



**STATE OF MICHIGAN
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number 6
to
Contract Number 23000000245

CONTRACTOR	NAVEX GLOBAL, INC
	5500 Meadows Road, Suite 500
	Lake Oswego OR 97070
	Peter Clarke
	469-571-0415
	peter.clarke@navex.com
	VS0247143

STATE	Program Manager	Smruti Shah	DTMB
		517-582-4642	
		shahs1@Michigan.gov	
	Contract Administrator	David Stohrer	DTMB
517-896-4043			
StohrerD1@michigan.gov			

CONTRACT SUMMARY				
Keylight applications and services				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
December 15, 2022	December 15, 2025	5 - 12 Months	December 15, 2025	
PAYMENT TERMS		DELIVERY TIMEFRAME		
Net 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,538,031.11	\$244,738.02	\$1,782,769.13		
DESCRIPTION				
Effective April 1, 2025, this Contract is hereby increased by \$244,738.02 in order to renew and realign subscriptions of NAVEX IRM services. The revised subscription term expiration date is December 14, 2025.				
All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement Services approval.				

STATEMENT OF WORK - IT CHANGE NOTICE

Project Title: Navex Realignment and Renewal of Subscriptions	Period of Coverage: April 6, 2025 - December 14, 2025
Requesting Department: DTMB CIP	Date: 4/1/2025
Agency Project Manager: Smruti Shah	Phone: 517-582-4642
DTMB Project Manager: Stephanie Jeppesen	Phone: 517-245-5693

BACKGROUND:

The State of Michigan (hereinafter referred to as “State”) is under contract 230000000245 with NAVEX Global Inc (“Contractor”). This Statement of Work (“SOW”) amends the contract to extend the subscription term through December 14, 2025. Unless otherwise identified within this SOW, all Contract Terms and Conditions remain in full effect.

PROJECT OBJECTIVE:

Both parties agree to renew the Services (listed below under Scope of Work) for the additional period running from April 6, 2025 through December 14, 2025.

SCOPE OF WORK:

The prorated fees listed in the chart below reflect the fees due for the period April 6, 2025 through December 14, 2025. The parties agree to renew the Services listed below for this additional period:

Realignment and Renewal of Subscriptions currently on April Expiration Dates:

Services	Quantity	Annual Fee	Prorated Fees Due
IRM			
NAVEX IRM Enterprise Edition	1	\$238,743.75	\$165,485.39
NAVEX IRM Virtual Administrator (VA) Subscription	15	\$45,000.00	\$31,191.78
Sandbox-Cloud-Application	12	\$26,964.00	\$18,690.11
NAVEX IRM Additional Storage (150 GB)	31	\$25,885.44	\$17,942.51
Sandbox-Cloud-Instance	2	\$11,235.00	\$7,787.55
Sandbox-Cloud-UserPack	11	\$5,252.36	\$3,640.68
NAVEX Integration Cloud - Internal	1	\$0.00	\$0.00

TOTALS:	Current Annual Fees	Fees Due
	\$353,080.55	\$244,738.02

SPECIFIC DEPARTMENT STANDARDS:

Agency Standards, if any, in addition to DTMB standards

EXPENSES:

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

PROJECT CONTACTS:

The designated Agency Project Manager is:

Smruti Shah
DTMB – Cybersecurity and Infrastructure Protection
MSPHQ / 2nd Floor
7150 Harris Drive
Dimondale, MI 48821
517-582-4642
shahs1@michigan.gov

AGENCY RESPONSIBILITIES:

Per the terms of the contract.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at:

Consultants will work offsite unless otherwise mutually agreed to by Navex and the State.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

This purchase order is a release from Contract Number 23000000245. This purchase order, statement of work, and the terms and conditions of Contract Number 23000000245 constitute the entire agreement between the State and the Contractor.



**STATE OF MICHIGAN
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **5**
to
Contract Number **MA23000000245**

CONTRACTOR	NAVEX GLOBAL, INC
	5500 Meadows Road, Suite 500
	Lake Oswego OR 97070
	Peter Clarke
	469-571-0415
	peter.clarke@navex.com
	VS0247143

STATE	Program Manager	Various	DTMB
STATE	Contract Administrator	Jeremy Lyon	
		517-230-2858	
		lyonj5@michigan.gov	

CONTRACT SUMMARY				
Keylight applications and services				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
December 15, 2022	December 15, 2025	5 - 12 Months	December 15, 2025	
PAYMENT TERMS		DELIVERY TIMEFRAME		
Net 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,250,341.55	\$287,689.56	\$1,538,031.11		
DESCRIPTION				
effective 10/29/2024, this change is to add funding in the amount of \$287,689.56 for year 3 renewal.				
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement Services approval, and State Administrative Board approval on 10/29/2024.				

**Program Managers
for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
DTMB	Smruti Shah	517-582-4642	shahs1@Michigan.gov
DTMB	Sandip Shah	517-335-8063	shahs@michigan.gov



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget

525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **4**

to

Contract Number **MA230000000245**

CONTRACTOR	NAVEX GLOBAL, INC
	5500 Meadows Road, Suite 500
	Lake Oswego OR 97070
	Peter Clarke
	469-571-0415
	peter.clarke@navex.com
	VS0247143

STATE	Program Manager	Various	DTMB
STATE	Contract Administrator	Jeremy Lyon	DTMB
		5172302858	
		lyonJ5@michigan.gov	

CONTRACT SUMMARY

Keylight applications and services

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
December 15, 2022	December 15, 2025	5 - 12 Months	December 15, 2025
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,235,491.55	\$14,850.00	\$1,250,341.55		

DESCRIPTION

6/10/2024, this change is for a dollar increase to purchase professional services. adding funds in the amount of \$14,850.00. For further information, please see the attached SOW below.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement Services approval.

**Program Managers
for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
DTMB	Smruti Shah	517-582-4642	shahs1@Michigan.gov
DTMB	Sandip Shah	517-335-8063	shahs@michigan.gov

STATEMENT OF WORK - IT CHANGE NOTICE

Project Title: Navex	Period of Coverage:
Requesting Department: DTMB	Date:
Agency Project Manager: Stephanie Jeppesen	Phone: 517-245-5693
DTMB Project Manager: Smruti Shah	Phone: 517-582-4642

BACKGROUND:

The State of Michigan successfully deployed NAVEX IRM (Formerly LockPath / Keylight) in 2017. Over time improvements have become more difficult, especially changes that affect the original design assumptions.

PROJECT OBJECTIVE:

The MiSAP 2.0 project aims to re-configure NAVEX IRM, starting from scratch, leveraging the lessons learned from the past 5+ years, and any new NAVEX IRM features introduced since the original implementation.

SCOPE OF WORK:

This Custom Engagement (PS) includes all necessary support from NAVEX Professional Services to design and implement the automation described below within NAVEX IRM for the State of Michigan ("Customer"), leveraging the NAVEX Integration Cloud (NIC).

DELIVERABLES:

Technical support is required to assist with the following tasks:

Professional Services Solutions Consultants will provide consultative support for NAVEX IRM to stakeholders identified by State of Michigan in the following areas:

Consulting Deliverable	Description
Project Kickoff and Planning	N/A
Scope of work for Custom Engagement	<p>The scope of work for this Custom Engagement (PS) includes the following recipes to be delivered via NIC:</p> <p>**Link Control Tasks (A) to Common Controls (C) using connections from (A) => (B) and (B) => (C). Additionally update Control Method (on Control Tasks (A)) to match Control Method Recommendation (on Common Controls (C)), and if that method is "Common Alone", transition the Control Task (A) record to "Closed".</p> <p>**Export report nightly of all Control Tasks (A) updated in the last 24 hours with 'Selected Services' (B) assigned</p> <p style="padding-left: 40px;">Report will not include records updated by NIC or System user profiles, based on the 'Updated By' field.</p> <p>**Loop through all Control Tasks (A) present. For each task:</p> <p style="padding-left: 40px;">Loop through all Selected Services (B). For each Selected Service:</p> <p style="padding-left: 80px;">Loop through all Common Controls (C)</p> <p style="padding-left: 120px;">If CC# == Control Task ID, map Common Control (C) to Control Task (A) and Control Method Recommendation (C) to Control Method (A).</p> <p style="padding-left: 120px;">Also, if method recommendation (C) == Common Alone, transition Control Task A record to closed.</p>

<p>Service Assumptions</p>	<ul style="list-style-type: none"> • Any functionality which varies from the scope outlined above will require additional scoping, and amendment via a new Change Order, prior to delivery by NAVEX. • NAVEX will assign Technical Specialist resources after update criteria has been received and any needed configuration updates have been made in the EPIM system • Customer will allow NAVEX to copy their current database into a preview environment • NAVEX will perform updates in the preview environment prior to any production updates • Project Resource availability is critical to the success of this effort. Customer resource changes or unavailability will impact
	<p>the project timeline and could increase the cost of the overall effort</p> <ul style="list-style-type: none"> • Customer will review / approve changes in the preview environment before any work is performed in the live system • NAVEX will purge the temporary database within 30 days of the update being performed in the production system <ul style="list-style-type: none"> • Up to fifty four (54) hours will be allocated to Technical Specialist and Professional Services resources to complete the above scope of work. • Project hours may be consumed by preparations for meetings, completing the work as defined, quality assurance, and other action items necessary to deliver the aforementioned scope of work. Additional hours will be billed at the current rate. • All activities, deliverables, and hours outlined in this Statement of Work will expire ninety (90) days from project kickoff. A new Statement of Work will be required to continue work beyond the expiration date, which may require additional hours to be purchased by the Customer

ACCEPTANCE CRITERIA:

Intentionally omitted.

PROJECT CONTROL AND REPORTS:

A bi-weekly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:

Agency standards, if any, in addition to DTMB standards.

PAYMENT SCHEDULE:

NAVEX will work with State of Michigan to define a timetable suitable for achieving all defined objectives within this proposal. At the completion of this project, our consultant will present State of Michigan all deliverables identified in this proposal which we will use collaboratively throughout the engagement as a reference point for defined activities and milestones.

Consulting Resource	Units	Fee
Solutions Consultant	1	\$14,850

NAVEX shall invoice the additional fees in the amount of \$14,850.00 upon execution and the State shall remit payment within forty-five (45) days of the invoice's date.

EXPENSES:

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

PROJECT CONTACTS:

The designated Agency Project Manager is:

Smruti Shah
 DTMB-Cybersecurity and Infrastructure Protection
 MSPHQ/2nd Floor 7150 Harris Drive
 Dimondale, MI 48821

517-582-4642shahs1@michigan.gov

The designated DTMB Project Manager is:

Smruti Shah

DTMB-CIP

MSPHQ/2nd Floor

7150 Harris Drive

Dimondale, MI 48821 517-582-4642

shahs1@michigan.gov

AGENCY RESPONSIBILITIES:

Per the terms of the contract.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work offsite unless otherwise mutually agreed to by Navex and the State.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

This purchase order is a release from Contract Number 23000000245. This purchase order, statement of work, and the terms and conditions of Contract Number 23000000245 constitute the entire agreement between the State and the Contractor.



STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
 Department of Technology, Management, and Budget
 320 S. WALNUT ST., LANSING, MICHIGAN 48933
 P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **3**
 to
 Contract Number **230000000245**

CONTRACTOR	NAVEX Global, Inc.
	5500 Meadows Road, , Suite 500
	Lake Oswego, OR 97070
	Peter Clarke
	469-571-0415
	peter.clarke@navex.com
	VS0247143

STATE	Program Manager	Smruti Shah	DTMB
		517-582-4642	
	shahs1@Michigan.gov		
	Contract Administrator	Matt Weiss	DTMB
(517) 256-9895			
weissm4@michigan.gov			

CONTRACT SUMMARY

KEYLIGHT APPLICATIONS AND SERVICES

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
December 15, 2022	December 15, 2025	5 - 1 Year	December 15, 2025
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET 45			
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		December 15, 2025
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,148,100.56	\$87,390.99	\$1,235,491.55		

DESCRIPTION

Effective 4/3/2024, this change is to add funding in the amount of \$87,390.99 for the renewal of Original Tenant and scope change for Virtual Administrator Subscription.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement Services approval.

**Program Managers
for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
DTMB	Sandip Shah	517-335-8063	shahs@michigan.gov

STATEMENT OF WORK - IT CHANGE NOTICE

Project Title: Navex	Period of Coverage: 4/6/24-4/5/25
Requesting Department: DTMB	Date:
Agency Project Manager: Stephanie Jeppesen	Phone: 517-245-5693
DTMB Project Manager: Smruti Shah	Phone: 517-582-4642

BACKGROUND:

The State of Michigan successfully deployed NAVEX IRM (Formerly LockPath / Keylight) in 2017. Over time improvements have become more difficult, especially changes that affect the original design assumptions.

PROJECT OBJECTIVE:

The MiSAP 2.0 project aims to re-configure NAVEX IRM, starting from scratch, leveraging the lessons learned from the past 5+ years, and any new NAVEX IRM features introduced since the original implementation.

SCOPE OF WORK:

15 Units NAVEX IRM Virtual Administrator (LVA) Subscription (fixed increments of fifteen (15) hours of Professional Services support per month)

Renew the remaining IRM Services for an additional one (1) year term. Renewal is by mutual consent of both NAVEX and the State.

DELIVERABLES:

Technical support is required to assist with the following tasks:

Professional Services Solutions Consultants will provide consultative support for NAVEX IRM to stakeholders identified by State of Michigan in the following areas:

Consulting Deliverable	Description
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Project Kickoff and Planning	<ul style="list-style-type: none">• N/A
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<p style="text-align: center;">Scope of Consulting Engagement</p>	<ul style="list-style-type: none"> • • The NAVEX IRM Virtual Administrator (VA) is a Professional Service offering which provides a dedicated team of Consultants to answer questions and assist with ongoing configuration of the customer's NAVEX IRM platform. NAVEX's expert consultants have deep knowledge and experience in the Risk and Compliance industry and are positioned to provide consulting on NAVEX IRM suite of applications, connectors and add-ons. The VA is sold in fixed increments of fifteen (15) hours of Professional Services support per month. Hours must be consumed in the month they are designated, and unused hours do not carry over. VAs will automatically renew for successive one (1) year periods unless cancelled within ninety (90) days of the VA renewal date.
<p style="text-align: center;">Consulting Deliverables</p>	<p>The LVA services are designed to assist customers with the following activities:</p> <ul style="list-style-type: none"> • Facilitate strategy discussions specific to NAVEX IRM functionality and designated use cases • Assist in driving process improvement opportunities leveraging the NAVEX IRM platform • Analyze, correlate and organize data for import into the NAVEX IRM platform • Support configuration (e.g., tables, fields, workflows, notifications, reports, dashboards, groups, etc.) • Organize and facilitate testing • Create support documentation to support training and adoption • Provide training for other system administrators, workflow owners, and end-users • Migrate new / existing builds from Development to Production environments (as instructed) • Recommend best practices for implementing processes within the platform • Serve as a platform administrator (for the NAVEX IRM Platform) <p>Customer Responsibilities:</p> <ul style="list-style-type: none"> • Customer will grant assigned NAVEX personnel with appropriate access to all necessary data, documentation, and specifications for completion of the agreed upon VA services • Customer understands and acknowledges that NAVEX has not been engaged to provide any kind of opinion or analysis with respect to the effectiveness of Customer's controls or Customer's compliance with policies, procedures, or applicable law • Customer remains solely responsible for Customer's use of the NAVEX IRM Services and any use of the NAVEX IRM Services

	<p>by NAVEX pursuant to Customer's decisions made in connection with the VA Services</p>
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ACCEPTANCE CRITERIA:

Intentionally omitted.

PROJECT CONTROL AND REPORTS:

A bi-weekly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:

Agency standards, if any, in addition to DTMB standards.

PAYMENT SCHEDULE:

NAVEX will work with State of Michigan to define a timetable suitable for achieving all defined objectives within this proposal. At the completion of this project, our consultant will present State of Michigan all deliverables identified in this proposal which we will use collaboratively throughout the engagement as a reference point for defined activities and milestones.

Consulting Resource	Units	Fee
Solutions Consultant	15	\$45,000

NAVEX shall invoice the one (1) year renewal fees in the amount of \$308,080.55, and additional fees in the amount of \$45,000.00 upon execution and the State shall remit payment within forty-five (45) days of the invoice’s date.

EXPENSES:

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

PROJECT CONTACTS:

The designated Agency Project Manager is:

Smruti Shah
 DTMB-Cybersecurity and Infrastructure Protection
 MSPHQ/2nd Floor 7150 Harris Drive
 Dimondale, MI 48821
 517-582-4642 shahs1@michigan.gov

The designated DTMB Project Manager is:

Smruti Shah
 DTMB-CIP
 MSPHQ/2nd Floor
 7150 Harris Drive
 Dimondale, MI 48821
 517-582-4642
 shahs1@michigan.gov

AGENCY RESPONSIBILITIES:

Per the terms of the contract.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work offsite unless otherwise mutually agreed to by Navex and the State.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

This purchase order is a release from Contract Number 23000000245. This purchase order, statement of work, and the terms and conditions of Contract Number 23000000245 constitute the entire agreement between the State and the Contractor.



STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
 Department of Technology, Management, and Budget
 320 S. WALNUT ST., LANSING, MICHIGAN 48933
 P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number 2
 to
 Contract Number 23000000245

CONTRACTOR	NAVEX Global, Inc.
	5500 Meadows Road, , Suite 500
	Lake Oswego, OR 97070
	Peter Clarke
	469-571-0415
	peter.clarke@navex.com
	VS0247143

STATE	Program Manager	Smruti Shah	DTMB
		517-582-4642	
		shahs1@Michigan.gov	
	Contract Administrator	Jeremy Lyon	DTMB
		517-230-2858	
		lyonj5@michigan.gov	

CONTRACT SUMMARY

KEYLIGHT APPLICATIONS AND SERVICES

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
December 15, 2022	December 15, 2025	5 - 1 Year	December 15, 2025
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET 45			
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

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DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		December 15, 2025
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,126,100.56	\$22,000.00	\$1,148,100.56		

DESCRIPTION

Effective 2/20/2024, DTMB is adding \$22,000 for the MiSAP 2.0 project which will re-configure NAVEX IRM. The below statement of work outlines the associated deliverables.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement Services approval.

