

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

CHANGE NOTICE NO. 7
 to
CONTRACT NO. 071B7200232
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation One Michigan Ave. Lansing, MI 48933	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Mike Breen	(517) 241-7720	breenm@michigan.gov
BUYER:	DTMB	Steve Motz	(517) 241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: DTMB HRMN Disaster Recovery			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL OPTIONS INCLUDED	REVISED EXPIRATION DATE
October 16, 2007	September 30, 2010	Two One-Year	March 31, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MIDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:		
OPTION EXERCISED: <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	IF YES, EFFECTIVE DATE OF CHANGE: September 17, 2012	NEW EXPIRATION DATE: March 31, 2013
Effective immediately, this Contract is hereby EXTENDED six months to March 31, 2013 and increased by \$132,030.00 per the attached Change Request approved by the Michigan State Administrative Board on 9/13/2012. Please note that the State of Michigan Buyer has been changed to Steve Motz, and Contractor Primary Contact has been changed to Russ Desy. All other pricing, terms and conditions remain the same.		
VALUE/COST OF CHANGE NOTICE:		\$ 132,030.00
ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		\$ 1,534,674.00

September 4, 2012

Scott Thompson
General Manager - DTMB
Department of Technology Management and Budget
George W. Romney Building
111 S. Capitol Ave, 9th Floor
Lansing, MI 48913

Dear Scott,

IBM Global Services is pleased to respond to the State's request to extend the HRMN DR Contract – 071B7200232 for 6 months until March, 31, 2013.

Attached is Change Request: 009

This Change Request is open for acceptance until September 30, 2012

Sincerely,

Russell Desy
Project Executive

cc: Lisa Evani
Steve Motz

Enclosure

I. Effect on Contract

This Change Request (the "CR") is subject to all terms and conditions of the DTMB HRMN Disaster Recovery Contract (the "Contract") between the State of Michigan (the "State") and IBM Global Services dated October 16, 2007 and is issued in accordance with Section 2.291 of the Contract. Except as expressly specified in this CR, all terms and conditions of the Contract shall remain in full force and effect upon execution of this CR. This CR is not valid until it is executed in accordance with Section 2.291 of the Contract.

II. Description of Change

A. Scope of Work

The purpose of this CR is to extend the current HRMN DR contract services for 6 months. As a result of this change, the new contract end date will be March 31, 2013 instead of September 30, 2012.

All services currently provided under the contract will continue, except that there will be no Recovery Exercise during the 6 month extension period

B. Charges

The monthly charge during the 6 month extension will remain \$22,005 per month. The total of charges associated with this CR will be \$132,030 (\$22,005 for 6 months).

C. Schedule

This CR shall be effective upon approval from the State and shall continue through March 31, 2012 which will become the new end date for the Contract.

D. CR Completion Criteria

IBM Global Services will have fulfilled its obligations under this CR when this CR is terminated in accordance with the provisions of the Contract.

III. State of Michigan Authorization

Check One:

- This CR shall be performed for the benefit of the *** AGENCY NAME GOES HERE *** (the "Authorizing Agency") and all amounts to be paid to IBM Global Services pursuant to this CR shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this CR and shall have the right to enforce the terms and conditions of this CR and the Contract (insofar as they apply to this CR) in its own name directly against IBM Global Services. This CR is not valid until signed by an authorized representative of the Authorizing agency and by the Procurement Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Management and Budget Procurement.

- This CR shall be performed for the benefit of the Department of Technology Management and Budget and is not valid until signed by the Procurement Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Technology Management and Budget Procurement.

**IBM Corporation
IBM Global Services**

By: _____
Title: Russell Desy, IBM Project Executive
Date: _____

Authorizing Agency (Department of Technology Management and Budget)

By: _____
Title: Scott Thompson, Information Officer, DTMB
Date: _____

Department of Technology Management and Budget (Procurement)

By: _____
Title: _____
Date: _____

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

September 13, 2010

CHANGE NOTICE NO. 6
TO
CONTRACT NO. 071B7200232
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: nelson01@us.ibm.com	TELEPHONE Mike Nelson (734) 737-9892
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Mark Lawrence DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2012	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION:	

EXTENDED TO ALL LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately this contract is **INCREASED** by \$527,256.00. Contract is also **EXTENDED** to September 30, 2012. Monthly maintenance rates revised to \$21,969.00 for the final two years of the contract.

AUTHORITY/REASON(S):

Per agency and vendor approval and State Ad Board approval on June 30, 2010.

INCREASE: \$527,256.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$1,402,644.00

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

April 12, 2010

CHANGE NOTICE NO. 5
TO
CONTRACT NO. 071B7200232
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: nelson01@us.ibm.com	TELEPHONE Mike Nelson (734) 737-9892
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Mark Lawrence DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

EXTENDED TO ALL LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately this contract is amended to include replacement of the HP Web Application server on the HRMN DR configuration as described in the attached CR 003.

In addition, please note that the vendor contact person has changed to:

Mike Nelson
Project Executive
IBM Global Services
Office: 734-737-9892
Email: nelson01@us.ibm.com

AUTHORITY/REASON(S):

Per State and Agency approval

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$875,388.00



IBM Global Services
George W Romney Building
111 S. Capitol – Ground Floor
Lansing, MI 48913
Office: 517-241-5810

September 28, 2009

Mr. Mark Lawrence, Contract Administrator
Contract & Portfolio Management
Department of Information Technology
Constitution Hall
525 W. Allegan Street, South Atrium
Lansing, MI 48913

Dear Mr. Lawrence,

IBM Global Services is pleased to respond to the State's request to update the HP Configuration on the HRMN DR Contract - 071B7200232.

Attached is Change Request: 003

This Change Request is open for acceptance until December 31, 2009

Sincerely,

David C. Wieber
Project Executive

cc: Lisa Evani
Gary Spiekerman

Enclosure

I. Effect on Contract

This Change Request (the “CR”) is subject to all terms and conditions of the DBM HRMN Disaster Recover Contract (the “Contract”) between the State of Michigan (the “State”) and IBM Global Services dated October 16, 2007 and is issued in accordance with Section 2.291 of the Contract. Except as expressly specified in this CR, all terms and conditions of the Contract shall remain in full force and effect upon execution of this CR. This CR is not valid until it is executed in accordance with Section 2.291 of the Contract.

II. Description of Change

A. Scope of Work

The purpose of this CR is to replace the HP Web Application server on the HRMN DR configuration as follows:

- Effective 10/1/2009, the HRMN Web Application Server - HP9000 L2000 will be replaced by an HP9000 HPRX2660

The revised Monthly Changes Summary – Table B and Hot Site Equipment Details - Table C are attached below reflecting the updated charges and server specifications. All other terms and conditions remain unchanged.

B. Charges

The monthly charge for the HP Intel recovery equipment will increase by \$140 from \$10,400 to \$10,540 per month for the remaining 12 months of the Contract term.

The total monthly charge will likewise increase by \$140 from \$24,285 to \$24,415 per month.

The total price of this Change Request is \$1,680 (\$140 for 12 months).

C. Schedule

This CR shall be effective upon approval from the State and shall continue through the term of the Contract.

D. CR Completion Criteria

IBM Global Services will have fulfilled its obligations under this CR when this CR is terminated in accordance with the provisions of the Contract.

III. State of Michigan Authorization

Check One:

This CR shall be performed for the benefit of the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM Global Services pursuant to this CR shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this CR and shall have the right to enforce the terms and conditions of this CR and the Contract (insofar as they apply to this CR) in its own name directly against IBM Global Services. This CR is not valid until signed by an authorized representative of the Authorizing agency and by the Acquisition Services Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This CR shall be performed for the benefit of the Department of Information Technology e-Michigan Web Development and is not valid until signed by the Acquisition Services Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

IBM Corporation IBM Global Services

By: _____
Title: David C. Wieber, IBM Project Executive
Date: _____

Authorizing Agency (Department of Information Technology)

By: _____
Title: Scott Thompson, Information Officer, DIT DMB
Date: _____

Department of Management and Budget (Acquisition Services)

By: _____
Title: _____
Date: _____

Change Request for DMB HRMN Disaster Recovery Contract
 Contract Number 071B7200232
 CR 003 – HP Configuration Update

Monthly Charges Summary - Table B

<i>MONTHLY CHARGES</i>	Total	HP Enterprise	pSeries	Sun	Intel	DS3 Network	Southfield Local Suite
Total Monthly Charge:	\$24,415	\$10,540	\$728	\$950	\$1,300	\$10,207	\$700
*Minimum Total Monthly Charge:	\$20,092	\$6,697	\$565	\$903	\$1,078	\$10,207	\$642
<i>RECOVERY CHARGES</i>							
Initial Recovery Charge:	\$33,760	\$13,774	\$2,009	\$3,328	\$3,202	\$8,504	\$2,943
Day(s) Included in Initial Recovery Charge:	2	2	2	2	2	2	2
Daily Recovery Charge per day thereafter:	\$8,391	\$4,662	\$348	\$632	\$808	\$1,476	\$465
<i>RECOVERY EXERCISE</i>							
Initial Contract Period Year 1 – Recovery Exercise Allowance Hours:	96	96	96	96	96	96	96
Number of Exercises:	2	2	2	2	2	2	2
Each subsequent twelve-month period – Recovery Exercise Allowance Hours:	96	96	96	96	96	96	96
Number of Exercises:	2	2	2	2	2	2	2
Additional Recovery Exercise time, per 4-hr block:	\$3,355	\$1,865	\$139	\$252	\$323	\$590	\$186
Additional Recovery Exercises, per exercise:	\$17,405	\$4,450	\$1,313	\$2,064	\$2,013	\$5,552	\$2,013
<i>DATES</i>							
<i>COVERED ADDRESS</i>							
7064 Crowner Drive Lansing MI 48909							
<i>PRIMARY RECOVERY SITE</i>							
Sterling Forest, NY							

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 003 – HP Configuration Update

Revised Hot Site Equipment Details - Table C

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
HRMN / MIDB / DCDS	hrmnsrv – Production HRMN System - Statewide Lawson HR Application dcdssrv – Production DCDS System - Time and Attendance Application midbsrv – Production MIDB System - Financial System Data Warehouse	HP9000 rp8420 Base Server	HP9000	8420	2	\$10,540
HRMNPW1	HRMNPW1 - Production HRMN Web Server - HRMN Web Application webserver	rx2660 Base Server	HPRX2660	Base	1	
		4Gb Memory Increment	HPRX2660	4096	8	
		4Gb Memory Increment	HPRP8420	4096	16	
		Dual 1.6 Ghz Processor	HPRX2660	1.6G	2	
		1GHz PA8800 CPU	HPRP8420	1GHZ	24	
		HP - IGNITE Restore	OSR	HP	4	
Storage	Storage	EMC DMX-3 Storage Unit Includes: 16GB Cache, 10 146GB drives, 1460GB raw (unprotected/unformatted) storage Note: Channel connectivity must be selected separately FC and or FICON per base.	DMX3C	BASE	1	
		292GB storage increment Includes: 2 146GB drives, 292GB raw (unprotected/unformatted) storage	DMX3C	FCS8	17	
		8 Port Fibre Channel Director Includes 8 ports of Fibre Channel Host Connectivity	DMX2000C	FCS8	2	
		FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	25	
		Dual Port 4GB FC HBA ; HP-UX	HP-AB379A	PCIX	1	

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		2Gb Tachyon XL2 FC Adapter	HP-A6795A	PCI	6	
		146GB Internal disk	HPRX2660	146	2	
		73Gb Internal Disk	HPRP8420	73	3	
		CD-ROM Drive	HP CD-ROM	XXX	1	
		DDS4 for rp8420	HP-8420	DDS4	3	
		DVD-ROM for rp8420	HP-8420	DVD	3	
TAPE	TAPE	STK SL8500 Tape Library Includes 1 SL8500 Tape library sub system with a 39 slot cartridge access port and 1448 cartridge capacity and 4 high performance robots and partitioning. Library can support up to 64 tape drives. Tape drives must be selected separately. Note: HSC 6.0 or higher is required when the SL8500 is accessed by a mainframe server. Note: ACLS 7.1 or higher is required when the SL8500 is accessed by a UNIX or Windows server.	SL8500B	BASE	1	
		SL8500BFC T10E T10000 Tape Dr w/ Encryption Includes 1 FC attached STK T10000 tape drive with encryption. Prerequisite: SL8500B BASE configuration and SUMKMS Base	L8500	T10000	3	
		1000Base-T Gigabit LAN Adaptr	HP-A4929A	PCI	2	
		2 Port 1000Base_T LAN	HP-A7012A	PCIX	1	
MAP/ DNS1 RS/6000/ pSeries	DMBMAPPA1 – Domain Name Services and Single Sign-on for MAIN	P660 RS/6000 CPU	7026	6H1	1	\$728
		512MB System Main Storage	7026MS	512	1	
		RS64 IV 600MHz 4-Way Proc	702X/5214	4WAY	1	
		2104-DU3 SCSI Disk 36.4GB	2104RS	36.4	2	

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		Dual Channel Ultra2 SCSI Adap	70XX/6205	PCI	1	
		CD-ROM	7026CDROM	XXX	1	
		20/40GB Internal 8mm Tape	70XX/6154	XXX	1	
		ASCII Operator Console	3153	XXX	1	
		10/100/1000 Ethernet Adapter	70XX/2975	PCI	1	
		MKSYSB Restore	OSR	RS/6000	1	
HRMNESPA1 / Sun V440	HRMNESPA1 – Earning Statement Application Server	Sun Fire V440 Two 10/100/1000 BaseT Ethernet, One 10 BaseT Ethernet (n/w mngment)	SUN440	BASE	1	\$950
		V440 1GB memory increment	SUN440	1024	4	
		V440 1.28GHz UltraSPARC CPU	SF-440	1280	2	
		SUN V440 Internal 36GB Drive	SUN 440	36	1	
		Internal DVD	SUN-DVD	INT	1	
		Sun Graphics Monitor	MONITOR	SUN	1	
		Gigabit Ethernet 2.0 (GBE/P)	X1141A	PCI	1	
		OS Install	OSR	SUN	1	

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
HCS071FACS PA001	HCS071FACSPA001 – CPEXPRESS – Contract and Payment Express - Vendor Registration, Remittance, and Electronic Payment applications	HP Server DL580A MP-3.0 Item: HP Proliant DL580 G2 Includes: 4 Way SMP Architecture 1 Intel 3Ghz Xeon MP Processors 1GB Memory 72.8 GB SCSI Hard Drive 3.5" Diskette Drive DVD-ROM Drive 1 Dual 10/100/1000 Ethernet Adapter 1 HP 6404 Array Controller 1 Adaptec Single Ended SCSI Controller Note: The item listed above cannot be selected for temporary transfer.	HPDL580A	BASE	1	\$1,300
		Add'l HPDL580A 1GB Memory	HPDL580A	MEM1	3	
		Add'l HPDL580A 3Ghz MP Prc	HPDL580A	PRC1	1	
		73G1 CPQ/HP Server 72.8 Hard Drive Compaq/HP 73GB SCSI Hard Drive For use with the Compaq/HP Proliant Servers ONLY	PCOPT	FC	1	
HCS191LBISP A001	HCS191LBISPA001 – HRMN Lawson BIS Application Server	HP Server DL580B MP-3.0 DC Item: HP Proliant DL580 G4 Includes: 4 Way SMP Architecture 1 Intel 3Ghz Xeon MP Processors Dual Core 2GB Memory 1 146 GB SCSI Hard Drive 3.5" Diskette Drive DVD-ROM Drive 1 Dual onboard 10/100/1000 Ethernet Adapter 1 HP P400 Array Controller USB Support Note: The item listed above cannot be selected for temporary transfer.	HPDL580B	BASE	1	
		Add'l HPDL580B 2GB Memory	HPDL580B	MEM1	3	
		Add'l HPDL580B 3Ghz MP Prc DC	HPDL580B	PRC1	3	

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		146G CPQ/HP Server 146G Hard Drive Compaq/HP 146GB SCSI Hard Drive For use with the Compaq/HP Proliant Servers ONLY	PCOPT	FC	1	
HCS191LBISP A002	HCS191LBISPA002 – HRMN Lawson BIS and Crystal Reporting Application Server	IBM Server x460A MP-3.0Ghz DC Item: IBM xSeries 460 Server – DC Includes: 8 Way SMP Architecture 4 Intel 3.0Ghz Xeon MP Processors 4 GB Memory 73.4 GB SCSI Hard Drive 3.5" Diskette Drive DVDDrive 1 Integrated Dual 10/100/1000Mb Ethernet Adapter 1 IBM SAS Array Controller 1 Adaptec Single Ended SCSI Controller Supports 6-64 Bit PCI slots **USBsupport Does not include: Operating System partitioning software Note: The item listed above cannot be selected for temporary transfer.	IBMX460A	BASE	1	
		Add'l IBMx460A 2GB Memory	IBMX460A	MEM1	2	
		Add'l IBMx460A 3Ghz Xeon MP Prc DC	IBMX460A	PRC1	4	
		73G2 IBM Server 73.4 Hard Drive	PCOPT	FC	3	
		OS Preload For Intel Server Includes: The pre-loading of a supported server operating system for Intel based servers. Supported operating systems are: Microsoft Windows NT 4.0 Server Microsoft Windows NT 4.0 Enterprise Server Microsoft Windows NT Terminal Server Microsoft Windows 2000 Server Microsoft Windows 2000 Advanced Server Microsoft Windows 2003 Standard Edition-32 bit Microsoft Windows 2003 Enterprise Edition-32 bit Novell Netware 5.1 VMWare ESX 2.5.x	PRELOAD	SR1	3	

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	1	
		FC3 Emulex LP9000 PCI FC Adapter Emulex LP9000 Series FC PCI Adapter	PCOPT	FC	1	
Network	Network	Hotsite Remote Console Access Includes: Console infrastructure access Support for Serial and GUI Users Secure Access/Firewall Front End	REMCONS	PKG1	1	\$10,207
		Remote Console Qty User	REMCONS	USER	6	
		Intersite RecoveryNet Includes: - Network connectivity between two Business Continuity and Resiliency Services Centers. - 100BaseT Ethernet support at Bandwidth: 5Mb per contracted quantity of 1 Notes: - This solution uses shared resources available to customers at all Business Continuity and Resiliency Services locations.	IRN/5M/FE	DET	1	
		VLAN Connection Service Includes: - (5) VLANs (Virtual Local Area Networks), per quantity selected, between two Business Continuity and Recovery Services sites. - VLANs will be configured on a 100BaseT Ethernet port Note: This provides access only, bandwidth must be selected separately.	LAN/CONN5	FE	1	
		Analog Dial Line	LINE	000	1	
		DS3 BRSC to Lansing, Michigan Includes: Dedicated DS3 connectivity for State of Michigan from 530 W. Allegan, Lansing MI (517-335) to the Business Continuity and Recovery Services Center Sterling Forest, NY. Customer is responsible for: - Providing or contracting for circuit termination equipment (Router, Mux Etc.)	LINE/SOMI	DS3	1	

Change Request for DMB HRMN Disaster Recovery Contract

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CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		Customer Controlled CAT 6509 - Cisco 6509 Enhanced Chassis Includes: - Supervisor Engine 720, plus MSFC3/PFC3B - Dual power supplies - 512MB Sup720 Memory - 512MB MSFC3 Memory - 256MB Flash Memory Card - (1) 10Gigabit Ethernet Port for Uplink - (2) Fiber Gigabit Ethernet Ports for Uplink Note: Customer Configures the 6509 and BCRS Integrates into the LAN Infrastructure.	CAT6509	MSF3	1	
		VT3 1-Port T3 Port Adapter	CIRTR	FC	1	
		Cisco 7206 NPE-G1 Router Includes: CISCO7206VXR 6 Slot Chassis With: NPE-G1 1GBDRAM 256MBFLASH 32MB Packet Memory SA-VAM2 - VPN Accelerator Module 2 3 10/100/1000 Copper Ethernet Ports Current Cisco 7200 IOS IP/FW/IDS IPSEC 3DES	CIRTRG1	7206	1	
		UDS 28.8/V.34 Modem R/M Includes: RS232/V.24 Cable (DB24 to RJ45 Connectors) RS232 to V.35 Converter	UDSV.3400	RM	1	
Local Access Suite – Southfield, MI	Local Access Suite – Southfield, MI	P4-2.8Ghz Desktop W/Wkspce Item: PC Desktop With Workspace, Phone, Chair, & Power For Office Equipment Includes: PCI Architecture Pentium IV 2.8Ghz Processor 1GB Memory, 100Mhz Bus 40 GB IDE Hard Drive 1CD-ROM 17" Color Monitor, Keyboard and Mouse Serial and Parallel Port 10/100 Ethernet Adapter Included Note: This equipment cannot be selected for temporary transfer.	PCWS-2800	BASE	6	\$700
		OS Preload For Desktop PC Includes: The pre-loading of a supported operating system for desktop PCs. Supported operating systems are: Microsoft Windows 2000 Professional Microsoft Windows XP Professional Microsoft Windows Vista Enterprise	PRELOAD	PC1	6	

Change Request for DMB HRMN Disaster Recovery Contract
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CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		VLAN Connection Service Includes: - (5) VLANs (Virtual Local Area Networks), per quantity selected, between two Business Continuity and Recovery Services sites. - VLANs will be configured on a 100BaseT Ethernet port Note: This provides access only, bandwidth must be selected separately.	LAN/CONN5	FE	1	
		HP9000 Series L'Jet 64MB Eth /HP9000 Series LaserJet Printer /Ethernet connectivity included /64MB Memory, 50PPM	HP9000DN	PRT1	1	
		Enhanced Voice Service Client For ACD/Call Center and DID Voice Recovery 'Follow-me' Service Includes: ACD Agent client application and ID number Headset or Telephone Browser access to Supervisor Workstation live call data and reports. Requires 1 ACDROUTE per contract. Uses existing workplace telephone line.	ACDAGENT	C	6	
		ACD Call Routing Tables/C Includes ACD functions: - Stored routing program for unique routing and call processing of incoming calls. - 1 Telephone number for redirection target – Announcements - Interactive prompting - Queuing - Statistics & reports - Supervisor Access using Internet Browser	ACDROUTE	C	1	

Change Request for DMB HRMN Disaster Recovery Contract

Contract Number 071B7200232

CR 003 – HP Configuration Update

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		Voice Recovery Plan - 10 line VOICE RECOVERY PLAN Includes: - One Voice Routing Plan - One Database of alternate destinations for 10 Client telephone numbers - One dedicated telephone number to be used as the target for the DID redirection plan that Client has in place with their local telephone service provider. - Calls redirected to the target telephone number are answered and handled as programmed in the Voice Routing Plan - Programmed call handling to include one or more actions: - announcement only - prompting to enter an extension or other digits - transfer of answered call to another destination including: voicemail, telephone number, ACD Agent, and an ACD Agent group designated as an Operator. - Changes to the database following a declaration	ACDRROUTE	V010	1	
		Voice Mailbox Voice Mailbox	VOICEMAIL	S	6	
		Generic Fax Machine	FAX	MACH	1	
		Includes: Basic Fax Machine and Analog line.				
		VLAN Connection Service Includes: - (5) VLANs (Virtual Local Area Networks), per quantity selected, between two Business Continuity and Recovery Services sites. - VLANs will be configured on a 100BaseT Ethernet port Note: This provides access only, bandwidth must be selected separately.	LAN/CONN5	FE	1	
		Totals				\$24,415

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

March 26, 2009

CHANGE NOTICE NO. 4 (REVISED*)
TO
CONTRACT NO. 071B7200232
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: wieber@us.ibm.com	TELEPHONE David Wieber (517) 285-2663
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Cindy Turben DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

EXTENDED TO ALL LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Please note that the vendor contact person has changed to:
David Wieber
(517) 285-2663
wieber@us.ibm.com

AUTHORITY/REASON(S):

Per vendor request..

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$875,388.00

*Revised to correct vendor phone number and include the change request document.



IBM Global Services
George W Romney Building
111 S. Capitol – Ground Floor
Lansing, MI 48913
Office: 517-241-5810

October 13, 2008

Ms. Cindy Turben, Contract Administrator
Contract & Portfolio Management
Department of Information Technology
Constitution Hall
525 W. Allegan Street, South Atrium
Lansing, MI 48913

Dear Ms. Turben,

IBM Global Services is pleased to respond to the State's request to add two Intel servers to the HRMN DR Contract. This request is being provided via the DMB HRMN Disaster Recovery Contract 071B7200232.

Attached is Change Request: 002

This Change Order is open for acceptance until January 31, 2009

Sincerely,

David C. Wieber
Project Executive

cc: Ann Newell
Gary Spiekerman

Enclosure

IV. Effect on Contract

This Change Request (the "CR") is subject to all terms and conditions of the DBM HRMN Disaster Recover Contract (the "Contract") between the State of Michigan (the "State") and IBM Global Services dated October 16, 2007 and is issued in accordance with Section 2.291 of the Contract. Except as expressly specified in this CR, all terms and conditions of the Contract shall remain in full force and effect upon execution of this CR. This CR is not valid until it is executed in accordance with Section 2.291 of the Contract.

V. Description of Change

E. Scope of Work

The purpose of this CR is to add two Intel Servers to the HRMN DR configuration as follows:

- HRMN Lawson Intel Server 1 – Lawson BIS Server
- HRMN Lawson Intel Server 2 – Lawson BIS and Crystal Enterprise

These servers were added to the HRMN Lawson system as a result of a Lawson upgrade.

The revised Monthly Changes Summary – Table B and Hot Site Equipment Details - Table C are attached below reflecting the updated charges and Intel server specifications.

All other terms and conditions remain unchanged.

F. Charges

The monthly charge for the HP Intel recovery equipment will increase by \$750 from \$550 to \$1300 per month for the remaining 23 months of the Contract term.

The total monthly charge will likewise increase by \$750 from \$23,535 to \$24,285 per month.

The total price of this Change Request is \$17,250 (\$750 for 23 months).

G. Schedule

The effective date of this CR shall be November 1, 2008 and shall continue through the term of the Contract.

H. CR Completion Criteria

IBM Global Services will have fulfilled its obligations under this CR when this CR is terminated in accordance with the provisions of the Contract.

