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 **7**
to
Contract Number **MA180000000323**

CONTRACTOR	DMT SOLUTIONS GLOBAL CORPORATION, DBA BLUECREST	**STATE**	**Program Manager** Kristen Hampton	DTMB
	37 Executive Dr.		517-636-7747	
	Danbury CT 06810		HamptonK@Michigan.gov	
	Dawn Marie Ehlers		**Contract Administrator** Alannah Doak	DTMB
	301-471-4917		(517) 230-9424	
	dawn.ehlers@bluecrestinc.com		DoakA@michigan.gov	
	VS0069487			

CONTRACT SUMMARY			
File-Based Print and Mail System			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
January 22, 2018	January 21, 2023	5 - 12 Months	January 31, 2025
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☒	12 Months	☐		January 31, 2026
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$1,575,534.51	$0.00	$1,575,534.51		
DESCRIPTION				

Effective 1/17/2025, the third option year available on this contract is hereby exercised. The revised contract expiration date is 1/31/2026.

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

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 **6**

to

Contract Number **180000000323**

CONTRACTOR	DMT SOLUTIONS GLOBAL CORPORATION, DBA BLUECREST	**STATE**	**Program Manager**	Kristen Hampton	DTMB
	37 Executive Dr.			517-636-7747	
	Danbury, CT 06810			HamptonK@Michigan.gov	
	Dawn Marie Ehlers		**Contract Administrator**	Shannon Romein	DTMB
	301-471-4917			(517) 898-8102	
	dawn.ehlers@bluecrestinc.com			romeins@michigan.gov	
	VS0069487				

CONTRACT SUMMARY			
FILE-BASED PRINT AND MAIL SYSTEM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
January 22, 2018	January 21, 2023	5 - 1 Year	January 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☒	1 year	☐		January 31, 2025
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$1,480,987.53	$94,546.98	$1,575,534.51		

DESCRIPTION
Effective 1/9/2024, this Contract is hereby increased by $94,546.98 and the following amendment is incorporated into the Contract to renew the maintenance and subscription services for software previously licensed.

Additionally, the second of five available option years available on this Contract is exercised. The revised Contract expiration date is 1/31/2025.

All other terms, conditions, specifications, and pricing remain the same per contractor and agency agreement, and DTMB Procurement approval. |

![BLUECREST logo - From Data Through Delivery]

December 4, 2023- *This quote is valid through January 31, 2024.*

Software Maintenance & Support Renewal Quote

Bill To:	**Ship To:**
State of Michigan	State of Michigan-Dept of Mgmt & Budget
Attention: Accts Payable	Attention: Kristen Hampton
320 S Walnut St	7461 Crowner Dr
Lansing, MI 48933-2014	Lansing, MI 48913-0001

This renewal notification confirms the renewal of services between DMT Solutions Global Corporation d/b/a BlueCrest (hereinafter "BlueCrest) and State of Michigan. State of Michigan has agreed to renew the maintenance and to the extent applicable, subscription services identified herein for software previously licensed as follows:

     New Maintenance Start Date: **February 01, 2024**
     New Maintenance End Date: **January 31, 2025**

Maintenance Renewal for:
Output Management Software (P/I O/P Mgr-1 production, 1 test)
*6 input client
*O/P IPDS print Drivers (for 5 Xerox Nuvera 2 InfoPrint)
*PDF Digital O/P
*P/I O/P Enhancement (all actions, development environment, 3 editor seats)
*DFWorks S/W-Production Workflow & Doc LifeCycle Tracking Modules
* Output Enhancement Visual Enhancement
(1) Visual Editor, printstream Normalizer
(2) Additional Visual Editor Seats
Please note Contract # 180000000323 on the PO
Total Renewal Amount (*excluding tax*): USD 94,546.98

Please acknowledge acceptance of the terms for this maintenance renewal by signing and returning this letter to:

    Kelly Beckham
    Kelly.Beckham@bluecrestinc.com
    475-470-0158 (Telephone)

To ensure that there is no interruption in your maintenance services, such as delivery of updates and telephone support, please return this renewal agreement or issue a purchase order (either being a "renewal acknowledgment"), no later than 5 days prior to January 31, 2024, which is when your current maintenance will expire.

Upon receipt of a renewal acknowledgment, your maintenance dates will be updated to avoid any loss of production time. At that time an invoice will be generated and sent to you. This invoiced total will include any applicable sales taxes.

If we do not receive a renewal acknowledgment by the offer expiration date set above, in addition to the maintenance reinstatement terms and associated fees as set out in your license agreement, we reserve the right to increase the offered price stated in this renewal agreement by up to an additional 10%.

Except for the renewal of maintenance for the Licensed Products for the period set out in this renewal agreement, your renewal acknowledgment does not modify nor amend the license agreement between us. All terms and conditions of the license agreement remain in full force and effect and you are to continue to use the Licensed Products in accordance with the license agreement.

Your renewal acknowledgment represents an agreement to purchase the renewal as set out in this renewal agreement.

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

<u>CONTRACT CHANGE NOTICE</u>

Change Notice Number **5**

to

Contract Number **180000000323**

<table>
<tr><td rowspan="7">CONTRACTOR</td><td>DMT SOLUTIONS GLOBAL CORPORATION, DBA BLUECREST</td><td rowspan="4">STATE</td><td rowspan="3">Program Manager</td><td>Kristen Hampton</td><td>DTMB</td></tr>
<tr><td>37 Executive Dr.</td><td colspan="2">517-636-7747</td></tr>
<tr><td>Danbury, CT 06810</td><td colspan="2">HamptonK@Michigan.gov</td></tr>
<tr><td>Dawn Marie Ehlers</td><td rowspan="3">Contract Administrator</td><td>Shannon Romein</td><td>DTMB</td></tr>
<tr><td>301-471-4917</td><td colspan="2">(517) 898-8102</td></tr>
<tr><td>dawn.ehlers@bluecrestinc.com</td><td colspan="2">romeins@michigan.gov</td></tr>
<tr><td>VS0069487</td></tr>
</table>

CONTRACT SUMMARY

FILE-BASED PRINT AND MAIL SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
January 22, 2018	January 21, 2023	5 - 1 Year	January 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,457,755.53	$23,232.00	$1,480,987.53

DESCRIPTION

Effective February 14, 2023, this Contract has been amended as follows:

1. This Contract has been increased by $23,232.00 per the attached SOW.

2. The attached SOW is hereby incorporated into this Contract to install Bluecrest software and configure it for use as part of a State of Michigan server upgrade including 1st year of software maintenance.