STATEMENT OF WORK - IT CHANGE NOTICE

Project Title: Navex	Period of Coverage:
Requesting Department: DTMB	Date:
Agency Project Manager: Stephanie Jeppesen	Phone: 517-245-5693
DTMB Project Manager: Smruti Shah	Phone: 517-582-4642

BACKGROUND:

The State of Michigan successfully deployed NAVEX IRM (Formerly LockPath / Keylight) in 2017. Over time improvements have become more difficult, especially changes that affect the original design assumptions.

PROJECT OBJECTIVE:

The MiSAP 2.0 project aims to re-configure NAVEX IRM, starting from scratch, leveraging the lessons learned from the past 5+ years, and any new NAVEX IRM features introduced since the original implementation.

SCOPE OF WORK:

Eighty (80) hours of NAVEX Virtual Administrator services.

SOW Term / Expiration: This Statement of Work (SOW) will expire ninety (90) days from project Kick-off Date. A new SOW will be required to extend project past expiration. Total Professional Services consulting hours allotted, to be consumed during SOW Term, are eighty (80). Professional Services consulting hours worked during SOW Term exceeding eighty (80) will require purchasing additional hours via a new SOW at the standard rate of \$275 per hour, prior to delivery of additional services.

DELIVERABLES:

Technical support is required to assist with the following tasks:

Professional Services Solutions Consultants will provide consultative support for NAVEX IRM to stakeholders identified by State of Michigan in the following areas:

Consulting Deliverable	Description
Project Kickoff and Planning	<ul style="list-style-type: none"> • Conduct kickoff meeting to introduce stakeholders and align on expectations around timelines, objectives, project management, and ongoing communication
Scope of Consulting Engagement	<ul style="list-style-type: none"> • The NAVEX Professional Services resource will attend 1-2 weekly stand-up meetings where they will provide feedback and suggestions for an optimal design considering State of Michigan requirements. • NAVEX Professional Services will not provide recommendations beyond configuration outcome best practices. Examples of out-of-scope recommendations include, but are not limited to; industry best practices for process design, scope of roles/responsibilities for various stakeholders, and/or risk scoring methodology.
Consulting Deliverables	<ul style="list-style-type: none"> • Attend a SOM MiSAP process overview session to gain an understanding of the current state design. <ul style="list-style-type: none"> ○ Session will be coordinated, hosted, and conducted by the State of Michigan. • Review existing documentation • Recommendations specifically regarding configuration / implementation of State of Michigan requirements • Consultative support towards implementing components in the MiSAP 2.0 Sandbox <ul style="list-style-type: none"> ○ All implementation and/or configuration work to be completed by the State of Michigan. • Foundational design best practice recommendations <ul style="list-style-type: none"> ○ Table design ○ Naming conventions ○ Access model – use assignments vs. restrict record access vs. TBD ○ Audit monitoring ○ Separation of duties ○ Automation best practices • The primary processes to be supported through consultation (see Scope of Consulting Engagement section above): <ul style="list-style-type: none"> ○ Security Accreditation / Authority to Operate ○ POAM remediation ○ Technical Review Board ○ IT readiness / new project ideas management ○ Data Classification ○ Vendor Risk Management

	<ul style="list-style-type: none"> • The sub-processes to be supported include (see Scope of Consulting Engagement section above): <ul style="list-style-type: none"> ○ User onboarding / SSO ○ Access request process ○ Annual user access review ○ Unified vulnerability management (infrastructure and application vulnerabilities)
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PROJECT CONTROL AND REPORTS:

A bi-weekly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:

Agency standards, if any, in addition to DTMB standards.

PAYMENT SCHEDULE:

NAVEX will work with State of Michigan to define a timetable suitable for achieving all defined objectives within this proposal. At the completion of this project, our consultant will present State of Michigan all deliverables identified in this proposal which we will use collaboratively throughout the engagement as a reference point for defined activities and milestones.

Consulting Resource	Hours	Fee
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Solutions Consultant	80	\$22,000
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Project hours may be consumed by the Solutions Consultant(s) in completing preparations for meetings, completing offline assessment and solution design, knowledge transfer and other action items necessary to deliver the Statement of Work. Additional hours will be billed at a rate of \$275.00 per hour and will require a new Statement of Work before proceeding.

NAVEX shall invoice the State in the amount of \$22,000.00 upon execution of this Statement of Work. The State shall remit payment within forty-five (45) days in accordance with Section 13 of the Contract Terms.

EXPENSES:

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

PROJECT CONTACTS:

The designated Agency Project Manager is:

Smruti Shah
 DTMB-Cybersecurity and Infrastructure Protection
 MSPHQ/2nd Floor 7150 Harris Drive
 Dimondale, MI 48821
 517-582-4642 shahs1@michigan.gov

The designated DTMB Project Manager is:

Smruti Shah
 DTMB-CIP
 MSPHQ/2nd Floor
 7150 Harris Drive
 Dimondale, MI 48821
 517-582-4642
 shahs1@michigan.gov

AGENCY RESPONSIBILITIES:

Per the terms of the contract.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work offsite unless otherwise mutually agreed to by Navex and the State.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

This purchase order is a release from Contract Number 23000000245. This purchase order, statement of work, and the terms and conditions of Contract Number 23000000245 constitute the entire agreement between the State and the Contractor.



STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
 Department of Technology, Management, and Budget
 320 S. WALNUT ST., LANSING, MICHIGAN 48933
 P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number 1
 to
 Contract Number 230000000245

CONTRACTOR	NAVEX Global, Inc.
	5500 Meadows Road, , Suite 500
	Lake Oswego, OR 97070
	Peter Clarke
	469-571-0415
	peter.clarke@navex.com
	VS0247143

STATE	Program Manager	Smruti Shah	DTMB
		517-582-4642	
	shahs1@Michigan.gov		
	Contract Administrator	Matt Weiss	DTMB
(517) 256-9895			
weissm4@michigan.gov			

CONTRACT SUMMARY

KEYLIGHT APPLICATIONS AND SERVICES

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
December 15, 2022	December 15, 2025	5 - 1 Year	December 15, 2025

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

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DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
\$838,174.81	\$287,925.75	\$1,126,100.56

DESCRIPTION

Effective 4/1/2023, the following amendment is incorporated, and the contract is increased by \$287,925.75 to transition the State's instance of Keylight from an MMCP purchase to a direct purchase through NAVEX. This Change Notice also updates Schedule B – Pricing.

All other terms, conditions, specifications, and pricing remain the same. Per contractor, agency, DTMB procurement and State Administrative Board approval on 4/25/2023.

I. GENERAL INFORMATION

This First Amendment (“Amendment”) to Contract No. 23000000245 is effective on April 6, 2023 (“Effective Date”), by and between **NAVEX Global, Inc.**, (“NAVEX”), and **State of Michigan** (the “State”) (collectively “Parties”).

II. RECITALS

WHEREAS, NAVEX and the State entered into Contract No. 23000000245 (“Agreement”), dated December 15, 2022, wherein NAVEX agreed to provide certain Services in accordance with the Agreement.

WHEREAS, NAVEX additionally provides certain Services (the “2016 Services”) to the State by virtue of an arrangement with service reseller SHI International (“SHI”), where the 2016 Services are provided in accordance with the End User Subscription Agreement dated March 31, 2016, between NAVEX (as successor to Lockpath, Inc.) and the State (“EUSA”).

WHEREAS, the arrangement between the State and SHI for NAVEX to provide Services to the State expires after April 5, 2023.

WHEREAS, the parties agree that the 2016 Services will renew upon the Effective Date but be governed by the Agreement, and the EUSA will terminate.

WHEREAS, the parties additionally agree to correct the annual price increase language of Schedule B to the Agreement.

NOW, THEREFORE, in consideration of the agreements, covenants, terms and conditions herein contained and other consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

III. AGREEMENT

- 1) **SHI ARRANGEMENT.** For the avoidance of doubt, the State is responsible for arranging with SHI the conclusion of the State’s business relationship with respect to the 2016 Services. The State hereby confirms that it understands that this Amendment does not serve to terminate such relationship, and if the State does not independently arrange with SHI to terminate their business relationship with respect to the 2016 Services the State may be subject to additional payment obligations to SHI.
- 2) **RENEWAL OF SERVICES ON AGREEMENT**
 - a) The EUSA is hereby terminated as of the Effective Date. NAVEX will provide Services to the State, and the State will pay NAVEX for Services, as detailed herein and in accordance with the Agreement. The 2016 Services are subject to the descriptions of service in Schedule A to the Agreement.
 - b) The following additional Service and pricing information is hereby appended to Section I of Schedule B – Pricing:

Services	Qty	Annual Fees <small>(4/6/2023 – 4/5/2024)</small>	One-Time Fees	Fees Due
Lockpath				
NAVEX IRM Enterprise Edition	1	\$223,125.00	-	\$223,125.00
Sandbox-Cloud-Application	12	\$25,200.00	-	\$25,200.00
NAVEX IRM Additional Storage	15	\$24,192.00	-	\$24,192.00
Sandbox-Cloud-Instance	2	\$10,500.00	-	\$10,500.00

Sandbox-Cloud-UserPack	11	\$4,908.75	-	\$4,908.75
NAVEX Integration Cloud - Internal	1	\$0.00	-	\$0.00

	Annual Fees	One-Time Fees	Fees Due
SUB-TOTALS:	\$287,925.75	\$0.00	\$287,925.75

TOTAL FEES DUE NOW:

\$287,925.75

- c) Notwithstanding the Term and renewal process defined in the Agreement, the 2016 Services shall renew on the Effective Date and run for one (1) year. Renewal is by mutual consent of both NAVEX and the State.
 - d) The 2016 Services were fully implemented under the EUSA, and as such any descriptions of implementation or acceptance and acceptance tests contained in the Agreement do not apply to the 2016 Services.
 - e) The “Additional Terms” of Section I of Schedule B – Pricing do not apply to the 2016 Services.
 - f) All Fees detailed herein will be invoiced upon execution of this Amendment and the State shall remit payment within 45 days of said invoice’s date.
 - g) All Fees for subsequent years will be invoiced to the State at least 45 days prior to the start of the upcoming year and will be due by the start of such year.
 - h) All prices are in U.S. Dollars.
- 3) ANNUAL INCREASE.** Schedule B - Pricing, Section I, Additional Term #3 is hereby deleted in its entirety and replaced with the following:
- During the Initial Term, any such increase in Annual Fees shall not be more than 3% annually.*
- 4)** This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one single agreement between the Parties. The Parties may execute this Amendment by an exchange of faxed, emailed, or electronically signed copies hereof, which shall be binding.
 - 5)** Each person executing this Amendment on behalf of the State and NAVEX, respectively, warrants his or her authority to do so.
 - 6)** All other terms and conditions of the Agreement shall remain in full force and effect.

7) All terms, unless otherwise defined herein, shall be given the meaning ascribed to them in the Agreement.



STATE OF MICHIGAN PROCUREMENT
 Department of Technology, Management, and Budget
 Elliott-Larsen Building, 320 S Walnut St #6, Lansing, MI 48933

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **230000000245**

between
 THE STATE OF MICHIGAN
 and

CONTRACTOR	NAVEX Global, Inc.
	5500 Meadows Road, Suite 500
	Lake Oswego, OR 97070
	Peter Clarke
	469-571-0415
	peter.clarke@navex.com
	VS0247143

STATE	Program Manager	Smruti Shah	DTMB
		517-582-4642	
	ShahS1@michigan.gov		
	Contract Administrator	Matt Weiss	DTMB
517-256-9895			
weissm4@michigan.gov			

CONTRACT SUMMARY			
DESCRIPTION: Keylight applications and services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
December 15, 2022	December 15, 2025	5, 1 year	December 15, 2025
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		NA	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
NA			
MISCELLANEOUS INFORMATION			
NA			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$838,174.81

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Name & Title

Agency

Date

SOFTWARE CONTRACT TERMS AND CONDITIONS

These Terms and Conditions, together with all Schedules (including the Statement(s) of Work), Exhibits and any other applicable attachments or addenda (Collectively this “Contract”) are agreed to between the State of Michigan (the “**State**”) and NAVEX Global, Inc. (“**Contractor**”), a Delaware Corporation. This Contract is effective on December 15, 2022 (“**Effective Date**”), and unless terminated, will expire on December 15, 2025 (the “**Term**”).

This Contract may be renewed for up to 5 additional, 1-year period(s). Renewal is by mutual consent of both the Contractor and the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via a Change Notice.

1. Definitions. For the purposes of this Contract, the following terms have the following meanings:

“**Acceptance**” has the meaning set forth in **Section 9**.

“**Acceptance Tests**” means such tests as may be conducted in accordance with **Section 9.1** and a Statement of Work to determine whether the Software meets the requirements of this Contract and the Documentation.

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of a Person.

“**Allegedly Infringing Materials**” has the meaning set forth in **Section 17.2(b)**.

“**Approved Third Party Components**” means all third party components, including Open-Source Components, that are included in or used in connection with the Software and are specifically identified by Contractor in the Contractor’s Bid Response or as part of the State’s Security Accreditation Process defined in Schedule E – Data Security Requirements.

“**Authorized Users**” means all Persons authorized by the State to access and use the Software under this Contract, subject to the maximum number of users specified in the applicable Statement of Work.

“Business Day” means a day other than a Saturday, Sunday or other day on which the State is authorized or required by law to be closed for business.

“Business Requirements Specification” means the initial specification setting forth the State’s business requirements regarding the features and functionality of the Software, as set forth in a Statement of Work.

“Change” has the meaning set forth in **Section 2.2**.

“Change Notice” has the meaning set forth in **Section 2.2(b)**.

“Change Proposal” has the meaning set forth in **Section 2.2(a)**.

“Change Request” has the meaning set forth in **Section 2.2**.

“Confidential Information” has the meaning set forth in **Section 22.1**.

“Configuration” means State-specific changes made to the Software without Source Code or structural data model changes occurring.

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

“Contract Administrator” is the individual appointed by each party to (a) administer the terms of this Contract, and (b) approve any Change Notices under this Contract. Each party’s Contract Administrator will be identified in Schedule A or subsequent Change Notices.

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

“Contractor’s Bid Response” means the Contractor’s proposal submitted in response to the ITN.

“Contractor Hosted” means the Hosted Services are provided by Contractor or one or more of its Permitted Subcontractors.

“Contractor Personnel” means all employees of Contractor or any subcontractors or Permitted Subcontractors involved in the performance of Services hereunder.

“Contractor Project Manager” means the individual appointed by Contractor and identified in Schedule A or subsequent Change Notices to serve as the primary contact with regard to services, to monitor and coordinate the day-to-day activities of this Contract, and to perform other duties as may be further defined in this Contract, including an applicable Statement of Work.

“Customization” means State-specific changes to the Software's underlying Source Code or structural data model changes.

“Deliverables” means the Software, and all other documents and other materials that Contractor is required to or otherwise does provide to the State under this Contract and otherwise in connection with any Services, including all items specifically identified as Deliverables in a Statement of Work and all Work Product.

“Deposit Material” refers to material required to be deposited pursuant to **Section 28**.

“Disaster Recovery Plan” refers to the set(s) of documents, instructions, and procedures which enable the Contractor to respond to accidents, disasters, emergencies, or threats without any stoppage or hindrance in its key operations and to the actions the Contractor takes to meet the Recovery Point and Recovery Time Objectives.

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

“DTMB” means the Michigan Department of Technology, Management and Budget.

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

“Fees” means the fees set forth in the Pricing Schedule attached as **Schedule B**.

“Financial Audit Period” has the meaning set forth in **Section 23.1**.

“Harmful Code” means any software, hardware or other technologies, devices or means, the purpose or effect of which is to: (a) permit unauthorized access to, or to destroy, disrupt, disable, encrypt, modify, copy, or otherwise harm or impede in any manner, any (i) computer, software, firmware, data, hardware, system or network, or (ii) any application or function of any of the foregoing or the integrity, use or operation of any data Processed thereby; or (b) prevent the State or any Authorized User from accessing or using the Services as intended by this Contract, and includes any virus, bug, trojan horse, worm, backdoor or other malicious computer code and any time bomb or drop dead device.

“HIPAA” has the meaning set forth in **Section 21.1**.

“Hosted Services” means the hosting, management and operation of the Operating Environment, Software, other services (including support and subcontracted services), and related resources for remote electronic access and use by the State and its Authorized Users, including any services and facilities related to disaster recovery obligations.

“Implementation Plan” means the schedule included in a Statement of Work setting forth the sequence of events for the performance of Services under a Statement of Work, including the Milestones and Milestone Dates.

“Integration Testing” has the meaning set forth in **Section 9.2(a)**.

“Intellectual Property Rights” means all or any of the following: (a) patents, patent disclosures, and inventions (whether patentable or not); (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, together with all of the associated goodwill; (c) copyrights and copyrightable works (including computer programs), mask works and rights in data and databases; (d) trade secrets, know-how and other confidential information; and (e) all other intellectual property rights, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection provided by applicable law in any jurisdiction throughout the world.

“Key Personnel” means any Contractor Personnel identified as key personnel in the Contract.

“Loss or Losses” means all losses, including but not limited to, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

“Maintenance Release” means any update, upgrade, release or other adaptation or modification of the Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Software.

“Milestone” means an event or task described in the Implementation Plan under a Statement of Work that must be completed by the corresponding Milestone Date.

“Milestone Date” means the date by which a particular Milestone must be completed as set forth in the Implementation Plan under a Statement of Work.

“New Version” means any new version of the Software, including any updated Documentation, that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

“Nonconformity” or **“Nonconformities”** means any failure or failures of the Software to conform to the requirements of this Contract, including any applicable Documentation.

“Open-Source Components” means any software component that is subject to any open-source copyright license agreement, including any GNU General Public License or GNU Library or Lesser Public License, or other obligation, restriction or license agreement that substantially conforms to the Open Source Definition as prescribed by the Open Source Initiative or otherwise may require disclosure or licensing to any third party of any source code with which such software component is used or compiled.

