



STATE OF MICHIGAN PROCUREMENT

Department of Technology Management and Budget
 525 W. Allegan Street, Lansing, MI 48909
 P.O. Box 30026

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **171-210000000350**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	Deloitte Consulting LLP
	106 W Allegan Street, Suite 400
	Lansing, MI 48933
	Hariharan Murthy
	+1 212 313 2986
	hamurthy@deloitte.com
	CV0001354

STATE	Program Manager	Sanjay Srivastava	DTMB
		517-241-7797	
SrivastavaS1@michigan.gov			
STATE	Contract Administrator	Mecca Martin	DTMB
		517-230-5694	
		MartinM42@Michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Bridges Scanning and Indexing Cloud-Application Migration CPC			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
1/7/2021	3/29/2021	0	3/29/2021
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45			
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
MISCELLANEOUS INFORMATION			
This contract is established from Competitive Proof of Concept 210000000002			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION		\$0.00	

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Name & Title

Agency



STATE OF MICHIGAN

Competitive Proof of Concept Contract Terms

This Contract (this “**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Deloitte Consulting LLP (“**Contractor**”), a Delaware LIMITED LIABILITY CORPORATION. This Contract is effective on January 4, 2021 and unless earlier terminated, will expire on March 29, 2021. If the State elects to establish a long-term contract with Contractor, Contractor will continue to provide services pursuant to this Contract during the pendency of negotiations.

1. Definitions.

“**Action**” has the meaning set forth in **Section 10.1**.

“**Business Day**” means a day other than a Saturday, Sunday or State Holiday.

“**Confidential Information**” has the meaning set forth in **Section 8.1**.

“**Contract**” has the meaning set forth in the preamble.

“**Contract Administrator**” is the individual appointed by each party to administer the terms of this Contract. Each party’s Contract Administrator will be identified in the Statement of Work.

“**Contractor**” has the meaning set forth in the preamble.

“**Contractor Personnel**” means all employees and agents of Contractor, all Subcontractors and all employees and agents of any Subcontractor, involved in the performance of Services.

“**Contractor SPOC**” has the meaning set forth in **Section 2.4**.

“**Effective Date**” has the meaning set forth in the preamble.

“**Force Majeure Event**” has the meaning set forth in **Section 14**.

“**Hosted Services**” means the hosting, management and operation of the Software System, including but not limited to the computing hardware, ancillary equipment, firmware, data, and related resources.

“**Intellectual Property Rights**” means any and all rights comprising or relating to: (a) patents, patent disclosures and inventions (whether patentable or not); (b) trademarks, service marks, trade dress, trade names, logos, corporate names and domain names, together with all of the goodwill associated therewith; (c) authorship rights, copyrights and copyrightable works (including computer programs) and rights in data and databases; (d) trade secrets, know-how and other confidential information; and (e) all other intellectual property rights, in each case whether registered or

unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection provided by applicable Law in any jurisdiction throughout the world.

“Loss” means all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers. “Losses” has a correlative meaning.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

“Process” means to perform any operation or set of operations on any data, information, material, work, expression or other content, including to (a) collect, receive, input, upload, download, record, reproduce, store, organize, combine, log, catalog, cross-reference, manage, maintain, copy, adapt, alter, translate or make other improvements or derivative works, (b) process, retrieve, output, consult, use, disseminate, transmit, submit, post, transfer, disclose or otherwise provide or make available, or (c) block, erase or destroy. **“Processing”** and **“Processed”** have correlative meanings.

“Representatives” means a party’s employees, officers, directors, consultants, legal advisors and, with respect to Contractor, Contractor’s Subcontractors.

“Services” has the meaning set forth in **Section 2.1**.

“Software System” means Contractor’s software, and any third-party or other software, and all new versions, updates, revisions, improvements and modifications of the foregoing, that Contractor provides remote access to and use of as part of the Services.

“State” has the meaning set forth in the preamble.

“State Data” has the meaning set forth in **Section 7.1**.

“State SPOC” has the meaning set forth in **Section 2.6**.

“State Systems” means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.

“Statement of Work” means the statement of work attached as **Schedule A** to this Contract.

“Subcontractor” means any entity that performs any Services under this Contract and otherwise has the meaning set forth in **Section 2.3(a)**.

“Term” has the meaning set forth in the preamble.

“Work Product” means all State-specific deliverables that Contractor is required to, or otherwise does, provide to the State under this Contract including reports, project management documents, forms, templates, and other State-specific documents and related materials. Work Product does not include the Software System.

2. Services.

2.1 Services. Throughout the Term and at all times in connection with its actual or required performance under this Contract, Contractor will, in accordance with all terms and conditions set forth in this Contract and the Statement of Work, provide to the State the following services (“**Services**”):

- (a) the hosting, management and operation of the Hosted Services as described in the Statement of Work;
- (b) the implementing and maintaining of the security requirements set forth in **Schedule C** to this Contract; and
- (c) such other services as may be specified in the Statement of Work.

2.2 Compliance with Laws. Contractor must comply with all applicable laws in its performance of obligations as they concern this Contract, including by securing and maintaining all required and appropriate visas, work permits, business licenses and other documentation and clearances necessary for performance of the Services.

2.3 Subcontracting. Contractor will not itself, and will not permit any Person to, subcontract any Services, in whole or in part, without the State’s prior written consent, which consent may be given or withheld in the State’s sole discretion. Without limiting the foregoing:

- (a) Contractor must ensure each Contractor subcontractor (including any subcontractor of a Contractor subcontractor, each, a “**Subcontractor**”) complies with all relevant terms of this Contract, including all provisions relating to State Data or other Confidential Information of the State;
- (b) the State’s consent to any such Subcontractor does not relieve Contractor of its representations, warranties or obligations under this Contract;
- (c) Contractor will remain responsible and liable for any and all: (i) performance required hereunder, including the proper supervision, coordination and performance of the Services; and (ii) acts and omissions of each Subcontractor (including, such Subcontractor’s employees and agents, who, to the extent they are involved in providing any Services, are deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor;
- (d) any noncompliance by any Subcontractor or its employees or agents with the provisions of this Contract or any Statement of Work will constitute a breach by Contractor;
- (e) prior to the provision of Services by any Subcontractor, Contractor must obtain from each such proposed Subcontractor:

- (i) the identity of such Subcontractor and the location of all its data centers, if any, that will be used in Processing any State Data, which information Contractor shall promptly disclose to the State in writing; and
- (ii) a written confidentiality and restricted use agreement, giving the State rights at least equal to those set forth in **Section 7** (State Data), **Section 8** (Confidentiality), **Section 9** (Security) and containing the Subcontractor's acknowledgment of, and agreement to, the provisions of **Section 2.4** (Contractor Personnel), a fully-executed copy of which agreement Contractor will promptly provide to the State upon the State's request.

2.4 Contractor SPOC. Contractor will appoint a Contractor employee to serve as a single point of contact with respect to the Services (the "**Contractor SPOC**");

2.5 Management and Payment of Contractor Personnel.

(a) Contractor is solely responsible for the payment of Contractor Personnel, including all fees, expenses and compensation to, by or on behalf of any Contractor Personnel and, if applicable, the withholding of income taxes and payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits.

(b) Contractor will ensure that no Person who has been convicted of a felony or any misdemeanor involving, in any way, theft, fraud, or bribery provides any Services or has access to any State Data, State Systems or State facilities. On a case-by-case basis, upon request, or as otherwise specified in a Statement of Work, perform background checks on all Contractor Personnel prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks on Contractor Personnel. Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018.

