Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

September 21, 2009

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B9200137
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Deloitte Consulting, LLP** **333 Bridge Street, N.W. Suite 700** **Grand Rapids, MI 49504** **Email: mford@deloitte.com**	TELEPHONE Mark Ford **(313) 394-5313** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Dale N. Reif**
Contract Compliance Inspector: Mark Lawrence **Enterprise Identity and Access Management Environment**	
CONTRACT PERIOD: From: **February 1, 2009** To: **January 31, 2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE(S):

Effective immediately, contract is amended to include Article 6, Terms and Conditions for American Recovery and Reinvestment Act of 2009, PUB.L.111-5. All other terms and conditions remain the same.

AUTHORITY/REASON(S):

Per vendor and agency agreement.

ESTIMATED CONTRACT VALUE REMAINS: $500,000.00

Article 6

Terms and Conditions for American Recovery and Reinvestment (ARRA) of 2009 Funded Contracts

6.000 Sub-Recipients Requirements

Contractor shall include these terms, including this requirement, in any of its subcontracts or subgrants in connection with projects funded in whole or in part with funds available under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5.

6.010 Reporting & Registration Requirements (Section 1512)

Division A, Title XV, Section 1512 of the ARRA outlines reporting requirements. Not later than ten calendar days after the end of each calendar quarter, the State must submit a report that, at a minimum, contains the information specified in Section 1512 of the ARRA. It is imperative all contracts involving the use of ARRA funds include requirements that the Contractor supply the State with the necessary information to provide these reports (see RFP Section 1.042 Reports) in a timely manner.

The Contractor's failure to provide complete, accurate, and timely reports shall constitute an "Event of Default". Upon the occurrence of an Event of Default, the state department or agency may terminate this contract upon 30 days prior written notice if the default remains uncured within five calendar days following the last day of the calendar quarter, in addition to any other remedy available to the state department or agency in law or equity.

6.020 Buy American Requirement (Section 1605)

6.022 Required Use of American Iron, Steel, and Other Manufactured Goods

(a) **Definitions**. As used in this Section 6.020 —

"Designated Country" means Aruba, Australia, Austria, Belgium, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea (Republic of), Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and United Kingdom.

"Designated country iron, steel, and/or manufactured goods" mean iron, steel and/or a manufactured good that:

(1) Is wholly the growth, product or manufacture of a Designated Country; or
(2) In the case of a manufactured good that consists in whole or in part of materials from another country, has been substantially transformed in a Designated County into a new and different manufactured good distinct from the materials from which it was transformed.

"Domestic iron, steel and/or manufactured good" is iron, steel and/or a manufactured good that:

(1) Is wholly the growth, product or manufacture of the United States; or
(2) In the case of a manufactured good that consists in whole or in part of materials from another county, has been substantially transformed in the United States into a new and different manufactured good distinct from the materials from which it was transformed. There in no requirement with regard to the origin of components or subcomponents in manufactured goods or products, as long as the manufacture of goods occurs in the United States.

"Federal Agency" means the department or agency of the federal government that awarded funds to the State of Michigan from the ARRA that finance the project described in this RFP.
"Foreign iron, steel and/or manufactured good" means iron, steel and/or manufactured good that is not domestic or Designated country iron, steel and/or manufactured goods.

"Manufactured good" means a good brought to the construction site for incorporation into the building or work that has been--

(1) Processed into a specific form and shape; or
(2) Combined with other raw material to create a material that has different properties than the properties of the individual raw materials.

"Public building" and "public work" means a public building of, and a public work of, a governmental entity (the United States; the District of Columbia; commonwealths, territories, and minor outlying islands of the United States; State and local governments; and multi-State, regional, or interstate entities which have governmental functions). These buildings and works may include, without limitation, bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, heavy generators, railways, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties,

breakwaters, levees, and canals, and the construction, alteration, maintenance, or repair of such buildings and works.

"Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

(b) ***Domestic preference.***

(1) This term and condition implements:

(i) Section 1605(a) of Division A, Title XVI of the ARRA by requiring that all iron, steel, and manufactured goods used in the public building or public work are produced in the United States; and

(ii) Section 1605(d) of Division A, Title XVI of the ARRA, which requires the application of the Buy American requirement in a manner consistent with U.S. obligations under international agreements. The restrictions of Section 1605 of the ARRA do not apply to Designated country iron, steel, and/or manufactured goods procured for projects with an estimated value of $7,433,000 or more.

(2) The Contractor shall use only domestic or Designated country iron, steel and/or manufactured goods in performing work funded in whole or in part with funds available under the ARRA, except as provided in subparagraphs (3) and (4) of this paragraph (b).

(3) The requirement in paragraph (2) of this Section 6.022(b) does not apply to the material listed by the Federal Agency as follows:

_____

[**List applicable excepted materials or indicate "none"**]

(4) The Federal Agency may add other iron, steel, and/or manufactured goods to the list in paragraph (b) (3) of this Section if the Federal government determines that—

(i) The cost of the domestic iron, steel, and/or manufactured goods would be unreasonable. The cost of domestic iron, steel, or manufactured goods used in the project is unreasonable when the cumulative cost of such material will increase the cost of the overall project by more than 25 percent;

(ii) The iron, steel, and/or manufactured good is not produced, or manufactured in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(iii) The application of section 1605 of the ARRA would be inconsistent with the public interest.

(c) ***Request for determination of inapplicability of Section 1605 of the ARRA.***

(1) Request for determination of inapplicability

(i) Any Bidder's request to use foreign iron, steel, and/or manufactured goods in accordance with paragraph (b) (4) of this Section shall include adequate information for Federal Agency evaluation of the request, including—

(A) A description of the foreign and domestic iron, steel, and/or manufactured goods;

(B) Unit of measure;

(C) Quantity;

(D) Cost;

(E) Time of delivery or availability;

(F) Location of the project;

(G) Name and address of the proposed supplier; and

(H) A detailed justification of the reason for use of foreign iron, steel, and/or manufactured goods cited in accordance with paragraph (b)(3) of this term and condition.

(ii) A request based on unreasonable cost shall include a reasonable survey of the market and a completed cost comparison table in the format in paragraph (d) of this Section.

(iii) The cost of iron, steel, and/or manufactured goods material shall include all delivery costs to the construction site and any applicable duty.

(iv) Any Contractor's request for a determination submitted after ARRA funds have been obligated for a project for construction, alteration, maintenance, or repair shall explain why the Contractor could not reasonably foresee the need for such determination and could not have requested the determination before the funds were obligated. If the Contractor does not submit a satisfactory explanation, the Federal Agency need not make a determination.

(2) If the Federal Agency determines after funds have been obligated for a project for construction, alteration, maintenance, or repair that an exception to section 1605 of the ARRA applies, the State will amend the contract to allow use of the foreign iron, steel, and/or relevant manufactured goods. When the basis for the exception is nonavailability or public interest, the amended contract shall reflect adjustment of the contract amount, redistribution of budgeted funds, and/or other actions taken to cover costs associated with

acquiring or using the foreign iron, steel, and/or relevant manufactured goods. When the basis for the exception is the unreasonable cost of the domestic iron, steel, or manufactured goods, the State shall adjust the award amount or redistribute budgeted funds by at least the differential established in 2 CFR 176.110(a).

(3) Unless the Federal Agency determines that an exception to section 1605 of the ARRA applies, use of foreign iron, steel, and/or manufactured goods is noncompliant with section 1605 of the American Recovery and Reinvestment Act.

(d) Data.

To permit evaluation of requests under subparagraph (b)(4) of this Section based on unreasonable cost, the Bidder shall include the following information and any applicable supporting data based on the survey of suppliers:

	FOREIGN AND DOMESTIC ITEMS COST COMPARISON				
	Description	Unit of Measure	Quantity	Cost (Dollars)*	
	Item 1:				
	Foreign steel, iron, or manufactured good	_____	_____	_____	
	Domestic steel, iron, or manufactured good	_____	_____	_____	
	Item 2:	_____	_____	_____	
	Foreign steel, iron, or manufactured good	_____	_____	_____	
	Domestic steel, iron, or manufactured good				
List name, address, telephone number, email address, and contact for suppliers surveyed. Attach copy of response; if oral, attach summary. Include other applicable supporting information. * Include all delivery costs to the construction site.					

6.024 Notice of Required Use of American Iron, Steel, and Other Manufactured Goods

REQUIRED USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS—SECTION 1605 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

(a) ***Definitions.***

"Designated country iron, steel and/or manufactured goods," "domestic iron, steel and/or manufactured goods", "Federal Agency", "Foreign iron, steel and/or manufactured good", "Manufactured good," "public building and public work," and "steel," as used in this Section, are defined in Section 6.022(a).

(b) ***Requests for determinations of inapplicability****.*

A prospective Bidder requesting a determination regarding the inapplicability of section 1605 of the ARRA should submit the request to the Federal Agency in time to allow a determination before submission of applications or proposals. Bidders should provide a copy of this request to DMB. The prospective applicant shall include the information and applicable supporting data required by paragraphs (c) and (d) of Section 6.022 of this RFP in the request. If Bidder has not requested a determination regarding the inapplicability of Section 1605 of the ARRA before submitting its application or proposal, or has not received a response to a previous request, the applicant shall include the information and supporting data in the application or proposal. The Federal Agency is sole entity authorized to make determinations regarding the inapplicability of Section 1605 of the ARRA.

(c) ***Evaluation of project proposals***.

If the Federal Agency determines that an exception based on unreasonable cost of domestic iron, steel, and/or manufactured goods applies, the State will evaluate a project requesting an exception to the requirements of section 1605 of the ARRA by adding to the estimated total cost of the project 25 percent of the project cost, if foreign iron, steel, or manufactured goods are used in the project based on unreasonable cost of comparable manufactured domestic iron, steel, and/or manufactured goods.

(d) ***Alternate project proposals.***

(1) When a project proposal includes foreign iron, steel, and/or manufactured goods, other than Designated country iron, steel and/or manufactured goods, not listed in paragraph (b)(3) of the Section 6.022, the Bidder also may submit an alternate proposal based on use of equivalent domestic iron, steel, and/or manufactured goods.

(2) If an alternate proposal is submitted, the Bidder shall submit a separate cost comparison table prepared in accordance with paragraphs (c) and (d) of Section 6.022 the this RFP for the proposal

that is based on the use of any foreign iron, steel, and/or manufactured goods for which the Federal Agency has not yet determined an exception applies.

(3) If the Federal Agency determines that a particular exception requested in accordance with paragraph (b) of Section 6.022 of this RFP does not apply, the State will evaluate only those proposals based on use of the equivalent domestic or designated country iron, steel, and/or manufactured goods, and the Contractor shall be required to furnish such domestic or designated country items.

6.030 Wage Rate Requirements (Section 1606)

All laborers and mechanics employed by contractors and subcontractors on projects funded in whole or in part with funds available under the ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality, as determined by the United States Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40 of the United States Code. (See ARRA Sec. 1606 & RFP Section 2.204 Prevailing Wage). The Secretary of Labor's determination regarding the prevailing wages applicable in Michigan is available at http://www.gpo.gov/davisbacon/mi.html.

6.040 Inspection & Audit of Records

The Contractor shall permit the United States Comptroller General or his representative or the appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1998 or his representative (1) to examine any records that directly pertain to, and involve transactions relating to, this contract; and (2) to interview any officer or employee of the Contractor or any of its subcontractors/subgrantees regarding the activities funded with funds appropriated or otherwise made available by the ARRA.

6.050 Whistle Blower Protection for Recipients of Funds

Contractor shall not discharge, demote or otherwise discriminate against an employee for disclosures by the employee that the employee reasonably believes are evidence of: (1) gross mismanagement of a contract or grant relating to Covered Funds; (2) a gross waste of Covered Funds; (3) a substantial and specific danger to public health or safety related to the implementation or use of Covered Funds; an abuse of authority related to implementation or use of Covered Funds; or (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued relating to Covered Funds. In this Subsection, "Covered Funds" shall have the same meaning as set forth in Section 1553(g)(2) of Division A, Title XV of the ARRA.