“Operating Environment” means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in a Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software, system architecture, configuration, computing hardware, ancillary equipment, networking, software, firmware, databases, data, and electronic systems (including database management systems).

“PAT” means a document or product accessibility template, including any Information Technology Industry Council Voluntary Product Accessibility Template or VPAT®, that specifies how information and software products, such as websites, applications, software and associated content, conform to WCAG 2.0 Level AA.

“Permitted Subcontractor” means any third party hired by Contractor to perform Services for the State under this Contract or have access to State Data.

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

“Pricing Schedule” means the schedule attached as **Schedule B**.

“Process” means to perform any operation or set of operations on any data, information, material, work, expression or other content, including to (a) collect, receive, input, upload, download, record, reproduce, store, organize, combine, log, catalog, cross-reference, manage, maintain, copy, adapt, alter, translate or make other improvements or derivative works, (b) process, retrieve, output, consult, use,

disseminate, transmit, submit, post, transfer, disclose or otherwise provide or make available, or (c) block, erase or destroy. “**Processing**” and “**Processed**” have correlative meanings.

“**Representatives**” means a party's employees, officers, directors, partners, shareholders, agents, attorneys, successors and permitted assigns.

“**RFP**” means the State’s request for proposal designed to solicit responses for Services under this Contract.

“**Services**” means any of the services, including but not limited to, Hosted Services, Contractor is required to or otherwise does provide under this Contract.

“**Service Level Agreement**” means the schedule attached as **Schedule D**, setting forth the Support Services Contractor will provide to the State, and the parties’ additional rights and obligations with respect thereto.

“**Site**” means the physical location designated by the State in, or in accordance with, this Contract or a Statement of Work for delivery and installation of the Software.

“**Software**” means Contractor’s software as set forth in a Statement of Work, and any Maintenance Releases or New Versions provided to the State and any Customizations or Configurations made by or for the State pursuant to this Contract, and all copies of the foregoing permitted under this Contract.

“**Source Code**” means the human readable source code of the Software to which it relates, in the programming language in which the Software was written, together with all related flow charts and technical documentation, including a description of the procedure for generating object code, all of a level sufficient to enable a programmer reasonably fluent in such programming language to understand, build, operate, support, maintain and develop modifications, upgrades, updates, adaptations, enhancements, new versions and other derivative works and improvements of, and to develop computer programs compatible with, the Software.

“**Specifications**” means, for the Software, the specifications collectively set forth in the Business Requirements Specification, Technical Specification, Documentation, ITN or Contractor’s Bid Response, if any, for such Software, or elsewhere in a Statement of Work.

“**State**” means the State of Michigan.

“**State Data**” has the meaning set forth in **Section 21.1**.

“State Hosted” means the Hosted Services are not provided by Contractor or one or more of its Permitted Subcontractors.

“State Materials” means all materials and information, including but not limited to documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

“State Program Managers” are the individuals appointed by the State, or their designees, to (a) monitor and coordinate the day-to-day activities of this Contract; (b) co-sign off on Acceptance of the Software and other Deliverables; and (c) perform other duties as may be specified in a Statement of Work Program Managers will be identified in Schedule A or subsequent Change Notices.

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

“Statement of Work” means any statement of work entered into by the parties and incorporated into this Contract. The initial Statement of Work is attached as **Schedule A**.

“Stop Work Order” has the meaning set forth in **Section 15**.

“Support Services” means the software maintenance and support services Contractor is required to or otherwise does provide to the State under the Service Level Agreement.

“Technical Specification” means, with respect to any Software, the document setting forth the technical specifications for such Software and included in a Statement of Work.

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

“Testing Period” has the meaning set forth in **Section 9.1(b)**.

“Transition Period” has the meaning set forth in **Section 16.3**.

“Transition Responsibilities” has the meaning set forth in **Section 16.3**.

“Unauthorized Removal” has the meaning set forth in **Section 2.5(b)**.

“Unauthorized Removal Credit” has the meaning set forth in **Section 2.5(c)**.

“User Data” means all data, information and other content of any type and in any format, medium or form, whether audio, visual, digital, screen, GUI or other, that is input, uploaded to, placed into or collected, stored, Processed, generated or output by any device, system or network by or on behalf of the State, including any and all works, inventions, data, analyses and other information and materials resulting from any use of the Software by or on behalf of the State under this Contract, except that User Data does not include the Software or data, information or content, including any GUI, audio, visual or digital or other display or output, that is generated automatically upon executing the Software without additional user input without the inclusion of user derived Information or additional user input.

“Warranty Period” means the ninety (90) calendar-day period commencing on the date of the State's Acceptance of the Software and for which Support Services are provided free of charge.

“WCAG 2.0 Level AA” means level AA of the World Wide Web Consortium Web Content Accessibility Guidelines version 2.0.

“Work Product” means all State-specific deliverables that Contractor is required to, or otherwise does, provide to the State under this Contract including but not limited to Customizations, application programming interfaces, computer scripts, macros, user interfaces, reports, project management documents, forms, templates, and other State-specific documents and related materials together with all ideas, concepts, processes, and methodologies developed in connection with this Contract whether or not embodied in this Contract.

2. Duties of Contractor. Contractor will provide Services and Deliverables pursuant to Statement(s) of Work entered into under this Contract. Contractor will provide all Services and Deliverables in a timely, professional manner and in accordance with the terms, conditions, and Specifications set forth in this Contract and the Statement(s) of Work.

2.1 Statement of Work Requirements. No Statement of Work will be effective unless signed by each party's Contract Administrator. The term of each Statement of Work will commence on the parties' full execution of a Statement of Work and terminate when the parties have fully performed their obligations. The terms and conditions of this Contract will apply at all times to any Statements of Work entered into by the parties and incorporated into this Contract. The State will have the right to terminate such Statement of Work as set forth in **Section 16**. Contractor acknowledges that time is of the essence with respect to Contractor's obligations under each Statement of Work and agrees that prompt and timely performance of all such obligations in accordance with

this Contract and the Statements of Work (including the Implementation Plan and all Milestone Dates) is strictly required.

2.2 Change Control Process. The State may at any time request in writing (each, a “**Change Request**”) changes to a Statement of Work, including changes to the Services and Implementation Plan (each, a “**Change**”). Upon the State’s submission of a Change Request, the parties will evaluate and implement all Changes in accordance with this **Section 2.2**.

(a) As soon as reasonably practicable, and in any case within 20 Business Days following receipt of a Change Request, Contractor will provide the State with a written proposal for implementing the requested Change (“**Change Proposal**”), setting forth:

- (i) a written description of the proposed Changes to any Services or Deliverables;
- (ii) an amended Implementation Plan reflecting: (A) the schedule for commencing and completing any additional or modified Services or Deliverables; and (B) the effect of such Changes, if any, on completing any other Services under a Statement of Work;
- (iii) any additional State Resources Contractor deems necessary to carry out such Changes; and
- (iv) any increase or decrease in Fees resulting from the proposed Changes, which increase or decrease will reflect only the increase or decrease in time and expenses Contractor requires to carry out the Change.

(b) Within 30 Business Days following the State’s receipt of a Change Proposal, the State will by written notice to Contractor, approve, reject, or propose modifications to such Change Proposal. If the State proposes modifications, Contractor must modify and re-deliver the Change Proposal reflecting such modifications, or notify the State of any disagreement, in which event the parties will negotiate in good faith to resolve their disagreement. Upon the State’s approval of the Change Proposal or the parties’ agreement on all proposed modifications, as the case may be, the parties will execute a written agreement to the Change Proposal (“**Change Notice**”), which Change Notice will be signed by the State’s Contract Administrator and will constitute an amendment to a Statement of Work to which it relates; and

(c) If the parties fail to enter into a Change Notice within 15 Business Days following the State’s response to a Change Proposal, the State may, in its discretion:

- (i) require Contractor to perform the Services under a Statement of Work without the Change;

- (ii) require Contractor to continue to negotiate a Change Notice;
- (iii) initiate a Dispute Resolution Procedure; or
- (iv) notwithstanding any provision to the contrary in a Statement of Work, terminate this Contract under **Section 16.1**.

(d) No Change will be effective until the parties have executed a Change Notice. Except as the State may request in its Change Request or otherwise in writing, Contractor must continue to perform its obligations in accordance with a Statement of Work pending negotiation and execution of a Change Notice. Contractor will use its best efforts to limit any delays or Fee increases from any Change to those necessary to perform the Change in accordance with the applicable Change Notice. Each party is responsible for its own costs and expenses of preparing, evaluating, negotiating, and otherwise processing any Change Request, Change Proposal, and Change Notice.

(e) The performance of any functions, activities, tasks, obligations, roles and responsibilities comprising the Services as described in this Contract are considered part of the Services and, thus, will not be considered a Change. This includes the delivery of all Deliverables in accordance with their respective Specifications, and the diagnosis and correction of Non-Conformities discovered in Deliverables prior to their Acceptance by the State or, subsequent to their Acceptance by the State, as necessary for Contractor to fulfill its associated warranty requirements and its Support Services under this Contract.

(f) Contractor may, on its own initiative and at its own expense, prepare and submit its own Change Request to the State. However, the State will be under no obligation to approve or otherwise respond to a Change Request initiated by Contractor.

2.2 Contractor Personnel.

(a) Contractor is solely responsible for all Contractor Personnel and for the payment of their compensation, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits.

(b) Prior to any Contractor Personnel performing any Services, Contractor will:

(i) ensure that such Contractor Personnel have the legal right to work in the United States;

(ii) upon request, require such Contractor Personnel to execute written agreements, in form and substance acceptable to the State, that bind such Contractor Personnel to

confidentiality provisions that are at least as protective of the State's information (including all Confidential Information) as those contained in this Contract; and

(iii) upon request, or as otherwise specified in a Statement of Work, perform background checks on all Contractor Personnel prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks. Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018.

(c) Contractor and all Contractor Personnel will comply with all rules, regulations, and policies of the State that are communicated to Contractor in writing, including security procedures concerning systems and data and remote access, building security procedures, including the restriction of access by the State to certain areas of its premises or systems, and general health and safety practices and procedures.

(d) The State reserves the right to require the removal of any Contractor Personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and Contractor cannot immediately replace the removed personnel, the State agrees to negotiate an equitable adjustment in schedule or other terms that may be affected by the State's required removal.

2.3 Contractor Project Manager. Throughout the Term of this Contract, Contractor must maintain a Contractor employee acceptable to the State to serve as Contractor Project Manager, who will be considered Key Personnel of Contractor.

(a) Contractor Project Manager must:

(i) have the requisite authority, and necessary skill, experience, and qualifications, to perform in such capacity;

(ii) be responsible for overall management and supervision of Contractor's performance under this Contract; and

(iii) be the State's primary point of contact for communications with respect to this Contract, including with respect to giving and receiving all day-to-day approvals and consents.

(b) Contractor Project Manager must attend all regularly scheduled meetings as set forth in the Implementation Plan and will otherwise be available as set forth in a Statement of Work.

(c) Contractor will maintain the same Contractor Project Manager throughout the Term of this Contract, unless:

(i) the State requests in writing the removal of Contractor Project Manager;

(ii) the State consents in writing to any removal requested by Contractor in writing;

(iii) Contractor Project Manager ceases to be employed by Contractor, whether by resignation, involuntary termination or otherwise.

(d) Contractor will promptly replace its Contractor Project Manager on the occurrence of any event set forth in **Section 2.4(c)**. Such replacement will be subject to the State's prior written approval.

2.4 Contractor's Key Personnel.

(a) The State has 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, introduce the individual to the State Program Managers or their designees, and 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.

(b) Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal

may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under **Section 16.1**.

(c) It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to determine and remedy 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 16**, Contractor will issue to the State an amount equal to \$25,000 per individual (each, an “**Unauthorized Removal Credit**”).

(d) Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed under **Subsection 2.5(c)** above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State’s option, be credited or set off against any Fees or other charges payable to Contractor under this Contract.

2.5 Subcontractors. Contractor must obtain prior written approval of the State, which consent may be given or withheld in the State’s sole discretion, before engaging any Permitted Subcontractor to provide Services to the State under this Contract. Third parties otherwise retained by Contractor to provide Contractor or other clients of contractor with services are not Permitted Subcontractors, and therefore do not require prior approval by the State. Engagement of any subcontractor or Permitted Subcontractor by Contractor does not relieve Contractor of its representations, warranties or obligations under this Contract. Without limiting the foregoing, Contractor will:

(a) be responsible and liable for the acts and omissions of each such subcontractor (including such Permitted Subcontractor and Permitted Subcontractor’s employees who, to the extent providing Services or Deliverables, will be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees;

(b) name the State a third-party beneficiary under Contractor’s Contract with each Permitted Subcontractor with respect to the Services;

(c) be responsible for all fees and expenses payable to, by or on behalf of each Permitted Subcontractor in connection with this Contract, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and

(d) notify the State of the location of the Permitted Subcontractor and indicate if it is located within the continental United States.

3. Notices. All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Matt Weiss Elliott-Larsen Building, 320 S Walnut St #6, Lansing, MI 48933 weissm4@michigan.gov 517-256-9895	NAVEX Global, Inc. ATTN: Legal Department 5500 Meadows Road, Suite 500 Lake Oswego, OR 97070 legalnotice@navex.com

4. Insurance. Contractor must maintain the minimum insurances identified in the Insurance Schedule attached as **Schedule C**.

5. Software License.

5.1 Perpetual License. If Contractor is providing the State with a license to use its Software indefinitely, then Contractor hereby grants to the State and its Authorized Users a non-exclusive, royalty-free, perpetual, irrevocable right and license to use the Software and Documentation in accordance with the terms and conditions of this Contract, provided that:

(a) The State is prohibited from reverse engineering or decompiling the Software, making derivative works, modifying, adapting or copying the Software except as is expressly permitted by this Contract or required to be permitted by law;

(b) The State is authorized to make copies of the Software for backup, disaster recovery, and archival purposes;

(c) The State is authorized to make copies of the Software to establish a test environment to conduct Acceptance Testing;

(d) Title to and ownership of the Software shall at all times remain with Contractor and/or its licensors, as applicable; and

(e) Except as expressly agreed in writing, the State is not permitted to sub-license the use of the Software or any accompanying Documentation.

5.2 Subscription License. If the Software is Contractor Hosted and Contractor is providing the State access to use its Software during the Term of the Contract only, then:

(a) Contractor hereby grants to the State, exercisable by and through its Authorized Users, a nonexclusive, royalty-free, irrevocable right and license during the Term and such additional periods, if any, as Contractor is required to perform Services under this Contract or any Statement of Work, to:

(i) access and use the Software, including in operation with other software, hardware, systems, networks and services, for the State's business purposes, including for Processing State Data;

(ii) generate, print, copy, upload, download, store and otherwise Process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Software;

(iii) prepare, reproduce, print, download and use a reasonable number of copies of the Specifications and Documentation for any use of the Software under this Contract; and

(iv) access and use the Software for all such non-production uses and applications as may be necessary or useful for the effective use of the Software hereunder, including for purposes of analysis, development, configuration, integration, testing, training, maintenance, support and repair, which access and use will be without charge and not included for any purpose in any calculation of the State's or its Authorized Users' use of the Software, including for purposes of assessing any Fees or other consideration payable to Contractor or determining any excess use of the Software as described in **Section 5.2(c)** below.

(b) License Restrictions. The State will not: (a) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make the Software available to any third party, except as expressly permitted by this Contract or in any Statement of Work; or (b) use or authorize the use of the Software or Documentation in any manner or for any purpose that is unlawful under applicable Law.

(c) Use. The State will pay Contractor the corresponding Fees set forth in a Statement of Work or Pricing Schedule for all Authorized Users access and use of the Software. Such Fees will be Contractor's sole and exclusive remedy for use of the Software, including any excess use.

5.3 Certification. To the extent that a License granted to the State is not unlimited, Contractor may request written certification from the State regarding use of the Software for the sole purpose of verifying compliance with this **Section 5**. Such written certification may occur no more than once in any 24 month period during the Term of

the Contract. The State will respond to any such request within 45 calendar days of receipt. If the State's use is greater than contracted, Contractor may invoice the State for any unlicensed use (and related support) pursuant to the terms of this Contract at the rates set forth in **Schedule B**, and the unpaid license and support fees shall be payable in accordance with the terms of the Contract. Payment under this provision shall be Contractor's sole and exclusive remedy to cure these issues.

5.4 State License Grant to Contractor. The State hereby grants to Contractor a limited, non-exclusive, non-transferable license (i) to use the State's (or individual agency's, department's or division's) name, trademarks, service marks or logos, solely in accordance with the State's specifications, and (ii) to display, reproduce, distribute and transmit in digital form the State's (or individual agency's, department's or division's) name, trademarks, service marks or logos in connection with promotion of the Services as communicated to Contractor by the State. Use of the State's (or individual agency's, department's or division's) name, trademarks, service marks or logos will be specified in the applicable Statement of Work. Contractor is provided a limited license to State Materials for the sole and exclusive purpose of providing the Services.

6. Third Party Components. At least 30 days prior to adding new Third Party Components, Contractor will provide the State with notification information identifying and describing the addition. Throughout the Term, on an annual basis, Contractor will provide updated information identifying and describing any Approved Third Party Components included in the Software.

7. Intellectual Property Rights

7.1 Ownership Rights in Software

(a) For purposes of this **Section 7** only, the term "Software" does not include Customizations.

(b) Subject to the rights and licenses granted by Contractor in this Contract and the provisions of **Section 7.1(c)**:

(i) Contractor reserves and retains its entire right, title and interest in and to all Intellectual Property Rights arising out of or relating to the Software; and

(ii) none of the State or Authorized Users acquire any ownership of Intellectual Property Rights in or to the Software or Documentation as a result of this Contract.

(c) As between the State, on the one hand, and Contractor, on the other hand, the State has, reserves and retains, sole and exclusive ownership of all right, title and interest in and to State Materials, User Data, including all Intellectual Property Rights arising therefrom or relating thereto.