2.6 State SPOC. The State will appoint and, in its reasonable discretion, replace, a State employee to serve as the single point of contact with respect to the Services (the "**State SPOC**").

3. ADA Compliance. The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. Contractor's Service Software must comply, where relevant, with level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. The State may require that Contractor complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution. http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621

4. Look and Feel Standard. All software items provided by the Contractor must adhere to the State of Michigan Application/Site standards which can be found at www.michigan.gov/standards.

5. Ownership of Work Product. With the exception of Contractor Materials, the State is and will be the sole and exclusive owner of all right, title, and interest in and to all Work Product developed exclusively for the State under this Contract, including all Intellectual Property Rights. Contractor Materials shall mean all works of authorship, materials, information and other intellectual property, created by Contractor or its subcontractors as a tool for their use in performing the Services, plus any modifications or enhancements thereto and derivative works based thereon. In furtherance of the foregoing:

5.1 With the exception of Contractor Materials, Contractor will create all Work Product as work made for hire as defined in Section 101 of the Copyright Act of 1976; and

5.2 to the extent any Work Product, or Intellectual Property Rights do not qualify as, or otherwise fails to be, work made for hire, Contractor hereby:

(a) assigns, transfers, and otherwise conveys to the State, irrevocably and in perpetuity, throughout the universe, all right, title, and interest in and to such Work Product, including all Intellectual Property Rights; and

(b) irrevocably waives any and all claims Contractor may now or hereafter have in any jurisdiction to so-called "moral rights" or rights of droit moral with respect to the Work Product.

(c) grants to the State the right to use, for the State's internal business purposes, any Contractor Materials included in the Work Product in connection with its use of the Work Product. Except for such license grant, the Contractor or its licensors retain all rights in and to all Contractor Materials.

6. Termination.

6.1 Termination. Either party may terminate this Contract, in whole or in part, for any or no reason, by giving the other party fifteen (15) days prior written notice; provided however that for any termination for cause, the breaching party shall be entitled to cure the breach within such fifteen (15) days.

6.2 Effect of Termination. Upon and after the termination or expiration of this Contract, Contractor will (i) return to the State all State Data, including all documents and tangible materials (and any copies) containing, reflecting, incorporating, or based on the State's Confidential Information, subject to Section 8.5 below; (ii) permanently erase the State's Confidential Information from its computer systems; and (iii) certify in writing to the State that it has complied with the requirements of this **Section 6.2**.

6.3 Survival. The rights, obligations and conditions set forth in **Section 1** (Definitions), **Section 6.2** (Effect of Termination), **Section 7** (State Data), **Section 8** (Confidentiality), **Section 9** (Security), **Section 10.1** (Indemnification), **Section 11** (Limitations of Liability), **Section 13** (Insurance) and **Section 15** (General Provisions), and any right, obligation or condition that, by its express terms or nature and context is intended to survive the termination or expiration of this Contract, survives any such termination or expiration hereof.

7. State Data.

7.1 Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes the State's data Processed, collected, used, stored, or generated in connection with the Services. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This **Section 7.1** survives termination or expiration of this Contract.

7.2 Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Services. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Services, such use and disclosure being in accordance with this Contract, any Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This **Section 7.2** survives termination or expiration of this Contract.

7.3 Discovery. Contractor shall promptly notify the State upon receipt of any requests which in any way might reasonably require access to State Data or the State's use of the Hosted Services. Contractor shall notify the State Project Manager by the fastest means available and also in writing. In no event shall Contractor provide such notification more than 72 hours after Contractor receives the request. Subject to the requirements of law, Contractor shall not respond to subpoenas, service of process, Freedom of Information Act (FOIA) requests, and other legal requests related to the State without first notifying the State and obtaining the State's prior approval of Contractor's proposed responses. Contractor agrees to provide its completed responses to the State with adequate time for State review, revision and approval.

7.4 Loss or Compromise of Data. In the event of any Contractor act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data in possession or control of Contractor, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than one business day of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) perform or take any other actions required to comply with applicable law as a result of the occurrence; (d) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; and (e) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all third-party claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence. The parties agree that any damages relating to a breach of **Section 7.4** are to be considered direct damages and not consequential damages. This **Section 7.4** survives termination or expiration of this Contract. Notwithstanding anything to the contrary set forth in this Section or

any other provision of this Contract, the aggregate liability of Contractor for damages under this Section shall not exceed the greater of one hundred thousand dollars (\$100,000.00) or the maximum amount of Fees specified in the Statement of Work (the "**Security Breach Indemnity Cap**").

8. Confidentiality.

8.1 Meaning of Confidential Information. The term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; or, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was or is: (a) in the possession of the State and subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). Notwithstanding the above, in all cases and for all matters, State Data is deemed to be Confidential Information.

8.2 Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to the Contractor's subcontractor is permissible where: (a) the subcontractor is a Permitted Subcontractor; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Permitted Subcontractor's responsibilities; (c) Contractor obligates the Permitted Subcontractor in a written contract to maintain the State's Confidential Information in confidence; (d) as required by law, regulation or court order (with the exception of disclosures made by State of Michigan pursuant to the Michigan Freedom of Information Act), provided that to the extent a receiving party is required to disclose confidential information pursuant to this subsection, the receiving party shall provide the furnishing party with notice of the legal request as soon as reasonably practicable but in any event no later than five (5) Business Days of receipt, and assist the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party. . At the State's request, any of the Contractor's Representatives may be required to execute a separate agreement to be bound by the provisions of this **Section 8.2**.

8.3 Cooperation to Prevent Disclosure of Confidential Information. Each party must use its reasonable efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential

Information. Without limiting the foregoing, each party must advise the other party promptly in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Section 8. Each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

8.4 Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

8.5 Surrender of Confidential Information upon Termination. Upon termination or expiration of this Contract or a Statement of Work, in whole or in part, each party must, within five (5) calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control, provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. If Contractor or the State determine that the return of any non-State Data Confidential Information is not feasible, such party must destroy the non-State Data Confidential Information and certify the same in writing within five (5) calendar days from the date of termination to the other party. Notwithstanding anything herein to the contrary, Contractor shall have the right to retain copies of non-State Data Confidential Information, and any summaries, analyses, notes, or extracts prepared by Contractor which are based on or contain portions of such Confidential Information to the extent necessary to evidence performance of the Services, provided that Contractor retains such copies in accordance with its confidentiality obligations hereunder.

9. Security. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State's Confidential Information that comply with the requirements of the State's data security policies as set forth in **Schedule C**.

10. Indemnification.

10.1 General Indemnification. Contractor must defend, indemnify and hold harmless the State, and the State's agencies, departments, officers, directors, employees, agents, and contractors from and against all Losses arising out of or resulting from any third party claim, suit, action or proceeding (each, an "**Action**") to the extent arising out of third party claims or actions from (a) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to Contractor's negligence or more culpable act or omission (including recklessness or willful misconduct) in connection with the performance or nonperformance of any Services or other activity actually or required to be performed by or on behalf of Contractor (including, in the case of Contractor, any Contractor Personnel); or (b) any infringement, misappropriation, or other violation of any Intellectual Property Right or other right of any Third Party.

10.2 Indemnification Procedure. The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations. The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense, at its own expense, if the State deems necessary. Contractor will not, without the State's prior written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. Any litigation activity on behalf of the State or any of its subdivisions, under this **Section 10**, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

11. Limitations of Liability and Disclaimer of Damages.

11.1 Disclaimer of Damages. Disclaimer of Damages. NEITHER PARTY WILL BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES.