(a) Recipient must post notice of the rights and remedies available to employees under Section 1553 of Division A, Title XV of the ARRA. (For the Michigan Civil Service Whistle Blowers Rule 2-10 link to: http://www.michigan.gov/mdcs/0,1607,7-147-6877_8155-72500--,00.html)

(b) The Contractor shall include the substance of this clause including this paragraph (b) in all subcontracts.

6.060 Funding of Programs

The Contractor acknowledges that the programs supported with temporary federal funds made available by the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, will not be continued with state financed appropriations once the temporary federal funds are expended.

6.070 Fixed Price- Competitively Bid

Contractor, to the maximum extent possible, shall award any subcontracts funded, in whole or in part, with ARRA funds as fixed-price contracts through the use of competitive procedures.

6.080 Segregation of Costs

Contractor shall segregate obligations and expenditures of ARRA funds from other funding. No part of funds made available under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 may be comingled with any other funds or used for a purpose other than that of making payments for costs allowable under the ARRA.

6.090 Publication

All contract solicitations funded in whole or in part with ARRA funds will be posted on the www.bid4michigan.com website. All contracts resulting from the ARRA will be published on the State of Michigan's Recovery Web site, www.michigan.gov/recovery.

Contractor shall include the Michigan Recovery logo on all signage or other publications in connection with the activities funded by the State of Michigan through funds made available by the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5.

6.100 Buy Michigan Preference

A preference is given to products manufactured or services offered by Michigan-based firms if all other things are equal and if not inconsistent with federal statute (see MCL 18.1261).

6.110 Non- Discrimination

The Contractor shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and other civil rights laws applicable to recipients of Federal financial assistance (see RFP Section 2.201 Non-Discrimination).

6.120 Prohibition on Use of Funds

None of the funds made available under this contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, swimming pools, or similar projects.

6.130 False Claims Act

The Contractor shall promptly refer to an appropriate federal inspector general any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor or other person has committed a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.

6.140 Conflicting Requirements

Where ARRA requirements conflict with existing state requirements, ARRA requirements control.

6.150 Job Opportunity Posting Requirements

Contractor shall post notice of job opportunities created in connection with activities funded in whole or in part with ARRA funds in the Michigan Talent Bank, www.michworks.org/mtb.

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

February 5, 2009

NOTICE
OF
CONTRACT NO. 071B9200137
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Deloitte Consulting, LLP** **333 Bridge Street, N.W. Suite 700** **Grand Rapids, MI 49504** **Email: mford@deloitte.com**	TELEPHONE Mark Ford **(313) 394-5313** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Dale N. Reif**
Contract Compliance Inspector: Mark Lawrence **Enterprise Identity and Access Management Environment**	
CONTRACT PERIOD: From: **February 1, 2009** To: **January 31, 2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

Estimated Contract Value: $500,000.00

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

CONTRACT NO. 071B9200137
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Deloitte Consulting, LLP** **333 Bridge Street, N.W. Suite 700** **Grand Rapids, MI 49504** **Email: mford@deloitte.com**	TELEPHONE Mark Ford **(313) 394-5313** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Dale N. Reif**
Contract Compliance Inspector: Mark Lawrence **Enterprise Identity and Access Management Environment**	
CONTRACT PERIOD: From: **February 1, 2009** To: **January 31, 2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION: **The terms and conditions of this Contract are those of ITB #071I7200167, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.** **Estimated Contract Value: $500,000.00**	

FOR THE CONTRACTOR:	**FOR THE STATE:**
Deloitte Consulting, LLC Firm Name	Signature
Authorized Agent Signature	Dale Reif, Buyer Name/Title
Authorized Agent (Print or Type)	IT Division Division
Date	Date

STATE OF MICHIGAN
Department of Management and Budget
Purchasing Operations

Michigan Department of Information Technology

Deloitte & Touche LLP

Enterprise Identity and Access Management
Contract No. 071B9200137

Buyer
Dale N. Reif
(517) 373-3993
reifd@michigan.gov

Table of Contents

Article 1 – Statement of Work (SOW) ***13***

1.000 Project Identification **13**
1.001 Project Request 13
1.002 Background 13

1.010 Scope of Work and Deliverables **13**
1.011 In Scope 13
1.012 Out of Scope 14
1.013 Technical Environment 14
1.014 Work and Deliverable 14

1.020 Roles and Responsibilities **14**
1.021 Contractor Staff, Roles, and Responsibilities 14
1.022 State Staff, Roles, and Responsibilities 15
1.023 Other Roles and Responsibilities 15

1.030 Project Plan **15**
1.031 Project Plan Management 15
1.032 Reports 15

1.040 Project Management **15**
1.041 Issue Management 15
1.042 Risk Management 15
1.043 Change Management 15

1.050 Acceptance **16**
1.041 Criteria 16
1.042 Final Acceptance 16

1.060 Compensation and Payment **16**
1.061 Proposal Pricing 16
1.062 Price Term 16

Article 2 – General Terms and Conditions ***17***

2.001 GENERAL PURPOSE **17**

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR **17**

2.003 NOTICE **17**

2.004 CONTRACT TERM **17**

2.005 GOVERNING LAW **17**

2.006 APPLICABLE STATUTES **18**

2.007 RELATIONSHIP OF THE PARTIES **18**

2.008 HEADINGS **18**

2.009 MERGER **18**

2.010 SEVERABILITY **18**

2.011 SURVIVORSHIP **19**

2.012 NO WAIVER OF DEFAULT **19**

2.013 PURCHASE ORDERS **19**

2.101 ACCOUNTING RECORDS **19**

2.102	NOTIFICATION OF OWNERSHIP	19
2.103	RESERVED	19
2.104	IT STANDARDS	20
2.105	DELIVERABLE ACCEPTANCE PROCEDURE	20
2.106	RESERVED	21
2.107	RESERVED	21
2.108	COMPETITION IN SUB-CONTRACTING	21
2.109	CALL CENTER DISCLOSURE – RESERVED	21
2.110	LIABILITY INSURANCE	21
2.201	DELIVERY SCHEDULE & CONTRACTOR EFFORT	23
2.202	CONTRACT PAYMENT SCHEDULE AND CONTRACT PRICING	23
2.203	POSSIBLE PROGRESS PAYMENTS	24
2.204	RESERVED	24
2.205	ELECTRONIC PAYMENT REQUIREMENT	24
2.206	PERFORMANCE OF WORK BY CONTRACTOR	24
2.301	INCURRING COSTS	24
2.302	RESPONSIBILITIES	24
2.303	ASSIGNMENT AND DELEGATION	25
2.304	TAXES	25
2.305	INDEMNIFICATION	25
2.306	LIMITATION OF LIABILITY	27
2.307	CONTRACT DISTRIBUTION	27
2.308	FORM, FUNCTION, AND UTILITY	27
2.309	ASSIGNMENT OF ANTITRUST CAUSE OF ACTION	27
2.310	RESERVED	27
2.311	TRANSITION ASSISTANCE	27
2.312	WORK PRODUCT	28
2.313	PROPRIETARY RIGHTS	28
2.314	WEBSITE INCORPORATION	29
2.401	CONTRACT COMPLIANCE INSPECTOR	29
2.402	PERFORMANCE REVIEWS	29
2.403	AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS	30
2.501	PROHIBITED PRODUCTS	30
2.502	RESERVED	31
2.503	RESERVED	31
2.505	CONTRACTOR WARRANTIES	31
2.506	STAFF	32

2.507	SOFTWARE SUPPORT/OTHER WARRANTIES	32
2.601	BREACH DEFINED	33
2.602	NOTICE AND THE RIGHT TO CURE	33
2.603	EXCUSABLE FAILURE	34
2.701	CANCELLATION	34
2.702	RIGHTS UPON CANCELLATION	36
2.703	RESERVED	38
2.704	STOP WORK	38
2.801	APPROVALS	39
2.802	TIME EXTENSIONS	39
2.804	AUDIT AND RECORDS UPON MODIFICATION	40

Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 Project Request

The Contract will provide an Enterprise Identity and Access Management (IDM) solution for the State of Michigan (the State) by Deloitte & Touche LLP (Contractor). The IDM solution will allow State employees, contractors and external entities integrated access to State of Michigan applications. The total solution for this project will include design, configuration, development, testing, training, implementation and support services for the IDM Program.

1.002 Background

Vision Statement: Michigan Department of Information Technology (MDIT) is leading state efforts to re-engineer the State's information technology (IT) infrastructure, and to coordinate development of a unified executive branch technology plan, with the goal of achieving the use of common technology across the executive branch. Currently, there is no unified identity management infrastructure at the State. The purpose of the new Enterprise IDM solution is to provide common processes and tools for User Provisioning, Access Management and Security Information and Event Management (SIEM) for employees and other trusted users, such as contractors, from disparate State systems.

1.010 Scope of Work and Deliverables

1.011 In Scope

The intent of this Contract is to provide a technology solution that supports industry standards and is capable of scaling to the expected number of impacted users identified in the business requirements document. The State intends to use the resulting contract(s) for current and future State agency projects and/or systems that need to integrate identity and access management functionality.

Discovery Analysis and Detailed Requirements Gathering for an IDM solution are in scope as is a pilot of the new Internal Application Access IDM Environment. Integration and Implementation Services for future projects adopting the IDM Environment are also in scope. The total solution for this project will include design, configuration, development, testing, training, implementation and support services.

To accomplish the overall goals of the State's IDM Program, a series of individual projects will be defined and executed by the State using separate Statements of Work (SOW). The additional SOWs will reference back to the terms contained in this master Article 1 and related Article 2 contracts. Individual projects will include the following:

1) State-wide IDM Strategy
2) Automated User Provisioning
3) User Access Management
4) Security Information and Event Management

The total solution for this project will include software, hardware and services for an Identity and Access Management environment.

The Contractor's IDM solution will utilize, but will not be limited to, the following products:

IDM Products	Description
Novell Identity manager 3.5	IDM engine
Identity manager integration module for Database	Integrates from eDirectory to JDBC Database
Identity manager integration module for enterprise	Integrates with enterprise data systems
Identity Manager integration module for Tools	Integrates with various LDAP directories
Identity Manager integration module for Help Desk	Integrates with Remedy
Role based provisioning module	Provides Workflow and roles based provisioning
Novell Access Manager 3.1	Access management software for web applications
Novell Secure Login	Access management software for desktop applications
Sentinel 6 base Package	Sentinel core engine for compliance monitoring
Sentinel 6 Collectors	Collects events from end-point systems

1.012 Out of Scope

This project will be performed in accordance with the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants ("AICPA") and will not constitute an engagement to provide audit or attestation services as described in the professional standards issued by the AICPA. Accordingly, Deloitte & Touche will not provide any assurance concerning the reliability of any assertion that is the responsibility of another party. The services will not result in the issuance of any written or oral communication by Deloitte & Touche expressing a conclusion or any form of assurance with respect to financial data or internal controls.

Specific out-of-scope items will be addressed in the individual project SOWs.

1.013 Technical Environment

The technical environment requirements will be identified in the individual project SOWs.

1.014 Work and Deliverable

To accomplish the stated goals for the IDM solution, a series of unscheduled and separately defined SOWs will be created and implemented during the term of this Contract. As the State and the Contractor mutually agree on the scope and content of each SOW, a request for funding will be initiated. The first such work statement is attached: "State of Michigan, Proposal for providing: Bridges Centralized Logging Services".

Specific deliverables will be addressed in the individual project SOWs.

1.020 Roles and Responsibilities

1.021 Contractor Staff, Roles, and Responsibilities

All persons assigned to this contract and associated SOWs shall be employees, or subcontractors, of the Contractor. The following Contractor roles are identified as "Key Personnel" for the IDM Program.