7.2 No transfer of Intellectual Property rights on any kind is contemplated under this Contract.

8. Software Implementation.

8.1 Implementation. Contractor will as applicable; deliver, install, configure, integrate, and otherwise provide and make fully operational the Software on or prior to the applicable Milestone Date in accordance with the criteria set forth in a Statement of Work and the Implementation Plan.

8.2 Site Preparation. Unless otherwise set forth in a Statement of Work, Contractor is responsible for ensuring the relevant Operating Environment is set up and in working order to allow Contractor to deliver and install the Software on or prior to the applicable Milestone Date. Contractor will provide the State with such notice as is specified in a Statement of Work, prior to delivery of the Software to give the State sufficient time to prepare for Contractor's delivery and installation of the Software. If the State is responsible for Site preparation, Contractor will provide such assistance as the State requests to complete such preparation on a timely basis.

9. Software Acceptance Testing.

9.1 Acceptance Testing.

(a) Unless otherwise specified in a Statement of Work, upon installation of the Software, or in the case of Contractor Hosted Software, when Contractor notifies the State in writing that the Hosted Services are ready for use in a production environment, Acceptance Tests will be conducted as set forth in this **Section 9** to ensure the Software conforms to the requirements of this Contract, including the applicable Specifications and Documentation.

(b) All Acceptance Tests will take place at the designated Site(s) in the Operating Environment described in a Statement of Work, commence on the Business Day following installation of the Software, or the receipt by the State of the notification in **Section 9.1(a)**, and be conducted diligently for up to 30 Business Days, or such other period as may be set forth in a Statement of Work (the "**Testing Period**"). Acceptance Tests will be conducted by the party responsible as set forth in a Statement of Work or, if a Statement of Work does not specify, the State, provided that:

(i) for Acceptance Tests conducted by the State, if requested by the State, Contractor will make suitable Contractor Personnel available to observe or participate in such Acceptance Tests; and

(ii) for Acceptance Tests conducted by Contractor, the State has the right to observe or participate in all or any part of such Acceptance Tests.

9.2 Contractor is solely responsible for all costs and expenses related to Contractor's performance of, participation in, and observation of Acceptance Testing.

(a) Upon delivery and installation of any application programming interfaces, Configuration or Customizations, or any other applicable Work Product, to the Software under a Statement of Work, additional Acceptance Tests will be performed on the modified Software as a whole to ensure full operability, integration, and compatibility among all elements of the Software ("**Integration Testing**"). Integration Testing is subject to all procedural and other terms and conditions set forth in this **Section 9**.

(b) The State may suspend Acceptance Tests and the corresponding Testing Period by written notice to Contractor if the State discovers a material Non-Conformity in the tested Software or part or feature of the Software. In such event, Contractor will immediately, and in any case within 10 Business Days, correct such Non-Conformity, whereupon the Acceptance Tests and Testing Period will resume for the balance of the Testing Period.

9.3 Notices of Completion, Non-Conformities, and Acceptance. Within 15 Business Days following the completion of any Acceptance Tests, including any Integration Testing, the party responsible for conducting the tests will prepare and provide to the other party written notice of the completion of the tests. Such notice must include a report describing in reasonable detail the tests conducted and the results of such tests, including any uncorrected Non-Conformity in the tested Software.

(a) If such notice is provided by either party and identifies any Non-Conformities, the parties' rights, remedies, and obligations will be as set forth in **Section 9.4** and **Section 9.5**.

(b) If such notice is provided by the State, is signed by the State Program Managers or their designees, and identifies no Non-Conformities, such notice constitutes the State's Acceptance of such Software.

(c) If such notice is provided by Contractor and identifies no Non-Conformities, the State will have 30 Business Days to use the Software in the Operating Environment and determine, in the exercise of its sole discretion, whether it is satisfied that the Software contains no Non-Conformities, on the completion of which the State will, as appropriate:

(i) notify Contractor in writing of Non-Conformities the State has observed in the Software and of the State's non-acceptance thereof, whereupon the parties' rights, remedies and obligations will be as set forth in **Section 9.4** and **Section 9.5**; or

(ii) provide Contractor with a written notice of its Acceptance of such Software, which must be signed by the State Program Managers or their designees.

9.4 Failure of Acceptance Tests. If Acceptance Tests identify any Non-Conformities, Contractor, at Contractor's sole cost and expense, will remedy all such Non-Conformities and re-deliver the Software, in accordance with the requirements set forth in the Contract. Redelivery will occur as promptly as commercially possible and, in any case, within 30 Business Days following, as applicable, Contractor's:

(a) completion of such Acceptance Tests, in the case of Acceptance Tests conducted by Contractor; or

(b) receipt of the State's notice under **Section 9.1(a)** or **Section 9.3(c)(i)**, identifying any Non-Conformities.

9.5 Repeated Failure of Acceptance Tests. If Acceptance Tests identify any Non-Conformity in the Software after a second or subsequent delivery of the Software, or Contractor fails to re-deliver the Software on a timely basis, the State may, in its sole discretion, by written notice to Contractor:

(a) continue the process set forth in this **Section 9**;

(b) accept the Software as a nonconforming deliverable, in which case the Fees for such Software will be reduced equitably to reflect the value of the Software as received relative to the value of the Software had it conformed; or

(c) deem the failure to be a non-curable material breach of this Contract and a Statement of Work and terminate this Contract for cause in accordance with **Section 16.1**.

9.6 Acceptance. Acceptance ("**Acceptance**") of the Software (subject, where applicable, to the State's right to Integration Testing) will occur on the date that is the earliest of the State's delivery of a notice accepting the Software under **Section 9.3(b)**, or **Section 9.3(c)(ii)**.

10. Non-Software Acceptance.

10.1 All other non-Software Services and Deliverables are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("State Review Period"), unless otherwise provided in the Statement of Work. If the non-Software Services and Deliverables are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the non-Software Services and Deliverables are accepted but noted deficiencies must be corrected; or (b) the non-Software Services and Deliverables are rejected. If the State finds material deficiencies, it may: (i) reject the non-Software Services and Deliverables without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with **Section 16.1**, Termination for Cause.

10.2 Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any non-Software Services and Deliverables, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable non-Software Services and Deliverables to the State. If acceptance with deficiencies or rejection of the non-Software Services and Deliverables impacts the content or delivery of other non-completed non-Software Services and Deliverables, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

10.3 If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may provide the non-Software Services and Deliverables and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

11. Assignment. Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

12. Change of Control. Contractor will notify the State, within 30 days of any public announcement or otherwise once legally permitted to do so, of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following:

- (a) a sale of more than 50% of Contractor's stock;
- (b) a sale of substantially all of Contractor's assets;
- (c) a change in a majority of Contractor's board members;
- (d) consummation of a merger or consolidation of Contractor with any other entity;
- (e) a change in ownership through a transaction or series of transactions;
- (f) or the board (or the stockholders) approves a plan of complete liquidation.

A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions

principally for bona fide equity financing purposes. In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

13. Invoices and Payment.

13.1 Invoices must conform to the requirements communicated from time-to-time by the State. Undisputed invoices will be due and payable by the State, in accordance with the State's Prompt Payment Act as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.. For avoidance of doubt, the date of the State's receipt of the invoice shall be construed to be the date on which Contractor submits the invoice in accordance with this Contract. Contractor may only charge for Services and Deliverables provided as specified in Statement(s) of Work. Invoices must include an itemized statement of all charges.

13.2 The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Services and Deliverables. Contractor's acceptance of final payment by the State constitutes 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 disputed.

13.3 The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

13.4 Right of Setoff. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

13.5 Taxes. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services or Deliverables purchased under this Contract are for the State's exclusive use. Notwithstanding the foregoing, all Fees are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

13.6 Pricing/Fee Changes. All Pricing set forth in this Contract will not be increased, except as otherwise expressly provided in this Section.

(a) The Fees will not be increased at any time except as detailed in the applicable Schedule B - Pricing.

14. Liquidated Damages.

14.1 The parties understand and agree that any liquidated damages (which includes but is not limited to applicable credits) set forth in this Contract are reasonable estimates of the State's damages in accordance with applicable law.

14.2 The parties acknowledge and agree that Contractor could incur liquidated damages for more than one event.

14.3 The assessment of liquidated damages will not constitute a waiver or release of any other remedy the State may have under this Contract for Contractor's breach of this Contract, including without limitation, the State's right to terminate this Contract for cause under **Section 16.1** and the State will be entitled in its discretion to recover actual damages caused by Contractor's failure to perform its obligations under this Contract. However, the State will reduce such actual damages by the amounts of liquidated damages received for the same events causing the actual damages.

14.4 Amounts due the State as liquidated damages may be set off against any Fees payable to Contractor under this Contract, or the State may bill Contractor as a separate item and Contractor will promptly make payments on such bills.

15. Stop Work Order. The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either:

issue a notice authorizing Contractor to resume work, or

terminate the Contract or delivery order. The State will not pay for activities that have been suspended, Contractor's lost profits, or any additional compensation during a stop work period.

16. Termination, Expiration, Transition. The State may terminate this Contract, the Support Services, or any Statement of Work, in accordance with the following:

16.1 Termination for Cause. In addition to any right of termination set forth elsewhere in this Contract:

(a) The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State:

(i) endangers the value, integrity, or security of State Systems, State Data, or the State's facilities or personnel;

(ii) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; or

(iii) breaches any of its material duties or obligations under this Contract. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

(b) If the State terminates this Contract under this **Section 16.1**, the State will issue a termination notice specifying whether Contractor must:

(i) cease performance immediately. Contractor must submit all invoices for Services accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due to Contractor for Services accepted by the State under this Contract, or

(ii) continue to perform for a specified period. If it is later determined that Contractor was not in breach of this Contract, the termination will be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in **Section 16.2**.

(c) The State will only pay for amounts due to Contractor for Services accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination, including any prepaid Fees. Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Services from other sources.

16.2 Termination for Convenience. The State may immediately terminate this Contract in whole or in part, without penalty and for any reason or no reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must:

(a) cease performance immediately. Contractor must submit all invoices for Services accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due to Contractor for Services accepted by the State under this Contract, or

(b) continue to perform in accordance with **Section 16.3**. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the

State, for State approved Transition Responsibilities to the extent the funds are available.

16.3 Transition Responsibilities.

(a) Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days; the “**Transition Period**”), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract to continue without interruption or adverse effect, and to facilitate the orderly transfer of the Services to the State or its designees. Such transition assistance may include but is not limited to:

(i) continuing to perform the Services at the established Contract rates;

(ii) taking all reasonable and necessary measures to transition performance of the work, including all applicable Services to the State or the State’s designee;

(iii) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, and comply with **Section 22.5** regarding the return or destruction of State Data at the conclusion of the Transition Period; and

(iv) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, the “**Transition Responsibilities**”). The Term of this Contract is automatically extended through the end of the Transition Period.

(b) Contractor will follow the transition plan attached as **Schedule G** as it pertains to both transition in and transition out activities.

17. Indemnification

17.1 General Indemnification. Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to:

(a) any breach by Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract;

(b) any infringement, misappropriation, or other violation of any Intellectual Property Right or other right of any third party;

(c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and

(d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

17.2 Indemnification Procedure. The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations. The State is entitled to:

(a) regular updates on proceeding status;

(b) participate in the defense of the proceeding;

(c) employ its own counsel; and to

(d) retain control of the defense, at its own cost and expense, if the State deems necessary. Contractor will not, without the State's prior written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. Any litigation activity on behalf of the State or any of its subdivisions, under this **Section 17**, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

17.3 The State is constitutionally prohibited from indemnifying Contractor or any third parties.

18. Infringement Remedies.

18.1 The remedies set forth in this Section are in addition to, and not in lieu of, all other remedies that may be available to the State under this Contract or otherwise, including the State's right to be indemnified for such actions.

18.2 If any Software or any component thereof, other than State Materials, is found to be infringing or if any use of any Software or any component thereof is enjoined, threatened to be enjoined or otherwise the subject of an infringement claim, Contractor must, at Contractor's sole cost and expense:

(a) procure for the State the right to continue to use such Software or component thereof to the full extent contemplated by this Contract; or

(b) modify or replace the materials that infringe or are alleged to infringe (“**Allegedly Infringing Materials**”) to make the Software and all of its components non-infringing while providing fully equivalent features and functionality.

18.3 If neither of the foregoing is possible notwithstanding Contractor’s best efforts, then Contractor may direct the State to cease any use of any materials that have been enjoined or finally adjudicated as infringing, provided that Contractor will:

(a) refund to the State all amounts paid by the State in respect of such Allegedly Infringing Materials and any other aspects of the Software provided under a Statement of Work for the Allegedly Infringing Materials that the State cannot reasonably use as intended under this Contract; and

(b) in any case, at its sole cost and expense, secure the right for the State to continue using the Allegedly Infringing Materials for a transition period of up to 6 months to allow the State to replace the affected features of the Software without disruption.

18.4 If Contractor directs the State to cease using any Software under **Section 18.3**, the State may terminate this Contract for cause under **Section 16.1**. Unless the claim arose against the Software independently of any of the actions specified below, Contractor will have no liability for any claim of infringement arising solely from:

Contractor’s compliance with any designs, specifications, or instructions of the State; or modification of the Software by the State without the prior knowledge and approval of Contractor.

19. Disclaimer of Damages and Limitation of Liability.

19.1 The State’s Disclaimer of Damages. THE STATE WILL NOT BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES.

19.2 The State’s Limitation of Liability. IN NO EVENT WILL THE STATE’S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.

20. Disclosure of Litigation, or Other Proceeding. Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a Permitted Subcontractor, or an officer or director of Contractor or Permitted Subcontractor, that arises during the term of the Contract, including:

- (a) a criminal Proceeding;
- (b) a parole or probation Proceeding;
- (c) a Proceeding under the Sarbanes-Oxley Act;
- (d) a civil Proceeding involving:
 - (i) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or
 - (ii) a governmental or public entity's claim or written allegation of fraud; or
- (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

21. State Data.

21.1 Ownership. The State's data ("**State Data**"), which will be treated by Contractor as Confidential Information, includes:

- (a) User Data; and
- (b) any other data collected, used, Processed, stored, or generated in connection with the Services, including but not limited to:
 - (i) personally identifiable information ("**PII**") collected, used, Processed, stored, or generated as the result of the Services, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and
 - (ii) protected health information ("**PHI**") collected, used, Processed, stored, or generated as the result of the Services, which is defined under the Health Insurance Portability and Accountability Act ("**HIPAA**") and its related rules and regulations.

21.2 State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State.

21.3 Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Services. Contractor must:

(a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss;

(b) use and disclose State Data solely and exclusively for the purpose of providing the Services, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law;

(c) keep and maintain State Data in the continental United States and

(d) not use, sell, rent, transfer, mine, distribute, commercially exploit, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. Contractor's misuse of State Data may violate state or federal laws, including but not limited to MCL 752.795.

21.4 Discovery. Contractor will immediately notify the State upon receipt of any requests which in any way might reasonably require access to State Data or the State's use of the Software and Hosted Services, if applicable. Contractor will notify the State Program Managers or their designees by the fastest means available and also in writing. In no event will Contractor provide such notification more than twenty-four (24) hours after Contractor receives the request. Contractor will not respond to subpoenas, service of process, FOIA requests, and other legal requests related to the State without first notifying the State and obtaining the State's prior approval of Contractor's proposed responses. Contractor agrees to provide its completed responses to the State with adequate time for State review, revision and approval.

21.5 Loss or Compromise of Data. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, integrity, or availability of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable:

(a) notify the State as soon as practicable but no later than 24 hours of becoming aware of such occurrence;

(b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State;

(c) in the case of PII or PHI, at the State's sole election:

(i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or

(ii) reimburse the State for any costs in notifying the affected individuals;

(d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than 24 months following the date of notification to such individuals;

(e) perform or take any other actions required to comply with applicable law as a result of the occurrence;

(f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution;

(g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence;

(h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and

(i) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity

monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination.

21.6 The parties agree that any damages relating to a breach of this **Section 21** are to be considered direct damages and not consequential damages.

22. Non-Disclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties.

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

22.2 Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to the Contractor’s subcontractor is permissible where:

(a) the subcontractor is a Permitted Subcontractor;

(b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Permitted Subcontractor's responsibilities; and

(c) Contractor obligates the Permitted Subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any of the Contractor's and Permitted Subcontractor's Representatives may be required to execute a separate agreement to be bound by the provisions of this **Section 22.2**.

22.3 Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract. Each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

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

22.5 Surrender of Confidential Information upon Termination. Upon termination or expiration of this Contract or a Statement of Work, in whole or in part, each party must, within 5 Business Days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control. Upon confirmation from the State, of receipt of all data, Contractor must permanently sanitize or destroy the State's Confidential Information, including State Data, from all media including backups using National Security Agency ("NSA") and/or National Institute of Standards and Technology ("NIST") (NIST Guide for Media Sanitization 800-88) data sanitization methods or as otherwise instructed by the State. If the State determines that the return of any Confidential Information is not feasible or necessary, Contractor must destroy the Confidential Information as specified above. The Contractor must certify the destruction of Confidential Information (including State Data) in writing within 5 Business Days from the date of confirmation from the State.

23. Records Maintenance, Inspection, Examination, and Audit.

23.1 Right of Audit. Pursuant to MCL 18.1470, the State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to this Contract through the Term of this Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension (“**Financial Audit Period**”). If an audit, litigation, or other action involving the records is initiated before the end of the Financial Audit Period, Contractor must retain the records until all issues are resolved.

23.2 Right of Inspection. Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor’s premises or any other places where Services are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of this Contract must be paid or refunded within 45 calendar days.

23.3 Application. This **Section 23** applies to Contractor, any Affiliate, and any Permitted Subcontractor that performs Services in connection with this Contract.

24 Support Services. Contractor will provide the State with the Support Services described in the Service Level Agreement attached as **Schedule D** to this Contract. Such Support Services will be provided:

- (a) Free of charge during the Warranty Period.
- (b) Thereafter, for so long as the State elects to receive Support Services for the Software, in consideration of the State's payment of Fees for such services in accordance with the rates set forth in the Pricing Schedule.