11.2 Limitation of Liability. IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY TO THE OTHER PARTY UNDER THIS CONTRACT OR A STATEMENT OF WORK, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED \$10,000.

11.3 Exceptions. Sections 11.1 (Disclaimer of Damages) and 11.2 (Limitation of Liability) above, shall not apply to:

- (i) Contractor's obligation to indemnify under **Section 10.1** of this Contract;
- (ii) Contractor's obligations under **Section 7.4** of this Contract (Loss or Compromise of State Data), subject to the Security Breach Indemnity Cap; and
- (iii) damages arising from either party's recklessness or intentional misconduct.

12. Contractor Representations and Warranties.

12.1 Authority. Contractor represents and warrants to the State that:

(a) it is duly organized, validly existing, and in good standing as a corporation or other entity as represented under this Contract under the laws and regulations of its jurisdiction of incorporation, organization, or chartering;

(b) it has the full right, power, and authority to enter into this Contract, to grant the rights and licenses granted under this Contract, and to perform its contractual obligations;

(c) the execution of this Contract by its Representative has been duly authorized by all necessary organizational action;

(d) when executed and delivered by Contractor, this Contract will constitute the legal, valid, and binding obligation of Contractor, enforceable against Contractor in accordance with its terms;

(e) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606; and

(f) Contractor is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.

12.2 Software and Service Warranties. Contractor further represents and warrants to the State that:

(a) Contractor has, and throughout the Term and any additional periods during which Contractor does or is required to perform the Services will have, the unconditional and irrevocable right, power and authority, including all permits and licenses required, to provide the Services and grant and perform all rights and licenses granted or required to be granted by it under this Contract;

(b) there is no settled, pending or, to Contractor's knowledge as of the Effective Date, threatened Action, and it has not received any written, oral or other notice of any Action (including in the form of any offer to obtain a license): (i) alleging that any access to or use of the Services or Software System does or would infringe, misappropriate or otherwise violate any Intellectual Property Right of any third party; (ii) challenging Contractor's ownership of, or right to use or license, any software or other materials used or required to be used in connection with the performance or receipt of the Services, or alleging any adverse right, title or interest with respect thereto; or (iii) that, if decided unfavorably to Contractor, would reasonably be expected to have an actual or potential adverse effect on its ability to perform the Services or its other obligations under this Contract, and it has no knowledge after reasonable investigation of any factual, legal or other reasonable basis for any such litigation, claim or proceeding;

12.3 DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES IN THIS CONTRACT, CONTRACTOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE UNDER OR IN CONNECTION WITH THIS CONTRACT OR ANY SUBJECT MATTER HEREOF.

13. Insurance.

13.1 Required Coverage.

(a) **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State, specific to their additional insured status and Contractor's activities hereunder; and (c) be provided by an company with an A.M. Best rating of "A" or better or the equivalent rating from another nationally recognized ratings provider and a financial size of VII or better .

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 2010 11 85, or both CG 2010 07 04 and CG 2037 07 04 (or equivalent)
Automobile Liability Insurance	
<u>Minimal Limits:</u> If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.	Contractor must have their policy include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	
<u>Minimum Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimum Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimum Limits:</u> \$1,000,000 Each Claim for wrongful or negligent acts. \$1,000,000 Annual Aggregate	Contractor must cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability. The coverage may be included under the Professional Liability coverage form
Professional Liability (Errors and Omissions) Insurance	
<u>Minimum Limits:</u> \$1,000,000 Each Claim \$3,000,000 Annual Aggregate	

Commercial Crime	
<u>Minimum Limits:</u> \$1,000,000 per occurrence	Coverage includes employee dishonesty, computer fraud and loss of client assets; forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency Policy must be endorsed to include the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as Loss Payees, as their interests may appear

(b) If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of contract work; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the contract of work; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

(c) Contractor must: (a) provide industry standard Acord insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 10 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

13.2 Non-waiver. This **Section 13** is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

14. RESERVED

15. Force Majeure. Neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached this Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of this Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure Event**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; (b) the affected party gives prompt written notice to the other party, stating the period of time the occurrence is expected to continue; (c) the affected party uses diligent efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

16. General Provisions.

16.1 Relationship of the Parties. The relationship between the parties is that of independent contractors. Nothing contained in this Contract is to be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party has authority to contract for or bind the other party in any manner whatsoever.

16.2 Media Releases. News releases (including promotional literature and commercial advertisements) pertaining to this Contract or project to which it relates must not be made without the prior written approval of the State, and then only in accordance with the explicit written instructions of the State.

16.3 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder, other than routine communications having no legal effect, must be in writing and addressed to the parties as follows (or as otherwise specified by a party in a notice given in accordance with this Section):

If to Contractor:

106 W. Allegan Street, Suite 400

E-mail: hamurthy@deloitte.com

Attention: Hariharan Murthy

Title: Managing Director, Deloitte Consulting LLP

If to the State:

E-mail: martinm42@michigan.gov

Attention: Mecca Martin

Title: Contract Administrator

Notices sent in accordance with this **Section 15.3** will be deemed effectively given: (a) when received, if delivered by hand (with written confirmation of receipt); (b) when received, if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission), if sent during normal business hours of the recipient, and on the next business day, if sent after normal business hours of the recipient; or (d) on the fifth (5th) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

16.4 Headings. The headings in this Contract are for reference only and do not affect the interpretation of this Contract.

16.5 Assignment. Contractor may not assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance, under this Contract, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the State's prior written consent, which will not be unreasonably withheld. The State has the right to terminate this Contract in its entirety or any Services or Statements of Work hereunder, pursuant to **Section 6**, if Contractor delegates or otherwise transfers any of its obligations or performance hereunder,

whether voluntarily, involuntarily, by operation of law or otherwise, and no such delegation or other transfer will relieve Contractor of any of such obligations or performance. For purposes of the preceding sentence, and without limiting its generality, any merger, consolidation or reorganization involving Contractor (regardless of whether Contractor is a surviving or disappearing entity) will be deemed to be a transfer of rights, obligations, or performance under this Contract for which the State's prior written consent is required. Any purported assignment, delegation, or transfer in violation of this **Section 15.5** is void.

16.6 No Third-party Beneficiaries. This Contract is for the sole benefit of the parties and nothing herein, express or implied, is intended to or will confer on any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Contract.

16.7 Amendment and Modification; Waiver. This Contract may only be amended, modified or supplemented by an agreement in writing signed by the State's Contract Administrator and Contractor's authorized representative. No waiver by any party of any of the provisions hereof is effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Contract, no failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Contract will operate or be construed as a waiver thereof; nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

16.8 Severability. If any term or provision of this Contract is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Contract or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto will negotiate in good faith to modify this Contract so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

16.9 Governing Law. This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in the Michigan Court of Claims. Complaints against the State must be initiated in Ingham County, Michigan. Contractor waives any objections, such as lack of personal jurisdiction or forum non conveniens. Contractor must appoint agents in Michigan to receive service of process

16.10 Equitable Relief. Each party to this Contract acknowledges and agrees that (a) a breach or threatened breach by such party of any of its obligations under this Contract may give rise to irreparable harm to the other party for which monetary damages may not be an adequate remedy and (b) in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto is, in addition to any and all other rights and remedies that may be available to such party at law, at equity or otherwise in respect of such breach, entitled to seek equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security, and without any requirement to prove actual damages or that monetary damages will not afford an adequate remedy.