3. Please note the Contractor's Contract Administrator has been changed to Dawn Marie Ehlers.

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 2/14/2023.

STATEMENT OF WORK - IT CHANGE NOTICE

Project Title: BlueCrest Virtual Migration	Period of Coverage:
Requesting Department: DTMB	Date: 1/26/2023
Agency Project Manager: Mr. Frank Skeels	Phone: 517-919-0113
DTMB Project Manager: Kristen Hampton	Phone: 517-230-8392

Brief description of services to be provided:

BACKGROUND:

SOM is migrating applications and services off of Microsoft Windows 2012 server O/S, replacing it with Windows 2019. As part of this activity. We are upgrading 4 "Mail Server" virtual servers. The vendor BlueCrest is needed to install their software on the new servers and configure it for use.

PROJECT OBJECTIVE:

BlueCrest to install the BlueCrest software and configure it for use.

SCOPE OF WORK:

- SOM provides servers for each application.
- BlueCrest reviews server configurations and installs the latest software versions on each.
- SOM verifies network connectivity of new servers to the environment.

DFWorks BlueCrest tasks:

- Configure new DFWorks system in preparation for migration of existing data.
- Prepare existing DFWorks database for migration.
- Upload existing system data into the new DFWorks system.
- Test data collection and reporting.
- Go live.
- Provide training for any changes between old and new.

EM/OM BlueCrest tasks:

- Assist with standing up new systems – configure to match existing ones.
- Test and verify functionality.
- Go live.

DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

PCN	DESCRIPTION	MCL EXT PRICE
DFSER	DFWORKS PROFESSIONAL SERVICES	$ 8,448.00
OPEFPSR	OUTPUT MANAGER PROFESSIONAL SERVICES	$ 4,224.00
ENHIPSR	OUTPUT ENHANCE INSTALLATION PRO SERVICES	$ 2,112.00
ETMIPSR	ENTERPRISE MANAGER PROFESSIONAL SERVICES	$ 8,448.00
		$ -
		$ -
		$ -
		$ -
		$ -
		$ -
		$ -
		$ -
		$ -

BLUECREST NORTH AMERICA SALES QUOTE

TOTAL MCL: $ 23,232.00 QUOTE ID: **QUO011965**

SHIPPING: ACCOUNT: **STATE OF MICHIGAN DEPT OF**

EMA/SMA TOTAL: $ - ADDRESS: 7461 Crowner Dr
Lansing, MI 48913-0001
USA

NET PRICE: $ 23,232.00

QUOTE

Quote is based on client provided and application specific requirements.

PRODUCT: QUOTE DATE: 10-Jan-2023

DESCRIPTION: NEW QUOTE EXPIRY: 11-Mar-2023

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.

PAYMENT SCHEDULE:

Payment will be made on a TIME and MATERIALS basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB

Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by DTMB within forty-five (45) days after receipt of properly completed invoices.

EXPENSES:

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

PROJECT CONTACTS:

The designated Agency Project Manager is:
Frank Skeels
Senior Project Manager Supporting: DTMB, CSC, SBO, MDE, & CEPI
DTMB - Enterprise Portfolio Management Office (EPMO)
517-919-0113
SkeelsF1@michigan.gov

The designated DTMB Project Manager is:

Kristen Hampton
DTMB
PMM
General Services Building
7461 Crowner Dr.
Dimondale, MI 48821
517-230-8392
hamptonk@michigan.gov

AGENCY RESPONSIBILITIES:

Work and communicate with BlueCrest to complete server migration

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Consultants will work at: Mail facilities at the SOM Secondary Complex.

Remote

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 18*323. This purchase order, statement of work, and the terms and conditions of Contract Number 18*323 constitute the entire agreement between the State and the Contractor.

PROJECT PLAN:

NA

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 **4**

to

Contract Number **180000000323**

CONTRACTOR	DMT SOLUTIONS GLOBAL CORPORATION, DBA BLUECREST	**STATE**	**Program Manager**	Kristen Hampton	DTMB
	37 Executive Dr.			517-636-7747	
	Danbury, CT 06810			HamptonK@Michigan.gov	
	Lee Ann D'Agosta		**Contract Administrator**	Shannon Romein	DTMB
	561-302-9148			(517) 898-8102	
	leeann.dagosta@bluecrestinc.com			romeins@michigan.gov	
	VS0069487				

CONTRACT SUMMARY

FILE-BASED PRINT AND MAIL SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
January 22, 2018	January 21, 2023	5 - 1 Year	January 21, 2023

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☒	1 year	☐		January 31, 2024

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,335,164.97	$122,590.56	$1,457,755.53

DESCRIPTION

Effective 1/9/2023, this Contract is hereby increased by $122,590.56. $90,910.56 is to renew the maintenance and subscription services for software previously licensed. $31,680.00 is to support the onboarding of additional applications to the existing Enterprise Manager/Output Manager/Output Enhancement environment. The following amendments have been incorporated.

Additionally, the first of five available option years available on this Contract is exercised. The revised Contract expiration date is 1/31/2024.