VI. State of Michigan Authorization

Check One:

This CR shall be performed for the benefit of the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM Global Services pursuant to this CR shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this CR and shall have the right to enforce the terms and conditions of this CR and the Contract (insofar as they apply to this CR) in its own name directly against IBM Global Services. This CR is not valid until signed by an authorized representative of the Authorizing agency and by the Acquisition Services Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This CR shall be performed for the benefit of the Department of Information Technology e-Michigan Web Development and is not valid until signed by the Acquisition Services Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

**IBM Corporation
IBM Global Services**

By: _____
Title: David C. Wieber, IBM Project Executive
Date: _____

Authorizing Agency (Department of Information Technology)

By: _____
Title: Ann Newell, Client Services Director, DIT DMB
Date: _____

Department of Management and Budget (Acquisition Services)

By: _____
Title: _____
Date: _____

Monthly Charges Summary - Table B

<i>MONTHLY CHARGES</i>	Total	HP Enterprise	pSeries	Sun 440	Intel	DS3 Network	Southfield Local Suite
Total Monthly Charge:	\$24,285	\$10,400	\$728	\$950	\$1,300	\$10,207	\$700
*Minimum Total Monthly Charge:	\$20,092	\$6,697	\$565	\$903	\$1,078	\$10,207	\$642
<i>RECOVERY CHARGES</i>							
Initial Recovery Charge:	\$33,760	\$13,774	\$2,009	\$3,328	\$3,202	\$8,504	\$2,943
Day(s) Included in Initial Recovery Charge:	2	2	2	2	2	2	2
Daily Recovery Charge per day thereafter:	\$8,391	\$4,662	\$348	\$632	\$808	\$1,476	\$465
<i>RECOVERY EXERCISE</i>							
Initial Contract Period Year 1 – Recovery Exercise Allowance Hours:	96	96	96	96	96	96	96
Number of Exercises:	2	2	2	2	2	2	2
Each subsequent twelve-month period – Recovery Exercise Allowance Hours:	96	96	96	96	96	96	96
Number of Exercises:	2	2	2	2	2	2	2
Additional Recovery Exercise time, per 4-hr block:	\$3,355	\$1,865	\$139	\$252	\$323	\$590	\$186
Additional Recovery Exercises, per exercise:	\$17,405	\$4,450	\$1,313	\$2,064	\$2,013	\$5,552	\$2,013
<i>DATES</i>							
<i>COVERED ADDRESS</i>							
7064 Crowner Drive Lansing MI 48909							
<i>PRIMARY RECOVERY SITE</i>							
Sterling Forest, NY							

Revised Hot Site Equipment Details - Table C

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
HRMN / MIDB / DCDS	hrmsrv – Production HRMN System – Statewide Lawson HR Application dcdssrv – Production DCDS System – Time and Attendance Application midbsrv – Production MIDB System – Financial System Data Warehouse	HP9000 rp8420 Base Server	HP9000	8420	2	\$10,400
HRMNPW1	HRMNPW1 - Production HRMN Web Server – HRMN Web Application webserver	HP9000 L2000 (rp5400)	HP9000	2000	1	
		512MB L2000 Memory	HPL2000	MBS	8	
		8Gb Memory Increment	HPRP8420	8192	8	
		L-Class 540MHZ CPU	HPL2000	540	2	
		1GHz PA8800 CPU	HPRP8420	1GHZ	24	
		HP - IGNITE Restore	OSR	HP	4	
Storage	Storage	EMC DMX Storage Unit Includes: 16GB Cache, 10 73GB drives, 730GB raw (unprotected/unformatted) storage Note: Channel connectivity must be selected separately and only 12 channel adapters can be selected per base.	DMX2000C	BASE	1	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		146GB storage increment Includes: 2 73GB drives, 146GB raw (unprotected/unformatted) storage	DMX2000C	DISK	38	
		8 Port Fibre Channel Director Includes 8 ports of Fibre Channel Host Connectivity	DMX2000C	FCS8	2	
		FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	25	
		2Gb Tachyon XL2 FC Adapter	HP-A6795A	PCI	6	
		Internal L-Class 36GB disk	HP-DISK-L	36GB	1	
		73Gb Internal Disk	HPRP8420	73	3	
		CD-ROM Drive	HP CD-ROM	XXX	4	
		DDS4 for rp8420	HP-8420	DDS4	3	
		DVD-ROM for rp8420	HP-8420	DVD	3	
		HP 700/96 Display Terminal This device is capable of VT100 emulation	HPXXX	TERM	4	
		1000Base-T Gigabit LAN Adaptr	HP-A4929A	PCI	4	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
TAPE	TAPE	<p>STK SL8500 Tape Library</p> <p>Includes 1 SL8500 Tape library sub system with a 39 slot cartridge access port and 1448 cartridge capacity and 4 high performance robots. Library can support up to 64 tape drives. Tape drives must be selected separately.</p> <p>Note: HSC 6.0 or higher is required when the SL8500 is accessed by a mainframe server.</p> <p>Note: ACLS 7.1 or higher is required when the SL8500 is accessed by a UNIX or Windows server.</p>	SL8500B	BASE	1	
		<p>SL8500BFC T10E T10000 Tape Dr w/ Encryption Includes 1 FC attached STK T10000 tape drive with encryption.</p> <p>Prerequisite: SL8500B BASE configuration and SUMKMS Base</p>	L8500	T10000	3	
MAP/ DNS1 RS/6000/ pSeries	DMBMAPPA1 – Domain Name Services and Single Sign-on for MAIN	P660 RS/6000 CPU Includes: Integrated dual Ultra2 SCSI Controllers One 10/100 Ethernet Four serial ports One parallel port 1.44mb 3.5" diskette drive	7026	6H1	1	\$728
		512MB System Main Storage	7026MS	512	1	
		RS64 IV 600MHz 4-Way Proc	702X/5214	4WAY	1	
		2104-DU3 SCSI Disk 36.4GB	2104RS	36.4	2	
		Dual Channel Ultra2 SCSI Adap	70XX/6205	PCI	1	
		20/40GB Internal 8mm Tape	70XX/6154	XXX	1	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		ASCII Operator Console INCLUDES: FC/2937 Printer/Terminal Interposer EIA-232 Cable	3151	310	1	
		10/100/1000 Ethernet Adapter	70XX/2975	PCI	1	
		MKSYSB Restore	OSR	RS/6000	1	
		Analog Dial Line	LINE	0	2	
HRMNESPA1 / Sun V440	HRMNESPA1 – Earning Statement Application Server	Sun Fire V440 Two 10/100/1000 BaseT Ethernet, One 10 BaseT Ethernet (n/w mngment)	SUN440	BASE	1	\$950
		V440 1GB memory increment	SUN440	1024	4	
		V440 1.28GHz UltraSPARC CPU	SF-440	1280	2	
		SUN V440 Internal 36GB Drive	SUN 440	36	1	
		Internal DVD	SUN-DVD	INT	1	
		Sun Graphics Monitor	MONITOR	SUN	1	
		Gigabit Ethernet 2.0 (GBE/P)	X1141A	PCI	1	
		OS Install	OSR	SUN	1	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
HCS071FACS PA001	HCS071FACSPA001 – CPEXPRESS – Contract and Payment Express - Vendor Registration, Remittance, and Electronic Payment applications	HP Server DL580A MP-3.0 Item: HP Proliant DL580 G2 Includes: 4 Way SMP Architecture 1 Intel 3Ghz Xeon MP Processors 1GB Memory 73.4 GB SCSI Hard Drive 3.5" Diskette Drive DVD-ROM Drive 1 Dual 10/100/1000 Ethernet Adapter 1 HP 6404 Array Controller 1 Adaptec Single Ended SCSI Controller Note: The item listed above cannot be selected for temporary transfer.	HPDL580A	BASE	1	\$1,300
		Add'l HPDL580A 1GB Memory	HPDL580A	MEM1	3	
		Add'l HPDL580A 3Ghz MP Prc	HPDL580A	PRC1	1	
		73G1 CPQ/HP Server 72.8 Hard Drive Compaq/HP 73GB SCSI Hard Drive For use with the Compaq/HP Proliant Servers ONLY	PCOPT	FC	1	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
HCS191LBISP A001	HCS191LBISPA001 – HRMN Lawson BIS Application Server	<p>HP Server DL580B MP-3.0 DC</p> <p>Item: HP Proliant DL580 G4 Includes:</p> <p>4 Way SMP Architecture</p> <p>1 Intel 3Ghz Xeon MP Processors Dual Core</p> <p>2GB Memory</p> <p>1 146 GB SCSI Hard Drive</p> <p>3.5" Diskette Drive</p> <p>DVD-ROM Drive</p> <p>1 Dual onboard 10/100/1000 Ethernet Adapter</p> <p>1 HP 6404 Array Controller</p> <p>1 Adaptec Single Ended SCSI Controller</p> <p>USB Support</p> <p>Note: The item listed above cannot be selected for temporary transfer.</p>	HPDL580B	BASE	1	
		Add'l HPDL580B 2GB Memory	HPDL580B	MEM1	3	
		Add'l HPDL580B 3Ghz MP Prc DC	HPDL580B	PRC1	3	
		<p>146G CPQ/HP Server 146G Hard Drive</p> <p>Compaq/HP 146GB SCSI Hard Drive</p> <p>For use with the Compaq/HP Proliant Servers ONLY</p>	PCOPT	FC	1	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
HCS191LBISP A002	HCS191LBISPA002 – HRMN Lawson BIS and Crystal Reporting Application Server	<p>IBM Server x460A MP-3.0Ghz DC</p> <p>Item: IBM xSeries 460 Server – DC Includes:</p> <p>8 Way SMP Architecture</p> <p>4 Intel 3.0Ghz Xeon MP Processors</p> <p>4 GB Memory</p> <p>73.4 GB SCSI Hard Drive</p> <p>3.5" Diskette Drive</p> <p>DVDDrive</p> <p>1 Integrated Dual 10/100/1000Mb Ethernet Adapter</p> <p>1 IBM SAS Array Controller</p> <p>1 Adaptec Single Ended SCSI Controller</p> <p>Supports 6-64 Bit PCI slots</p> <p>**USBsupport</p> <p>Does not include: Operating System partitioning software</p> <p>Note: The item listed above cannot be selected for temporary transfer.</p>	IBMX460A	BASE	1	
		Add'l IBMx460A 2GB Memory	IBMX460A	MEM1	2	
		Add'l IBMx460A 3Ghz Xeon MP Prc DC	IBMX460A	PRC1	4	
		73G2 IBM Server 73.4 Hard Drive	PCOPT	FC	3	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		OS Preload For Intel Server Includes: The pre-loading of a supported server operating system for Intel based servers. Supported operating systems are: Microsoft Windows NT 4.0 Server Microsoft Windows NT 4.0 Enterprise Server Microsoft Windows NT Terminal Server Microsoft Windows 2000 Server Microsoft Windows 2000 Advanced Server Microsoft Windows 2003 Standard Edition-32 bit Microsoft Windows 2003 Enterprise Edition-32 bit Novell Netware 5.1 VMWare ESX 2.5.x	PRELOAD	SR1	3	
		FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	1	
		FC3 Emulex LP9000 PCI FC Adapter Emulex LP9000 Series FC PCI Adapter	PCOPT	FC	1	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
Network	Network	Customer Controlled CAT 6509 - Cisco 6509 Enhanced Chassis Includes: - Supervisor Engine 720, plus MSFC3/PFC3B - Dual power supplies - 512MB Sup720 Memory - 512MB MSFC3 Memory - 256MB Flash Memory Card - (1) 10Gigabit Ethernet Port for Uplink - (2) Fiber Gigabit Ethernet Ports for Uplink Note: Customer Configures the 6509 and BCRS Integrates into the LAN Infrastructure.	CAT6509	MSF3	1	\$10,207
		VT3 1-Port T3 Port Adapter	CIRTR	FC	1	
		Cisco 7206 NPE-G1 Router Includes: CISCO7206VXR 6 Slot Chassis With: NPE-G1 1GBDRAM 256MBFLASH 32MB Packet Memory SA-VAM2 - VPN Accelerator Module 2 3 10/100/1000 Copper Ethernet Ports Current Cisco 7200 IOS IP/FW/IDS IPSEC 3DES	CIRTRG1	7206	1	
		UDS 28.8/V.34 Modem R/M Includes: RS232/V.24 Cable (DB24 to RJ45 Connectors) RS232 to V.35 Converter	UDSV.3400	RM	1	
		Analog Dial Line	LINE	000	1	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		DS3 BRSC to Lansing, Michigan Includes: Dedicated DS3 connectivity for State of Michigan from 530 W. Allegan, Lansing MI (517-335) to the Business Continuity and Recovery Services Center Sterling Forest, NY. Customer is responsible for: Providing or contracting for circuit termination equipment (Router, Mux Etc.)	LINE/SOMI	DS3	1	
Local Access Suite – Southfield, MI	Local Access Suite – Southfield, MI	RSC1 Remote Svr. Console Function This entry provides the software & configuration that enables a PC to be used as a remote console for Intel, Open Systems, or iSeries servers. This includes: - desktop operating system - remote console configuration - assistance with server RAID configuration for Intel servers	PCOPT	FC	6	\$700
		P4-2.8Ghz Desktop W/Wkspce Item: PC Desktop With Workspace, Phone, Chair, & Power For Office Equipment Includes: PCI Architecture Pentium IV 2.8Ghz Processor 1GB Memory, 100Mhz Bus 40 GB IDE Hard Drive 1CD-ROM 17" Color Monitor, Keyboard and Mouse Serial and Parallel Port 10/100 Ethernet Adapter Included Note: This equipment cannot be selected for temporary transfer.	PCWS-2800	BASE	6	

Host	Server Name and Short Description	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
		HP9000 Series L'Jet 64MB Eth /HP9000 Series LaserJet Printer /Ethernet connectivity included /64MB Memory, 50PPM	HP9000DN	PRT1	1	
		Telephone in the Workplace Service	TELEPHONE	C	6	
		Voice Mailbox Voice Mailbox not linked to a physical telephone	VOICEMAIL	S	6	
		Generic Fax Machine	FAX	MACH	1	
		Includes: Basic Fax Machine and Analog line.				
		VLAN Connection Service Includes: - (5) VLANs (Virtual Local Area Networks), per quantity selected, between two Business Continuity and Recovery Services sites. - VLANs will be configured on a 100BaseT Ethernet port Note: This provides access only, bandwidth must be selected separately.	LAN/CONN5	FE	1	
		Totals				\$24,285

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

March 23, 2009

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B7200232
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: wieber@us.ibm.com	TELEPHONE David Wieber (517) 285-2653
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Cindy Turben DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

EXTENDED TO ALL LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Please note that the vendor contract person has changed to:
David Wieber
(517) 285-2653
wieber@us.ibm.com

AUTHORITY/REASON(S):

Per vendor request..

TOTAL ESTIMATED CONTRACT VALUE REMAINS: **\$875,388.00**

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

March 4, 2009

CHANGE NOTICE NO. 3
 TO
 CONTRACT NO. 071B7200232
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: ysaxena@us.ibm.com	TELEPHONE Yogi Saxena (517) 881-9083
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Cindy Turben DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

EXTENDED TO ALL LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, this contract is INCREASED by \$17,250.00.

AUTHORITY/REASON(S):

Per agency and vendor approval and State Ad Board approval on March 3, 2009.

INCREASE: \$17,250.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$875,388.00

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

June 24, 2008

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B7200232
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: ysaxena@us.ibm.com	TELEPHONE Yogi Saxena (517) 881-9083
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Cindy Turben DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

EXTENDED TO ALL LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, this contract is **INCREASED** by \$11,850.00 to support change in the configuration requirements for the Tape Library System and Tape Drives. Change request from vendor attached.

AUTHORITY/REASON(S):

Per agency and vendor approval.

INCREASE: \$11,850.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$858,138.00



IBM Global Services
George W Romney Building
111 S. Capitol – Ground Floor
Lansing, MI 48913
Office: 517-241-5810

April 10, 2008

Ms. Cindy Turben, Contract Administrator
Contract & Portfolio Management
Department of Information Technology
Constitution Hall
525 W. Allegan Street, South Atrium
Lansing, MI 48913

Dear Ms. Turben,

IBM Global Services is pleased to respond to the State's request to replace the existing 9940B Tape Drives and Tape Library on the HRMN DR Contract with T10000 Tape Drives and associated Tape Library. This request is being provided via the DMB HRMN Disaster Recovery Contract 071B7200232.

Attached is Change Request: 001

This Change Order is open for acceptance until May 31, 2008

Sincerely,

David C. Wieber
Project Executive

cc: Ann Newell

Enclosure

I. Effect on Contract

This Change Request (the "CR") is subject to all terms and conditions of the DBM HRMN Disaster Recover Contract (the "Contract") between the State of Michigan (the "State") and IBM Global Services dated October 16, 2007 and is issued in accordance with Section 2.291 of the Contract. Except as expressly specified in this CR, all terms and conditions of the Contract shall remain in full force and effect upon execution of this CR. This CR is not valid until it is executed in accordance with Section 2.291 of the Contract.

II. Description of Change

A. Scope of Work

The purpose of this CR is to replace the Tape Library and Tape Drives currently solutioned for the HRMN DR configuration.

- Tape Library system L700E will be replace by a SL8500 Tape Library System
- The (3) three 9940B Tape Drives will be replace by (3) three T10000 Tape Drives.

The Revised Hot Site Equipment Details Table C is attached below reflecting the updated Tape Library and Drive configurations.

All other terms and conditions remain unchanged.

B. Charges

The monthly charge for the HP Enterprise recovery equipment will increase by \$395 from \$10,005 to \$10,400 per month for the remaining 30 months of the Contract term.

The total monthly charge will likewise increase by \$395 from \$23,140 to \$23,535 per month.

The total price of this Change Request is \$11,850 (\$395 for 30 months).

C. Schedule

The effective date of this CR shall be April 1, 2008 and shall continue through the term of the Contract.

D. CR Completion Criteria

IBM Global Services will have fulfilled its obligations under this CR when this CR is terminated in accordance with the provisions of the Contract.

CR 001 – T10000 Tape Drives Contract 071B72000232	2	April 10, 2008
CR 002 – 2 New Intel Servers FINAL 10-13-2006.doc Contract 071B72000232	35	October 13, 2006

III. State of Michigan Authorization

Check One:

This CR shall be performed for the benefit of the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM Global Services pursuant to this CR shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this CR and shall have the right to enforce the terms and conditions of this CR and the Contract (insofar as they apply to this CR) in its own name directly against IBM Global Services. This CR is not valid until signed by an authorized representative of the Authorizing agency and by the Acquisition Services Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This CR shall be performed for the benefit of the Department of Information Technology e-Michigan Web Development and is not valid until signed by the Acquisition Services Director or a designated representative, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

IBM Corporation
IBM Global Services

By: David Wieber
Title: David C. Wieber, IBM Project Executive
Date: 4/10/2008

Authorizing Agency (Department of Information Technology)

By: Ann Newell
Title: Ann Newell, Client Services Director, DIT DMB
Date: 4-11-08

Department of Management and Budget (Acquisition Services)

By: _____
Title: _____
Date: _____

Revised Hot Site Equipment Details Table C

Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
HRMN / MIDB / DCDS	HP9000 rp8420 Base Server	HP9000	8420	2	\$10,400
HRMNP W1	HP9000 L2000 (rp5400)	HP9000	2000	1	
	512MB L2000 Memory	HPL2000	MBS	8	
	8Gb Memory Increment	HPRP8420	8192	8	
	L-Class 540MHZ CPU	HPL2000	540	2	
	1GHZ PA8800 CPU	HPRP8420	1GHZ	24	
	HP - IGNITE Restore	OSR	HP	4	
Storage	EMC DMX Storage Unit Includes: 16GB Cache, 10 73GB drives, 730GB raw (unprotected/unformatted) storage Note: Channel connectivity must be selected separately and only 12 channel adapters can be selected per base.	DMX2000C	BASE	1	
	146GB storage increment includes: 2 73GB drives, 146GB raw (unprotected/unformatted) storage	DMX2000C	DISK	38	
	8 Port Fibre Channel Director Includes 8 ports of Fibre Channel Host Connectivity	DMX2000C	FCS8	2	
	FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	25	
	2Gb Tachyon XL2 FC Adapter	HP-A6795A	PCI	6	
	Internal L-Class 36GB disk	HP-DISK-L	36GB	1	
	73Gb Internal Disk	HPRP8420	73	3	
	CD-ROM Drive	HP CD-ROM	XXX	4	
	DDS4 for rp8420	HP-8420	DDS4	3	
	DVD-ROM for rp8420	HP-8420	DVD	3	
	HP 700/96 Display Terminal This device is capable of VT100 emulation	HPXXX	TERM	4	
	1000Base-T Gigabit LAN Adaptr	HP-A4929A	PCI	4	
TAPE	STK SL8500 Tape Library Includes 1 SL8500 Tape library sub system with a 39 slot cartridge access port and 1448 cartridge capacity and 4 high performance robots. Library can support up to 64 tape	SL8500B	BASE	1	

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 001 – T10000 Tape Drives

Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
	drives. Tape drives must be selected separately. Note: HSC 6.0 or higher is required when the SL8500 is accessed by a mainframe server. Note: ACLS 7.1 or higher is required when the SL8500 is accessed by a UNIX or Windows server.				
TAPE	STK L700E Tape Library includes 1 L700E Tape library sub system with a 40 slot cartridge access port and 618 cartridge capacity. Library can support up to 20 tape drives. tape drives must be selected separately.	L700I	BASE	4	
	SL8500BFC T10E T10000 Tape Dr w/ Encryption Includes 1 FC attached STK T10000 tape drive with encryption. Prerequisite: SL8500B BASE configuration and SUMKMS Base	L8500	T10000	3	
	STK 9940B Tape Drive Includes 1 fibre channel attached STK 9940B tape drive. Prerequisite: L700I BASE configuration.	L700I-FC	994B	3	
MAP/ DNS1 RS/6000/ pSeries	P660 RS/6000 CPU Includes: Integrated dual Ultra2 SCSI Controllers One 10/100 Ethernet Four serial ports One parallel port 1.44mb 3.5" diskette drive	7026	6H1	1	\$728
	512MB System Main Storage	7026MS	512	1	
	RS64 IV 600MHz 4-Way Proc	702X/5214	4WAY	1	
	2104-DU3 SCSI Disk 36.4GB	2104RS	36.4	2	
	Dual Channel Ultra2 SCSI Adap	70XX/6205	PCI	1	
	20/40GB Internal 8mm Tape	70XX/6154	XXX	1	
	ASCII Operator Console INCLUDES: FC/2937 Printer/Terminal Interposer EIA-232 Cable	3151	310	1	
	10/100/1000 Ethernet Adapter	70XX/2975	PCI	1	
	MKSYSB Restore	OSR	RS/600 0	1	
	Analog Dial Line	LINE	0	2	
HRMNES PA1	Sun Fire V440 Two 10/100/1000 BaseT Ethernet, One 10 BaseT Ethernet (n/w mngment)	SUN440	BASE	1	\$950
	V440 1GB memory increment	SUN440	1024	4	
	V440 1.28GHz UltraSPARC CPU	SF-440	1280	2	
	SUN V440 Internal 36GB Drive	SUN 440	36	1	

**Change Request for DMB HRMN Disaster Recovery Contract
 Contract Number 071B7200232
 CR 001 – T10000 Tape Drives**

Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
	Internal DVD	SUN-DVD	INT	1	
	Sun Graphics Monitor	MONITOR	SUN	1	
	Gigabit Ethernet 2.0 (GBE/P)	X1141A	PCI	1	
	OS Install	OSR	SUN	1	
Contract and payment Express	HP Server DL580A MP-3.0 Item: HP Proliant DL580 G2 Includes: 4 Way SMP Architecture 1 Intel 3Ghz Xeon MP Processors 1GBMemory 73.4 GB SCSI Hard Drive 3.5" Diskette Drive DVD-ROM Drive 1 Dual 10/100GB Ethernet Adapter 1 10/100/1000 Ethernet Adapter 1 HP 6404 Array Controller 1 Adaptec Single Ended SCSI Controller Note: The item listed above cannot be selected for temporary transfer.	HPDL580A	BASE	1	\$550
	Add'l HPDL580A 1GB Memory	HPDL580A	MEM1	3	
	Add'l HPDL580A 3Ghz MP Prc	HPDL580A	PRC1	1	
	73G1 CPQ/HP Server 73.4 Hard Drive Compaq/HP 73GB SCSI Hard Drive For use with the Compaq/HP Proliant Servers ONLY	PCOPT	FC	1	
	OS Preload For Intel Server Includes: The pre-loading of a supported server operating system for Intel based servers. Supported operating systems are: Microsoft Windows NT 4.0 Server Microsoft Windows NT 4.0 Enterprise Server Microsoft Windows NT Terminal Server Microsoft Windows 2000 Server Microsoft Windows 2000 Advanced Server Microsoft Windows 2003 Standard Edition-32 bit Microsoft Windows 2003 Enterprise Edition-32 bit Novell Netware 5.1 VMWare ESX 2.5.x	PRELOAD	SR1	1	
	FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	1	
	FC3 Emulex LP9000 PCI FC Adapter Emulex LP9000 Series FC PCI Adapter	PCOPT	FC	1	
Network	Customer Controlled CAT 6509 - Cisco 6509 Enhanced Chassis Includes: - Supervisor Engine 720, plus MSFC3/PFC3B - Dual power supplies - 512MB Sup720 Memory - 512MB MSFC3 Memory - 256MB Flash Memory Card - (1) 10Gigabit Ethernet Port for Uplink - (2) Fiber Gigabit Ethernet Ports for Uplink Note: Customer Configures the 6509 and BCRS Integrates into the LAN Infrastructure.	CAT6509	MSF3	1	\$10,207

Change Request for DMB HRMN Disaster Recovery Contract
Contract Number 071B7200232
CR 001 – T10000 Tape Drives

Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
	VT3 1-Port T3 Port Adapter	CIRTR	FC	1	
	Cisco 7206 NPE-G1 Router Includes: CISCO7206VXR 6 Slot Chassis With: NPE-G1 1GBDRAM 256MBFLASH 32MB Packet Memory SA-VAM2 - VPN Accelerator Module 2 3 10/100/1000 Copper Ethernet Ports Current Cisco 7200 IOS IP/FW/IDS IPSEC 3DES	CIRTRG1	7206	1	
	UDS 28.8V 34 Modem R/M Includes: RS232/V.24 Cable (DB24 to RJ45 Connectors) RS232 to V.35 Converter	UDSV.3400	RM	1	
	Analog Dial Line	LINE	000	1	
	DS3 BRSC to Lansing, Michigan Includes: Dedicated DS3 connectivity for State of Michigan from 530 W. Allegan, Lansing MI (517-335) to the Business Continuity and Recovery Services Center Sterling Forest, NY. Customer is responsible for: Providing or contracting for circuit termination equipment (Router, Mux Etc.)	LINE/SOMI	DS3	1	
Local Access Suite – Southfield, MI	RSC1 Remote Svr. Console Function This entry provides the software & configuration that enables a PC to be used as a remote console for Intel, Open Systems, or iSeries servers. This includes: - desktop operating system - remote console configuration - assistance with server RAID configuration for Intel servers	PCOPT	FC	6	\$700
	P4-2.8Ghz Desktop W/Wkspce Item: PC Desktop With Workspace, Phone, Chair, & Power For Office Equipment Includes: PCI Architecture Pentium IV 2.8Ghz Processor 1GB Memory, 100Mhz Bus 40 GB IDE Hard Drive 1CD-ROM 17" Color Monitor, Keyboard and Mouse Serial and Parallel Port 10/100 Ethernet Adapter Included Note: This equipment cannot be selected for temporary transfer.	PCWS-2800	BASE	6	
	HP9000 Series L'Jet 64MB Eth /HP9000 Series LaserJet Printer /Ethernet connectivity included /64MB Memory, 50PPM	HP9000DN	PRT1	1	
	Telephone in the Workplace Service	TELEPHONE	C	6	
	Voice Mailbox Voice Mailbox not linked to a physical telephone	VOICEMAIL	S	6	
	Generic Fax Machine	FAX	MACH	1	
	Includes: Basic Fax Machine and Analog line.				