16.11 Nondiscrimination. Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and Executive Directive [2019-09](#), Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive [2019-09](#)), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of the Contract.

16.12 Unfair Labor Practice. Under 1980 PA 278, MCL 423.321, *et seq.*, the State must not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under MCL 423.322. This information is compiled by the United States National Labor Relations Board. A contractor of the State, in relation to the contract, must not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Under MCL 423.324, the State may void any contract if, after award of the contract, the contractor as an employer or the name of the subcontractor, manufacturer or supplier of the contractor appears in the register.

16.13 Schedules. All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A	Statement of Work
Schedule B	Pricing
Schedule C	Data Security Requirements

16.14 Counterparts. This Contract may be executed in counterparts, each of which will be deemed an original, but all of which together are deemed to be one and the same agreement and will become effective and binding upon the parties as of the Effective Date at such time as all the signatories hereto have signed a counterpart of this Contract. A signed copy of this Contract delivered by facsimile, e-mail or other means of electronic transmission (to which a signed copy is attached) is deemed to have the same legal effect as delivery of an original signed copy of this Contract.

16.15 Entire Agreement. This Contract, including all Statements of Work and other Schedules and Exhibits, constitutes the sole and entire agreement of the parties to this Contract with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any conflict between the terms of this Contract and those of any Schedule, Exhibit or other document, the following order of precedence governs: (a) first, this Contract, excluding its Exhibits and Schedules; and (b) second, the Exhibits and Schedules to this Contract as of the Effective Date. NO TERMS ON CONTRACTORS INVOICES, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE SERVICES, OR DOCUMENTATION HEREUNDER WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE

STATE AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF SUCH SERVICE OR DOCUMENTATION REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

SCHEDULE A - STATEMENT OF WORK

1. DEFINITIONS

The following terms have the meanings set forth below. All initial capitalized terms that are not defined in this Schedule shall have the respective meanings given to them in Section 1 of the Contract Terms and Conditions.

Term	Definition
AI	Artificial Intelligent
ICR	Intelligent Character Recognition
OCR	Optical Character Recognition
OMR	Optical Mark Recognition

2. BACKGROUND

Bridges Scanning Index (BSI) is a specific component of the Electronic Document Management (EDM) system used by Bridges supporting statewide MDHHS Offices. IBM Datacap is the primary engine in EDM that streamlines the electronic capture, recognition and classification of business documents and extracts important information.

The current system lacks the level of automation necessary to meet DHHS business needs. Currently, specialists devote time to tedious data entry instead of strategic work. Immediate eligibility determination for citizens is delayed due to backlog in document processing.

DHHS has requested that DTMB identify a scanning and indexing solution that allows for unrestricted ability to expand features and modify configuration within tight timelines, achieve greater cost effectiveness, and reduce manual data entry to automatically process a percentage of day-to-day verifications.

3. PURPOSE

- The State is seeking a *Contractor Hosted* Software Solution and applicable Services.
- Improve usable data via current use of the **Optical Character Recognition (OCR)** to recognize type font for automation of registration and eligibility processing would provide for more robust and useful metadata.
- Increase capability for **Intelligent Character Recognition (ICR)** to recognize handwritten font would recover case worker processing time
- Add an **Optical Mark Solution** that recognizes check boxes or selections to reduce manual document review
- Implement a **Mobile Device Capture** will support worker relief by allowing case workers the ability to scan documents by cell phone and will decentralize processing from servers as image capturing via mobile device.

4. SCOPE

The Contractor will provide the State with a proof of concept using DocuEdge for the Bridges Scanning and Indexing solution.

The Contractor will adopt an Agile methodology which supports the State's business and IT goals for Document Imaging and Management solution. This approach leverages an iterative development window, reducing development duration and supporting parallel threads of work.

The Contractor will provide a comprehensive demonstration of applications leveraged within the proof of concept solution. This is not limited to a single demo, MDHHS reserves the right to request multiple demo sessions during the proof of concept.

**5. IT ENVIRONMENT RESPONSIBILITIES
For a Contractor Hosted Software Solution:**

Definitions:

Facilities – Physical buildings containing Infrastructure and supporting services, including physical access security, power connectivity and generators, HVAC systems, communications connectivity access and safety systems such as fire suppression.

Infrastructure – Hardware, firmware, software, and networks, provided to develop, test, deliver, monitor, manage, and support IT services which are not included under Platform and Application.

Platform – Computing server software components including operating system (OS), middleware (e.g. Java runtime, .NET runtime, integration, etc.), database and other services to host applications

Application – Software programs which provide functionality for end user and Contractor services

Storage – Physical data storage devices, usually implemented using virtual partitioning, which store software and data for IT system operations

Backup – Storage and services that provide online and offline redundant copies of software and data

Development - Process of creating, testing and maintaining software components

Component	Identify contract components with contractor	Subcontractor names (if applicable)
Facilities	us-east4-a Zone, us-east4-b Zone	Google
Infrastructure	Google Cloud Infrastructure (IaaS)	Google
Platform	GCP, RHEL, Windows Server	Google
Application	DocuEdge, ImageTrust, UiPath, Google Document AI	ImageAccess, Google
Storage	Persistent Disk, Cloud Filestore, Cloud Storage	Google
Backup	On-demand backups	Google
Development	Node.js, J2EE	

Contractor is not providing hosting services for POC.

6. ADA COMPLIANCE

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites and software applications. All websites, applications, software, and associated content and documentation provided by the Contractor as part of the Solution must comply with Level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

Contractor must provide a description of conformance with WCAG 2.0 Level AA specifications by providing a completed PAT for the Solution. If the Solution is comprised of multiple products, a PAT must be provided for each product. In addition to PATs, Contractors may include a verification of conformance certified by an industry-recognized third-party. If the Contractor is including any third-party products in the Solution, Contractor must obtain and provide the third-party PATs as well.

Each PAT must state exactly how the product meets the specifications. All “Not Applicable” (N/A) responses must be fully explained. Contractor must address each standard individually and with specificity; and clarify whether conformance is achieved throughout the entire product (for example – user functionality, administrator functionality, and reporting), or only in limited areas. A description of the evaluation methods used to support

WCAG 2.0 Level AA conformance claims, including, if applicable, any third-party testing, must be provided. For each product that does not fully conform to WCAG 2.0 Level AA, Contractor must provide detailed information regarding the plan to achieve conformance, including timelines.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

7. USER TYPE AND CAPACITY

The table below represents the anticipated population for the new BSI solution, which Contractor will consider as they design and configure the various components of the POC.

Type of User	Access Type	Number of Users	Number of Concurrent Users
State Employees	Admin Access	5	5
State Employees	Read/Write Access	1100	550

8. ACCESS CONTROL AND AUTHENTICATION

The Contractor's solution must integrate with the State's IT Identity and Access Management (IAM) environment as described in the State of Michigan Digital Strategy (https://www.michigan.gov/dtmb/0,5552,7-358-82547_56345_56351_69611-336646--,00.html), which consist of:

8.1 MILogin/Michigan Identity, Credential, and Access Management (MICAM). An enterprise single sign-on and identity management solution based on IBM's Identity and Access Management products including, IBM Security Identity Manager (ISIM), IBM Security Access Manager for Web (ISAM), IBM Tivoli Federated Identity Manager (TFIM), IBM Security Access Manager for Mobile (ISAMM), and IBM DataPower, which enables the State to establish, manage, and authenticate user identities for the State's Information Technology (IT) systems.

8.2 MILogin Identity Federation. Allows federated single sign-on (SSO) for business partners, as well as citizen-based applications.