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

BLUECREST

November 2, 2022 - *This quote is valid through January 31, 2023.*

Software Maintenance & Support Renewal Quote

Bill To:
State of Michigan
Attention: Accts Payable
320 S Walnut St
Lansing, MI 48933-2014

Ship To:
State of Michigan-Dept of Mgmt & Budget
Attention: Kristen Hampton
7461 Crowner Dr
Lansing, MI 48913-0001

This renewal notification confirms the renewal of services between DMT Solutions Global Corporation d/b/a BlueCrest (hereinafter "BlueCrest) and Customer Name. Customer Name has agreed to renew the maintenance and to the extent applicable, subscription services identified herein for software previously licensed as follows:

New Maintenance Start Date: **February 01, 2023**
New Maintenance End Date: **January 31, 2024**

Maintenance Renewal for:
Output Management Software (P/I O/P Mgr-1 production, 1 test) ***6 input client** ***O/P IPDS print Drivers (for 5 Xerox Nuvera 2 InfoPrint)** ***PDF Digital O/P** ***P/I O/P Enhancement (all actions, development environment, 3 editor seats)** ***DFWorks S/W-Production Workflow & Doc LifeCycle Tracking Modules** *** Output Enhancement Visual Enhancement** **(1) Visual Editor, printstream Normalizer** **(2) Additional Visual Editor Seats**
Total Renewal Amount (*excluding tax*): USD 90,910.56

Please acknowledge acceptance of the terms for this maintenance renewal by signing and returning this letter to:

Kelly Beckham
Kelly.Beckham@bluecrestinc.com
475-470-0158 (Telephone)

To ensure that there is no interruption in your maintenance services, such as delivery of updates and telephone support, please return this renewal agreement or issue a purchase order (either being a "renewal acknowledgment"), no later than 5 days prior to January 31, 2023, which is when your current maintenance will expire.

Upon receipt of a renewal acknowledgment, your maintenance dates will be updated to avoid any loss of production time. At that time an invoice will be generated and sent to you. This invoiced total will include any applicable sales taxes.

If we do not receive a renewal acknowledgment by the offer expiration date set above, in addition to the maintenance reinstatement terms and associated fees as set out in your license agreement, we reserve the right to increase the offered price stated in this renewal agreement by up to an additional 10%.

Except for the renewal of maintenance for the Licensed Products for the period set out in this renewal agreement, your renewal acknowledgment does not modify nor amend the license agreement between us. All terms and conditions of the license agreement remain in full force and effect and you are to continue to use the Licensed Products in accordance with the license agreement.

Your renewal acknowledgment represents an agreement to purchase the renewal as set out in this renewal agreement.

Professional Services Order Form (PSOF # 00138625)

Client Information		
Company Name:	**State of Michigan DTMB** ("Client")	

Contact:	Bradley Best	Phone:	517-636-4464
Address:	7461 Crowner Dr	E-mail:	bestb1@michigan.gov
	Lansing, MI 48913		

Project Specifications (the "Services")

DMT Solutions Global Corp. d/b/a BlueCrest ("BlueCrest") will provide the Services and Deliverables described below (or, if applicable, on the attached Statement of Work).

Fixed Fee and/or Retainer

Item Description below, and/or ☐ See attached Statement of Work (SOW) incorporated herein.	Fees (Fixed or Retainer Hours)
Total Fixed and/or Retainer Fees:	$0

Time and Material

Rates below, and/or ☒ See attached Statement of Work (SOW) incorporated herein.	Rate	Hours	Estimate
Senior Consultant	$264	120	$31,680
Select One	$		$
Select One	$		$
Select One	$		$
Total Time and Materials Estimate:			$31,680

Total Fees and Estimates

Fixed Fee and/or Retainer Fees Total	$0
Time and Material Estimates Total	$31,680
Total Engagement (Fees + Estimate):	**$31,680**

Project Billing

Engagement Type:

Fixed Cost Engagement: ☐ (line items above)   Retainer: ☐ Hours ☐ Days

Time & Materials: ☒ Hours ☐ Days (rates shown above)   Minimum Hours: _____

Invoice schedule:

Hourly Rate Billing (T&M, as delivered) ☒   Scheduled Billing (see SOW for Schedule) ☐   Retainer Billing (upon signing) ☐

STATEMENT OF WORK -
IT CHANGE NOTICE

Project Title:	Period of Coverage:
Professional Services	120 Hours
Requesting Department:	**Date**:
DTMB	12/21/2022
Agency Project Manager:	**Phone**:
Bradley Best	517-256-1311
DTMB Project Manager:	**Phone**:
Kristen Hampton	517-230-8392

Brief description of services to be provided:

BACKGROUND:

Bluecrest is providing professional services to support the onboarding of additional applications to the Client's existing Enterprise Manager/ Output Manager/ Output Enhancement environment. This includes the configuration of workflows to for print distribution as well as the development of new / modified scripts for additional enhancements.

PROJECT OBJECTIVE:

Each application will be evaluated and scoped as requested by the client and an estimate of the hours needed to complete will be provided before any work begins.

SCOPE OF WORK:

a) Printstream Workflow Configurations:
   - Bluecrest will perform configurations of the output management software as needed to support the management and distribution of additional application as requested by the client.
   - Configurations will be performed remotely with client supplied access to server environments.
b) Application Development:
   - Application and script development as requested for additional applications. Reuse of existing scripts as appropriate.
   - Workflow development to simply script modifications and additions in the future.
   - Development of Application workflow and scripts as outlined in Application Enhancements below.
   - Application and system testing.

   Application Enhancements

- Variable by application as needed.
  c) Testing:
  - Perform unit testing of all functions listed above.
  - Assist Client with performing integration, system, and end-to-end testing of any new applications.

TASKS:

Technical support is required to assist with the following tasks:

NA

DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

Deliverables are on an as need basis and distributed over the 120 hours.

ACCEPTANCE CRITERIA:

PMM IT Analysts will review scripting solution after completion.

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:

Payment will be made on a Time and Materials basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work

performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by DTMB within forty-five (45) days after receipt of properly completed invoices.

EXPENSES:

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

PROJECT CONTACTS:

The designated Agency Project Manager is:

Bradley Best
DTMB
PMM
General Service Building
7461 Crowner Dr.
Dimondale, MI 48821
517-256-1311
Bestb1@michigan.gov

The designated DTMB Project Manager is:

Kristen Hampton
DTMB
PMM
General Services Building
7461 Crowner Dr.
Dimondale, MI 48821
517-230-8392
hamptonk@michigan.gov

AGENCY RESPONSIBILITIES:

Work and communicate with BlueCrest to complete scripting projects.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Consultants will work at:

Remote

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 21*323. This purchase order, statement of work, and the terms and conditions of Contract Number 21*323 constitute the entire agreement between the State and the Contractor.

