our existing SDU operations, Alabama and Kentucky, are within approximately four hours of the Nashville facility. The proximity of the Alabama and Kentucky operations ensures nearby supplemental staff, trained in SDU operations that can support any recovery efforts.

The final two steps of our disaster recovery solution require that we be able to transfer the payment file to the MiCSES each day and that we be able deposit the checks into our Fifth Third account. Tier will work with the State to determine the most pragmatic method for the payment file transfer from the Nashville facility to Lansing. Possible solutions include the use of FTP to a secure site, email of an encrypted and zipped file, VPN to the MiCSES network, or dialing up directly to the MiCSES network. Tier has used a number of these methods successfully in other operations and believes that they provide a reliable and secure method for effectively transferring the file each day.

Ensuring that we are able to deposit the checks into our Fifth Third account, is not difficult as Tier's remittance processing solution includes tak-

ing advantage of the Check 21 law, which allows us to simply deposit images as opposed to physical checks. In depositing the images, the only requirement to successfully make the deposit each day is a reliable and secure transmission facility. Tier will work with the bank and the State to ensure that all parties are comfortable with the transmission method finally selected to support the DRP deposit process.

Tier believes that the SDU infrastructure in Nashville provides the most realistic disaster recovery solution to the remittance processing function. Both the Nashville and Lansing facilities use the same type of equipment; therefore, additional training would not be required for Michigan staff and they could immediately begin processing payments. Moreover, our solutions reliance on the capacity of an existing SDU operation reduces the overall cost of our MiSDU bid by leveraging equipment across multiple operations. Finally, the solution includes enough capacity to ensure that Michigan's constituents are not overly impacted by any disaster at the Lansing facility.

The Tennessee facility will be operational within 48 hours of any disaster and Tier will be capable of providing services that meet the performance standards set forth in this contract. Tier understands that should a catastrophic disaster affect the operation of the Michigan SDU site, our backup facility may be required to continue operations for a long duration, perhaps 90 days or more. We will work with Michigan to determine the most appropriate time to resume operations at the original facility or relocate to a new permanent facility in Lansing if needed. We understand that Michigan reserves the right to reject Tier's proposed backup facility plan. In such an event, we have several other options available to us and Michigan.

Disbursement Operations – In the DRP, the disbursement function will be outsourced to Allsion Payment Systems (APS), a vendor that will also provide the coupon printing function during normal SDU operations. The

Michigan SDU check disbursement file will be transmitted to the APS facility in Indianapolis. They will then print and mail the checks from this facility. They will prepare and print the checks using the same specifications outlined in our Disbursement Solution (Section IV.B.2.4) in this proposal, including the use of PAVE and CASS processing to ensure the lowest possible postal rates. A 1-week supply of check stock will be maintained at the APS facility to ensure that printing operations can begin immediately. Additional check stock will be transported to APS after the disaster declaration to ensure a sufficient quantity is available to meet the printing requirements during the entire period of the disaster recovery. In addition to being a proven printing partner with the infrastructure to support printing the disbursements for Michigan, the proximity of the APS facility in Indianapolis to Michigan and APS' standing as the second largest postal customer in the Indianapolis, helps ensure the Michigan's child support payments will be received by the State's constituents as quickly as possible, even in the event of a disaster.

Customer Service Operations – Based on Tier's proposed Customer Service telephony solution, transferring calls to the backup site will be relatively simple. Our telecommunications support staff will make the necessary modifications to our system so that calls can be rerouted to the backup "facility" almost immediately. Call centers can often be the most difficult function to adequately recover in the event of a disaster. While the technical infrastructure to process the calls is expensive to duplicate, being able to have staff that understand the Michigan child support program available to take calls can be the biggest challenge. Relying on the advanced technical functionality of the I3 Customer Interaction Center platform, Tier has developed a comprehensive backup solution that allows our Michigan CSRs to continue take calls from anywhere a phone is available.

Contact Center Delivery and Service

In describing the ability of the contact center's technology systems to maintain call center functions in a disaster, it is necessary to first examine the inherent features of the systems proposed that make them reliable, secure, and quickly returned to service, and second, to propose the Hosted Disaster Recovery Center (HDRC) be used in the event of a disaster. While the recovery options within the systems are important, they are not enough in the event of a hard disaster that prohibits Tier from inhabiting the call center. For that reason, a HDRC is recommended.

Technology Recovery Features

The proposed Customer Interaction Center[®] (CIC) system has a number of features that work to ensure that the system recovers quickly from a power outage or disaster. For example, the CIC automatically restarts after power failure. CIC is installed as a service to start up automatically when the server boots up. Logon to host applications are part of either the start up process or as a developed application script.

In addition, there is a sub-process running in the CIC operating environment that monitors all other processes and will restart, if need be, a failed process. This is a defensive mechanism intended to increase availability of the system. All incidents are reported to the Windows application event log; optional custom applications may be created to notify appropriate personnel based upon the State's directions. If the system is part of an optional N+1 redundant configuration, the backup server would take over operation in the event of primary system failure. Reliability is one of the primary design features of CIC. In fact, many organizations worldwide have replaced their existing phone systems, call distributors, and other legacy telecom devices with CIC servers. For the maximum in reliability, CIC can be developed in a multi-node cluster so that if one server fails, another takes over operation within a few seconds.

CIC and its core technology – the Interaction Center Platform[®] – allow organizations to eliminate older, less dependable proprietary pieces of telephony equipment – thereby offering a dramatic departure from the current ad-hoc approach toward communications. Subsequently, CIC lets organizations eliminate the boundaries between ACD, IVR and other applications to enable true end-to-end system reporting, and offer them the ability to monitor all interaction management facilities using standard, more reliable network management tools and techniques. Rather than having multiple “links” in the communications “chain” with the potential for any link to fail, CIC provides more functionality with fewer moving parts, thus eliminating a lot of failure-prone chain links. By reducing the components in delivering a complete communications solution, CIC simplifies disaster recovery planning dramatically while reducing overall costs.

In addition to the system component redundancy that has been built in, the solution has been configured to take advantage of the existing Tennessee SDU site and a Hosted Disaster Recovery Center (HDRC) for additional redundancy and fail-over capacity as described in the next section (Figure IV.B.2.10-1).

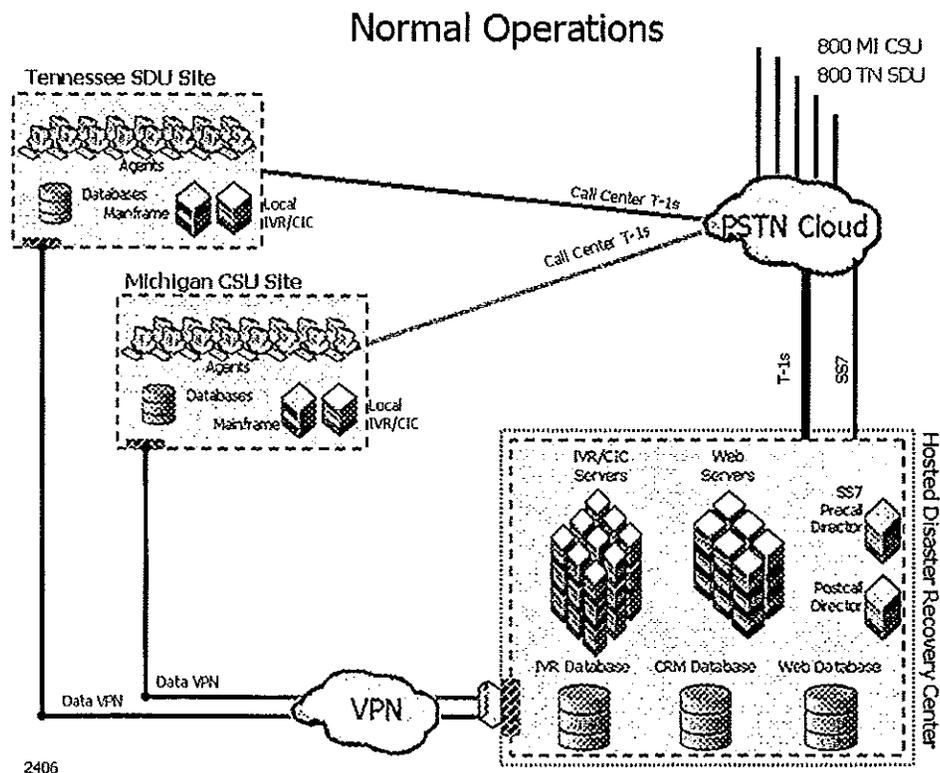


Figure IV.B.2.10-1. Normal Operations Configuration of the MiSDU and the HDRC

Hosted Disaster Recovery Center

Although measures have been taken to ensure that the proposed systems are reliable, fault-tolerant, and can be quickly returned to service in the event of a failure, it may be to provide services that allow the State to continue to handle communications and conduct the business of child support outside of the MiSDU. With the proposed HDRC, the State can continue to take care of business (Figure IV.B.2.10-2).

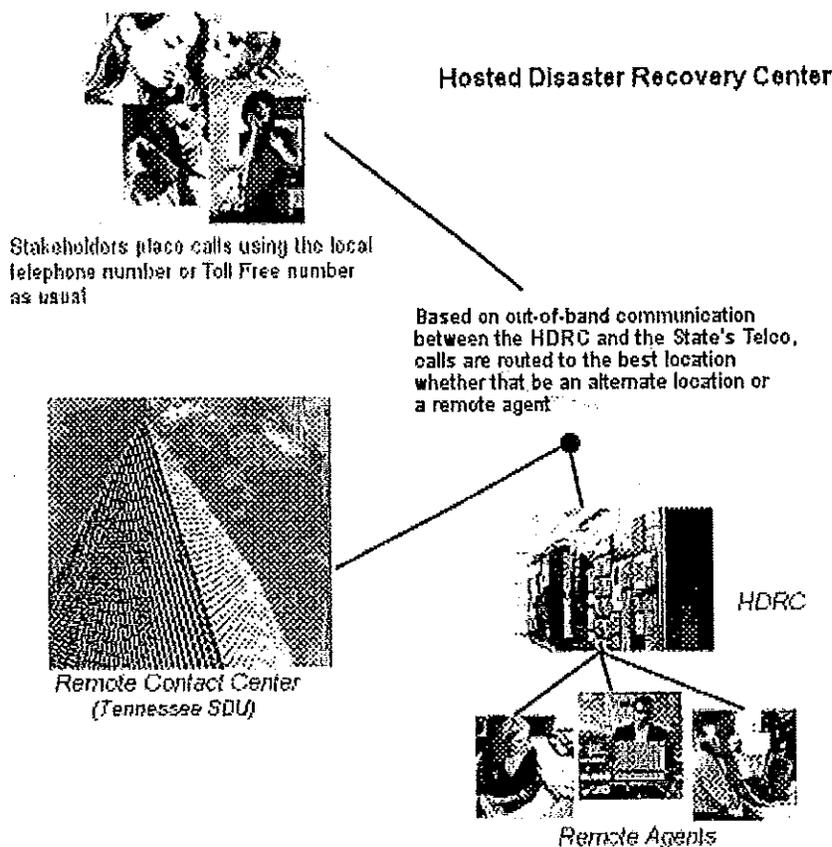


Figure IV.B.2.10-2. The HDRC will provide uninterrupted support and communications.

The proposed HDRC will protect and support MiSDU's business-critical communications by re-routing calls and essential communications to CSRs who can assist stakeholders. As a first line of defense, initiated immediately after the primary site becomes disabled, the HDRC will notify the telecom service provider to route calls to a secondary contact center, such as the Tennessee SDU. As CSRs for the MiSDU are able to re-group and connect with the HDRC, they will be able to assist callers.

The HDRC location will include the systems (i.e., CIC, CRM, SQL Server Database, etc.) to allow CSRs to continue to handle transactions via phone and email as well as have access to the transaction for all but the current business day. The same set of CIC features (i.e., multimedia ACD, remote access with a telephone and Internet connection, first-in/first-out/longest available queuing, IVR, call recording, conferencing,

and supervisor options) are available to the available CSRs. By including the CRM software at the HDRC site and synchronizing with MiSDUs CRM system daily, the HDRC will have a record of the transactions from previous days to use in providing customer service.

In addition to the systems required, the HDRC will have dedicated voice trunks, redundant Internet access, 24/7 facility monitoring, and access to an experienced set of engineers. This combination will ensure a highly reliable, highly available disaster recovery solution for the State.

As shown in Figure IV.B.2.10-3, during the initial recovery from the disaster, calls are transferred to a secondary call center site (Tennessee SDU) seamlessly. The stakeholder will likely not be aware that the center is operating in disaster recovery mode because there is no interruption to service.

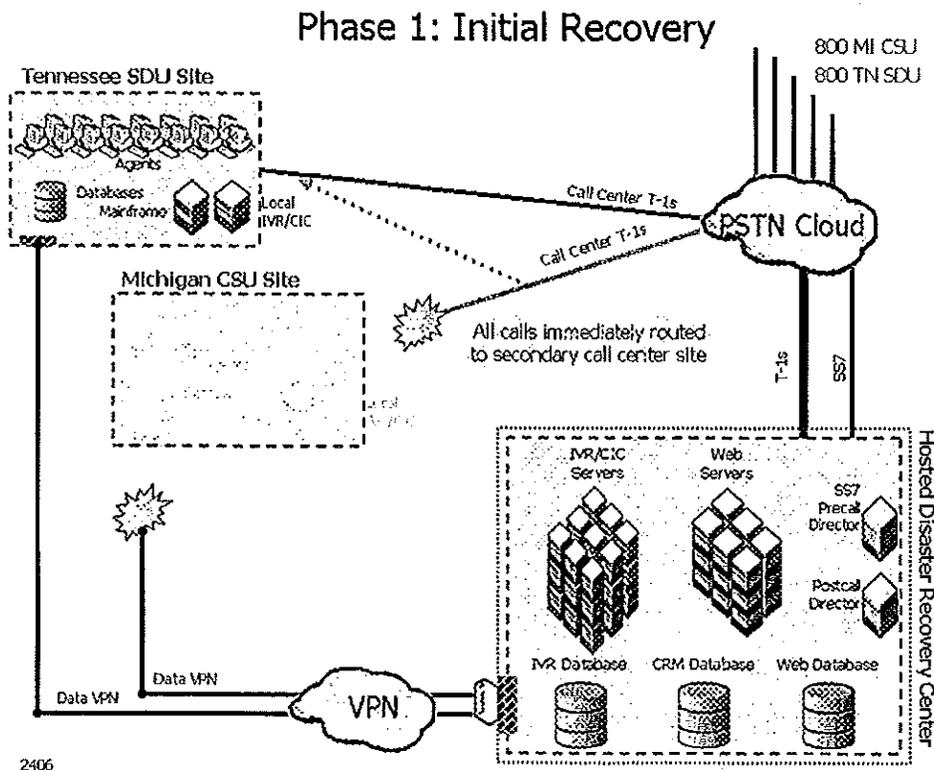
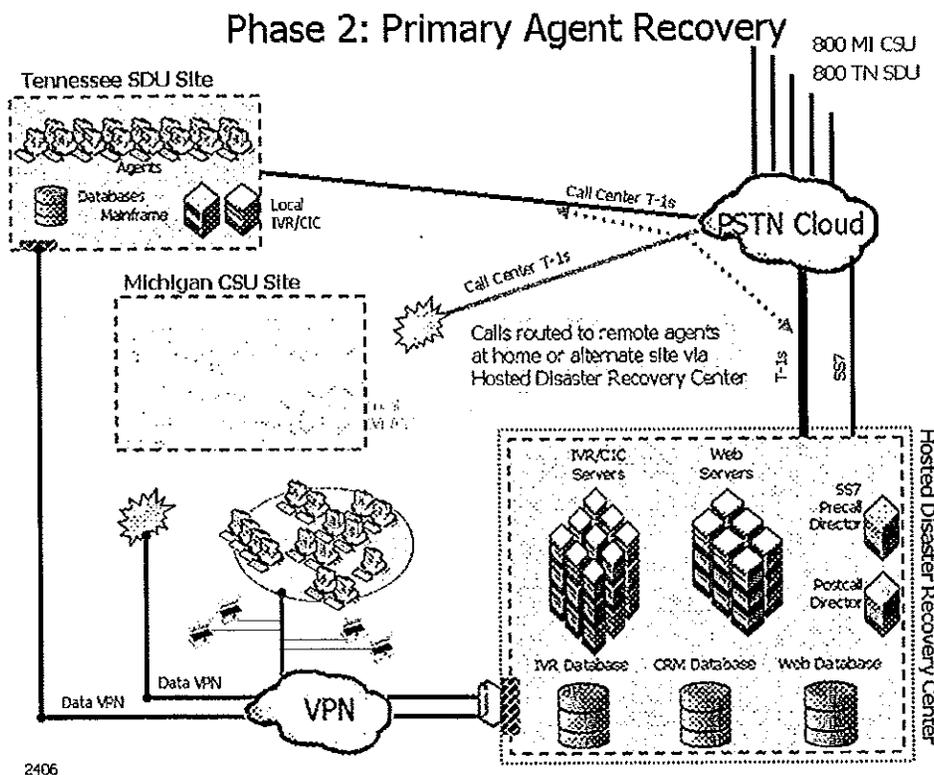


Figure IV.B.2.10-3. Illustration of Phase One of the recovery

Immediately after the primary site goes off-line, both the secondary call center site and the HDRC will be available to stakeholders. Further, once MiSDU regroups or begins working from alternate locations, they can connect to the HDRC and resume their tasks with minimal interruption. Calls, CRM data, and email, likewise, can be transferred to CSRs at home or an alternate site via the HDRC. Figure IV.B.2.10-4 illustrates the transfer to the CSRs/agents at their remote locations.



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Figure IV.B.2.10-4. Phase Two of the Disaster Recovery via the HDRC

Functional Experience

Because the HDRC will have the same applications, auto attendant, and “voice” of the MiSDU, the caller’s experience will be indistinguishable from normal operations. The HDRC will perform the same as the primary site and stakeholders will be able to receive assistance as normal.

Personnel, likewise, maintain functionality during the disaster recovery period. CSRs with PC access maintain the ability to set their status and receive a screen pop or a tone through their PC to alert them of a new interaction. They will also maintain the ability to manage and track cases through the CRM package and will have access to the transactions for all days except the current day, and can update the system during the stakeholder's call as they would normally do. Supervisors can remotely listen in on CSRs calls and record them if desired. All of the CIC and CRM functionality that they are accustomed to will be provided through the HDRC.

Shifting Operations to the HDRC

Viability and usefulness of the HDRC depends on the regular exchange of information between the State's systems and HDRC systems. Daily file transfers and updates to the CRM package will be used to synchronize the HDRC. Likewise, customizations, upgrades, and fixes will be maintained for both sites. Personnel designated as available during a disaster recovery must have their remote systems monitored for compliance as well.

In the event that it becomes necessary to shift business communication to the HDRC, the following steps will be taken:

1. Using SS7 based signaling and the SS7 Pre-call Director, the HDRC will direct the State's Telco to re-route calls to the designated HDRC DID or toll-free phone numbers for alternate contact centers, such as the Tennessee SDU.
2. As CSR from Michigan become available and connect to the HDRC, they will be added to the pool of CSRs accepting calls for the State of Michigan stakeholders.
3. The State will determine the number of Disaster Recovery Personnel required to maintain business communication during the disaster period. Additional CSRs may be added at any time.

- a. Personnel expected to be available for disaster recovery operations must be equipped as follows:
 - i. Locally installed Remote Interaction Client, which provides a soft phone to provide agent functionality
 - ii. Locally installed CRM Client
 - iii. Have an Internet connection
 - iv. Have a DID (direct inward dial) telephone number
 - v. PC with one of the following minimal requirements:
 - Microsoft Windows 98, Pentium 166 with 34 MB RAM
 - Windows NT, Pentium II 300 with 64MB RAM
 - Windows 2000, Pentium II 300 with 64MB RAM
 - Windows ME, Pentium III 400 with 128 MB RAM.
- b. Personnel who are not able to regain Internet access may utilize the telephone-only version of the client during the emergency situation.

During any time of disaster, limitations to conducting business are expected. However, by utilizing the proposed HDRC, disruptions are diminished and important communication lines are kept open between the State's child support division and the stakeholders. Additional benefits to the State's SDU include:

- ◆ Reduce or avoid revenue losses and stakeholder losses
- ◆ Reduced employee downtime
- ◆ Remove the need for buying, installing, integrating, and maintaining a back-up communications infrastructure
- ◆ Eliminate the need for a Hot Site; personnel can work from home
- ◆ Maintain continuity by supporting your existing telephone numbers, both local and toll free.

Tier's Disaster Recovery Experience

Tier has successfully implemented business continuity or DRPs for other operations, including its Kentucky Payment Processing Center, New

Jersey Payment Processing Center, and Maryland Payment Processing Center. For example, our Kentucky Payment Processing Center, located in Lexington, Kentucky, experienced a severe ice storm in February of 2003. The ice storm interrupted electrical power in most of the city for 5-7 days. On Monday we relocated and were in operation on Tuesday morning in the backup location. On the following Monday evening, we were able to move back into our office without any further interruption of service to the Commonwealth of Kentucky.