Change Request for DMB HRMN Disaster Recovery Contract
 Contract Number 071B7200232
 CR 001 – T10000 Tape Drives

Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost
	VLAN Connection Service Includes: - (5) VLANs (Virtual Local Area Networks), per quantity selected, between two Business Continuity and Recovery Services sites. - VLANs will be configured on a 100BaseT Ethernet port Note: This provides access only, bandwidth must be selected separately.	LAN/CONN 5	FE	1	
	Totals				\$23,535

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

April 25, 2008

CHANGE NOTICE NO. 1
 TO
 CONTRACT NO. 071B7200232
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: ysaxena@us.ibm.com	TELEPHONE Yogi Saxena (517) 881-9083
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Cindy Turben DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

EXTENDED TO ALL LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, this contract is made part of the MiDeal Program.

AUTHORITY/REASON(S):

Per vendor approval.

Total Estimated Contract Value Remains: \$846,288.00

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

CONTRACT NO. 071B7200232

**between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR IBM Corporation One Michigan Ave. Lansing, MI 48933 Email: ysaxena@us.ibm.com	TELEPHONE Yogi Saxena (517) 881-9083 VENDOR NUMBER/MAIL CODE BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Cindy Turben DMB HRMN Disaster Recovery	
CONTRACT PERIOD: From: October 16, 2007 To: September 30, 2010	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: Estimated Contract Value: \$846,288.00	

FOR THE VENDOR:

IBM Corporation

 Firm Name

 Authorized Agent Signature

 Authorized Agent (Print or Type)

 Date

FOR THE STATE:

 Signature
Greg Faremouth, Acting Director

 Name

IT Division

 Title

 Date



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

Contract No. 071B7200232
DMB HRMN Disaster Recovery

Buyer Name: [Jacque Kuch](#)
Telephone Number: 517-241-0239
E-Mail Address: kuchj@michigan.gov



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DEFINITIONS

The following terms have the meanings set forth below when used in this Contract.

- a. **Configuration** means the equipment, software, workspace, and telecommunications services, so designated in the Configuration as documented in the Charges Section Hot Site Equipment Details Table C. What IBM provides may not be identical to the Configuration, however, it will be compatible with, and will offer capacity and functionality equivalent to or greater than that of the Configuration.
- b. **Outage Emergency** means any unplanned interruption of the State’s critical business and information processing at a Covered Address, resulting from causes beyond the State’s control, that significantly impairs the State’s ability to operate its business.
- c. **Recovery Site** means IBM provided facilities used for Recovery Exercises and the State’s recovery. IBM has designated in the Charges Section Monthly Charges Summary Table B below a Primary Recovery Site which, if available, is the site intended for use.
- d. **Covered Address** means a location where information processing is performed by or for the State of Michigan, and is identified in the Charges section Monthly Charges Summary Table B below. This address may represent a State facility in a single building, or a physical campus.
- e. **Multi-vendor** means more than one brand or vendor type of hardware and/or software.
- f. **The Contractor** means IBM Corporation.
- g. **The State or State** means State of Michigan.
- h. **Contract Period start date** means the date that the State issues the Contract Notice to the Contractor. It is expected that this will be 10/16/2007 assuming a 10/16/2007 State Administrative Board approval date. The Contractor will order the DS-3 Circuit immediately after the Contract Period start date.
- i. **Contract Period end date** means the date that the Contract ends. The Contract Period End Date will be the Effective Date plus 36 months. Assuming an Effective Date of 10/16/2007, the Contract Period end date will be 9/30/2010.
- j. **Effective Date** means the date that the DS-3 has been implemented and the Contractor is able to provide the full Configuration including the DS-3. A tentative Effective Date of 1/1/2008 is being targeted but can’t be finalized until receiving commitment from AT&T regarding the DS-3 implementation date shortly after placing the DS-3 order with AT&T subsequent to the Contract Period start date.



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of Management & Budget (MDMB), with assistance of the Michigan Department of Information Technology (MDIT), has issued this Contract to provide single-source disaster recovery services for critical Department of Management & Budget and Department of Civil Service applications that are hosted by MDIT Data Center Services at the Lake Superior Hosting Center, Lansing, Michigan, whether the damage or loss is to a single platform or to the entire facility.

This project consists of the following components:

- Disaster recovery operations services
- Management with equipment owned by the Contractor at the Contractor's site and utilized by the State on a metered usage basis
- Support, to include:
 - Help Desk
 - Technical
- Network services and infrastructure to provide connectivity to the State's network infrastructure

The Contract will be for a period of three years with an option for two (2) one-year extensions of the services.

1.002 BACKGROUND

Data Center Services (DCS) is a division within Infrastructure Services in the Michigan Department of Information Technology (MDIT). DCS focuses on hosting services. DCS is responsible for providing the platforms and operating system software for specific databases, applications, and views to the data serving State business operations. DCS requires a disaster recovery solution in the event of a catastrophe or lesser failure that would prevent the use of business critical systems located in the Lake Superior Hosting Center at the Secondary Complex in Lansing, Michigan. The Lake Superior Hosting Center is staffed 24/7.

The Lake Superior Hosting Center (Center) currently supports three major statewide systems that have been identified as business critical applications: the Data Collection and Distribution System (DCDS), the Management Information Database (MIDB) and the Human Resource Management Network (HRMN). DCDS and HRMN are online transaction processing (OLTP) systems. MIDB is a data warehouse and is refreshed weekly. These systems maintain detailed data required for the ongoing business of all state agencies. In the case of a disaster that would disrupt current operations, the DCDS, HRMN and MIDB systems must be back on-line within 72 hours. The Contractor will provide the requested hardware and technical resources to support the 72-hour recovery requirement for DCDS, HRMN and MIDB.

Disaster recovery services are also requested for other systems of critical importance to the business of the State of Michigan hosted by the Center: Password Security and Single Sign-on (MAP) and Contract & Payment Express (CPEXPRESS). These systems are of secondary importance to the DCDS, HRMN and MIDB systems.

Management Information Database (MIDB)

The MIDB currently resides on a Hewlett-Packard (HP) Superdome. The platform has eight processors with 24 gigabytes of memory. The platform is gigabit Ethernet attached to the State of Michigan (SOM) network infrastructure. The operating system is HP-UX, version 11.i. Database management is accomplished using an Oracle Relational Management Database System, Version 9.i. The MIDB is used in a client/server environment.



It is a data warehouse that serves as the repository for three years of detailed budgeting, accounting, banking, purchasing, and human resource information. Additionally, there is limited demographic data stored on the database. State employees throughout the state view the MIDB as a source of information for ad-hoc and standard reporting. Standard reporting has become more important as the database has matured. There is no on-line transaction processing that affects the MIDB database.

Data Collection and Distribution System (DCDS)

The Data Collection and Distribution system also resides on a HP Superdome platform. The DCDS partition has four processors and 16 gigabytes of memory. The operating system is HP-UX Version 11.i. Database management is accomplished using an Oracle Relational Management Database System, Version 9.i. The platform is gigabit Ethernet attached to the SOM network infrastructure.

The DCDS system is an on-line transaction processing system. It was developed as a client/server application to allow State employees to use personal computers and Graphical User Interface screens to capture data and route the information to a central location for validation and approval. On-line processing is up during the day with an evening and nighttime window for batch processing.

The primary purpose of DCDS is to support the capture of time and attendance, labor distribution data and provide extended labor distribution functionality. Additionally, the system captures inventory usage, equipment usage and activity data as a byproduct of the time and attendance. Data is entered for biweekly pay periods with peak data entry occurring during the first three days following the end of a pay period.

3. Human Resource Management Network (HRMN)

The total HRMN application and required end user services, requires the use of three servers.

Part of HRMN is an on-line transaction processing (OLTP) system that resides on a HP Superdome with twelve processors and 24 gigabytes of memory. The operating system is HP-UX Version 11.i.

HRMNESPA1 is a SUNFIRE V240 configured both as a WebSphere application and a server platform.

HRMNPW1 is a HP9000-L2000-5X web server that supports a thin client application providing employee self service to all State employees.

HRMN provides integrated payroll, personnel, and employee benefits functionality in addition to data exchange with retirement systems. It is a client/server application allowing access by State employees utilizing personal computers, graphical user interface screens and browser interfaces, resulting in streamlined business processes, better information for customers, reduced costs, improved service, and the flexibility to manage the State workforce.

4. MIDB and DCDS Data Storage and Operations

Both the MIDB and DCDS computer platforms are storage area network (SAN) attached to EMC DMX storage equipment utilizing M1/M2/BCV disk configuration. Currently, MIDB users have access to the data warehouse on a 24-hour basis with the exception of the window used to update the database and for system maintenance. The window for database update is from 6:00 p.m. Friday until 7:00 a.m. Monday. Each weekend, data is file transferred from source systems to the HP platform. The source is an IBM computer located in Boulder, Colorado.

5. Password Security and Single Sign-on (MAP)

The MAP security system resides on a RISC 6000 processor located at the Lake Superior Hosting Center. The operating system is AIX Version 5.1. MAP is used to manage user access to data and provide a single sign-on to State of Michigan data systems.

Users access MAP using personal computers emulating 3270 terminals. TCP/IP is the underlying protocol used for communications to and among platforms.



6. Contract & Payment Express (CPEXPRESS)

The CPEXPRESS system resides on a Windows server configured as both a WebSphere application server and a web server. The application provides electronic payment processing capability to vendors.

7. Network Connectivity

The State requires that DS-3 Network connectivity be established from the State's local network to the Contractors hot site location network to support the HRMN, MIDB, and DCDS network activity.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

Contractor will provide Multi-vendor Information Technology Recovery Services ("Services") to assist the State in preparing for and responding to an Outage Emergency at a Covered Address. As part of these Services, Contractor will provide equipment and software, support services, telecommunications services, and a facility, as detailed in Section 1.104 to assist the State of Michigan in the State's performance of its critical business and information processing activities in the event of an Outage Emergency or Recovery Exercise.

1.102 OUT OF SCOPE

The following services are not in the scope of this Contract:

- Analysis of the existing business processes (except as needed to clarify the documentation provided)
- Purchase of equipment and/or software for the State.
- Development of databases, applications, and views to be used on the Center's platforms.
- Any items not identified as In Scope are considered to be Out of Scope.

1.103 ENVIRONMENT

Information regarding the State's information technology architecture and standards for hardware, database applications, network hardware and monitoring tools, identity management/authentication and development tools may be found at: <http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html>.

The components for which disaster recovery services are requested are detailed below:

HRMN

Specs Description

- 1 Superdome Partition
- 12 1000mhz cpu
- 24 GB memory
- 1 HP DAT40 7497B tape drive
- 1 Gig-E network interface VLAN1
- 1 HP DVD-ROM drive
- 1400 GB SAN application disk
- 30 GB internal OS disk
- HPUX 11i OS



MIDB

Specs Description

- 1 Superdome Partition
- 4 1000mhz cpu
- 24 GB memory
- 1 HP DAT40 7497B tape drive
- 1 Gig-E network interface VLAN2
- 1 HP DVD-ROM drive
- 1250 GB SAN application disk
- 30 GB internal OS disk
- HPUX 11i OS

DCDS

Specs Description

- 1 Superdome Partition
- 8 1000mhz cpu
- 16 GB memory
- 1 HP DAT40 7497B tape drive
- 1 Gig-E network interface VLAN1
- 1 HP DVD-ROM drive
- 450 GB SAN application disk
- 35 GB internal OS disk
- HPUX 11i OS

TAPE LIBRARY

Specs Description

- 1 L700 tape library w/minimum of 3 STK9940B DRIVES
- 1 CD-ROM DRIVE
- 3 Gig-E network interfaces - VLAN1,VLAN2 & VLAN3

MAP/DNS1

Specs Description

- 1 RS 6000 7026-6H1
- 2 DUAL POWERPC 604 cpu
- 512 MB memory
- 2-18 GB or better disk drives
- 1 CD-ROM drive
- 1 100 BT network interface VLAN3

HRMNESPA1

Specs Description

- 1 SUNFIRE V240
- 2 Sun-Fire V240 sparcs 1002 mhz cpu
- 4 GB memory
- 1 Gig-E Network Interface VLAN1
- 0 GB SAN application disk
- 36 GB internal OS disk
- Solaris 5.9



HRMNPW1

Specs Description

- 1 HP9000-L2000-5X server
- 2540 mhz PA8600 cpu
- 4 GB memory
- 1 Gig-E Network Interface VLAN1
- 0 GB SAN Application disk
- 36 GB internal OS disk
- HPUX 11i OS

CONTRACT & PAYMENT EXPRESS (CPEXPRESS)

Specs Description

- 1 Dell PowerEdge 1850
- 23.6 GHz cpu
- 4 GB memory
- 1 Windows 2003 EE - Required OS
- 2x73GB Raid 1 hard drive

Contractor will provide the Configuration (as documented in the Charges Section - Hot Site Equipment Details - Table C) to recover the above listed systems.

Contractor will provided a solution with a total of 6200GB of raw storage. With the State required configuration of RAID-1 this will provide the requested 3200GB of usable storage.

1.104 WORK AND DELIVERABLES

Contractor will provide Multi-vendor Information Technology Recovery Services (“Services”) to assist the State in preparing for and responding to an Outage Emergency at a covered address. As part of these Services, Contractor will provide equipment and software, support services, telecommunications services, and a facility, in combinations to assist in the performance of critical business and information processing activities in the event of an Outage Emergency and testing.

1. Acceptance

IBM accepts the order for Services upon receipt of a Contract Notice and Purchase Order from the State of Michigan that has been approved by both parties.

If the initial Configuration includes equipment not currently available at the Primary Recovery Site, and IBM cannot provide compatible equipment of equivalent of greater capacity and functionality, IBM will initiate its acquisition process for such equipment immediately following signing of the Contract. If such equipment is not yet installed when the State declares an Outage Emergency, IBM will use commercially reasonable efforts to provide alternate equipment, or the Configuration at another facility.

A request to change any detail of the Configuration requires one (1) month’s written notice. If IBM agrees, IBM will confirm the change by sending the State, a revised Configuration specifying the effective date of the change and the adjusted charge. IBM will not unreasonably withhold its agreement. The adjusted charge will not be less than the Minimum Total Monthly Charge specified in the Charges Section below.

2. Recovery Exercise Time

IBM provides the time the State requests to exercise the State’s recovery plan, procedures and operation (“Recovery Exercise”, “Exercise”). For each Recovery Exercise, IBM makes the Configuration available to the State in contiguous four-hour blocks, scheduled as we mutually agree. The State may schedule the number of hours and Exercises as specified in the Charges section below (collectively called “Recovery Exercise Allowance”). The State agrees that IBM may



reschedule the Exercise to serve another customer who has declared an Outage Emergency. If the State requests additional hours or additional Exercises, beyond the annual Recovery Exercise Allowance, IBM will provide it on an “as available” basis for a charge that is specified in the Charges section below.

3. Recovery

When the State notifies IBM that there is an Outage Emergency by calling the toll-free number IBM provides (“Declare”), IBM will begin to prepare, without delay, Recovery Site facilities for the State’s use. The State may have immediate access to the Recovery Site IBM makes available. IBM will use commercially reasonable efforts to provide the Configuration as soon as the State is ready to use it and will provide it no later than twenty-four (24) hours after the State Declares.

IBM will provide the Configuration for the State’s use at the Recovery site for a maximum of six (6) consecutive weeks after the State Declares. The State will have priority access to the Configuration over any customer, except one who has already Declared before the State.

4. Technical and Operational Support for Recovery and Recovery Exercise

IBM provides a single point of contact that will coordinate support activities prior to, during, and following an “Event” (an Exercise or recovery). Prior to an Event, IBM will assist in planning and preparation as described in documentation IBM will provide. IBM will create connectivity descriptions and, where applicable, a document that defines how the equipment configuration is mapped to the equipment IBM provides. Prior to the Event, IBM will set up and check out physical connectivity of the equipment to verify that what IBM provides is connected as set forth in the documentation. During an Event, personnel on-site and on-call will assist with the problem determination related to the hardware and software IBM provides with the Configuration, and IBM will track issues and problems related to IBM’s provision of services during the Event. Following an Event, IBM will participate in a review, at the State of Michigan’s request. For an Exercise as well as recovery, a contact person IBM provides will be on-site or on-call twenty-four (24) hours per day from the time the State Declares or begins the Exercise until the Event ends.

IBM will provide a work area, as specified in the Configuration for use by the State.

5. Product Removal

IBM will give the State six (6) months’ written notice of its intent to no longer provide an item in the Configuration and also not provide a compatible substitute item that offers equal or greater capacity and functionality. In such circumstance, the State may terminate this Contract, upon three (3) month’s written notice within one (1) year of such notification.

6. Deliverables

Transition Deliverables

1. Orientation Meeting

Brief Description: Kickoff meeting to be held shortly after Contract approval.

Tool: Microsoft Word

Deliverable Type: Document

Format: Meeting Minutes to be delivered softcopy via email

Completion Criteria: Completion of the meeting and delivery of the email to the State.

2. Transition Project Plan

Brief Description: Project plan listing all Transition phase tasks and deliverables, their delivery dates, and status.

Tool: Microsoft Project

Deliverable Type: Document



Format: Softcopy delivered via email
Completion Criteria: State of Michigan approval via email.

3. Implementation Plan

Brief Description: Document with the following sections:

Deliverable Type: Document

- *Responsibility Document Matrix* clearly delineating State and IBM responsibilities
- *Impacts to existing Plan* Document identifying impacts to the existing Disaster Recovery Plan related to Transition of the services to IBM.
- Pre-Testing Quality Assurance Verification Checklist document identifying the quality control and verification measures to be used by IBM to ensure proper set up of the Hardware for an Event
- *Plan for integration of recovery resources –DS-3 implementation plan -*.

Tool: Microsoft Word

Format: Softcopy delivered via email

Completion Criteria: State of Michigan approval via email.

4. Instructions for Disaster Declaration

Brief Description: Document with the declaration process.

Tool: Microsoft Word

Deliverable Type: Document

Format: Softcopy delivered via email

Completion Criteria: State of Michigan approval via email.

5. Hardware Configuration

Brief Description: Document with the equipment configuration to be included in the Contract – the “Configuration”.

Tool: Microsoft Word

Deliverable Type: Document

Format: Softcopy delivered via email

Completion Criteria: State of Michigan approval via email.

6. Training Materials

Brief Description: Document with Introduction type information to IBM BCRS services along with Frequently Asked Questions and Event Checklists and Southfield facility instructions.

Tool: Microsoft Word

Deliverable Type: Document

Format: Softcopy delivered via email

Completion Criteria: State of Michigan approval via email.

7. Report Formats

Brief Description: Sample status reporting format with sections for deliverable status, schedule status, action item status, issue status, and change control status.

Tool: Microsoft Word

Deliverable Type: Document

Format: Softcopy delivered via email

Completion Criteria: State of Michigan approval via email.



Steady State Deliverables

1. Steady State Project Plan
Brief Description: Project plan listing all Steady State phase tasks and deliverables, their delivery dates, and status.
Tool: Microsoft Project
Delivery Type: Document
Format: Softcopy delivered via email
Completion Criteria: State of Michigan approval via email.
2. Monthly Status Report
Brief Description: Status Report with accomplishments, expected next period activities, Issues, Action Items, Risks, and Changes
Tool: Microsoft Word
Delivery Type: Document
Format: Softcopy delivered via email
Completion Criteria: Delivery of the report to the State of Michigan via email.
3. Monthly Performance Review Meeting
Brief Description: Face to face or conference call meeting with the State of Michigan Project Manager to review the Monthly Status Report and Project Plan.
Tool: Microsoft Word
Delivery Type: Document
Format: Face to face meeting.
Completion Criteria: Meeting is completed.
4. Semi-annual Test Plan
Brief Description: Document delivered twice yearly prior to each of the Recovery Testing Events highlighting the plan for the Recovery Testing Exercise.
Tool: Microsoft Word
Delivery Type: Document
Format: Softcopy delivered via email.
Completion Criteria: State of Michigan approval via email.
5. Semi-annual Testing hours
Brief Description: Provision of the testing hours to the State in the primary recovery facility.
Delivery Type: Service
Location: IBM Sterling Forest Recovery Center
Format: N/A - hours
Completion Criteria: The end date/time has been reached.
6. Semi-annual Test Results Report
Brief Description: Document delivered twice yearly post the Recovery Testing Events highlighting the Recovery Testing Exercise results.
Tool: Microsoft Word
Delivery Type: Document
Format: Softcopy delivered via email.
Completion Criteria: State of Michigan approval via email.



7. **Responsibility Matrix** – Please see the attached Responsibility Matrix for further details on IBM and State responsibilities.

I. State of Michigan Responsibilities

The State agrees to:

- a. Notify IBM that the State is declaring an Outage Emergency by calling the toll-free number IBM provides;
- b. Be responsible for determining, on a continuing basis whether the Configurations in effect between the State and IBM are sufficient for the State to meet the requirements for continuing business and information processing activities in response to an Outage Emergency at each Covered Address;
- c. Be responsible for providing during an Event any equipment, software, workspace, and/or telecommunications services the State may need that is not included in the Configurations in effect between the State and IBM;
- d. Supply all personnel and appropriately licensed software necessary for an Event, unless otherwise specified in this Contract;
- e. Maintain system software and operating system(s) that the State intends to use for an Event, at a release level for which the manufacturer then currently provides support. The ability to make use of the Configuration IBM provides may be dependent on the fulfillment of this responsibility;
- f. Furnish supplies, materials, and storage media necessary for the Event;
- g. Follow procedures and instructions, including those for safety and security, IBM provides (a) scheduling and preparation for Recovery Exercises, (b) an Event, and (c) use of the Recovery Site; and,
- h. Remove data and software from the Configuration following an Event.

Responsibility Matrix – Please see the attached Responsibility Matrix for further details on State and IBM responsibilities.

J. Charges

a. Total Monthly Charge

The State agrees to pay the Total Monthly Charge, as specified below in the Monthly Charges Summary Table B, for each month of a Contract Period starting on the Effective Date.

b. Recovery Charges

In addition to the Total Monthly Charge, the State agrees to pay an Initial Recovery Charge and a Daily Recovery Charge specified below in the Monthly Charges Summary Table B. The Initial Recovery Charge is incurred when IBM confirms to the State that IBM has scheduled a Recovery Site for use in response to the declaration of an Outage Emergency. For this charge, IBM makes the Configuration available to the State for up to the number of days specified below as "Day(s) Included in Initial Recover Charge". Thereafter, for each day, or part thereof, that IBM provides the State the Configuration, the Daily Recovery Charge applies.

c. Additional Charges

State of Michigan agrees to pay:

- 1. Any associated charges for telecommunications services;
- 2. Charges for the additional hours and Exercises the State schedules beyond the annual Recovery Exercise Allowance specified in the Monthly Charges Summary Table B;



3. Charges for operational and technical assistance beyond that described in this Contract, that IBM agrees to provide during an Event, in response to the State's written request; and,
4. Charges for miscellaneous expenses incurred by the State while at a Recovery site, for use of items such as supplies, materials, storage media or for use of office equipment, telephone and facsimile.