PROJECT PLAN:

NA

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 **180000000323**

CONTRACTOR	DMT SOLUTIONS GLOBAL CORPORATION, DBA BLUECREST	**STATE** / Program Manager	Kristen Hampton	DTMB
	37 Executive Dr.		517-636-7747	
	Danbury, CT 06810		HamptonK@Michigan.gov	
	Lee Ann D'Agosta	Contract Administrator	Shannon Romein	DTMB
	561-302-9148		(517) 898-8102	
	leeann.dagosta@bluecrestinc.com		romeins@michigan.gov	
	VS0069487			

CONTRACT SUMMARY

FILE-BASED PRINT AND MAIL SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
January 22, 2018	January 21, 2023	5 - 1 Year	January 21, 2023

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,224,084.50	$111,080.47	$1,335,164.97

DESCRIPTION

Effective 9/29/2022, this Contract is hereby increased by $111,080.47 and the following amendment is incorporated to replace end-of-life Mail Inserter/PCs with supportable infrastructure for Print and Mail Management.

Additionally, the Contractor name changed in Change Notice 2 has been corrected to DMT Solutions Global Corporation, DBA Bluecrest and the SIGMA vendor number to VS0069487.

Please note, the State's Contract Administrator has been changed to Shannon Romein.

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

BLUECREST

September 1ˢᵗ 2022

Mr. Frank Sheels, PMP, CSM, SDP, SA
Senior Project Manager Supporting: DTMB, CSC, SBO, MDE, & CEPI
DTMB - Enterprise Portfolio Management Office (EPMO)

General Services Building
7461 Crowner Drive
Lansing, MI 48913

Dear Frank,

Thanks again to you and your team for taking the time to speak with us recently. We've enjoyed our longstanding relationship with you, and we appreciated the opportunity to discuss your interest in taking advantage of additional upgrades to WIN 22 Solutions. As requested, please find a solution description and quotation below.

State of Michigan Network Server and Insite Solution Enhancement

PCN	DESCRIPTION	QTY	NASPO UNIT PRICE	NASP EXT PRICE	NOTES
PGE1	NETWORKING HW SW	1	$ 4,342.24	$ 4,342.24	
RDSE	Systems Engineering Support	5	$ 2,165.19	$ 10,825.95	
RDGC1	(QTY1) STANDARD SERVER, IN 22U STD RACK	1	$ 50,264.06	$ 50,264.06	Server 2021
RDPN	DFW Insite - Std (5+ Systems)	1	$ 32,816.39	$ 32,816.39	
RDW14	DC INSIGHT COMPUTER	2	$ 4,115.59	$ 8,231.18	1 importer & 1 WS
RDYG	HAND SCANNER, CORDLESS	1	$ 1,547.89	$ 1,547.89	for WS
INFOB175	DC INSITE OR IMPORTER FOB DC175	2	$ 2,272.50	$ 4,545.00	Server & 2 WS

Network Upgrades = $108,230.47

BlueCrest " Protect Solutions " – 4 scheduled patch and software updates per year

Cost = $950 x 3 systems = $2850

Investment Total = $111,080.47

Notes:

➢ Quotation valid until September 30, 2022
➢ Work will be completed within 60-90 days of the receipt of the purchase order
➢ Current NASPO Pricing and subject to change in October

<u>Target Timelines:</u>

Hardware delivery and installation February 2023

Cutover services March & April 2023 and coordinated with DTMB

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 **2**

to

Contract Number **171180000000323**

CURRENT CONTRACTOR		NEW CONTRACTOR	
	PITNEY BOWES INC		BlueCrest Inc
	4200 Parliament Place		37 Executive Dr.
	Lanham, Maryland 20706-1890		Danbury, CT 06810
	Joe Eremita		Lee Ann D'Agosta
	203-215-2904		561-302-9148
	Joe.Eremita@pb.com		leeann.dagosta@bluecrestinc.com
	CV0001235		CV0001235

STATE CONTACTS					
Program Manager	Kristen Hampton	DTMB	Contract Administrator	Garrick Paraskevin	DTMB
	517-636-7747			517-256-7516	
	HamptonK@Michigan.gov			paraskeving@michigan.gov	

CONTRACT SUMMARY

FILE-BASED PRINT AND MAIL SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
January 22, 2018	January 21, 2023	5 - 1 Year	January 21, 2023

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
P-Card	Direct Voucher (PRC)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		January 21, 2023

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,224,084.50	$0.00	$1,224,084.50

DESCRIPTION

Effective 3/11/2019, the contact person and company name for this Contract have changed. BlueCrest Inc. is the company (formerly part of Pitney Bowes).

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

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

<u>CONTRACT CHANGE NOTICE</u>
Change Notice Number <u>1</u>
to
Contract Number <u>171180000000323</u>

<table>
<tr><td rowspan="8">CONTRACTOR</td><td>PITNEY BOWES INC</td><td></td><td rowspan="8">STATE</td><td>Kristen Hampton</td><td>DTMB-IT</td></tr>
<tr><td>4200 Parliament Place</td><td></td><td>517-636-7747</td><td></td></tr>
<tr><td>Lanham, Maryland 20706-1890</td><td></td><td>HamptonK@Michigan.gov</td><td></td></tr>
<tr><td>Joe Eremita</td><td></td><td>Mike Breen</td><td>DTMB</td></tr>
<tr><td>203-215-2904</td><td></td><td>(517) 249-0428</td><td></td></tr>
<tr><td>joe.eremita@pb.com</td><td></td><td>breenm@michigan.gov</td><td></td></tr>
<tr><td>CV0001235</td><td></td><td></td><td></td></tr>
</table>

CONTRACT SUMMARY			
FILE-BASED PRINT AND MAIL SYSTEM			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 22, 2018	January 21, 2023	5 - 1 Year	January 21, 2023
PAYMENT TERMS		DELIVERY TIMEFRAME	