Role	Deloitte & Touche LLP Resource
Contractor Program Executive	Mark Ford, Principal
Contractor Program Manager	Lyle Carlson, Director

Each of these roles is defined below:

Contractor Program Executive: The duties of the Program Executive shall include, but not be limited to: i) supporting the management of the Contract, ii) facilitating dispute resolution, and iii) advising the State of performance under the terms and conditions of the Contract.

Contractor Program Manager: The Program Manager will work closely with the Program Executive and designated State personnel to scope, organize and execute the individual projects identified by the State.

Project specific resources will be identified in the individual project SOWs.

1.022 State Staff, Roles, and Responsibilities

The State will provide all necessary resources to support the Contractor throughout the performance of the IDM Program. The following State roles will work in concert with the Contractor to administer the various elements of the IDM Program.

Role	State Resource
State Program Sponsor	Ken Theis
State Program Manager	Scott Elsworth

Each of these roles is defined below:

State Program Sponsor: The duties of the State Program Sponsor shall include, but not be limited to: i) supporting the management of the Contract and ii) facilitating dispute resolution.

State Program Manager: The State Program Manager will work closely with the State Program Sponsor and their Contractor counter-parts to scope, organize and execute the individual projects identified by the State.

1.023 Other Roles and Responsibilities

Project specific roles and responsibilities will be identified in the individual project SOWs.

1.030 Project Plan

1.031 Project Plan Management

Project specific plans and schedules will be identified in the individual project SOWs.

1.032 Reports

Project specific reports will be identified in the individual project SOWs.

1.040 Project Management

1.041 Issue Management

It is the State's intent to leverage MDIT standard processes and tools utilized successfully on other State IT projects. Contractor will use the MDIT issue management process. Contractor is responsible for the identification of issues impacting the quality and/or timing of their deliverables, as well as the timely resolution of assigned issues.

1.042 Risk Management

Working with the State, Contractor will be responsible for establishing a risk management process, including the identification and recording of risk items, prioritization of risks, definition of mitigation strategies and the monitoring of risk items.

1.043 Change Management

Contractor will work within the current State-MDIT change control processes and tools. This process will be used to manage enhancement requests above and beyond original scope of this contract.

1.050 Acceptance

1.041 Criteria

Project acceptance criteria for deliverables will be identified in the individual project SOWs.

1.042 Final Acceptance

Final acceptance of project deliverables will be identified in the individual project SOWs.

1.060 Compensation and Payment

The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it. The State, at its discretion, reserves the right to purchase goods and services outside this contract.

1.061 Proposal Pricing

The State will reimburse the Contractor for Hardware and Software acquired on behalf of the State, with in 45 calendar days from the submission of the invoice. We will work with the State to finalize the software and hardware bill of materials.

1.062 Price Term

Price terms will be established in each individual project SOW.

Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

See Article 1.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by the Department of Management and Budget, Purchasing Operations for the Department of Information Technology, MDIT. Where actions are a combination of those of Purchasing Operations and MDIT, the authority will be known as the State.

Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and services described herein. Purchasing Operations is the only office authorized to negotiate, change, modify, amend, alter, and clarify, etc., the specifications, terms, and conditions of the Contract. Purchasing Operations will remain the sole point of contact throughout the procurement process.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Purchasing Operations Contract Administrator

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget
Purchasing Operations
Attn: Dale N. Reif
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
517-373-3993
reifd@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

2.004 CONTRACT TERM

The term of this Contract is for (3) three years and will commence on or about February 1, 2009. The State reserves the right to exercise up to (2) two, (1) one-year options. Any such option exercise will be contingent upon the mutual agreement of State and Contractor. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Purchasing Operations to exercise an option year.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, Contractor consents to personal jurisdiction in the State of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)
MI OSHA MCL §§ 408.1001 – 408.1094
Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.
Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.
MI Consumer Protection Act MCL §§ 445.901 – 445.922
Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.
Department of Civil Service Rules and regulations
Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.
Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.
MCL §§ 423.321, et seq.
MCL § 18.1264 (law regarding debarment)
Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.
Contract Work Hours and Safety Standards Act (CWHSAA) 40 USCS § 327, et seq.
Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795
Rules and regulations of the Environmental Protection Agency
Internal Revenue Code
Rules and regulations of the Equal Employment Opportunity Commission (EEOC)
The Civil Rights Act of 1964, USCS Chapter 42
Title VII, 42 USCS §§ 2000e et seq.
The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.
The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.
The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.
The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.
The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.
Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106
Sherman Act, 15 U.S.C.S. § 1 et seq.
Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.
Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

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

2.008 HEADINGS

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

2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 SEVERABILITY

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

2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

2.012 NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

2.1 Vendor/Contractor Obligations

2.101 ACCOUNTING RECORDS

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Pertinent financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, federal agencies providing federal financial participation (FFP), or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof. This provision does not require the Contractor to create or maintain any record that the Contractor does not maintain in the ordinary course of business or pursuant to a provision of law.

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Purchasing Operations within 30 days.
2. The Contractor shall also notify the Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Purchasing Operations or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

2.103 RESERVED

2.104 IT STANDARDS

1. EXISTING TECHNOLOGY STANDARDS. The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://michigan.gov/dit.

2. PM METHODOLOGY STANDARDS. The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure, as well as the State of Michigan Project Management Methodology, from the Department of Information Technology's website at http://www.michigan.gov/projectmanagement.

   The contractor shall use the State's PPM to manage State of Michigan Information Technology (IT) based projects. The Requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

3. ADHERENCE TO PORTAL TECHNOLOGY TOOLS. The State of Michigan, Department of Information Technology, has adopted the following tools as its Portal Technology development efforts:

   - Vignette Content Management and personalization Tool
   - Inktomi Search Engine
   - E-Pay Payment Processing Module
   - Websphere Commerce Suite for e-Store applications

   Vendors must use the Portal Technology Tools to implement web content management and deployment efforts for agencies. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team.

   Under special circumstances vendors that are compelled to use alternate tools must submit an exception request to the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team, for evaluation and approval of each alternate tool prior to proposal evaluation by the State.

2.105 DELIVERABLE ACCEPTANCE PROCEDURE

The parties have agreed to the following deliverable acceptance procedure:

(a) All Deliverables prepared by Contractor shall have the written approval of the State project manager or his or her written designee that such Deliverables comply in all material respects with the requirements of the Contract, which approval shall not be unreasonably withheld.

(b) The State shall complete its review of a Deliverable in not more than ten (10) business days. The State shall provide Contractor (i) with approval of the Deliverable or (ii) with a written statement, as provided below, of the deficiencies preventing approval. Such business days shall be counted from and include the first working day following the delivery of the Deliverable to the State.

(c) The State's review and approval of Deliverables shall be solely for the purpose of determining compliance in all material respects with the requirements for such Deliverable as set forth in the Contract and not for any other purpose, including, without limitation, format or style of the Deliverables or the incorporation at that time of additional ideas or functionality. Approval shall be granted if the Deliverable conforms in all material respects to such requirements. In the event of the State's rejection of a Deliverable, the State shall provide a written statement which identifies in reasonable detail all deficiencies and which cites the corrective actions or changes to be made by Contractor in order to

make the Deliverable conform in all material respects to the Contract requirements. Deliverables requiring only minor or cosmetic corrections and not requiring extensive re-review by the State and for which corrections have been promised by Contractor within specified times will be deemed approved.

(d) Contractor shall have thirty (30) business days to complete all such corrective actions or changes in order for such Deliverable to conform in all material respects with the requirements set forth herein. The count of such business days shall begin on the first business day following Contractor's receipt of the written statement of required corrective actions or changes as set forth in paragraph (b) of this Section.

(e) The State shall have five (5) business days to complete a review of the corrective actions or changes made to the Deliverable in response to the State's written statement of deficiencies as set forth in paragraph (b) of this Section and notify Contractor in writing of acceptance or rejection. The count of such days shall begin on the first business day after the State receives the corrected or changed Deliverable from Contractor. The State's review and approval of such corrected or changed Deliverable shall be solely for the purpose of determining that corrections have been made to bring the Deliverables into compliance in all material respects with the Contract's requirements and not for any other purpose, including, without limitation, for format, style or the incorporation of additional ideas or functionality.

(f) Notwithstanding the foregoing provisions of this Section, approval of a Deliverable or corrected Deliverable shall be deemed given by the State if (1) the State has not delivered to Contractor a notice of deficiencies in writing for such Deliverable (or corrected Deliverable) prior to the expiration of any period for the State review thereof as set forth in this Section or (2) the Deliverable (or corrected Deliverable) is placed by the State into production or used by the State in its operations.

(g) Contractor shall be entitled to rely on any such approval of a Deliverable for purposes of all subsequent stages of Contractor's performance hereunder. Upon the State's approval of each Deliverable, the State agrees that in the event of a contradiction between the relevant Statement of Work and the approved Deliverable, the contradiction shall be resolved by the approved Deliverable controlling.

2.106 RESERVED

2.107 RESERVED

2.108 COMPETITION IN SUB-CONTRACTING

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

2.109 CALL CENTER DISCLOSURE – RESERVED

2.110 LIABILITY INSURANCE

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

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

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

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

The insurers selected by Contractor shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.
See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider or authorized representative. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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

☑ 1. Commercial General Liability with the following minimum coverage:
$2,000,000 General Aggregate Limit other than Products/Completed Operations
$2,000,000 Products/Completed Operations Aggregate Limit
$1,000,000 Personal & Advertising Injury Limit
$1,000,000 Each Occurrence Limit
$500,000 Fire Damage Limit (any one fire)

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

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

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

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

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

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

☑ 4. Employers liability insurance with the following minimum limits:
$100,000 each accident
$100,000 each employee by disease
$500,000 aggregate disease

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

(c) Certificates of Insurance and Other Requirements
Contractor shall furnish to the Office of Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insured under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

2.2 Contract Performance

2.201 DELIVERY SCHEDULE & CONTRACTOR EFFORT

The parties acknowledge the importance of the proposed dates for completion of each Statement of Work in order to implement an IDM solution. Contractor agrees to use diligent and all commercially reasonable efforts to meet the dates identified in each Statement of Work.

2.202 CONTRACT PAYMENT SCHEDULE AND CONTRACT PRICING

See Section 1.6 Compensation and Payment regarding the contract payment schedule.

Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the firm, fixed hourly rate provided in Section 1.6.

Invoices will be subject to audit for accuracy and permissibility by the Contract Administrator.

Contractor's properly submitted invoices will be paid by the State within forty-five (45) days of receipt. Contractor shall be entitled to interest in accordance with State law with respect to any late payments.

2.203 POSSIBLE PROGRESS PAYMENTS

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

2.204 RESERVED

2.205 ELECTRONIC PAYMENT REQUIREMENT

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

2.206 PERFORMANCE OF WORK BY CONTRACTOR

The Contractor shall perform on the site, and with its own organization, according to the statement of work of this contract, work equivalent to at least 100 percent of the total amount of work to be performed under the contract. This percentage may be reduced by a supplemental agreement to this contract if, during performing the work, the Contractor requests a reduction and the Contract Administrator determines that the reduction would be to the advantage of the Government.

2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual responsibilities of Contractor, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

Each party shall reasonably cooperate with the other party in the performance of the Contract, including provision by the State of timely access to data, information, and its personnel. The State shall be responsible for the performance of its obligations and for the accuracy and completeness of data and information provided to the Contractor. Contractor's performance is dependent upon the timely and effective satisfaction of the State's responsibilities hereunder.

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Purchasing Operations.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Purchasing Operations has given written consent to the delegation.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

2.305 INDEMNIFICATION

General Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation, in each case with respect to third party claims initiated against the State: (1) for bodily injury (including death) or damage to real or tangible property, in each case that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable .

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors (other than third party materials including commercial software and hardware), or the operation of such equipment, software, commodity or service (other than third party materials including commercial software and hardware), or the use or reproduction of any documentation provided with such equipment, software, commodity or service (other than third party materials including commercial software and hardware) infringes any United States patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the

State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it. The obligations under this provision shall not be applicable to: (1) modification by the State or its agents or contractors of the equipment, software, commodity or service provided by the Contractor (unless such modification is at Contractor's direction); (2) any material provided by the State to Contractor and incorporated into, or used to prepare, the equipment, software, commodity or service (except to the extent that Contractor has modified such material and such modification is the basis of the infringement); (3) use of the equipment, software, commodity or service by the State in other than its specified operating environment; or (4) the State's failure to use corrections or enhancements made available to the State by the Contractor.

Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty set forth in Section 2.507(b).

Indemnification Obligation Not Limited

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

Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract and any indemnification is contingent upon the following.

(a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against the State. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor suffers damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election").

(b) If Contractor delivers a Notice of Election relating to any claim, Contractor shall promptly initiate defense of the claim and: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim that involves any admission of fault or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the commencement by Contractor of any case or proceeding for relief

as debtor under the bankruptcy, insolvency or similar laws of any competent jurisdiction. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the reasonable cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.306 LIMITATION OF LIABILITY

The Contractor's liability for damages to the State, regardless of the form of action, shall be limited to $1,000,000 or professional fees paid which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to $10,000,000.

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

2.307 CONTRACT DISTRIBUTION

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

2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not the meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 RESERVED

2.311 TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to 180 days after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or

canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.

2.312 WORK PRODUCT

Upon full payment for each such deliverable, all deliverables first created and required to be provided under the Contract ("Work Products") shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon full payment for each such Work Product, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies developed outside the Contract (collectively, the "Development Tools") and created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, and any derivative works thereof, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to use, for its internal purposes, any such Development Tools that are delivered solely in connection with the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

2.313 PROPRIETARY RIGHTS

A. *Software Ownership*

Ownership of Work Product by State.

All software Deliverables first created under the Contract, upon full payment by the State for each such Deliverable, shall be owned by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables. Development Tools (as defined in Section 2.312) shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such Developmental Tools, except as necessary to use, for its internal purposes, any such Development Tools that are delivered solely in connection with the Deliverables.

Vesting of Rights. With the sole exception of any Development Tools, the Contractor shall assign, and upon full payment for each such Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every

Deliverable, whether or not registered by the Contractor, insofar as any such Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon State's request, the Contractor and/or its personnel shall confirm such assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State shall have the right to obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

Software License: Third Party Commercial Software
With respect to any Licensed Software, the State's use of any such software shall be in accordance with the terms and conditions of the commercial license provided by the vendor of each such Licensed Software, provided that Contractor shall endeavor to cause any such vendor to agree to license terms and conditions that are identical to license terms and conditions that such vendor has already agreed with the State under existing license agreement(s). Contractor shall provide the State with a copy of such license terms in advance of delivering the Licensed Software.

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

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR
Upon receipt at Purchasing Operations of the properly executed Contract Agreement(s), the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Purchasing Operations**. The Contract Compliance Inspector for this project is:

Michael Breen
Department of Information Technology
Contracts and Procurement
525 W. Allegan Street, Atrium
Lansing, MI 48909
Breenm@michigan.gov
517-241-7720

2.402 PERFORMANCE REVIEWS
Purchasing Operations in conjunction with the MDIT may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Purchasing Operations, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Purchasing Operations the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

(a) Inspection of Work Performed. The State's authorized representatives, including Federal agencies, shall at all reasonable times and with ten (10) days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon ten (10) Days prior written notice and during business hours, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives, so long as no security, labor relations policies and propriety information policies are violated.

(b) Examination of Records. No more than once per year, Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the terms and conditions of the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

(c) Retention of Records. Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Pertinent financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

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

1. Errors. If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.

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

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in

cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change.

2.502 RESERVED

2.503 RESERVED

2.504 RESERVED

2.505 CONTRACTOR WARRANTIES

The Contractor warrants that the services will be performed in good faith and in a professional manner. In addition, the Contractor agrees:

1. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
2. With respect to time-and-materials services, the Contractor will use reasonable efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
3. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
4. The Contractor has duly authorized the execution, delivery and performance of the Contract;
5. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
6. The contract appendices, attachments, and exhibits identify all types of equipment and software services represent the contractors good faith estimate necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
7. Except for third party software and hardware, the Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
8. If, under this Contract, Contractor procures any third party equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
9. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
10. The Contractor is qualified and registered to transact business in all locations where required.
11. To Contractor's knowledge, neither the Contractor nor any Affiliates, nor any employee of either working on the Contract, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State promptly of any such interest that Contractor believes would create such a conflict of interest.

To the extent that any such information was provided, to Contractor's knowledge, all financial information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the

respective periods, covered by such financial information. Since the respective dates or periods covered by such financial information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. To Contractor's knowledge, all written information furnished to the State by Contractor in connection with this Contract, including its bid, is materially true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.

2.506 STAFF

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The Contractor shall not remove or reassign, without the State's prior written approval, any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

The vendor staff roles identified as "Key Personnel" are provided in Article 1, Section 1.201 – Contractor, Staff Roles and Responsibilities.

2.507 SOFTWARE SUPPORT/OTHER WARRANTIES

(a) Support/Performance Warranty

Contractor shall support the Systems as provided for in the Statement of Work.

With respect to any third party hardware product or any software product, the terms and conditions of the warranty/support to the State with respect to such a product will be identical to the terms and conditions of the warranty/support provided by the manufacturer or software developer of the product and subject to all limitations contained therein. Contractor bears no responsibility of any kind for those products and the warranties for those products will be passed through to the State. The State shall look directly to the applicable third party product provider with respect to its rights under any support or warranty. The warranties expressly included in this Contract are the exclusive warranties and all other warranties are waived.

(b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of custom developed software developed hereunder and provided to the State contains or will contain in any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty." This warranty shall also apply to third party software licensed by Contractor to the State, except to the extent that Contractor informs State in writing that any such third party software may contain surreptitious code. Contractor may update this list throughout the course of the Contract.

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, “Unauthorized Code” means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any custom developed software prior to delivering it to the State.

(c) Calendar Warranty
The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., web pages, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

(d) Third-party Software Warranty
The Contractor represents that it will disclose the incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor’s authorization to include and utilize such software. At the State’s request, the notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use or resell the Third-party Software. Contractor may use an affiliate to “resell” any such third party products.

2.508 RESERVED

2.509 *RESERVED*

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement may be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a reasonable time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same matter or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); changes in applicable law or regulation, or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation. In the event of any change in applicable law or regulation that imposes additional requirements on the State with respect to the system, the parties will mutually negotiate an equitable adjustment to the Contract price and schedule with respect to any additional system functionality that the State desires to meet such additional requirements.

2. If any of the above enumerated circumstances, other than changes in applicable law or regulation, substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.7 Remedies

2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured (or an acceptable plan of correction presented) within the reasonable time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, subject to the agreed limitation of liability set forth in this Contract, the Contractor shall be responsible for all reasonable costs incurred by the State in canceling the Contract, including any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.

3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.

4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.

5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

6. Termination by Contractor for Breach. Contractor may terminate the Contract based upon a breach by the State of any material obligation applicable to the State under this Contract, which breach has not been cured (or an acceptable plan of correction presented) within thirty (30) days of the State's receipt of written notice of breach from the Contractor

2.702 RIGHTS UPON CANCELLATION

A. Rights and Obligations upon Termination

(1) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be reasonably necessary, or that the State may reasonably direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in equipment and software that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, upon full payment therefore, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(2) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination plus any reasonable costs arising out of such termination, and, if applicable, as a separate item of payment pursuant to this Contract, for partially completed Deliverables, on a percentage of completion basis. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(3.) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.

(4.) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

B. Termination Assistance

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractors pricing section. If the Contract is terminated by Contractor under **Section 20**, then Contractor may condition its provision of termination assistance under this Section on

reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

C. Reservation of Rights

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

D. End of Contract Transition

In the event the Contract is terminated, for convenience or cause, or upon expiration, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of the Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 270 calendar days. These efforts shall include, but are not limited to, the following:

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

(2) Knowledgeable Personnel. Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.

(3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract.

(4) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level.

(5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.

(6) Single Point of Contact. Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

(7) With respect to these efforts under this provision, the State shall compensate at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractor's pricing section.

E. Transition out of this Contract

(1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

(i) Reasonably cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;
(ii) Reserved.
(iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-delimited format unless otherwise required by the Program Office.
(iv) Reconciling all accounts between the State and the Contractor.
(v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project.
(vi) Freezing all non-critical software changes.
(vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase.
(viii) Assisting with the communications network turnover, if applicable.
(ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract
(x) Answering questions regarding post-migration services;
(xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.

(2) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

(i) Reconciling all accounts between the State and the Contractor.
(ii) Completing any pending post-project reviews.

2.703 RESERVED

2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall promptly comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:

   a) Cancel the stop work order; or
   b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.

2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:

   a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
   b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.

3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.

4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section. Work may not be stopped under this Contract for an aggregate period in excess of 180 days. In the event of any stop work order in excess of thirty (30) days, Contractor may reassign key personnel without penalty, provided a suitable replacement is provided if work is resumed.

2.705 RESERVED

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

2.802 TIME EXTENSIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension provides only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. Time extensions to the Contract end date are not permitted. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION/CHANGES Change Order/Contract Modification Process

The State reserves the right to modify this contract within the general scope at any time during the contract term pursuant to the process set forth in this Section. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary.

In the event that the State desires such a modification or change, it shall deliver a written change request to the Contractor. The Contractor shall then, within a reasonable period of time, deliver to the State a proposed change order response setting forth any proposed changes in the Contract's delivery schedule and Contract price resulting from the State's change request. Such change order response shall then be subject to the mutual agreement of the State and the Contractor. If such change order response is mutually agreed by the State and Contractor, the Contract shall be modified, in writing, accordingly to reflect the parties' agreement of the change order response (including whether such change shall be performed on a fixed price or T&M basis). The Contractor will not be required to perform any such change unless there is mutual agreement on the change order response.

Changes may be increases or decreases. IN THE EVENT PRICES OF CHANGES ARE NOT ACCEPTABLE TO THE STATE, THE CHANGES SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Purchasing Operations.

2.804 AUDIT AND RECORDS UPON MODIFICATION

Records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to Purchasing Operations. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

Deloitte.

Financial Services

State of Michigan

Proposal for providing:

Bridges Centralized Logging Services

December, 2008

As used in this document, “Deloitte” means Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

Deloitte & Touche LLP
111 Monument Circle
Chase Tower Suite 2000
Indianapolis, IN 46204
USA

Tel: +1 317 464 8600
Fax: +1 317 464 8500
www.deloitte.com

December 10, 2008

Dale N. Reif
DMB Purchasing Operations
2nd Floor Mason Building
Lansing, Michigan 48909

Dear Mr. Reif:

On behalf of Deloitte, we are happy to submit our proposal to the State of Michigan to provide Centralized Logging Services for the Bridges application. We are confident we can deliver the scope of services you have requested. We have structured our proposal to address each of the requirements, and we believe it demonstrates that Deloitte is qualified and fully prepared to serve as your service provider on this project.

For this response, we are teaming with Novell Inc. (Novell). We chose to team with Novell based on their history of also successfully serving the state and the strength of their Sentinel product suite. We feel the combination of our two companies present the strongest value proposition for the state to achieve its security enhancement goals.

Deloitte recognizes your priorities and the key factors driving this Security Information and Event Management (SIEM) project. We believe our response fully addresses each section of the requirement document, and includes a technical architecture and pricing estimates. We continue to be enthusiastic and are excited to support the State's efforts in successfully realizing the SIEM project.

The State requires more than a service provider that can just complete a technical implementation of a SIEM solution. Working with advisors that understand the intricacies of the State's information technology and security environment will go a long way to increasing the speed and precision of the implementation.