Yearly Charges Summary - Table A

Description	Year 1	Year 2	Year 3	Option Year 1	Option Year 2
HP Enterprise (HRMN, DCDS, MIDB)	\$ 120,060	\$ 120,060	\$ 120,060	\$ 120,060	\$ 120,060
HP Intel for CPEXPRESS	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600
pSeries for MAP	\$ 8,736	\$ 8,736	\$ 8,736	\$ 8,736	\$ 8,736
Sun 440 for HRMNESPA1	\$ 11,400	\$ 11,400	\$ 11,400	\$ 11,400	\$ 11,400
Southfield Local Access Suite	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400
DS3 Circuit	\$ 122,484	\$ 122,484	\$ 122,484	\$ 122,484	\$ 122,484
Total	\$ 277,680				

Monthly Charges Summary - Table B

MONTHLY CHARGES	Total	HP Ent.	pSeries	Sun-440	HP Intel	DS3	Southfield
Total Monthly Charge:	\$23,140	\$10,005	\$728	\$950	\$550	\$10,207	\$700
*Minimum Total Monthly Charge:	\$19,545	\$6,697	\$565	\$903	\$531	\$10,207	\$642
RECOVERY CHARGES							
Initial Recovery Charge:	\$33,367	\$13,774	\$2,009	\$3,328	\$2,809	\$8,504	\$2,943
Day(s) Included in Initial Recovery Charge:	2	2	2	2	2	2	2
Daily Recovery Charge per day thereafter:	\$7,981	\$4,662	\$348	\$632	\$398	\$1,476	\$465
RECOVERY EXERCISE							
Initial Contract Period Year 1 – Recovery Exercise Allowance Hours:	96	96	96	96	96	96	96
Number of Exercises:	2	2	2	2	2	2	2
Each subsequent twelve-month period – Recovery Exercise Allowance Hours:	96	96	96	96	96	96	96
Number of Exercises:	2	2	2	2	2	2	2
Additional Recovery Exercise time, per 4-hr block:	\$3,191	\$1,865	\$139	\$252	\$159	\$590	\$186
Additional Recovery Exercises, per exercise:	\$17,405	\$4,450	\$1,313	\$2,064	\$2,013	\$5,552	\$2,013
DATES							
COVERED ADDRESS							
7064 Crowner Drive Lansing MI 48909							
PRIMARY RECOVERY SITE							
Sterling Forest, NY							

*See Section 1.104 Work and Deliverables, 1.) Acceptance



Hot Site Equipment Details - Table C

Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost	Annual Cost
HRMN / MIDB / DCDS	HP9000 rp8420 Base Server	HP9000	8420	2	\$10,005	\$120,060
HRMNP W1	HP9000 L2000 (rp5400)	HP9000	2000	1		
	512MB L2000 Memory	HPL2000	MBS	8		
	8Gb Memory Increment	HPRP8420	8192	8		
	L-Class 540MHZ CPU	HPL2000	540	2		
	1GHz PA8800 CPU	HPRP8420	1GHZ	24		
	HP - IGNITE Restore	OSR	HP	4		
Storage	EMC DMX Storage Unit Includes: 16GB Cache, 10 73GB drives, 730GB raw (unprotected/unformatted) storage Note: Channel connectivity must be selected separately and only 12 channel adapters can be selected per base.	DMX2000C	BASE	1		
	146GB storage increment Includes: 2 73GB drives, 146GB raw (unprotected/unformatted) storage	DMX2000C	DISK	38		
	8 Port Fibre Channel Director Includes 8 ports of Fibre Channel Host Connectivity	DMX2000C	FCS8	2		
	FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	25		
	2Gb Tachyon XL2 FC Adapter	HP-A6795A	PCI	6		
	Internal L-Class 36GB disk	HP-DISK-L	36GB	1		
	73Gb Internal Disk	HPRP8420	73	3		
	CD-ROM Drive	HP CD-ROM	XXX	4		
	DDS4 for rp8420	HP-8420	DDS4	3		
	DVD-ROM for rp8420	HP-8420	DVD	3		
	HP 700/96 Display Terminal This device is capable of VT100 emulation	HPXXX	TERM	4		
	1000Base-T Gigabit LAN Adaptr	HP-A4929A	PCI	4		
	TAPE	STK L700E Tape Library Includes 1 L700E Tape library sub system with a 40 slot cartridge access port and 618 cartridge capacity. Library can support up to 20 tape drives, tape drives must be selected separately.	L700I	BASE	1	
STK 9940B Tape Drive Includes 1 fibre channel attached STK 9940B tape drive. Prerequisite: L700I BASE configuration.		L700I-FC	994B	3		



Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost	Annual Cost
MAP/ DNS1 RS/6000/ pSeries	P660 RS/6000 CPU Includes: Integrated dual Ultra2 SCSI Controllers One 10/100 Ethernet Four serial ports One parallel port 1.44mb 3.5" diskette drive	7026	6H1	1	\$728	\$8,736
	512MB System Main Storage	7026MS	512	1		
	RS64 IV 600MHz 4-Way Proc	702X/5214	4WAY	1		
	2104-DU3 SCSI Disk 36.4GB	2104RS	36.4	2		
	Dual Channel Ultra2 SCSI Adap	70XX/6205	PCI	1		
	20/40GB Internal 8mm Tape	70XX/6154	XXX	1		
	ASCII Operator Console INCLUDES: FC/2937 Printer/Terminal Interposer EIA-232 Cable	3151	310	1		
	10/100/1000 Ethernet Adapter	70XX/2975	PCI	1		
	MKSYSB Restore	OSR	RS/6000	1		
	Analog Dial Line	LINE	0	2		
HRMNES PA1	Sun Fire V440 Two 10/100/1000 BaseT Ethernet, One 10 BaseT Ethernet (n/w mngmt)	SUN440	BASE	1	\$950	\$11,400
	V440 1GB memory increment	SUN440	1024	4		
	V440 1.28GHz UltraSPARC CPU	SF-440	1280	2		
	SUN V440 Internal 36GB Drive	SUN 440	36	1		
	Internal DVD	SUN-DVD	INT	1		
	Sun Graphics Monitor	MONITOR	SUN	1		
	Gigabit Ethernet 2.0 (GBE/P)	X1141A	PCI	1		
	OS Install	OSR	SUN	1		
Contract and payment Express	HP Server DL580A MP-3.0 Item: HP Proliant DL580 G2 Includes: 4 Way SMP Architecture 1 Intel 3Ghz Xeon MP Processors 1GBMemory 73.4 GB SCSI Hard Drive 3.5" Diskette Drive DVD-ROM Drive 1 Dual 10/100GB Ethernet Adapter 1 10/100/1000 Ethernet Adapter 1 HP 6404 Array Controller 1 Adaptec Single Ended SCSI Controller Note: The item listed above cannot be selected for temporary transfer.	HPDL580A	BASE	1	\$550	\$6,600
	Add'l HPDL580A 1GB Memory	HPDL580A	MEM1	3		
	Add'l HPDL580A 3Ghz MP Prc	HPDL580A	PRC1	1		
	73G1 CPQ/HP Server 73.4 Hard Drive Compaq/HP 73GB SCSI Hard Drive For use with the Compaq/HP Proliant Servers ONLY	PCOPT	FC	1		



Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost	Annual Cost
	OS Preload For Intel Server Includes: The pre-loading of a supported server operating system for Intel based servers. Supported operating systems are: Microsoft Windows NT 4.0 Server Microsoft Windows NT 4.0 Enterprise Server Microsoft Windows NT Terminal Server Microsoft Windows 2000 Server Microsoft Windows 2000 Advanced Server Microsoft Windows 2003 Standard Edition-32 bit Microsoft Windows 2003 Enterprise Edition-32 bit Novell Netware 5.1 VMWare ESX 2.5.x	PRELOAD	SR1	1		
	FC Switch Port Includes: 1 Fibre Channel switch port for SAN/FC connectivity Note: - All devices i.e. hosts, storage that are required in a SAN must have 1 Fibre channel port.	FCSSFA	PORT	1		
	FC3 Emulex LP9000 PCI FC Adapter Emulex LP9000 Series FC PCI Adapter	PCOPT	FC	1		
Network	Customer Controlled CAT 6509 - Cisco 6509 Enhanced Chassis Includes: - Supervisor Engine 720, plus MSFC3/PFC3B - Dual power supplies - 512MB Sup720 Memory - 512MB MSFC3 Memory - 256MB Flash Memory Card - (1) 10Gigabit Ethernet Port for Uplink - (2) Fiber Gigabit Ethernet Ports for Uplink Note: Customer Configures the 6509 and BCRS Integrates into the LAN Infrastructure.	CAT6509	MSF3	1	\$10,207	\$122,484
	VT3 1-Port T3 Port Adapter	CIRTR	FC	1		
	Cisco 7206 NPE-G1 Router Includes: CISCO7206VXR 6 Slot Chassis With: NPE-G1 1GBDRAM 256MBFLASH 32MB Packet Memory SA-VAM2 - VPN Accelerator Module 2 3 10/100/1000 Copper Ethernet Ports Current Cisco 7200 IOS IP/FW/IDS IPSEC 3DES	CIRTRG1	7206	1		
	UDS 28.8/V.34 Modem R/M Includes: RS232/V.24 Cable (DB24 to RJ45 Connectors) RS232 to V.35 Converter	UDSV.3400	RM	1		
	Analog Dial Line	LINE	000	1		



Host	Equipment or Service Requirement Description	Machine	Model	Quantity	Monthly Cost	Annual Cost
	DS3 BRSC to Lansing, Michigan Includes: Dedicated DS3 connectivity for State of Michigan from 530 W. Allegan, Lansing MI (517-335) to the Business Continuity and Recovery Services Center Sterling Forest, NY. Customer is responsible for: Providing or contracting for circuit termination equipment (Router, Mux Etc.)	LINE/SOMI	DS3	1		
Local Access Suite – Southfield, MI	RSC1 Remote Svr. Console Function This entry provides the software & configuration that enables a PC to be used as a remote console for Intel, Open Systems, or iSeries servers. This includes: - desktop operating system - remote console configuration - assistance with server RAID configuration for Intel servers	PCOPT	FC	6	\$700	\$8,400
	P4-2.8Ghz Desktop W/Wkspce Item: PC Desktop With Workspace, Phone, Chair, & Power For Office Equipment Includes: PCI Architecture Pentium IV 2.8Ghz Processor 1GB Memory, 100Mhz Bus 40 GB IDE Hard Drive 1CD-ROM 17" Color Monitor, Keyboard and Mouse Serial and Parallel Port 10/100 Ethernet Adapter Included Note: This equipment cannot be selected for temporary transfer.	PCWS-2800	BASE	6		
	HP9000 Series L'Jet 64MB Eth /HP9000 Series LaserJet Printer /Ethernet connectivity included /64MB Memory, 50PPM	HP9000DN	PRT1	1		
	Telephone in the Workplace Service	TELEPHONE	C	6		
	Voice Mailbox Voice Mailbox not linked to a physical telephone	VOICEMAIL	S	6		
	Generic Fax Machine Includes: Basic Fax Machine and Analog line.	FAX	MACH	1		
	VLAN Connection Service Includes: - (5) VLANs (Virtual Local Area Networks), per quantity selected, between two Business Continuity and Recovery Services sites. - VLANs will be configured on a 100BaseT Ethernet port Note: This provides access only, bandwidth must be selected separately.	LAN/CONN5	FE	1		
Totals					\$23,140	\$277,680



ADDITIONAL FEES AND SERVICES

HOT SITE RECOVERY: Define **all** charges for using the disaster recovery services, including but not limited to the hot site and network facilities, during a declared disaster. Indicate the maximum stay in the hot site facility and provide the data in the following table:

	Per Incident Hot Site	Per Incident Network
Maximum Stay in Days	42	n/a
Alert Declaration Fee (if applicable)	n/a	n/a
Declaration Fee (Initial Recovery Charge)	\$33,367	n/a
Daily Usage Fee: First 24 Hours	n/a	n/a
Daily Usage Fee: 24-48 Hours	n/a	n/a
Daily Usage Fee (Daily Recovery Charge): additional per day charge	\$7,981	n/a
Maximum stay in hot site facility	42	n/a

***NOTE:** This usage fee must include the total cost for all contract services including hot site and network facilities.

TEST TIME Charges

Test time allowed per year	Hours:	96_____
Test time fee's, including network	96 hours:	\$0_____
	Beyond 96 hours (per 4 hours):	\$3,191_____
*Additional Hot Site Test Charge (per 8 hours)		\$6,382_____
*Additional Hot Site Test Charge (per exercise – 48 hours)		\$17,405_____
Additional Network Test Charge (per 8 hours)		\$N/A_____
* (over allowed annual test time)		

Additional Charges for Support personnel	\$_____
* Please detail type of staff and costs for each required or optional item.	\$_____
	\$_____
	\$_____
	\$_____

***NOTE:** This usage fee must include the total cost for all contract services including hot site and network facilities.



Support Staffing Charges

Any staffing costs or surcharges not included within other line items should be detailed here.

			Onsite hourly charge (fully loaded)	Offsite hourly charge (fully loaded)
	DR Consulting	Per FTE		
	Server Technical Consulting	Per FTE		
	Network Technical Consulting	Per FTE		
	Computer Operator(s)	Per FTE		
	Tape Handlers	Per FTE	*\$46	

*NOTE: Per Contract, a line item for 96 hours per year for three years totaling \$13,248.00 has been included for Tape Handlers.

Network connectivity Charges

Detail costs for DS-3 level connectivity from vendor point of presence to State Of Michigan point of presence.

Setup fees	Units	reoccurring interval	cost
Setup fees			\$0
Monthly charges			\$10,207
Costs for Test time activation			\$0
*Costs for disaster declaration activation (Initial Recovery Charge)			\$8,504
Any other costs or fees			

* Included above in declaration fee

A termination charge of \$6,750 per remaining months on the 3-year Contract will be assessed if the State Terminates the DS-3 circuit for Convenience per the Contract.

K. Contract Completion Criteria

IBM will have fulfilled its obligations under this Contract when one of the following first occurs:

1. The Contract Period end date as defined has been reached; or
2. This Contract is terminated in accordance with the termination provisions.

L. Renewal

IBM will issue the State a renewal to this Contract or give written notice of IBM's intention not to renew this Contract at least three (3) months before its End Date. If the State does not intend to renew this Contract, the State must notify IBM in writing at least one (1) month prior to the End Date.

M. Additional Responsibilities

1. Preload Services - Intel server operating system preload

Under Preload Services - Intel server operating system preload (called "Intel Server OS Preload Services"), in conjunction with an Event, IBM will load an operating system onto Intel servers at a Recovery Site.



IBM Responsibilities - Intel Server OS Preload Services

Intel Server OS Preload Services will be limited to the activities described in this Subsection, and will be provided on the quantity of Intel Server(s) identified the Configuration as being subscribed to Intel Server OS Preloads.

As necessary throughout the Contract Period, IBM will:

- 1) Provide the State with Workplace Recovery Services Preload worksheets;
- 2) Review the completed Workplace Recovery Services Preload worksheets configuration parameters; and
- 3) Notify the State of any Intel Server upgrade or refresh performed at the Primary Recovery Site, so the State can make any required modifications to the Configuration parameters of the operating system to allow the State to make better use of a Recovery Site during an Event.

During an Event, IBM will:

- 1) Preload the base operating system onto Intel Server(s) at the Recovery Site;
- 2) Install hardware drivers onto the Intel Server(s);
- 3) Install applicable operating systems service pack(s); and
- 4) Turn control of such Intel Server(s) over to the State of Michigan.

State of Michigan Responsibilities - Intel Server OS Preload Services

State of Michigan agrees to:

- 1) Within 20 business days of subscribing to Intel Server OS Preload Services, provide IBM with:
 - a. The completed Workplace Recovery Services Preload worksheets via the IBM BCRS website (Customer Connect); and
 - b. Information, on which IBM may rely, relating to IBM's performance of Intel Server OS Preload Services;
- 2) As necessary throughout the Contract Period:
 - a. Maintain the Workplace Recovery Services Preload worksheets to incorporate any modifications or updates necessary to reflect the current system configuration parameters;
 - b. Provide IBM with requested changes to the Workplace Recovery Services Preload worksheets two (2) weeks prior to a scheduled Event or as soon as feasible following the declaration of an Outage Emergency;
 - c. Upon receipt from IBM of notification of upgrades and/or refreshes to the Intel Server(s) at a Recovery Site, provide operating system configuration parameters to IBM that reflect such upgrades and/or refreshes;
- 3) During an Event, assume control of the Intel Server(s) at the Recovery Site after IBM completes loading the specified operating system(s) onto them.

2. Operating System Restore Services

Under Operating System Restore ("OSR"), IBM will load part of or all of the operating system image(s) provided by the State onto the Configuration that IBM is providing to the State for use during an Event. OSR relates to activities which are the State of Michigan's responsibility to perform as part of the Subscription to the Services, but which IBM agrees to perform under this subsection.

IBM Responsibilities for Operating System Restore

IBM will:



- 1) Load the operating system the State provides onto the Configuration as follows:
 - a) For a Configuration that includes an RS/6000 machine, and for the number of images specified in the Configuration by "RS/6000 MKSYSB Restore": using the standard RS/6000 save/restore "MKSYSB" procedures and the backup media provided to IBM, load the RS/6000 operating system;
 - b) For a Configuration that includes a Sun machine, and for the number of images specified in the Configuration by "SUN – OS Install": "cold" install the operating system from CD-ROM provided by the State, and apply patches to the operating system from the CD-ROM provided by the State;
 - c) For a Configuration that includes a HP machine, and for the number of images specified in the Configuration by "HP – IGNITE Restore": restore vg00 using the Ignite-UX tape image provided by the State, or perform a cold install of vg00 with predefined file system sizes and patch requirements provided by the State;
 - d) For a Configuration that includes a Compaq/DEC Alpha machine, and for the number of images specified in the Configuration by "Compaq-DEC - OS Restore": restore the operating system using the VMS Backup restore software from media provided by the State. If restoring Tru 64 UNIX, the root disk will be restored via procedures provided by the State;
- 2) For the duration of such restore, perform the loading of all backup media required to complete this restore;
- 3) Cable the system(s) to the Local Area Network;
- 4) For Compaq/DEC Alpha configurations, boot VMS or Tru 64 UNIX in a minimum mode; and
- 5) Turn over control of the system(s) to the State at the completion of the restore.

Additionally, upon written request, and for an additional charge (specified in the Contract as "Additional OSR Charge"), IBM will perform OSR during Exercises and/or on system images in excess of the quantities specified in the Contract.

State of Michigan Responsibilities for Operating System Restore

Under OSR, the State:

- 1) agree, for each Event, to:
 - a) Provide IBM with the required system software at the current level prior to each scheduled restore. For a Configuration that includes a HP machine, provide IBM with a copy of the State's operating system in the form of an Ignite-UX tape image, or, if applicable, provide IBM with a copy of the State's operating system and operating system patches in CD-ROM format, and, create additional volume groups, logical volumes and mount points. For a Sun machine, provide IBM with a copy of the State's operating system and operating system patches in CD-ROM format;
 - b) Complete and return worksheets that describe the system environment, disk file system structure, and patch requirements; and
 - c) Assume control of the operating system and recover any of the State's applications and/or data;
- 2) Agree, at least 24 hours prior to the start of a scheduled Exercise or at the earliest feasible time following the Declaration of an Outage Emergency, to:
 - a) Provide IBM with a written set of detailed restore instructions on which IBM may rely in IBM's performance of OSR;
 - b) Deliver, or provide for the delivery of, all required computer media to the Recovery Site. Such media shall be clearly labeled and/or marked with unique volume identifiers; and
 - c) Provide IBM with the name of the State's representative, who will be available to IBM by telephone to provide IBM information and/or assistance when needed during IBM's performance of OSR;



- 3) Understand and acknowledge that, for IBM's convenience, IBM may choose to perform OSR prior to the scheduled start time of an Event even though IBM's obligation to perform the OSR begins at the start of the Recovery Exercise Time scheduled for an Exercise, or as soon as feasible following the Declaration of an Outage Emergency;
- 4) Understand that whether IBM is able to perform OSR, and whether the State is able to perform successful exercise or recovery activities during an Event during which OSR are provided depends on many factors that may include, but are not limited to, the following:
 - a) The State having conducted one or more prior successful Exercise(s),
 - b) The accuracy, readability and transferability of the data recorded on the backup media the State provides to IBM,
 - c) The release and PTF/patch level of the State's operating system,
 - d) The inclusion of additional copies of the recorded backup media for IBM to use in the event any of the primary media that is provided to IBM are not usable, or are faulty, and
 - e) The effectiveness and clarity of the unique instructions and/or procedures the State furnished to IBM for IBM's use in the performance of OSR;
- 5) Understand and acknowledge that rebuilding volume groups and file systems, restoring applications, data, and data bases, and/or system information verification by IBM is not part of OSR; and
- 6) Warrant that the State has the appropriate licenses and authorization to use the software the State is requesting IBM to load on the State's behalf. The State also warrants that the State has received authorization for IBM to copy such software to the Configuration to which the State will have access during an Event. Under no circumstances is IBM liable for any infringements on the license agreements between the State and the State's software providers. The State agrees to indemnify IBM against any third party claims arising from IBM's performance of OSR, for the State.

3. Telephone in The Workplace Services

IBM Responsibilities - Telephone In The Workplace Services:

Any Additional Telephone Services and Features to which the State subscribes will be specified in a Configuration. Many of these Additional telephone Services and Features require installation by a telecommunications services provider.

For each Configuration that includes Additional Telephone Services and Features, IBM will, upon receipt of the required information from the State, initiate work orders with IBM's telephone service providers to implement the installation or programming of the Additional Telephone Services and features. The implementation schedule for these Additional Telephone Services and Features will be identified once such work orders have been placed. IBM will identify those Services and Features requested by the State which are not immediately available and provide a non-binding implementation target date for those items.

State of Michigan Responsibilities - Telephone In The Workplace Services:

The State understands and agrees that:

1. Any Additional Telephone Services and Features to which the State subscribes will not be available for an Event until the hardware and software components have been installed, and the telephone configurations have been created, installed and programmed;
2. Implementation times for such Additional Telephone Services and Features vary; and



3. Any Additional Telephone Services and Features will be available only at the Primary Recovery Site identified in the Configuration.

Additionally, the State agrees to:

1. Provide IBM, within one (1) month of adding Additional Telephone Services and Features to a Subscription, with the required information necessary for IBM to create and submit telephone work orders to implement such Additional Telephone Services and Features;
2. Notify IBM promptly of any changes made by the State that may impact such Additional Telephone Services and Features;
3. Arrange, in advance of any Recovery Exercise or as soon as feasible following the declaration of an Outage Emergency, with the State's telecommunications providers to establish alternate call routing arrangements to redirect the incoming telephone calls to the telephone numbers at IBM;
4. Notify telecommunications providers to redirect the calls to the IBM provided telephone number(s) for any Event;
5. Be solely responsible for any telecommunications provider's charges associated with the redirection of the State's incoming telephone calls to IBM; and
6. Accept responsibility for any failure or performance problems by the State's vendors, contractors, or telephone service providers associated with IBM's provision of Additional Telephone Services and Features which were beyond IBM's reasonable control to prevent.

Charges - Telephone In The Workplace Services:

The State agrees to pay:

1. An additional charge each time the State requires changes to Configurations or programming of any such Additional Telephone Services and Features. The amount of such additional charge will be based on IBM's prevailing rates and minimums. Upon the request for IBM to make these changes, such additional charge will be estimated and provided to the State. IBM will invoice such charge separately following completion of the requested update. IBM will not make any changes without written authorization; and
2. All telephone usage charges resulting from the use of IBM provided telephone services. IBM will invoice such charges, as incurred by IBM, separately following completion of an Event.



**RESPONSIBILITY MATRIX
HRMN BUSINESS RECOVERY SERVICES**

(X = Applies To, J = Joint, P = Primary, S = Secondary)	Responsibility	
	IBM	State
Description		
Business Recovery Services		
Define, Maintain, and Provide copies of the State's (HRMN, MIDB, and DCDS) Disaster Recovery Plan;		X
Review and Update Disaster Recovery Plan annually (or more often, if needed), including a review of recovery Configurations to ensure there is adequate capacity in the event of a Disaster;	S	P
Update recovery Configuration(s) at the Disaster Recovery Center as required by the Disaster Recovery Plan;	X	
Maintain and provide resources sufficient to enable Business Recovery Services adequate to recover the critical elements of the HRMN, MIDB, and DCDS applications during a declared disaster;	J	J
Provide Hot Site Recovery Services;	X	
Provide Cold Site Recovery Services if, after 6 weeks of operations in the Hot Site Recovery Center, normal operations are not restored;		X
Provide Hot Site Physical security;	X	
Provide 24 hours per day, 7 days per week security coverage, including secure customer parking and controlled-access to the Hot Site facility entrances;	X	
Provide access-control monitoring systems, and closed circuit cameras, located in each external entrance to the Hot Site facility;	X	
Provide badge readers or numeric scramble pads within the recovery Hot Site to strictly control access to all doors to system recovery suites, storage areas, and customer offices;	X	
Provide on-site security staff full-time and on all shifts at the Hot Site facility	X	
Provide redundant power for the equipment and environmental systems (including UPS and backup generators for the Hot Site facility);	X	
Provide a fire suppression system that utilizes automatic pre-action, dry pipe sprinklers, sensors and water to protect the Hot site and offices, corridors, and tape libraries. Fire extinguishers will be strategically located throughout the facility. This location also conforms to all National Fire Protection Association (NFPA) 75 standards. Shutdown procedures are readily available in case of an emergency	X	
Provide State of Michigan application security while applications are running at the Hot Site facility		X
Backup		
Perform daily and weekly backup of all System Software, Configurations, and other Critical Software		X
Schedule backup jobs for backup of Application Software data and State production libraries		X
Execute backup requests for Application Software data		X
Execute off-site media storage procedures for archival and recovery purposes, utilizing an authorized off-site third-party vendors, for all backup media, including:		X
Log and track media both on and off site		X
Perform required rotation of media		X
Pay all fees and costs associated with off-site media storage		X
Disaster Recovery Testing		
Create and maintain a plan for conducting an annual Disaster Recovery Test for the State HRMN, MIDB, and DCDS Systems	S	P
Conduct an annual Disaster Recovery Test that will adequately demonstrate IBM's ability to recover the Configuration as defined in the Disaster Recovery Plan	X	



(X = Applies To, J = Joint, P = Primary, S = Secondary)	Responsibility	
	IBM	State
Conduct an annual Disaster Recovery Test that will adequately demonstrate the State's ability to recover critical HRMN, MIDB, and DCDS Applications, and the transfer of operations to a Recovery Center as defined in the Disaster Recovery Plan		X
Supply personnel and programs necessary for the maintenance of the Disaster Recovery Plan and the annual testing of the Business Recovery Services	S	P
Conduct pre-test meetings with State HRMN, MIDB, and DCDS Personnel and Management	P	S
Provide a Disaster Recovery test platform (including CPU, DASD, Tape, and other resources) sufficient to execute the DR Test Plan	X	
Test recovery of the Configuration	X	
Test recovery of the Critical Software, and related Application Software data		X
Schedule the twice per year Test events	P	S
Obtain Test participant Commitment	J	J
Ship required media to the recovery site prior to testing		X
Provide staff required to load media at the recovery site for the testing		X
Test and verify environment integrity and functionality	J	J
Communicate with recovery site as required before, during, and after completion of testing to adequately conduct and document testing	S	P
Remove software and files from the Recovery Site at the conclusion of tests		X
Document and track findings regarding the infrastructure to closure, and provide post test results to the State	P	S
Document and track findings regarding the applications to closure, and provide post test results to the State	S	P
Provide a Final Report on the annual DR Test to the State	X	
Provide comments regarding results of test to IBM		X
Create and execute an action plan addressing any infrastructure problems identified in the execution of the DR Test Plan, and provide the State a copy of such plan	X	
In the event of a Disaster		
Execute the Disaster Declaration process and documented by IBM		X
After a Declared Disaster take immediate action to prepare the Recovery Center for use implementing a configuration which is equivalent to the current State Configuration or better.	X	
After a Declared Disaster provide the resources necessary for recovery of the Critical Applications.		X
Provide immediate notice of any Disaster which has occurred, which may occur, or of events which may lead to a Disaster, via verbal contact with one or more of the State's designated representatives, so that the parties may determine when and whether to declare a Disaster and may do so expeditiously to receive priority Business Recovery Services.		X
Provide immediate access to the Hot Site Recovery Center	X	
Provide the Configuration no longer than twenty-four (24) hours, after Declaration of a disaster.	X	
Ship required media to the Hot Site		X
Provide tape handlers to load the State's backup tapes into the tape library.		X
Provide operational services sufficient to restore and operate all critical HRMN, MIDB, and DCDS applications as defined within the Disaster Recovery Plan.		X
Provide resources to debug and fix infrastructure related problems.	X	
Provide office space at Hot Site Recovery Center for operations.	X	
Provide a DS3 Circuit from Lansing to Sterling Forest that connects the Hot Site to the State Network.	X	
Reroute the affected data communications circuits to the Recovery Center		X



(X = Applies To, J = Joint, P = Primary, S = Secondary) Description	Responsibility	
	IBM	State
Provide all other network connectivity to the Recovery Center, as specified in the Configuration specifications.	X	
Deliver to the Recovery Center off-site backup media necessary to recover Application Software and data within the objective of seventy-two (72) hours of a declared disaster.		X
Operate the Critical Software on the Configuration at the Recovery Center;		X
Furnish all supplies and storage media required to operate the application;		X
Pay all costs associated with off-site backup media, including transportation to and from the storage facility and the Recovery Center;		X
Pay all travel and living expenses incurred by State personnel in the performance of the Disaster Recovery;		X
Pay all travel and living expenses incurred by IBM personnel in the performance of the Disaster Recovery;	X	
Remove all State data and programs from the Configuration after utilizing the Business Recovery Services		X

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

Contractor will present a letter certifying compliance with requirements regarding satisfactory background checks and drug tests for staff. Contractor is responsible for any costs associated with ensuring their staff meet the background check and drug testing requirements.