Our DRP includes vital, yet seemingly obvious, information. It is this information that each of our staff members becomes familiar with to allow operations to continue to run smoothly. While all of our DRPs follow a similar format, they are each specific to a particular site. Table IV.B.2.10-1 below outlines the necessary information that will to be included in the MiSDU DRP. Additional items may be included after discussions with the State of Michigan.

Table IV.B.2.10-1. Necessary information to be included in the Michigan SDU DRP

Topic	Brief Description
Purpose	Discuss purpose of DRP
Impact Analysis	Discuss the typical three levels of impact assigned to disasters, provide estimated times to recover, and discuss possible solutions.
Disaster Recovery Teams	Detail the appropriate teams, providing names, contact information, and roles and responsibilities.
Resumption Coordination Team	Includes the core team members and SMEs to facilitate coordinating all DRP teams and maintain communication with Michigan. Contacts vendors with the backup location address (e.g., mail courier and bank courier).
Emergency Finance Team	This team's responsibilities include implementing insurance claims and bonds, implementing rapid Purchase Orders. It will be this teams priority to ensure that all required purchases can be made quickly.
Information System and Technical Support team	Handles all server configurations, telecommunications modifications, testing of interfaces, and final resumption of all automated processes at backup site.
Personnel Team	Handles ensuring safety of all staff, contacting staff with backup location, and assisting staff in locating transportation to the backup site.

Topic	Brief Description
Supply Team	Ensures adequate office supplies on are hand. Also verifies an adequate supply of check stock is on hand.
Testing, Reviews and Changes	Discuss schedule of performing DRP tests and test results.
Backup Procedures and Testing	Detail required back-up procedures and on-site and off-site storage of backups.
Priority Equipment and Services	List priority equipment, vendor, and estimated time to reacquire.
Non-Priority Equipment and Services	List priority equipment, vendor, and estimated time to reacquire.
Vendors and Important Contacts	Provide vendors and their contact information.
Disaster Simulation	Provide details as to the types of disasters that will be simulated to ensure the success of this DRP.
Michigan Contact List	Provide Michigan contact names and contact information.
Tier Corporate Contact List	Provide Tier corporate contact names and contact information.
Office Checklist	Provide a list of office supplies required to complete daily tasks at the Michigan SDU.
Server Configuration	Detail the configuration of the servers so that they can be regenerated using step-by-step screen captures of the necessary procedures.
Michigan SDU Workstation Network Configuration	Detail the configuration of the workstations so that they can be regenerated using step-by-step screen captures of the necessary procedures.
Sign-in Sheet	Provide a hard-copy sign-in sheet for staff.
First-Aid Kit	Include a listing of standard first-aid supplies that should be on hand along with a listing of "special medical" needs of required personnel.
Alternate Locations	Detail the alternate locations which can be used to temporarily house the Michigan SDU along with contact information used for locating a permanent facility, if needed.

Plan Expansion and Implementation

The DRP will be updated semi-annually for specific information such as exact names, references to bond numbers, insurance policy numbers, local addresses, changes in team participation, and changes in local vendors.

After contract initiation, Tier will conduct a more thorough evaluation of the following disaster scenarios that are site specific:

- A. Location Hazards
 - 1. Proximity to Airport
 - 2. Multi-level Building

3. Nearby Multi-level Building
 4. Congestion Area
 5. Industrial Park
 6. Proximity to Chemical Factory
 7. Proximity to Chemical Laboratories
 8. Proximity to Natural Gas
 9. Proximity to Railway
 10. Power Supply Problems
 11. Lightning
- B. Low-lying Area
 - C. Large Bodies of Water
 - D. Proximity to Military Exercise Area
 - E. Major Construction Equipment
 - F. Terrorist Activity
 - G. Virus Contamination
 - H. Sabotage
 - I. Intrusion by unauthorized personnel

This will have to be performed after an actual location is established, because the exact location of the Michigan SDU facility will drive this portion of the DRP.

3. Work Stoppage or Contract Cancellation

Tier understands that in the event that Tier is not able to continue operations due to work stoppage or contract cancellation, that Michigan may continue operations for an interim period until the end of the contract period. Tier recognizes that there is a contractual responsibility on the part of the vendor to provide the services for the duration of the contract resulting from this ITB. Under these conditions, Michigan may occupy and staff the MiSDU facility using the existing hardware, software, and connectivity at Tier's cost. However, Tier has never had a work stoppage issue since we began providing privatized SDU services.

4. Performance and Penalties

Tier notes that as required by the ITB, all performance and penalty requirements are identified in Attachment B – Supporting Documents, Performance, Metrics and Reporting.

5. Change Requests

Tier will interact with Michigan in a timely manner when Michigan requests a system or process change. If Michigan requests that an assessment be performed at the MiSDU facility, Tier's Project Director will respond either in person, by telephone, or by email as soon as possible to that request and will complete such request within a week from the date of the request, unless Tier has requested and received an authorization from Michigan to take a longer period of time to complete the assessment.

SECTION IV-C MANAGEMENT SUMMARY

IV.C.1 NARRATIVE [ITB II.D]

Tier understands the problems presented by this procurement, because State Disbursement Units (SDUs) are a significant part of what Tier is as a corporation. We understand because we have been in the trenches implementing SDU operations since 1998. Over the last 6 years while implementing either directly or indirectly 11 SDUs, Tier has determined how to avoid the very problems posed by the MiSDU project.

Specifically, we believe the problems posed by the MiSDU project can be divided into four major components:

- ◆ Risk mitigation
- ◆ Program effectiveness and transition to an e-commerce environment
- ◆ Customer service excellence
- ◆ Cost reduction

Tier's MiSDU proposal provides a comprehensive solution to each of these challenges by integrating our understanding of the SDU environment with the information in the State's Invitation to Bid (ITB).

Risks to the project as a whole are significant if the collections function fails to maintain timely and quality collection services. As the first stage in the SDU operation, the collections process ensures that the appropriate data are quickly and accurately captured for presentation to MiCSES and subsequent identification to a child support case. Any impact on the accuracy or timeliness of this process negatively affects Michigan's child support clients. Tier believes the risk factors for collections can be separated into three major components:

- ◆ Loss of financial controls
- ◆ Technical and staffing solution not scalable to Michigan volumes
- ◆ Low accuracy rates

Each of these risks, without proper mitigation, could have a negative effect on the SDU operation and the child support program project as a whole. Fortunately, Michigan can safely rely on Tier's experience in addressing each of these risks, not only in multiple high-volume remittance processing operations, but more specifically in multiple SDU operations processing billions of dollars in child support collections each year.

Risk - Loss of Financial Controls

The MiSDU is one the largest SDU operation in the United States, processing over \$1.6 billion each year. These dollars represent support for Michigan's children. The financial controls used to account for these funds must be robust, comprehensive, and in compliance with all applicable federal, State, and Generally Accepted Accounting Principles (GAAP) audit requirements.

Loss of financial controls can take a number of forms at a SDU. First, there can be actual theft, fraud, or other breach of trust crimes at the SDU. Criminal activity at any financial operation is unacceptable; however, when it takes support from a Michigan family, it can also have damaging financial repercussions for the family affected. Moreover, the negative publicity at the level of either the constituent or the public brings into question the SDU's ability to adequately account for the public funds with which the SDU has been entrusted. Second, a loss of financial controls can lead to discrepancies in the accounting controls used to reconcile the operation. So, while all the funds for which the SDU is responsible may be where they belong, they cannot be adequately accounted for. Again this situation brings into question the ability of the SDU vendor to meet its fiduciary responsibilities to the State. Finally, the establishment of inadequate controls or the inadequate implementation and enforcement of proper controls may result in a negative audit finding.

Risk - Solution Scalability

The size of the MiSDU provides opportunities for economies of scale not found in most other SDU operations. However, the same volumes that provide economies can also be risks if not properly identified. The vulnerability of an SDU operation based on size raises two major questions: Will the staffing model support the transaction volume within the required timeframes? Will the technical infrastructure support the processing of information without difficulty?

The MiSDU must be scaled to not only meet the volume requirements on Day 1 of the contract, but also to account for a complex formula of processing metrics that includes not only the actual number of transactions to be processed, but also the percentage of payments received through electronic funds transfer (EFT), the expected percentage of unidentified payments requiring additional research, and the length of the processing window every day for the next 5 years. Only through a thorough understanding of these metrics, based on actual SDU operational experience, can a proper staffing model be built that ensures compliance with the same day processing requirement found in the ITB.

Without understanding the variance in payment volumes by day of the week and week of the month, an SDU operation can easily be overwhelmed by payment volumes that cannot be processed within the day of receipt window. Unfortunately, a failure to complete processing today can escalate to a situation where some percentage of today's payments must be completed tomorrow before processing of tomorrow's payments can begin and then tomorrow's payments are not completed either. This situation can quickly deteriorate to a point where the SDU can be a number of days behind in processing. Since the physical infrastructure to support the processing functions is finite, it can be difficult to recover once a large backlog is created without additional outside assistance.

This type of backlog can have a number of distinct risks associated with it. First, the 48-hour federal disbursement requirement will be missed. Missing this important federal requirement can lead to sanctions against the State. Second, payment backlogs always generate additional scrutiny and contact from the project stakeholders, advocacy groups, the Legislature, and the State's clients. Responding to these additional contacts exacerbates the resource issues as resources that could be processing payments are now responding to the additional requests for information about the backlog and questions about whether "my" payment is waiting to be processed.

Similarly, if the architecture or capacity of the technical infrastructure is insufficient to support the SDU's volumes, a backlog of payments can quickly form. Whether or not the project has enough staff is irrelevant if the payment processor has to wait 60 seconds for each payment image to be displayed. It is imperative that the technical solution be based on a sound design that has been fully tested to support payment volumes in excess of those actually anticipated. Again, if the technical solution fails, the SDU will suffer from the same risks associated with inadequate staffing as described above.

Risk - Low Accuracy Rates

Accuracy must be the hallmark of any SDU operation. Each incorrect payment has a significant negative affect on multiple project stakeholders:

- ◆ Custodial Parent (CP) who should have received the funds, but did not
- ◆ CP who should not have received the funds, but did
- ◆ Child whom the funds were really meant to support.
- ◆ Non-Custodial Parent (NCP) who is questioned about why a payment was not made
- ◆ Employer who is questioned about why a payment was not made
- ◆ Customer Service Representative (CSR) who takes the call reporting the missing or extra payment

- ◆ Friends of the Court (FOC) worker who takes the call reporting the missing or extra payment
- ◆ SDU research specialist who does the research to determine what actually happened with the payment in question

Each of these parties must spend time responding to a single misposted payment. The effect of a large number of misposted payments on the overall effectiveness of the SDU and ultimately Michigan's child support program could be disastrous. Therefore, Tier believes that this service area represents a significant risk to the overall success of the project.

Collections Risk Mitigation Strategies

Cataloguing and understanding the risks that may occur within an SDU environment are the first steps in mitigating these risks. We have catalogued the possible risks associated with the MiSDU in each of our previous SDU implementations. The following section of this proposal describes our risk mitigation strategy. Tier has developed a comprehensive risk mitigation strategy based on the experience that can only be gained through the implementation of multiple SDUs. More importantly, we have developed a risk mitigation strategy that addresses risks unique to Michigan in order to minimize their impact on the Child Support Program project stakeholders, especially Michigan's families.

One of the most significant impacts to the SDU project would be the failure of the service provider to ensure the implementation of, and adherence to, the **proper financial controls**. Loss of financial controls at the SDU places billions of child support dollars and the families they support at risk. To mitigate this risk, Tier has a complete package of accounting controls, audit trails, checks and balances, and corporate oversight. Most importantly, as detailed in Section IV.B.2.7 Banking and Account Reconciliation of this proposal, Tier's solution provides for numerous reconciliation points supported by proven accounting controls and audit trails. A summary of these control and reconciliation points appears below.

- ◆ SDU origination of Automated Clearinghouse (ACH) debits
- ◆ ACH debit return items
- ◆ Invoice-Derived Billing (IDB) collections
- ◆ Credit card collections
- ◆ Credit card disputed items
- ◆ Issue checks
- ◆ Check clearing
- ◆ Originate ACH credits
- ◆ ACH credit returns
- ◆ Electronic Payment Cards (loaded value)
- ◆ Electronic Payment Card Exceptions
- ◆ Electronic Benefits Transfer (EBT) (benefit availability/funding)
- ◆ EBT (card usage)
- ◆ EBT exceptions
- ◆ Voiding checks
- ◆ Stop Payments
- ◆ Stale-Dating

Moreover, not willing to rely on the standard financial controls that should be in place in all SDU operations, Tier's solution includes a number of additional value-added controls designed to protect Michigan's child support funds. One of the most significant of these value-added controls is inherent in our use of the Opex AS 3600i. Unlike most high-speed remittance processing operations, the use of the 3600i allows Tier to establish the initial point of receipt for every financial instrument as early in the remittance process as possible. In fact, our solution allows us to uniquely assign a transaction number to each financial instrument received at the time it is removed from its envelope. Other high-speed remittance processing operations must first sort, batch, and orient the financial instruments received and then move them to another room for imaging prior to

the assignment of a unique transactions number. Since the majority of all stolen items at an SDU take place in the mailroom, it is important that each item is accounted for as early as possible in the operation. Additionally, financial instruments are better ensured of not being lost in the operation if the financial instrument and supporting documents are individually removed at the image capture point. Other vendors who use traditional high-speed transports lose this control of the financial instrument. For example, if the instrument is upside-down or backwards during the checks' high-speed capture process, the checks will be co-mingled with stubs.

In addition, since theft in financial operations does take place in the mailroom, Tier's facility enjoys a number of physical security controls as well. These controls include limited access through the use of Iris scan technology to the mailroom by only those staff who work there and cameras recording the activity in the mailroom throughout the day. Furthermore, our procedures preclude an individual being in the mailroom alone, and a supervisor must be in the mailroom any time any staff are in the facility.

Supplementing our accounting controls and physical security, Tier also works to ensure that the personnel assigned to the project are trustworthy. To this end, we require a background check on each individual employed by the SDU. The background check looks for criminal activity, especially that involving breach of trust crimes, and individuals with poor credit ratings who are not working to rectify their past debt problems. We feel that by not hiring individuals who have previously committed a crime or those who have an large outstanding debt and history of failing to pay, we diminish the chances that we will employ someone who might eventually steal from the operation.

Moreover, we also require individuals coming to work in our operations to disclose whether they have an active child support case. This information is not part of the individual's personnel file, but instead is used by the

project's senior management to audit individual cases for suspicious activity. In no way does an individual's having a child support case, regardless of its status, affect the individual's chances of working at the SDU. However, we feel that it provides the final control in ensuring that each child support payment received at the SDU makes it to the intended recipient.

Scalability

As noted above, Tier brings to Michigan a positive solution to ensuring our fiduciary responsibility to the State and its clients. However, this solution mitigates only one of the risks at the SDU. Another significant risk at any SDU, and especially an SDU the size of Michigan's, is the ability of the operation's staff and associated equipment to adequately handle the project's payment volumes. To understand the staffing component of the operation, Tier uses a sophisticated model based on an understanding of a number of important SDU metrics including the following:

- ◆ Payment volumes
- ◆ Percentage of EFT
- ◆ Percentage of payments received by day of the week
- ◆ Percentage of payments requiring additional research
- ◆ Processing rate for each major function
- ◆ Number of hours available each work day
- ◆ Productivity percentage for staff, knowing they are not working 100% of the time they are in the office

Each of the metrics is used in our model to determine the average and maximum number of staff in full-time equivalencies (FTEs) required by day of the week to support the operation. An understanding of the operational requirements at this level can only be obtained by an intimate knowledge of SDU operations. Tier has included a preliminary staffing model for all components of our MiSDU operations later in this proposal.

The staffing model for an SDU operation must take into account a number of significant metrics. These metrics are only available to vendors that have experience operating an SDU. By understanding the variances in payment volumes and the significant impact the number of unidentified or research items has on the operation, Tier is able to properly staff our MiSDU operation and mitigate the risk that payments will not be processed due to a lack of trained staff.

Tier designed the Kids1st[®] architecture to be highly scalable and to have the ability to handle a large load of incoming documents. Scaling of the scanning and processing stations is quite straightforward and achieved just by adding the new station and registering it in the system. Knowing average throughputs of these stations, it is easy to determine the total number of machines in these modules. The same can be said for the database (not only for the main Kids1st database, but also for the databases in the imaging part of the system). Kids 1st uses MS SQL Server Enterprise Edition, which is clustered in a pair of active-active databases. For the external applications this cluster looks like a single machine. In reality it is a combination of the two databases with highly available shared storage and fail-over mechanisms between them. The projected database configuration is capable of handling much higher loads than that projected for Kids1st at any time during the operation; however, given the system architecture, we can easily add more servers into the cluster as required.

Tier has developed a robust SDU solution proven in multiple projects over the last 6 years. Moreover, Tier's solution has continued to evolve during this period to take advantage of many of the latest technology offerings in the remittance processing and call center environments. We take pride in our operations and look forward to moving Michigan and its families to our SDU solution as seamlessly as is possible.

Program Effectiveness and eCommerce Initiatives

As noted above, Tier's SDU solution continues to improve as we discover new technologies and processes. Many of these improvements directly enhance the effectiveness of the not only the SDU, but in many cases will make a significant impact on the child support program overall.

One of the most noteworthy of these enhancements is Tier's ability through our OnBase partner to make images of the payments and disbursements processed by our MiSDU operation available directly from MiCSES. Imagine a caseworker not having to look up a payment transaction in MiCSES and then using that transaction data in another application to display the payment image. Our proposed solution would allow the caseworker simply click on the transaction in MiCSES and the associated image will display immediately in a new window. Tier is excited about working with the State to implement this amazing technology.

Additionally, Tier understands the e-commerce will continue to improve the remittance processing and disbursement functions in SDU operations. Tier not only anticipates an increase in incoming EFT as well as outgoing direct deposit and electronic payment card transactions, but we have also included a proactive outreach program to increase the adoption rates of electronic payments and disbursements. However, while electronic transactions benefit the child support recipients by reducing the time required to receive, process, and disburse a payment, Tier also realizes that it is more difficult for the other project stakeholders, especially the caseworkers, research, and call center staff, to easily understand the electronic transaction data. Therefore, Tier has developed a process whereby all incoming EFT and outgoing direct deposit and electronic payment card transactions will be displayed in our image archive. Designed to look like the checks they are replacing, the e-commerce images provide the data in a format which people are used to seeing.

With Tier's solution, the caseworker or customer service agent will have no question about how to read a flat file, because such workers can look at the payment or disbursement "image" directly. Moreover, since images can now be made available directly from MiCSES, these e-commerce images really do look no different, except for a heading on the image, than any other transaction. We again believe that providing data to the individuals who need them in a format they understand and as directly as possible can only provide increased efficiencies to the child support program overall.

Customer Service Excellence

Tier understands that the interaction between our MiSDU call center and the other project stakeholders including the child support professionals, employers, and CPs and NCPs must be fast and efficient, providing multiple communication channels. Tier is proposing a comprehensive communications suite based on technology designed to support each of the customer service functions required at the SDU. The proposed telephony solution provides the technical tools our SDU operation needs to operate effectively.

However, more important than any technical solution, the success of Tier's customer service operations are based on the individual CSRs and the training they are provided. Tier understands that it is imperative that CSRs receive comprehensive training prior to answering their first call. Moreover, it is just as important that each CSR receive continuous training throughout the life of the project. To be effective, Tier determines the specific training required to address any weakness in our CSRs' abilities. Ongoing training for each CSR is developed based on his or her evaluations during quality assurance audits, monitored calls, and caller surveys. By understanding where a CSR may be weak, we are able to develop specific training courses for each individual. Understanding the importance

of training, Tier is proposing a fully furnished training room and dedicated training department.

While some vendors may discount the impact the customer service staff have on an operation, Tier realizes that in many cases our CSRs are the only voice of the child support program. It is imperative that our CSRs provide every caller with the requested information effectively, accurately, and always in a professional manner. We take this responsibility as a basic principle of our call center operations and look forward to providing each Michigan caller with exemplary service of which Tier and the State can both be proud.

Cost Effectiveness

With the impending budget deficit in the State of Michigan in both FY 04 and FY 05, Tier has endeavored to provide the State a robust SDU solution at a reasonable cost. In spite of cost constraints Tier has proposed an SDU that meets not only the requirements of the ITB, but which provides targeted value-added features as well. These features include e-commerce functions such as Electronic Bill Presentment (EBP), images of electronic transactions, and image accessibility from MiCSES.

In addition, Tier's solution is designed to make caseworkers more effective and to allow them more time to focus on the real child support enforcement functions while Tier operates the SDU and associated call center. By allowing image access from MiCSES, Tier believe that each worker will have more time to establish another paternity case or locate another NCP. Moreover, Tier's call center is designed to ensure first-call resolution to a maximum number of calls and to reduce calls going to the child support professionals. Tier understands that budget constraints means fewer staff must handle an ever-increasing caseload. One of our responsibilities as the SDU vendor is to ensure that every action associated with an incoming payment, outgoing disbursement, or client interaction is perfect and requires minimal if any input for the caseworker. We believe

our solution provides the right technical solution, supported by the right processes, and staffed by highly trained individuals who care about Michigan's clients to provide an efficient and cost effective solution.