The combination of Deloitte with Novell is qualified to meet your requirements for the successful implementation of the SIEM solution for a number of differentiating reasons, including:

Knowledge of the State's governmental business environment: Both Deloitte and Novell have a well-established track record of working with the State over the last several years to deliver true business value on a number of initiatives, particularly the business side of your operations. Three notable examples include:

The Michigan BRIDGES project was awarded to Deloitte in February 2006. This project was to re-engineer and integrate the processes associated with the eligibility determination and case management of Michigan citizens. It involved customizing our Integrated Eligibility Solution to meet the State's requirements.

The State leveraged Novell's IDM solution for the Michigan State Police, reducing administration time by 40 percent. The State Police created a secure portal with single sign-on access allowing State troopers to access criminal justice information from any location, using a standard Web browser, allowing them to spend more time on the road. The portal allows the State to leverage its current technology investments, such as mainframe applications, and offers the flexibility to run on multiple platforms, including Linux.

The State is planning to implement Novell's IDM solution for Bridges and other mission critical applications. Novell Sentinel provides seamless integration for centralized logging and monitoring of system event data.

These projects have given Deloitte and Novell critical insight into your systems environment and a deep understanding of your broad business issues and how these issues interrelate. Deloitte and Novell are focused on supporting your growth and success as an organization.

This proposal will remain valid for 120 days, beginning December 10, 2008. If you feel our response does not meet your business or budget goals, we are open to discussing ways to further refine the scope and approach.

We are excited about the prospect of assisting the State with this SIEM Project, and are confident that we can continue to deliver high value and meet your requirements for services on time and on budget. Should you have any questions regarding this proposal, please call me at 313-919-5313.

Sincerely,

Mark Ford
Principal
Deloitte & Touche LLP

Table of Contents

Why Deloitte?	***5***
Project Scope	***6***
Proposed Crystal Reports	***10***
Proposed Project Team	***13***
Proposed Project Fees and Costs	***14***
Optional Project Fees and Costs Including Middleware	***15***
Project Assumptions	***16***
Appendix 1 - Proposed Technical Architecture	***20***
Appendix 2 - Proposed Hardware Architecture and Costs	***23***
Appendix 3 - Proposed Novell Software Costs	***24***
Appendix 4 – NIST 800-53v2 Controls and Sentinel	***25***

Why Deloitte?

We believe that the State requires close collaboration with their service providers who can do more than a technical implementation of SIEM software. Given the current climate around regulatory compliance (such as SOX, HIPAA and PCI concerns) and growing customer concerns about privacy, successful execution of a SIEM implementation project requires a broader perspective that incorporates multi-disciplinary skills. Additionally, having worked with your organization on the strategy and roadmap for IAM, Deloitte clearly understands your requirements and needs. Also, we have deep specialists that understand the intricacies and characteristics of the public sector environment which will significantly increase the speed and precision of the project.

We believe selecting Deloitte for integration services in support of your Novell SIEM product purchase will bring the following benefits to the State:

- **Knowledge of your organization:** Deloitte has worked with you on evaluating your current environment as well as assisted in developing an IAM strategy and roadmap. This knowledge will be leveraged for greater value of your needs and requirements during this project.
- **Technical capability:** Deloitte has been implementing IAM solutions for almost a decade and has completed hundreds of IAM engagements, with significant SIEM components, and numerous implementations for very large client environments. Our experience has shown us the value of our deep understanding of the nuances of the various product suites and the importance of providing highly qualified programming resources with pertinent knowledge of security and business issues involved with high-profile implementations.
- **Sarbanes-Oxley competency:** As an organization with its roots firmly entrenched in public accounting and with an exceptionally strong Audit and Enterprise Risk Services (AERS) practice, we know what internal and external audit professionals will require from this implementation.
- **Breadth of the IAM practice:** With a national IAM Center of Excellence in place, and more than 250 practitioners focused on assisting clients with their IAM and SIEM requirements, Deloitte's IAM capabilities, breadth of experience, and ability to deliver complex solutions stand well above our competition.
- **Mature IAM accelerators and tools:** Deloitte has focused on IAM for almost a decade. In that time, we have developed a broad set of accelerators and tools that support our delivery of IAM engagements. These accelerators and tools have been developed through hundreds of IAM, ERP implementation and security and control engagements. We will bring these accelerators and tools to the State to help accelerate SIM activities, as well as to transfer knowledge to stakeholders. The key accelerator and tool that we will leverage as part of this engagement is IAMethods™ (Appendix A contains details of the IAMethods™ tools and Methodology).
- **Commitment to knowledge transfer:** We understand that the State is interested in taking over a demonstrated process that can be successfully leveraged across multiple applications and environments. Clients and industry analysts alike recognize our organization as a leader in the area of knowledge transfer. It is pervasive in everything we do, from our teaming work style, to the way we staff projects, to the tools and methodologies we use. A key factor in our success as an integrator is our ability to rapidly transfer knowledge among our professionals, and more importantly, our capability to transfer knowledge to our clients. Our proposal leverages our experience in helping clients evaluate, assess, and build strategies, leveraging our implementation knowledge for a customized, process-oriented approach to enterprise security.

Project Scope

The scope of this engagement is to design, build, test and deploy the foundational SIEM components necessary to help address the State's long term SIEM business needs. The solution will provide reports which may help the State's compliance program for FISMA and NIST 800-53.

SIEM Scope

The scope for this project includes the following:

1. Infrastructure design and build with redundancy and strong availability for the solution
2. Connectivity to the following remote platforms using prebuilt connectors and collectors:
    a. Operating Systems
        i) Windows (4 in production / 2 in DR)
        ii) Solaris (11 in production / 6 in DR)
3. Installation and configuration of Crystal Reports Server, including deployment of 'out of the box' crystal reports
4. Creation, testing, and deployment of up to 21 customized Crystal Reports, based on the State's SIEM business requirements

The following will be considered out of scope for this project:

1. Logging for Databases, such as Oracle, Microsoft SQL-Server, and Sybase.
2. Logging for Middleware components, such as Websphere HIS (Apache), Websphere J2EE Server and Informatica (see optional pricing below).

Only out of the box collectors and connectors will be used.

Project Approach

Given the aggressive timeline for deployment, Deloitte proposes to approach this project through a series of overlapping threads of activity. Separating the project into logical threads breaks it into more manageable activities, simplifies the planning process, and significantly reduces the risks typically encountered in large software implementation projects. The approach also allows the State to execute project threads consecutively or concurrently as staffing, budget, and dependencies on other business operations and activities permit. Project management techniques can be implemented to provide oversight to activities and deliverables to provide alignment of parallel threads where necessary. This approach will accelerate the implementation process with proper controls to manage risk and resolve issues between threads.

Core Thread	Overview of Activities	Key Deliverables	Duration
Thread 1.1 SIEM Architecture and Design	• Finalize and document project scope • Develop change control process • Develop documentation templates • Develop project contact list • Develop issues tracking log • Develop status report template • Develop weekly status reports • Conduct weekly status meetings • Identify key State stakeholders and project personnel • Develop project plan, milestones, and resource requirements • QA project plan, milestones, and resource requirement • Obtain understanding of related State IS security policies, standards, and procedures • Define technical/operational requirements • Obtain understanding of current state of the State's Operating System environment • Obtain understanding of current state of the State's Database environment • Obtain understanding of current state of Novell eDirectory environment • Develop SIEM Solution Functional Requirements • QA SIEM Solution Functional Requirements • Develop SIEM Solution Technical Requirements • QA SIEM Solution Technical Requirements • Build test strategy and plan • Provide knowledge transfer to key State resources • Develop production readiness checklist • QA production readiness checklist • Develop SIEM Solution Deployment Document • QA SIEM Solution Deployment Document • Develop SIEM Operations Document • QA SIEM Operations Document	• Weekly Status Reports • SIEM Solution Project Plan	5 Days

Thread 1.2
Sentinel Infrastructure Development
	• Develop Sentinel infrastructure requirements
	• QA Sentinel Infrastructure Requirements
	• Design Sentinel components
	  o Design Sentinel database repository
	  o Design Sentinel policies
	  o Design Sentinel correlation rules
	  o Design Sentinel correlation actions
	  o Design Sentinel connectivity for collectors
	  o Design Sentinel storage architecture
	• Develop IAM Solution Design Document (Solution Architecture, Solution Functional Processes, etc.)
	• QA IAM Solution Design Document
	• Development Environment build
	  o Build Sentinel components
	  ▪ Build Sentinel database repository
	  ▪ Build Sentinel policies
	  ▪ Build Sentinel correlation rules
	  ▪ Build Sentinel correlation actions
	  ▪ Build Sentinel collectors
	  ▪ Build Sentinel storage architecture
	  ▪ Build Crystal Reports server
	  ▪ Import default Crystal Reports
	• QA Environment build
	  o Build Sentinel components
	  ▪ Build Sentinel database repository
	  ▪ Build Sentinel policies
	  ▪ Build Sentinel correlation rules
	  ▪ Build Sentinel correlation actions
	  ▪ Build Sentinel collectors
		• Sentinel Design Document
		• Functional non-production Sentinel development environment without configured connectors
			5 Days

Optional Project Approach Including Middleware

If the State chooses to include the Middleware components into the SIEM solution, the following threads will be added.

Core Thread	Overview of Activities	Key Deliverables	Duration

Thread 1.3B
Sentinel Middleware Connectors
	• Operating Middleware Connectivity
	  o Connect Sentinel to Development Informatica servers
	  o Connect Sentinel to Development Websphere Servers
	  o Connect Sentinel to Development Apache Servers
	• Confirm Middleware System Events flow into Sentinel
	• Confirm Middleware System Events display in default Crystal Reports
		• Functional non-production Sentinel development environment displaying Middleware data from development servers	30 Days

Thread 1.4B Custom Crystal Report Middleware Development	• Develop Custom Crystal Report Solution Functional Requirements • QA Custom Crystal Report Solution Functional Requirements • Develop Custom Crystal Reports in Crystal Reports Desktop • QA Custom Crystal Reports in Crystal Reports Desktop • Deploy Custom Crystal Reports to Crystal Reports Development Server • QA Custom Crystal Reports to Crystal Reports Development Server	• Custom Crystal Report Functional Requirements • Functional non-production custom crystal reports in development environment	30 Days

Project Schedule

This section describes the high level timeline for key project activities that will be completed at key project milestones. Key deliverables are identified in the previous section. The project schedule is organized by the threads described in previous sections of this proposal. Note that parallel execution of the threads allows for efficiencies in project management and operations. However, the actual project schedule (including detailed tasks and resource loading) will be the outcome of a more detailed planning process after taking into account detailed requirements and constraints.

Proposed Timeline by Thread

Thread	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
Design										
Architecture and Environment										
Operating System Connectors										
Custom Crystal Reports										
Quality Assurance Testing										
User Acceptable Testing										
Production										

Proposed SIEM Reports

The following table contains controls found n the FISMA and NIST 800-53 control standards. This table was used to help estimate which reports are in scope. In only includes lines that have a recommended Sentinel report. For a full list of controls see Appendix 4.