The Contractor will update when changed, the Article 1 – Attachment B Organizational Chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.

The recovery site must be staffed with competent technical staff experienced in the appropriate platforms' operations and capable of providing assistance to State personnel in all facets of the recovery site operation. The Contractor will commit that staff identified in its proposal will actually perform the assigned work. Any replacement of the Contractor's team members will be with personnel with similar or superior qualifications to the team member being replaced.

The Contractor's team must work in conjunction with any contractor utilized by the State to resolve technical issues that may arise during the use of the Contractor's disaster recovery services. The Contractor's staff must speak directly with the other contractor, when requested by the State or as the situation requires, ensuring the resolution of these technical issues by the timeframes detailed in the requirements of this Contract.

The Contractor is required to attend any meeting arranged by the State to facilitate the resolution of a technical problem associated with the performance of any disaster recovery services purchased from this Contract. Should the Contractor (or an assigned designee) fail to attend this meeting at the agreed upon date and time without sufficient notice (24 hours) to the State, the Contractor shall be responsible for reimbursing the State for any charges levied by the other contractors for time expended for this missed meeting.

The Contractor will identify a Contract Administrator. The duties of the Contract Administrator shall include, but not be limited to: i) supporting the management of the Contract, ii) facilitating dispute resolution, and iii) advising the State of performance under the terms and conditions of the Contract. The State reserves the right to require a change in the current Contract Administrator if the assigned Contract Administrator is not, in the opinion of the State, adequately serving the needs of the State.



The Contractor must provide the name and contact information (i.e., telephone number, pager number, cellular phone number, etc.) of the Disaster Recovery Contact (e.g., supervisor, service manager) specifically assigned to the State to resolve disaster recovery issues. This contact must be available (“on call”) to the State on a 24X7 basis. The Contractor must proactively keep this contact information updated.

The Disaster Recovery Contact and the Contract Administrator shall be identified as a Key Personnel subject to the State’s interview and approval.

The Contractor will provide a project manager to work closely with the designated personnel from the State. The project manager will coordinate all of the activities of the Contractor personnel assigned to the services and create reports provided as part of the Services..

The Contractor's project manager responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor’s subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues
- Coordinate and oversee the day-to-day project activities of the project team
- Assess and report project feedback and status
- Escalate project issues, project risks, and other concerns
- Review all project deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures
- Prepare project documents and materials
- Manage and report on the project’s budget

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State project team will consist of MDIT staff in the roles of Executive Sponsors, Subject Matter Experts (SME’s), and a project manager. The MDIT Executive Sponsors will identify the additional members of the steering committee or project team. MDIT will provide a Project Manager. MDIT will be responsible for the State’s infrastructure and work together with the Contractor in determining the system configuration.

MDIT Executive Sponsors:

C. Douglas Couto, MDIT Agency Services, Information Officer, MDMB and MDCS
Ann Newell, MDIT Agency Services, Client Service Director for MDMB and MDCS

MDIT Project Manager: for operational testing and configuration management:

Arthur Lower, MDIT Agency Services

Subject Matter Expert(s):

Gary Spiekerman, MDIT Agency Services

The project steering committee will provide the following services:

- Approve the testing schedule
- Authorize modifications for scope, resources, and budget of the project
- Ensure senior management commitment to the project
- Act as a final arbiter on proposed changes that significantly affect the business interests of the State

The Subject Matter Experts representing MDIT Agency Services units involved meeting service delivery goals on behalf of client agencies. The SME's will provide the vision for the integration of the disaster recovery plan into the client agencies’ business continuity plans. They shall be available on an as needed basis. The MDIT SME’s will be empowered to:



- Resolve project issues in a timely manner
- Review disaster recovery plan, status, and issues
- Resolve deviations from disaster recovery plan
- Provide acceptance sign-off
- Utilize change control procedures
- Ensure timely availability of State resources
- Make key implementation decisions, as identified by the Contractor's project manager, within 48-hours of their expected decision date.

The State's Project Manager will provide the following services:

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate communication between different State departments/divisions (IT-Networking, Integrated Services, Administration, Technical Services, Accounting, Telecom etc.)
- Resolution of disaster recovery logistical issues
- Escalation of outstanding/high priority issues
- Utilize change control procedures
- Conducting regular and ongoing review of the disaster recovery plan to confirm that it meets original objectives and requirements
- Documentation and archiving of all important disaster recovery planning decisions
- Arrange, schedule and facilitate State staff attendance at all disaster recovery planning meetings

Issues shall be escalated for resolution from level 1 through level 3, as defined below:

- Level 1 – Project Manager
- Level 2 – SME's
- Level 3 – MDIT Executive Sponsors

MDIT shall provide a Contract Administrator whose duties shall include but not be limited to supporting the management of the Contract.

1.203 OTHER ROLES AND RESPONSIBILITIES

None.

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

A. Orientation Meeting

- a. Upon ten (10) calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract.
- b. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
- c. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

B. Performance Review Meetings

- a. The State will require the Contractor to attend monthly meetings, at a minimum, to review the Contractor's performance under the Contract.
- b. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractor.
- c. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.



C. Project Control

- a. The Contractor will carry out this project under the direction of MDIT.
- b. The Contractor will manage the project in accordance with the PMBOK® (Project Management Body of Knowledge from the Project Management Institute) and the State’s Project Management Methodology (PMM) or equivalent. The State’s Methodology is available at www.michigan.gov/projectmanagement.
- c. Contractor will use an automated tool for planning, monitoring, and tracking the Contract’s progress and the level of effort of any Contractor personnel spent performing Services under the Contract.
- d. Contractor will use automated project management tools, as reasonably necessary, in order to perform the cited Services, which shall include, through the end of the Contract, the capability to produce:
 - i. Staffing tables with names of personnel assigned to Contract tasks.
 - ii. Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed within the next sixty (60) calendar days, updated semi-monthly).
 - iii. Updates will include actual time spent on each task and a revised estimate to complete.
 - iv. Graphs showing critical events, dependencies and decision points during the course of the Contract.
 - v. Any tool(s) used by Contractor for such purposes will produce information of a type and in a manner and format that will support reporting in compliance with the State’s standard to the extent such standard is described with reasonable detail in the Contract.

IBM will use its Worldwide Project Management Methodology (WWPMM).

1.302 REPORTS

A monthly status report will be submitted to the State’s Program Manager after the Contract Period start date. Once both parties have agreed to the format of the report, it will become the standard to follow for the duration of the Contract.

The Monthly Status Report will include the following sections:

- o Deliverable status
- o Schedule status
- o Action Item status
- o Issues
- o Change Control

1.4 Project Management

1.401 ISSUE MANAGEMENT

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

Contractor will maintain an issue log for issues relating to the provision of services under this Contract. The issue management log will be communicated to the State’s Program Manager on an agreed upon schedule, with email notifications and updates. The issue log will be updated and will contain the following minimum elements:

- Description of issue
- Issue identification date
- Responsibility for resolving issue.
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor)
- Resources assigned responsibility for resolution
- Resolution date
- Resolution description



1.402 RISK MANAGEMENT

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the Contract. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy.

Contractor will create a risk management plan. A risk management plan format will be submitted to the State for approval within twenty (20) business days after the Contract Period start date. Once both parties have agreed to the format of the plan, it will become the standard to follow for the duration of the Contract. The plan must be updated bi-weekly, or as agreed upon.

Ongoing risk management is a key component of the Contractor’s methodology. The Contractor’s approach will invite input from all members of the team to identify potential risks. The Contractor will then assess their probability and potential impact and develop mitigation plans for risks that are assessed to be greater than an accepted threshold.

At a high level, the following sub-processes make up the Contractor’s risk management process:

- **Identification:** Identify project risks which are unknown circumstances or events that, if they occur, may have a positive or negative impact on the project;
- **Analysis:** Risks are evaluated for probability and severity of impact, and those ranked as medium or high are submitted for mitigation or contingency plan development;
- **Response planning:** Develop executable mitigation and contingency plans and actions;
- **Tracking and control:** Track all identified risks until they can be retired to help prevent low-risk items from becoming actionable. Report risk status weekly; and
- **Reaction:** Implement the mitigation plans and, should risks materialize, implement the contingency plans.

The Contractor categorizes risks to help develop appropriate response plans. Four risk categories are illustrated in the following list with brief examples of each.

- **Project Management Risk:** For example, risk caused by the loss of key personnel;
- **Technical Risk:** For example, risk caused by unforeseen technical incompatibilities preventing hardware interoperability;
- **Human Risk:** For example, risk caused by users unable to adopt to the new interface; and
- **Business Risk:** For example, risk caused by loss of project funding.

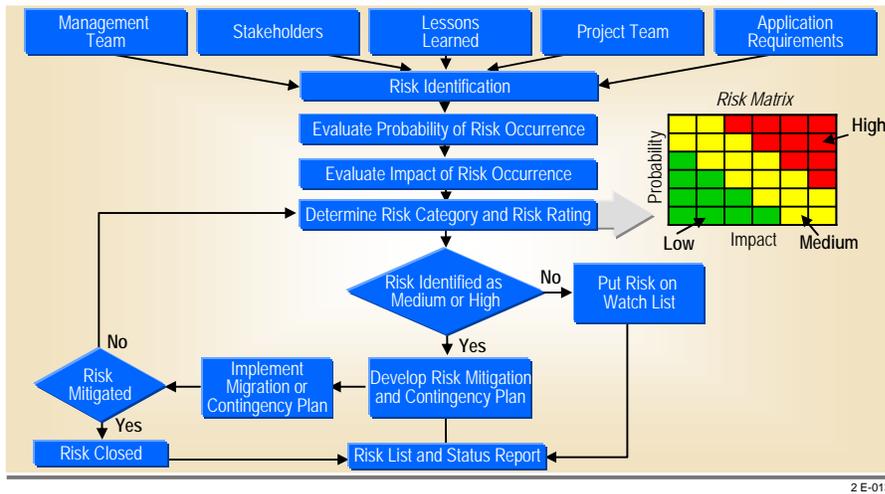


Figure 1: Risk Management Plan

The Contractor will provide a risk management plan format within 20 business days of the Contract Period start date. Once the format is finalized, the Contractor will provide the updated risk management plan bi-weekly as required but recommends a monthly deliverable schedule performed in parallel with the Project Status Reporting for a project of this type.

1.403 CHANGE MANAGEMENT

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

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

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

1.5 Acceptance

1.501 CRITERIA

The following criteria will be used by the State to determine acceptance of the deliverables provided under this Contract.

- A. **Document Deliverables** - Documents include, but are not limited to plans, project schedules, user guides, and procedure manuals.
 1. Documents are dated and in electronic format, compatible with State of Michigan software in accordance with Article 1.302.
 2. Draft documents are not accepted as final deliverables.



3. The documents will be reviewed and accepted in accordance with the requirements of the Contract.
 4. MDIT will review technical documents within 30 calendar days of receipt.
 - a. Approvals will be written and signed by MDIT Project Managers with assistance from other MDIT resources and impacted Agencies.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 calendar days of receipt.
 5. MDIT Project Managers will review project documents within 30 calendar days of receipt.
 - a. Approvals will be written and signed by both Project Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 calendar days of receipt.
- B. Service Deliverables - Services include, but are not limited to disaster recovery services, help desk, and support.
1. The services will be accepted in accordance with the requirements of the Contract.
 2. MDIT will review a Request for Approval of Services within 30 calendar days of completion or implementation.
 - a. Approvals will be written and signed by MDIT Project Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit a Request for Approval of Services for approval within 30 calendar days of receipt.
 3. MDIT staff are properly trained and supplied with the proper tools and documentation in accordance with the requirements of this Contract and the accepted Contractor's proposal.
 4. The Contractor has the tools and connectivity installed, in compliance with MDIT standards, to properly provide the services.

1.502 FINAL ACCEPTANCE

Final acceptance is expressly conditioned upon completion of all deliverables, completion of all tasks in the project plan as approved, completion of all applicable inspection and/or testing procedures, and the certification by the State that the Contractor has met the defined deliverable requirements.

1.6 Compensation and Payment

1.601 Compensation and Payment

Please refer to Article 1, Monthly Charges Table B.

Payment

The State will make monthly payments following approval of correct invoice issued by Contractor.

The monthly invoice will be in the amount of \$23,140.00 per month for a total of \$277,680.00 per year for the three-year term of the contract. Additional charges for the tape handlers will be assessed at a time and materials rate of \$46.00 per hour for each incidence and will be charged by the Contactor as used. In the event of a disaster, Recovery Charges will be executed through the State's emergency purchase process.

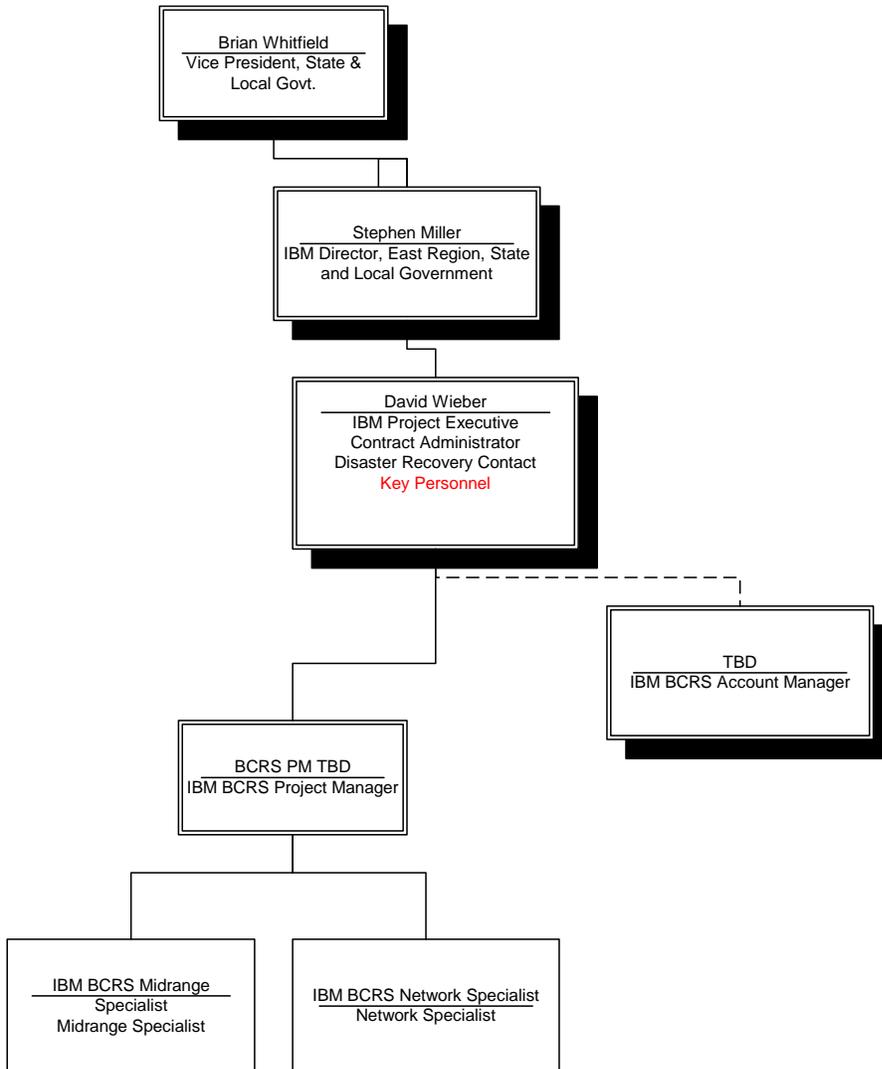
1.7 Additional Terms and Conditions Specific to this Contract

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS CONTRACT

RESERVED



Article 1 – Attachment B – IBM Organization Chart





Article 2 – General Terms and Conditions

Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) **“Days”** means calendar days unless otherwise specified.
- (b) **“24x7x365”** means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
- (c) **“Additional Service”** means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. “Additional Service” does not include New Work.
- (d) **“Amendment Labor Rates”** means the schedule of fully-loaded hourly labor rates attached as Article 1, Attachment C.
- (e) **“Audit Period”** has the meaning given in **Section 2.111**.
- (f) **“Business Day,”** whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) **“Incident”** means any interruption in Services.
- (h) **“Business Critical”** means any function identified in any Statement of Work as Business Critical.
- (i) **“Deliverable”** means physical goods and/or commodities as required or identified by a Statement of Work
- (j) **“Key Personnel”** means any Personnel designated in Article 1, Section 1.201 and/or Attachment B, as Key Personnel.
- (k) **“New Work”** means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. “New Work” does not include Additional Service.
- (l) **“Services”** means any function performed for the benefit of the State.
- (m) **“State Location”** means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) **“Subcontractor”** means a company Contractor delegate’s performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
- (o) **“Work in Process”** means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

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

2.013 Statements of Work

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an



amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

- (b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:
- a description of the Services to be performed by Contractor under the Statement of Work;
 - a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;
 - a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
 - all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
 - a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
 - a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
 - any other information or provisions the parties agree to include.
- (c) Reserved.
- (d) The initial Statements of Work, as of the Contract Period start date, is attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Purchasing Operations and the Department of Information Technology (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **Purchasing Operations is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within Purchasing Operations for this Contract is:

Jacque Kuch
 Purchasing Operations
 Department of Management and Budget
 Mason Bldg, 2nd Floor
 PO Box 30026
 Lansing, MI 48909
 kuchj@michigan.gov
 517-241-0239

2.015 Contract Compliance Inspector

Upon receipt at Purchasing Operations of the properly executed Contract, it is anticipated that the Director of DMB Purchasing operations, in consultation with (insert the end using agency), will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of such Contract as that authority is retained by the Office of Purchasing operations.**



The Contract Compliance Inspector for this Contract is:

Cindy Turben
 Department of Information Technology
 Constitution Hall, Atrium South Tower
 525 W Allegan St
 Lansing, MI 48913
 turbenc@michigan.gov
 517-335-6069

2.016 Project Manager

The following individual will oversee the project:

Douglas Couto, Information Officer
 MDIT Agency Services, Information Officer
 Department of Information Technology

2.020 Contract Objectives/Scope/Background

2.021 Background

Refer to Article 1, Section 1.002 Background

2.022 Purpose

Refer to Article 1, Section 1.001 Project Request

2.023 Objectives and Scope

Refer to Article 1, Section 1.1 Work and Deliverables

2.024 Interpretation

Sections 2.021 through 2.023 are intended to provide background and context for this Contract and are not intended to expand the scope of the obligations under this Contract or to alter the plain meaning of the terms and conditions of this Contract. However, to the extent the terms and conditions of this Contract are unclear or otherwise ambiguous, such terms and conditions are to be interpreted and construed in light of the provisions of this Section.

2.025 Form, Function and Utility

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

2.030 Legal Effect and Term

2.031 Legal Effect

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.032 Contract Term

This Contract is for a period of three (3) years commencing on the date that the last signature required to make the Contract enforceable is obtained. All outstanding Purchase Orders shall also expire upon the termination



(cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up two (2) additional one (1) year periods. Successful completion of negotiations surrounding the terms of the extension will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

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

(b) Key Personnel

(i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Article 1, Attachment B** provides an organization chart showing the roles of certain Key Personnel, if any.

(ii) Key Personnel shall be dedicated as defined in **Article 1, Attachment B** to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.

(iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a



material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.

(v) It is acknowledged that an Unauthorized Removal may interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount shall be \$25,000.00 per individual provided Contractor identifies a replacement approved by the State pursuant to **Section 2.041** and assigns the replacement to the Project to shadow the Key Personnel s/he is replacing for a period of at least thirty (30) days prior to such Key Personnel's removal.

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

(c) Re-assignment of non-Key Personnel. Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team's Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.

(d) Re-assignment of Personnel at the State's Request. The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement personnel for the removed person shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.

(e) Staffing Levels.

(i) All staff requirements not specified in the applicable Statement of Work or State-approved final project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.

(ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's final project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.



(f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.

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

2.042 Contractor Identification

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

2.043 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities and provided Contractor receives reasonable prior written notice of such request. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with such requests for access.

2.044 Subcontracting by Contractor

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

(b) Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Office of Purchasing operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.

(c) In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, and to the extent practicable be bound to Contractor by substantially similar terms of this Contract and to the extent



practicable, assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit A** is a list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract.

(d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.

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

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards

2.051 Existing Technology Standards

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dit/0,1607,7-139-30639_30655---,00.html.

2.052 PM Methodology Standards

The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. See the State's PMM website at <http://www.michigan.gov/projectmanagement> and as specified in Article 1 of the RFP.

The Contractor shall use the State's PPM to manage this Contract. If the Contractor requires training on the PMM, those costs shall be the responsibility of the Contractor, unless otherwise stated.

2.053 Adherence to Portal Technology Tools

The State has adopted the following tools for its Portal Technology development efforts:

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

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

Contractors that are compelled to use alternate tools must have received an exception from DIT, Enterprise Application Services Office, e-Michigan Web Development team, before this Contract is effective.

2.054 Acceptable Use Policy



To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.060 Deliverables

2.061 Ordering

DIT will continue to oversee the use of this Contract by End Users. DIT may, in writing, delegate to agencies the authority to submit requests for certain services directly to the Contractor. DIT may also designate, in writing, some services as non-delegated and require DIT review and approval before agency acquisition. DIT will use Contractor provided management reports and periodic random agency audits to monitor and administer Contract usage for delegated services.

2.062 Software

Exhibit C lists the items of software the State is required to purchase for execution the Contract. The list in **Exhibit C** includes all software required to complete the Contract and make the Deliverables operable; if any additional software is required in order for the Deliverables to meet the requirements of this Contract, such software shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Statement of Work or Contract Change Notice). **Exhibit C** also identifies certain items of software to be provided by the State.

2.063 Hardware

Exhibit B lists the items of hardware the State is required to purchase for execution the Contract. The list in **Exhibit B** includes all hardware required to complete the Contract and make the Deliverables operable; if any additional hardware is required in order for the Deliverables to meet the requirements of this Contract, such hardware shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Contract Change Notice). **Exhibit B** also identifies certain items of hardware to be provided by the State.

2.64 Equipment to be New and Prohibited Products

RESERVED

2.070 Performance

2.071 Performance, In General

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

- (a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.072(a)**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and, in such event, shall inform the State of the projected actual delivery date.
- (c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods,



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

2.073 Liquidated Damages

The parties acknowledge that the Contractors failure to provide the Configuration as defined in the Contract, within twenty-four (24) hours of the State's Declaration may contribute towards delays and the inability of the State to complete its Disaster Recovery process, may contribute to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any such delay. Therefore, Contractor and the State agree that in the case of any such failure by the Contractor to provide equipment within the twenty-four (24) hour commitment and in respect of which the State does not elect to exercise its rights under **Section 2.191**, the State may assess liquidated damages against Contractor as specified in this Section.

If Contractor fails to provide the Configuration within twenty-four (24) hours of the States Declaration, then the State shall be entitled to collect liquidated damages in the amount of \$1,000.00 per day for each day Contractor fails to provide the Configuration. In the event the State elects to receive the liquidated damages specified herein, such payments to the State shall be the sole and exclusive remedy for such failure to perform by the Contractor. In no event shall liquidated damages exceed \$30,000.00.

2.074 Bankruptcy

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, the State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

To secure the State's progress payments before the delivery of any services or materials required for the execution of Contractor's obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.75 Time is of the Essence

RESERVED

2.76 2.076 Service Level Agreements (SLAs)

- (a) SLAs will be completed with the following operational considerations subject to mutual agreement between the parties:
 - (i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has occurred as defined in **Section 2.202**,
 - (ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification and/or coordination.
 - (iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. In order to invoke



this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following ("Stop-Clock Conditions"):

1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.

2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) will be defined as three (3) unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling thirty (30) day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three (3) additional months. The termination of the Service will not affect any tiered pricing levels.

(c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two (2) weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals shall be rounded to two decimal places with 5 and greater rounding up and 4 and less rounding down unless otherwise specified.

2.080 Delivery and Acceptance of Deliverables

2.081 Delivery Responsibilities

Unless otherwise specified by the State within an individual order, the following shall be applicable to all orders issued under this Contract.

(a) Shipment responsibilities - Services performed/Deliverables provided under this Contract shall be delivered "F.O.B. Destination, within Government Premises." The Contractor shall have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates will be specified on the individual purchase order.

(b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.

(c) Damage Disputes - At the time of delivery to State Locations, the State shall examine all packages. The quantity of packages delivered shall be recorded and any obvious visible or suspected damage shall be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record such.

Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within fourteen (14) days of receipt. Any damage must be reported to the Contractor within five (5) days of inspection. If this inspection does not occur and damages not reported within thirty (30) days of receipt, the cure for such damaged deliveries should transfer to the delivery signing party.

2.082 Delivery of Deliverables



(a) Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document (“Written Deliverable”), a good (“Physical Deliverable”) or a Service. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.083 Testing

(a) Prior to delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor will first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and in conformance with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor shall certify to the State that:

- (1) it has performed such quality assurance activities;
- (2) it has performed any applicable testing;
- (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing;
- (4) the Deliverable or Service is in a suitable state of readiness for the State’s review and approval, and;
- (5) the Deliverable/Service has all Critical Security patches/updates applied.

(b) If a Deliverable includes installation at a State Location, then Contractor shall:

- (1) perform any applicable testing;
- (2) correct all material deficiencies discovered during such quality assurance activities and testing, and;
- (3) inform the State that the Deliverable is in a suitable state of readiness for the State’s review and approval. To the extent that testing occurs at State Locations, the State shall be entitled to observe or otherwise participate in testing.

2.084 Approval of Deliverables, In General

(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which will include the successful completion of Testing as applicable in **Section 2.083**, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State’s obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Prior to commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor in accordance with **Section 2.083(a)**.



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

(e) If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure up to and including replacement with an alternative solution of the State's choosing, at the sole expense of Contractor; subject to the limitations laid out in Section 2.201; or (ii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure such breach. Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if such process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the testing or approval process.

2.085 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.086 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be fifteen (15) Business Days for Services), or as otherwise may be agreed between the parties. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Services (or at the State's election, subsequent to approval of the Service). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.087 Process for Approval of Physical Deliverables



The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be fifteen (15) continuous Business Days for a Physical Deliverable). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State’s election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor’s correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.088 Final Acceptance

Unless otherwise stated in the Statement of Work or Purchase Order, “Final Acceptance” of each Deliverable shall occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.080-2.087**. Payment will be made for Deliverables installed and accepted as specified in the Statement of Work. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.090 Financial

2.091 Pricing

(a) Fixed Prices for Services/Deliverables

Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Article 1, Attachment C**). The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

(b) Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor’s charges under such Statement of Work commensurate with the reduction in scope, using the rates in **Article 1, Attachment** unless specifically identified in an applicable Statement of Work.



(c) Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract the State shall not be obligated to pay any amounts in addition to the charges specified in this Contract or a Project Change as mutually agreed between the parties and incorporated into the Contract via Contract Change Notice issued by DMB Purchasing Operations.