8.3 MILogin Multi Factor Authentication (MFA, based on system data classification requirements). Required for those applications where data classification is Confidential and Restricted as defined by the 1340.00 Michigan Information Technology Information Security Policy (i.e. the proposed solution must comply with PHI, PCI, CJIS, IRS, and other standards).

8.4 MILogin Identity Proofing Services (based on system data classification requirements). A system that verifies individual's identities before the State allows access to its IT system. This service is based on "life history" or transaction information aggregated from public and proprietary data sources. A leading credit bureau provides this service.

The Contractor's solution must support SAML, or OAuth or OpenID interfaces for the SSO purposes.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

9. DATA RETENTION

Contractor must meet the data retention schedule of 60 Days. If the pilot is not extended to a long-term contract, then the State will follow the Transition Services in Section 15 of the Statement of Work and once the transition out is complete the Contractor will not be obligated to the 7-year retention schedule.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor

10. END-USER OPERATING ENVIRONMENT

The SOM IT environment includes X86 VMware, IBM Power VM, MS Azure/Hyper-V and Oracle VM, with supporting platforms, enterprise storage, monitoring, and management.

Contractor must accommodate the latest browser versions (including mobile browsers) as well as some pre-existing browsers. To ensure that users with older browsers are still able to access online services, applications must, at a minimum, display and function correctly in standards-compliant browsers and the state standard browser without the use of special plugins or extensions. The rules used to base the minimum browser requirements include:

- Over 2% of site traffic, measured using Sessions or Visitors (or)
- The current browser identified and approved as the State of Michigan standard

This information can be found at <https://www.michigan.gov/browserstats>. Please use the most recent calendar quarter to determine browser statistics. For those browsers with over 2% of site traffic, except Internet Explorer which requires support for at minimum version 11, the current browser version as well as the previous two major versions must be supported.

Contractor must support the current and future State standard environment at no additional cost to the State.

11. SOFTWARE

Software requirements are identified in **Schedule A – Table 1 Business Specification Worksheet**.

Look and Feel Standards

All software items provided by the Contractor must adhere to the State of Michigan Application/Site standards which can be found at <https://www.michigan.gov/standards>.

Mobile Responsiveness

If the software will be used on a mobile device as define in Schedule A – Table 1, Business Specification Worksheet, the Software must utilize responsive design practices to ensure the application is accessible via a mobile device.

12. INTEGRATION

There are no integration services needed at this time, however the State may need integration services in the future.

13. MIGRATION

There are no migration services needed at this time, however the State may need migration services in the future.

14. TRAINING SERVICES

The Contractor must provide administration and end-user training for implementation, go-live support, and transition to customer self-sufficiency.

Contractor will provide up to 4 hours of virtual classroom training for technical users.

15. DOCUMENTATION

Contractor must provide all user manuals, operating manuals, technical manuals and any other instructions, specifications, documents or materials, in any form or media, that describe the functionality, installation, testing, operation, use, maintenance, support, technical or other components, features or requirements of the Software.

Contractor must develop and submit for State approval complete, accurate, and timely Solution documentation to support all users, and will update any discrepancies, or errors through the life of the contract.

The Contractor's user documentation must provide detailed information about all software features and functionality, enabling the State to resolve common questions and issues prior to initiating formal support requests.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

16. TRANSITION SERVICES

Contractor must provide a detailed transition-in and transition-out plan, including any roles or responsibilities expected of the State. The plan must adequately demonstrate the steps to migrate between Contractor's solution and internal or third-party solutions.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

17. ADDITIONAL PRODUCTS AND SERVICES

18. CONTRACTOR KEY PERSONNEL

Contractor must identify all Contractor resources and responsibilities required for the successful implementation and ongoing support of this Contract.

Contractor Contract Administrator. Contractor must identify the individual appointed by it to (a) administer the terms of this Contract, and (b) approve and execute any Change Notices under this Contract.

Contractor
Name: Hari Murthy Address : 106 West Allegan Street, Suite 400 Lansing, MI 48933 Phone (212) 313-2986 Email HaMurthy@deloitte.com

Contractor Project Manager. Contractor must identify the Contractor Project Manager who will serve as the primary contact with regard to services who will have the authority to act on behalf of the Contractor in matters pertaining to the implementation services.

Contractor
Name: Anoop Anand Address: 106 West Allegan Street, Suite 400 Lansing, MI 48933 Phone (470) 434-5908 Email Aanand@deloitte.com

Contractor Security Officer. Contractor to provide name of individual to respond to State inquiries regarding the security of the Contractor's systems. This person must have sufficient knowledge of the security of the Contractor Systems and the authority to act on behalf of Contractor in matters pertaining thereto.

Contractor
Name: Delvin Huffman Address: 106 West Allegan Street, Suite 400 Lansing, MI 48933 Phone (404) 631-2396 Email Dhuffman@deloitte.com

19. CONTRACTOR PERSONNEL REQUIREMENTS

The Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project. Contractor to provide proof that employees have been drug tested.

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

20. STATE RESOURCES/RESPONSIBILITIES

The State will provide the following resources as part of the implementation and ongoing support of the Solution.

State Contract Administrator. The State Contract Administrator is the individual appointed by the State to (a) administer the terms of this Contract, and (b) approve and execute any Change Notices under this Contract.

State Project Manager. The State Project Manager will serve as the primary contact with regard to implementation Services who will have the authority to act on behalf of the State in approving Deliverables, and day to day activities.

Agency Business Owner. The Agency Business Owner will serve as the primary contact for the business area with regard to business advisement who will have the authority to act on behalf of the State in matters pertaining to the business Specifications. Agency Business Owner will be responsible for approving deliverables.

State Technical Lead. The State Technical Lead will serve as the primary contact with regard to technical advisement.

State Project Contacts

Role	Name	Title
State Contract Administrator	Mecca Martin	Category Analyst
State Project Manager	TBD	Project Manager
Agency Business Owner	Danielle Wager	MDHHS Business Owner
State Program Manager	Sanjay Srivastava	Business Relationship Manager
State Technical Lead	John Hart	EDM Technical Owner

21. MEETINGS

The Contractor must attend the following meetings at no additional cost to the State.

At start of the engagement, the Contractor Project Manager must facilitate a project kick off meeting with the support from the State’s Project Manager and the identified State resources to review the approach to accomplishing the project, schedule tasks and identify related timing, and identify any risks or issues related to the planned approach. From project kick-off until final acceptance and go-live, Contractor Project Manager must facilitate weekly meetings (or more if determined necessary by the parties) to provide updates on implementation progress. Following go-live, Contractor must facilitate monthly meetings (or more or less if determined necessary by the parties) to ensure ongoing support success.

The Contractor must attend the following meetings, at a location and time as identified by the state, at no additional cost to the State:

- Weekly

22. PROJECT REPORTS

Once the Project Kick-Off meeting has occurred, the Contractor Project Manager will monitor project implementation progress and report on a weekly basis to the State’s Project Manager the following:

- Progress to complete milestones, comparing forecasted completion dates to planned and actual completion dates
- Accomplishments during the reporting period, what was worked on and what was completed during the current reporting period
- Indicate the number of hours expended during the past week, and the cumulative total to date for the project. Also, state whether the remaining hours are sufficient to complete the project
- Tasks planned for the next reporting period
- Identify any existing issues which are impacting the project and the steps being taken to address those issues

- Identify any new risks and describe progress in mitigating high impact/high probability risks previously identified
- Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

All Contractors must submit and enter weekly timesheets into the State of Michigan's Project Portfolio Management tool, Clarity PPM, for approval and reporting. The weekly Clarity PPM timesheet will contain hours worked for assigned project tasks.