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

26. Training. Contractor will provide, at no additional charge, training on all uses of the Software permitted hereunder in accordance with the times, locations and other terms set forth in a Statement of Work. Upon the State's request, Contractor will timely provide training for additional Authorized Users or other additional training on all uses of the Software for which the State requests such training, at such reasonable times and

locations and pursuant to such rates and other terms as are set forth in the Pricing Schedule.

27. Maintenance Releases; New Versions

27.1 Maintenance Releases. Provided that the State is current on its Fees, during the Term, Contractor will provide the State, at no additional charge, with all Maintenance Releases, each of which will constitute Software and be subject to the terms and conditions of this Contract.

27.2 New Versions. Provided that the State is current on its Fees, during the Term, Contractor will provide the State, at no additional charge, with all New Versions, each of which will constitute Software and be subject to the terms and conditions of this Contract.

27.3 Installation. The State has no obligation to install or use any Maintenance Release or New Versions. If the State wishes to install any Maintenance Release or New Version, the State will have the right to have such Maintenance Release or New Version installed, in the State's discretion, by Contractor or other authorized party as set forth in a Statement of Work. Contractor will provide the State, at no additional charge, adequate Documentation for installation of the Maintenance Release or New Version, which has been developed and tested by Contractor and Accepted by the State. The State's decision not to install or implement a Maintenance Release or New Version of the Software will not affect its right to receive Support Services throughout the Term of this Contract.

28. Source Code Escrow

28.1 Escrow Contract. The parties may enter into a separate intellectual property escrow agreement. Such escrow agreement will govern all aspects of Source Code escrow and release. The cost of the escrow will be the sole responsibility of Contractor.

28.2 Deposit. Within 30 business days of the Effective Date, Contractor will deposit with the escrow agent, pursuant to the procedures of the escrow agreement, the Source Code for the Software, as well as the Documentation and names and contact information for each author or other creator of the Software. Promptly after release of any update, upgrade, patch, bug fix, enhancement, new version, or other revision to the Software, Contractor will deposit updated Source Code, documentation, names, and contact information with the escrow agent.

28.3 Verification. At State's request and expense, the escrow agent may at any time verify the Deposit Material, including without limitation by compiling Source Code, comparing it to the Software, and reviewing the completeness and accuracy of any and

all material. In the event that the Deposit Material does not conform to the requirements of **Section 28.2** above:

- (a) Contractor will promptly deposit conforming Deposit Material; and
- (b) Contractor will pay the escrow agent for subsequent verification of the new Deposit Material. Any breach of the provisions of this **Section 28.3** will constitute material breach of this Contract, and no further payments will be due from the State until such breach is cured, in addition to other remedies the State may have.

28.4 Deposit Material License. Contractor hereby grants the State a license to use, reproduce, and create derivative works from the Deposit Material, provided the State may not distribute or sublicense the Deposit Material or make any use of it whatsoever except for such internal or governmental uses as necessary to maintain and support the Software. Copies of the Deposit Material created or transferred pursuant to this Contract are licensed, not sold, and the State receives no title to or ownership of any copy or of the Deposit Material itself. The Deposit Material constitutes Confidential Information of Contractor pursuant to **Section 22** (Non-disclosure of Confidential Information) of this Contract (provided no provision of **Section 22.4** calling for return of Confidential Information before termination of this Contract will apply to the Deposit Material).

29. Contractor Representations and Warranties.

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

- (a) It is duly organized, validly existing, and in good standing as a corporation or other entity as represented under this Contract under the laws and regulations of its jurisdiction of incorporation, organization, or chartering;
- (b) It has the full right, power, and authority to enter into this Contract, to grant the rights and licenses granted under this Contract, and to perform its contractual obligations;
- (c) The execution of this Contract by its Representative has been duly authorized by all necessary organizational action; and
- (d) When executed and delivered by Contractor, this Contract will constitute the legal, valid, and binding obligation of Contractor, enforceable against Contractor in accordance with its terms.
- (e) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606.

29.2 Bid Response. Contractor represents and warrants to the State that:

(a) 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 to the ITN; 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;

(b) All written information furnished to the State by or for Contractor in connection with this Contract, including Contractor's Bid Response, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading;

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

(d) If any of the certifications, representations, or disclosures made in Contractor's Bid Response change after contract award, the Contractor is required to report those changes immediately to the Contract Administrator.

29.3 Software Representations and Warranties. Contractor further represents and warrants to the State that:

(a) it is the legal and beneficial owner of the entire right, title and interest in and to the Software, including all Intellectual Property Rights relating thereto;

(b) it has, and throughout the license term, will retain the unconditional and irrevocable right, power and authority to grant and perform the license hereunder;

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

(d) the Software, and the State's use thereof, is and throughout the license term will be free and clear of all encumbrances, liens and security interests of any kind;

(e) neither its grant of the license, nor its performance under this Contract does or to its knowledge will at any time:

(i) conflict with or violate any applicable law;

(ii) require the consent, approval or authorization of any governmental or regulatory authority or other third party; or

(iii) require the provision of any payment or other consideration to any third party;

(f) when used by the State or any Authorized User in accordance with this Contract and the Documentation, the Software, the Hosted Services, if applicable, or Documentation as delivered or installed by Contractor does not or will not:

(i) infringe, misappropriate, or otherwise violate any Intellectual Property Right or other right of any third party; or

(ii) fail to comply with any applicable law;

(g) as provided by Contractor, the Software and Services do not and will not at any time during the Term contain any:

(i) Harmful Code; or

(ii) Third party or Open-Source Components that operate in such a way that it is developed or compiled with or linked to any third party or Open-Source Components, other than Approved Third Party Components specifically described in a Statement of Work.

(h) all Documentation is and will be complete and accurate in all material respects when provided to the State such that at no time during the license term will the Software have any material undocumented feature; and

(i) it will perform all Services in a timely, skillful, professional and workmanlike manner in accordance with commercially reasonable industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications, and will devote adequate resources to meet its obligations under this Contract.

(j) when used in the Operating Environment (or any successor thereto) in accordance with the Documentation, all Software as provided by Contractor, will be fully operable, meet all applicable specifications, and function in all respects, in conformity with this Contract and the Documentation;

(k) Contractor acknowledges that the State cannot indemnify any third parties, including but not limited to any third-party software providers that provide software that will be incorporated in or otherwise used in conjunction with the Services, and that notwithstanding anything to the contrary contained in any third-party software license agreement or end user license agreement, the State will not indemnify any third party software provider for any reason whatsoever;

(l) no Maintenance Release or New Version, when properly installed in accordance with this Contract, will have a material adverse effect on the functionality or operability of the Software.

(m) all Configurations or Customizations made during the Term will be forward-compatible with future Maintenance Releases or New Versions and be fully supported without additional costs.

(n) If Contractor Hosted:

(i) Contractor will not advertise through the Hosted Services (whether with adware, banners, buttons or other forms of online advertising) or link to external web sites that are not approved in writing by the State;

(ii) the Software and Services will in all material respects conform to and perform in accordance with the Specifications and all requirements of this Contract, including the Availability and Availability Requirement provisions set forth in the Service Level Agreement;

(iii) all Specifications are, and will be continually updated and maintained so that they continue to be, current, complete and accurate and so that they do and will continue to fully describe the Hosted Services in all material respects such that at no time during the Term or any additional periods during which Contractor does or is required to perform the Services will the Hosted Services have any material undocumented feature;

(o) During the Term of this Contract, any audit rights contained in any third-party software license agreement or end user license agreement for third-party software incorporated in or otherwise used in conjunction with the Software or with the Hosted Services, if applicable, will apply solely to Contractor or its Permitted Subcontractors. Regardless of anything to the contrary contained in any third-party software license agreement or end user license agreement, third-party software providers will have no audit rights whatsoever against State Systems or networks.

29.4 Disclaimer. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS CONTRACT, CONTRACTOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, WITH RESPECT TO THIS CONTRACT.

30. Offers of Employment. During the first 12 months of the Contract, should Contractor hire an employee of the State, without prior written consent of the State, who has substantially worked on any project covered by this Contract. The Contractor will be billed for 50% of the employee's annual salary in effect at the time of separation.

31. Conflicts and Ethics. Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award

or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any Permitted Subcontractor that provides Services and Deliverables in connection with this Contract.

32. Compliance with Laws. Contractor, its subcontractors, including Permitted Subcontractors, and their respective Representatives must comply with all laws in connection with this Contract.

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

34. Unfair Labor Practice. Under MCL 423.324, the State may void any Contract with a Contractor or Permitted Subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

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

36. Non-Exclusivity. Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor, nor does it provide Contractor with a right of first refusal for any future work. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Services from other sources.

37. Force Majeure

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

37.2 State Performance; Termination. In the event of a Force Majeure Event affecting Contractor’s performance under the Contract, the State may suspend its performance hereunder until such time as Contractor resumes performance. The State may terminate the Contract by written notice to Contractor if a Force Majeure Event affecting Contractor’s performance hereunder continues substantially uninterrupted for a period of 5 Business Days or more. Unless the State terminates the Contract pursuant to the preceding sentence, any date specifically designated for Contractor’s performance under the Contract will automatically be extended for a period up to the duration of the Force Majeure Event.

37.3 Exclusions; Non-suspended Obligations. Notwithstanding the foregoing or any other provisions of the Contract or this Schedule:

(a) in no event will any of the following be considered a Force Majeure Event:

(i) shutdowns, disruptions or malfunctions of Hosted Services or any of Contractor’s telecommunication or internet services other than as a result of general and widespread internet or telecommunications failures that are not limited to the Hosted Services; or

(ii) the delay or failure of any Contractor Personnel to perform any obligation of Contractor hereunder unless such delay or failure to perform is itself by reason of a Force Majeure Event.

(b) no Force Majeure Event modifies or excuses Contractor’s obligations under **Sections 21** (State Data), **22** (Non-Disclosure of Confidential Information), or **17** (Indemnification) of the Contract, Disaster Recovery and Backup requirements set forth in the Service Level Agreement, Availability Requirement (if Contractor Hosted) defined in the Service Level Agreement, or any data retention or security requirements under the Contract.

38. Dispute Resolution. The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties’ respective Contract Administrators or Program Managers. Such referral must include a description

of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance. Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

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

40. Severability. If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

41. Waiver. Failure to enforce any provision of this Contract will not constitute a waiver.

42. Survival. Any right, obligation, or condition that, by its express terms or nature and context is intended to survive, will survive the termination or expiration of this Contract; such rights, obligations, or conditions include, but are not limited to, those related to transition responsibilities; indemnification; disclaimer of damages and limitations of liability; State Data; non-disclosure of Confidential Information; representations and warranties; insurance and bankruptcy.

43. Administrative Fee and Reporting Contractor must pay an administrative fee of 1% on all payments made to Contractor under the Contract including transactions with MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made online by check or credit card at: <https://www.thepayplace.com/mi/dtmb/adminfee>

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to MiDeal@michigan.gov.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

44. Extended Purchasing Program. This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal.

Upon written agreement between the State and Contractor, this contract may also be extended to: (a) other states (including governmental subdivisions and authorized entities) and (b) State of Michigan employees.

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

45. Contract Modification. This Contract may not be amended except by signed agreement between the parties (a “**Contract Change Notice**”). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

46. HIPAA Compliance. The State and Contractor must comply with all obligations under HIPAA and its accompanying regulations, including but not limited to entering into a business associate agreement, if reasonably necessary to keep the State and Contractor in compliance with HIPAA.

47. Accessibility Requirements.

47.1 All Software provided by Contractor under this Contract, including associated content and documentation, must conform to WCAG 2.0 Level AA. Contractor must provide a description of conformance with WCAG 2.0 Level AA specifications by providing a completed PAT for each product provided under the Contract. At a minimum, Contractor must comply with the WCAG 2.0 Level AA conformance claims it made to the State, including the level of conformance provided in any PAT. Throughout the Term of the Contract, Contractor must:

(a) maintain compliance with WCAG 2.0 Level AA and meet or exceed the level of conformance provided in its written materials, including the level of conformance provided in each PAT;

(b) comply with plans and timelines approved by the State to achieve conformance in the event of any deficiencies;

(c) ensure that no Maintenance Release, New Version, update or patch, when properly installed in accordance with this Contract, will have any adverse effect on the conformance of Contractor's Software to WCAG 2.0 Level AA;

(d) promptly respond to and resolve any complaint the State receives regarding accessibility of Contractor's Software;

(e) upon the State's written request, provide evidence of compliance with this Section by delivering to the State Contractor's most current PAT for each product provided under the Contract; and

(f) participate in the State of Michigan Digital Standards Review described below.

47.2 State of Michigan Digital Standards Review. Contractor must assist the State, at no additional cost, with development, completion, and on-going maintenance of an accessibility plan, which requires Contractor, upon request from the State, to submit evidence to the State to validate Contractor's accessibility and compliance with WCAG 2.0 Level AA. Prior to the solution going-live and thereafter on an annual basis, or as otherwise required by the State, re-assessment of accessibility may be required. At no additional cost, Contractor must remediate all issues identified from any assessment of accessibility pursuant to plans and timelines that are approved in writing by the State.

47.3 Warranty. Contractor warrants that all WCAG 2.0 Level AA conformance claims made by Contractor pursuant to this Contract, including all information provided in any PAT Contractor provides to the State, are true and correct. If the State determines such conformance claims provided by the Contractor represent a higher level of conformance than what is actually provided to the State, Contractor will, at its sole cost and expense, promptly remediate its Software to align with Contractor's stated WCAG 2.0 Level AA conformance claims in accordance with plans and timelines that are approved in writing by the State. If Contractor is unable to resolve such issues in a manner acceptable to the State, in addition to all other remedies available to the State, the State may terminate this Contract for cause under **Section 16.1**.

47.4 Contractor must, without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State arising out of its failure to comply with the foregoing accessibility standards

47.5 Failure to comply with the requirements in this **Section 47** shall constitute a material breach of this Contract.

48. Further Assurances. Each party will, upon the reasonable request of the other party, execute such documents and perform such acts as may be necessary to give full effect to the terms of this Contract.

49. Relationship of the Parties. The relationship between the parties is that of independent contractors. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Neither party has authority to contract for nor bind the other party in any manner whatsoever.

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

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

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

53. Effect of Contractor Bankruptcy. All rights and licenses granted by Contractor under this Contract are and will be deemed to be rights and licenses to "intellectual property," and all Software and Deliverables are and will be deemed to be "embodiments" of "intellectual property," for purposes of, and as such terms are used in and interpreted under, Section 365(n) of the United States Bankruptcy Code (the

“Code”). If Contractor or its estate becomes subject to any bankruptcy or similar proceeding, the State retains and has the right to fully exercise all rights, licenses, elections, and protections under this Contract, the Code and all other applicable bankruptcy, insolvency, and similar laws with respect to all Software and other Deliverables. Without limiting the generality of the foregoing, Contractor acknowledges and agrees that, if Contractor or its estate will become subject to any bankruptcy or similar proceeding:

(a) all rights and licenses granted to the State under this Contract will continue subject to the terms and conditions of this Contract, and will not be affected, even by Contractor’s rejection of this Contract; and

(b) the State will be entitled to a complete duplicate of (or complete access to, as appropriate) all such intellectual property and embodiments of intellectual property comprising or relating to any Software or other Deliverables, and the same, if not already in the State’s possession, will be promptly delivered to the State, unless Contractor elects to and does in fact continue to perform all of its obligations under this Contract.

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

Schedule A	Statement of Work
Schedule B	Pricing Schedule
Schedule C	Insurance Schedule
Schedule D	Service Level Agreement
Schedule E	Data Security Requirements
Schedule F	Disaster Recovery Plan
Schedule G	Transition Plan

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

56. Entire Agreement. These Terms and Conditions, including all Statements of Work and other Schedules and Exhibits (again collectively the “Contract”) constitutes the sole and entire agreement of the parties to this Contract with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, representations and warranties, both written and oral, with respect to such

subject matter. In the event of any inconsistency between the statements made in the Terms and Conditions, the Schedules, Exhibits, and a Statement of Work, the following order of precedence governs: (a) first, these Terms and Conditions and (b) second, Schedule E – Data Security Requirements and (c) third, each Statement of Work; and (d) fourth, the remaining Exhibits and Schedules to this Contract. NO TERMS ON CONTRACTOR'S INVOICES, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE SERVICES, OR DOCUMENTATION HEREUNDER, EVEN IF ATTACHED TO STATE'S DELIVERY OR PURCHASE ORDER, WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF SUCH SERVICE OR DOCUMENTATION REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

SCHEDULE A – STATEMENT OF WORK

This schedule identifies the anticipated requirements of any Contract resulting from this RFP. The term “Contractor” in this document refers to a bidder responding to this RFP.

The Contractor must respond to each requirement or question and explain how it will fulfill each requirement. Attach any supplemental information and appropriately reference within your response.

1. DEFINITIONS

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

Term	Definition
NIST	National Institute of Standards and Technology
SOM	State of Michigan
GRC	Governance, Risk Management, and Compliance
CIP	Cybersecurity and Infrastructure Protection

2. BACKGROUND

The GRC (Governance, Risk Management, and Compliance) Program was initiated as a remediation solution to address a high priority FY12 audit finding to help state agencies close legacy and implement new security accreditation processes.

The GRC program utilizes the Keylight tool through NAVEX to manage IT risk and address non-compliance and identify gaps throughout the SOM Information Technology Environment and codifies control measures and procedures in accordance with National Institute of Standards and Technology (NIST) and other regulatory bodies (IRS, PCI, HIPAA, LE, etc.). This allows the State to bring consistencies in Risk Management at the enterprise level to improve overall security posture of State of Michigan.

This tool is used by all State of Michigan departments and agencies to assess risks and compliance and ensure SOM information is protected adequately to reduce various risks, i.e., legal, financial, reputational, privacy, etc. and protecting Michigan residents’

information from unauthorized disclosure. To achieve this, each SOM application and DTMB provided services are assessed and information is stored in the Keylight tool.