(d) Labor Rates

All time and material charges will be at the rates specified in **Article 1, Attachment C**.

2.092 Invoicing and Payment Procedures and Terms

(a) Invoicing and Payment – In General

(i) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a reasonable level of detail. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1, Attachment C**. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.

(iii) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within forty-five (45) days after receipt, provided the State determines that the invoice was properly rendered.

(b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)

The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.

(c) Out-of-Pocket Expenses

Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.

(d) Pro-ration

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

(e) Antitrust Assignment

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



(f) Final Payment

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

2.093 State Funding Obligation

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

2.094 Holdback

2.095 Electronic Payment Availability

Public Act 533 of 2004 requires that payments under this be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

2.100 Contract Management

2.101 Contract Management Responsibility

(a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, with the participation and support of the State as specified in this Contract. Contractor shall endeavor to monitor and report the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1, Attachment E** (Project Plan) is likely to delay the timely achievement of any Contract tasks.

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

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.

2.103 Reports and Meetings

(a) Reports.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of periodic reports to be issued by Contractor to the State. Such reports may include:

- (i) separately address Contractor's performance in each area of the Services;
- (ii) for each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;



- (iii) explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;
 - (iv) describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;
 - (v) include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;
 - (vi) provide reports relative to any Time & Materials efforts setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.
 - (vii) set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.
 - (viii) include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, this Contract.
 - (ix) set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.
- (b) Meetings.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of meetings to be held between representatives of the State and Contractor. Contractor shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. Contractor shall incorporate into such agenda items that the State desires to discuss. At the State's request, Contractor shall prepare and circulate minutes promptly after a meeting.

2.104 System Changes

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

2.105 Reserved

2.106 Change Requests

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

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



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

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

(a) Change Requests

(i) State Requests

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

(ii) Contractor Recommendations

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.

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

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

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

(vi) If the State requests Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.



2.107 Management Tools

Contractor will use an automated tool for planning, monitoring and tracking the Contract’s progress. In addition, Contractor shall use automated project management tools as reasonably necessary to perform the Services, which tools shall include the capability to produce through the end of the Contract: (i) staffing tables with names of personnel assigned to Contract tasks, (ii) final project plans showing tasks, subtasks, Deliverables and the resources required and allocated to each (including detailed plans for all Services to be performed within the next sixty (60) days, updated semi-monthly) and (iii) graphs showing critical events, dependencies and decision points during the course of the Contract. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State’s standard to the extent such information is described with reasonable detail in the Statements of Work and to the extent the related work is of sufficient project complexity and duration to warrant such reporting.

2.110 Records and Inspections

2.111a Records and Inspections

(a) Inspection of Work Performed. The State’s authorized representatives shall at all reasonable times and with ten (10) days prior written request, shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon ten (10) Days prior written notice and at all reasonable times, the State’s representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not reasonably interfere with Contractor performance. Contractor must provide all reasonable assistance for the State’s representatives.

(b) Examination of Records. Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the “Audit Period”), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor’s books, records, documents and papers related to this contract pertinent to establishing Contractor’s compliance with the Contract and with applicable laws and rules, including the State’s procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State or any third party shall not have access to any information deemed confidential to Contractor (including but not limited to Contractor’s confidential financial information such as cost or pricing methodologies, overheads, profit margins, internal audit results, Contractor’s Personnel data or those of its subcontractors) to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

(c) Retention of Records. Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, on no more than an annual basis. If an audit, litigation, or other action involving Contractor’s records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

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



2.111b Records and Inspections

RESERVED

2.112 Errors

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

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

2.120 State Responsibilities

2.121 State Performance Obligations

(a) **Equipment and Other Resources.** To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.

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

(c) **Return.** Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

(d) Except as otherwise provided in **Section 2.220**, and the SOW, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

The Contractor shall authorize the investigation of its personnel (to the extent contractor is authorized to make such authorization) proposed to have access to State facilities and systems on a case by case basis. The scope of the background check is at the discretion of the State (according to Michigan State Police policy and practice) and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. Such investigations will include Michigan State Police Background checks (ICHAT) and



may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's reasonable security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

~~2.140~~ ~~Reserved~~

~~2.150~~ ~~Confidentiality~~

2.151 Freedom of Information

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

2.152 Confidentiality

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

2.153 Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. Except for personally identifiable information, Confidential Information disclosed under this Agreement will be subject to this Agreement for two years following the initial date of disclosure.



2.154 Exclusions

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

2.155 No Implied Rights

Subject to section 2.167, nothing contained in this Section shall be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party may be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

2.157 Security Breach Notification

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any reasonable action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within ten (10) days of becoming aware of such use or disclosure or such shorter time period as is reasonable under the circumstances. All such Contractor obligations in Articles 2.152 thru 2.157 shall be subject to Article 2.201 herein.

2.158 Survival

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

2.159 Destruction of Confidential Information

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

2.160 Proprietary Rights

2.161 License

RESERVED



2.162 Source Code Escrow
RESERVED

2.163 Rights in Data

(a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of Contractor, nor will any employee of Contractor other than those on a strictly need to know basis have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.

(b) The State is and shall remain the owner of all State-specific data pursuant to the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information. Other material developed and provided to the State shall remain the State's sole and exclusive property.

2.164 Ownership of Materials

State and Contractor will continue to own their respective technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

2.165 Standard Software

If applicable and necessary, all Standard Software used in performing the Services shall be provided to the State under a separate license agreement between the State and the owner (or authorized licensor) of such software. Standard Software to be licensed to the State is listed in **Exhibit C**.

2.166 Pre-existing Materials for Custom Software Deliverables

Neither Contractor nor any of its Subcontractors shall incorporate any preexisting materials (including Standard Software) into Custom Software Deliverables or use any pre-existing materials to produce Custom Software Deliverables if such pre-existing materials will be needed by the State in order to use the Custom Software Deliverables unless (i) such pre-existing materials and their owners are identified to the State in writing and (ii) such pre-existing materials are either readily commercially available products for which Contractor or its Subcontractor, as the case may be, has obtained a license (in form and substance approved by the State) in the name of the State, or are materials that Contractor or its Subcontractor, as the case may be, has the right to license to the State and has licensed to the State on terms and conditions approved by the State prior to using such pre-existing materials to perform the Services.

2.167 General Skills

Notwithstanding anything to the contrary in this Section, each party, its Subcontractors and their personnel shall be free to use and employ its and their general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of performing the Services.



2.170 Warranties And Representations

2.171 Warranties and Representations

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and shall fulfill all of its obligations under this Contract. The performance of all obligations under this Contract shall be provided in a timely, professional, and workman-like manner and shall meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables.
- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor shall not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.



(m) To the best of IBM's knowledge and belief, written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.

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

2.173 Equipment Warranty

RESERVED

2.174 Physical Media Warranty

RESERVED

2.175a DISCLAIMER

THE FOREGOING EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.175b Standard Warranties

(a) Warranty of title

Contractor shall convey good title in those Deliverables, whose transfer is right and lawful. All Deliverables provided by Contractor shall be delivered free from any security interest, lien, or encumbrance. Deliverables shall be delivered free of any rightful claim of any third person of ownership, interest, lien or encumbrance.

THE FOREGOING EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.176 Consequences For Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, such breach may be considered as a default in the performance of a material obligation of this Contract.

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

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

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages



are covered by the insurance policies and only if the contractor's negligence in their performance of work within the scope of this contract, the Contractor is required to maintain pursuant to this Contract.

All insurance coverage's provided relative to this Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State and only as respects third party property damage and third party bodily injury arising out of contractor's negligence and for which contractor is found to be legally liable. Primary and noncontributory coverage will apply only as respects the specific activities/projects that Contractor undertakes under this specific Contract, except for premise liability on customer premise under Commercial General Liability where IBM does not control the premises.

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

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

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits. Those higher limits can be evidenced by certificate of insurance and upon specific request by the State and review/approval by IBM RIM.

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage's afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED the certificate of insurance shall outline that the insurer will endeavor to provide (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Purchasing operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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

1. Commercial General Liability with the following minimum coverage:

- \$2,000,000 General Aggregate Limit other than Products/Completed Operations
- \$2,000,000 Products/Completed Operations Aggregate Limit
- \$1,000,000 Personal & Advertising Injury Limit
- \$1,000,000 Each Occurrence Limit
- \$500,000 Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate this is accomplished through IBM's Commercial General Liability certificate which contains a blanket Additional Insureds endorsement. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

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



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

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

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

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

4. Employers liability insurance with the following minimum limits:

- \$100,000 each accident
- \$100,000 each employee by disease
- \$500,000 aggregate disease

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00). Fidelity and Crime Insurance covering loss of money, securities and other tangible property belonging to the State of Michigan resulting directly from a fraudulent or dishonest act by an IBM employee, while performing professional services for the State.

6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.

8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.

(b) Subcontractors

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



(c) Certificates of Insurance and Other Requirements

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

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

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

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

(b) Code Indemnification

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

(c) Employee Indemnification

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

(d) Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from and against all third party claims for losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments,



interest and penalties) incurred in connection with any action or proceeding brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it, subject to Section 2.201 herein.

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

2.192 Continuation of Indemnification Obligations

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

2.193 Indemnification Procedures

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

(a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

(b) If Contractor delivers a Notice of Election relating to any claim, Contractor will periodically advise the State about the status and progress of the claim. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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



2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or for misappropriation of trade secrets; to claims for bodily injury or damage to property; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

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

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

2.202 Excusable Failure

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

In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay Contractor's performance of the Services/provision of Deliverables for more than ten (10) Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate for convenience any portion of the Contract so affected and the charges payable there under shall be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate for convenience the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

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



2.203 Disaster Recovery

RESERVED

2.210 Termination/Cancellation by the State

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

2.211 Termination for Cause

(a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than thirty (30) days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.

(b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for all reasonable costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources, subject to Section 2.201 herein. Re-procurement costs shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.

(c) In the event the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State shall pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

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

2.212 Termination for Convenience

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

2.213 Non-Appropriation



(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State shall have the right to terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. Any such termination under this section shall be deemed a termination for convenience not a termination for fault. The State shall give Contractor at least thirty (30) days advance written notice of termination for non-appropriation or unavailability (or such time as is available if the State receives notice of the final decision less than thirty (30) days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise made available, the State may, upon thirty (30) days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of such reduction.

(c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.214 Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor’s business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice. Any such termination under this section shall be deemed a termination for convenience.

2.216 Rights and Obligations Upon Termination

(a) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor’s possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an “As-Is” basis except to the extent the amounts paid by the State in respect of such



items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any commercially reasonable action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

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

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

2.217 Reservation of Rights

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

2.218 Contractor Transition Responsibilities

In the event this Contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed ninety (90) days. These efforts shall include, but are not limited to, the following:

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

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

(d) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to



the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

(e) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations) at the rates specified by **Article 1, Attachment C**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 State Transition Responsibilities

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

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

2.220 Termination by Contractor

2.221 Termination by Contractor

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work

2.231 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to ninety (90) calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within thirty (30) calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.106**. In the event that the State fails to rescind any Stop Work Order within the ninety calendar day period the Contract shall be terminated for convenience pursuant to section 2.212, Termination for Convenience.



2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

- ~~2.240 Reserved~~
- ~~2.250 Dispute Resolution~~

2.251 In General

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

2.252 Informal Dispute Resolution

(a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Purchasing operations, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal proceedings, as follows:

- (i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other’s position.
- (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- (iv) Following the completion of this process within sixty (60) calendar days, the Director of Purchasing operations, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within thirty (30) calendar days. The opinion regarding the dispute shall be considered the State’s final action and the exhaustion of administrative remedies.

(b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to the Contract.

2.253 Injunctive Relief



The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief may be the only adequate remedy.

2.254 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements

2.261 Nondiscrimination

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

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.



2.263 Workplace Safety and Discriminatory Harassment

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

2.270 Litigation

2.271 Disclosure of Litigation

IBM is subject to a variety of claims and suits that arise from time to time in the ordinary course of its business, including actions with respect to contracts, IP, product liability, employment and environmental matters.

In addition the company is a defendant in a class action challenge to its defined benefit plan. The suit alleges that the current pension plan formulas violate a number of Employee Retirement Income Security Act (ERISA) provisions including the ERISA age discrimination provision.

While it is not possible to predict the ultimate outcome of the matters discussed above, given the unique factors and circumstances involved in each matter, historically, the company has been successful in defending itself against claims and suits that have been brought against it, and payments made by the company in such claims and suits have not been material to the company. The company will continue to defend itself vigorously in all such matters and believes that if it were to incur a loss in any such matter, such loss should not have a material effect on the company's business, financial condition or results of operations.

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions thereto, to which Contractor (or, to the extent Contractor is aware, any Subcontractor hereunder) is a party. IBM intends to satisfy this requirement through submission of their annual report.

2.272 Governing Law

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

2.273 Compliance with Laws

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

2.274 Jurisdiction

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

2.280 Environmental Provision

2.281 Environmental Provision

RESERVED



2.290 General

2.291 Amendments

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

(a) Neither party shall have the right to assign the Contract, or to assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings

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

2.295 Relationship of the Parties (Independent Contractor Relationship)

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

2.296 Notices

(a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business



Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:
State of Michigan
Office of Purchasing Operations
Attention: Jacquie Kuch
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

with a copy to:
State of Michigan
Department of Information Technology
Attention: Doug Cuoto
116 West Allegan
Hollister Building
Lansing, Michigan 48909

Contractor(s):
Name: Yogesh Saxena
Address One Michigan Avenue, Lansing, MI 48933

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

(b) Binding Commitments

Representatives of Contractor identified in **Article 1, Attachment B** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

(a) Media Releases

Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.

(b) Contract Distribution

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

2.298 Reformation and Severability

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



2.299 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed. State authorizes Contractor and its subsidiaries (and their successors and assigns, and Business Partners) to store and use State business contact information wherever they do business, in connection with IBM Products and Services or in further interests of Contractor's business relationship of State.

IBM and its subsidiaries shall not be liable to the State or indemnify the State for any claims of patent infringement, including contributory infringement or inducement to infringe of any patents owned or licensable now or hereafter by Ronald A. Katz or Ronald A. Katz Technology Licensing, L.P. or by his or its successors or assigns ("Katz Patents").

IBM shall not be responsible for determining whether the State requires a license to any Katz Patents, obtaining any such license on the State's behalf, or paying any fees relating to any such licenses.

2.300 No Waiver of Default

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

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.302 Covenant of Good Faith

Each party agrees that, in its dealings with the other party or in connection with the Contract, it shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties will not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract. The State shall be obligated to obtain and provide to IBM all Required Consents necessary for us to provide the Services described herein. A Required Consent means any consents or approvals required to give Contractor or its subcontractors the right or license to access, use and/or modify (including creating derivative works) the hardware, software, firmware and other products not provided by Contractor under this Contract, to enable Contractor and its subcontractors to perform the Services set forth herein without infringing the ownership or license rights (including patent and copyright) of the providers or owners of such products. Contractor will make the State aware of the need for any Required Consents of which Contractor is aware.

2.303 Permits

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

2.304 Website Incorporation

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



2.305 Taxes

Vendors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in the resulting Contract.

The State may refuse to award a contract to any Vendor who has failed to pay any applicable State taxes. The State may refuse to accept Vendor's bid, if Vendor has any outstanding debt with the State. Prior to any award, the State will verify whether Vendor has any outstanding debt with the State.

2.306 Prevailing Wage

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

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

Comment [DCW1]: Is this right, this was changed from "you" to "the State"??

Comment [DCW2]: Same comment as above

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

2.307 Call Center Disclosure

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

2.308 Future Bidding Preclusion

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

- 2.310 Reserved
- 2.320 Extended Purchasing

2.321 MiDEAL

Public Act 431 of 1984 permits DMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: <http://www.michigan.gov/doingbusiness/0,1607,7-146-6586-16656--,00.html>. Unless otherwise stated, it is the responsibility of the Contractor to ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.



The Contractor will supply Contract Services and equipment at the established State of Michigan contract prices and terms to the extent applicable and where available. Inasmuch as these are non-state agencies, all invoices will be submitted to and payment remitted by the local unit of government on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under this Contract, the quantities of Services and/or equipment purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

2.322 State Employee Purchases

2.330 Federal Grant Requirements

2.331 Federal Grant Requirements

The following links contain certifications and terms which may be required for some purchases paid via Federal funds. They are included here to be utilized as required.

Lobbying Certifications are usually for agreements over \$100,000. The debarment certification is required for all agreements. The last link is where you can go and search for debarred or suspended contractors.

http://straylight.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00001352----000-.html

http://www.archives.gov/federal_register/codification/executive_order/12549.html

http://www.archives.gov/federal_register/executive_orders/pdf/12869.pdf

<http://www.epls.gov/epls/servlet/EPLSearchMain/1>



Attachment A
 IBM Original Response to RFP 07117200096 Section 1.104 Work and Deliverables

A. Technical Requirements – Contractor’s services must meet the following technical requirements:

1. **The system employs client/server architecture with an intelligent workstation client accessing a central database through software on a server.**

IBM Response:

IBM has proposed a solution as per the hardware specifications provided by the State in the RFP. It is IBM's understanding that the State will continue to own responsibility for the system/application architectural design, implementation, and functions.

2. **The system server is compatible with the State’s technical architecture and is sized suitable for the system specified.**

IBM Response:

IBM has proposed servers that are sized identical or better than the hardware specifications provided by the State in the RFP.

3. **The software license is for perpetual use for a fixed fee without additional royalties or service fees, except for ongoing software maintenance.**

IBM Response:

As IBM is providing recovery services that are used in case of primary production systems being unavailable, the generally acknowledged process is to use the software licenses procured for the State’s production site at the recovery site. IBM recommends that the State confirm with its software vendors that this does not contravene the licensing obligations of the State in any way.

It is IBM’s understanding and assumption that all software applications, such as the operating systems and the State’s specific mission-critical applications, will continue to be the State’s responsibility. Likewise, all related software licenses will continue to be the State’s responsibility. Therefore, IBM has proposed no software licenses as part of our solution.

4. **All equipment supplied and/or supported under this contract must be configured in the most optimal manner and in conformance with MDIT standards.**

IBM Response:

IBM will configure all the equipment based on inputs provided by the State. As the State currently operates these systems, the State is in the best position to provide the configuration requirements that are optimal for the State’s use.

5. **Contractor’s recommended hardware platform/topology provides for optimal functioning in the following areas:**
 - a. **Communication line speed for distributed entry functions and major online processes of departments and offices located in various areas of the State**
 - b. **Processing the volumes presented and any increases in volume that can be expected through the implementation of the proposed system.**
 - c. **Remote access and administration**
 - d. **Application installation, administration and support**
 - e. **Support for a variety of TCP/IP network configurations**



IBM Response:

IBM has provided the hardware platform and network topology as specified by the State in the RFP.

- a. Communication line speeds have been determined and specified by the State and IBM will meet these requirements.
 - b. The State has experience running these systems and understands capacity requirements. IBM is proposing identical or better hardware configuration to what is being specified in this RFP.
 - c. The State has specified a DS-3 circuit for remote access and administration of the recovery hardware. IBM has included this circuit in its solution. IBM is also proposing the use of its BCRS workgroup suite in Southfield, Michigan which allows the State to remotely recover and administer the systems without incurring long distance travel.
 - d. IBM will provide the hardware and network for recovery. IBM will configure this hardware and network to the State's requirements. State technicians can then recover the applications as per its recovery procedures.
 - e. The IBM BCRS offering has a dedicated team of network engineers. IBM will work with the State to validate that our solution meets the State TCP/IP network configuration requirements.
6. **All computer information systems and applications operate in a secure manner and comply with State and federal security standards and regulations including the DIT 1350 Enterprise Security Policy and the 1410.7 Michigan State Government Network Security Policy as found on the website: <http://www.michigan.gov/dit/0,1607,7-139-34305-107739--,00.html>**

IBM Response:

IBM has proposed a solution as per the hardware and network specifications provided by the State in the RFP. It is IBM's understanding that the State will continue to own responsibility for the system and application operations and logical security. IBM will provide physical security as noted below.

- 7. **The system must ensure that the integrity and confidentiality of data is protected by safeguards to prevent release of information without proper consent.**

IBM Response:

It is IBM's understanding that the State will manage and operate the application at the recovery site and as such will own all access controls and passwords to its data.

IBM's major recovery sites (Sterling Forest, NY; Gaithersburg, MD; and Boulder, CO) all provide 24 hours per day, 7 days per week security coverage. The sites provide secure customer parking and controlled-access facility entrances. Access-control monitoring systems, and closed circuit cameras, are located in each external entrance to the facility. Within the recovery site, all doors to system recovery suites, storage areas and customer offices are strictly controlled-access, via badge readers or numeric scramble pads.

The on-site security staff is full-time, all shifts. Each recovery site uses fire detection and suppression systems, as well as redundant power for the equipment and environmental systems (including UPS and backup generators).

- 8. **For any activities not performed on State sites or facilities, the Contractor will provide effective physical security measures for all proposed equipment sites, all processing and operations areas (including the mailroom), and secured storage areas through a card key or other comparable system. At a minimum, the Contractor will:**
 - a. **Restrict perimeter access to equipment sites, State-specified processing and storage areas, and storage areas through a card key or other comparable system.**

IBM Response:

The Sterling Forest recovery site provides 24 hours per day, 7 days per week security coverage with secure client parking and facility entrances. Access control monitoring systems and closed circuit cameras provide



continuous monitoring throughout the site. These systems are located internally and externally, and are monitored by a Security Control Center staffed 24 x 7.

At the IBM Sterling Forest site, badge readers and scramble pads control individual access. Badge access is issued primarily to IBM employees and long-term contract employees, and scramble pad codes are issued primarily to BCRS clients. Badge readers are located throughout the site and allow access into IBM-staffed areas. Scramble pads are located at each external entrance and at the entrance to the lobby and individual client recovery suites. (Our scramble pads adhere to the American Disabilities Act [ADA] standards). IBM BCRS clients may access their assigned suite only; they cannot accidentally enter another suite.

The flexibility of the scramble pad system also allows the client to control access within the assigned suites and offices. (For example, if office-only access is required for an individual, suite access can be removed from his or her scramble pad code). Other IBM recovery locations follow the same high security standards, with very slight differences (i.e., electronic badge readers may be used instead of numeric scramble pads).

- 9. Physical security shall include additional features designed to safeguard site(s) through required provision of fire retardant capabilities, as well as other electrical alarms, monitored by security personnel on a twenty-four (24) hours a day, seven (7) days a week basis.**

IBM Response:

Access control monitoring systems and closed circuit cameras provide continuous monitoring throughout the site. These systems are located internally and externally, and are monitored by a Security Control Center staffed 24 x 7.

The Sterling Forest site has a fire suppression system that utilizes automatic pre-action, dry pipe sprinklers, sensors and water. Hot site, cold site, offices, corridors, and tape libraries are all protected. Fire extinguishers are also strategically located throughout the facility. This location also conforms to all National Fire Protection Association (NFPA) 75 standards. Shutdown procedures are readily available in case of an emergency.

- 10. Maintain a current annual security rating as audited by an independent third party auditing firm that certifies that they meet federal and State guidelines for the handling of confidential data.**

IBM Response:

The IBM BCRS organization, does not engage independent third party audits as described. Under the services proposed in this response, you retain sole responsibility for the design, development, maintenance, control and operation (including data security, internal controls and regulatory compliance) of all your applications and IT processing.

IBM BCRS does however regularly undergo rigid, internal process analyses and measurements of all our practices and policies. By this means, we have maintained robust, identifiable, standardized processes to provide the highest quality service and support to our clients.

Also, per our response to section 1.104.C.15 below, the State may inspect our site up to 2 times per year as requested.

- 11. The system must provide real-time data transfer of identified data.**

IBM Response:

IBM is proposing a DS-3 circuit between Sterling Forest recovery center and the State's network. The State can use this circuit to transfer data in any way it deems appropriate when the recovery solution is active.

B. General System Requirements – Contractor's services must meet the following requirements:

- 1. A minimum of two (2) copies of the following documentation in an electronic format, online and in hard copy will be provided:**
 - a. User and Technical Manuals - On-line and Hard Copy**
 - b. Data Element Dictionary**



- c. Operations Manual
- d. All updates of documentation during the term of the Contract, software license, and maintenance agreement
- e. System-wide documentation and specifications

IBM Response:

As per Q&A, this documentation is not relevant to this RFP.

- 2. The Contractor must notify the State of any discrepancies or errors outlined in the system, operations, and user documentation.**

IBM Response:

As per Q&A, this documentation is not relevant to this RFP.

- 3. All maintenance is performed by qualified personnel familiar with the equipment.**

IBM Response:

All IBM BCRS sites and Local Access Suites utilize maintenance agreements to allow maximum availability of the recovery site equipment and infrastructure. The Gaithersburg, Sterling Forest, and Boulder sites have IBM Customer Engineer (CE) teams ready to provide maintenance service 24 hours per day, 7 days per week. Preventative maintenance is performed on a regularly scheduled basis.

- 4. Remote diagnostic capabilities are provided**

IBM Response:

As requested in the State's RFP, IBM is proposing a DS-3 circuit between the State and the Sterling Forest recovery center. IBM is also proposing a serial over IP KVM switch at the recovery facility that can be used to gain console access to the servers. The State can utilize these facilities for remote diagnostic requirements.

- 5. The software maintenance program includes all future software updates and system enhancements applicable to system modules licensed without further charge to all licensed users maintaining an annually renewable software support contract.**

IBM Response:

Please see our response to 1.104.A.3 above.

- 6. Help desk support is available 24 x 7 x 365, with escalation as necessary to senior technical/engineering staff, and then to higher management and/or senior management.**

IBM Response:

The State may call 1-800-IBM-SERV at any time to declare an outage emergency or alert IBM to a situation that may result in an outage emergency declaration.

IBM BCRS' inventory of IT equipment is supplemented by over 600 dedicated recovery specialists throughout our facilities, who are available for client support, on-site and on-call, on a 24 x 7 basis related to the hardware, software and network that IBM provides.

IBM will organize the resources required to facilitate the reporting process and accomplish the resolution process of State service problems. The State will be assigned an IBM Project Executive responsible for their recovery solution and an IBM project manager responsible for their recovery exercises. The State can then escalate problems through their IBM Project Executive or their IBM project manager, since both are focused on the State's satisfaction with this service. If necessary, the IBM Project Executive will escalate to senior management within IBM, if the problem is not resolved in the timeframe appropriate to the severity level of the problem.

- 7. Maintenance service options are provided including 24 x 7 x 365 service, onsite service, 2-(emergency), 4-, and 8-hour and next day response times.**



IBM Response:

All IBM BCRS sites and Local Access Suites utilize maintenance agreements to allow maximum availability of the recovery site equipment and infrastructure. The Gaithersburg, Sterling Forest, and Boulder sites have IBM Customer Engineer (CE) teams ready to provide maintenance service 24 hours per day, 7 days per week. Preventative maintenance is performed on a regularly scheduled basis.