Subcontractors

As required by the ITB, Tier's banking partner Fifth Third Bank will be a subcontractor on this project. Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. Fifth Third operates 17 affiliates with 952 full-service locations in Michigan, Ohio, Kentucky, Indiana, Illinois, Florida, West Virginia, and Tennessee. They serve 5.7 million customers through their affiliate banking network with Western Michigan being the second largest affiliate in the Fifth Third network. This infrastructure and focus on the State of Michigan provides the State's constituents with a proven banking partner. With approximately \$91 billion in assets, Fifth Third is among the 15 largest bank holding companies in the United States, and its market capitalization of \$33 billion places it among the 10 largest bank holding companies in the United States. Moreover, Fifth Third handled 9.0 billion automated teller machine (ATM), point-of-sale, and e-commerce transactions in 2003, a 10% increase compared to 8.2 billion in 2002, and Fifth Third's world-class capabilities as a transaction processor position the company to continue to take advantage of the opportunities of e-commerce including the direct deposit function they will provide to the MiSDU. Fifth Third is both willing and capable of carrying out all of the banking functions defined in the State's RFP and Tier's associated proposal. Fifth Third's business information is included in Sections IV.A.2 and IV.C.5 and in of this proposal.

Summary

Tier believes that the MiSDU solution we are proposing provides the definitive balance of technology, processes, and people to ensure the success of the project. We have brought together a highly qualified imple-

mentations and operations team to support the project. This project will have available to it a number of technological enhancements recently made available to the remittance processing world including the OPEX AS3600i, e-commerce initiatives designed to increase adoption rates and promote worker effectiveness, and Tier's commitment shared by all our team members to provide highly trained staff who will operate a cost-effective SDU that will be one of the best in the country.

IV.C.2 WORK PLAN [ITB II.D]

IV.C.2.1 Business Approaches and Methodologies

The State of Michigan seeks assurance that the project's organizational structure and approach ensures delivery of an efficient and operationally compliant State Disbursement Unit (SDU). Tier understands these concerns and has developed a project team and approach that easily meets the State's goals and objectives. Based on Tier's experience gained operating SDUs since 1998, the State can be assured that Tier understands what is required to implement and manage a successful SDU operation.

Approach to Project Management

There are two aspects to managing the engagement for the MiSDU, namely the project management methodology (PMM) that Tier follows to implement new systems and processes and the management practices that Tier uses to manage ongoing operational processes. As one would expect, these management disciplines overlap as effective project management approaches are essential in the successful ongoing management of an operation.

We recognize that to be successful, we must incorporate sound management practices into the management of each engagement. We will put into place appropriate project controls to provide a clear picture of the engagement's status throughout its life, as well as use appropriate project

management techniques to ensure that objectives are met within the desired timeframes.

Tier recognizes that during this engagement we must follow the guidelines laid down in the Michigan PMM. We have reviewed the Michigan PMM – Department of Management and Budget (DMB) Administrative Guide Procedure 1380.02. We find that the Michigan PMM is very similar to the project management approaches which we engage during our assignments, which also follow the Project Management Body of Knowledge (PMBOK) approaches. Tier will follow the Michigan PMM and use the templates dictated therein. We understand the five phases of project management that the Michigan PMM describes:

1. Initiation
2. Planning
3. Execution
4. Control
5. Closing/Completion

Tier has numerous procedures, templates, checklists, and tools to assist in managing projects although we understand that we will follow the practices laid down in the Michigan PMM (see Figure IV.C.2.1-1).

As is pointed out in the Michigan PMM, information technology (IT) projects will use these five phases but they are integrated with more detailed software development lifecycle (SDLC) processes, and this is exactly the approach that Tier uses in implementing IT projects. We recognize that even though there are technical aspects to the fulfillment of the SDLC, the management concepts and deliverables cannot be ignored and should be integrated tightly around this lifecycle.

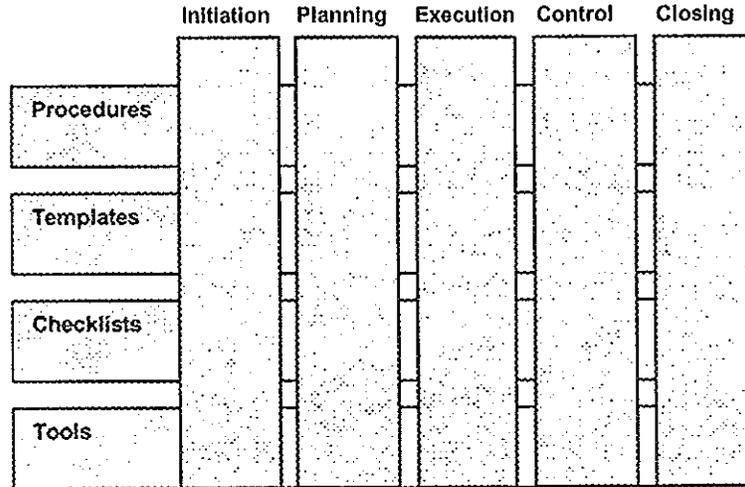


Figure IV.C.2.1-1. Tier understands the five phases of project management that the Michigan PMM describes and has experience using several general mechanisms intertwined with the phases to assist in project management.

In the sections below we describe our approaches for the initial startup, planning, and execution of the project, which center around the setting up of the infrastructure, systems, and personnel required for the start of operation of the SDU. We then move on to describe the use of the various project management processes for the successful ongoing operation of the SDU.

As a systems integrator and process outsourcer, Tier has provided a multitude of systems to state agencies across the nation. These agencies operate in different environments with different objectives and different staff who have varying levels of familiarity with IT projects. Tier has been successful in these implementations because we use established, proven methodologies for both project management and development control. Our project methodology is based on the Project Management Institute’s (PMI) PMBOK. The PMBOK has proven itself as a worldwide standard, accepted by the Software Engineering Institute (SEI) and ISO-9000, for achieving results in project planning and execution. Tier’s PMM is based on a repository of disciplined processes developed through previous and current project engagements, which yield consistently predictable results.

Key aspects of the Tier PMM include these critical components:

- ◆ Project Planning (scope, Work Breakdown Structure [WBS], schedule, constraints, dependencies, resources, security, and deliverables)
- ◆ Project Tracking and Oversight (status, metrics, visibility, risks, issues, communications, and reporting)
- ◆ Issue Management (potential risks and processes)
- ◆ Risk Management (scope, time, financial, or quality constraints)
- ◆ Change Control/Configuration Management (project hardware/software baseline control, version control for critical project documentation, and quality assurance [QA])

These five components cover the eight key process areas of managing the schedule, requirements, scope, issues, change, risk, revision, and quality. Properly managed, the process areas ensure the success of the overall project (see Figure IV.C.2.1-2). It is clear from our review that our standard approach melds with the PMM guidelines. In order to discuss the main areas of project management, we will first outline Tier's standard SDLC, so that we can then explain how the two meld together. Tier recognizes that Michigan may have slightly different steps or terminology in its SDLC but we believe the similarity is such that, should the State so desire it, project plans can be modified during the planning stage of the project according to the State's terminology and practices, without affecting the essence or content of the delivery.

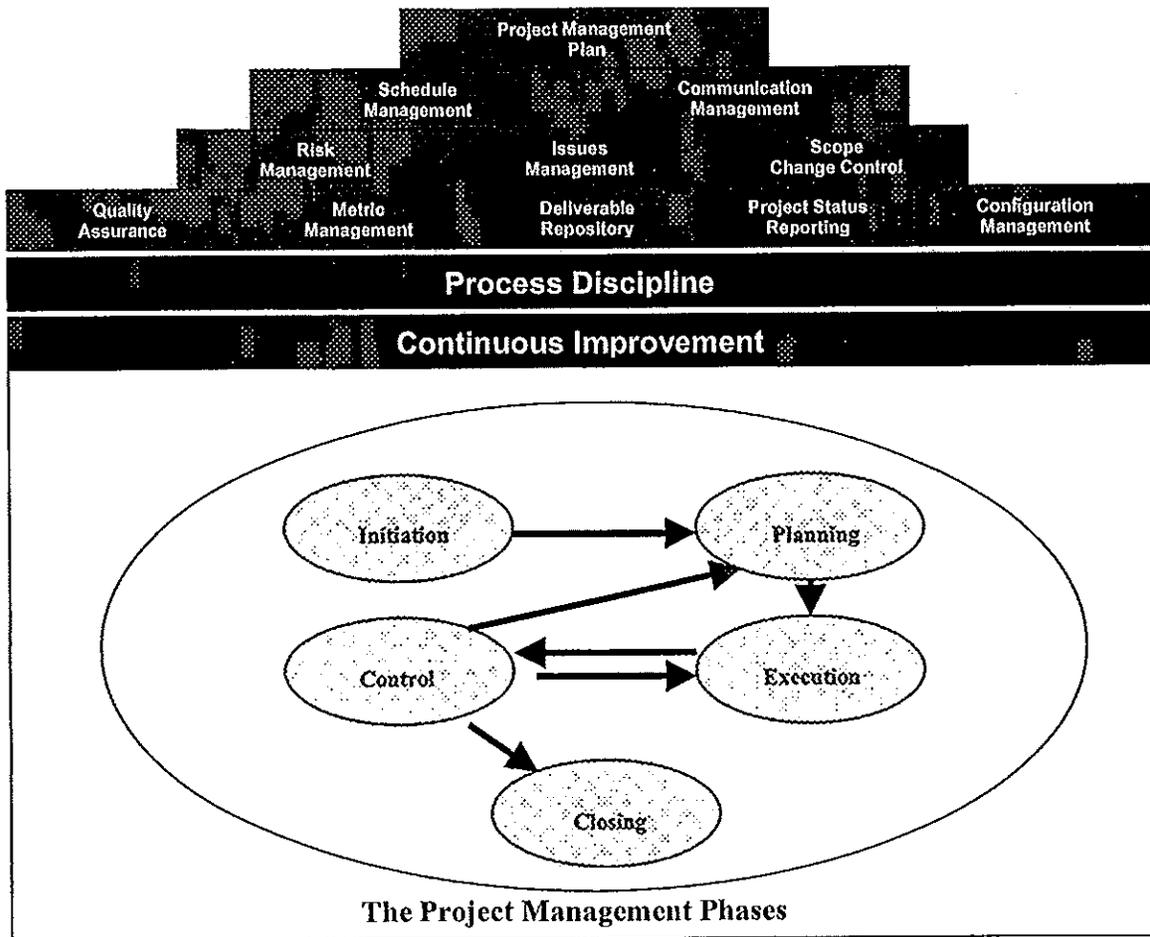


Figure IV.C.2.1-2. Tier's Project Management Methodology relies on a project organization featuring distinct phases and a repository of disciplined processes that interact to produce continuous improvement throughout the project's lifecycle.

Figure IV.C.2.1-3 shows nine areas of focus in the context of their accompanying activities. Each of these nine focus areas is implemented throughout the project lifecycle, each area integrated with the other. This nine-area focus complies with standards issued by the American National Standards Institute (ANSI) and the Institute of Electronic and Electrical Engineers (IEEE). The Body of Knowledge upon which the nine-area focus is based is the only methodology that has been certified as compliant with ISO-9001.

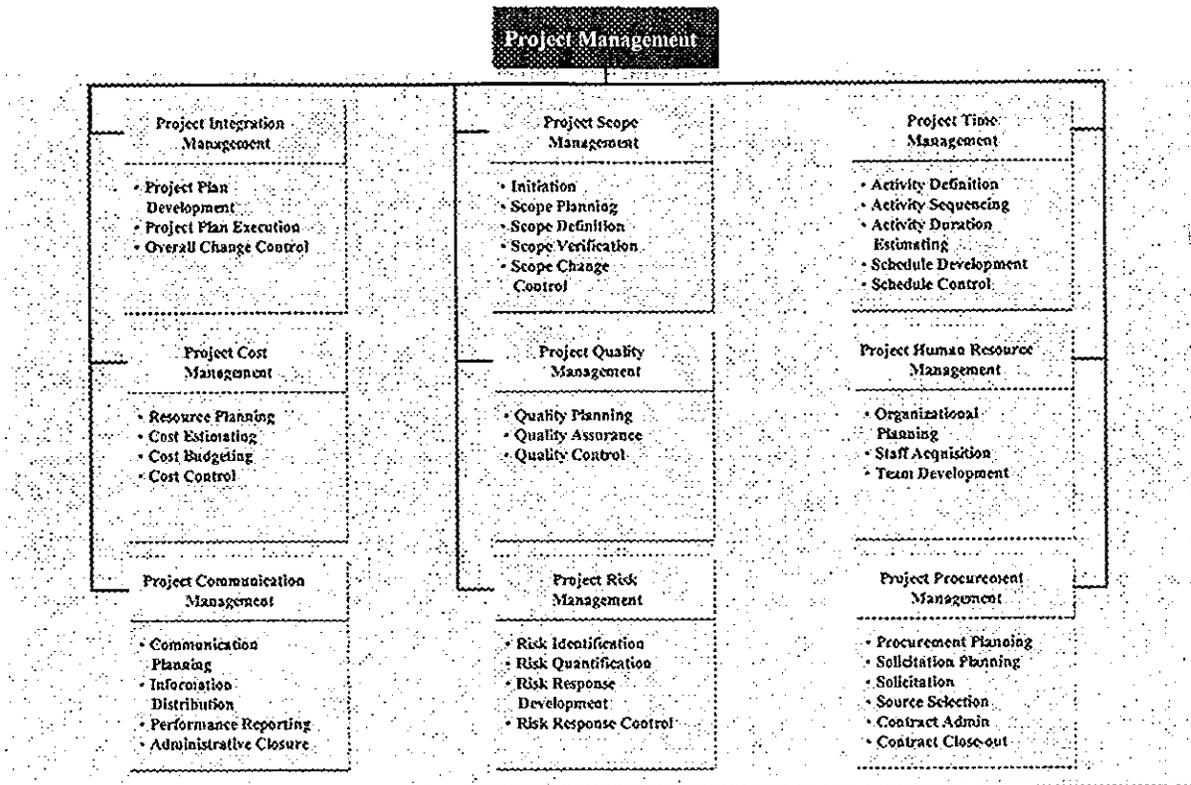


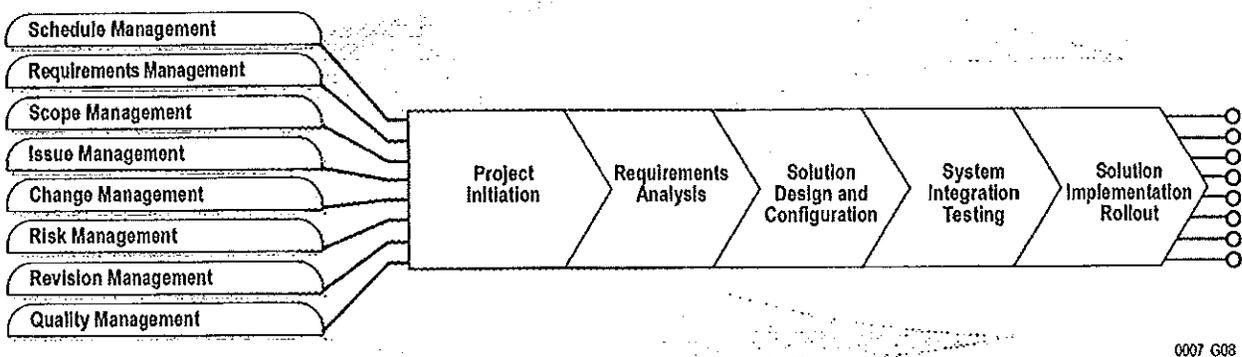
Figure IV.C.2.1-3. Tier's nine-area focus for project management complies with ANSI and IEEE standards and the body of knowledge on which it is based is the only methodology that has been certified as compliant with ISO-9001.

Backing up the PMM is a broad and robust suite of documented processes and procedures in accordance with the SEI's Capability Maturity Model (CMM) used to assess contractor capabilities. This suite of sophisticated processes are designed to ensure that management processes of projects are themselves well managed, focusing on Project Planning, Project Tracking and Oversight, Software Configuration Management, Quality Assurance, and Change Management.

Overview of SDLC

Tier strongly believes that successful projects result from the appropriate use of project management tools and practices. We have taken our overall project management approach and tailored it to produce a methodology for managing, adapting, and implementing packaged software solutions and the associated operations, which involves a structured frame-

work with tasks, techniques, examples, templates, best practices, and other information to provide consistency and measurability. This methodology, called the Tailored Solution Implementation (TSI) and depicted in Figure IV.C.2.1-4, has been used successfully on a large number of projects. Tier uses this standard methodology for each system project but maps it against the project’s unique needs. For Michigan, part of the customized mapping would involve modifying our process to use Michigan’s templates.



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Figure IV.C.2.1-4. Tier customizes the Tailored Solution Implementation to accommodate each project’s unique needs.

Tier has chosen to use the TSI methodology, because this stepped approach is particularly well suited to implementing business solutions with the following elements:

- ◆ Process redesign
- ◆ Organizational change
- ◆ Software packages or templates
- ◆ Custom-developed software
- ◆ Integration with existing systems
- ◆ Knowledge transfer.

The TSI methodology blends the elements of our project management methodology with the components of our standard lifecycle and then adds the other project tasks to encompass the project as a whole. Our field-

proven approach is the result of a depth of experience in implementing and integrating complex IT projects.

Each phase of the methodology produces set outcomes or deliverables that the State can review and approve. Continually keeping the State involved in the process means that we will present no surprises when we implement the MiSDU.

Each stage of our lifecycle has activities associated with it:

- ◆ **Project Initiation.** Tier and the client define and organize the project.
- ◆ **Requirements Analysis.** We probe the requirements deeply and determine any necessary modifications or construction options. We assess current processes and envision the way that things “Could-Be” via diagram and white board techniques. Tier also designs the “To-Be” future based on these possibilities and develops functional and technical specifications for the modification and configuration of the software package.
- ◆ **Solution Design and Configuration.** Tier develops the “To-Be” future, tailors and configures the software package, builds the links between new and existing systems, and creates all other add-ons required to implement the business solution. Conversion software is also built.
- ◆ **System Integration Testing.** Testing of the software takes place. This will cover functional aspects, integration and performance. Testing is discussed below in Section IV.C.2.3 Technical Work Plan.
- ◆ **Solution Implementation Rollout.** The team rolls out the live system and performs any necessary conversion activity.

It is important to note that Tier has a comprehensive management methodology founded on SEI project management theory and improved through years of experience to reflect the specific needs of health and human services clients generally, and child support agencies specifically. Tier will use this methodology to ensure that Kids 1st[®] modifications, the disbursements application, and system interfaces exceed the State’s re-

quirements and easily meet the proposed schedule. We understand the importance the provision of SDU services has to the State's citizens, and we believe our proposal provides the lowest risk solution by presenting proven transition experience and a proven child support payment processing application.

Integrating the Project Management Methodology and the SDLC

Tier understands that the project engagement spans from Initiation to Closing, incorporating not only the installation of the various products and processes that will be required but also the actual execution of the operational tasks to perform the duties of the SDU. Therefore, incorporated within the PMM will be the execution of the SDLC to produce the relevant IT components and processes.

The numerous facets of project management, such as issues management and risk management, span the life of the project and control all phases. The following sections will explain how we will follow the PMM to achieve the project goals and utilize the project management processes to ensure that we do so in an effective, controlled, and timely manner.

Initiation

The project will start with the Initiation stage. The overall objective of this step is to define and organize the project to enable the entire project team to move forward quickly and efficiently (see Figure IV.C.2.1-5).

Management Process	Input	Tools and Techniques	Output
Scope	Product description Strategic Plan Project selection criteria Historical information Organizational policies Other planning outputs	Project selection methods Expert judgement	Project Charter Project manager identified/assigned Constraints Assumptions Critical success factors Dependencies (other projects within the organization)

Figure IV.C.2.1-5. The Initiation phase kicks off the project, determining several issues of definition and organization.

The following documents will be produced and are normally rolled up into a single cohesive Project Management Plan (PMP):

- ◆ The Project Concept Document provides an understanding of what the project is designed to accomplish or produce.
- ◆ The Project Charter provides further understanding of the project, its structure and its organization.

During this period we will also perform the following tasks:

- ◆ Establish project office
- ◆ Agree on roles and project approach
- ◆ Identify stakeholders
- ◆ Review preliminary Project Work Plan and secure consensus

Planning

Effective and comprehensive project planning is the cornerstone of the Tier PMM. The centerpiece of this function is the ongoing development and maintenance of the PMP (see Figure IV.C.2.1-6). This plan provides the clear articulation of the objectives, scope, and strategy associated with the project effort. It documents the deliverables, and the key constraints, assumptions, and dependencies that frame the project.