23. PROJECT MANAGEMENT

The Contractor Project Manager will be responsible for maintaining a project schedule (or approved alternative) identifying tasks, durations, forecasted dates and resources – both Contractor and State - required to meet the timeframes as agreed to by both parties.

Changes to scope, schedule or cost must be addressed through a formal change request process with the State and the Contractor to ensure understanding, agreement and approval of authorized parties to the change and clearly identify the impact to the overall project.

SUITE Documentation

In managing its obligation to meet the above milestones and deliverables, the Contractor is required to utilize the applicable [State Unified Information Technology Environment \(SUITE\)](#) methodologies, or an equivalent methodology proposed by the Contractor.

SUITE's primary goal is the delivery of on-time, on-budget, quality systems that meet customer expectations. SUITE is based on industry best practices, including those identified in the Project Management Institute's PMBoK and the Capability Maturity Model Integration for Development. It was designed and implemented to standardize methodologies, processes, procedures, training, and tools for project management and systems development lifecycle management. It offers guidance for efficient, effective improvement across multiple process disciplines in the organization, improvements to best practices incorporated from earlier models, and a common, integrated vision of improvement for all project and system related elements.

While applying the SUITE framework through its methodologies is required, SUITE was not designed to add layers of complexity to project execution. There should be no additional costs from the Contractor, since it is expected that they are already following industry best practices which are at least similar to those that form SUITE's foundation.

SUITE's companion templates are used to document project progress or deliverables. In some cases, Contractors may have in place their own set of templates for similar use. Because SUITE can be tailored to fit specific projects, project teams and State project managers may decide to use the Contractor's provided templates, as long as they demonstrate fulfillment of the SUITE methodologies.

Milestones/Deliverables for Proof of Concept:

The Contractor will adopt Agile Methodology for executing the POC with 1 week of Discovery, up to 5 sprints of 2 weeks each for building & demonstrating the POC, and a final week of hardening and review of the POC.

Contractor and State will collaborate to complete the POC Implementation in 6- 12 weeks.

24. ADDITIONAL INFORMATION

The State reserves the right to purchase any additional services or products from the Contractor during the duration of the Contract.

Schedule A – Table 1, Business Specification Worksheet

A	B	C					D
Business Specification Number	Business Specification	Current Capability	Requires Configuration	Requires Customization	Future Enhancement	Not Available	Contractor will deliver the business Specification as set forth below. The Contractor will provide the details of any configuration/customization and the impacted risk that may be caused if configured or customized to meet the business specification.
1.0	The Contractor must provide Competitive Proof of Concept (CPC) at zero cost	✓					Deloitte to perform the services for this “proof of concept” project on a zero-cost basis. Deloitte services are based on the scope, schedule, State responsibilities, and assumptions set forth in our response.
2.0	The Contractor must have minimum 3 years of experience working with Eligibility scanning and indexing digitization of paper documents and extracting key datasets	✓					<p>Deloitte has over 17 years of experience implementing ECM solutions in 18 states, including implementing systems that pair with eligibility systems such as Pennsylvania, Tennessee, and Connecticut.</p> <p>Consistent with the requirements defined in each of these implementations, features include scanning and indexing, extraction of key datasets from structured forms, unstructured forms, digitizing data for hand written forms to allow the line of business or eligibility applications to create notifications, tasks, automate processes, certify benefits etc.</p>
REQUIRED							
1.0	Solution must improve usable data via <u>current use</u> of the Optical Character Recognition (OCR) to recognize type font for automation of	✓					DocuEdge uses OCR to recognize computer typed font on forms such as the MDHHS-1171, on bank statements, utility bills, medical bills, and much more. Through our years of learning implementing similar solutions, we have optimized our algorithm to reconstruct image by cleaning up and reducing noise. This image is then sent to state of the art

	registration and eligibility processing						GCP's vision API, thus enhancing the accuracy of the extraction.
2.0	Solution must increase capability for Intelligent Character Recognition (ICR) to recognize handwritten font	✓					DocuEdge reads handwritten font on applications such as a MDHHS-1171 Application for Assistance, where the applicant writes directly on the form. As illustrated in the previous requirement, the preprocessing algorithm from the DocuEdge solution reduces noise and retains configured zones from which the handwritten needs to be extracted. This process combined with leveraging Google's Vision API, an industry leader in deciphering hand-written text, increases the capability for recognizing handwritten font.
3.0	Solution must add an Optical Mark Recognition (OMR) solution that recognizes check boxes or selections	✓					DocuEdge supports OMR out of the box. DocuEdge reads checked boxes, filled in radio buttons, and data that has been circled. This means that a check on the box next to the expediated section on the DHS-1171 will be transform this into meaningful digitized text that can be used for improving automation capabilities. During POC, we will work with the State to identify documents that require OMR capabilities to demonstrate this feature.
4.0	Solution must Implement a Mobile Device Capture will support worker relief by allowing case workers the ability to scan documents by cell phone	✓					DocuEdge is used by multiple other states to solve their integrated eligibility needs, as well as other departments within various states. Users can upload documents using mobile phones that are integrated with the state network. During POC , we will demonstrate the out of the box capabilities of the mobile app for the state to review the functionality.
5.0	Solution must have five minute maximum process time from ingestion to availability in Bridges.		✓				DocuEdge solution is highly available and scalable to the needs of the users. DocuEdge operates by using machine learning, the more data the system is exposed to, the more accurate and more quickly it can classify and extract data. Documents that are unable to be automatically processed due to lower confidence or other reasons invoke the human-in-the-loop process. Indexers review and edit the data, and DocuEdge learns and evolves with these edits. Our experience with similar

							implementations indicates that the process with in the DocuEdge solution is robust and fast. However, end-end process time is dependent on scanners, human in the loop, network and connectivity to line of business applications such as Bridges. We will work with the state to perform performance testing during full scale implementation to define the average processing time.
6.0	Solution must provide documents migration for developing to extract, convert, migrate, and test.	✓					DocuEdge solution provides the infrastructure provides a development environment for testing the end-end functionality of scanning and indexing for POC. For a full-scale implementation, the solution will have a DEV, UAT and PRD environments. Deloitte will work with the State of Michigan to prioritize the relevant documents that need to be extracted and migrated.
7.0	Solution must include to recognize the feed related to the documents both structured and unstructured document.	✓					<p>Our approach to scanning and indexing includes training the DocuEdge solution with a wide variety of samples for the system to be smart enough to recognize the document type. It is this process that allows the system to recognize the feed of structured and unstructured documents, extract key datasets and flag for manual intervention where appropriate. For example, structured documents have a consistent format, such as a Michigan Driver's license, a MDHHS-1171, a social security card, etc. are classified using zonal extraction to extract the data, such as the First name on a MDHHS-1171.</p> <p>DocuEdge also excels at auto-indexing and extracting data from unstructured documents, such as medical bills, utility bills, bank statements, pay stubs, and more. As DocuEdge is always learning, unstructured documents begin by working with GCP's auto Natural Language Process (NLP) to classify the document – "Bank Statement". As the system is fed more documents, such as different banks or credit unions (Chase, MSUFCU, Bank of America), and different account types (savings,</p>