Individual maintenance service options are not applicable to the solution IBM is proposing.

8. The system has the ability to provide point-in-time recovery of data to the last completed transaction.

IBM Response:

IBM is proposing hardware and network as specified by the State in the RFP. IBM understands that point-in-time recovery capabilities will remain a State responsibility as it is dependent on the State's Disaster Recovery Plan and the related backup and restore processes used by the State to recover the application and database.

9. The system has the ability to allow for continued use of the system during backup.

IBM Response:

IBM is proposing hardware and network components as specified by the State in the RFP. It is IBM's understanding that the State will continue to own responsibility for the application and the overall application design and architecture that would facilitate continued use of the system during backups.

10. The system has the ability to provide a complete backup and recovery process for all database tables and system files.

IBM Response:

IBM is proposing hardware and network components as specified by the State in the RFP. It is IBM's understanding that the State will continue to own responsibility for the application database and system files as well as the process to execute backup and recovery processes.

11. The system has the ability to create on request backups.

IBM Response:

IBM has proposed hardware and network components as specified by the State in the RFP. This includes a tape library, tape drives and SAN storage. The State can use these to create on request backups. It is IBM's understanding that the State will continue to own responsibility for the overall system/application architecture and the related backup and archival features that are part of this architecture.

12. The back up and archival features of the system proposed can be initiated automatically or by manual request.

IBM Response:

IBM is proposing hardware and network components as specified by the State in the RFP. It is IBM's understanding that the State will continue to own responsibility for the overall system/application architecture and the related backup and archival features that are part of this architecture.

13. The system software and data must be able to be restored to its previous operational status within four (4) hours after initiation of recovery process.

IBM Response:

When you notify IBM that you are experiencing an Outage Emergency by calling the toll-free number IBM provides ("Declare"), IBM will begin to prepare, without delay, the recovery facilities for your use. You may have immediate access to the Recovery Site IBM makes available to you. IBM will use commercially reasonable efforts to provide the Configuration as soon as you are ready to use it and will provide it no later than twenty-four (24) hours after you Declare.



C. Functional Requirements –

1. **Contractor shall provide a hot site for disaster recovery services. A hot site is defined as a facility fully-prepared to support specified computing needs and providing an equivalent configuration available for immediate restoration and processing of the identified systems in the event of an interruption in the Center’s computer services.**

IBM Response:

IBM is proposing recovery services at our enterprise recovery site in Sterling Forest, New York.

When you notify IBM that you are experiencing an Outage Emergency by calling the toll-free number IBM provides (“Declare”), IBM will begin to prepare, without delay, the recovery facilities for your use. You may have immediate access to the Recovery Site IBM makes available to you. IBM will use commercially reasonable efforts to provide the Configuration as soon as you are ready to use it and will provide it no later than twenty-four (24) hours after you Declare.

2. **Contractor must provide the necessary hardware, connectivity to the locations requested and technical support to allow for the reload and recovery of data within the specified time frame.**

IBM Response:

Based upon the hardware and network specifications that you have communicated in your RFP, this site will accommodate your computer hardware, disk storage, peripherals, and network connectivity requirements. Supplemented by our on-site technical and administrative personnel, the solution we have designed will allow you to thoroughly exercise your recovery plan, and to execute your recovery plan in case of an outage emergency.

3. **Recovery server configurations must provide no less capability than the minimum requirements of the stated components, including SAN, non-SAN DASD and tape requirements and must be capable of running the described operating systems and all system software and applications software which run under those operating systems.**

IBM Response:

The equipment provided by IBM will be compatible with, and will offer capacity and functionality equivalent to or greater than that of the State subscribed configuration in the SOW.

4. **Contractor must provide technical documentation at the proposed recovery facility appropriate to the required recovery platforms. This material must be available for use by State staff when operating from the recovery facility.**

IBM Response:

IBM’s enterprise recovery sites (Sterling Forest, NY, Gaithersburg, MD, and Boulder, CO) all maintain libraries of operating system reference manuals, both hardcopy and CD-ROM, that will be available for the State’s use.

5. **The disaster recovery services must be in place and fully operational so that recovery is available if a disaster strikes March 1, 2007.**

IBM Response:

IBM understands and can meet the State’s requirement for a March 1, 2007 start date for IBM BCRS services.

6. **The hot site shall provide disaster recovery within 72 hours for the following systems:**
 - a. **DCDS**
 - b. **HRMN**
 - c. **MIDB**

IBM Response:



When you notify IBM that you are experiencing an Outage Emergency by calling the toll-free number IBM provides (“Declare”), IBM will begin to prepare, without delay, the recovery facilities for your use. You may have immediate access to the Recovery Site IBM makes available to you. IBM will use commercially reasonable efforts to provide the Configuration as soon as you are ready to use it and will provide it no later than twenty-four (24) hours after you Declare.

It is IBM’s understanding that the State is requesting that all hardware have operating system pre-loads completed prior to turning over the hardware to the State for recovering the applications. IBM will restore the operating systems as requested by the State to base levels and the State will install additional patches that you require.

It is IBM’s understanding that the State will continue to own primary responsibility for restoring the systems and recovering the applications (DCDS, HRMN, MIDB, MAP, and CPEXPRESS) to meet the 72 hour recovery objective while IBM provides Network and Infrastructure staff in a support role to assist with problem determination and suspected infrastructure issues.

7. The hot site shall provide disaster recovery services within 72 for the following systems:

- a. MAP
- b. CPEXPRESS

IBM Response:

Same as response to #6 immediately above.

8. The hot site shall meet the following network requirements:

Specs	Description
1	CISCO router base unit
	1 100 MB FAST ETHERNET PORT
	1 HSSI PORT
	3 SERIAL PORTS
1	CISCO SWITCH - BASE UNIT #1
	Gigabyte capable blade w/minimum 24 ports
1	RSM (Route Switch Module)

IBM Response:

IBM BCRS is providing a Cisco 7206 Router with a T3 Port Adapter. Requested Layer2 LAN Switch ports are provided by the IBM BCRS Catalyst Infrastructure and do not need to be contracted. For Layer3 we are providing a separate Catalyst 6509 chassis with 10 Gigabit Ethernet Ports for routing amongst the Layer2 VLANs we will have setup for you.

9. The remote facility(s) offered as disaster recovery hot sites must be able to connect the hot site configurations to the State of Michigan network for remote operation during a disaster declaration, and to provide remote testing and recovery capabilities.

- a. DS-3 line speed is required.
- b. The State reserves the right to separately contract for the connection at the designated speed from a third party carrier for the connection from a disaster recovery services point of presence to the State of Michigan point of presence.

IBM Response:

IBM is proposing the use of our BCRS Sterling Forest facility for the State’s recovery purposes. As requested by the State, we have included in our solution a DS-3 circuit between Sterling Forest and the State of Michigan network. The DS-3 circuit will be shown as a line item in our solution and pricing so that the State has the option to remove this item as part of finalizing the Configuration.



We accept customer provided DS3's to our local carrier and then allow cross connect to our SONET for access into our sites.

10. Contractor shall coordinate tests of the hot site with the State.

- a. **Semi-annual tests, 48 hours in duration, totaling 96 Hours of total annual test time.**
- b. **Testing must be inclusive of all necessary services (hot site systems and facilities, network facilities, and workgroup facilities) necessary for the State to fully test its recovery capabilities.**

IBM Response:

Included in your proposed IBM BCRS solution is a recovery exercise allowance of 96 hours per year which represents two recovery exercises per year at 48 hours each.

IBM has designed this solution based on this RFP and requirements clarified in the Q&A. As required by the State, IBM has provided a six (6) seat workgroup area at our recovery facility in Southfield, Michigan. The facility will be equipped with desktops preloaded with an operating system, a laser printer, and phone lines for the State resources who will use the facility during tests and a real disaster.

It is possible to reduce the costs to the State if the State resources plan to use State issued notebook computers as workstations at the Southfield facility.

11. Within 20 business days of contract execution, Contractor must provide a detailed Implementation Plan which addresses how and when the Contractor will implement their proposed recovery solution. The Implementation Plan must address the Contractor's responsibilities and the State's responsibilities for the successful transition and implementation of the recovery solution, and include at a minimum:

- a. **Timetable for implementation**
- b. **Checklist, listing all pre-implementation and configuration functions to be completed**
- c. **Clear delineation of State responsibilities versus Contractor responsibilities**
- d. **Impact on any existing disaster recovery provisions during installation process**
- e. **Quality control and verification measures to be used to ensure proper set up**
- f. **Description of customization tasks**
- g. **Plan for integration of the recovery resources with facilities**
- h. **Due dates for deliverables identified in the section below**

IBM Response:

IBM understands this requirement and we have included this deliverable in our project plan and deliverable list to be delivered within the required 20 days of contract execution.

12. The or must provide the following deliverables – all are MANDATORY. Failure to provide the deliverables by the identified dates in the Implementation Plan shall be subject to liquidated damages of \$1,000 per calendar day for each calendar day beyond the agreed upon delivery date of an acceptable key deliverable. Contractor shall provide samples of the documents with its proposal.

- a. **Instructions for Disaster Declaration**
- b. **Hardware Configuration of Recovery Facility**
- c. **Annual Business Recovery Testing**
- d. **Training and Training Materials**
- e. **System Documentation, Licenses and Operating Procedures**

IBM Response:

Sample documents have been included as requested in Article 1, Attachment D.

13. Contractor must provide 24 hours per day 7 days per week recovery support and network engineering support at the recovery facility.

IBM Response:



IBM BCRS' inventory of IT equipment is supplemented by over 600 dedicated recovery specialists throughout our facilities, who are available for client support, on-site and on-call, on a 24 x 7 basis related to the hardware, software and network that IBM provides.

14. Contractor must have physical security resources and procedures including but not limited to, cameras, monitors, and environmental controls at the hot site, to include:

a. Fire suppression systems (extinguishing systems-FM200 or equivalent)

IBM Response:

The Sterling Forest site has a fire suppression system that utilizes automatic pre-action, dry pipe sprinklers, sensors and water. Hot site, cold site, offices, corridors, and tape libraries are all protected. Fire extinguishers are also strategically located throughout the facility. This location also conforms to all National Fire Protection Association (NFPA) 75 standards. Shutdown procedures are readily available in case of an emergency.

b. Fire, smoke, and leak detection monitoring systems

IBM Response:

The IBM Sterling Forest recovery site has a fire protection system, which utilizes overhead and under-floor photoelectric fire detectors. The sensors are monitored remotely at the utilities operations control center and at guard stations.

Leak detector sensors are positioned under all raised floors at the Sterling Forest recovery site. The leak detectors alarm locally, as well as back to Management Systems. In addition, on-site maintenance staff conducts visual inspections of all critical areas.

c. Air conditioning/water chilling systems, power sources and backup power sources

IBM Response:

The Sterling Forest recovery site has sufficient cooling system capacity to meet our clients' requirements. Overhead cooling provides fresh air for the data center and administrative areas, and under-floor CAC units cool all raised floor areas. At the Sterling Forest site, there is a chiller capacity of 3,000 tons, with a total of five chillers are installed. Two of the chiller pumps deliver 1,800 gallons of chilled water per minute. All the remaining pumps are used for backup.

Power at the Sterling Forest recovery facility is supplied clean and conditioned to support constant 60Hz, as required by the hardware. Electrical power is supplied to the site by Orange & Rockland Power & Light Company. The feeders are connected to an Uninterruptible Power Supply (UPS) system that distributes the power all raised floor areas of the facility. The main power substation for the Sterling Forest facility is located on-site. (The power distribution centers are located within close proximity of the site, in Hillburn, NY and Sugarloaf, NY). Power is supplied to the facility from two 69 kilovolt lines, transferred to two 13.2 KV lines, that enter the site from two opposite directions through underground ducts banks. The power is rated at 10.5 MVA redundant.

d. Redundant power sources, power generators, UPS, and networking redundancy

IBM Response:

At the IBM Sterling Forest recovery site, the UPS isolates the raised floor areas of the facility from power surges, voltage fluctuations, frequency variations, and loss of utility power. On-site battery banks can maintain stable power during a utility outage. The system consists of four Liebert UPS modules. They are connected to a common output BUS to supply power to our recovery site. Each module is rated at 750 KVA, with a total connected-capacity rate at 2250 KVA (parallel redundant). Two modules are required to carry the present load. The remaining modules are for redundancy and future growth. In addition, Building One has three 500 KVA UPS units and two new Liebert 750 KVA units.

The UPS system at Sterling Forest will carry the raised floor areas of the recovery site at full load for 15 minutes. If there is a power outage of significant duration, turbine generators will automatically start within two



minutes and supply the required power. There are three 2,500/3,100 kilowatt turbine generators, one of which is a backup. Sufficient fuel is on hand to supply the generators for 20 days. (Additional fuel can be delivered, as required, to provide continuous power until the utility emergency is resolved). The entire system is tested at full load once a month.

The use of DWDM and SONET technologies in our local access platforms and in our dedicated wide area network (RecoveryNet) provide the highest degree of communications reliability currently available. Fiber transmission facilities with automatic switch to protection paths upon failure, rerouting circuits if necessary using alternate trunk routes between major nodes, coupled with dual entrance facilities at our enterprise sites all contribute to reducing potential single points of failure and aid in providing an optimum level of availability for our clients within our local access and wide area networks.

Local and Wide Area Network Management Centers monitor local access facilities and backbone network performance, implement bandwidth reconfigurations, and respond to equipment alarms or circuit troubles on a 24x7 basis. Out of band management systems with remote dial backup provide additional levels of control to support maximum network availability.

15. Contractor must allow the State up to 2 audits/inspections per year of the hot site independent of scheduled test time.

IBM Response:

BCRS often works with our client auditors to address their questions, issues and objectives. Each auditor has varying requirements. In many cases, they wish to inspect our sites, which we will accommodate, provided that:

- (1) the request is made with reasonable advance notice, preferably not less than one month;
- (2) the inspection will be conducted between the hours of 8:30 AM and 5:00 PM, Monday through Friday, excluding national holidays and other days when IBM's facility is closed;
- (3) The State's personnel conduct any such inspection or accompany those conducting any such inspection;
- (4) The State understands and agrees that during an inspection all visitors shall be escorted by a member of IBM's staff and/or security and shall agree to abide by IBM's safety and security guidelines, including the requirement that no camera (digital or otherwise) or recording device of any type is allowed on IBM's premises;
- (5) during such inspection, no access shall be provided to any information IBM considers confidential or proprietary, including pricing algorithms and related matters, profits, costs, and business or financial plans; and
- (6) The State agrees to pay all fees payable for performing such inspection.

The State understands that IBM reserves the right to cancel or reschedule any inspection appointment, if, in IBM's sole judgment, such activity would interfere with the activities of another IBM customer.

16. Contractor must allow any regulatory authority having jurisdiction over the State to inspect the recovery facility up to 3 times per year.

IBM Response:

Please see our response above.

17. Contractor must guarantee the State immediate access to primary facility, equipment and support personnel at the time of declaration.

IBM Response:

When you notify IBM that you are experiencing an Outage Emergency by calling the toll-free number IBM provides ("Declare"), IBM will begin to prepare, without delay, the recovery facilities for your use. You may have immediate access to the Recovery Site IBM makes available to you. IBM will use commercially



reasonable efforts to provide the Configuration as soon as you are ready to use it and will provide it no later than twenty-four (24) hours.

18. Contractor must have redundant capabilities for electrical and communications utilities at the hot site.

IBM Response:

Diverse, redundant systems, including UPS and backup generators, protect the Sterling Forest site. These redundancies and backup systems are described in detail in the previous sections.

19. Contractor must have it's own network backbone connecting all primary recovery centers.

IBM Response:

IBM BCRS owns and maintains an extensive high-capacity wide area backbone network (RecoveryNet) which is dedicated to the needs of IBM BCRS clients. This privately owned, wide area, SONET transport spans over 6,700 domestic route miles. All IBM BCRS locations connect to this network, along with many carrier services and a growing number of IBM BCRS clients.

Nortel Optera network nodes located in a major Inter-exchange Carrier's Central Offices connect IBM owned OC3, OC12, and OC48 SONET trunks to create a core network topology. Along with providing service interconnection points for trunk circuits, these core network nodes also provide access service and switch point control for all traffic traversing the network.

In addition to providing inter-site connection services between IBM BCRS and business partner locations, the network also supports a wide range of client direct recovery network connectivity options. The network supports common data interface options including DS1, DS3, and OC3, as well as an Ethernet over SONET network environment between our enterprise recovery sites and Local Access Suites.

RecoveryNet support options can provide clients viable and cost-effective network recovery alternatives to traditional common carrier-provided demand-based or dedicated service options. Unique interface needs or capacity requirements that exceed standard support options are addressed on an individual case basis.

20. Contractor must inform the State, in writing, at least 60 days in advance of any changes to the contracted for disaster recovery center hardware or services.

IBM Response:

The State will be assigned an IBM Project Executive (PE) and an IBM project manager (PM). Both the PE and PM will have regular contact with the State to assess needs. Hardware at our recovery sites may be changed/upgraded to provide the latest technology. However, IBM will provide equipment that is compatible with, and offers capacity and functionality equivalent to or greater than the State's required Configuration.

IBM will give you six (6) months' written notice of IBM's intent to no longer provide an item in your Configuration and also not provide a compatible substitute item that offers equal or greater capacity and functionality.

21. Contractor must be able to handle a disaster with multiple subscribers making declarations.

IBM Response:



IBM BCRS has developed a process for handling multiple client declarations. IBM's Emergency Operation Center (EOC) manages and responds to a client's emergency whether it is related to a larger regional situation in the country or a crisis only your company has experienced. The EOC acts as the single point of command and control to quickly manage the response to situations and events that could potentially affect IBM clients across North America.



IBM BCRS operates on a “first call, first served” policy when our clients declare an outage emergency. IBM has recovery sites located in major metropolitan areas of the U.S. Our recovery sites have the ability to support the recoveries of multiple clients, whether they are contracted for the same platform or not, due to the multiplicity of client suites and equipment. IBM's inventory of IT equipment is supplemented by over 600 dedicated recovery specialists throughout our facilities, who are available for client support related to the hardware, software and network solutions of our subscribers on a 24 x 7 basis.

The Configuration that IBM will provide at time of declaration “will be compatible with and will offer capacity and functionality equivalent to or greater than that of your contracted Configuration.” Your complete contracted Configuration will be dedicated to you alone for the duration of the event. There is no sharing provision that requires any client to accept use of only a portion of their contracted configuration during a multiple recovery scenario or during a recovery exercise.

22. The State retains the ownership of all data run on Contractor’s systems while at Contractor’s recovery center. State data allocated on the Contractor’s system will be deleted at the termination of testing/Declaration.

IBM Response:

Our customers are free to choose to use their own processes for data removal. We can advise you on varying methods we have been seeing in the field. However, BCRS customers are responsible for their data while in the hot site and for the erasure of their data from the equipment used during an exercise or recovery.

23. Contractor must presently be in the business of providing Disaster Recovery Services to the commercial and governmental sector.

IBM Response:

IBM has been providing commercial disaster recovery services to our clients since 1989.

D. Service Levels (Quality Requirements) -

1. Contractor must be able to maintain flexibility of the hardware configuration at the hot site. Increases in usage and/or system updates could require updates to hardware or increases in storage capacity. Contractor must be able to provide requested updates to the hot site configuration within ten days of approval by both the State and Contractor.

IBM Response:

IBM will be able to provide requested updates to the hot site configuration and hardware within ten days of approval by both the State and IBM unless otherwise agreed.

IBM's recovery offering permits each client to request changes to a Configuration (i.e., additions of machines and/or network lines to accomplish upgrades) on one month's written notice. This will allow the State to tailor a recovery configuration that is in step with your current business needs. No penalty fees are applied, based on either the change request or the frequency of change requests.

A mutually agreed upon change process between IBM and the State will control this activity.

2. The State requires ninety-six hours of annual test time for all covered platforms. Test time to be scheduled as two separate tests of 48 hours in duration. All covered hardware and connectivity must be available for testing purposes.

IBM Response:

Included in your proposed IBM BCRS solution is a recovery exercise allowance of 96 hours per year which represents two recovery exercises per year at 48 hours each.

3. The State requires a remote recovery solution that provides complete recovery of covered systems within a seventy-two hour recovery window.

IBM Response:



When you notify IBM that you are experiencing an Outage Emergency by calling the toll-free number IBM provides (“Declare”), IBM will begin to prepare, without delay, the recovery facilities for your use. You may have immediate access to the Recovery Site IBM makes available to you. IBM will use commercially reasonable efforts to provide the Configuration as soon as you are ready to use it and will provide it no later than twenty-four (24) hours. The State’s resources will be able to proceed with restoring applications and databases at this time.

E. Optional Services

1. Describe the types and location of consulting services available to the State beyond that bundled with the recovery services pricing.

IBM Response:

Our full suite of Business Resilience and Continuity Services includes advisory, infrastructure recovery, and managed services designed to align with your resilience development, improvement, and operational management needs. We can help you in many ways: from sorting through the complexity of multi-vendor IT recovery environments, to recommending the best resilience strategy, to establishing total management of the business resilience and continuity program by IBM.

IBM’s Advisory Services for Business Resilience and Continuity will enable you to establish your goals for business resilience, to evaluate your current resilience capabilities, and to help you to manage operational risks and improve your organization’s resilience. Our capabilities span all aspects of planning and design, from identifying your vital business processes and applications to determining financial impacts of both positive and negative events, identifying potential risks, defining your critical technology and resources, and refining your procedures and architecture to make your business operations more resilient. IBM’s skilled and experienced professionals will lead you through our comprehensive and logical process to put you confidently on the path to resilience.

We have organized our advisory services into three categories:

1. What are your goals for business resilience? (What do you need to know first?)
2. How well do your current capabilities satisfy your resilience goals?
3. How can we help you to manage operational risks and improve resilience?

All of these services can be combined and customized to meet the needs of your organization and are available under a separate Statement of Work for an additional fee. Please contact your IBM representative to discuss these options further.

2. The State seeks information regarding any additional disaster recovery services and support Contractor can provide, such as:

- a. **Mobile recovery services and associated platforms**
- b. **Electronic journaling and electronic vaulting capabilities**
- c. **Disaster Recovery Assessment and Planning**

IBM Response:

IBM BCRS offers a range of IT recovery options which include:

- Multi-vendor IT Recovery Services
- Rapid Recovery Services
- Call Center Recovery
- Mobile Recovery
- Workplace Recovery Services
- Crisis Response Management
- e-business Recovery
- Managed Security Services



- Advisory (Consulting) Services

Visit us at <http://www.ibm.com/services/continuity>.

Mobile Recovery: With the IBM Mobile Recovery Center solution, workplace components will start arriving at your location within 24 to 48 hours of a confirmed outage emergency declaration. The facility will be configured to support full-function recovery with ACD/Call Center recovery, PC technology, furniture and generators. Coupled with pre-configured satellite technology and generators, these workplace environments can operate as standalone facilities without dependence on external utilities.

Each unit is setup with furniture, network connectivity, environmental provisions and PC workstations. The doublewide facility supports up to 48 spaces with a footprint of approximately 60' X 24'. All mobile recovery units include diesel generators, HVAC, and ramps can be added for handicap accessibility. Optional restroom facilities and executive boardroom units are also available.

Rapid Recovery: Rapid Recovery services provide faster recovery time and improved recovery points over traditional hot site services. They are designed for companies with critical recovery time and recovery point objectives.

IBM offers many Rapid Recovery capabilities, including vaulting, journaling and mirroring solutions for operating systems, databases and applications. Our recovery services provide electronic backup and retrieval of critical data and information. IBM's proven processes are available across a wide range of multi-vendor platforms, from the smallest personal computers to the largest mainframe.

IBM's Advisory Services for Business Resilience and Continuity: Will enable you to establish your goals for business resilience, to evaluate your current resilience capabilities, and to help you to manage operational risks and improve your organization's resilience. Our capabilities span all aspects of planning and design, from identifying your vital business processes and applications to determining financial impacts of both positive and negative events, identifying potential risks, defining your critical technology and resources, and refining your procedures and architecture to make your business operations more resilient. IBM's skilled and experienced professionals will lead you through our comprehensive and logical process to put you confidently on the path to resilience.

3. **Web Site - It is desirable that the Contractor provide a web site dedicated to the services to provide the following functions:**
 - a. **System Trouble Reporting**
 - b. **Trouble Ticket Status Tracking**
 - c. **Billing Information**
 - d. **Billing Issue Resolution**
 - e. **Current Services Price Lists**

IBM Response:

Our web site, <http://www.ibm.com/services/continuity> offers information about the **solutions** IBM BCRS provides to solve your business continuity and recovery services needs. This includes our services, case studies, the latest information regarding business continuity seminars and events, as well as information about our recovery sites and how to contact IBM. We also have a "**Customer Connect**" link that offers our subscribers access to welcome guides, white papers, satisfaction surveys, customer worksheets, and the IBM team.

4. **Describe any features and/or services that may be important to the State and that have not been specifically mentioned above, including the benefit of these features or services.**

IBM Response:

One of the very unfortunate realities of a disaster could be some or all the people supporting an IT system do not survive, e.g. during 9/11, or are not able to support recovery effort because they have to look after their family's survival, e.g. Katrina. Under such extreme conditions, finding human resources can be critical to your



business recovery. IBM is a full service IT company with deep core competencies in many areas including staff augmentation. If the State so desires, IBM will work with the State to identify human resources and skills required to recover the State's systems using the approved change control process.

IBM provides an additional service called "WebVPN" which would allow the State to provide authenticated internet access for all State employees into the recovery infrastructure to access the critical State employee applications. This could be useful in a case where you are unable to recover the DS3 or its termination point on the State's LAN for an extended period of time.