Project Management Process	Inputs	Tools, Methods, Techniques	Outputs
Scope	Project Charter Project manager Constraints Assumptions Dependencies	Project planning methodology Project management information systems Stakeholder skills and knowledge Product Analysis Resource Cost analysis	Scope definition Work Breakdown Structure Risk plan Resource plan Project budget
Time	Major milestones and activities	Alternative identification	Organizational Commitment plan
Quality	Historical deliverables	WBS templates	Quality plan
Communications	Resource assignments	Dependencies	Communications plan
Time	Resource capabilities Calendar Resource pool description Organizational policies Resource rules Activity duration estimates	Precedence diagramming method Arrow diagramming method Conditional diagramming method Network templates Activity relationship Simulation	Management plan Project schedule Project network diagram Activity list and duration updates Basis of estimates Schedule management plan
Cost	Chart of accounts Quality policy Standards and regulations Other process outputs	Project management software Resource leveling heuristics Alternative identification Parametric modeling Bottom-up estimating Computerized tools Cost estimation tools and techniques	Resource assignment updates Cost estimates Cost management plan Organizational definitions Checklists Inputs to other processes
Quality		Brainstorming Flowcharting Review of assumptions	
Human Resource	Project interdependencies Staffing requirements Performance reports External feedback Staffing management plan Staffing pool description Resource management plan	Templates Human resource profiles Organizational theory Stakeholder analysis Negotiations Pre-assignment Procurement Team building activities Reward and recognition systems Cost analysis Training	Role and responsibility assignments Staffing management plan Organizational chart Scheduling detail Project assigned Project team directory Performance improvement input to performance appraisals
Risk	Stakeholder risk tolerance Source of risk Potential risk events Opportunities to pursue threats to respond to Opportunities to ignore, threats to accept	Interfering Expected monetary value Statistical tools Decision trees Insurance Contingency planning	Source of risk Potential risk events Risk response Inputs to other processes Opportunities to pursue, threats to respond to Opportunities to ignore, threats to accept Contingency plan Reserve Contingency management
Procurement	Procurement processes Market conditions Statement of work Qualified sellers lists Procurement documents	Make-or-buy analysis Contract type selection Standard forms Bidders conference Bidder lists	Statement of Work Proposals Procurement documents Evaluation criteria Statement of Work updates

Figure IV.C.2.1-6. The Project Planning phase has ramifications for every aspect of a project given its role in the development of the PMP.

The PMP contains the project Work Breakdown Structure (WBS) with schedule, the project organization, and resource plans. The PMP and its associated documents is the output of a continuous planning process that evolves throughout the life of the project. It is updated through the project, usually monthly, ensuring effective tracking and communication to all project stakeholders.

It is clear that thorough planning at the beginning of a project saves a great deal of time during the execution and control phases of the project. During this phase we will produce all of the appropriate management plans and establish the precise, detailed schedule of the project. These plans will include:

- ◆ PMP (including detailed project schedule)
- ◆ Change Management Plan
- ◆ Issue Management Plan
- ◆ Communications Management Plan
- ◆ Risk Management Plan
- ◆ Quality Management Plan
- ◆ Configuration Management Plan

We will describe the activities that need to be performed, deliverables that need to be produced, and determine how all these activities will be accomplished, as well as define a format for management review and control.

There are a number of activities that need to be performed during planning concerning initiating the setup of the SDU infrastructure such as the facility, equipment, and the IT and telecom infrastructure. We will also do the appropriate setup of operational items such as bank accounts, and courier services.

Tier has noted that in the PMM the State views SDLC activities such as Requirements and Design as being part of the Planning phase, whereas we would normally view them as part of Execution. In conforming to the

State guidelines we will perform the Requirements Analysis and Solution Design activities of our SDLC during Planning. These activities will encompass the following actions:

◆ Requirements Analysis

- Create requirements matrix
- Perform “As Is” business modeling
- Perform “To Be” business modeling
- Conduct software fit/gap analysis
- Define technical architecture
- Define interfaces strategy and architecture
- Define data conversion strategy and architecture
- Determine Staffing and Training requirements

◆ Solution Design

- Finalize Kids1st[®] Detailed Software Design Document (SDD) including functional and technical documents
- Develop Detailed Conversion Management Plan (CMP) including data mapping

Execution

The Execution phase is clearly where the majority of project activities will occur and where we will ensure that these are carried out in an effective and efficient way while ensuring that measurements against project plans, specifications and the requirements continue to be collected, analyzed and acted upon throughout the project cycle (see Figure IV.C.2.1-7). Tier will ensure that the State is kept abreast of all project developments and status through adherence to the Communications Management Plan and we will manage risks, issues, change, and quality according to the procedures laid down.

Management Process	Input	Tools and Techniques	Output
Project Plan Maintenance	Other planning outputs Historical Information Organizational policies Constraints Assumptions	Project planning methodology Stakeholder skills and knowledge Project management information System (PMS) Earned value management (EVM)	Project Plan Supporting detail
Project Plan Execution	Project Plan Supporting detail Organizational policies Preventive action Corrective action	General management skills Product skills and knowledge Work authorization system Status review meetings Project management information System (PMS) Organizational procedures	Work results Change requests
Integrated Change Control	Project Plan Performance reports Change requests	Change control system Configuration management Performance measurement Additional planning Project management information System (PMS)	Project plan updates Corrective action Lessons learned

Figure IV.C.2.1-7. The Execution phase involves continual monitoring of project activities leading to continual improvement.

Execution of SDLC

During the Execution phase, the following activities of the SDLC will be performed:

Solution Configuration. The core of the solution configuration is the creation of the “To Be” business and technical process. We will also be doing all testing activities such as unit and regression up to system integration testing (when a module has cleared, it will be moved to system integration testing):

- ◆ Configure software system initial global options
- ◆ Set up process to receive and manage completed code
- ◆ Code, unit test, and assemble test program units
- ◆ Carry out functional testing
- ◆ Walkthrough each functional component
- ◆ Develop Detailed Training Plan (TP)
- ◆ Develop Detailed Implementation Plan (IP)
- ◆ Develop Detailed Testing Plan
- ◆ Develop operational support documentation

System Integration Testing. Once construction activities are completed, formal integration and system testing is performed:

- ◆ Data conversion integration testing
- ◆ System integration testing
- ◆ Interface testing
- ◆ System stress testing

During this phase Tier will fine-tune the system to meet the performance criteria as identified at the beginning of the project.

The system integration test will use all elements of the system, including all processes and subprocesses with their associated modifications and custom reports; all interfaces between processes; and external interfaces, including electronic data interchange (EDI) and all batch functions, whether they be daily, weekly, periodic, or yearly runs. The focus is on running all systems and components in a “live-like” mode.

Solution Implementation Rollout. Tier will perform the equivalent of User Acceptance Testing (UAT) in the form of total operational system/procedure testing where we will take a timeframe and during this validate the complete functioning of all of the systems in conjunction with the procedures within which they are operated.

Execution of Operations

Ten of our current state operations require a strict adherence to management objectives and performance measures. As stated previously, the management activities that occur during transition will overlap with those that occur during the operations and turnover phases of the MiSDU project. This includes project scheduling, resource management, issue resolution and control procedures, QA and security procedures, and risk management. The management procedures defined during the transition period for each of these items are readdressed during operations and updated as needed, but the major management activities during the operations phase

are focused around the operations team, specifically their daily performance.

Tier takes pride in the fact that our staff members realize the importance of the positions they hold, and that their daily efforts can make a difference in many children's lives. To employ and retain such an outstanding team of professionals requires a management style that provides flexibility to the staff, yet ensures that daily processing is accurate and on time. Tier's management approach includes, but is not limited to the following:

- ◆ Managing performance
- ◆ Motivating staff
- ◆ Evaluating staff
- ◆ Retaining staff
- ◆ Managing overall contractual and operation performance.

Details on how the above approach will be accomplished are covered in detail in Section IV.C.4 Project Staffing of this proposal response. Aspects of managing the overall contractual and operational performance and ensuring that we do not deviate from providing only the highest quality service are explained below in the section entitled "Control." Further details regarding how Tier performs activities related to SDU operations are covered even more extensively in Section IV.B Statement of the Problem.

Control

The PMM ensures accurate and continuous visibility into the project throughout the project life cycle. Establishing a comprehensive series of project management and project lifecycle metrics accomplishes our goal to measure everything (see Figure IV.C.2.1-8). These instruments promote rigorous tracking of issues and action items, project cost management, plan variance analysis, requirements traceability across the project lifecycle, and deliverable and milestone tracking.

Management Process	Inputs	Tools and Techniques	Output
Performance Reporting	Project Plan Work results Other project records	Performance reviews Variance analysis Trend analysis Information distribution tools and techniques	Performance reports Change requests
Integrated Change Control	Project Plan Performance reports Change requests	Change control system Configuration management Performance measurement Additional planning Project management information System (PMIS)	Project plan updates Corrective action Lessons learned

Figure IV.C.2.1-8. Tier wields control of a project through its use of a comprehensive series of performance metrics.

Another component of our approach to project tracking and oversight is comprehensive project status reporting and pre-defined project reviews. The project reviews are linked to key milestones in the project lifecycle, project deliverables, and identifiable risks. They also establish key project baselines, which are a critical component of our overall scope management approach. Supported by the Communications Plan, Tier's approach to project tracking and oversight is the distribution of pertinent information to the right people at the right time. We strive to achieve the following objectives:

Objective 1: Describe the current status of the project activities. For example, communicate if all project activities are on schedule, or not. Some examples of key performance indicators are provide below:

- Track Schedule Variance (SV) on a weekly basis. $SV = \text{Actual hours} - \text{Estimated hours}$.
- Track % Work complete on a weekly basis.
- Track Cost Variance (CV) on a weekly basis. $CV = \text{Actual cost} - \text{Estimated cost}$.
- Track cost to complete the project.
- Track changes to slack time on a weekly basis. Slack time is the idle time between two activities, and slack time only appears on the non-critical path activities.

- Track changes to the critical path (e.g., activities being started late, completed late, or taking longer than expected).
- Track completion of milestone activities.
- Track the “burn rate,” which indicates how much the project is costing the organization each week or month.

Objective 2: For project activities that are behind schedule, provide an explanation why. The explanation should be specific, and focused on the cause.

Objective 3: For project activities that are behind schedule, communicate how this delay will impact the project.

Objective 4: For project activities that are behind schedule, provide a recommended resolution plan that keeps the project on course. If that is not possible, a resolution plan should be communicated that minimizes the impact to the project.

Objective 5: In order to assess the quality of software, track the number of reworks. Re-works are deliverables that have been sent back to the developers because they were not ready for testing. Continued high levels of reworks can indicate that the software development process is not operating effectively, and adjustments may be required.

Objective 6: Project issues should be communicated during project status meetings. It is recommended, at a minimum, that the project performance reports include the following information regarding project issues:

- The number of new issues added to the Project Issue Log since the last status meeting, and how many of those issues are high, moderate, and low risk.
- The number of issues resolved since the last status meeting.
- Issue aging:

- The number of high-risk issues that has been in the Project Issue Log for 0–30, 31–60, and more than 90 days.
- The number of moderate risk issues that has been in the Project Issue Log for 0–30, 31–60, and more than 90 days.
- The number of low-risk issues that has been in the Project Issue Log for 0–30, 31–60, and more than 90 days.

Objective 7: Assurance that the schedule has been optimized. Schedule optimization refers to the effort of reviewing the schedule to determine if any adjustments could be made that improves the utilization of people, time, and money.

Objective 8: Forecast, or predict, the project status for the next reporting period.

Objective 9: Newly identified project risks should be communicated. Risk Management is a proactive event attempting to prevent project issues. When reporting project risks, the following information should be included:

- Risk description
- Potential impact to the project if the risk becomes a project issue
- Likelihood of occurrence
- Timing—how far out into the future does this risk reside (0–30, 31–60, or 61–90 days)
- Trigger activity that would cause the risk to transform into a project issue
- Risk ranking—High, Medium, or Low risk
- Recommended resolution plan

Objective 10: Information regarding approved change orders, and/or changes to the scope of the project is reported.

Tier performs comprehensive analysis of the project schedule during the lifecycle of the project and uses a Project Dashboard to succinctly

communicate the exact status of activity (see Figures IV.C.2.1-9 and IV.C.2.1-10). The Project Plan Progress Analysis and the Project Dashboard will be in continuous use from the Initiation phase to Closing.

Sample - Executive Level Project Schedule Management Status Report for Discussion

		Time Management								
WBS #	Tasks	Start Date	Finish Date	Planned Hrs.	Actual Hrs.	Schedule Variance	% Schedule Variance	% Work Complete	Ref. #	
Last Week	2.6	Text	1-Mar	5-Mar	110	133	23	21%	90%	
	2.6.1	Text	1-Mar	1-Mar	10	15	5	50%	100%	1
	2.6.2	Text	1-Mar	2-Mar	20	33	13	65%	80%	2
	2.6.3	Text	1-Mar	3-Mar	30	40	10	33%	80%	3
	2.6.4	Text	1-Mar	5-Mar	50	45	-5	-10%	100%	4
	2.6.5	Text	2-Mar	5-Mar	100	148	48	40%	80%	
	2.6.5.1	Text	2-Mar	3-Mar	20	20	0	0%	100%	
	2.6.5.2	Text	2-Mar	4-Mar	40	78	38	95%	80%	5
	2.6.5.3	Text	2-Mar	5-Mar	40	60	10	25%	80%	6
	2.6.6	Text	3-Mar	5-Mar	90	114	24	27%	85%	
	2.6.6.1	Text	3-Mar	5-Mar	30	24	-6	-20%	100%	7
	2.6.6.2	Text	3-Mar	5-Mar	30	40	10	33%	75%	8
2.6.6.3	Text	3-Mar	5-Mar	30	50	20	67%	80%	9	
Next Week	2.7	Text	8-Mar	19-Mar	440	0	-440	-100%	0%	
	2.7.1	Text	8-Mar	12-Mar	50	0	-50	-100%	0%	
	2.7.1.1	Text	8-Mar	12-Mar	50	0	-50	-100%	0%	
	2.7.1.2	Text	8-Mar	12-Mar	50	0	-50	-100%	0%	
	2.7.1.3	Text	8-Mar	12-Mar	50	0	-50	-100%	0%	
	2.7.1.4	Text	10-Mar	19-Mar	80	0	-80	-100%	0%	
	2.7.1.5	Text	10-Mar	19-Mar	80	0	-80	-100%	0%	
2.7.1.6	Text	10-Mar	19-Mar	80	0	-80	-100%	0%		

Figure IV.C.2.1-9. The Project Plan Progress Analysis aids in the communication of the status of various activities.

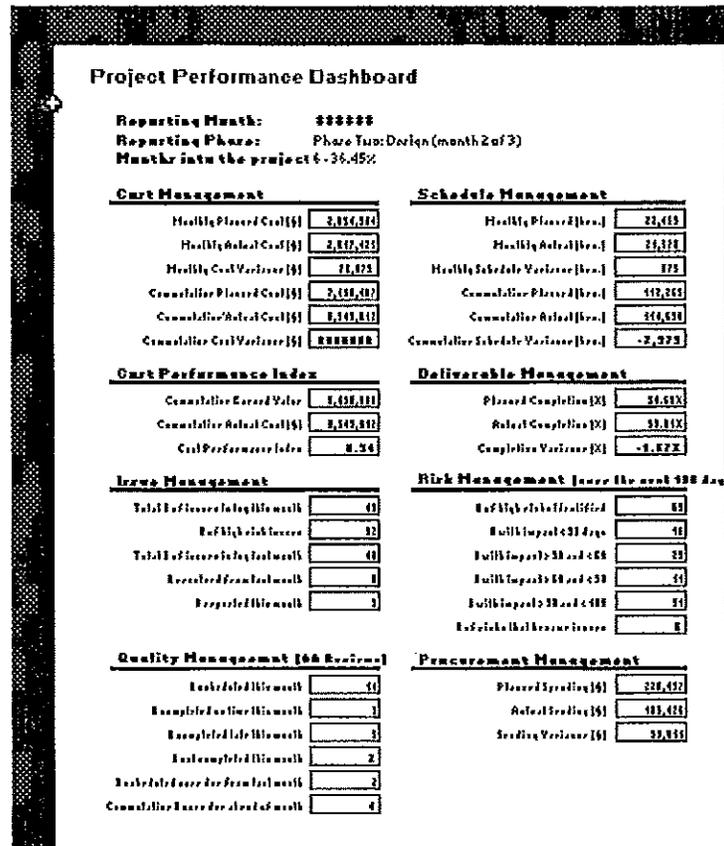


Figure IV.C.2.1-10. Along with the Project Plan Progress Analysis, the Project Dashboard is in continual use throughout all phases of a project.

Managing Overall Contractual and Operation Performance

Managing the entire operation and the multiple contract requirements can be a daunting task if the appropriate measures are not defined and tracked. Requirements will be overlooked or ignored if statistical information is not captured and reviewed daily.

A powerful tool used by the management staff of Tier to measure and track operational and contractual performance each and everyday is the Daily Production Statistics report. This report provides overall insight to each operational function of the SDU. Activities such as mail volume, correspondence receipt, correspondence processing, Kids1st processing rate, payment processing receipt, payment processing production, disbursement production, payment processing and disbursement quality

measures, inventory control of unidentified payment assigned for resolution to the SDU, compliance with State identification requirements, reconciliation features, and child support system availability that can impact the operation of the SDU are all measured for management to maintain a constant check on the pulse of the operation. This report will be provided to the State to report the performance of Tier's operation of the MiSDU. Daily, this report will be emailed to the appropriate contact person in the State. It provides a full picture of contract compliance and operational volumes. It can be used to perform a reconciliation of the payment data transmitted and the payment applied nightly to the MiCSES. This report provides a day-by-day, week-by-week, and month-by-month picture of the MiSDU operations that allow Tier's management to evaluate the resources needed to operate the SDU and to measure success of operational improvement for defined objectives.

The Daily Production Statistics Report will provide an overall operational assessment of the MiSDU. Additional management reports will be made available to the State. Tier will work with the State to determine the best format or method for receipt of these reports (electronic and/or hard copy).

Tier utilizes logs for a number of procedures, including receipt of all mail items, cash payments, deposits, and check stock inventory. These logs require multiple signatures. Additionally, as part of the Kids1st solution, a unique audit trail is assigned to each piece of mail received at the SDU. This number provides added assurance that no financial instrument is lost during processing. The number is also used to link all items that were received within one physical envelope.

In summary, our project management approach is meant to fulfill the State's request for a fully functioning SDU while adhering to our corporate philosophy of partnering with our client to produce the best solution

possible. Specifically, we crafted our solution to achieve several objectives:

- ◆ *Deliver a high level of customer service to all of the program’s stakeholders.* The need to deliver timely, accurate information is essential, especially in a program such as child support, which can inflame emotions. Children, custodial parents (CPs), non-custodial parents (NCPs), their new spouses, and other relatives are all stakeholders in the process—and often vocal ones.
- ◆ *Work in close cooperation with the State’s staff.* Whether working with Michigan’s project manager or assisting the Court to resolve inquiries from other entities or government officials, Tier understands the need to develop a productive relationship with all of the State staff.
- ◆ *A Commitment to Quality.* We pledge our commitment to quality work products and the delivery of cost-effective solutions focused on the needs of the State’s child support customers.

Closing

Towards the end of the engagement, Tier will perform the necessary transition activities to successfully hand over responsibilities to the incoming vendor (see Figure IV.C.2.1-11). We will also perform a vigorous audit of our performance so as to assess the effectiveness of our project tenure.

Management Process	Input	Tools and Techniques	Output
Contract Closeout	Contract documentation	Procurement audits	Contract file Formal acceptance and closure
Contract Administration	Contract Work results Change requests Seller invoices	Contract change control system Performance reporting Payment system	Correspondance Contract changes Payment requests

Figure IV.C.2.1-11. Tier has experience with transitioning activities to the client or another contractor at the end of a contract.

Approach to Issues Management

Tier has learned that managing issues ensures communication of potential risks and controls project processes. Tier's issues management methodology applies a procedural approach to this important task. These procedures support risk management, quality control, and change management.

An *issue* can be defined as a condition that exists (or may exist) that could change the assumptions, requirements, or constraints for the project or that could cause re-evaluation of the project's processes. Therefore:

- ◆ Unresolved issues may increase project risk.
- ◆ Failing to close issues on a timely basis—"hoarding"—shortens the time management has to execute corrective action and gives the conditions that need correction time to grow. This in turn can geometrically increase the chances of project failure.
- ◆ Trends in issue aging and volumes indicate the project's correctness, risk, and progress.