							checking, 401, other retirement accounts, etc.) the higher the accuracy will be.
8.0	Solution must implementation and migration will occur within 6 months under a phased/staged approach		✓				<p>Deloitte's proposed timeline for POC is elaborated in the Proposal Responses - 5. Approach and Methodology.</p> <p>Should Deloitte be the chosen vendor for full scale implementation, we will work with DTMB and MDHHS to identify a detailed timeline for implementation. Initial implementation of the scanning and indexing solution with most of the high priority structured and few unstructured documents auto classified and indexed can be implemented in six months. The adoption of auto indexing for lower priority documents can be progressively elaborated through the defined release management process.</p>
9.0	Solution must demonstrate local scanning ability and integration with physical scanning devices	✓					DocuEdge is headless meaning it can pair with any standard ingestion point, from a large MFU scanner to a small personal scanner, an email message can be sent for ingestion, a document can be faxed, users can drag-and-drop documents from their desktop or files.
10.0	Solution must include training <u>after</u> POC		✓				<p>DocuEdge has documentation already available for training technical staff and end users. Additionally, during the CPC, Deloitte will provide up to 4 hours of virtual classroom training for technical users.</p> <p>If Deloitte is the chosen vendor for the full implementation, Deloitte will also provide training of end users, as detailed in Schedule A.</p>
11.0	Solution must be Cloud-based AI solution must meet State of Michigan Security standards		✓				DocuEdge is a cloud-based solution installed on Google's Cloud Platform which is FedRAMP compliant and meets Michigan's security standards. Further details of the solution's security standards are listed in SCHEDULE C – DATA SECURITY REQUIREMENTS.

12.0	Solution must Cloud-based AI solution must provide a scalable solution to accommodate DHHS' changing needs for image ingestion, validation, and indexing	✓					<p>Our proposed document management automation solution DocuEdge is based on a modular architecture and is scalable enough to accommodate DHHS immediate and future business needs. The DocuEdge solution under the hood leverages modern, scalable, highly available cloud architecture and environments (IaaS, PaaS and SaaS). The solutions core modular components (i.e. Ingestion, classifications, data extraction, indexing and bot automation) are built using ImageTrust, Google cloud Infrastructure, platform, Google AI services and UiPath, that offers on-demand, independent auto-scaling of all its components in order to match the solution capacity with business demand, in cost efficient manner.</p> <p>Our solution's ingestion and bot automations components provides on-demand scalability by leveraging Google Cloud native autoscaling features. Solution's storage components leverage Google cloud managed file storage and high-available and scalable cloud database cluster. Additionally, underlying Google cloud-based document classification and extraction AI services are seamlessly scalable, and it will take the onus away from State in terms of addressing scalability and performance as part of their development strategy. All the software's used in the solution are best of breed software's used in the industry in terms of performance and features.</p>
13.0	Solution must Scanning estimated a total of 1200 scanning and indexing users	✓					DocuEdge solutions license costs will include a total of 1200 scanning and indexing users for the full-scale implementation. It is our understanding that the proof of concept is used to illustrate the solutions capabilities and will use limited licenses at no cost.
14.0	Solution must provide standard support and product updates to licensed software	✓					As part of our solutions maintenance services for licensed software customers have access to the latest versions of the product (minor and major releases). In addition, customers also get access to the support department for opening support

							tickets during standard business hours (M-F 9am-8pm EST). The support services are available through email, phone or our online support portal. Additionally, Google's Vision API provides enhanced response's by continuously learning and improving its accuracy.
15.0	Solution must Re-run eligibility and authorize any updates in benefits by utilizing Robotic Process Automation (RPA)		✓				DocuEdge will use Robotic Process Automation in Bridges to process simpler, time consuming tasks that detract from strategic work. The POC will include a bot that processes Mid Certification Reviews with no reported changes from the MI Bridges Self Service portal and authorizes the case. Deloitte's RPA practice has multiple other bots that have been successfully running in other states for years that could be leveraged to deliver further automation to MDHHS.
16.0	Solution must demonstrate the ability to integrate with the Bridges eligibility system and Web Services Description Language (WSDL) service		✓				Once a structured or unstructured document's data is extracted (by OCR, ICR, OMR), DocuEdge will invoke an API that is exposed on the Bridges WSDL servers to export data by leveraging cloud functions. This data can then be used by Bridges for creating notifications, EDM/UCL tasks , auto-registration and will open additional use cases for automation.
17.0	Solution must demonstrate the capability of storage and retrieval of documents within/from the (on premise) IBM FileNet system.	✓					DocuEdge comes ready, out-of-the box to pair with and use IBM FileNet as the document repository. DocuEdge has existing documentation, including screenshots, on pairing and maintaining the connection with FileNet already, and provides out of the box support.
18.0	Solution must demonstrate the capability of utilizing OCR and ICR and OMR	✓					DocuEdge's ability to pre-process documents coupled with GCP's Vision API state of the art machine learning abilities, continuously improve auto-indexing results through OMR, ICR, and OCR brings together an unparallel solution that can OCR unstructured documents, such as bank statements and paystubs, ICR structured documents that contain a combination of handwritten text and computer-generated text, as well as OMR to read the boxes checked or options

							circled, examples of ICR and OMR can be found on a MDHHS-1171 or MDHHS-1010.
OPTIONAL							
1.0	Solution may have mobile intgration capabilities	✓					In the future, MDHHS could employ DocuEdge's mobile platform, which currently operates on both iOS and Android platforms. The mobile application enables end users to take pictures of documents while automatically applying image enhancement filters (such as de-skew, crop). Additionally, as an option, the mobile application also provides the ability to manually index documents and store the documents directly into FileNet.

SCHEDULE B - PRICING

COMPETITIVE PROOF OF CONCEPT PRICING

1. The contractor's price for the scope listed in this SOW is \$ 0.
2. Pricing submitted as part of CPC 210000000002 will be included in longer term agreement, if executed as long as the timeline, proposed solution components, and the scope remains the same. The price is valid up to six months post the completion of POC.

SCHEDULE C – DATA SECURITY REQUIREMENTS

1. Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Schedule** shall have the respective meanings given to them in the Contract.

“**Contractor Security Officer**” has the meaning set forth in **Section 2** of this Schedule.

“**FedRAMP**” means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

“**FISMA**” means The Federal Information Security Modernization Act of 2014 (Pub.L. No. 113-283 (Dec. 18, 2014)).

“**Hosting Provider**” means any Permitted Subcontractor that is providing any or all of the Hosted Services under this Contract.

“**NIST**” means the National Institute of Standards and Technology.

“**PCI**” means the Payment Card Industry.

“**PSP**” or “**PSPs**” means the State’s IT Policies, Standards and Procedures.

“**SSAE**” means Statement on Standards for Attestation Engagements.

“**Security Accreditation Process**” has the meaning set forth in **Section 6** of this Schedule

2. Security Officer. Contractor will appoint a Contractor employee to respond to the State’s inquiries regarding the security of the Hosted Services who has sufficient knowledge of the security of the Hosted Services and the authority to act on behalf of Contractor in matters pertaining thereto (“**Contractor Security Officer**”).

3. Contractor Responsibilities. Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to:

(a) Protect against the unauthorized access to or disclosure of the State Data in Contractor’s possession or control;

(b) protect against any anticipated threats or hazards to the security or integrity of the State Data in Contractor’s possession or control;

(c) protect against unauthorized disclosure, access to, or use of the State Data in Contractor’s possession or control;

(d) ensure the proper disposal of any State Data in Contractor’s or its subcontractor’s possession; and

(e) ensure that all Contractor Representatives comply with the foregoing.

The State has established Information Technology (IT) PSPs to protect IT resources under the authority outlined in the overarching State 1305.00 Enterprise IT Policy. In no case will the safeguards of Contractor’s data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable public and non-public State IT policies and standards, of which the publicly available ones are at https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html.