Control Number	Control Name	Control	Sentinel Role	# Operating System Reports	# Middleware Reports
			Summary of number of reports	21	11
AC-2	ACCOUNT MANAGEMENT	The organization manages information system accounts, including establishing, activating, modifying, reviewing, disabling, and removing accounts. The organization reviews information system accounts [Assignment: organization-defined frequency, at least annually].	Sentinel can report on account activities	Windows Account Management (Creation, Modification, Removal) Unix Account Management (Creation, Modification, Removal)	Account Management (Creation, Modification, Removal)
AC-4	INFORMATION FLOW ENFORCEMENT	The information system enforces assigned authorizations for controlling the flow of information within the system and between interconnected systems in accordance with applicable policy.	Sentinel can interface with servers and firewalls to detect unauthorized information flow	Windows FTP, SFTP, and other File Transfer Unix FTP, SFTP, and other File Transfer	
AC-7	UNSUCCESSFUL LOGIN ATTEMPTS	The information system enforces a limit of [Assignment: organization-defined number] consecutive invalid access attempts by a user during a [Assignment: organization-defined time period] time period. The information system automatically [Selection: locks the account/node for an [Assignment: organization-defined time period], delays next login prompt according to [Assignment: organization-defined delay algorithm.]] when the maximum number of unsuccessful attempts is exceeded.	Sentinel can report on unsuccessful login attempts	Windows Login Events (Success and Failure) Unix Login Events (Success and Failure)	Login Events (Success and Failure)

AC-13	SUPERVISION AND REVIEW — ACCESS CONTROL	The organization supervises and reviews the activities of users with respect to the enforcement and usage of information system access controls.	Sentinel can report on activities of users. Unusual activity can generate automatic alerts and reports. Documentation about the review itself is stored in Sentinel	Windows Use of privileges Access to Critical Files Windows Use of privileges (su access) Access to Critical Files	Use of privileges Access to Critical Resources
AU-6	AUDIT MONITORING, ANALYSIS, AND REPORTING	The organization regularly reviews/analyzes information system audit records for indications of inappropriate or unusual activity, investigates suspicious activity or suspected violations, reports findings to appropriate officials, and takes necessary actions.	Sentinel can report and automatically alert on inappropriate or unusual activity, recording investigation records in Sentinel itself.	Windows All logged events Unix All logged events	All logged events
AU-7	AUDIT REDUCTION AND REPORT GENERATION	The information system provides an audit reduction and report generation capability.	Sentinel proves an audit reduction and report generation capability	Management Reporting Number events by server etc.	Management Reporting Number events by server etc.
CM-5	ACCESS RESTRICTIONS FOR CHANGE	The organization: (i) approves individual access privileges and enforces physical and logical access restrictions associated with changes to the information system; and (ii) generates, retains, and reviews records reflecting all such changes.	Sentinel reports on the audit logs created by changes to the information system	Windows File/Program Update Unix File/Program Update	File/Program Update
CM-6	CONFIGURATION SETTINGS	The organization: (i) establishes mandatory configuration settings for information technology products employed within the information system; (ii) configures the security settings of information technology products to the most restrictive mode consistent with operational requirements; (iii) documents the configuration settings; and (iv) enforces the configuration settings in all components of the information system.	Sentinel reports on the audit logs created by changes to the information system	Windows Registry/Security Setting Change Unix Security File Change	Security File Change
IA-3	DEVICE IDENTIFICATION AND AUTHENTICATION	The information system identifies and authenticates specific devices before establishing a connection.	Sentinel can report on connections to systems	Windows Windows Connections Unix inetd Connections	Connections

MA-3	MAINTENANCE TOOLS	The organization approves, controls, and monitors the use of information system maintenance tools and maintains the tools on an ongoing basis.	Sentinel can report on changes to information systems	Windows Batch Jobs Unix Batch Jobs/Cron	Batch Jobs
SC-5	DENIAL OF SERVICE PROTECTION	The information system protects against or limits the effects of the following types of denial of service attacks: [Assignment: organization-defined list of types of denial of service attacks or reference to source for current list].	Sentinel can report on Denial of Service attempts	Windows Network Error Report Unix Network Error Report	Error Report

Proposed Project Team

Our project team is composed of experienced senior security professionals who have completed numerous implementation engagements, including Novell implementations.

We differentiate ourselves by providing specialists who also understand the broad regulatory, business process and technical landscapes in which the state operates in order to deliver practical and innovative solutions. We also differentiate ourselves through our focus on people and business readiness, underscoring our belief that technology alone will not achieve your goals. Because our professionals understand the broader business context of the project, we can interact with all functional areas and levels of your organization..

Deloitte strongly believes in a teaming approach with our clients to deliver successful projects. Achieving this success requires a deep commitment and coordination between the State and Deloitte. Our approach relies on the participation and collaboration of state resources to provide information and make decisions. The availability and responsiveness of resources can significantly impact our schedule. The proposed joint State of Michigan, Deloitte team structure, as well as roles and responsibilities, are outlined in the table below. (Note: Deloitte may utilize specialized resources from Novell for certain project tasks/roles)

Role	Team	Primary Responsibilities
Project Sponsor	State	• Align project goals with the organization's vision • Define State-specific business requirements for security based on regulations and requirements • Act as the single point of contact for communication and approvals
Project Lead	State	• Define high-level project requirements and corresponding timelines, and assist in aligning the State organization with project initiatives • Assist in identifying appropriate State resources with project requirements and facilitate introductions • Oversee and coordinate all State responsibilities and tasks
Technical Analyst	State	• Actively participate as one of the project team members on during the inception phase through go live
Subject Matter Specialists	State	• Information Security – Identify and where available provide documentation on existing administrative, technical, and physical safeguards for security • The subject matter specialists provide information about State's current processes. In addition, the subject matter specialists can provide important information needed to install and test functionality

Role	Team	Primary Responsibilities
Engagement Principal / Director	Deloitte	• Define high-level project requirements and corresponding timelines • Oversee execution of all project phases and activities • Provide guidance on engagement approach and planning • Work with State to define compliance strategy, business requirements, risk framework, implementation approach, and other key decisions • Provide necessary guidance to support successful completion of project
Engagement QA Principal / Director	Deloitte	• Conduct independent reviews of the approach and deliverables to enhance the overall quality of the work
IAM Center of Excellence	Deloitte	• Maintain Deloitte's successfully demonstrated IAM methodology (IAMethods™), IAM related tools, and IAM accelerators
Project Manager	Deloitte	• Assist in defining detailed project requirements and corresponding timelines • Coordinate day-to-day activities of team members and manage interactions with State staff • Support State Project Manager to execute tasks involved in completing the project from a schedule and resource perspective • Provide regular status updates to State on progress, issues, and risks
Sentinel Architect(s)	Deloitte	• Preparation of the Design & Build Specifications. Install, configure, and unit test the product according to the Design & Build Specifications. Perform knowledge transfer sessions and provide guidance to other project technical resources. • Facilitate requirements gathering sessions. Prepare and revise Requirements document and User Acceptance Test Plan. Participate in system testing. Assist in preparation of User Acceptance Test Plan. Perform all internal integration testing prior to release to customer facing test phases. • Responsible for the overall architecture and design of the Novell infrastructure and security. The Sentinel Architect is ultimately responsible for all technical decisions with respect to the project
Crystal Report Specialist(s)	Deloitte	• Preparation and creation of customized Crystal Reports

Proposed Project Fees and Costs

Cost Summary

The following table summarizes the estimated costs for services, software, and hardware.

Service	Sub-totals
SIEM Services (Operating Systems)	$323,380
Optional SIEM Services (Middleware)	$110,400
Services Change Order Budget of 15%	$56,000
Software	$52,792
Hardware (assumes State will acquire hardware)	$0
Total Including Optional Middleware Reports	**$542,572**

Consulting Fee Estimates

Our fees are based on a fixed amount. Expenses are estimated at 15% of fees and will be billed at cost.

Service	Projected Services Fees	Project Expenses	Project Total	Project Duration
SIEM Implementation	$281,200	$42,180	$323,380	10 Weeks

Please note that should the scope of the project change beyond the pre-allocated 15% Services Change Order Budget, Deloitte reserves the right to negotiate a Change Order to this contract with the State.

Optional Project Fees Including Middleware

Our fees are based on a fixed amount. Expenses are estimated at 15% of fees and will be billed at cost.

Service	Projected Services Fees	Project Expenses	Project Total	Project Duration
Middleware SIEM Implementation	$96,000	$14,400	$110,400	12 Weeks (total)

Please note that should the scope of the project change beyond the pre-allocated 15% Services Change Order Budget, Deloitte reserves the right to negotiate a Change Order to this contract with the State.

Project Assumptions

People

- State sponsors to the project will provide guidance to the project leadership and assistance in resolving project issues.
- State will assign a Project Lead who will oversee the project, working side-by-side with the Deloitte team.
- Deloitte will report and be accountable to one--and only one--State Project Lead.
- Project management will be a shared responsibility between State and Deloitte.
- State's Sponsors will actively participate and make timely (within 48 hours) decisions to meet project deadlines and resolve project issues.
- State's Sponsors will drive key project decisions, approve deliverables, facilitate discussion, and communication between parties as needed, and secure any required State or third-party resources. This will be especially important in areas where multiple State parties need to agree on a common approach within the time constraints of the project plan.
- State is responsible for supporting the project, and for providing the appropriate in-house resources consistent with those listed in the Project Team section of this proposal.
- State will provide timely (within 48 hours) access to subject matter specialists, business and technical stakeholders, and administrators of development, quality assurance, and production systems.
- State resources will participate in the timely (within 48 hours) review and validation of the deliverables, the approval of project milestones, and approval of ongoing knowledge transfer sessions.
- All State project resources have appropriate skills in their designated area of responsibility. If not, they will be trained appropriately prior to the start of the project.
- For certain resources, Deloitte has assumed nine-hour work days in our planning, with an average 45-hour work week, not to incur overtime without prior written permission, to be performed on-site at State facilities, or off-site if reasonable.
- Deloitte adheres to our Quality of Work Life program (3-4-5), which allows traveling consultants to work on Fridays from local Deloitte offices when appropriate and agreed to. Deloitte also follows its internal policies for planned holiday and vacation time and travel-related policies, procedures and expenses.
- The State will have enough resources available internally to support parallel teams working on parallel releases.
- The State will provide a full-time SIEM resource that will be paired up with Deloitte's SIEM architect to achieve knowledge transfer.

Process

- Deloitte will not be responsible for delays or costs associated with the unavailability of required State resources, and will communicate any such perceived, anticipated, or actual delays to State's designated Project Manager and Executive Sponsors in writing (email is sufficient).
- The State will implement an issue resolution mechanism, including a means of escalating unresolved issues in a timely (within 48 hours) fashion. The issue resolution mechanism will need to address both internal as well as vendor-facing issues.
- State resources will provide timely (within 48 hours) decision-making on key issues and project requirements and review project deliverables within the time frames defined by the development life cycle plan to be produced.
- State retains both decision-making authority and the responsibility for choices made with regards to this project and the associated deliverables and work products.
- It is assumed that once we mutually agree on entry dates into the Development, QAT, UAT, and Production environments that the schedule is fixed. If the entry date slips by more than three business days, the project schedule (and related costs) will have to be reevaluated with potential negative consequences to the project schedule and cost.
- The State is responsible for coordinating with Release Management scheduling of the Development, QAT, UAT, and Production environments.
- Deloitte will be responsible for system integration test with support from the State.
- The State will be responsible for User Acceptance Testing and Performance Testing with support from Deloitte.
- Automated remediation steps are not in scope, except where technology options are currently available (e.g., lock a local account) for up to two remediation steps. In such cases where they are in scope, the State is responsible for any scripting required outside of the Sentinel system. .
- The project timelines assume that the work site will be at the State's premises in Lancing, MI, the State will provide:
  - Facility badges, system access, and technical support for office systems
  - Off-hour access to physical facilities, as necessary provided there is legitimate business reason for such entry
  - Adequate working space, including workstations, Internet/intranet access, telephones, and printer access
  - Remote access systems, development servers, source code control systems, etc., for offshore and offsite developers