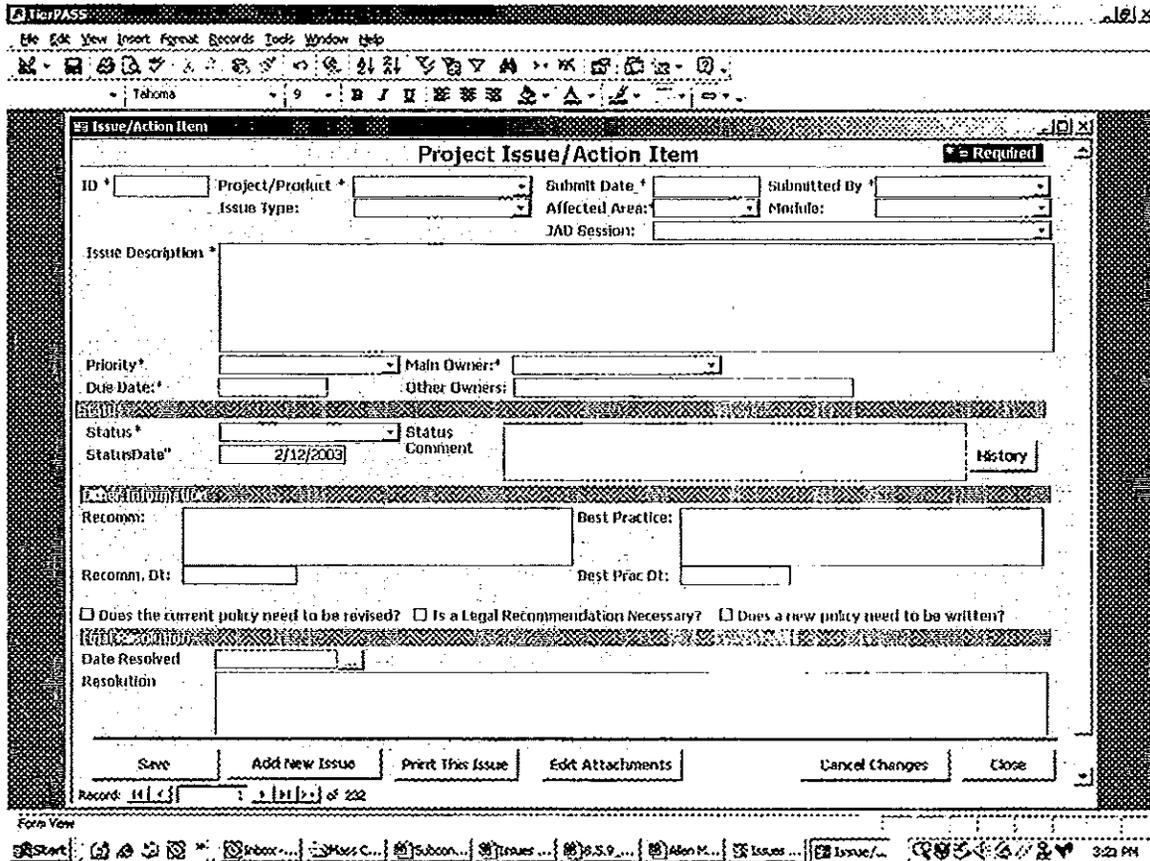
Issue management begins when someone suggests a matter should come to the attention of the project management team. Management may conclude the matter is not a concern—but will more often decide otherwise. The matter might be a "real" issue worth monitoring, or may represent a need to bring change to the project. This procedure is therefore a method for gathering information at the front end of the general change control process. It also allows for the escalation of a risk to a higher level, ensuring increased project, client, and senior management visibility into the issue.

Structures to identify and transmit matters to project management promote timely identification and effective tracking of issues. Throughout the process, both internal and external project management and team members will be consulted to ensure adequate input is obtained and options evaluated. Issues can arise internal to the project or as the result of

external conditions. Many of the issues, especially during both the transition and operations phases, will be pulled directly from meeting minutes and status reports. This will promote a streamlined review cycle and tracking process, while minimizing duplication in transcription. The opportunity to add an issue directly will still remain, and mechanisms will be in place to notify the Project Office of the addition of a new issue to ensure appropriate review and escalation when needed. This will also maintain the integrity of the issues database throughout the project lifecycle.

Both internal and external factors play a part in creating issues within projects. Issues may arise from many sources, but categorically cost, schedule, staffing, process, quality, customer expectations, and technical considerations can all generate issues.

Issues not formally reported can be neither managed nor tracked. Therefore, any discovery of underlying issues not being reported should be dealt with to ensure that all project team members feel both the ability and responsibility to report them. Tier has developed *TierPASS*[®], a proprietary tracking system for issues management in a Microsoft Access database (Figure IV.C.2.1-12). This application is designed to number, define, assign, track, and report on issues. Figure IV.C.2.1-13 illustrates the process flow of issues management within the context of the PMM to be utilized by the MiSDU team.



Project Issue/Action Item * = Required

ID * [] Project/Product * [] Issue Type: [] Submit Date * [] Submitted By * [] Affected Area: [] Module: [] JAD Session: []

Issue Description * []

Priority * [] Main Owners * [] Due Date * [] Other Owners: []

Status * [] Status Date" [2/12/2009] Status Comment [] History []

Recomm: [] Best Practice: []

Recomm. Dt: [] Best Prac. Dt: []

Does the current policy need to be revised? Is a Legal Recommendation Necessary? Does a new policy need to be written?

Date Resolved []

Resolution []

Save Add New Issue Print This Issue Edit Attachments Cancel Changes Close

Record: 11 of 222

Figure IV.C.2.1-12. The TierPASS Issue Management application provides disciplined control to issues and action items.

Issues Management Process

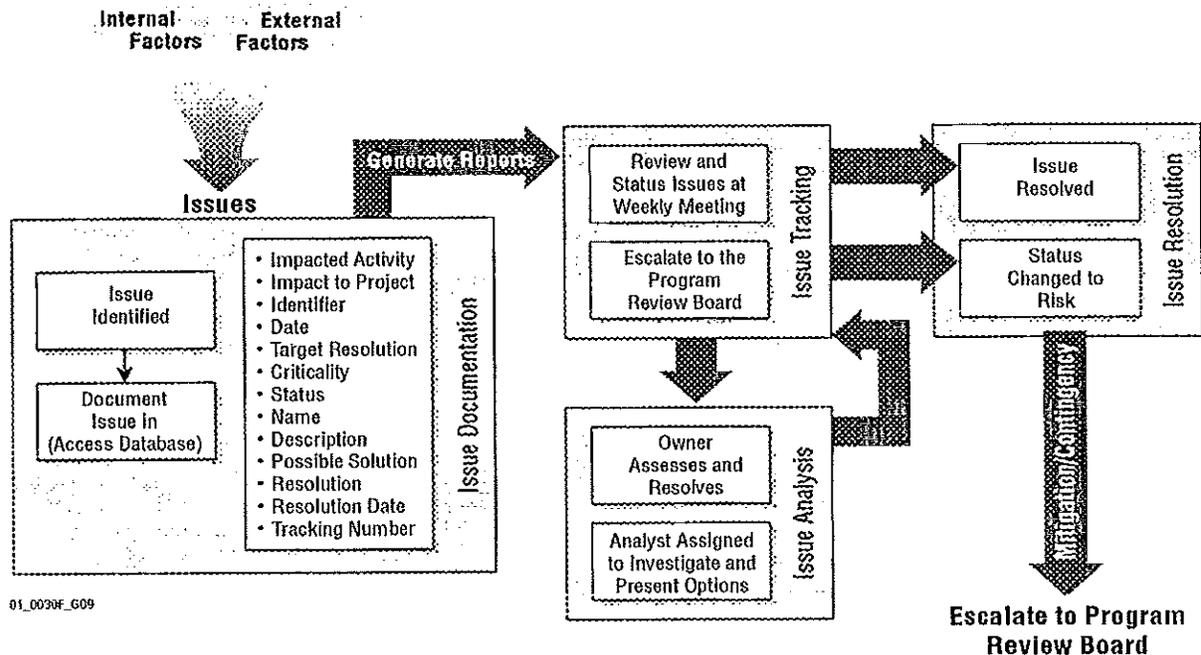


Figure IV.C.2.1-13. Tier's Issues Management Process is designed to encourage the formal reporting of issues so that they can be managed and tracked.

Approach to Risk Management

At Tier, we define risk as any issue, real or potential, that could affect our ability to meet either the time, financial, or quality requirements of the project. Some examples include scope creep, multiple technologies, changing management staff, or changing business strategy. By proactively identifying and addressing these risks throughout the project life cycle, we can anticipate the impact to the success of the project well in advance, and prepare for any mitigations and contingencies with our client partners.

The primary vehicle for documenting the risks and the mitigation approaches is the Risk Management Plan, which is typically updated monthly. However, given the short timeframe for project implementation, it will be updated biweekly during the transition phase of the MiSDU pro-

ject. By using this type of approach, Tier project management can make decisions on the project before project quality is compromised or the schedule adversely impacted. Our risk management methodology consists of four quantifiable processes:

- ◆ Risk identification
- ◆ Risk quantification (probability vs. magnitude)
- ◆ Risk response (mitigation strategy)
- ◆ Risk response control (lessons learned).

The thrust of Tier's risk management procedure is to reduce the level of uncertainty by increasing the likelihood that the Project Manager and stakeholders are aware of all possible outcomes, and then applying analytical methods that increase the accuracy of the estimates for probability and impact. This strategy requires identifying the events that could occur, and then minimizing the effect of the events should they occur with effective mitigation strategies.

Specifically, the components of risk management include the following:

- ◆ ***Risk Management Planning.*** Decide how to approach and plan the risk management activities of a project. Documents and other information to review would be the project charter, organizations risk management policies, defined roles and responsibilities, stakeholder risk tolerance, and the WBS. We will perform interviews as necessary in order to assess the methods and techniques used in planning.
- ◆ ***Risk Identification.*** Determine which risks might affect a project and document their characteristics. Tier would look at the Risk Management Plan, the project planning outputs, risk categories, and historical information based on other SDU implementations and then work with the State to explain the methods used in risk identification, such as checklists, information gathering techniques, assumptions, analysis, and so on.

Acknowledged risks for any SDU implementation that Tier can address up front include:

- Transition – facility not ready; payments are not redirected; problems establishing interfaces
 - Operations – loss of financial controls; a payment processing application not appropriately scaled for the MiSDU volumes; low accuracy rates; and excessive unidentified rates
 - Turnover – less than adequate testing time.
- ◆ **Risk Response Planning.** Develop procedures and techniques to enhance opportunities and reduce threats to the project objectives. Tier collects information concerning the Risk Management Plan, prioritized risks, probabilistic analysis, a risk rating matrix, assumptions, risk thresholds, risk owners, and a response list. We will assess risk tolerance to determine the risk approaches acceptable to the State (e.g., avoidance, transference, mitigation, or acceptance). In addressing the risks identified above, some of the measures Tier will employ are implementing appropriate security controls, utilizing our proven Kids1st application, and adhering to strict training of all operational staff.
- ◆ **Risk Monitoring and Control.** Keep risks within agreed-to bounds, monitor residual risks, identify new risks, execute risk reduction plans, and evaluate their effectiveness throughout the project life cycle. We will look at the Risk Management Plan and the Risk Response Plan, Project Communication documents and scope changes. We will work with the State to determine how risk has been controlled during the project to date, for example, have there been risk reviews periodically or risk response audits? How is the project providing upper management with adequate visibility into the current state of all identified risks?

During requirements analysis, Tier will assimilate all of the above information and evaluate it against recognized practices. Tier has been involved in risk management for a number of years and has used numerous

models, techniques, and methods. An example of just one such model is shown below in Figure IV.C.2.1-14.

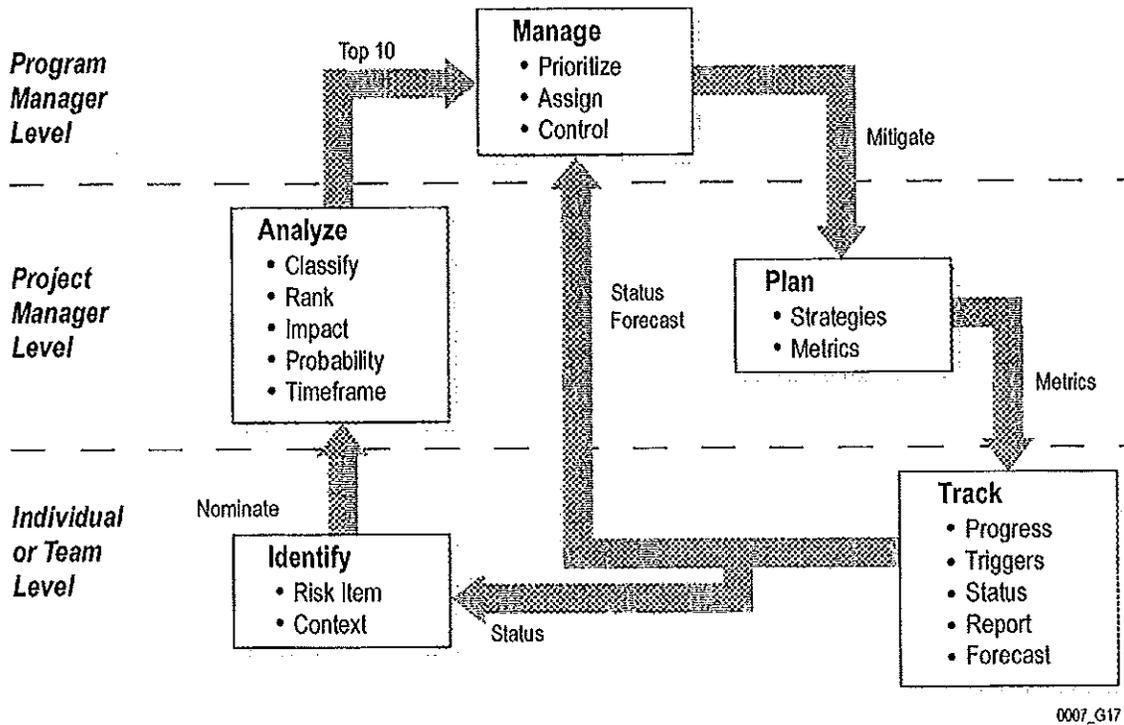


Figure IV.C.2.1-14. This Risk Process Flow Illustrates Tier's disciplined approach to risk management.

Tier will use our proprietary *TierPASS* database tool to also record and monitor information associated with risks (see Figure IV.C.2.1-15). Queries can be launched to gather information of interest, imported to Microsoft Excel, and displayed in any number of formats that may be required by the client.

Figure IV.C.2.1-15. The TierPASS Risk Assessment application provides disciplined control to Risks.

Risk Mitigation

As described above Tier has significant experience in defining and mitigating risks associated with the implementation and operation of IT projects. Our experience includes a range of project sizes, from larger SDU operations such as the State of New Jersey, to smaller operations such as the State of Idaho. This experience has led us to recognize, up front, many of the risks that other vendors may not realize until the risks have surfaced. Our operational policies and procedures are developed to address these known risks. During the three operational phases of the MiSDU project, our knowledgeable staff will be watching for additional risks that may occur. These risks will be handled as described previously.

For instance, an apparent risk associated with any payment processing operation is the loss of financial controls. Tier can avert the majority of this risk through stringent security controls.

Approach to Quality Management/Assurance

To Tier, *quality* means to ensure that the needed and required processes and procedures exist and to provide confidence that the system conforms to the documented and approved requirements, as well as the expectations of the primary stakeholders. If we build a defect-free system, but it does not do what the client stated in the requirements, we have not met our quality objectives. Tier's TSI methodology is designed to meet those objectives and is aligned SEI, Quality Assurance Institute (QAI), IEEE, and PMI standards.

Quality management is a critical component of the Tier approach to project management and systems development. The focus of our quality management strategy is to provide effective quality planning, proactive quality assurance, and rigorous quality control (see Figure IV.C.2.1-16). Supporting these objectives are the comprehensive, pragmatic project management processes and tools we employ; and the disciplined systems development methodology we execute.

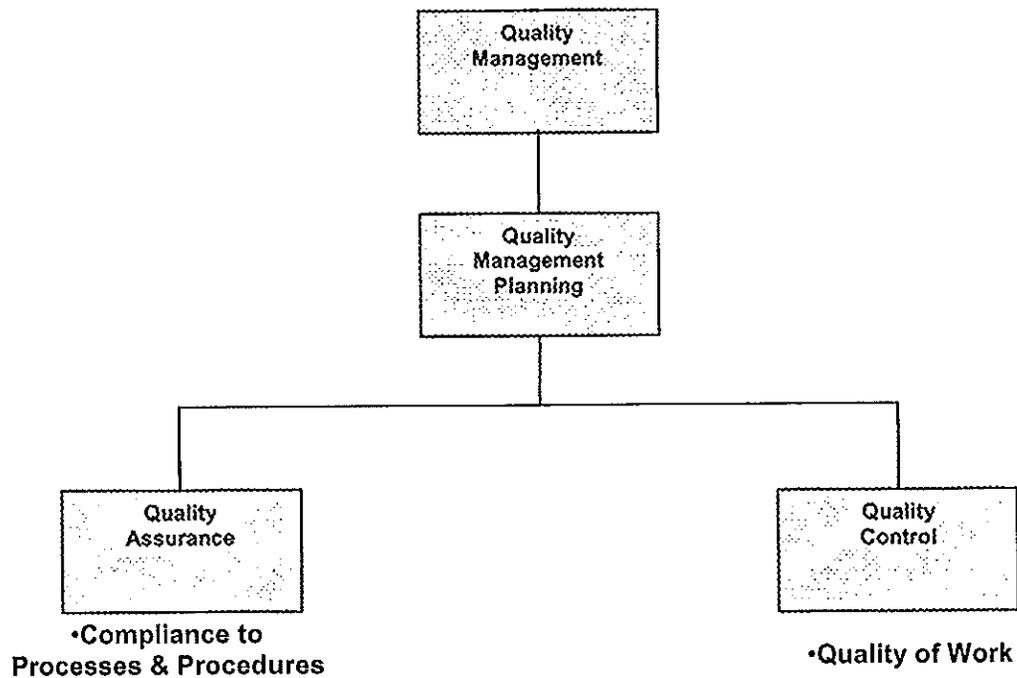
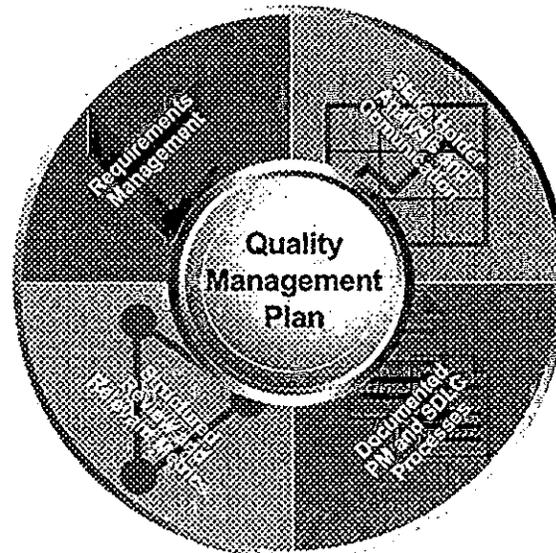


Figure IV.C.2.1-16. The purpose of quality management is to provide effective planning, proactive quality assurance, and rigorous control.

During the initiation of project activities, the Quality Management Plan will be incorporated into the PMP, and will detail how we will integrate quality through the project lifecycle, and how it will relate to each of the key processes used and deliverables produced during the project. As illustrated in Figure IV.C.2.1-17, Tier uses four guiding principles in constructing the Quality Management Plan.

Quality Approach



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Figure IV.C.2.1-17. Tier's approach to quality management and assurance involves requirements management, stakeholder management, documentation of processes, and structured reviews.

- ◆ **Requirements Management.** We understand the client's requirements and document the criteria by which key deliverables will be accepted and who will have the responsibility for their approval.
- ◆ **Stakeholder Analysis and Communication.** We make sure we have a clear understanding of the primary stakeholders on the project, and construct an efficient communication strategy that both promotes effective management of issues and risks and ensures the expectations of the State are being addressed.
- ◆ **Documented Project Management and System Development Processes.** We build quality into our processes, because prevention is more efficient than addressing results of poor quality.
- ◆ **Structured Reviews and Metrics.** Project and produce reviews and timely, relevant metrics for both project management processes and system development artifacts facilitate continuous improvement throughout the life of the project with effective use of structured project and product reviews.

Quality Control

While QA focuses on our processes, quality control addresses the integrity of our product. A key component of quality control is defect management, which will be used to document and control each discrepancy found during testing of Kids1st. Defect reporting will allow the test team to create, describe, organize, report on, and close out problems identified as a result of test execution.

Service requests can be associated with requirements, test cases, software, documentation, and so on, and adds to visibility into the project that promotes effective communication, quality, and risk mitigation.

Problems will be categorized into four different severity levels:

- ◆ **Critical.** Defects that adversely affect an essential function with no acceptable workaround. The system resets or ceases operation or critical data corruption occurs. May also involve less serious or cosmetic flaws on highly visible, client-sensitive materials.
- ◆ **High.** Essential function or feature of the system is not working as defined in the requirements, and an extensive, complex workaround exists.
- ◆ **Medium.** Major function or feature of the system is not working as defined in the requirements, but an acceptable workaround exists enabling continued use of the system. Resetting the system is not an acceptable workaround.
- ◆ **Low.** Nuisance or cosmetic issues resulting in a user annoyance. No impact associated with system functionality.

All Service Requests (SRs) shall be reported and tracked. Every attempt will be made to see that the problem report is clearly written, understandable, and nonjudgmental. The basic defect tracking workflow for SRs follows:

1. The SR should be submitted with a short title and detailed description of the issue, both of which are required fields. Upon submittal of an SR, the owner should be assigned to the development lead or the indi-

vidual designated by the development lead. The Current State default setting is “New” and should be left unchanged. The submitter should objectively assign a severity based on the descriptions listed above. After further analysis of the issue, the severity may be modified.

2. If the SR is determined to be valid, the owner shall transition the SR into the “In-Research,” “In-Dev,” or “Deferred” state, and the owner shall be reassigned as appropriate. If the SR is determined to be invalid, the SR should be returned to the submitter with a rejection note. The In-Research state should be used when additional analysis is required to understand the root cause of the SR. The In-Dev state should be used to indicate that the SR is being targeted for inclusion in this release. The Deferred state should be used to indicate that the SR is being deferred until a subsequent release.
3. When the resolution of the SR is implemented and unit tested, the SR shall be transitioned to the “In-QA” state with an attached resolution description and the fixed date. The owner of the SR shall be reassigned to either the Test Lead or the submitter of the SR for verification.
4. When the SR has been verified as fixed, it shall be transitioned to the “QA Accepted” state, the Open/Closed setting changed to “Closed,” and the owner set to “unassigned.” If the SR is not verified as fixed, the SR shall be reassigned to the development lead, the resolution field set to “QA Rejected,” a note added explaining the reason for rejection, and the current state set to “Assigned.”