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ Direct Voucher (DV)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		January 21, 2023
CURRENT VALUE	VALUE OF CHANGE NOTICE		ESTIMATED AGGREGATE CONTRACT VALUE	
$1,222,164.50	$1,920.00		$1,224,084.50	

DESCRIPTION
Effective with mutual siganture the contrtact is amended to add $1920 to implement Bitlocker encryptionon DC Fileserver. All other terms and conditions remain the same.

pitney bowes

15. APPENDIX A – PROJECT CHANGE REQUEST FORM

The following section is to be completed by the Customer:

Project Name	DCVerify Environment and FPS Upgrades – State of MI DTMB
Request Short Name:	Bitlocker Encryption on DC Fileserver
Date Submitted:	05/09/2018 *(mm/dd/yyyy)*
Requested By / For:	DTMB
Required By:	06/04/2018 *(mm/dd/yyyy)*
Request Description:	Implement Bitlocker encryption on DC Fileserver to encrypt possible personally identifiable information at rest
Business Justification:	Required due to policy

The following sections are to be completed by the Pitney Bowes Project Manager:

Description of Change to Project

1. Install TPM chip on motherboard on the DC Fileserver
2. Install Bitlocker software
3. Encrypt drives
4. Reconfigure drives

Impact of Change to Project (Schedule, Cost, Quality)

- Requires TPM chip and one RDSE (one day for Charles Card)
- Moves final configuration and go-live of DC Fileserver out to week of June 4th, but does not prevent testing DC Fileserver and DC Verify process using dummy data test files
- Required for going live on the DC Fileserver with live customer files
- Customer data will be encrypted at rest on the DC Fileserver drives

Task Description	Components	Professional Services	Costs
Implement Bitlocker encryption on DC Fileserver	TPM Chip	(1) RDSE	$1920

Pricing Notes:

Risk Assessment

Encryption of data at rest on the DC Fileserver is required by DTMB IT policy. Implementing this change request will allow all the data at rest on the DC Fileserver to be encrypted using Bitlocker encryption.

Evaluated By	Signature	Date
David Wilkinson	David Wilkinson	5/9/2018

pitney bowes

The following sections are to be completed jointly by the Pitney Bowes Project Manager and the Customer:

Agreement		
Evaluated By	Signature	Date

Authorizations			
Disposition	Signature	Title	Date
☒Approved ☐Rejected	*Kusten Hampton*	Pmm Director	5/10/18
☐Approved ☐Rejected			

Requirements

BitLocker requires its own unencrypted volume of at least 1.5 GB. Once the C:\ OS drive has been encrypted; BitLocker moves the boot files to this unencrypted volume for normal booting.

BitLocker Drive Encryption

BitLocker Drive Encryption is a full disk encryption feature included with Windows Server 2008, Windows Server 2008 R2 and Windows Server 2012. It is designed to protect data by providing encryption for entire volumes. By default it uses the AES encryption algorithm in CBC mode with a 128 bit key, combined with the Elephant diffuser (data-mixing function) for additional disk encryption-specific security not provided by AES

Trusted Platform Module (TPM)

A TPM is a microchip designed to provide basic security-related functions, primarily involving encryption keys. The TPM is installed on the motherboard and communicates with the rest of the system by using a hardware bus.

Computers that incorporate a TPM have the ability to create cryptographic keys and encrypt them so that they can be decrypted only by the TPM. This process, often called "wrapping" or "binding" a key, can help protect the key from disclosure. Each TPM has a master wrapping key, called the Storage Root Key (SRK), which is stored within the TPM itself. The private portion of a key created in a TPM is never exposed to any other component, software, process, or person.

Computers that incorporate a TPM can also create a key that has not only been wrapped, but is also tied to specific hardware or software conditions. This is called "sealing" a key. When a sealed key is first created, the TPM records a snapshot of configuration values and file hashes. A sealed key is only "unsealed" or released when those current system values match the ones in the snapshot. BitLocker uses sealed keys to detect attacks against the integrity of the Windows operating system.

With a TPM, private portions of key pairs are kept separated from the memory controlled by the operating system. Because the TPM uses its own internal firmware and logic circuits for processing instructions, it does not rely upon the operating system and is not exposed to external software vulnerabilities.

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

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **171-180000000323**
between
THE STATE OF MICHIGAN
and

CONTRACTOR		STATE			
	Pitney Bowes Software Inc.		Program Manager	Kristen Hampton	DTMB
	4200 Parliament Place, Suite 500			517-636-7747	
	Lanham, Maryland 20706-1890			HamptonK@michigan.gov	
	Joe Eremita		Contract Administrator	Mike Breen	DTMB
	203-215-2904			517-284-7002	
	Joe.Eremita@pb.com			BreenM@michigan.gov	
	*****2578				

CONTRACT SUMMARY			
DESCRIPTION: File-Based Print and Mail System			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
1/22/2018	1/21/2023	5, 1-Year	1/21/2023
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
This contract is established per Request for Proposal # 007117B0010747 for an integrated file-based tracking software system to be utilized for print and mail services.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			**$1,222,164.50**

FOR THE CONTRACTOR:

Pitney Bowes Software Inc

Company Name

Genique McCutcheon

genique.mccutcheon@pb.com

Authorized Agent Signature

Genique R. McCutcheon

Authorized Agent (Print or Type)

January 25, 2018

Date

FOR THE STATE:

Signature

Jarrod Barron, IT Category Specialist
Name & Title

DTMB Central Procurement
Agency

1-25-18

Date

Contract Terms – COTS Software Contract

This COTS Software Contract (this "**Contract**") is agreed to between the State of Michigan (the "**State**") and Pitney Bowes Software Inc. ("**Contractor**"), a Delaware corporation. This Contract is effective on January 22, 2018 ("**Effective Date**"), and unless earlier terminated, will expire on January 21, 2023 (the "**Term**").

This Contract may be renewed at the discretion of the State for up to five years. Renewal must be by written notice from the State and will automatically extend the Term of this Contract.

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

"**Acceptance**" has the meaning set forth in **Section 9.5**.

"**Acceptance Tests**" means such tests as may be conducted in accordance with **Section 9** and the 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 23.3(b)(ii)**.