The Keylight tool through NAVEX has been procured via MMCP contract since 2016. Over the past 6 years, the Keylight tool has been customized and modified to specifically meet the needs of the State of Michigan's Security Accreditation process and requirements.

Since all state agencies utilize this program, it is imperative that DTMB stays consistent with tooling. Disruption or change in GRC tools could put the State at risk for security breaches.

DTMB - CIP (Cybersecurity and Infrastructure Protection) is seeking to procure Keylight applications and services through other means, most desirably, directly through NAVEX by entering into a Master Agreement.

3. PURPOSE

The State is seeking a *Contractor Hosted SaaS Software Solution* and applicable Services

Term of the Agreement: 3 base years with 5, 1-year options

4. IT ENVIRONMENT RESPONSIBILITIES

Included in **SCHEDULE E – Data Security Requirements**; the Contractor will be required to meet all State PSP's, public and non-public applicable to this Contract.

SCHEDULE F – Disaster Recovery Plan; The Bidder must provide the State with a detailed Disaster Recovery Plan that include, but not limited to details how the following minimum data security areas will be handled.

- Back-up and Recovery:
 - Organization policy and procedures authorizing this activity.
 - The roles and responsibilities within the organization and the integration of activities with any affiliated organizations also responsible for back-up and recovery.
 - Training and awareness of staff and contractors.

- The most recent back up/fail-over test date at the time of submission.
- Priority for the recovery and reconstitution of activities.

Incident Handling:

Organization policy and procedures authorizing this activity and covers the areas of preparation, detection and analysis, containment, eradication, reporting and recovery.

Roles and responsibilities with the organization and affiliated organizations.

Training and awareness of staff and contractors.

Description of the implementation of secure communications such as a description of software tool(s) used for tracking and documenting the incident or disaster.

Disaster Recovery Planning:

Identification of the organization's business functions, recovery objectives, restoration priorities, and metrics of evaluation.

Organization policy and procedures authorizing this activity and covers the areas of preparation, detection and analysis, containment, eradication, and recovery.

Roles and responsibilities with the organization and affiliated organizations.

Training and awareness practices of staff and contractors.

The most recent disaster recovery/contingency plan test date at time of submission.

Methods used to identify deficiencies and corrective actions from the most recent disaster/contingency plan test and the status of corrective actions.

Description of the implementation of secure communications such as a description of software tool(s) used for tracking and documenting the incident or disaster.

Identification and use of alternate storage and process sites for business continuity.

Protections and recovery planning for ransomware attacks.

For a Contractor Hosted Software Solution:

Definitions:

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

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

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

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

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

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

Development - Process of creating, testing and maintaining software components.

Component Matrix	Identify contract components with contractor and/or subcontractor name(s), if applicable
Facilities	Navex; Cyxtera Communications, LLC
Infrastructure	Navex
Platform	Navex, Amazon Web Services, Inc.
Application	Navex
Storage	Navex
Backup	Navex
Development	Navex

For subcontractor information, please visit: <https://www.navex.com/en-us/service-hosting-providers/>

5. ADA COMPLIANCE

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites and software applications. All websites, applications, software, and associated content and documentation provided by the Contractor as part of the

Solution must comply with Level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

6. USER TYPE AND CAPACITY

Type of User	Access Type	Number of Users	Number of Concurrent Users
State Employee / Contractor	Read/ Write	10,000	200
State Employee (Admin.)	Admin.	5	3
Approved Third Party (Vendors)	Read/ Write	500	50

Contractor Solution must meet the expected number of concurrent Users.

7. ACCESS CONTROL AND AUTHENTICATION

The Contractor's solution must integrate with the State's IT Identity and Access Management (IAM) environment as described in the State of Michigan Digital Strategy ([1340.00.020.08 Enterprise Identity and Access Management Services Standard](http://1340.00.020.08) (michigan.gov), which consist of:

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

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

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

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

To integrate with the SOM MILogin solution, the Contractor's solution must support SAML, or OAuth or OpenID interfaces for the SSO purposes.

8. DATA RETENTION AND REMOVAL

The State will need to retain all data for the entire length of the Contract unless otherwise direct by the State.

The State will need the ability to delete data, even data that may be stored off-line or in backups.

The State will need to retrieve data, even data that may be stored off-line or in backups.

9. END USER AND IT OPERATING ENVIRONMENT

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

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

- Over 2% of desktop and mobile & tablet site traffic, measured using Michigan.gov sessions statistics and
- The current browser identified and approved as the State of Michigan standard

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

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

10. SOFTWARE

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

Contractor must provide a list of any third-party components, and open source component included with or used in connection with the deliverables defined within this Contract. This information must be provided to the State on a quarterly basis and/or if a new third party or open-source component is used in the performance of this Contract.

Look and Feel Standards

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

11. INTEGRATION

Contractor must integrate their solution to the following technologies:

Current Technology	DataMart
Volume of Data	200 GB
Format of the input & export files	CSV

12. MIGRATION

Contractor must allow for the migrate of the existing data into an instance. The database may be increased at the time of transition, if required by the State.

13. TRAINING SERVICES

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

14. TRANSITION RESPONSIBILITIES

See SCHEDULE G – TRANSITION IN AND OUT

15. DOCUMENTATION

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

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

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

16. ADDITIONAL PRODUCTS AND SERVICES - Reserved

17. CONTRACTOR PERSONNEL

Contractor Contract Administrator. Contractor resource who is responsible to (a) administer the terms of this Contract, and (b) approve and execute any Change Notices under this Contract.

Contractor
Name: Shon C. Ramey
Address: 5500 Meadows Road, Ste 500, Lake Oswego, OR 97035
Phone: 971-250-4100
Email: sramey@navex.com

Contractor Security Officer. Contractor resource who is responsible to respond to State inquiries regarding the security of the Contractor's Solution. This person must have sufficient knowledge of the security of the Contractor Solution and the authority to act on behalf of Contractor in matters pertaining thereto. Contractor must inform the State of any change to this resource.

Contractor
Name: Bob McCarter
Address: Suite 300
13950 Ballantyne Corp Place
Charlotte, NC 28277

Phone: 800-825-1361 Email: bmccarter@navex.com

18. CONTRACTOR KEY PERSONNEL – N/A

Contractor Project Manager. Contractor resource who is responsible to serve as the primary contact with regard to services who will have the authority to act on behalf of the Contractor in matters pertaining to the implementation services, matters pertaining to the receipt and processing of Support Requests and the Support Services.

Contractor N/A
Name
Address
Phone
Email

19. CONTRACTOR PERSONNEL REQUIREMENTS

Background Checks. Contractor must present certifications evidencing satisfactory ICHAT and drug test results for all staff identified for assignment to this project and / or staff having access to the State's systems or State Data to the State of Michigan Program Manager designated for this Contract. In addition, all such Contractor personnel will be required to complete a Michigan State Police background check and/or submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints.

Annually, Contractor must perform an ICHAT for all staff identified for assignment to this project and / or staff having access to the State's systems or State Data. Annual background check results will be reported to the State of Michigan Program Manager designated for this Contract.

- Contractor, while employed with DTMB, will disclose to the State of Michigan Program Manager for this Contract, in writing at or before the beginning of the next scheduled duty shift:
- A felony or misdemeanor court conviction, whether by guilty plea, no contest plea or trial.
- A felony arraignment.
- Restriction, suspension, or loss of driving privileges for any reason, if they employee's current position requires possession of a valid driver's license.

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

Offshore Resources. No Offshore Resources will be allowed under this Contract.

Disclosure of Subcontractors. If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

- The legal business name; address; telephone number; a description of subcontractor’s organization and the services it will provide; and information concerning subcontractor’s ability to provide the Contract Activities.
- The relationship of the subcontractor to the Contractor.
- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide details of that previous relationship.
- A complete description of the Contract Activities that will be performed or provided by the subcontractor.

Bidder must provide detailed information as requested in the above requirement(s).	
The legal business name, address, telephone number of the subcontractor(s).	Please see: https://www.navex.com/en-us/service-hosting-providers/
A description of subcontractor’s organization and the services it will provide and information concerning subcontractor’s ability to provide the Contract Activities.	Please see: https://www.navex.com/en-us/service-hosting-providers/
The relationship of the subcontractor to the Bidder.	Please see: https://www.navex.com/en-us/service-hosting-providers/
Whether the Bidder has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.	Yes, NAVEX’s subcontracting relationships have been in place for several years
A complete description of the Contract Activities that will be	Please see: https://www.navex.com/en-us/service-hosting-providers/

Bidder must provide detailed information as requested in the above requirement(s).	
performed or provided by the subcontractor.	
Of the total bid, the price of the subcontractor's work.	Subcontractors' work is not billed separately and is included in the total service fee

20. STATE RESOURCES/RESPONSIBILITIES

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

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

State Contract Administrator
Name: Matt Weiss
Phone: 517-256-9895
Email: weissm4@michigan.gov

Program Managers. The Program Managers (or designee) will jointly approve all Deliverables and day to day activities.

DTMB Program Manager
Name: David Mir
Phone: 517-241-2167
Email: MirD@michigan.gov

DTMB Program Manager
Name: Smruti Shah
Phone: 517-582-4642
Email: ShahS1@michigan.gov

21. MEETINGS

At start of the engagement, the Contractor Project Manager must facilitate a project kick off meeting with the support from the State's Project Manager and the identified State resources to review the approach to accomplishing the project, schedule tasks and

identify related timing, and identify any risks or issues related to the planned approach. From project kick-off until final acceptance and go-live, Contractor Project Manager must facilitate weekly meetings (or more if determined necessary by the parties) to provide updates on implementation progress. Following go-live, Contractor must facilitate monthly meetings (or more or less if determined necessary by the parties) to ensure ongoing support success.

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

Quarterly Touch Point

22. PROJECT CONTROL & REPORTS

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

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

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

23. PROJECT MANAGEMENT

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

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

SUITE Documentation

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

24. ADDITIONAL INFORMATION

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

For avoidance of all doubt, the Acceptance Testing provisions of Sections 9 and 10 of the Contract will not apply to the services to be provided under this SOW.

SCHEDULE A – TABLE 1 – BUSINESS SPECIFICATION WORKSHEET

Lockpath
<p>1. DESCRIPTION OF SERVICES.</p>
<p>NAVEX IRM Additional Storage Setup</p> <p>The NAVEX IRM Platform Storage setup, managed on Cloud Services, includes configuration and implementation to allocate additional Cloud Storage for the NAVEX IRM Platform instance.</p>
<p>NAVEX IRM Sandbox Setup</p> <p>Setup includes:</p> <ul style="list-style-type: none"> • NAVEX IRM Sandbox instance creation • Applications, Connectors & Content equal to subscriptions purchased in Customer's production instance • Up to 35 users Cm/Read Only, Assessment, Awareness; and/or Vm/Third Party Assessment
<p>Sandbox-Cloud-UserPack</p> <p>NAVEX IRM Platform Sandbox 10 User Pack</p>
<p>NAVEX IRM Enterprise Edition</p> <p>The NAVEX IRM Platform is an integrated suite of risk management applications designed to manage risk and compliance programs. The Enterprise Edition subscription provides access for up to 10,000 unique users (user type determined by Customer). Subscription includes up to 100Gb of database storage.</p> <p>Platform modules include:</p> <ul style="list-style-type: none"> • AUDIT MANAGER (AM)

- BUSINESS CONTINUITY MANAGER (BCM)
- COMPLIANCE MANAGER (CM)
- INCIDENT MANAGER (IM)
- RISK MANAGER (RM)
- SECURITY MANAGER (SM)
- VENDOR MANAGER (VM)
- HEALTH AND SAFETY MANGER (HSM)

NAVEX IRM - Enterprise Edition Setup

Setup includes:

- Cloud Enterprise Edition instance creation
- Advanced Analytics Engine
- NAVEX IRM Application Programming Interface (API)
- Remote Directory Sync Connector
- 1 Ambassador Client
- Continuous Monitoring
- Access to NAVEX IRM Content Library
- Create NAVEX IRM Authenticated Admin Account

Sandbox-Cloud-Application

The NAVEX IRM Platform Sandbox is intended to match the production instance. Purchase a sandbox application for each production application. The production data may be copied over the Sandbox a maximum of four (4) times per Year.

Sandbox-Cloud-Instance

The NAVEX IRM Platform Sandbox is a copy of the production instance. The production data may be copied over the Sandbox a maximum of four (4) times per Year.

NAVEX Integration Cloud - Internal

The NAVEX Integration Cloud - Internal is a toolset that allows for integrations and workflow automations between NAVEX IRM modules. The NAVEX Integration Cloud – Internal allows for multiple automated workflows (Recipe).

Subscribing to the NAVEX Integration Cloud permits NAVEX to configure integrations on Customer's behalf. Customer commits to providing NAVEX all necessary information for the integration requirements. Systems inaccessible to the internet require additional

product installation that will be accounted for through scoping and setup costs. Customer consents to the processing of Customer Data through a third-party infrastructure platform as-a-service. Use of the NAVEX Integration Cloud is an optional subscription service. The NAVEX Integration Cloud is hosted by a third party. Customer is responsible for the data integrated between applications.

Any updates to NAVEX IRM configurations made by the Customer must be approved by NAVEX in advance. Any time associated with investigating, implementing, testing, and launching resolutions to issues caused by unauthorized Customer configurations may require additional scoping for costs, which will be billed to the Customer.

NAVEX Integration Cloud Setup

The Navex Integration Cloud Setup provides connection configuration of iPaaS platform connectors including:

- Configuration assistance of Connection Details (i.e. Credentials) required for connection to NAVEX IRM and/or additional internal or external applications

This service is a prerequisite to use the integration(s) via the Navex Integration Cloud.

NAVEX IRM Additional Storage

The NAVEX IRM Platform, managed on cloud services, provides a storage allocation based on the NAVEX IRM Platform edition for secure data, file imports and attachments. Additional storage subscription available in increments of 20 Gigabytes.

2. SERVICE TERMS.

2.1. SUB-PROCESSORS.

Hosting Location: US

Customer consents to the use of the applicable sub-processors set forth in the following link: <https://www.navex.com/en-us/service-hosting-providers>. The foregoing link contains a mechanism to subscribe to notifications of the addition of any new sub-processors for each applicable Service, to which Customer may subscribe. Notwithstanding any provision to the contrary, updates provided via this mechanism shall operate as the notification of changes concerning the addition of any new sub-processors.

- 2.2. LOCKPATH CONTENT LIBRARY.** While NAVEX and its content providers use commercially reasonable efforts to update the Lockpath Content Library with continually changing laws, regulations, codes, standards, requirements, information, and forms (collectively, "Standards"), NAVEX cannot advise customer on the applicability of such Standards to customer's specific situation and customer must always examine the most current Standards and make its own determinations as to the applicability of such Standards to Customer's situation. NAVEX DOES NOT WARRANT THAT USE OF NAVEX'S LOCKPATH SERVICES OR THE LOCKPATH CONTENT LIBRARY WILL RESULT IN CUSTOMER'S COMPLIANCE WITH ANY PARTICULAR STANDARDS APPLICABLE TO CUSTOMER. CUSTOMER AGREES AND ACKNOWLEDGES THAT CUSTOMER IS SOLELY RESPONSIBLE FOR ENSURING ITS COMPLIANCE WITH SUCH STANDARDS.

2.3. THIRD-PARTY CONTENT/CONNECTORS. The data available through Lockpath may contain features and functionalities that link to, or provide Customer with access to, content which is provided by third parties (for example, data which Customer may have purchased directly from a third party and is then introduced into Lockpath through a Connector) (collectively, “Third Party Content”). NAVEX EXPRESSLY DISCLAIMS ANY LIABILITY THAT RESULTS FROM CUSTOMER’S INTERACTIONS WITH SUCH THIRD PARTIES AND CUSTOMER’S USE OF SUCH THIRD PARTY CONTENT. CUSTOMER AGREES AND ACKNOWLEDGES THAT IT IS FULLY RESPONSIBLE FOR ITS INTERACTIONS WITH SUCH THIRD PARTIES AND ITS USE OF SUCH THIRD PARTY CONTENT.

Instructions for Completing the Business Specifications Worksheet

The Business Specifications Worksheet contains columns and is defined as follows:

Column A: Business Specification number.

NOTE:

- The “**Required**” section of the Business Specifications Worksheet lists items that the State requires to be part of the Solution. “Required” items will be evaluated and scored upon per the State evaluation process.

Column B: Business Specification description.

Column C:

- **Current Capability** – This capability is available in the proposed Solution with no additional configuration or cost
- **Requires Configuration** – This capability can be met through Contractor-supported changes to existing settings and application options as part of the initial implementation at no additional cost (e.g., setting naming conventions, creating user-defined fields).
- **Customizations to Software Required** – The requirement can be met through Contractor modifying the underlying source code, which can be completed as part of the initial implementation.
- **Future Enhancement** – This capability is a planned enhancement to the base software and will be available within the next 12 months of contract execution at no additional cost.
- **Not Available** – This capability is not currently available, and a future enhancement is not planned.

A	B	C				
Business Specification Number	Business Specification	Current Capability	Requires Configuration	Requires Customization	Future Enhancement	Not Available
REQUIRED						
1.0	Logs should identify specific actions taken by a user. I.E what is being done, not just the table.	X				
2.0	Access to the user table for reports.	X				
3.0	Provide the capability to add fields to the user table. This is related to the item below (In Navex terms, make the user table a DCF table).	X				
4.0	Provide a native capability to perform end-user access reviews and privileged user access reviews.	X				
5.0	The solution must be in a FedRAMP compliant government cloud or a private cloud and remain in a private cloud for the duration of the contract.	X				
6.0	Ability to have unlimited user access assignments (Currently Navex IRM is hard coded to four "Use Assignments").	X				
7.0	Ability to migrate changes automatically within various environments.	X				

8.0	Dynamic filtering on lookups based on another field's value for example, username, user department, etc.	X				
9.0	More functionality on the API. Support API functionality throughout our environments to perform read and write functions as required.	X				
10.0	Dynamic reporting capabilities that include: Better formatting of reports. Ability to output HTML formatting codes for rich text fields. A Rich Text Field will import correctly using HTML formatting, but the formatting is striped in the output. Ability to export rich text fields into a table, then import that table back and get the same result.	X				
11.0	Multiple environments: At minimum Sandbox, QA, Prod	X				
12.0	Ability to integrate with MiLogin, the state of Michigan's single sign-on solution.	X				
13.0	Ability add and modify workflows per business needs.	X				
14.0	Easy table(s) permission inheritance.	X				
15.0	Ability to separate functional access to visibility access Allow better control overlapping	X				

	permissions. Functional access should not be global.					
16.0	Allow groups within groups (nested groups).				X	
17.0	Provide a native capability in Navex IRM to have controls tasks automatically inherit common controls based on the services selected at the beginning of System Security Plan development. The requires more explanation so Navex understand what we are looking to accomplish.				X	

SCHEDULE B - PRICING

Price proposals must include all costs for the licensing, support, implementation, and training for the Solution.