Reporting and metrics will provide clear visibility of problem incidents throughout the testing lifecycle.

Our testing approach, and defect reporting conforms to industry best practices. We continually review our testing approach for possible improvement through our focus on incorporating lessons learned to our

methodology. A detailed description of the defect tracking and management procedures will be described in the System Test Plan.

Management will be involved in review of key testing metrics and test reports.

Measures of Quality

A number of approaches will be implemented to promote effective quality control, which will stress efficient measure of stated deliverables against defined standards and their conformance to attribute, characteristics, and functionality. These approaches include:

- ◆ Project Management metrics that provide visibility into the effectiveness of our project management processes including issues and risk management, change management, and schedule management
- ◆ System Development metrics that address each stage of the lifecycle from requirements analysis to UAT
- ◆ Phase-end checklists documenting compliance with stated objectives and planned deliverables for each phase in the lifecycle. This checklist will be tailored to the specific needs of the MiSDU Project.

Approach to Change Control/Configuration Management

Change control is based on the realization that, in a dynamic business and regulatory environment, things change. Change control keeps the focus on delivering the right product, without sacrificing the better ideas that arise in the evolution from specifications to final deliverables. Change control is based on the processes involved, and provides a defined analytic basis to potential changes to initial requirements, facilitating effective and timely decision-making.

Change control operates in an environment created by configuration management. Configuration management captures every version of the project's documentation and software, and then tracks the effects of change against each asset. Periodically, and at critical milestones, con-

figuration management identifies the current versions for related artifacts. If cumulative deviations reach predefined thresholds, our project teams must refer change decisions to the Change Control Board (CCB) or executive management.

This keeps the project from creeping in small stages toward failure and ensures the potential for overruns stays visible to the people who have the authority to decide when enhancements justify additional investments.

Tier’s approach to change control is rigorous, consistent, and continuous (see Figure IV.C.2.1-18). Experience on many large and small projects has shown us that controlling change diminishes project risks. This permits a structured approach to systematically reviewing the impact of needed or desired enhancements that might impact the overall project cost, schedule, and quality. Effective change control guides the project team with a thorough understanding of why change control is essential, and how it is best applied.

Change Control Process

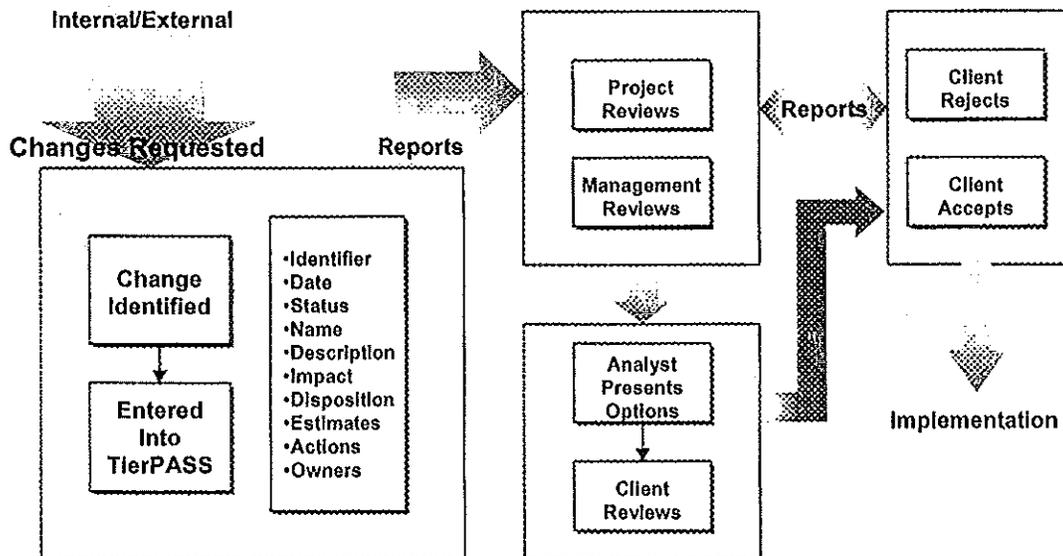


Figure IV.C.2.1-18. Tier’s Change Control Process reduces risk while providing a methodical process to incorporate beneficial ideas.

A key tool in the change control process is *TierPASS*, our proprietary database developed to support effective project control and tracking. A specific module in the application offers a consistent pragmatic approach to change control, providing the tracking capability and the reporting structure to allow visibility and follow-up to any changes in the project. Figure IV.C.2.1-19 presents a Change Request screen shot from the *TierPASS* database.

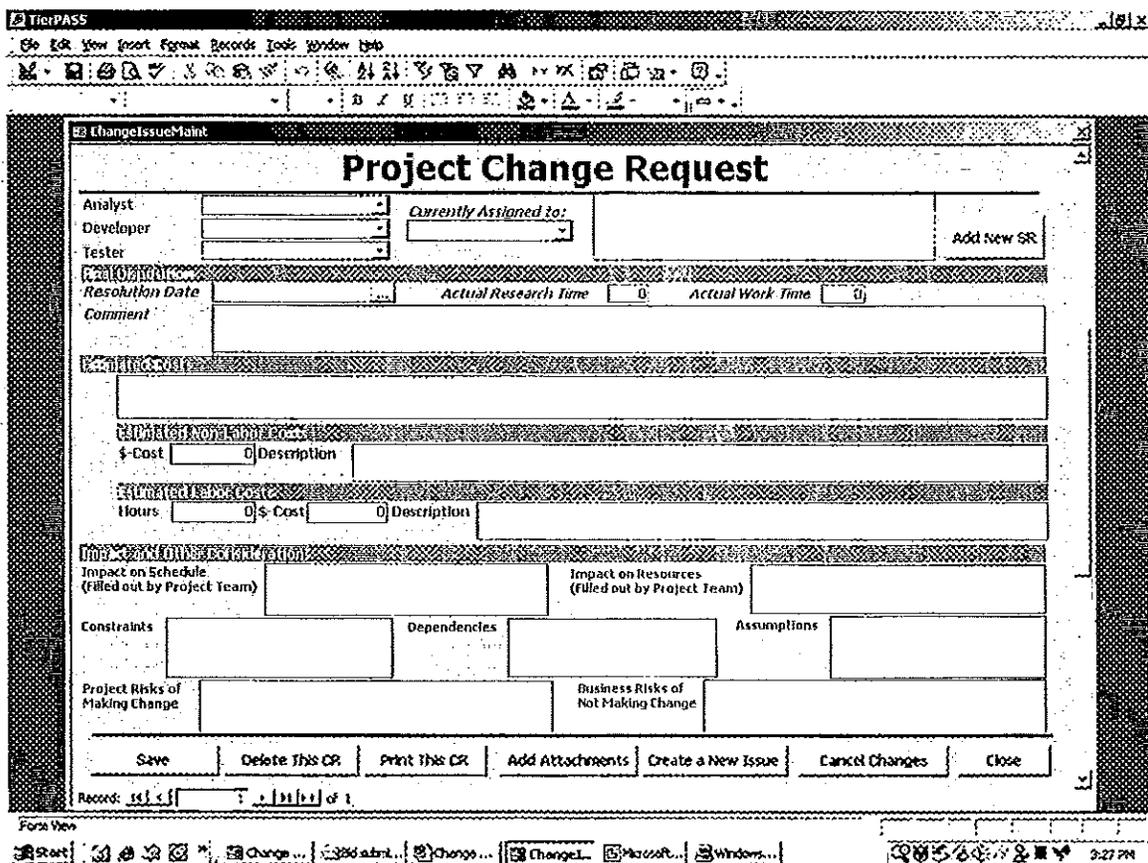


Figure IV.C.2.1-19. *TierPASS* provides tracking features to help manage and organize suggested project changes.

In addition to the view shown, *TierPASS* provides for a qualitative and quantitative analysis to any proposed change. This application provides a single controlled library for project changes and control, ensuring a uniform approach, with the capability to pull standardized metrics for management review.

Effective change control is a critical element in Tier's PMM and ensures that we effectively manage scope and facilitate our ability to meet or exceed our client's expectations.

IV.C.2.2 Work Plan Summary

The following pages describe Tier's implementation approach with regard to the work plan, including detailed transition tasks. We have included added daily operational tasks and turnover tasks towards the end of the schedule.

As presented above Tier has a great deal of experience in implementing State Disbursement Units (SDUs). To date we have been involved in the implementation of ten SDUs and countless information technology (IT) implementations. We understand the importance of starting a project off correctly and are familiar with the complex coordination of transferring responsibility from one organization to another.

We will provide a detailed Transition Plan for the State of Michigan's approval within 5 days following contract award, as is requested in the Invitation to Bid (ITB). The Transition Plan will include the following elements at a minimum:

- ◆ Planned activities and milestones to achieve a fully operational SDU by February 1, 2005
- ◆ Staffing level plan and identification of key personnel
- ◆ Schedule of events, graphically depicting dependencies and responsible actions of the Contractor and the Department of Information Technology (DIT)
- ◆ Checklist of the policies and procedures and deliverables developed for the transition

Tier will begin transition activities as soon as the contract is awarded but will defer an actual presence of Tier staff in Michigan until October 1, 2004, so that we can conform to the contractual requirement that services

begin on this date. Initiating activity with regard to planning as soon as the contract is awarded will ensure that we make the maximum use of the available time. From contract award to October 1, we will communicate with the State as needed via telephone and email.

Tier has long-established credentials in providing quality payment processing operations. We have built a team that will bring unmatched expertise and resources to the MiSDU. Tier is in the unique position of being able to bring our staff, procedures, methodologies, and lessons learned in this effort and provide the State with a low-risk solution. Each of our proposed implementation staff members understands all aspects of child support payment processing and the need for a solid approach.

This proven wealth of experience in successfully operating SDUs minimizes risk. Although other companies may try to perform these types of operations, none can match the detailed knowledge of our child support payment processing professionals and present the State with forward-thinking solutions for future operational improvements while being sensitive to and helping to balance budgetary issues.

Through our experience, we have demonstrated that we will provide:

- ◆ An efficient approach to ascertain program compliance
- ◆ An ability to achieve a high-quality performance
- ◆ An assurance that Michigan's goals for child support are satisfied.

We have experience in a number of transition models, and we have found the use of a pilot and two or three additional transition phases to be an effective means of ensuring a seamless transition from the current SDU operation to Tier. We will ensure that our SDU is fully ready for operation by February 1, 2005 and will work with the State to determine the appropriate go-live scenario whether that is a gradual transition or a full handover at this date.

High-Level Work Plan

Figure IV.C.2.2-1 illustrates the high-level work plan for the engagement. It organizes the project into the phases of Initiation, Planning, Execution, Control, and Closing. Embedded within these phases are all of the activities necessary to achieve the entirety of the Scope of Work for Transition Implementation and the subsequent operational engagement. These activities will cover those elements of the software development lifecycle that pertain to ensuring that we determine detailed requirements, enhance the design to adhere to these requirements, and then configure and implement our software and hardware solutions effectively.

The project phases are not entirely sequential in that some activities in one phase may begin before the previous phase is complete. Such overlapping makes maximum use of available time given that some tasks in Execution, for example, can begin when the predecessor task in Planning is complete even though all of the tasks in Planning may not yet be satisfied.

A number of assumptions and constraints that have been followed in the development of this plan are detailed in the Technical Work Plan section. During the first 5 days following contract award, we will revisit these assumptions and constraints, along with the overall requirements and scope of the project and make amendments as necessary in order to ensure that we deliver to the State a plan that is realistic and achievable. As has been stated, Tier has implemented a number of SDUs for various states, and we do this in a manner that promotes full disclosure and involvement of our clients to the degree with which they feel comfortable and necessary, addressing any concerns with the plan or progress as they may arise.

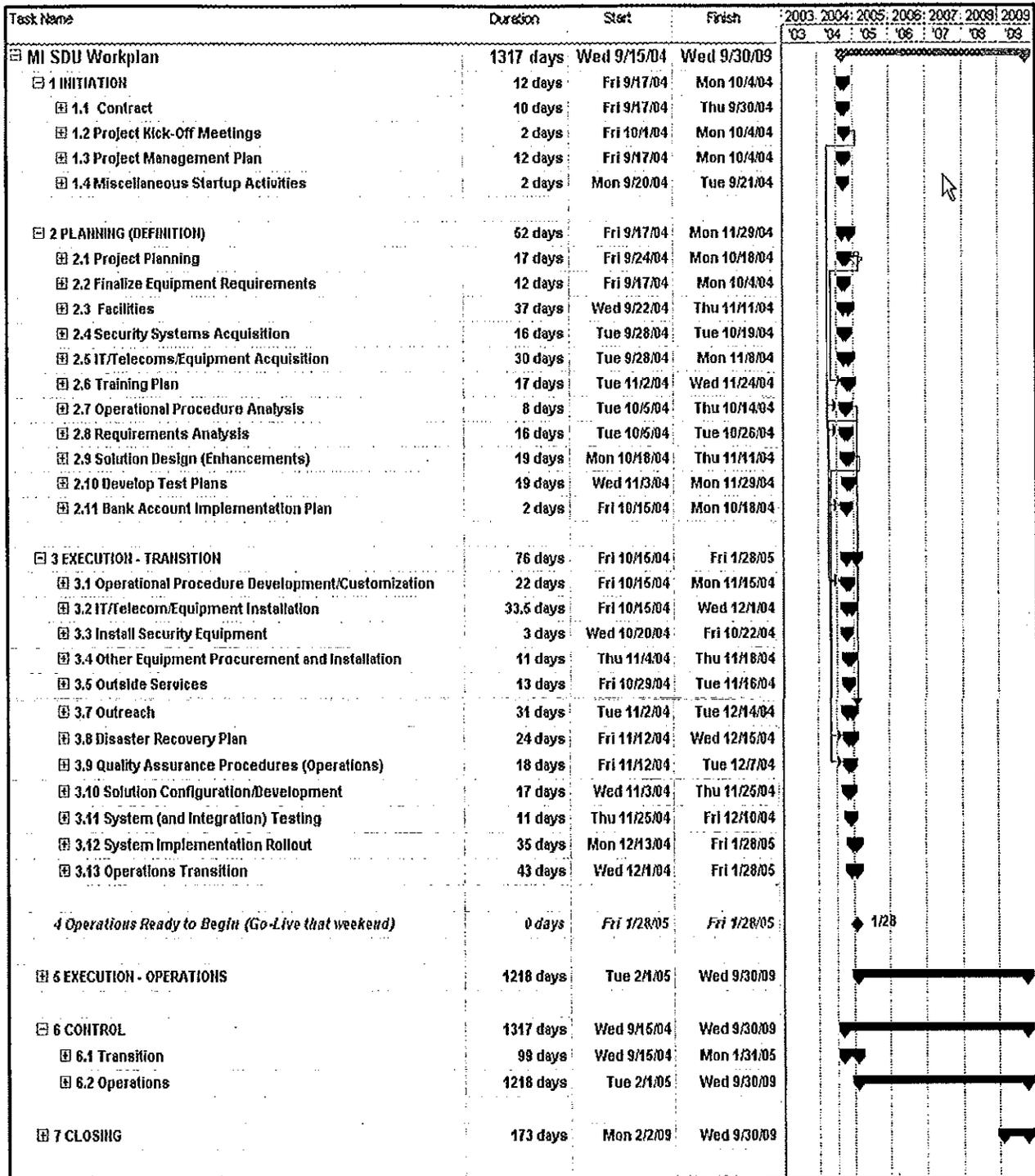


Figure IV.C.2.2-1. Our High-Level Work Plan shows the organization of the project into phases. Embedded within these phases are all of the activities necessary to achieve the Transition Implementation and the subsequent operational engagement.

Milestones and Deliverables

The milestones and deliverables, as listed in Figure IV.C.2.2-2, will ensure that we have firm checkpoints during the transition period and that the State is well aware of the work being carried out and the decisions being made. We can guarantee the State that our experience in providing not only large-scale but smaller scale operations will provide us with the unique perspective of having addressed each of these requirements before. Additional milestones can be seen in the project plan but the following are what Tier considers to be the major checkpoints.

	Milestone	Date	Deliverable
	INITIATION		
1	Submit Project Management Plan to State (Including Work Plan)	9/23/04	Project Management Plan (Including Work Plan)
	PLANNING		
2	Submit Project Procedures to State	10/07/04	Project Management Procedures (Change, Issue, Communications, Risk, Quality, Configuration)
3	Submit Equipment Requirements for State Review	9/27/04	Equipment Bill of Materials
4	Certificate of Occupancy	11/11/04	State will be given a copy of the Certificate of Occupancy
5	Training Plan for State Review	11/15/04	Training Plan
6	IT/Telecoms Equipment Received	10/22/04	-
7	SDU Requirements Document Available for State Review	10/19/04	SDU Requirements Document
8	SDU Design Documents Available for State Review	11/02/04	SDU Design Documents
9	SDU Test Plan Available for State Review	11/18/04	SDU Test Plan
	EXECUTION -- TRANSITION		
10	Operational Procedures Available for State Review	11/04/04	Operational Procedures
11	IT/Telecoms Equipment Installed	11/24/04	-
12	Environments Setup	11/25/04	-
13	Outside Services Established	11/16/04	-
14	Core Management Staff Recruited	12/16/04	-
15	Operations Staff Recruited	01/03/05	-

	Milestone	Date	Deliverable
16	Training Materials Complete (available for State Review if required)	12/08/04	Training Materials
17	Core Team Training Complete	01/11/05	-
18	Operations Staff Training Complete	01/17/05	-
19	Education and Outreach Strategy Available for State Review	12/03/04	Education and Outreach Strategy
20	Disaster Recovery Plan Available for State Review	12/06/04	Disaster Recovery Plan
21	Solution Configuration/Development Complete	11/25/04	-
22	System (and Integration) Testing Complete	12/10/04	System (and Integration) Testing Report
23	Operational System/Procedures Tested (User Acceptance Test)	01/10/04	Acceptance Testing Report
24	Operations Transitioned	01/27/04	User Acceptance Test Document
	EXECUTION -- OPERATIONS		
25			Deliverables such as operations and financial reports will be submitted to the State within agreed-upon timeframes.
	CONTROL -- TRANSITION		
26	Non-milestone but a checkpoint Weekly Status Meetings with State		Weekly Status Report
27	Non-milestone but a checkpoint Weekly Internal Tier Meetings		Weekly Status Report
	CONTROL -- EXECUTION		
28	Non-milestone but a checkpoint Weekly Status Meetings with State		Weekly Status Report
29	Non-milestone but a checkpoint Weekly Internal Tier Meetings		Weekly Status Report
30	Non-milestone but a checkpoint Monthly Quality Review Meetings		Quality Report
	CLOSING		
31	Total Contract Performance Report Delivered to State	08/31/09	Contract Performance Report

Figure IV.C.2.2-2. Having milestones and deliverables ensures that we have firm checkpoints and good communication with the State during the transition period.

Tier's Documentation Development and Management Methodology refers to the production, distribution, monitoring, and maintenance of project documentation. Many of the critical project deliverables are represented in the form of documents. These documents are derived from predefined templates to ensure uniformity and comprehensiveness in the presentation of information gathered throughout the project lifecycle. The templates are then tailored using defined tailoring procedures to meet the specific needs of the client. Each document will have a unique identifier aligned with our standard naming and number conversions or a modified version thereof to support specific standards of the client.

Documents are developed using a standard process to facilitate efficient utilization of resources and effective review cycles (see Figure IV.C.2.2-3). This provides another level of validation to ensure the planning and analysis reflected in project documentation accurately represents the views of project management and the user community, and the needs of the organization. Acceptance criteria for the document are established during the initial review process of the document outline to facilitate efficient document development and effective review processes.

A letter acknowledging the receipt of a document deliverable will be attached when delivered. The review cycle for deliverables will be 5 business days, given the short transition period. If this is not acceptable then Tier will work with the State to arrive at an agreed-upon time period. Tasks in the plan may begin before documentation is actually approved by the State in order to be proactive and make best use of the available time.

Some of the written deliverables will have several versions over the project's life. These revisions represent the evolution of the deliverable through each stage of the project. The revisions are noted on the cover and the enhancements are noted in the revision history section in each deliverable document. This allows for easy review of changes by the business or technology users.