"**Approved Open-Source Components**" means Open-Source Components that may be included in or used in connection with the Software and are specifically identified in an exhibit to the Statement of Work, and approved by the State.

"**Authorized Services**" means any and all services performed by any Authorized User for the State for or in connection with the State's use of the Software or Documentation in accordance with this Contract, including any services comprising or relating to the analysis, development, delivery, installation, configuration, integration, testing, deployment, maintenance, support, repair, storage, copying, modification, enhancement, improvement or disaster recovery of, or training of Authorized Users concerning, the Software or Documentation.

"**Authorized Users**" means all employees or Contractors 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 Owner" is the individual appointed by the agency buyer to (a) act as the agency's representative in all matters relating to the Contract, and (b) co-sign off on notice of Acceptance for the Software. The Business Owner will be identified in the Statement of Work.

"**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 the 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 18.1**.

"**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 the Statement of Work.

"**Contractor**" has the meaning set forth in the preamble.

"**Contractor's Bid Response**" means the Contractor's proposal submitted in response to the RFP.

"**Contractor Personnel**" means all employees of Contractor or any Permitted Subcontractors involved in the performance of Services hereunder.

"**Contractor's Test Package**" has the meaning set forth in **Section 8.2**.

"**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 the Statement of Work.

"**Dispute Resolution Procedure**" has the meaning set forth in **Section 27.1**.

"**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 collectively, the License Fees, Implementation Fees, and Support Services Fees.

"**Financial Audit Period**" has the meaning set forth in **Section 25.1**.

"**Force Majeure**" has the meaning set forth in **Section 28.1(a)** "**Harmful Code**" means any: (a) virus, trojan horse, worm, backdoor or other software or hardware devices the effect of which is to permit unauthorized access to, or to disable, erase, or otherwise harm, any computer, systems or software; or (b) time bomb, drop dead device, or other software or hardware device designed to disable a computer program automatically with the passage of time or under the positive control of any Person, or otherwise prevent, restrict or impede the State's or any Authorized User's use of such software.

"**HIPAA**" has the meaning set forth in **Section 17.1**.

"**Implementation Fees**" has the meaning set forth in **Section 14.2**.

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

"**Integration Testing" has the meaning set forth in Section 9.1(c).**

"**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 Statement of Work.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree or other requirement or rule of any federal, state, local or foreign government or political subdivision thereof, or any arbitrator, court or tribunal of competent jurisdiction.

"**License Agreement**" has the meaning set forth in **Section 3**.

"**License Fee**" has the meaning set forth in **Section 14.1**.

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

"**Maintenance and Support Schedule**" means the schedule attached as **Schedule B**, setting forth the service level agreement for Support Services, any corresponding Support Services Fees and the parties' additional rights and obligations with respect thereto.

"**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 the 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 the Statement of Work.

"**New Version**" means any new version of the Software 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.

"**Open-Source License**" has the meaning set forth in **Section 4**.

"**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 the Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

"**Permitted Subcontractor**" has the meaning set forth in **Section 6.5**.

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

"**Pricing**" means any and all fees, rates and prices payable under this Contract, including pursuant to any Schedule or Exhibit hereto.

"**Pricing Schedule**" means the schedule attached as **Schedule D**, setting forth the License Fees and Implementation Fees, and any other fees, rates and prices payable under this Contract, except for Support Services Fees (which are covered under the Maintenance and Support Schedule).

"**Project Manager**" is the individual appointed by each party to (a) monitor and coordinate the day-to-day activities of this Contract, and (b) for the State, to co-sign off on its notice of Acceptance for the Software. Each party's Project Manager will be identified in the Statement of Work.

"**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 Contractor is required to or otherwise does provide under this Contract, the Statement of Work, or the Maintenance and Support Schedule as more fully described in the body of this Contract, the Statement of Work, and the Maintenance and Support Schedule.

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

"**Software**" means Contractor's software set forth in the Statement of Work, and any Maintenance Releases provided to the State and any Configurations made by or for the State pursuant to this Contract, and all copies of the foregoing permitted under this Contract and the License Agreement.

"**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, RFP or Contractor's Bid Response, if any, for such Software, or elsewhere in the Statement of Work.

"**State**" means the State of Michigan.

"**State Data**" has the meaning set forth in **Section 17.1**.

"**State Materials**" means all materials and information, including 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 Resources**" has the meaning set forth in **Section 7.1(a)**.

"**Statement of Work**" means any statement of work entered into by the parties and attached as a schedule to this Contract. The initial Statement of Work is attached as **Schedule A**, and subsequent Statements of Work shall be sequentially identified and attached as Schedules A-1, A-2, A-3, etc.

"**Stop Work Order**" has the meaning set forth in **Section 21**.

"**Subscription Data"** means data files, including, but not limited to, postal, census, geographic, demographic, and other data, that are either identified in Statement of Work or otherwise licensed with certain of the Software.

"**Support Services**" means the software maintenance and support services Contractor is required to or otherwise does provide to the State under the Maintenance and Support Schedule.

"**Support Services Commencement Date**" means, with respect to the Software, the date on which the Software is delivered or such other date as may be set forth in the Statement of Work or the Maintenance and Support Schedule.

"**Support Services Fees**" has the meaning set forth in **Section 14.3**.

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

"**Term**" has the meaning set forth in the preamble.

"**Test Data**" has the meaning set forth in **Section 8.2**.

"**Test Estimates**" has the meaning set forth in **Section 8.2**.

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

"**Third Party**" means any Person other than the State or Contractor.

"**Transition Period**" has the meaning set forth in **Section 20.3**

"**Transition Responsibilities**" has the meaning set forth in **Section 20.3**.

"**Unauthorized Removal**" has the meaning set forth in **Section 6.4(b)**.

"**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, Documentation or data, information or content contained in or derived from the Subscription Data, including any (i) latitude\longitude coordinates, demographic data, boundary coordinates or any other third party data attributes; and (ii) GUI, audio, visual or digital or other display or output, that is generated automatically upon executing the Software without additional user input.