Fees and Payment

I. Services Information – Year 1

Services	Qty	Annual Fees	One-Time Fees	Fees Due
Lockpath				
NAVEX IRM Enterprise Edition	1	\$212,500.00	-	\$212,500.00
Sandbox-Cloud-Application	12	\$24,000.00	-	\$24,000.00
NAVEX IRM Additional Storage	10	\$20,000.00	-	\$20,000.00
Sandbox-Cloud-Instance	2	\$10,000.00	-	\$10,000.00
Sandbox-Cloud-UserPack	11	\$4,675.00	-	\$4,675.00
NAVEX IRM Additional Storage Setup	1	-	\$0.00	\$0.00
NAVEX IRM Sandbox Setup	1	-	\$0.00	\$0.00
NAVEX IRM - Enterprise Edition Setup	1	-	\$0.00	\$0.00
NAVEX Integration Cloud - Internal	1	\$0.00	-	\$0.00
NAVEX Integration Cloud Setup	1	-	\$0.00	\$0.00

	Annual Fees	One-Time Fees	Fees Due
SUB-TOTALS:	\$271,175.00	\$0.00	\$271,175.00

TOTAL FEES DUE NOW:

\$271,175.00

Lockpath Services	Qty	Base Year 1	Base Year 2	Base Year 3	Option Year 1	Option Year 2	Option Year 3	Option Year 4	Option Year 5
NAVEX IRM Enterprise Edition	1	\$212,500.00	\$218,875.00	\$225,441.25	\$232,204.49	\$239,170.62	\$246,345.74	\$253,736.11	\$261,348.20
Sandbox-Cloud-Application	12	\$24,000.00	\$24,720.00	\$25,461.60	\$26,225.45	\$27,012.21	\$27,822.58	\$28,657.26	\$29,516.97
NAVEX IRM Additional Storage	10	\$20,000.00	\$20,600.00	\$21,218.00	\$21,854.54	\$22,510.18	\$23,185.48	\$23,881.05	\$24,597.48
Sandbox-Cloud-Instance	2	\$10,000.00	\$10,300.00	\$10,609.00	\$10,927.27	\$11,255.09	\$11,592.74	\$11,940.52	\$12,298.74
Sandbox-Cloud-UserPack	11	\$4,675.00	\$4,815.25	\$4,959.71	\$5,108.50	\$5,261.75	\$5,419.61	\$5,582.19	\$5,749.66
NAVEX IRM Additional Storage Setup	1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NAVEX IRM Sandbox Setup	1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NAVEX IRM - Enterprise Edition Setup	1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NAVEX Integration Cloud - Internal	1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NAVEX Integration Cloud Setup	1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total		\$271,175.00	\$279,310.25	\$287,689.56	\$296,320.24	\$305,209.85	\$314,366.15	\$323,797.13	\$333,511.05

Additional Terms

1. All Fees detailed herein will be invoiced upon execution of this Contract and the State shall remit payment within 45 days of said invoice's date.
2. All Fees for subsequent years will be invoiced to the State at least 45 days prior to the start of the upcoming year and will be due by the start of such year.
3. During the Initial Term, any such increase in Annual Fees shall not be more than 4% annually.
4. All prices are in U.S. Dollars.

4. Implementation Fees. All costs associated with Implementation Services are included in the fee table in the Fees and Payments Section above (e.g. configuration, customization, migration, integration, testing, etc.) (the “**Implementation Fees**”). All costs are firm fixed.

Postproduction Warranty. The Contractor must provide a 90 calendar days postproduction warranty at no cost to the State. The postproduction warranty will meet all requirements of the contract, including all Support Services identified in Schedule D.

Rate Card for Ancillary Professional Services.

Resource	On-Site Hourly Rate	On-Shore and Off-Site Hourly Rate
NAVEX Professional Services	\$275.00 Per Hour	\$275.00 Per Hour

Price proposals must include a fixed-price hourly-rate rate card for ancillary professional services (e.g. future enhancement configuration services) broken down by role (e.g. Solution design architect).

Open Source or Third Party Products

The Contractor must identify any open source or third-party products that include a separate licensing fee and will be used in connection with the proposed Solution.

Product	Price
N/A – no separate licensing fee required	

8. Additional Pricing Terms

Travel and Expenses

The State does not pay for overtime or travel expenses.

Navex

SCHEDULE C - INSURANCE REQUIREMENTS

Contract No. 230000000245

Keylight Tool

General Requirements. Contractor, at its sole expense, must maintain the insurance coverage as specified herein for the duration of the Term. Minimum limits may be satisfied by any combination of primary liability, umbrella or excess liability, and self-insurance coverage. To the extent damages are covered by any required insurance, Contractor waives all rights against the State for such damages. Failure to maintain required insurance does not limit this waiver.

Qualification of Insurers. Except for self-insured coverage, all policies must be written by an insurer with an A.M. Best rating of A- VII or higher unless otherwise approved by DTMB Enterprise Risk Management.

Primary and Non-Contributory Coverage. All policies for which the State of Michigan is required to be named as an additional insured must be on a primary and non-contributory basis.

Claims-Made Coverage. If any required policies provide claims-made coverage, Contractor must:

Maintain coverage and provide evidence of coverage for at least 3 years after the later of the expiration or termination of the Contract or the completion of all its duties under the Contract;

Purchase extended reporting coverage for a minimum of 3 years after completion of work if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract.

Proof of Insurance.

Insurance certificates showing evidence of coverage as required herein must be submitted to DTMB-RiskManagement@michigan.gov within 10 days of the contract execution date.

Renewal insurance certificates must be provided on annual basis or as otherwise commensurate with the effective dates of coverage for any insurance required herein.

Insurance certificates must be in the form of a standard ACORD Insurance Certificate unless otherwise approved by DTMB Enterprise Risk Management.

All insurance certificates must clearly identify the Contract Number (e.g., notated under the Description of Operations on an ACORD form).

The State may require additional proofs of insurance or solvency, including but not limited to policy declarations, policy endorsements, policy schedules, self-insured certification/authorization, and balance sheets.

In the event any required coverage is cancelled or not renewed, Contractor must provide written notice to DTMB Enterprise Risk Management no later than 5 business days following such cancellation or nonrenewal.

Subcontractors. Contractor is responsible for ensuring its subcontractors carry and maintain insurance coverage.

Limits of Coverage & Specific Endorsements.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury \$2,000,000 Products/Completed Operations \$2,000,000 General Aggregate	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.
Automobile Liability Insurance	
If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.	

Required Limits	Additional Requirements
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Professional Liability (Errors and Omissions) Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.

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

SCHEDULE D – SERVICE LEVEL AGREEMENT

CONTRACTOR HOSTED:

1. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Schedule** shall have the respective meanings given to them in the Contract Terms and Conditions. “**Actual Uptime**” means the total minutes in the Service Period that the Hosted Services are Available.

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

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

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

“**Contact List**” means a current list of Contractor contacts and telephone numbers set forth in the attached **Schedule D – Attachment 1** to this Schedule to enable the State to escalate its Support Requests, including: (a) the first person to contact; and (b) the persons in successively more qualified or experienced positions to provide the support sought.

“**Corrective Action Plan**” has the meaning set forth in **Section 3.9**.

“**Critical Service Error**” has the meaning set forth in **Section 3.5**.

“**Exceptions**” has the meaning set forth in **Section 2.2**.

“**High Service Error**” has the meaning set forth in **Section 3.5**.

“**Low Service Error**” has the meaning set forth in **Section 3.5**.

“**Medium Service Error**” has the meaning set forth in **Section 3.5**.

“**Resolve**” has the meaning set forth in **Section 3.6**.

“**RPO**” or “**Recovery Point Objective**” means the maximum amount of potential data loss in the event of a disaster.

"RTO" or "Recovery Time Objective" means the maximum period of time to fully restore the Hosted Services in the case of a disaster.

"Scheduled Downtime" has the meaning set forth in **Section 2.3**.

"Scheduled Uptime" means the total minutes in the Service Period.

"Service Availability Credits" has the meaning set forth in **Section 2.6(a)**.

"Service Error" means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

"Service Level Credits" has the meaning set forth in **Section 3.8**.

"Service Level Failure" means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

"Service Period" has the meaning set forth in **Section 2.1**.

"Software Support Services" has the meaning set forth in **Section 3**.

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

"Support Hours" means 8 am – 5 pm ET Monday through Friday.

"Support Request" has the meaning set forth in **Section 3.5**.

"Support Service Level Requirements" has the meaning set forth in **Section 3.4**.

2. Service Availability and Service Available Credits.

2.1 Availability Requirement. Contractor will make the Hosted Services and Software Available, as measured over the course of each calendar month during the Term and any additional periods during which Contractor does or is required to perform any Hosted Services (each such calendar month, a **"Service Period"**), at least 99.98% of the time, excluding only the time the Hosted Services are not Available solely as a result of one or more Exceptions (the **"Availability Requirement"**). **"Available"** means the Hosted Services and Software are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. **"Availability"** has a correlative meaning. The Hosted Services and Software are not considered Available in the event of a material performance degradation or inoperability of

the Hosted Services and Software, in whole or in part. The Availability Requirement will be calculated for the Service Period as follows: (Actual Uptime – Total Minutes in Service Period Hosted Services or Software are not Available Due to an Exception) ÷ (Scheduled Uptime – Total Minutes in Service Period Hosted Services or Software are not Available Due to an Exception) x 100 = Availability.

2.2 Exceptions. No period of Hosted Services degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following (“**Exceptions**”):

Failures of the State’s or its Authorized Users’ internet connectivity;

Scheduled Downtime as set forth in **Section 2.3**.

2.3 Scheduled Downtime. Contractor must notify the State at least twenty-four (24) hours in advance of all scheduled outages of the Hosted Services or Software in whole or in part (“**Scheduled Downtime**”). All such scheduled outages will: (a) last no longer than five (5) hours; (b) be scheduled between the hours of 12:00 a.m. and 5:00 a.m., Eastern Time; and (c) occur no more frequently than once per week; provided that Contractor may request the State to approve extensions of Scheduled Downtime above five (5) hours, and such approval by the State may not be unreasonably withheld or delayed.

2.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than two (2) seconds for 98% of all transactions. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

2.5 Service Availability Reports. Within thirty (30) days after the end of each Service Period, Contractor will provide to the State a report describing the Availability and other performance of the Hosted Services and Software during that calendar month as compared to the Availability Requirement. The report must be in electronic or such other form as the State may approve in writing and shall include, at a minimum: (a) the actual performance of the Hosted Services and Software relative to the Availability Requirement; and (b) if Hosted Service performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions the Contractor has taken and will take to ensure that the Availability Requirement are fully met.

2.6 Remedies for Service Availability Failures.

(a) If the actual Availability of the Hosted Services and Software is less than the Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following credits on the fees payable for Hosted Services and Software provided during the Service Period (“**Service Availability Credits**”):

Availability	Credit of Fees
≥99.98%	None
<99.98% but ≥99.0%	15% of 1/12 the annual fee
<99.0% but ≥95.0%	50% of 1/12 the annual fee
<95.0%	100% of 1/12 the annual fee

(b) Any Service Availability Credits due under this **Section 2.6** will be applied in accordance with payment terms of the Contract.

(c) If the actual Availability of the Hosted Services and Software is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

3. Support and Maintenance Services. Contractor will provide IT Environment Service and Software maintenance and support services (collectively, “**Software Support Services**”) in accordance with the provisions of this **Section 3**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services.

3.1 Support Service Responsibilities. Contractor will:

- (a) correct all Service Errors in accordance with the Support Service Level Requirements, including by providing defect repair, programming corrections and remedial programming;
- (b) provide unlimited telephone support, 8 am – 5 pm ET Monday through Friday.
- (c) provide unlimited online support 24 hours a day, seven days a week;

(d) provide online access to technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and

(e) respond to and Resolve Support Requests as specified in this **Section 3**.

3.2 Service Monitoring and Management. Contractor will continuously monitor and manage the Hosted Services and Software to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a) proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Hosted Service functions, servers, firewall and other components of Hosted Service security;

(b) if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Hosted Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability; and

(c) if Contractor receives knowledge that the Hosted Service or any Hosted Service function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

(i) confirming (or disconfirming) the outage by a direct check of the associated facility or facilities;

(ii) If Contractor's facility check in accordance with clause (i) above confirms a Hosted Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 3.5 and 3.6**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and

(iii) Notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

3.3 Service Maintenance. Contractor will continuously maintain the Hosted Services and Software to optimize Availability that meets or exceeds the Availability Requirement. Such maintenance services include providing to the State and its Authorized Users:

(a) all updates, bug fixes, enhancements, Maintenance Releases, New Versions and other improvements to the Hosted Services and Software, including the Software, that Contractor provides at no additional charge to its other similarly situated customers; provided that Contractor shall consult with the State and is required to receive State approval prior to modifying or upgrading Hosted Services and Software, including Maintenance Releases and New Versions of Software; and

(b) all such services and repairs as are required to maintain the Hosted Services and Software or are ancillary, necessary or otherwise related to the State’s or its Authorized Users’ access to or use of the Hosted Services and Software, so that the Hosted Services and Software operate properly in accordance with the Contract and this Schedule.

3.4 Support Service Level Requirements. Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 3 “Support Service Level Requirements”**), and the Contract.

3.5 Support Requests. The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a **“Support Request”**). The State will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.

Support Request Classification	Description: Any Service Error Comprising or Causing any of the Following Events or Effects
Critical Service Error	Issue affecting entire system or single critical production function; System down or operating in materially degraded state; Data integrity at risk; Declared a Critical Support Request by the State; or

Support Request Classification	Description: Any Service Error Comprising or Causing any of the Following Events or Effects
	Widespread access interruptions.
High Service Error	Primary component failure that materially impairs its performance; or Data entry or access is materially impaired on a limited basis.
Medium Service Error	IT Environment Services and Software is operating with minor issues that can be addressed with an acceptable (as determined by the State) temporary work around.
Low Service Error	Request for assistance, information, or services that are routine in nature.

3.6 Response and Resolution Time Service Levels. Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. **“Resolve”** (including **“Resolved”**, **“Resolution”** and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)	Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)	Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)
Critical Service Error	One (1) hour	Three (3) hours	Five percent (5%) of 1/12 the Fees for the year in which the initial Service Level Failure begins and five percent (5%) of 1/12 such yearly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Five percent (5%) of 1/12 the Fees for the year in which the initial Service Level Failure begins and five percent (5%) of 1/12 such yearly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
High Service Error	One (1) hour	Four (4) hours	Three percent (3%) of 1/12 the Fees for the year in which the initial Service Level Failure begins and three percent (3%) of	Three percent (3%) of 1/12 the Fees for the year in which the initial Service Level Failure begins and three percent (3%) of 1/12 such yearly Fees for the first

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)	Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)	Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)
			1/12 such yearly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
Medium Service Error	Three (3) hours	Two (2) Business Days	N/A	N/A
Low Service Error	Three (3) hours	Five (5) Business Days	N/A	N/A

3.7 Escalation. With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within sixty (60) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Project Manager and Contractor’s management or engineering personnel, as appropriate.

3.8 Support Service Level Credits. Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service

Level Failure for which Contractor will issue to the State the corresponding service credits set forth in **Section 3.1** (“**Service Level Credits**”) in accordance with payment terms set forth in the Contract.

3.9 Corrective Action Plan. If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State’s review, comment and approval, which, subject to and upon the State’s written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties’ corrective action plan (the “**Corrective Action Plan**”). The Corrective Action Plan must include, at a minimum: (a) Contractor’s commitment to the State to devote the appropriate time, skilled personnel, systems support and equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor’s preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

4. Data Storage, Backup, Restoration and Disaster Recovery. Contractor must maintain or cause to be maintained backup redundancy and disaster avoidance and recovery procedures designed to safeguard State Data and the State’s other Confidential Information, Contractor’s Processing capability and the availability of the IT Environment Services and Software, in each case throughout the Term and at all times in connection with its actual or required performance of the Services hereunder. All backed up State Data shall be located in the continental United States. The force majeure provisions of this Contract do not limit Contractor’s obligations under this section.

4.1 Data Storage. Contractor will provide sufficient storage capacity to meet the needs of the State at no additional cost.

4.2 Data Backup. Contractor will conduct, or cause to be conducted, daily back-ups of State Data and perform, or cause to be performed, other periodic offline back-ups of State Data on at least a weekly basis and store and retain such back-ups as specified in **Schedule A**. Contractor must, within five (5) Business Days of the State’s request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment

of any fees due to Contractor), an extract of State Data in the format specified by the State.

4.3 Data Restoration. If the data restoration is required due to the actions or inactions of the Contractor or its subcontractors, Contractor will promptly notify the State and complete actions required to restore service to normal production operation. If requested, Contractor will restore data from a backup upon written notice from the State. Contractor will restore the data within one (1) Business Day of the State's request. Contractor will provide data restorations at its sole cost and expense.