Document Development and Review

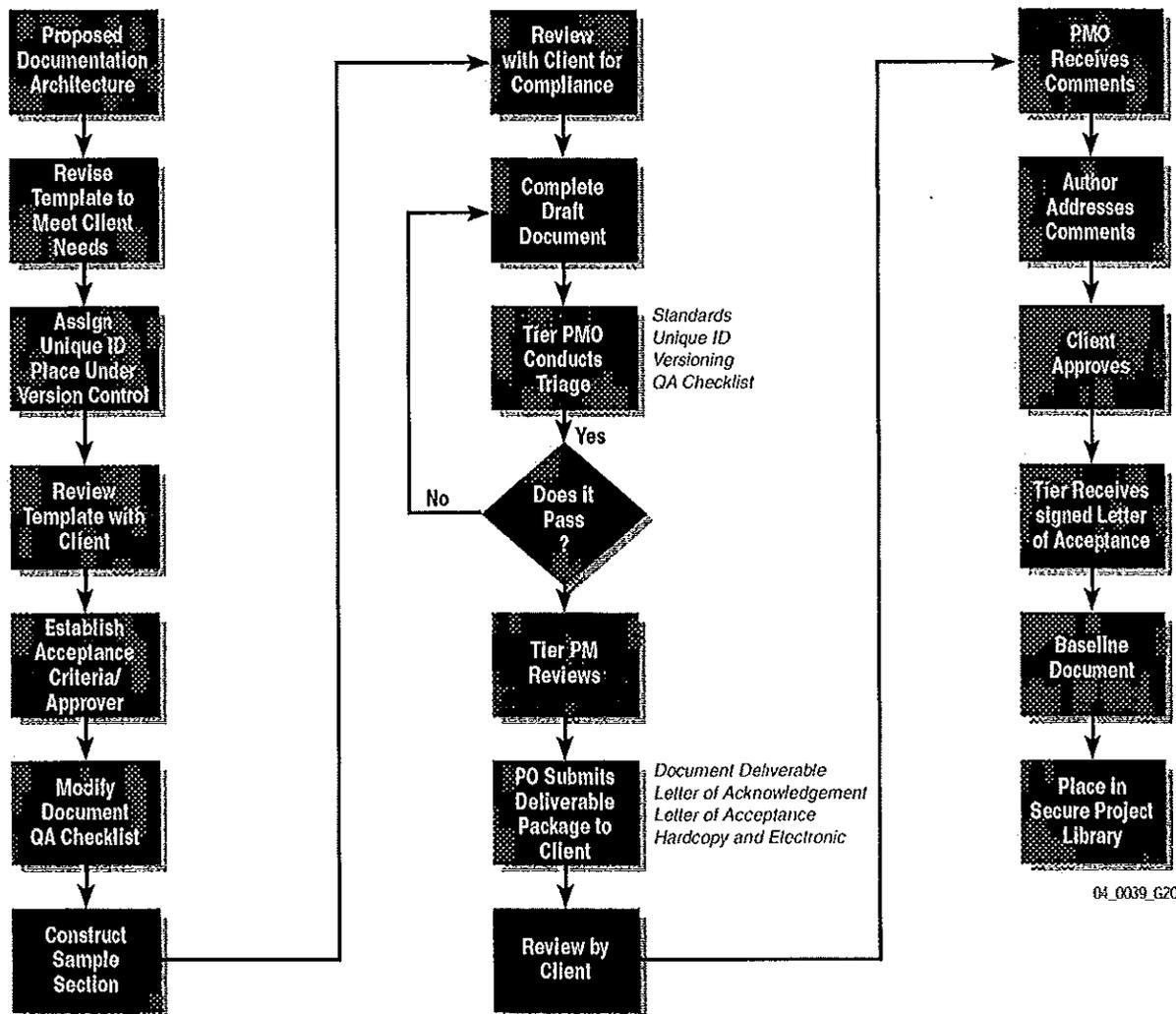


Figure IV.C.2.2-3. Tier's Documentation Review Process ensures the planning and analysis reflected in project documentation accurately represents the views of project management and the user community and the needs of the organization.

Documents may also include those that are not specific project deliverables, but still constitute important sources of information, facilitate the effective and efficient management of the project, or in many cases provide the foundation for project deliverables. These documents are stored in secure locations on the network to ensure effective backup and facilitate information sharing between team members.

The primary objectives of our document management approach includes:

- ◆ Promoting consistency across project deliverable documents
- ◆ Providing comprehensive document tracking and availability
- ◆ Facilitating effective knowledge transfer
- ◆ Support process documentation and improvement
- ◆ Improving team efficiency and resource utilization
- ◆ Maintaining rigorous version control
- ◆ Ensuring consistency in the document revision and release approach

The principal scope of the document management process is:

- ◆ File structure and maintenance
- ◆ Document tracking matrix
- ◆ Formatting approach and guidelines
- ◆ Document production and distribution
- ◆ Versioning, release, and archiving approach
- ◆ Library maintenance and reporting
- ◆ Security structure and policies

Technology and Equipment

Tier has great familiarity with all of the varying equipment and technology requirements of an undertaking such as the MiSDU. Details of the major equipment components can be seen in Section IV.B.2.8. During the Planning phase of the project we will assemble a final “Bill of Materials” and pass this to the State for review, so that it can be ensured that all of the procured equipment conforms to State guidelines, although we will ensure that the latter has been and will be in constant appreciation of activity during this exercise.

IV.C.2.3 Technical Work Plan

The full detailed work plan has been included in this proposal, in both hard copy and soft copy format.

Assumptions and Constraints

1. Tier has assumed a contract award date of September 17, 2005. We will begin working remotely on the project immediately by reviewing the high-level requirements, raising questions where necessary and ensuring that we deliver a final Work Plan within 5 days.
2. Tier has assumed that our staff cannot meet with State staff in person onsite in Michigan until the contractual start of services on October 1, 2005.
3. Due to the need for expeditious use of resources and the initiation of tasks to meet the timelines, Tier will begin work on tasks even though some dependent documents are still in State review. If any changes are necessary to these deliverables that affect subsequent activity, then Tier will accommodate such changes. We will mitigate this risk by ensuring that the State is well aware of the work being done during the deliverable creation process.
4. Tier has assumed that the State will wish to review a range of deliverables during the transition period. If the State does not wish to review all those listed in Work Plan Summary section, we will amend the Work Plan during the Initiation phase.
5. Tier has assumed that State staff will be available for requirements meetings, input to the design and to review deliverables. Further, we understand it is the State's wish to be involved with the acceptance testing of the solution. Tier views this as a collaborative involvement where we will work together to ensure that the whole solution is reviewed and tested to ensure that it meets all State requirements.
6. Tier will perform a large amount of the configuration, development, and testing offsite at other Tier locations. We have excellent facilities

available and have used this approach on other State Disbursement Unit (SDU) implementations, where software and hardware are configured offsite in an “SDU lab” environment before they are deployed to the SDU site. This strategy will ensure that installation and further testing of the total system at the SDU site will go smoothly.

7. While the plan we submit to the State during Initiation is a final timeline, Tier views it as a “living” document and will produce a baseline and then make updates to the plan during the project life.

Work Plan Tasks

A large number of tasks need to be executed in order to achieve the implementation of the SDU and its subsequent operation through the contract period. Currently the Work Plan has resources allocated at the summary task level but during the Initiation phase we will revisit the plan and allocate resources to the detail task if that reflects a more accurate representation of resource utilization, task tracking, and task responsibility. For project management staff (Project Director, Project Deputy Director, Implementation Manager, PA), we have allocated all of their time to project management tasks such as tracking and control. In order to make maximum use of their knowledge in SDU implementations, however, in actuality some of the Project Management staff’s time will be spent on the project tasks themselves. A detailed breakdown of project staffing and hours utilization can be found in the staffing section of this proposal response. The hours in the project workplan may not currently exactly match the project staffing spreadsheet. This is due to some smoothing and lower level resourcing that will be done to the workplan during Initiation.

Figure IV.C.2.3-1 illustrates our estimated resource hours by task.

	Hours	
INITIATION		
Contract	0	Hours are not accommodated for contract negotiation
Project Kick-Off Meetings	48	
Project Management Plan	216	
Miscellaneous Startup Activities	16	
PLANNING (DEFINITION)		
Project Planning	0	Hours for Project Planning are derived from Control hours
Finalize Equipment Requirements	112	
Facilities	120	
Security Systems Acquisition	32	
IT/Telecoms/Equipment Acquisition	250	
Training Plan	48	
Operational Procedure Analysis	196	
Requirements Analysis	704	
Solution Design (Enhancements)	1080	
Develop Test Plans	633	
Bank Account Implementation Plan	48	
EXECUTION – TRANSITION		
Operational Procedure Development/Customization	748	
IT/Telecom/Equipment Installation	268	
Install Security Equipment	12	
Other Equipment Procurement and Installation	58	
Outside Services	348	
Staffing and Training	17014	
Outreach	248	
Disaster Recovery Plan	110	
Quality Assurance Procedures (Operations)	248	
Solution Configuration/Development	2250	
System (and Integration) Testing	2120	
System Implementation Rollout	3332	
Operations Transition	524	
EXECUTION – OPERATIONS		
		Ops hours not included. These can be seen in the Plan
CONTROL – TRANSITION		
Project Management	2793	Control – Ops hours not included
		Hours for PM/admin have been totaled here but staff can be expected to also assist on the deliverable tasks
Weekly Status Meetings with State	0	Hrs from PM
Weekly Internal Tier Meetings	0	Hrs from PM
Systems Support	680	
CLOSING		
Total Hours	34256	

Figure IV.C.2.3-1. During Initiation, Tier will finalize estimates of resource hours by task group.

The following narrative breaks down the major tasks involved in the project, providing a description of how Tier will successfully complete that task. Some of these items may have been covered at various points in this proposal but this discussion will place these items in the context of an explanation of how Tier can and will accomplish the SDU implementation within the desired timeframe.

Initiation

During the Initiation phase Tier will ensure that the contractual needs of the engagement are mutually satisfiable and agreed upon, leading to the signed agreement. We will produce a final Project Work Plan within 5 days of contract award and then conduct kick-off meetings both with the State and with internal staff. Miscellaneous initial tasks such as system access, security requirements, role clarification, and the like will occur in this phase.

Planning

Project Procedures and Planning

Tier possesses a Project Planning Library where we house templates and past deliverables from other projects. The library's holdings cover the entire spectrum of project management focal areas such as Communications Management and Issues Management. At the outset of the Planning phase we will take these templates and tailor them to the needs of the MiSDU implementation. Because of our document library we can quickly, within 10 days, produce an entire library of project guidelines and procedures.

Equipment Requirements and Acquisition

The implementation of eight SDU projects has validated our company's purchasing procedures. Tier has continually proven our ability to purchase and install the "right" equipment. This means the equipment is the correct size, and an appropriate quantity of each piece of equipment is in-

cluded to handle maximum anticipated processing volumes. Upon contract award, Tier's Applications and Technology teams will review requirements with the State and begin negotiating contracts to obtain the required network equipment, computers, telephone equipment, and printing equipment. In all of our SDU operations, we make maximum use of state-of-the art technology. We will deliver a "Bill of Materials" to the State for its review.

A major focus of any SDU operation is its security features, both physical as well as the controls that must be put in place throughout the operation. Physical security used for MiSDU will include Retinal Scan access to operational areas and video monitoring. The "Bill of Materials" will include all security equipment that will be procured.

Equipment will be delivered to offsite Tier locations, where the equipment will be tested and configured so that when it is eventually installed at the SDU location, the equipment will be guaranteed to function.

Facilities

Tier understands the Invitation to Bid (ITB) requirements and will locate the SDU facility within those parameters. Tier is analyzing several areas within the proposed area. In each of the sites under evaluation, our facilities management staff will look for a location that 1) complies with the Americans with Disabilities Act (ADA), 2) is served by public transportation, 3) presents a building floor plate which is compatible with our desired floor plan, and 4) offers nearby services and amenities available to our employees who staff the operation. As no site is ever perfect, the location and facility that offers the best fit will be selected and submitted to the State of Michigan for approval.

Tier has significant experience in the design and development of child support remittance processing facilities. Over the previous 6 years, Tier has designed and developed eight facilities similar to the one we are proposing for the MiSDU. Based on this experience, Tier is able to propose a

facility that meets all of the operational requirements, as well as the proposed implementation schedule.

Operational Procedure Analysis

It is important that Tier understands the current (“as-is”) SDU environment so that we can ascertain its effectiveness, recommend improvements, and assess how Tier SDU practices may impact and hopefully improve current operational metrics. We will spend time to work with the State and the current vendor (review sessions, questionnaires, etc.) to review performance statistics and procedures so that we are well positioned to develop the “to-be” operational procedures during the Execution phase.

Requirements Analysis

Although Kids1st[®] was designed specifically for child support payment processing, each state has certain business rules that are specific to that state. Therefore, requirements analysis will immediately begin in order to detail the specific modifications that need to be incorporated into Kids1st in order to accommodate the State of Michigan’s requirements.

We will determine the specific requirements for the Customer Service Unit (CSU) with regard to the Interactive Voice Response (IVR) system implementation so that we implement a call system that is in line with State requirements and integrates as necessary with the MiCSES IVR.

Solution Design (Enhancements)

Given the specific requirements for the MiSDU, we will design the specifics of how that requirement will be satisfied. In the case of Kids1st, this will entail a “gap analysis” of the current software functions versus what is required for the State, leading to design enhancements that will deliver a fully functioning system that exactly conforms to what is required for operational processing at the SDU. Design specifics for the IVR, such as call flow and dial plan, will be laid out in preparation for configuration.

Test Plans

Tier will prepare a detailed Test Plan, which will be submitted to the State. The plan will include each of the test phases described in the Solution Configuration/Development section below. The Test Plan will include tests on Kids1st, the disbursement module, and all interfaces. Tier will work with the State to determine how many DIT resources will be required to assist with the User Acceptance Testing (UAT) done as part of the Total Systems Operability Test in the Execution phase.

Execution – Transition

Operational Procedure Development

Critical to Tier's procedure training will be the Operations Procedure manual. It is this document that will describe the day-to-day operating procedures that staff will be expected to follow. Tier will create the Operations Procedure manual and submit it to the State for approval. The manual will include administrative coordination and planning. At a minimum, the manual will include detailed procedures for the following:

- ◆ Mailroom procedures
- ◆ Payment processing procedures for paper and electronic payments
- ◆ Disbursement processing procedures for paper and electronic disbursements
- ◆ Monthly statements of account activity
- ◆ Non-IV-D payment processing on all non-IV-D cases
- ◆ Customer Service
- ◆ Banking services
- ◆ Outreach and orientation to custodial parents (CPs), non-custodial parents (NCPs), other states, and employers on the new SDU procedures as they apply to these audiences
- ◆ Administration
- ◆ Audits

- ◆ Operational and other reports
- ◆ Disaster plan and backup facility
- ◆ Turnover plan
- ◆ Responsibilities of, and interaction with, other entities, such as Office of Child Support (OCS), the Friends of the Court (FOC), the selected bank, the U.S. Postal Services (USPS), and Temporary Assistance for Needy Families (TANF) agencies

We understand that the operating procedures and related administrative functions must be approved by the State prior to their implementation and the operation of the SDU. As the Operations Procedure manual is a vital piece of Tier's training program, the manual will be updated at regular intervals. The updates will reflect changes in operational procedures during the contract period (e.g., procedures for disseminating Value Added or Stored Value/Debit cards to payees). We will also ensure the manual is updated to reflect any changes in federal or State guidelines, regulations, and audit requirements.

IT/Telecoms Equipment Installation

Tier has the technical staff to implement the procured equipment at the SDU site. Some configuration and testing will have already been done and so the setup should be expeditious and encounter few issues.

Outside Services

Mail Services – Based on our experience operating other SDUs, we know that multiple P.O. boxes are required to efficiently manage the operations mailing functions. We will take over the previous vendor's mailboxes.

Banking Services – During transition, Tier will work with the State and our proposed banker, U.S. Bank, to establish the required bank accounts and set up the appropriate interfaces. We will do this via an Account Im-

plementation Plan that will ensure that transition activities in this regard are well organized and correct.

Other Services – Tier locates local vendors to perform mail delivery, mail pickup, and bank deposit services. Additional office services may be established following transition, such as cleaning services. We will require bonded couriers for all mail and banking services.

Staffing and Training

Effective staffing is a cornerstone of SDU operation. Tier will ensure that its staffing activities are rigorous and thorough so that we recruit excellent personnel for our various positions. Tier's own Human Resources team will lead the recruiting efforts and will be backed up by the Operations leadership. First we will recruit a core operations team, which will consist of the operations management and supervisors and then follow this with a recruitment of all other staff. This measure will allow the core group to be already trained in MiSDU operations when the bulk of staff joins the engagement, so that they may best assist in the Operations staff training.

Tier will perform training for each of the main SDU functions and tailor the training courses to the particular needs of those functions.

Tier's approach for developing training materials is not only to make the materials usable during the training sessions, but also to ensure staff members have the materials that will assist them once training has been completed. A portion of the materials will become a Desk Guide that is role-specific for each staff member. The desk guide will include the following:

- ◆ General routine daily tasks
- ◆ Step-by-step daily best procedural practices
- ◆ Most commonly used business practices from the State's Business Practice Manual
- ◆ Checklists for most commonly performed tasks or functions

The Desk Guide will be used after training to set uniform patterns of workflow to be used by similar employees to ensure consistency in the services being delivered. Tier will then be able to more easily establish and monitor performance standards, identify training deficiencies, and evaluate innovative approaches to improve delivery on contract services.

Tier is a nationally recognized leader in the development and delivery of training for human services agencies, especially child support agencies. Tier's skills in providing training to human services and child support personnel has evolved over the years to respond to our customers' needs related to ever-changing federal and state requirements.

Since Tier's inception, the demand for training has centered on programmatic and management training, which we often provide in conjunction with management consulting services. Tier offers training on virtually every aspect of child support enforcement, including child support payment processing systems. We will continue to bring these same training skills and experience to this project.

We further understand that Tier will continue to be responsible for ongoing training of existing staff and initial training of new staff.

Outreach

Outreach plays an important role in a successful transition. Tier will be responsible for coordinating all efforts related to educating and contacting related parties during transition and outreach efforts will be ongoing after the transition period.

A well-designed outreach campaign informs child support payers and employers of the new payment address and new payment methods available. In addition, recipients are informed of the new methods available to receive their payments. Other state agencies are also notified of the new payment address and of the availability of electronic funds transfer (EFT). Tier's Transition Plan includes outreach to notify CPs, NCPs, employers, other states, and recipients of the new SDU.

Tier has successfully utilized outreach in more than 25 states with our SDU and Financial Institution Data Match (FIDM) operations. Our experience will assist us in tailoring the right program for Michigan based on the need to increase electronic remittances and the use of electronic means for access to child support payments. Outreach efforts will consist of the initial campaign, ongoing outreach efforts, and special initiatives (ad hoc notices).

Most important we know who are the customers to be served:

- ◆ Employers and payroll agencies, payors and payees
- ◆ Financial institutions
- ◆ Court clerks, Judges Magistrates, City Council members, and attorneys
- ◆ Mortgage companies, automobile dealers, realtors, financial institutions, and title searchers
- ◆ And of course Michigan Child Support.

The initial task, and perhaps the most important to a successful transition, is reaching out to CPs, NCPs, and employers. It is our recommendation that CPs be notified of the change in location of the SDU through use of a message on the check stub. This can be placed on the check stub for a period of 45 days after implementation. We also realize it is important that those CPs receiving a check understand why they are receiving a different type of check. NCPs, employers, and other state or county SDUs will be notified by letter within an appropriate number of days prior to the transfer of the payment operations to the contractor.

Tier's outreach campaign will be used to disseminate information about new remittance procedures, assist employers with the transition to the MiSDU, and offer encouragement to use electronic banking. Other states will also be notified by mail during the transition period, alerting them to impending changes in the address to which payments will be mailed or EFT payments will be submitted. Pre-notification materials announcing new and changed processes will be targeted to employer needs, addressing

their potential questions. A special toll-free line will be established for employers to reach customer service representatives if they have questions or problems as payments are converted to the SDU. Additionally, the MiSDU Internet website will be modified for use by CPs, NCPs, and employers to provide information on the child support enforcement program and the available forms for paying and receiving payments electronically.

Tier will work with the State to develop outreach materials to be distributed to employers, CPs, NCPs, and other states both initially and on an ongoing basis, including notices about transition to a debit or pay access card. Materials will be developed that both motivate the target audience to respond as desired and create a general awareness that leads to support of the mission of the SDU to more efficiently process and disburse child support payments. Figure IV.C.2.3-2 lists Tier's recommended notification schedule for transitional outreach.

Customers/Groups	Outreach Method
Employers	First-General Notice -- 6 weeks prior to implementation of SDU Community Groups, Chamber of Commerce, Internet (if chosen) -- 4 weeks prior to implementation Customer Service -- available at implementation
Payor	Notice 4 weeks prior to implementation of SDU Customer Service -- available at implementation
Payee	Notice 4 weeks prior to implementation of SDU Customer Service -- available at implementation
Other State Agencies	First General Notice Customer Service -- available at implementation
Court Staff	Meetings -- within 2 weeks of contract award
City Council	Meetings -- within 2 weeks of contract award
Financial Institutions	Meetings, Phone contacts -- 4 weeks prior to implementation Customer Service -- available at implementation
Mortgage companies, realtors, auto dealers, title searchers	Meetings, Phone contacts -- 4 weeks prior to implementation Customer Service -- available at implementation
Advocacy Groups	Meetings, Phone contacts -- 4 weeks prior to implementation

Figure IV.C.2.3-2. Tier will work with the State to finalize MiSDU outreach methods and schedule.

Outreach doesn't end once the transition is complete. Outreach can be used throughout the operation to increase use of alternate payment and disbursement options (e.g., EFT, direct deposit) and the dissemination of other useful information (e.g., monthly statements).