"**Warranty Period**" means the ninety (90) calendar-day period commencing on the date the Software is delivered to the State or following Acceptance is an Acceptance Criteria is set out in the Statement of Work.

2. **Statements of Work**. Contractor shall provide Services and Deliverables pursuant to Statements of Work entered into under this Contract. No Statement of Work shall be effective unless signed by each party's Contract Administrator. The term of each Statement of Work shall commence on the parties' full execution of the Statement of Work and terminate when the parties have fully performed their obligations, provided, however, if the State licenses a perpetual license to Software, such license will continue in effect following each parties performance of the Statement of Work in accordance with the terms of the Contract and applicable Statement of Work unless otherwise terminated by the parties in accordance with the terms of the Contract. The terms and conditions of this Contract will apply at all times to any Statements of Work entered into by the parties and attached as a schedule to this Contract. The State shall have the right to terminate such Statement of Work as set forth in **Section 20**. 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.

       2.1   <u>Statement of Work Requirements</u>. Each Statement of Work will include the following:

      (a)   names and contact information for Contractor's Contract Administrator, Project Manager and Key Personnel;

      (b)   names and contact information for the State's Contract Administrator, Project Manager and Business Owner;

      (c)   a detailed description of the Services to be provided under this Contract, including any training obligations of Contractor;

      (d)   a detailed description of the Software to be provided under this Contract, including the:

      (i)   version and release number of the Software;

      (ii)   Business Requirements Specification;

      (iii)   Technical Specification;

      (iv)   a description of the Documentation to be provided; and

      (v)   Volume, application limitation, Computer Capacity Metrics or other use metrics for which the Software/Subscription Data is licensed, as mutually agreed to by the parties.

      (e)   an Implementation Plan, including all Milestones, the corresponding Milestone Dates and the parties' respective responsibilities under the Implementation Plan;

      (f)   the due dates for payment of Fees and any invoicing requirements, including any Milestones on which any such Fees are conditioned, and such other information as the parties deem necessary;

      (g)   disclosure of all Open-Source Components (each identified on a separate exhibit to the Statement of Work), in each case accompanied by such related documents as may be required by this Contract;

      (h)   description of all applicable liquidated damages associated with this Contract; and

(i)   a detailed description of all State Resources required to complete the Implementation Plan.

2.2   <u>Change Control Process</u>. The State may at any time request in writing (each, a "**Change Request**") changes to the 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 twenty (20) Business Days following receipt of a Change Request, to the extent reasonably and commercially feasible, 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 the 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 thirty (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 and Contractor's Contract Administrator and will constitute an amendment to the Statement of Work to which it relates; and

(c)   If the parties fail to enter into a Change Notice within fifteen (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 the 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 the Statement of Work, terminate this Contract under **Section 20**.

(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 the 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 Maintenance and 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.

3.   Software License. Contractor hereby grants to the State and its Authorized Users, the right and license to use the Software and Documentation in accordance with the terms and conditions of this Contract and the License Agreement set forth in **Schedule C** (the "**License Agreement**").

4.   Open-Source Licenses. Any use hereunder of Open-Source Components shall be governed by, and subject to, the terms and conditions of the applicable open-source license ("**Open-Source License**"). Contractor shall identify and describe in an exhibit to the Statement of Work each of the Approved Open-Source Components of the Software, and include an exhibit

attaching all applicable Open-Source Software Licenses or identifying the URL where these licenses are publicly available.

5. **Software Implementation**.

    5.1 <u>Implementation</u>. Contractor will deliver and to the extent State contracts for such Services, 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 the Statement of Work.

    5.2 <u>Site Preparation</u>. To the extent set forth in the 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 the 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 reasonable assistance as the State requests to complete such preparation on a timely basis.

6. **Performance of Services**. Contractor will provide all Services and Deliverables in a timely, professional and workmanlike manner and in accordance with the terms, conditions, and Specifications set forth in this Contract and the Statement of Work.

    6.1 <u>State Standards</u>.

    (a) The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html.

    (b) To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

    (c) Contractor is not authorized to make changes to any State systems without prior written authorization from the State's Project Manager. Any changes Contractor makes to any State systems with the State's approval must be done according to applicable State procedures, including security, access, and configuration standards.

    6.2 <u>Contractor Personnel</u>.

(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, perform background checks on all Contractor Personnel prior to their assignment. Contractor will provide, at State's request, the scope Contractor uses for each background check. State reserves the right to reasonably request additional scope if Contractor's standard scope requires further attention.   Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks on Contractor Personnel.

(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 and in accordance with law, 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.

6.3 <u>Contractor's Project Manager</u>. Throughout the Term of this Contract, Contractor must maintain a Contractor employee reasonably acceptable to the State to serve as Contractor's Project Manager, who will be considered Key Personnel of Contractor. Contractor's Project Manager will be identified in the Statement of Work.

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

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

(i)   the State reasonably requests (subject to applicable law) in writing the removal of Contractor's Project Manager;

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

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

(d)   Contractor will promptly replace its Project Manager on the occurrence of any event set forth in **Section 6.3(c)**. Such replacement will be subject to the State's prior written reasonable approval.

6.4   <u>Contractor's Key Personnel</u>.

(a)   The State has the right to reasonably recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement (subject to applicable law), 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's Project Manager, 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, which will not be unreasonably withheld. The Contractor's removal of Key Personnel without the prior written consent of the State, which will not be unreasonably withheld, 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.

6.5   Subcontractors. Contractor will not, without the prior written approval of the State, which consent may be given or withheld in the State's sole discretion, engage any Third Party to perform Services. The State's approval of any such Third Party (each approved Third Party, a “**Permitted Subcontractor**”) 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 Permitted Subcontractor (including such Permitted Subcontractor's employees who, to the extent providing Services or Deliverables, shall 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.

7. **State Obligations**.

7.1 <u>State Resources and Access</u>. The State is responsible for:

(a) providing the State Materials and such other resources as may be specified in the Statement of Work (collectively, "**State Resources**"); and

(b) providing Contractor Personnel with such access to the Site(s) and Operating Environment as is necessary for Contractor to perform its obligations on a timely basis as set forth in the Statement of Work.