4.4 Disaster Recovery. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 72 hours, and a Recovery Time Objective (RTO) of 72 hours (the "**DR Plan**"), and implement such DR Plan in the event of any unplanned interruption of the Hosted Services. Contractor's current DR Plan, revision history, and any reports or summaries relating to past testing of or pursuant to the DR Plan are attached as **Schedule F**. Contractor will actively test, review and update the DR Plan on at least an annual basis using industry best practices as guidance. Contractor will provide the State with copies of all such updates to the Plan within fifteen (15) days of its adoption by Contractor. All updates to the DR Plan are subject to the requirements of this **Section 4**; and provide the State with copies of all reports resulting from any testing of or pursuant to the DR Plan promptly after Contractor's receipt or preparation. If Contractor fails to reinstate all material Hosted Services and Software within the periods of time set forth in the DR Plan, the State may, in addition to any other remedies available under this Contract, in its sole discretion, immediately terminate this Contract as a non-curable default.

SCHEDULE D – ATTACHMENT 1 – CONTACT LIST

SCHEDULE E – DATA SECURITY REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

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

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

(a) ensure the security and confidentiality of the State Data;

- (b) protect against any anticipated threats or hazards to the security or integrity of the State Data;
- (c) protect against unauthorized disclosure, access to, or use of the State Data;
- (d) ensure the proper disposal of any State Data in Contractor's or its subcontractor's possession; and
- (e) ensure that all Contractor Personnel comply with the foregoing.

The State has established Information Technology (IT) PSPs to protect IT resources under the authority outlined in the overarching State 1305.00 Enterprise IT Policy. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable public and non-public State IT policies and standards as of the effective date of this Schedule, of which the publicly available ones are at <https://www.michigan.gov/dtmb/policies/it-policies>. In the event that the State updates such policies and standards, and Contractor's data privacy and information security program does not meet such policies and standards, the State shall have the ability to terminate in accordance with the Section 16.1 of the Contract.

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

4. Acceptable Use Standard. To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Standard, see <https://www.michigan.gov/dtmb/-/media/Project/Websites/dtmb/Law-and-Policies/IT-Policy/13400013002-Acceptable-Use-of-Information-Technology-Standard.pdf>. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Standard before accessing State systems or Data. The State reserves the right to terminate Contractor's and/or subcontractor(s) or any Contractor Personnel's access to State systems if the State determines a violation has occurred.

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

5.1 If Hosted Services are provided by a Hosting Provider, ensure each Hosting Provider maintains FedRAMP authorization for all Hosted Services environments or an annual SSAE SOC 2 Type II audit for Hosting Providers which only supply colocation services throughout the Term, and in the event a Hosting Provider is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in Fees, or b) immediately terminate this Contract for cause.

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

5.3 ensure that the Software and State Data is securely stored, hosted, supported, administered, accessed, and backed up in the continental United States, and the production data center(s) in which the data resides minimally meet Uptime Institute Tier 3 standards (<https://www.uptimeinstitute.com/>), or its equivalent;

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

5.5 Throughout the Term, Contractor must not provide Hardware or Services from the list of excluded parties in the [System for Award Management \(SAM\)](#) for entities excluded from receiving federal government awards for covered telecommunications equipment or services.

5.6 provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, encryption, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of State Data and the nature of such State Data, consistent with best industry practice and applicable

standards (including, but not limited to, compliance with FISMA, NIST, CMS, IRS, FBI, SSA, HIPAA, FERPA and PCI requirements as applicable);

5.7 take all reasonable measures to:

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

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

5.8 ensure that State Data is encrypted in transit on external networks and at rest using FIPS validated AES encryption modules and a key size of 128 bits or higher; ensure adequate compensating controls are in place to protect State Data on internal networks when in transit. These will include at minimum:

- VLANs are employed and are logically separated: each environment (Production, Stage, Preview, and Performance) and each layer have their own VLAN. For example, Production Web has its own VLAN as well as Production App and Production DB.
- VLANs are firewall separated: VLAN to VLAN traffic is routed through the Palo Alto firewall
- There are no physical paths unencrypted – they only exist within the VLANs in the rack
- Physical security: all servers are in a caged environment inside of a secure datacenter with limited access;

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

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

5.11 Contractor must permanently sanitize or destroy the State’s information, including State Data, from all media both digital and nondigital including backups

using National Security Agency (“NSA”) and/or National Institute of Standards and Technology (“NIST”) (NIST Guide for Media Sanitization 800-88) data sanitization methods or as otherwise instructed by the State. Contractor must sanitize information system media, both digital and non-digital, prior to disposal, release out of its control, or release for reuse as specified above.

6. Security Accreditation Process. Throughout the Term, Contractor will provide commercially reasonable assistance to the State, at no additional cost, with its **Security Accreditation Process**, which includes the development, completion and on-going maintenance of a system security plan (SSP) using the State’s automated governance, risk and compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor’s security controls within 30 days of the State’s request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system’s controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a mutually-agreed Plan of Action and Milestones (POAM) process with remediation time frames and required evidence based on the risk level of the identified risk. For all findings associated with the Contractor’s solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs, perform related remediation activities, and provide evidence of compliance. The State will make any decisions on acceptable risk, Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk. Failure to comply with this section will be deemed a material breach of the Contract.

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

8. Security Audits.

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

8.2 Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Services and from time to time during the term of this Contract. The State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. If the State chooses to perform an on-site audit, Contractor will, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least 30 Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract and (iv) the onsite portion of the audit shall not exceed a cumulative four (4) hours at Contractor's facilities. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Hosted Services and their housing facilities and operating environments.

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

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

8.5 The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the

State determines that Contractor fails or has failed to meet its obligations under this **Section 8**.

9. Application Scanning. During the Term, Contractor must, at its sole cost and expense, scan all Contractor provided applications, and must analyze, remediate and validate all vulnerabilities with a CVSS score equal to 4.0 or higher identified by the scans as required by the State Secure Web Application and other applicable PSPs.

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

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

(a) Contractor must either a) grant the State the right to dynamically scan a deployed version of the Software; or b) in lieu of the State performing the scan, Contractor must dynamically scan a deployed version of the Software using Rapid7 AppSec or equivalent, and provide the State with a vulnerabilities assessment after Contractor has completed such scan. These scans and assessments i) must be completed and provided to the State quarterly (dates to be provided by the State) and for each major release; and ii) scans must be completed in a non-production environment with verifiable matching source code and supporting infrastructure configurations or the actual production environment.

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

(a) For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete static application source code scanning, including the analysis, remediation and validation of vulnerabilities identified by application source code scans. These scans must be completed for all source code initially, for all updated source code, and for all source code for each major release and Contractor must provide the State with a vulnerability assessment summary annually or more frequently as requested by the State.

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

(a) For Software that includes third party and open source software, all included third party and open source software must be documented and the source supplier must be monitored by the Contractor for notification of identified vulnerabilities and remediation. SCA scans may be included as part of SAST and DAST scanning or employ the use of an SCA tool to meet the scanning requirements. These scans must be completed for all third party and open source software initially, for all updated third party and open source software, and for all third party and open source software in each major release and Contractor must provide the State with a vulnerability assessment summary, after Contractor has completed the required scans if not provided as part of SAST and/or DAST reporting.

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

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

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

10. Infrastructure Scanning.

10.1 For Hosted Services, Contractor must ensure the infrastructure and applications are scanned using an industry-standard scanning tool (Qualys, Tenable, or other PCI Approved Vulnerability Scanning Tool) at least monthly and provide a scan summary which includes number of vulnerabilities by severity and monthly age. Contractor will ensure the remediation of issues identified in the scan according to the remediation time requirements documented in the State's PSPs referenced herein.

11. Nonexclusive Remedy for Security Breach.

11.1 Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option,

may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.

SCHEDULE F – DISASTER RECOVERY PLAN

Disaster Recovery Plan Summary

This Disaster Recovery Plan describes the methods and procedures to be used by Navex Global, Inc. in order to safeguard and restore data center operations, in the event of a disaster.

Emergency Response Team. (ERT)

The following is a list of each position on the Emergency Response Team, and a brief overview of each member's responsibilities:

- **Chief Technology Officer.** Coordinates support for data center resources at the affected data center and the designated recovery sites. Responsible for recovering all data operations in the event of a disaster.
- **Chief Financial Officer.** Assists in the coordination of support for data center resources at the affected data center and the designated recovery sites. Communicates with the news media, public, staff, faculty, and others who are not involved in the recovery operation.
- **Director of Client Services.** Coordinates support for clients and the data center as they relate to the affected data center and the designated recovery sites.
- **System and Network Administrators.** Provide network support for Administrative and other distributed services to the network. Provide alternate voice and data communications capability in the event normal telecommunication lines and equipment are disrupted by the disaster. Evaluate the requirements and selects appropriate means of backing up the telecommunications network.

This section addresses three phases of disaster recovery:

- **Emergency**
- **Backup**
- **Recovery**

Strategies for accomplishing each of these phases are described below. It should be noted that the subsection describing the emergency phase applies equally to a disaster affecting the administration building or other building, the functional area that provides support for the maintenance of the critical system. Testing of the recovery is performed on an annual basis.

Emergency Phase

The emergency phase begins with the initial response to a disaster. During this phase, the existing emergency plans and procedures of the ERT direct efforts to protect life and property, the primary goal of initial response. Security over the area is established as local support services such as the Police and Fire Departments are enlisted through existing mechanisms.

If the emergency situation appears to affect a data center (or other critical facility or service), either through damage to the data center or support facilities, or if access to the facility is prohibited, the ERT System Integrity and Security manager will closely monitor the event, notifying the rest of the ERT as required to assist in damage assessment. Once access to the facility is permitted, an assessment of the damage is made to determine the estimated length of the outage. If access to the facility is precluded, then the estimate includes the time until the effect of the disaster on the facility can be evaluated.

If the estimated outage is less than 24 hours, recovery will be initiated under normal Information Systems operational recovery procedures. If the outage is estimated to be longer than 24 hours, then the Chief Technology Officer activates the ERT. The ERT remains active until recovery is complete to ensure that NAVEX Global will be ready in the event the situation changes.

Back-up Phase

The back-up phase begins with the initiation of the appropriate team's plan(s) for outages enduring longer than 24 hours. In the initial stage of the back-up phase, the goal is to resume as close to normal operations as possible. Operations will resume either at the affected data center or at the designated recovery site, depending on the results of the assessment of damage to equipment and the physical structure of the building.

- NAVEX Global has cross business unit support from our collocation provider for disaster recovery for our servers. Including:
 - IP Engineering unit to handle the 'announcement' of the IP Addresses from the Recovery data center.
 - Backbone team to route and handle extended traffic if needed.
 - Hardware providers are in place to provide extra equipment if needed.

The NAVEX Global service delivery platform disaster recovery plan begins with regular backup of all customer data. When a disaster occurs that makes a data center unusable for an extended period of time our warm site would be activated to restore to as near a point in time as possible.

- Restore practices:
 - Databases are backed up at least every 6 hours
 - Backup drives or tapes are recoverable from the off-site storage facility.
 - The Recovery data center has the necessary support structure (this includes infrastructure, power, a/c, rack space and bandwidth)

Recovery Phase

The time required for recovery of the functional area and the eventual restoration of normal processing depends on the damage caused by the disaster. The recovery process begins immediately after the disaster and takes place in parallel with back-up operations at the designated recovery site. The primary goal is to restore normal operations as soon as possible.

Recovery Demographics:

NAVEX Global maintains live and test environments at multiple locations across the US. These systems will be the supportive infrastructure that allows NAVEX Global to provide the data center recovery for the servers. All of the systems have these common components:

- Hardware is the same or is compatible in all data centers.
- Software versions and code base across all groups are the same.
- All system administrators have the required access to all data centers to administer the servers.
- All of NAVEX Global, Inc. phone systems are inter-queued. In the event of a catastrophe we have a third party service that we can route all of our calls through. This third party gives us options, such as call trees, which will help us to continue servicing our clients through our Contact Center in the event of a disaster.
- During the last disaster recovery scenario our time to restore our systems to our warm site took less than three hours.

This section addresses disaster prevention plans:

- Power Circuits
- Warm Site
- Fire Safety Systems
- Security Systems
- Connections to the Internet

NAVEX Global uses the following measures to prevent disasters from occurring.

Power Circuits

NAVEX Global attempts to eliminate all possibilities of downtime by utilizing UPS systems, redundant generators and power conditioners to eliminate power outages. The UPS system is used to protect the entire Network Operations Center from power spikes or outages. Battery backup is used only temporarily before the Diesel Generators resume the NOC with full running power. Proactive maintenance is completed every quarter months to the UPS systems; this insures that batteries and other critical items are in good working order.

If power is ever lost, UPS systems continue to run normal. UPS are only used as a delay, for generators to start and warm up and then run a full load. Automatic transfer switches are used to switch all systems to alternate power when initial power is lost. When the utility company returns normal power and it is determined to be stable, all systems will be moved to the utility power. These Diesel engines are tested on a monthly basis. When there is a power failure, refills to the fuel reserves are done periodically while the generator is in operation. All power systems are configured in an A/B redundant fashion.

Warm site

We have a secondary location for each of our data centers which are used as a warm site. These sites have been configured with our entire application stack, including web and database servers. Our database backups are transferred to our warm site at least every six hours over an IPSec VPN. This allows us to restore all client data rapidly to obtain minimal data loss.

Fire Safety Systems

In addition to following city ordinances for fire, life and safety systems, a FM-200 fire system has been added to the Network Operations Centers. These systems are able to eliminate a fire without damaging any equipment that was in the surrounding area.

Security Systems

NAVEX Global not only takes steps to protect its data from potential Internet Fraud, but also takes internal security measures as well. Only network administrators have access into the Network Operations Center and an added level of security has been implemented. To verify that only the proper personnel are in the Network Operations Center 24x7 security personnel check all identifications before allowing entrance in to the data center, where a mantrap, biometric palm scanner, access badges and physical keys are used.

Connection to the Internet

NAVEX Global uses redundant internet connections. SONET Ring or multiple fiber circuits are used to deliver website content to customers. If any one of these circuits were cut or disabled, all other circuits would continue normal operations and there would be no interruption to services.



Agenda

- ▶ Business Continuity Plan Purpose
- ▶ Business Continuity Resources
- ▶ Recovery Plan Summary
- ▶ DR scenarios
- ▶ Plan Exercise Overview and Process
- ▶ Live Exercise Latest Results
- ▶ Findings and Plan Updates

Business Continuity Plan Purpose

- ▶ Support recovery process in the event of disaster
- ▶ Consistent testing and plan updates as necessary
- ▶ Tracking results and effects to RPO/RTO
- ▶ Minimize revenue loss in the event of a disaster
- ▶ Meet and exceed customer SLA

Business Continuity Resources

- ▶ Employ resilient infrastructure
 - Production datacenters have very high uptime SLA
 - DR sites are up and running 24/7 in case they are required
- ▶ Employ data center assets
 - Onsite smart-hands available for all types of tasks at all technical levels
 - Redundant Internet connections

Recovery Plan Summary

- ▶ Standby servers located in the Charlotte Datacenter with the latest patches and application code version.
- ▶ All networking, firewall rules, and load-balancer configuration already in place.
- ▶ Continuous database backups and log shipping from Dallas Fort Worth to Charlotte

DR Scenarios – Single Server Loss

- ▶ The DFW site is still live, but a single web or database failure has occurred
 - Web layer has redundancy, auto-failover and is actively load-balanced.
 - Database cluster with auto-failover and frequent, highly granular backups.
 - Application layer employs full system backups, redundant storage and backups for customer upload data.
- ▶ Any downtime should be imperceptible or worst case, seconds of application latency.

DR Scenarios – Multiple Server Loss

- ▶ The DFW site is still live, but both web or database server failures have occurred
 - Web server level backups are being employed; meaning full recovery of web layer is possible with only moderate service interruption.
 - Database server level backups, as well as data level backups; meaning full recovery of DB layer is possible with only moderate service interruption.
 - Application server level backups, as well as customer data existing on redundant storage with onsite and DR site backups.
- ▶ Any downtime should be limited to at most a day, dependent on severity of outage, and number of systems involved.
 - For example: both DB servers would take less time to recover, vs. both DB and possibly both web servers, and/or application server failures.

DR Scenarios – Site Loss

- ▶ The DFW recovery would take place in the CLH Datacenter.
 - The database restore is handled by manually run scripts at time of restore using constantly shipped DB tlogs.
 - Environment is ready to go, simply restore DBs, change connection strings, and alter DNS to make the site live.

Plan Exercise - Overview

- ▶ Live exercise September 2022 in the Charlotte Datacenter
 - Goal: Recovery to RTO and RPO
 - Test Team:
 - 1 x System Engineers
 - 1 x Sr. System Engineer
 - Process:
 - Clone DR server, attach data drives, confirm remote access.
 - Restore databases.
 - Alter host files and connection strings as necessary.
 - Start job engine services.
 - Validate site accessible externally.

Plan Exercise - Results

- ▶ Live exercise September 2022 in the Charlotte Datacenter
 - Successful restoration in less than 2.5 hours.
 - Successful database recovery.
 - Successful application recovery.
 - Successful application test.
 - With DNS propagation restoration time would be well within RTO.

SCHEDULE G – TRANSITION IN AND OUT

Upon termination of the Services, Contractor will provide the State with a Data Extraction. Contractor will require written verification from the State that the data has been downloaded successfully prior to the permanent deletion of State Data. Data Extractions are typically provided for legacy Lockpath customers once as part of their contractual agreement when they terminate their subscription of Lockpath. Upon request, by the State made within 30 days after the effective date of termination of a purchased subscription, Contractor will make a data extraction available via our NAVEX SFTP to the customer for download a file of customer data in JSON format along with attachments in the native format. After such 30 day period, Contractor shall have no obligation to maintain or provide any customer data, and archived data will be purged. The file is a password protected, encrypted, zipped collection of JSON files which will provide the customer the database data of their instance to include ALL attachments / documents in their native format with IDs that link back to the record it was associated with. The JSON files are NOT meant to be consumed with the human eye, but can be, however more developed to be mapped and imported into another application. The JSON files come with a data dictionary for field mappings along with the customer data itself.

Other data extraction request are custom engagements, which may be scoped and priced on request of the State, depending on requirements.