Disaster Recovery Plan

Tier will, during the transition period of the contract, finalize a Disaster Recovery Plan (DRP) that not only addresses system recovery, but also includes business continuity issues in order to provide a complete avenue for recovery from catastrophic failure. During the initial phases we will identify disaster recovery procedures to put in place to secure our software environment leading up to the February 2005 implementation date.

Solution Configuration/Development

During this task Tier will take the State's requirements gleaned from Requirements Analysis and make them a reality. Kid1st is a fully functioning application but we recognize that there may be some particular enhancements that may be required in order to adhere to Michigan's particular rules and procedures. Interfaces are State-specific and so these will be modified and developed to ensure that our SDU system integrates with all of the appropriate systems.

We will configure our IVR solution according to the agreed-upon requirements to ensure that the call sequence and process flow is efficient and integrates with the MiCSES IVR.

Most of the configuration and development tasks will occur offsite at Tier facilities where we have available a large number of technical resources skilled in technical development and configuration of both software and hardware.

To thoroughly test the system, the Tier team will use a multi-step testing cycle composed of Unit Test, Functional Test, Integration Test, and System Integration Test. This lifecycle will be used in all phases of the

development and implementation effort. Figure IV.C.2.3-3 illustrates how the testing steps relate to each other.

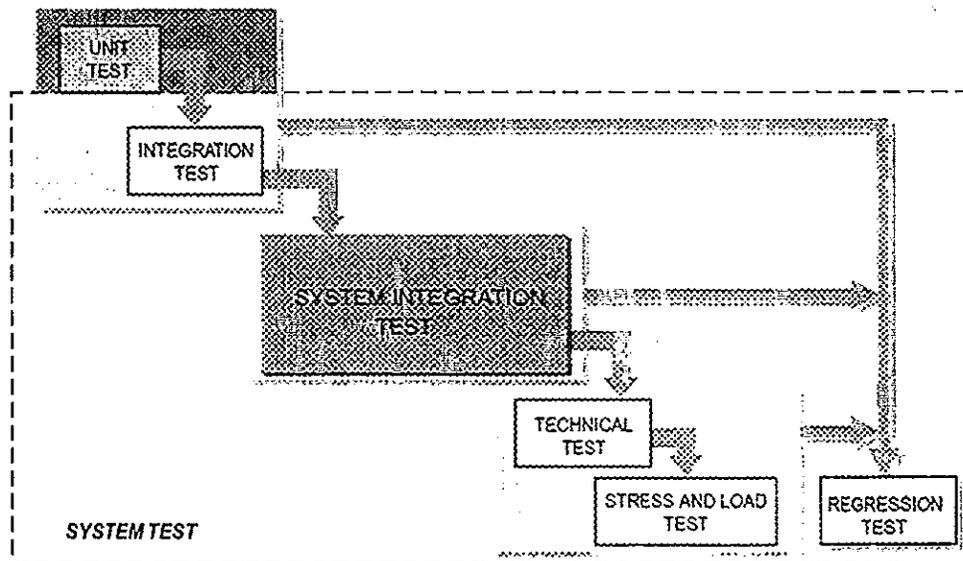


Figure IV.C.2.3-3. The Tier Test team will use this sequence of testing steps on the MISDU Project to thoroughly test the system.

The phases of Unit, Functional, Integration, and System Integration test will be performed as part of Solution Configuration/Development and will take place offsite at a Tier facility, where we will utilize a full SDU testing lab to ensure all of the software components and hardware perform correctly.

Unit testing is the first step to be executed in the testing cycle (see Figure IV.C.2.3-4). The application or systems developer typically performs this test on an isolated module and/or piece of functionality. Unit testing is the mechanism by which standard functionality is validated. It may also be performed as a direct result of a documented Problem Report, whether it involves remediation of software coding errors or addition of a new feature.

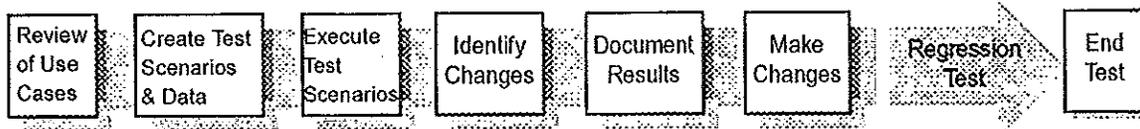
UNIT TEST


Figure IV.C.2.3-4. The Tier developer will use this repeatable process for Unit Tests, testing individual models or programs in a stand-alone fashion.

Functional testing is usually performed on a module or set of interrelated modules that represent a specific coherent process. Functional testing is performed to detect discrepancies between a requirement and the application's actual behavior. This detection is accomplished by analysis of the inputs and outputs used during the test. Deviations from the expected output given a specific set of inputs usually indicate a behavioral discrepancy. Once testing is completed from a functional standpoint, the module will eventually be tested again in the Integration and Systems Integration Tests (see Figure IV.C.2.3-5).

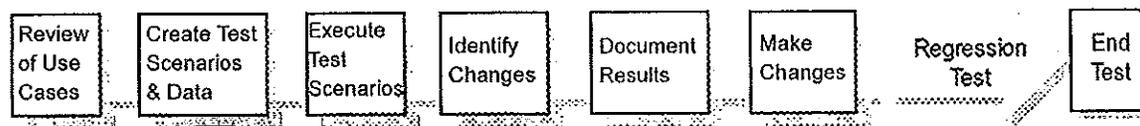
FUNCTIONAL TEST


Figure IV.C.2.3-5. This repeatable process for Functional Tests is performed to detect discrepancies between a module's Use Case Specification and its actual behavior.

Once Functional testing is complete, we will begin Integration Tests (see Figure IV.C.2.3-6). By integrating the modules, we will ensure that the new functionality does not affect the way the modules interact with each other.

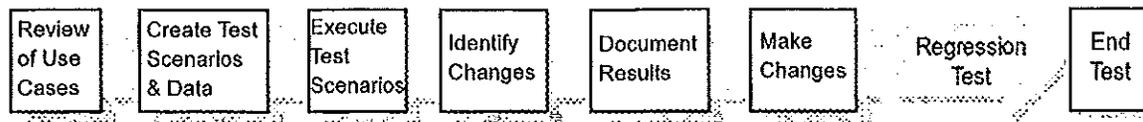
INTEGRATION TEST

Figure IV.C.2.3-6. The purpose of this repeatable process for Integration Tests is to ensure that the new functionality does not affect the way modules interact with one another.

System (and Integration) Testing

Tier has planned for comprehensive testing to take place prior to the solution's implementation to ensure that the system will perform well in the production environment. This testing includes a set of System Tests as well as Security and Performance tests. Tier has successfully used its testing methodology on many large-scale projects and is well versed in documenting test results and communicating them to clients.

All components of the MiSDU solution will be tested to verify the functionality and stability of the entire system. The goal of this test is to compare the current product to the objectives of the final release (see Figure IV.C.2.3-7).

Integration of the individual modules and components into the full set that makes up the MiSDU solution requires additional testing to ensure that all modules and components work together. Specifically, the System Integration Test will verify the following:

- ◆ All interfaces between modules or submodules
- ◆ The interrelationship of all the modules that make up the MiSDU solution
- ◆ The fully integrated system's ability to meet performance and scalability requirements.

During this testing step, Tier will also test the new functionality, as determined during Requirements and Design.

SYSTEM INTEGRATION TEST

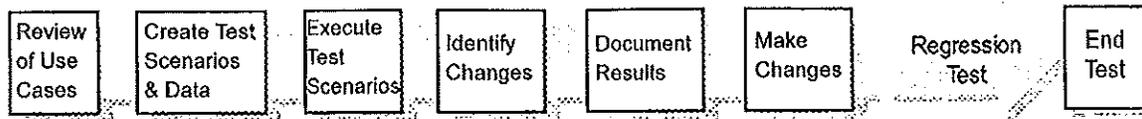


Figure IV.C.2.3-7. The goal of this repeatable process for System Integration Tests is to compare the current/final product to the objectives of the final release.

Performance testing of applications, like all other types of testing, requires forethought and planning. It is important to realize the following:

- ◆ Stress tests are performed to make certain that the infrastructure can handle peak demand without adverse events occurring.
- ◆ Load tests are performed to make certain that under normal- to high-user activity the system response falls within the range of acceptable tolerances.

Fail-over tests are performed to ensure that the system can still respond to user requests or to notify users of the inability to respond without certain components in operation.

System Implementation Rollout

User Acceptance Tests will put the new software under the full scrutiny of the user community (see Figure IV.C.2.3-8) and allow the whole solution to be verified in the SDU operational environment. Test scenarios will be executed to validate that all requirements and processes that have been defined and documented in the requirements analysis are satisfied and meet the needs of the user on a day-to-day basis. The Requirements Documents and Design Specifications will be the basis for the functional validation process. Each requirement will be tested and qualified based on the criteria defined in the test scenario. All input screens will be validated relative to their usability in support of the business functions. All output will be validated and compared to a pre-calculated outcome to validate processing accuracy. During the User Acceptance Testing (UAT), the users will also be able to perform usability testing. Usability testing is the

process of attempting to identify discrepancies between the user interfaces of a product and the human engineering requirements of its potential users. Testing of the user documentation is an essential component. Usability testing often involves evaluation of a product's presentation rather than its functionality. Some of the characteristics, which can be tested, include the following:

- ◆ **Accessibility** – Can users enter, navigate, and exit with relative ease?
- ◆ **Responsiveness** – Can users do what they want, when they want, in a way that is clear?
- ◆ **Efficiency** – Can users do what they want in the minimum amount of steps and time?
- ◆ **Comprehensibility** – Do users understand the product structure, its help system, and the documentation?

USER ACCEPTANCE TEST

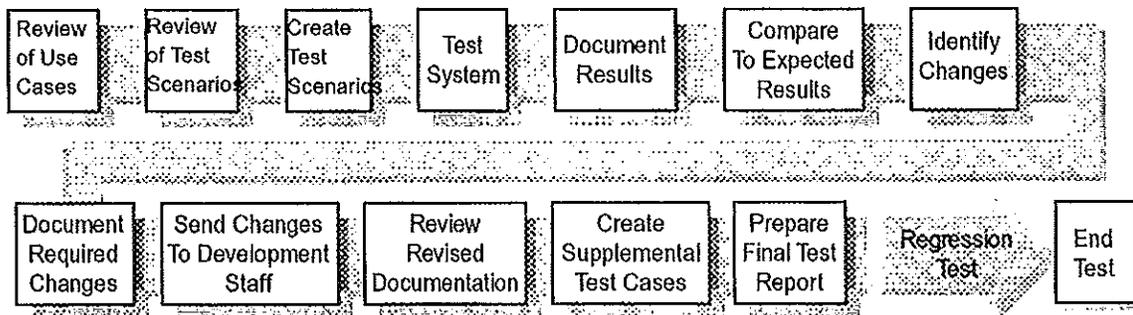


Figure IV.C.2.3-8. The repeatable process for User Acceptance Tests Test scenarios will be executed to validate that all project requirements and processes are satisfied and meet the needs of the user on a day-to-day basis.

In question number 96 of the MI Question Response, it states that UAT will occur by 12/15/04 and be successfully completed by 1/15/05. In Appendix C of the ITB document it says that the vendor should perform a user acceptance test no later than 12/01/04. For the purposes of this document, Tier has assumed that the clarification offered in the question response is the guideline and as such Tier will initiate the conducting of a User Acceptance Test before 12/15/04. If this is not acceptable to the

State then the plan will be modified to meet State requirements during the Initiation period.

Tier views the UAT period as an opportunity to work collaboratively with the State to ensure that all systems and procedures are in place so that operations will progress smoothly when the transition is complete. We have allocated around a month in the plan for this UAT or Total Operability Test period. We feel that this activity can be accomplished well within this timeframe but have planned for a month so that we can ensure that we allow for full acceptance of the systems to take place, along with any remediation measures to be executed to ensure that the systems and procedures are efficient and can handle expected volumes.

Operations Transition

There are a number of tasks that need to be accomplished that are specific to the transfer of operations from the old vendor, over and above the tasks related to items such as facilities, systems, and staffing. They include some actual outreach tasks to inform employers, payors, and so forth of the new vendor, as well as the movement of monies from old to new accounts. These tasks will mostly be performed towards the end of the transition period in preparation for the actual transition date.

Execution – Operations

These tasks are the high-level tasks pertaining to the ongoing operations of the SDU.

Control – Transition

During the transition period a number of control tasks will be performed regularly to track the progress and ensure the timeline is being met. Tier will create weekly status reports and meetings will be held weekly with the State and also internally within Tier to address any issues, track progress, and mitigate risks. Project Management will be an ongoing task as will Quality Management in order to ensure that deliverables are of the highest quality and that our processes are effective.

Control – Operations

During the operations period a number of control tasks will be performed regularly to track the progress and ensure the timeline is being met. Tier will create weekly operations summary reports and meetings will be held weekly with the State and also internally within Tier to address any issues, track progress, and mitigate risks. Operations Management will be an ongoing task.

Periodic quality reviews will be conducted in order to assess the effectiveness of the SDU operation. Various operations reports will assist in ensuring that productivity improves and act as a warning meter should there be any significant deviation from operations norms, so that remediation measures can be initiated immediately. Tier will perform internal audits throughout the contract period. Our internal system of quality assurance and strict adherence to conforming to the Generally Accepted Accounting Principles (GAAP) and the Federal Office of Child Support (OCSE) Audit Guide has resulted in standards that have withstood state and local audits.

An example of a control report is pictured below in Figure IV.C.2.3-9.

Closing

A valuable part of any engagement is to close out involvement effectively. Tier will work with any new vendor during a transition period to ensure that they have all the information they need to take takeover the MiSDU responsibilities. We will also perform our own analysis of Tier's performance during the contract period and discuss this information with the State so that everyone is clear on how operations have improved or are apprised of any issues which should be addressed.

Daily Production Statistics Month of January 2004	Friday 1/30/2004	Wk Total End 1/30/2004	Month Total
Milk Processing			
Machine Opened	3,728	44,039	118,207
Hand Opened	493	2,167	8,848
Total	4,221	46,206	127,055
Correspondence Processing			
Correspondence to DHS	68	424	1,842
Employment Terminations Entered	0	762	3,698
Address Changes Entered - NCP	0	105	828
Processor Statistics			
Payments Processed per Hour	235	222	230
Payments Summary			
Payments ID sent to TCSES - Immediate Posting	12,977	61,442	263,277
Dollars	\$1,748,785.64	\$7,631,630.17	\$32,040,284.54
To UNID Payments on VIPRS	144	720	3,031
Dollars	\$18,269.61	\$31,440.13	\$388,202.66
To TCSES from UNID - Minimal Research	95	573	2,718
Dollars	\$10,045.07	\$65,808.48	\$240,444.00
Total Payments Transmitted	13,216	62,735	269,024
Dollars	\$1,777,090.22	\$7,788,778.78	\$32,768,941.09
Unable to Identify to DHS - Extensive Research	35	111	608
Dollars	\$3,766.19	\$13,317.23	\$83,160.60
Percent of UNID Cleared sent to State	26.92%	16.23%	10.29%
Pmts per envelope	3.13	1.86	2.12
Percent Processed to UNID	1.10%	1.16%	1.14%
EFT Payments Summary			
EFT Pmts ID sent to TCSES - Immediate Posting	4,558	8,766	36,838
Dollars	\$581,358.37	\$988,642.28	\$4,144,630.00
EFT to UNID Payments on VIPRS	19	86	475
Dollars	\$7,334.21	\$12,353.91	\$58,682.84
Total - EFT Payments Processed	4,577	8,852	37,013
Dollars	\$588,692.58	\$1,000,996.19	\$4,203,312.84
% pmts EFT (clean) to Processed	34.49%	13.97%	13.58%
% of EFT pmts to UNID	0.42%	0.96%	1.28%
Payment Identification - Payments			
Beginning Balance of UNID	251	229	558
Added	144	720	3,031
Identified	95	573	2,718
Sent to State Unable to ID	35	111	608
EOD UNID on VIPRS	265	265	265
Oldest Payment Awaiting Resolution	1/28/2004		

Daily Production Statistics Month of January 2004	Friday 1/30/2004	Wk Total End 1/30/2004	Month Total
Payment Identification - Dollars			
Beginning Balance of UNID - \$	27,736.29	29,850.22	87,585.77
Added - \$	18,259.61	81,440.13	388,202.66
Identified - \$	10,045.07	65,808.48	240,444.00
Sent to State Unable to ID - \$	3,766.19	13,317.23	83,160.60
EOD UNID on VIPRS - \$	32,194.64	32,194.64	32,194.64
Deposit Information			
AmSouth	\$1,178,362.57	\$6,721,973.11	\$28,224,490.18
AmSouth - Cash	\$0.00	\$1.00	\$694.07
AmSouth - EFT	\$588,692.58	\$1,000,996.19	\$4,203,312.84
Total Deposit	\$1,767,045.15	\$7,722,970.30	\$32,428,497.09
Transmission Date	01/30/04		
Check Items Carried Over (w/o Exceptions)	0	0	0
TCSES Downtime			
Hours TCSES is Down	0.00	0.00	0.00
Expected Hours TCSES Available	10.50	52.50	210.00
% Time TCSES Unavailable	0.0%	0.0%	0.0%
Command Coll			
length of command error message	0		
Billable Pmts - Paper Rate	8,649	53,360	230,083
\$ Amt of Associated Billable Pmts - Paper	\$1,162,968.82	\$6,650,373.47	\$27,931,056.67
Billable Pmts - EFT Rate	4,559	8,766	38,538
\$ Amt of Associated Billable Pmts - EFT	\$581,358.37	\$988,642.28	\$4,144,630.00
Total Billable Pmts	13,107	62,126	268,601
Total \$ Amt of Associated Billable Pmts	\$1,744,327.19	\$7,639,215.75	\$32,075,686.67
EFT Pmt Sum/EFT Deposit Bal	OK	OK	OK
Deposit Transmission Bal	OK	OK	OK

Figure IV.C.2.3-9. This Daily Production Statistics report is a sample of the control tasks that will be performed regularly during the operations period in order to track the project's progress and ensure that milestones are met.

Risk Mitigation through the Project Lifecycle

In the Planning phase Tier will have developed a Risk Management Plan which contain guidelines for the management of risks throughout the life of the engagement. Issues may arise concerning all manner of items such as staffing and equipment, but Tier is well equipped to deal with any issue and will mitigate risks to try and ensure that problems do not occur. As has been stated before, Tier has implemented numerous SDUs and our experience alone is a strong mitigating factor to ensure that the plan we have developed will not deviate.

State Resources

Tier welcomes and values State input during the transition process, in order to ensure that we put together an operation that fully satisfies the State's needs. Tier accepts full responsibility for meeting the project schedule, but in order to do that we recognize that the State plays an important role in assisting in the clarification of requirements and ensuring that the systems and architectures do not deviate from State standards. We recognize that the State will wish to review all of our major deliverables and take an active role during our Total Operability Test, which can also be viewed as the User Acceptance period. We have estimated State staff involvement in the project plan based on their review of deliverables and involvement in requirements reviews and during the final testing phase, but State staff participation will need to be revisited during the Initiation phase so that we can get a clearer indication from the State regarding their expected involvement. The plan does not currently reflect an involvement of State project management staff but this can be remedied during Initiation, if so desired.

Based on the constraints listed above, Figure IV.C.2.3-10 lists State staff resource hours by major task area.

	Hours	
INITIATION		
Contract	0	
Project Kick-Off Meetings	80	Involvement in Kickoff
Project Management Plan	48	State Deliverable Review
Miscellaneous Startup Activities	0	
PLANNING (DEFINITION)		
Project Planning	120	State Deliverable Review
Finalize Equipment Requirements	120	State Deliverable Review
Facilities	0	
Security Systems Acquisition	0	
IT/Telecoms/Equipment Acquisition	0	
Training Plan	120	State Deliverable Review
Operational Procedure Analysis	256	Involvement in current ops analysis
Requirements Analysis	424	Involvement with Requirements
Solution Design (Enhancements)	120	State Deliverable Review
Develop Test Plans	120	State Deliverable Review
Bank Account Implementation Plan	0	
EXECUTION - TRANSITION		
Operational Procedure Development/Customization	120	State Deliverable Review
IT/Telecom/Equipment Installation	0	
Install Security Equipment	0	
Other Equipment Procurement and Installation	0	
Outside Services	0	
Staffing and Training	120	State Deliverable Review
Outreach	120	State Deliverable Review
Disaster Recovery Plan	120	State Deliverable Review
Quality Assurance Procedures (Operations)	120	State Deliverable Review
Solution Configuration/Development	0	
System (and Integration) Testing	120	State Deliverable Review
System Implementation Rollout	672	Involvement in UAT
Operations Transition	0	
EXECUTION - OPERATIONS		
	0	Not included possible state involvement in Ops
CONTROL - TRANSITION		
		Not included State PM Staff
Project Management	0	
Weekly Status Meetings with State	0	
Weekly Internal Tier Meetings	0	
Systems Support	0	
CLOSING		
Total Hours	2800	

Figure IV.C.2.3-10. We will be working with the State during the Initiation phase to finalize these estimates of State staff involvement in the MiSDU project.

IV.C.2.4 Project Schedule

Tier's proposed project schedule is presented on the following pages

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