Technology

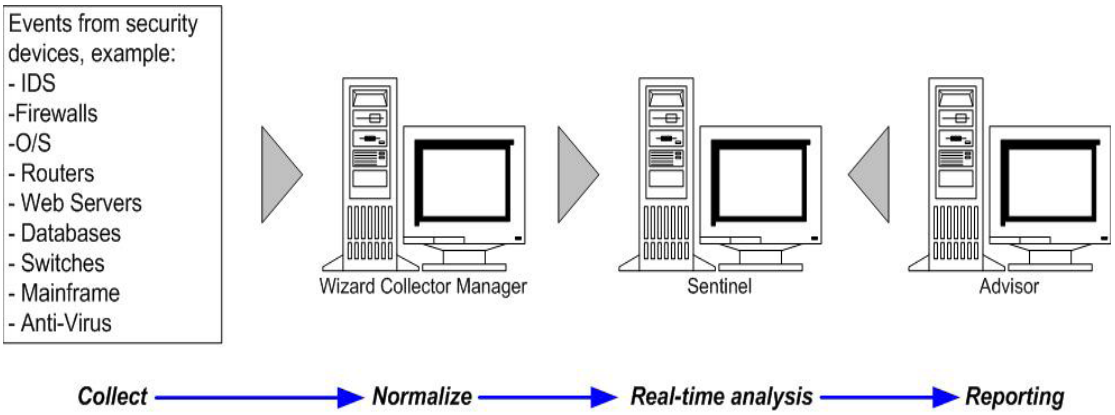
- The State will provide a stable integrated development environment that mirrors the production environment prior to the project start date and is available at all times. Any differences between the environments will be documented and provided to Deloitte within a reasonable period of time after the project(s) start.
- The State will be responsible for installing a development, QAT, and UAT environment. The architecture of and data within these systems must resemble production systems as closely as possible.
- The State's System Administration personnel have the responsibility to maintain the development and QA and production environment.
- The State will provide participants completely knowledgeable in the State organization's policies and procedures for employees, contractors, vendors, job functions, job changes, new hires, termination, leave, reporting, audit, and compliance.
- The State will create a Test Plan that contains test cases that are used to verify that the Product configuration meets the documented requirements for project(s) as applicable.
- The State will provide a functional, consistent, and available (stable) network and computing environment.
- The State will provide system administration accounts with appropriate levels of access to the necessary application servers and databases at project(s) start.
- The State will authorize and provide remote access to the test environments for Deloitte to support implementation services.
- The State will provide technical system administrators, to accept knowledge transfer and be responsible to carry that knowledge forward.
- Deloitte will provide the State a recommended Sentinel training curriculum for the technical system administrators.
- Meeting the proposed timeline and milestones is dependent on the following:
  - Availability of application subject matter specialists to drive and validate requirements as applicable.
  - Readiness of functional test environments with production like data to perform functional, end-to-end, regression, and performance testing.
  - Readiness of functional test environments with test instances of native resources targeted for automatic provisioning.
- Deloitte will perform unit testing to validate the functionality of all configuration and customization deliverables.
- Deloitte is responsible for delivery of the solution for this effort according to the agreed-upon timelines. With the exception of correcting valid, prioritized defects; Deloitte is not responsible for any delays associated with the testing of the solution.
- Deloitte will not be responsible for connections to or modification of any system components not in scope of this proposal.
- The out of the box GUI interface provided by the product will be implemented. Any customization for look and feel customization will be performed by State.

- The following components are out of scope:
  - Modifications/upgrade of any State systems not in scope of this proposal
- The target systems are running operating systems and databases currently supported by their respective vendor

Appendix 1 - Proposed Technical Architecture

Sentinel Core & Correlation Server

The Sentinel system is responsible for receiving events from the Collector Manager. The events are then displayed in real-time and logged into a database for historical analysis.



At a high level, the Sentinel system uses a relational database and is comprised of Sentinel processes and a reporting engine. The system accepts events from the Collector manager as its input. The Collector manager interfaces with third-party products and normalizes the data from these products. The normalized data is then sent to the Sentinel processes and database.

Historical analysis and reporting can be done using Sentinel's integrated reporting engine. The reporting engine extracts data from the database and integrates the report displays into the Sentinel Control Center using HTML documents over an HTTP connection.

Sentinel operates in a 'store and forward' mode. If the Sentinel Core & Correlation Server is unavailable for any reason, including system backups, the audit logs and events will be stored in the target systems until the server is unavailable. If the Sentinel Database Environment is unavailable, the audit logs and events will be stored on the Sentinel Core and Correlation Server until the database is restored.

All Sentinel audit log and events are SSL encrypted from the target systems to the Sentinel Environment to guarantee integrity against tampering during the entire process. Data and Reports can be secured and protected based on user function. For example, the database team can be limited to viewing database events only.

Key Functions	Collect Data Normalize Data Analyze Data Alert on Data Insert Data into Database
Sizing Rationale	Capacity needs dependent on number of audit events One server is necessary for standard IDM reporting Multiple servers can be added for additional event management functionality or higher event rates

Software	Microsoft Windows 2003 or SUSE Linux 10.2
Hardware	1 Dell PowerEdge 2950 III Server 2 Dual-Core processors for each server 16 GB RAM for each server 145 GB hard disk space for each server

Sentinel Crystal Reports Server

The Crystal Reports Server is used to create reports and graphs from the logged events and format them to meet the specific requirements of your business users. Default reports are provided with the Sentinel solution, and custom reports will be created with the included Developer license. Reports are viewable on the web or can be sent via e-mail.

Key Functions	Crystal Reports for reporting
Sizing Rationale	Capacity needs dependent on number of reports Reports can be run during off-hours to minimize resources Multiple servers can be added for additional functionality
Software	Microsoft Windows 2003 or SUSE Linux 10.2 Crystal Reports is Provided with Sentinel
Hardware	1 Dell PowerEdge 2950 III Server 2 Dual-Core processors for each server 16 GB RAM for each server 146GB hard disk space for each server

Sentinel Database Environment

The RDBMS Database Environment is used to store events for historical and reporting purposes. A new database instance in an existing database environment can be used.

Key Functions	Event Storage
Sizing Rationale	Capacity needs dependent on event volume
Software	Microsoft Windows 2003 with Microsoft SQL Server or SUSE Linux 10.2 with Oracle or Any support Operating System with Oracle
Hardware	1 Dell PowerEdge 2950 III Server 2 Dual-Core processors for each server 16 GB RAM for each server 500 GB hard disk space for each server (will depend on audit volume)
License	The state will provide the RDBMS license

Development/QAT/UAT/ Environment Configuration

Our approach proposes the use of dedicated development and test environments where the team performs various test activities to help ensure functional correctness of the system. This environment will also be used for performance and stress testing of the application. As in all other environments any and all changes to the environment (system software, hardware and application) will be controlled through strict change control procedures to make sure that the application being tested is a controlled environment with known variables.

VMWARE will be used to partition the physical server into logical servers to support the different sentinel functions.

Appendix 2 - Proposed Hardware Architecture

No.	Server Hardware Cost		CPU	Mem	Disk	OS	Comments
1	Development, QA, UAT and Training Servers						
	1	**Sentinel Core & Correlation** **Crystal Reports Server**	2 Quad-Core	16 GB	146GB	SLES Linux	**VMWARE VI 3.5 will be used to partition**
	1	**Sentinel Database Environment**	2 Quad-Core	16 GB	600GB	SLES Linux	**VMWARE VI 3.5 will be used to partition**
2	Production Servers						
	1	**Sentinel Core+Correlation**	2 Quad-Core	16 GB	146GB		
	1	**Crystal Reports Server**	2 Quad-Core	16 GB	146GB		
	1	**Sentinel Database Environment**	2 Quad-Core	16 GB	600GB	SLES Linux	
	HW Total						

Appendix 3 - Proposed Novell Software Costs

Novell Customer Quote # 1668394

Approved

Program: *MLA*
Pricing Good: *15 Dec 2008 - 31 Jan 2009*
Status: *Pending Customer Acceptance*

Created By: Koch, Clifford J. (Cliff)
CKoch@novell.com

Comments:

Customer	Reseller	Shipping	Billing
MI DEPARTMENT OF INFORMATION TECHNOLOGY ROMNEY BLDG FL 8 111 S CAPITOL AVE LANSING MI 48933-1591	RESELLER NOT APPLICABLE - NOVELL 1800 S NOVELL PL PROVO UT 84606	MI DEPARTMENT OF INFORMATION TECHNOLOGY ROMNEY BLDG FL 8 111 S CAPITOL AVE LANSING MI 48933-1591	MI DEPARTMENT OF INFORMATION TECHNOLOGY ROMNEY BLDG FL 8 111 S CAPITOL AVE LANSING MI 48933-1591

Contract:
7227749

End User Contact	Reseller Contact	Shipping Contact	Billing Contact
SCOT ELLSWORTH 1 517 241-8184 ELLSWORTHS@MICHIGAN.GOV	NOT APPLICABLE 1 801 861-9000 ORDERACKDUMP@NOVELL.COM	SCOT ELLSWORTH 1 517 241-8184 ELLSWORTHS@MICHIGAN.GOV	DALE REIF 1 517 373-3993 REIFD@MICHIGAN.GOV

QTY	SKU	Description	Start/End Date	SPR	Unit MSRP	Disc.	Unit Price	Subtotal
1	873-008922	Sentinel 6.0 Base Package 1-Instance License	N/A	No	65,000.00	50.0 %	32,500.00	32,500.00
1	873-008924	Sentinel 6.0 Additional Server 1-Instance License	N/A	No	17,500.00	50.0 %	8,750.00	8,750.00
1	877-001274	Sentinel Additional Server 1-Instance 1-Year Maintenance	01 Jan 2009 - 30 Sep 2009	No	4,380.00	37.5 %	1,642.50	1,642.50
1	877-001270	Sentinel Base Package 1-Instance 1-Year Maintenance	01 Jan 2009 - 30 Sep 2009	No	16,300.00	37.5 %	6,112.50	6,112.50
17	873-008928	Sentinel 6.0 Collector Type I Device 1-Instance License	N/A	No	375.00	50.0 %	187.50	3,187.50
17	877-001282	Sentinel Collector Type I Device 1-Instance 1-Year Maintenance	01 Jan 2009 - 30 Sep 2009	No	94.00	37.5 %	35.25	599.25

Total USD 52,791.75

How to Place an Order:

- If purchasing directly from Novell (MLA, SLA, ALA only), please return your purchase order along with this quote document to one of the following:
  - **eMail:** orders@novell.com
  - **Fax:** +1-801-861-6335
  - **Mail:** Novell Inc.
    Mail Stop PRV-C-231
    1800 South Novell Place
    Provo, Utah 84606
    USA
- If purchasing via an authorized Novell reseller, please provide this document to your reseller to ensure order accuracy, and to receive a quote of your final purchase price.
- This quote does not include any shipping or taxes, if any.
- If a pricing discrepancy should arise, the pricing as published in the current Novell price list and/or NPA will prevail.

Appendix 4 – Full NIST 800-53v2 Controls and Sentinel

Control Number	Control Name	Control	Sentinel Role	# Operating System Reports	# Middleware Reports
			Summary of number of reports	21	11
AC-3	ACCESS ENFORCEMENT	The information system enforces assigned authorizations for controlling access to the system in accordance with applicable policy.	Sentinel can report on use of privileged access		
AC-2	ACCOUNT MANAGEMENT	The organization manages information system accounts, including establishing, activating, modifying, reviewing, disabling, and removing accounts. The organization reviews information system accounts [Assignment: organization-defined frequency, at least annually].	Sentinel can report on account activities	Windows Account Management (Creation, Modification, Removal) Unix Account Management (Creation, Modification, Removal)	Account Management (Creation, Modification, Removal)
AC-4	INFORMATION FLOW ENFORCEMENT	The information system enforces assigned authorizations for controlling the flow of information within the system and between interconnected systems in accordance with applicable policy.	Sentinel can interface with servers and firewalls to detect unauthorized information flow	Windows FTP, SFTP, and other File Transfer Unix FTP, SFTP, and other File Transfer	
AC-7	UNSUCCESSFUL LOGIN ATTEMPTS	The information system enforces a limit of [Assignment: organization-defined number] consecutive invalid access attempts by a user during a [Assignment: organization-defined time period] time period. The information system automatically [Selection: locks the account/node for an [Assignment: organization-defined time period], delays next login prompt according to [Assignment: organization-defined delay algorithm.]] when the maximum number of unsuccessful attempts is exceeded.	Sentinel can report on unsuccessful login attempts	Windows Login Events (Success and Failure) Unix Login Events (Success and Failure)	Login Events (Success and Failure)