F. Required Information

2. Contractor must include, in its proposal, a summary briefly describing its company history, present operation and future plans in the information technology industry. The purpose of this summary is to provide the State with a brief, clear understanding of the company and its position in the information technology industry. The summary must describe such items as:

a. Organizational Structure;

IBM Response:

IBM BCRS is an organization within IBM Global Technology Services and has full access to IBM's infrastructure and extensive technical resources.

b. Number of Years in Business

IBM Response:

IBM Corporation was established in 1911 as Computer Tabulating Company.

c. Number of Years Providing Disaster Recovery Services

IBM Response:

IBM has been providing commercial disaster recovery services to our clients since 1989.

d. Commitment to disaster recovery business

IBM Response:

After almost 30 years of creating, performing and perfecting the recovery practice at our own IBM internal data centers, IBM entered the recovery industry in 1989 via its **BCRS** unit. BCRS offers a full range of IT recovery options depending on your specific needs and budget from simple hardware replacement to complex mirroring. Our complete suite of products includes: Multi-vendor IT Recovery Services, Rapid Recovery Services, Call Center Recovery, Mobile Recovery, Workplace Recovery Services, Continuity Services, Crisis Response Management, e-business Recovery, Managed Security Services, Resilience Program Management, and Advisory (Consulting) Services.

e. Market share

IBM Response:

IBM maintains a significant share of the total disaster recovery market and is consistently ranked as a leader in this service area.

f. Size of customer base

IBM Response:

IBM BCRS currently supports over 6,000 recovery contracts in the United States and approximately 15,000 contracts worldwide.

g. Maximum number of subscribers allowed at each recovery facility and maximum number of subscribers for each system

IBM Response:



IBM can not specifically identify the number of subscribers that IBM can accommodate at each recovery site as this a multi-dimensional model that is a function of that specific geography, the types of configurations (including peripherals and network), recovery exercise volumes, the scheduling of those exercises, customer satisfaction index, and IBM's "depth and breadth" of resources to respond to a multiple outage emergencies. These parameters are continually expanding because of ever-changing machine and network technologies, cost efficiencies, and new opportunities to expand and/or improve our capacity and efficiencies at each recovery site.

h. Test time allowances and options for additional test time

IBM Response:

Included in your proposed IBM BCRS solution is a recovery exercise allowance of 96 hours per year which represents two recovery exercises per year at 48 hours each.

Additional recovery exercise time can be provided on an "as available" basis for a charge that is specified in the SOW.

i. Experience in actual disaster recovery incidents

IBM Response:

To date, IBM BCRS has supported over 550 recoveries in the U.S., and over 750 recoveries worldwide. For each of these recovery events, IBM was successful in providing the contracted IT environment and resources to our clients, in support of their restoration of mission-critical applications and connectivity necessary for business continuity.

j. Any national or international certifications(s) received (e.g., ISO 9001)

IBM Response:

IBM BCRS maintained ISO 9001 certification from 1994 to 2002 for our enterprise recovery facilities. This annual certification process has since been discontinued.

k. Planned enhancements (additional recovery sites, new technology, configuration upgrades, etc.)

IBM Response:

On an average, IBM BCRS invests over \$25 million in hardware and facilities on a yearly basis, although the annual investment back into our recovery organization has reached as high as \$50 million. Included in IBM's ongoing investments are the installation of new equipment including: servers, storage devices, network devices, and workstations to meet our clients' growing recovery requirements.

2. Contractor shall provide the following information in its proposal:

a. Number of remote recovery facilities in Michigan

IBM Response:

One; located in Southfield, MI, a northwestern suburb of Detroit. The center is 25 miles from the Detroit Metro Airport. The center is located in a building that houses several IBM branch offices.

b. Locations of primary recovery centers (hot and cold sites) within the United States, inclusive of state, city, address, floor number, square footage and proximity to each other

IBM Response:

The following table lists recovery facilities in the continental United States and the services that each provides:



U.S. City or Region	Enterprise Recovery Site	Midrange System Recovery Site	Open System Recovery Site	Client/ Server Recovery Site	Mainframe Local Access Suite	iSeries Local Access Suite	Open Systems Local Access Suite	pSeries Recovery Site	Workplace Recovery (# Seats)
Atlanta, GA		●		●	●	●	●		150
Boston, MA				●	●	●	●		300
Boulder, CO	●	●	●	●	●	●	●	●	150
Charlotte, NC				●	●	●	●		350
Chicago, IL		●		●	●	●	●		250
Columbus, OH					●	●	●		100
Dallas, TX		●		●	●	●	●	●	350
Detroit, MI		●		●	●	●	●		100
Gaithersburg, MD	●	●	●	●	●	●	●	●	100
Los Angeles, CA		●		●	●	●	●		170
Minneapolis, MN					●	●	●		100
Philadelphia, PA				●	●	●	●		50
Phoenix, AZ					●	●	●		60
San Francisco, CA				●	●	●	●		75
Seattle, WA					●	●	●		46
Sterling Forest, NY	●	●	●	●	●	●	●	●	588

c. Technical and support resources available at time of disaster

**IBM Response:**

IBM provides extensive support to our clients at time of declaration. IBM provides a single point of contact who will coordinate support activities prior to, during, and following an "Event" (an Exercise or your recovery). Prior to an Event, IBM will assist in planning and preparation as described in documentation IBM will provide. IBM will create connectivity descriptions, and where applicable, a document that defines how the equipment in your Configuration is mapped to the equipment IBM provides. Prior to the Event, IBM will set up and check out physical connectivity of the equipment to verify that what IBM provides is connected as set forth in the documentation. During an Event, personnel on-site and on-call will assist with problem determination related to the hardware and software IBM provides with the Configuration, and IBM will track issues and problems related to IBM's provision of services during the Event. Following an Event, IBM will participate in a review, at your request. For an Exercise as well as a recovery, a contact person IBM provides will be on-site or on-call twenty-four (24) hours per day from the time you Declare or begin your Exercise until the Event ends.

d. Disaster recovery declaration process**IBM Response:**

"Outage Emergency" means any unplanned interruption of your critical business and information processing at a Covered Address, resulting from causes beyond your control, which significantly impairs your ability to operate your business. ("Covered Address" means a location where information processing is performed by or for you, and is identified in IBM's Statement of Work (SOW) "Supplement". This address may represent your facility in a single building, or a physical campus).

IBM subscribers may call 1-800-IBM-SERV at any time to declare an outage emergency or alert IBM to a situation that may result in an outage emergency declaration.

If a subscriber calls and declares, the Declaration Notification Process begins. An IBM Customer Support Representative will open a Declaration Call Record, and ask you to provide the following information:

- Your company's name and address
- Your IBM customer number and your contract number
- The name of the person calling and/or the name of a company contact
- A callback telephone number where you can be reached
- The nature and severity of the outage emergency

This information is immediately forwarded to the IBM Duty Manager, who will assess your situation, review your coverage. The Duty Manager will then return your call and initiate the appropriate IBM recovery support process for your organization. This means that IBM will begin to prepare, without delay, the recovery facilities for your use. You may have immediate access to the recovery site IBM makes available to you. IBM will use commercially reasonable efforts to provide your contracted configuration as soon as you are ready to use it and will provide it no later than twenty-four (24) hours after you declare. You will have immediate access to the recovery facility.

In addition to your contracted configuration within the ready-equipped, hardened recovery site, telephone services, office areas, conference rooms and systems reference manuals are available for your use at the IBM recovery facility. It is the customer's responsibility to ship the data tapes necessary for their recovery to the IBM hot site.

IBM recommends that our subscribers provide IBM with a list of their personnel who are authorized to declare a disaster. (Many subscribers also require their staff to use a customer-created password to invoke the declaration process).

During a recovery event, IBM support personnel available on-site or on-call will assist you with problem determination related to the hardware and software IBM provides with the configuration. IBM will track issues and problems related to IBM's execution. IBM will provide your contracted configuration for your use, for a maximum of *six consecutive weeks* after you declare. Following the recovery event, IBM will participate in a review, at your request.



e. Description of disaster recovery planning services and technical service planning offerings

IBM Response:

Our full suite of Business Resilience and Continuity Services includes advisory, infrastructure recovery, and managed services designed to align with your resilience development, improvement, and operational management needs. We can help you in many ways: from sorting through the complexity of multi-vendor IT recovery environments, to recommending the best resilience strategy, to establishing total management of the business resilience and continuity program by IBM.

IBM's Advisory Services for Business Resilience and Continuity will enable you to establish your goals for business resilience, to evaluate your current resilience capabilities, and to help you to manage operational risks and improve your organization's resilience. Our capabilities span all aspects of planning and design, from identifying your vital business processes and applications to determining financial impacts of both positive and negative events, identifying potential risks, defining your critical technology and resources, and refining your procedures and architecture to make your business operations more resilient. IBM's skilled and experienced professionals will lead you through our comprehensive and logical process to put you confidently on the path to resilience.

We have organized our advisory services into three categories:

1. What are your goals for business resilience? (What do you need to know first?)
2. How well do your current capabilities satisfy your resilience goals?
3. How can we help you to manage operational risks and improve resilience?

All of these services can be combined and customized to meet the needs of your organization and are available under a separate Statement of Work for an additional fee. Please contact your IBM representative to discuss these options further.

f. Description of redundant capabilities in the event of utility outages

IBM Response:

At the IBM Sterling Forest recovery site, the UPS isolates the raised floor areas of the facility from power surges, voltage fluctuations, frequency variations, and loss of utility power. On-site battery banks can maintain stable power during a utility outage. The system consists of four Liebert UPS modules. They are connected to a common output BUS to supply power to our recovery site. Each module is rated at 750 KVA, with a total connected-capacity rate at 2250 KVA (parallel redundant). Two modules are required to carry the present load. The remaining modules are for redundancy and future growth. In addition, Building One has three 500 KVA UPS units and two new Liebert 750 KVA units.

The UPS system at Sterling Forest will carry the raised floor areas of the recovery site at *full load* for 15 minutes. If there is a power outage of significant duration, turbine generators will automatically start within two minutes and supply the required power. There are three 2,500/3,100 kilowatt turbine generators, one of which is a backup. Sufficient fuel is on hand to supply the generators for 20 days. (Additional fuel can be delivered, as required, to provide continuous power until the utility emergency is resolved). The entire system is tested at full load once a month.

The use of DWDM and SONET technologies in our local access platforms and in our dedicated wide area network (RecoveryNet) provide the highest degree of communications reliability currently available. Fiber transmission facilities with automatic switch to protection paths upon failure, rerouting circuits if necessary using alternate trunk routes between major nodes, coupled with dual entrance facilities at our enterprise sites all contribute to reducing potential single points of failure and aid in providing an optimum level of availability for our clients within our local access and wide area networks.

Local and Wide Area Network Management Centers monitor local access facilities and backbone network performance, implement bandwidth reconfigurations, and respond to equipment alarms or circuit troubles on a



24x7 basis. Out of band management systems with remote dial backup provide additional levels of control to support maximum network availability.

g. Description of remote access service offerings for dial-in access, Internet access and VPN access

IBM Response:

Our recovery solutions can be customized to enable remote access from a client location and/or a local IBM recovery site. IBM provides BCRS clients with the option to access special server management functions *remotely*, via **Remote Console Operation**. This option is available from the Local Access Suites in our recovery sites, or it can be implemented at a client's location.

IBM BCRS provides "Local Access Suites" (LAS) in 15 of our U.S. recovery sites. These are facilities that allow you to access your recovery Configuration systems (physically located at the primary IBM recovery site we assign to you) *remotely*. Staffed with on-site recovery professionals, IBM Local Access Suites are designed to reflect the recovery system suite(s) that a client would occupy if they were in one of our three enterprise recovery sites (which are located in Sterling Forest, NY; Gaithersburg, MD, and Boulder, CO).

Each Local Access Suite can support Remote Console Operation, tape processing, and remote printing. By leveraging commonly available workstation and TCP/IP resources together with IBM 2074 and KVM/Serial-over-IP technology, IBM can implement BCRS solutions that allow server management from any location.

We also offer WebVPN, an affordable, convenient and flexible way for our customer's key IT users to access their DR systems and data remotely vis-à-vis the Internet. Where an American Express employee has access to the Internet, they will be able to access the DR systems, applications and data at IBM's Recovery Site.

IBM maps a virtual private network (VPN) tunnel from any customer end-user workstation standard web browser to an IBM recovery site, providing a cost effective recovery connectivity solution

The remote access Web VPN solution provides connectivity to a recovery site for your users via the users' existing Internet Service Provider (ISP) connection. This allows IBM to map a virtual private network (VPN) tunnel from a Web browser on an end-user workstation to an IBM recovery site.

How it works

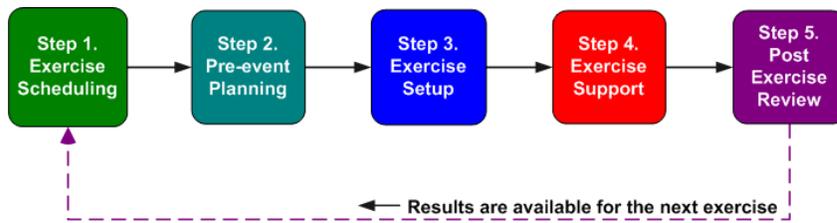
- Remote users connect to the recovery site using their existing Web browser, connecting to an IBM provided URL and entering a user ID and password.
- A VPN tunnel is created between the remote user's PC and the recovery site, using SSL 128-bit encryption
- There is no software to install on the remote user's PC

At the recovery site, IBM provides:

- A VPN gateway configured to connect local subnets
 - Equipment to dynamically assign IP addresses to the remote end users
 - Directions to connect using the remote user's existing Web browser user IDs and passwords
- h. Description of scheduling, planning and support of subscriber tests, including any additional services**
- i. **Provide detailed information regarding your testing methodology and standard support services provided during test exercises. This includes pre-test reviews, configuration change control and information synchronization between the State and Contractor configurations.**

IBM Response:

The recovery exercise methodology that IBM BCRS uses is thorough, with the primary objective being to conduct a successful recovery exercise. The exercise process has five steps, which are described below:



Above. IBM Business Continuity and Resiliency Services' Comprehensive 5-Step Recovery Exercise Methodology

Step 1 – Exercise Scheduling

- Exercises are scheduled by your project manager
- Exercises are scheduled in contiguous 4-hour blocks
- Exercises are scheduled based on your unique recovery requirements and availability

Step 2 – Pre-event Planning

- Review meetings or teleconferences to discuss the exercise requirements are led by your project manager and held between the your recovery team and IBM
- All aspects of your event are considered, from connectivity to DASD mapping
- Set up requirements for the exercises are delivered to the client for review and final approval via network Visio diagrams and spreadsheets

Step 3 – Exercise Setup

- Temporary security badges and access codes are created prior to the client's arrival
- IBM prepares the client's exercise area at the recovery site
- Upon receipt from the client, the client's data tapes are placed in the appropriate client exercise area(s)
- The client's complete configuration is available upon commencement of the exercise event

Step 4 – Exercise Support

- 24x7 technical support and project management
- The IBM support team includes systems and network specialists
- There is no additional charge for this support (unless special services have been contracted for)

Step 5 – Post Exercise Review

- After the exercise is completed, the client and the IBM recovery site staffs evaluate the results via a post-exercise review and identify action items
- Any open issues will be resolved based on the client's needs
 - ii. **Contractor support provided before, during and after a test.**

IBM Response:

IBM BCRS will provide the State with support prior to, during, and following a recovery exercise as described in the 5-step Exercise Methodology. As a subscriber to IBM, you will be assigned an IBM Project Executive (PE), and an IBM project manager (PM). This support does not require an additional fee.

An IBM **PE** is the subscriber's primary interface, and is responsible for your satisfaction with our services. The IBM **PM** oversees your event at the hot site, whether it is a recovery exercise or an actual recovery. The PE and PM determine that the entire recovery support process is in place. Besides the readiness of all hardware, peripherals and connectivity necessary for a customer's successful exercise or recovery, this also includes the readiness of our on-site personnel who provide technical, operational and administrative support.



Besides your PM, your IBM technical support team will consist of **system specialists** and **network specialists**. IBM systems and network support will be available to assist your organization's IT team during a recovery in support of the equipment, circuits, and software provided by IBM.

- iii. **Procedures for establishing recovery test sessions, including lead times, and confirmation and cancellation procedures and deadlines.**

IBM Response:

IBM BCRS has implemented the following practices regarding **recovery exercise time**. IBM provides time you request for the purpose of exercising your recovery plan, procedures and operation ("Recovery Exercise", "Exercise"). For each Recovery Exercise IBM makes the Configuration available to you in contiguous four-hour blocks, scheduled as we mutually agree. You may schedule the number of hours and Exercises as specified in the Supplement (collectively called "Recovery Exercise Allowance"). You agree that IBM may reschedule your Exercise to serve another customer who has declared an Outage Emergency. If you request additional hours or additional Exercises, beyond your annual Recovery Exercise Allowance, IBM will provide it on an "as available" basis for a charge that is specified in the Supplement.

Scheduling: All exercise scheduling is done through the IBM PM, as follows:

- You may request any or all of your annual Recovery Exercise Allowance to be scheduled up to 24 months after date on which the request is made. For example, on April 1, 2006, you may request your recovery exercise hours be scheduled for any time up to and including March 31, 2008.
- You may schedule Additional Exercise Time and/or Additional Exercises up to 12 months in advance as available.
- You may either accept or reject an Exercise Date that has been offered to you by your IBM PM. If the PM has not received a response from you within 10 days, the date will be released.
- Network exercises (no system involved) may use either annual Recovery Exercise Allowance hours, Additional Exercise Time, or be billed on an hourly rate for the duration of the event, per network technical person. Such network exercises will not be counted or charged as an "Exercise."

Regarding lead times to schedule exercises, **several months are recommended**. If you have very stringent timeframe requirements (i.e., only weekend slots and must begin at 8:00 A.M.), longer lead times are encouraged to determine the availability of mutually acceptable test dates.

Cancellations: (Note: A "cancellation" is defined as a change in date, start time and/or a reduction in hours for a confirmed Recovery Exercise):

- Cancellations prior to 24 weeks before the confirmed Exercise Date can be made without charge. Cancellations from 16 through 24 weeks prior to the confirmed Exercise Date will result in a charge of 50% of the dollars that were to be charged for any confirmed Additional Exercise Time. Cancellations received 16 weeks, or less, prior to the confirmed Exercise Date will result in a debit from your annual Recovery Exercise Allowance of the scheduled hours and one Exercise (where applicable), and a charge for any Additional Exercise Time or Additional Exercise that were confirmed.
- Customers are requested to notify IBM as soon as possible when canceling exercise time. These premium hours may then be scheduled by other customers who have a need for them.

i. Description of the proposed hot site, including:

- i. **Communications infrastructure**

IBM Response:

Access to the Sterling Forest enterprise recovery site is via two independent DWDM (Dense Wave Division Multiplexing) facilities supporting SONET overlays and native DWDM wave interfaces:



- A custom DWDM facility provided by Verizon provides primary access to our Sterling Forest site. Multiple SONET overlays on this DWDM platform facilitate access throughout Verizon’s northern region, including CO’s in southern New York State, New York City, as well as Verizon’s southern region serving New Jersey.
- A private MCI DWDM system includes multiple SONET overlays providing local access services throughout NY and NJ for MCI clients. Connection services are available to all MCI on-net services, as well as providing alternate access to other area inter-exchange carriers.

ii. **The physical security for the proposed facility (procedures, resources, cameras, monitors, environmental control and other equipment)**

IBM Response:

The Sterling Forest recovery site provides 24 hours per day, 7 days per week security coverage with secure client parking and facility entrances. Access control monitoring systems and closed circuit cameras provide continuous monitoring throughout the site. These systems are located internally and externally, and are monitored by a Security Control Center staffed 24 x 7.

At the IBM Sterling Forest site, badge readers and scramble pads control individual access. Badge access is issued primarily to IBM employees and long-term contract employees, and scramble pad codes are issued primarily to BCRS clients. Badge readers are located throughout the site and allow access into IBM-staffed areas. Scramble pads are located at each external entrance and at the entrance to the lobby and individual client recovery suites. (Our scramble pads adhere to the American Disabilities Act [ADA] standards). IBM BCRS clients may access their assigned suite only; they cannot accidentally enter another suite.

The flexibility of the scramble pad system also allows the client to control access within the assigned suites and offices. (For example, if office-only access is required for an individual, suite access can be removed from his or her scramble pad code). Other IBM recovery locations follow the same high security standards, with very slight differences (*i.e., electronic badge readers may be used instead of numeric scramble pads*).

iii. **Location and the type of equipment currently in the hot site at this time as well as equipment to be in the site**

IBM Response:

Sterling Forest maintains the equipment inventory and technical capabilities to support diverse, multi-vendor IT environments.

iv. **Environmental capabilities including but not limited to the following systems:**

1. **Power feeder lines**
2. **UPS**
3. **Smoke detection**
4. **Water detection**
5. **Fire suppression**

IBM Response:

Power at the Sterling Forest recovery facility is supplied *clean and conditioned* to support constant 60Hz, as required by the hardware. Electrical power is supplied to the site by Orange & Rockland Power & Light Company. The feeders are connected to an Uninterruptible Power Supply (UPS) system that distributes the power all raised floor areas of the facility. The main power substation for the Sterling Forest facility is located on-site. (The power distribution centers are located within close proximity of the site, in Hillburn, NY and Sugarloaf, NY). Power is supplied to the facility from two 69 kilovolt lines, transferred to two 13.2 KV lines, that enter the site from two opposite directions through underground ducts banks. The power is rated at 10.5 MVA redundant.

At the IBM Sterling Forest recovery site, the UPS isolates the raised floor areas of the facility from power surges, voltage fluctuations, frequency variations, and loss of utility power. On-site battery banks can maintain stable power during a utility outage. The system consists of four Liebert UPS modules. They are connected to



a common output BUS to supply power to our recovery site. Each module is rated at 750 KVA, with a total connected-capacity rate at 2250 KVA (parallel redundant). Two modules are required to carry the present load. The remaining modules are for redundancy and future growth. In addition, Building One has three 500 KVA UPS units and two new Liebert 750 KVA units.

The IBM Sterling Forest recovery site has a fire protection system, which utilizes overhead and under-floor photoelectric fire detectors. The sensors are monitored remotely at the utilities operations control center and at guard stations.

Leak detector sensors are positioned under all raised floors at the Sterling Forest recovery site. The leak detectors alarm locally, as well as back to Management Systems. In addition, on-site maintenance staff conducts visual inspections of all critical areas.

The Sterling Forest site has a fire suppression system that utilizes automatic pre-action, dry pipe sprinklers, sensors and water. Hot site, cold site, offices, corridors, and tape libraries are all protected. Fire extinguishers are also strategically located throughout the facility. This location also conforms to all National Fire Protection Association (NFPA) 75 standards. Shutdown procedures are readily available in case of an emergency.

j. The number of support staff personnel on site (and their positions) to be contractually dedicated to the State during test and disaster recovery.

- i. Any additional personnel who would be onsite and available to help the State during testing and disaster recovery that are not exclusively dedicated to the State.**
- ii. Identify whether the support staff for testing will be the same provided during a disaster, and the experience of the support staff.**

IBM Response:

Currently, IBM has over 600 full-time professionals that comprise our recovery staff supporting our recovery sites. One of the key strengths of IBM BCRS is the depth of experience which IBM professionals contribute to a recovery effort. The technical support staffs assigned to each of our recovery sites represents a significant IBM asset in providing our service.

Each IBM recovery facility has a dedicated management and technical staff that is available to assist you, prior to and during your use of the recovery site, related to the hardware, software and network that IBM provides. This support is provided on a 24 hours a day, 7 days a week basis.

During a recovery event the IBM BCRS support staff is shared; dedicated staff can be separately contracted.

IBM BCRS is an organization within IBM Global Technology Services and has full access to IBM's infrastructure and extensive technical resources.

k. How Contractor would handle a disaster with multiple customers declaring simultaneous disasters;

- i. The process used to determine who receives priority in restoration of services;**
- ii. Describe the differences between a guaranteed recovery and first come, first serve, and explain the cost differential (all costs must be specified in the cost table).**

IBM Response:

The services IBM is proposing are "shared risk, shared costs" services meaning that subscription to space and resources is syndicated among subscribers which offers lower subscriber costs than those for dedicated space and resources. Under this IBM-proposed shared risk model's declaration process, access to an IBM recovery site is provided to our subscribers on a "first declared, first served" basis. All of our subscribers are subject to the same equitable access policy. This means that no IBM BCRS subscriber has a greater right of access than any other subscriber to the pool of resources that we have allocated to the support of our recovery offerings.

IBM will provide the Configuration for your use at a Recovery Site for a maximum of six (6) consecutive weeks after you Declare. You will have priority access to the Configuration over any customer except one who has Declared before you.



Access to your contracted Configuration is provided 24 hours a day, 7 days a week, for a maximum of six consecutive weeks following your declaration. Also, IBM has no sharing provision in its terms and conditions requiring any customer to accept use of only a portion of their contracted configuration during a recovery. Your contracted configuration is dedicated to you and you alone.

I. How Contractor will protect the confidentiality of the State's data.

IBM Response:

IBM BCRS provides the contracted system(s) and infrastructure to our customers for exercise and recovery. IBM provides physical security at our sites as described in the IBM SOW.

IBM's enterprise recovery sites (Sterling Forest, NY; Gaithersburg, MD; and Boulder, CO) all provide 24 hours per day, 7 days per week security coverage. The sites provide secure customer parking and controlled-access facility entrances. Access-control monitoring systems, and closed circuit cameras, are located in each external entrance to the facility. Within the recovery site, all doors to system recovery suites, storage areas and customer offices are strictly controlled-access, via badge readers or numeric scramble pads.

m. Procedures to request changes in the recovery configurations, and to add or delete resources during both disaster/need and non-disaster/need situations, including policies for making equipment, configuration, capacity, and telecommunication network changes (additions and deletions) to the contract. The descriptions must include the following:

- i. **Any limits on the frequency with which changes can be made, including any penalties.**
- ii. **The costs associated with the addition or deletion, or capacity/performance increase or decrease, of each resource.**
- iii. **Contractor must agree to apply changes to the configuration of the contracted equipment (whether made by Change Orders or by changes to set up definition requests or by other means as arranged by the State and the Contractor) which support the disaster recovery environment (hardware requirement lists, software definitions, set up specifications, and other support resources as applicable) and provide evidence of such within ten (10) work days of the Change Orders or Contract Modifications.**

IBM Response:

The State may request changes to the SOW (i.e., additions of machines and/or network lines to accomplish upgrades) on *one month's written notice*. This will allow the State to tailor a recovery configuration that is in step with your current business needs. No penalty fees are applied, based on either the change request or the frequency of change requests.

A request to change any detail of the SOW requires one month's written notice. IBM will confirm the change by sending a revised SOW via a Change Order for your signature, specifying the effective date of the change and the adjusted charge if applicable.

If a "good faith error" were made by the State while developing the contracted recovery configuration (for example, the State forgot to order a feature card or some other minor item), then this would be furnished upon discovery, if all of the following provisions are met:

- a) the omitted item is available for use at the assigned recovery site by IBM's general subscriber base at the time of the declaration;
- b) no other subscriber is using said item for recovery purposes after a disaster declaration; and
- c) the State takes action to immediately upgrade their SOW to include that item in the State's contracted configuration.

IBM is consistent in applying this policy in order to maintain equity among all subscribers, to prevent subscribers from purposely under-subscribing with the intent of adding machines at time of disaster and,



consequently, putting at a disadvantage those subscribers who are paying monthly subscription fees for the availability of such machines.

n. Description of Contractor's approach for transitioning services at contract termination, including all assistance that would be made available.

IBM Response:

IBM will work closely with the State to ensure that the contract is closed down effectively at contract termination time. IBM does not anticipate that termination of this contract will require termination assistance from IBM to the State and we have not included additional scope or pricing as a result. Should the State require termination assistance, IBM will use the agreed upon change process to size the required efforts and gain approval from the State on the new scope.