This responsibility also extends to all service providers and subcontractors with access to State Data or an ability to impact the contracted solution. Contractor responsibilities are determined from the PSPs based on the services being provided to the State, the type of IT solution, and the applicable laws and regulations.

4. Acceptable Use Policy. To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Policy, see https://www.michigan.gov/documents/dtmb/1340.00.01_Acceptable_Use_of_Information_Technology_Standard_458958_7.pdf. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing State systems. The State reserves the right to terminate Contractor's and/or subcontractor(s) or any Contractor Personnel's access to State systems if the State determines a violation has occurred.

5. Protection of State's Information. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

5.1 If Hosted Services are provided by a Hosting Provider, ensure each Hosting Provider maintains FedRAMP authorization for all Hosted Services environments throughout the Term, and in the event a Hosting Provider is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in Fees, or b) immediately terminate this Contract for cause pursuant to **Section 15.1** of the Contract;

5.2 for Hosted Services provided by the Contractor, maintain either a FedRAMP authorization or an annual SSAE 18 SOC 2 Type II audit based on State required NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

5.3 ensure that the Software and State Data is securely hosted, supported, administered, accessed, and backed up in a data center(s) that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;

This provision is not applicable for the POC if it does not fall underneath the SOM definition of IT but will be discussed and negotiated in the event that further services are awarded to Contractor.

5.4 maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State Data that complies with the requirements of the State's data security policies as set forth in this Contract, and must, at a minimum, remain compliant with FISMA and NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;

This provision is not applicable for the POC if it does not fall underneath the SOM definition of IT but will be discussed and negotiated in the event that further services are awarded to Contractor.

5.5 provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, encryption, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of State Data and the nature of such State Data, consistent with best industry practice and applicable standards (including, but not limited to, compliance with FISMA, NIST, CMS, IRS, FBI, SSA, HIPAA, FERPA and PCI requirements as applicable);

This provision is not applicable for the POC if it does not fall underneath the SOM definition of IT but will be discussed and negotiated in the event that further services are awarded to Contractor.

5.6 take all reasonable measures to:

(a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Services against “malicious actors” and others who may seek, without authorization, to destroy, disrupt, damage, encrypt, modify, copy, access or otherwise use Hosted Services or the information found therein; and

(b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer’s users of the Services; (ii) State Data from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State Data;

5.7 ensure that State Data is encrypted in transit and at rest using FIPS validated AES encryption modules and a key size of 128 bits or higher;

5.8 ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML), Open Authentication (OAuth) or comparable State approved mechanisms;

This provision is not applicable for the POC if it does not fall underneath the SOM definition of IT but will be discussed and negotiated in the event that further services are awarded to Contractor.

5.9 ensure the Hosted Services implements NIST compliant multi-factor authentication for privileged/administrative and other identified access.

This provision is not applicable for the POC if it does not fall underneath the SOM definition of IT but will be discussed and negotiated in the event that further services are awarded to Contractor.

6. Security Accreditation Process. Throughout the Term, Contractor will assist the State, at no additional cost, with its **Security Accreditation Process**, which includes the development, completion and on-going maintenance of a system security plan (SSP) using the State’s automated governance, risk and compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor’s security controls within two weeks of the State’s request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system’s controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a Plan of Action and Milestones (POAM) process with remediation time frames based on the risk level of the identified risk. For all findings associated with the Contractor’s solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs and perform related remediation activities. The State will make any decisions on acceptable risk, Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk. Failure to comply with this section will be deemed a material breach of the Contract.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

7. Unauthorized Access. Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through the Hosted Services or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this Section. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

8. Security Audits.

8.1 During the Term, Contractor will maintain complete and accurate records of its data protection practices, IT security controls, and the security logs relating to State Data, including but not limited to any backup, disaster recovery or other policies, practices or procedures relating to the State Data and any other information relevant to its compliance with this Contract.

8.2 Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Services and from time to time during the term of this Contract. The State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. If the State chooses to perform an on-site audit, Contractor will, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least five (5) Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Hosted Services and their housing facilities and operating environments.

8.3 During the Term, Contractor will, when requested by the State, provide a copy of Contractor's or Hosting Provider's FedRAMP System Security Plan(s) or SOC 2 Type 2 report(s) to the State within two weeks of the State's request. The System Security Plan and SSAE audit reports will be recognized as Contractor's Confidential Information.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

8.4 With respect to State Data, Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

This provision is not applicable for the POC if it does not fall underneath the SOM definition of IT but will be discussed and negotiated in the event that further services are awarded to Contractor.

8.5 The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability in accordance with section 6 of the Contract Terms, if the State determines that Contractor fails or has failed to meet its obligations under this **Section 8**.

9. Application Scanning. During the Term, Contractor must, at its sole cost and expense, scan all Contractor provided applications, and must analyze, remediate and validate all vulnerabilities identified by the scans as required by the State Secure Web Application and other applicable PSPs.

Contractor's application scanning and remediation must include each of the following types of scans and activities:

9.1 Dynamic Application Security Testing (DAST) – Scanning interactive application for vulnerabilities, analysis, remediation, and validation (may include Interactive Application Security Testing (IAST)).

(a) Contractor must either a) grant the State the right to dynamically scan a deployed version of the Software; or b) in lieu of the State performing the scan, Contractor must dynamically scan a deployed version of the Software using a State approved application scanning tool, and provide the State a vulnerabilities assessment after Contractor has completed such scan. These scans and assessments must be completed and provided to the State quarterly (dates to be provided by the State) and for each major release; and ii) scans should be completed in a non-production environment with verifiable matching source code and supporting infrastructure configurations.

9.2 Static Application Security Testing (SAST) - Scanning Source Code for vulnerabilities, analysis, remediation, and validation.

(a) For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete the scanning and the analysis, remediation and validation of vulnerabilities identified by application Source Code scans. These scans must be completed for all Source Code initially, for all updated Source Code, and for all Source Code for each major release.

9.3 Software Composition Analysis (SCA) – Third Party and/or Open Source Scanning for vulnerabilities, analysis, remediation, and validation.

(a) For Software that includes third party and open source software, all included third party and open source software must be documented and the source supplier must be monitored by the Contractor for notification of identified vulnerabilities and remediation. SCA scans may be included as part of SAST and DAST scanning or employ the use of an SCA tool to meet the scanning requirements. These scans must be completed for all third party and open source software initially, for all updated third party and open source software, and for all third party and open source software in each major release.

9.4 In addition, application scanning and remediation may include the following types of scans and activities if required by regulatory or industry requirements, data classification or otherwise identified by the State.

(a) If provided as part of the solution, all native mobile application software must meet these scanning requirements including any interaction with an application programming interface (API).

(b) Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses.

This provision is not applicable for the POC but will be discussed and negotiated in the event that further services are awarded to Contractor.

10. Infrastructure Scanning.

10.1 For Hosted Services, Contractor must ensure the infrastructure and applications are scanned using an approved scanning tool (Qualys, Tenable, or other PCI Approved Vulnerability Scanning Tool) at least monthly and at the State's request, provide the scan's assessments to the State in a format that is specified by the State and used to track the remediation. Contractor will ensure the remediation of issues identified in the scan according to the remediation time requirements documented in the State's PSPs.

11. Nonexclusive Remedy for Security Breach.

Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices

or procedures, may be a material breach of the Contract for which the State, at its option, may terminate the Contract (subject to Section 6 of the Contract) upon written notice to Contractor, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.