AC-13	SUPERVISION AND REVIEW — ACCESS CONTROL	The organization supervises and reviews the activities of users with respect to the enforcement and usage of information system access controls.	Sentinel can report on activities of users. Unusual activity can generate automatic alerts and reports. Documentation about the review itself is stored in Sentinel	<u>Windows</u> Use of privileges Access to Critical Files <u>Windows</u> Use of privileges (su access) Access to Critical Files	Use of privileges Access to Critical Resources
AC-17	REMOTE ACCESS	The organization authorizes, monitors, and controls all methods of remote access to the information system.	Sentinel can report on use of Remote Access		
AU-1	AUDIT AND ACCOUNTABILITY POLICY AND PROCEDURES	The organization develops, disseminates, and periodically reviews/updates: (i) a formal, documented, audit and accountability policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and (ii) formal, documented procedures to facilitate the implementation of the audit and accountability policy and associated audit and accountability controls.	Sentinel can ensure that audit logs are appropriately collected and reviewed in accordance with audit and accountability policies and procedures		
AU-2	AUDITABLE EVENTS	The information system generates audit records for the following events: [Assignment: organization-defined auditable events].	Sentinel will capture events identified by the site, and can filter and aggregate events for long-term storage.		
AU-3	CONTENT OF AUDIT RECORDS	The information system produces audit records that contain sufficient information to establish what events occurred, the sources of the events, and the outcomes of the events.	Sentinel can report and log all required information.		
AU-4	AUDIT STORAGE CAPACITY	The organization allocates sufficient audit record storage capacity and configures auditing to reduce the likelihood of such capacity being exceeded.	Sentinel can automatically store a rolling period of log data, aggregating and removing older event data.		
AU-5	RESPONSE TO AUDIT PROCESSING FAILURES	The information system alerts appropriate organizational officials in the event of an audit processing failure and takes the following additional actions: [Assignment: organization-defined actions to be taken (e.g., shut down information system, overwrite oldest audit records, stop generating audit records)].	Sentinel can report on audit processing failures.		

AU-6	AUDIT MONITORING, ANALYSIS, AND REPORTING	The organization regularly reviews/analyzes information system audit records for indications of inappropriate or unusual activity, investigates suspicious activity or suspected violations, reports findings to appropriate officials, and takes necessary actions.	Sentinel can report and automatically alert on inappropriate or unusual activity, recording investigation records in Sentinel itself.	Windows All logged events Unix All logged events	All logged events
AU-7	AUDIT REDUCTION AND REPORT GENERATION	The information system provides an audit reduction and report generation capability.	Sentinel proves an audit reduction and report generation capability	Management Reporting Number events by server etc.	Management Reporting Number events by server etc.
AU-8	TIME STAMPS	The information system provides time stamps for use in audit record generation.	Sentinel provides time stamps		
AU-9	PROTECTION OF AUDIT INFORMATION	The information system protects audit information and audit tools from unauthorized access, modification, and deletion.	Sentinel provides security over the audit information		
AU-10	NON-REPUDIATION	The information system provides the capability to determine whether a given individual took a particular action.	Sentinel reports on user activity identified by the system		
AU-11	AUDIT RECORD RETENTION	The organization retains audit records for [Assignment: organization-defined time period] to provide support for after-the-fact investigations of security incidents and to meet regulatory and organizational information retention requirements.	Sentinel can retain audit records for an defined period of time.		
CA-7	CONTINUOUS MONITORING	The organization monitors the security controls in the information system on an ongoing basis.	Sentinel provides audit data to support continuous monitoring		
CM-3	CONFIGURATION CHANGE CONTROL	The organization authorizes, documents, and controls changes to the information system.	Sentinel reports on the audit logs created by changes to the information system		
CM-4	MONITORING CONFIGURATION CHANGES	The organization monitors changes to the information system conducting security impact analyses to determine the effects of the changes.	Sentinel reports on the audit logs created by changes to the information system		
CM-5	ACCESS RESTRICTIONS FOR CHANGE	The organization: (i) approves individual access privileges and enforces physical and logical access restrictions associated with changes to the information system; and (ii) generates, retains, and reviews records reflecting all such changes.	Sentinel reports on the audit logs created by changes to the information system	Windows File/Program Update Unix File/Program Update	File/Program Update

CM-6	CONFIGURATION SETTINGS	The organization: (i) establishes mandatory configuration settings for information technology products employed within the information system; (ii) configures the security settings of information technology products to the most restrictive mode consistent with operational requirements; (iii) documents the configuration settings; and (iv) enforces the configuration settings in all components of the information system.	Sentinel reports on the audit logs created by changes to the information system	Windows Registry/Security Setting Change Unix Security File Change	Security File Change
IA-3	DEVICE IDENTIFICATION AND AUTHENTICATION	The information system identifies and authenticates specific devices before establishing a connection.	Sentinel can report on connections to systems	Windows Windows Connections Unix inetd Connections	Connections
IA-4	IDENTIFIER MANAGEMENT	The organization manages user identifiers by: (i) uniquely identifying each user; (ii) verifying the identity of each user; (iii) receiving authorization to issue a user identifier from an appropriate organization official; (iv) issuing the user identifier to the intended party; (v) disabling the user identifier after [Assignment: organization-defined time period] of inactivity; and (vi) archiving user identifiers.	Sentinel can report on connections to systems by users		
IA-5	AUTHENTICATOR MANAGEMENT	The organization manages information system authenticators by: (i) defining initial authenticator content; (ii) establishing administrative procedures for initial authenticator distribution, for lost/compromised, or damaged authenticators, and for revoking authenticators; (iii) changing default authenticators upon information system installation; and (iv) changing/refreshing authenticators periodically.	Sentinel can report on connections to systems by users		
IR-1	INCIDENT RESPONSE POLICY AND PROCEDURES	The organization develops, disseminates, and periodically reviews/updates: (i) a formal, documented, incident response policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and (ii) formal, documented procedures to facilitate the implementation of the incident response policy and associated incident response controls.	Sentinel can automatically alert if events match a predefined criteria		
IR-3	INCIDENT RESPONSE TESTING AND EXERCISES	The organization tests and/or exercises the incident response capability for the information system [Assignment: organization-defined frequency, at least annually] using [Assignment: organization-defined tests and/or exercises] to determine the incident response effectiveness and documents the results.	Sentinel can automatically alert if events match a predefined criteria		
IR-4	INCIDENT HANDLING	The organization implements an incident handling capability for security incidents that includes preparation, detection and analysis, containment, eradication, and recovery.	Sentinel can automatically alert if events match a predefined criteria		

IR-5	INCIDENT MONITORING	The organization tracks and documents information system security incidents on an ongoing basis.	Sentinel can automatically alert if events match a predefined criteria. Response to events are stored in Sentinel		
IR-6	INCIDENT REPORTING	The organization promptly reports incident information to appropriate authorities.	Sentinel can automatically alert if events match a predefined criteria. Response to events are stored in Sentinel		
IR-7	INCIDENT RESPONSE ASSISTANCE	The organization provides an incident response support resource that offers advice and assistance to users of the information system for the handling and reporting of security incidents. The support resource is an integral part of the organization's incident response capability.	Sentinel can automatically alert if events match a predefined criteria. Response to events are stored in Sentinel		
MA-2	CONTROLLED MAINTENANCE	The organization schedules, performs, documents, and reviews records of routine preventative and regular maintenance (including repairs) on the components of the information system in accordance with manufacturer or vendor specifications and/or organizational requirements.	Sentinel can report on changes to information systems		
MA-3	MAINTENANCE TOOLS	The organization approves, controls, and monitors the use of information system maintenance tools and maintains the tools on an ongoing basis.	Sentinel can report on changes to information systems	Windows Batch Jobs Unix Batch Jobs/Cron	Batch Jobs
MA-4	REMOTE MAINTENANCE	The organization authorizes, monitors, and controls any remotely executed maintenance and diagnostic activities, if employed.	Sentinel can report on changes to information systems		
MA-5	MAINTENANCE PERSONNEL	The organization allows only authorized personnel to perform maintenance on the information system.	Sentinel can report on changes to information systems		
MP-2	MEDIA ACCESS	The organization restricts access to information system media to authorized individuals.	Sentinel can report on connections and use of information systems		

PE-2	PHYSICAL ACCESS AUTHORIZATIONS	The organization develops and keeps current a list of personnel with authorized access to the facility where the information system resides (except for those areas within the facility officially designated as publicly accessible) and issues appropriate authorization credentials. Designated officials within the organization review and approve the access list and authorization credentials [Assignment: organization-defined frequency, at least annually].	Sentinel can report on connections and use of information systems		
PE-6	MONITORING PHYSICAL ACCESS	The organization monitors physical access to the information system to detect and respond to physical security incidents.	Sentinel can be connected to physical access systems for reporting purposes		
PE-8	ACCESS RECORDS	The organization maintains visitor access records to the facility where the information system resides (except for those areas within the facility officially designated as publicly accessible) that includes: (i) name and organization of the person visiting; (ii) signature of the visitor; (iii) form of identification; (iv) date of access; (v) time of entry and departure; (vi) purpose of visit; and (vii) name and organization of person visited. Designated officials within the organization review the visitor access records [Assignment: organization-defined frequency].	Sentinel can be connected to physical access systems for reporting purposes		
SA-6	SOFTWARE USAGE RESTRICTIONS	The organization complies with software usage restrictions.	Sentinel can report on use of software, if usage is stored in the audit longs		
SA-7	USER INSTALLED SOFTWARE	The organization enforces explicit rules governing the installation of software by users.	Sentinel can report on software installations		
SA-8	SECURITY ENGINEERING PRINCIPLES	The organization designs and implements the information system using security engineering principles.	Auditing and reporting is a requirement of 800-27. Sentinel fulfills this requirement		
SC-4	INFORMATION REMNANCE	The information system prevents unauthorized and unintended information transfer via shared system resources.	Sentinel can report on data sharing		
SC-5	DENIAL OF SERVICE PROTECTION	The information system protects against or limits the effects of the following types of denial of service attacks: [Assignment: organization-defined list of types of denial of service attacks or reference to source for current list].	Sentinel can report on Denial of Service attempts	Windows Network Error Report Unix Network Error Report	Error Report
SC-6	RESOURCE PRIORITY	The information system limits the use of resources by priority.	Sentinel can report on resource issues identified by the information system		

SC-10	NETWORK DISCONNECT	The information system terminates a network connection at the end of a session or after [Assignment: organization-defined time period] of inactivity.	Sentinel can report on connections and terminations		
SC-14	PUBLIC ACCESS PROTECTIONS	The information system protects the integrity and availability of publicly available information and applications.	Sentinel can report on public use of information systems		
SC-20	SECURE NAME / ADDRESS RESOLUTION SERVICE (AUTHORITATIVE SOURCE)	The information system that provides name/address resolution service provides additional data origin and integrity artifacts along with the authoritative data it returns in response to resolution queries.	Sentinel can report on name/address resolution service usage		
SC-23	SESSION AUTHENTICITY	The information system provides mechanisms to protect the authenticity of communications sessions.	Sentinel can report on session and communication details		
SI-3	MALICIOUS CODE PROTECTION	The information system implements malicious code protection.	Sentinel can report on audit logs identified by anti-virus, malicious code programs.		
SI-4	INFORMATION SYSTEM MONITORING TOOLS AND TECHNIQUES	The organization employs tools and techniques to monitor events on the information system, detect attacks, and provide identification of unauthorized use of the system.	Sentinel implements this functionality		
SI-5	SECURITY ALERTS AND ADVISORIES	The organization receives information system security alerts/advisories on a regular basis, issues alerts/advisories to appropriate personnel, and takes appropriate actions in response.	Sentinel implements this functionality		
SI-7	SOFTWARE AND INFORMATION INTEGRITY	The information system detects and protects against unauthorized changes to software and information.	Sentinel can report on changes to information systems		
SI-11	ERROR HANDLING	The information system identifies and handles error conditions in an expeditious manner without providing information that could be exploited by adversaries.	Sentinel can review and alert of error messages and error logs. These logs are protected		