7.2 <u>State Project Manager</u>. Throughout the Term of this Contract, the State will maintain a State employee to serve as the State's Project Manager under this Contract. The State's Project Manager will be identified in the Statement of Work. The State's Project Manager will be available as set forth in the Statement of Work.

8. **Pre-Delivery Testing**.

8.1 <u>Testing By Contractor</u>. Before delivering and, if applicable Statement of Work contracts for the installation the Software, Contractor must:

(a) test the Software to confirm that it is fully operable, meets all material applicable Specifications and will materially function in accordance with the Specifications and Documentation when properly installed in the Operating Environment;

(b) scan the Software using the most up-to-date scanning software and definitions to confirm it is free of Harmful Code; and

(c) remedy any Non-Conformity or Harmful Code identified and retest and rescan the Software.

8.2 <u>Test Data and Estimates</u>. If specified in the Statement of Work, Contractor shall provide to the State all test data and testing scripts used by Contractor for its pre-delivery testing ("**Test Data**"), together with the results Contractor expects to be achieved by processing the Test Data using the Software ("**Test Estimates**," and together with Test Data, "**Contractor's Test Package**").

9. **Acceptance Testing; Acceptance**.

9.1 <u>Acceptance Testing</u>.

(a) Unless otherwise specified in the Statement of Work, upon installation of the Software, Acceptance Tests will be conducted as set forth in this **Section 9** to ensure the Software materially conforms to the requirements of this Contract, including the applicable Specifications and Documentation. The State may, but is not obligated, to perform its own pretest on the Software utilizing Contractor's Test Package. If the State does perform a pretest, and Contractor's Test Package does not successfully pass the Test Data or Test

Estimate scripts as described by Contractor, the State, at its discretion, is not obligated to move into the formal Acceptance Tests set forth in this Section. The State may elect to send Contractor's Test Package back to Contractor to correct any problems encountered with the Test Data or Test Estimates.

(b)   All Acceptance Tests will take place at the designated Site(s) in the Operating Environment described in the Statement of Work, commence on the Business Day following installation of the Software and be conducted diligently for up to thirty (30) Business Days, or such other period as may be set forth in the Statement of Work (the "**Testing Period**"). Acceptance Tests will be conducted by the party responsible as set forth in the Statement of Work or, if the 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.

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

(c)   Upon delivery and installation of any Configuration to the Software under the Statement of Work, additional Acceptance Tests will be performed on the configured 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 **Section 9.1**, **Section 9.3**, and **Section 9.4**.

(d)   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 ten (10) Business Days, correct such Non-Conformity, whereupon the Acceptance Tests and Testing Period will resume for the balance of the Testing Period.

9.2   Notices of Completion, Non-Conformities, and Acceptance. Within fifteen (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 9.3** and **Section 9.4**.

(b) If such notice is provided by the State, is signed by the State's Business Owner and Project Manager, 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 twenty (20) 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 9.3** and **Section 9.4**; or

> (ii) provide Contractor with a written notice of its Acceptance of such Software, which must be signed by the State's Business Owner and Project Manager.

9.3 <u>Failure of Acceptance Tests</u>. 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 Statement of Work and Specifications. Redelivery will occur as promptly as commercially possible and, in any case, within thirty (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 9.2(c)(i)**, identifying any Non-Conformities.

9.4 <u>Repeated Failure of Acceptance Tests</u>. 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 the Statement of Work and terminate this Contract for cause in accordance with **Section 20.1**.

9.5 <u>Acceptance</u>. 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 9.2(b)**, or **Section 9.2(c)(ii)**.

10. Training. Contractor shall provide, for the Fees set out in a Statement of Work, training on all uses of the Software permitted hereunder in accordance with the times, locations and other terms set forth in the Statement of Work. Upon the State's request, Contractor shall 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.

11. Maintenance Releases; New Versions

11.1 <u>Maintenance Releases</u>. Provided that the State is current on its Support Services Fees, during the Term, Contractor shall 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.

11.2 <u>New Versions</u>. Provided that the State is current on its Support Services Fees, during the Term, Contractor shall provide the State, at no additional charge, with all New Versions provided to all other licensees as part of Support Services, each of which will constitute Software and be subject to the terms and conditions of this Contract.

11.3 <u>Installation</u>. Subject to any indemnification requirements and Support Service terms, the State has no obligation to install or use any Maintenance Release or New Version. If the State wishes to install any Maintenance Release or New Version, the State shall 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 the Statement of Work. Contractor shall provide the State, at no additional charge, adequate Documentation for installation of the Maintenance Release or New Version, that has been developed and tested by Contractor and Acceptance Tested 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, provided, however, Contractor will only support prior versions of the Software in accordance with the Support Guidelines.

12. Support Services

12.1 <u>Support Services</u>. Contractor shall provide the State with the Support Services described in the Maintenance and Support Schedule. Such Support Services shall be provided:

(a) Thereafter, for so long as the State elects to receive Support Services for the Software, subject to Maintenance and Support Schedule, in consideration of the State's payment of Support Services Fees in accordance with **Section 14** and the rates set forth in the Maintenance and Support Schedule.

13. Source Code Escrow

13.1 <u>Escrow Contract</u>. At State's request, at no additional charge, Contractor will enroll State in Contractor's current intellectual property escrow agreement Contractor has entered into with Iron Mountain Technology Inc.. Such escrow agreement will govern all aspects of Source Code escrow and release.

13.2 In addition to the occurrence of a release condition identified in the escrow agreement, Contractor will notify Iron Mountain to release a copy of the Software to the State upon the occurrence of any of the following events: (i) Contractor declares bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code; (ii) Contractor terminates support for the Software, except as a result of a breach by the State or upon the failure of the State to pay applicable maintenance fees, provided Contractor has not made available to the State a superseding version of the Software; or (iii) Contractor or any successor thereto ceases to conduct business in the ordinary course.

13.3 If the State obtains a copy of the source code to the Software pursuant to this Section, the State will have a license to use the Software in accordance with the terms of this Contract, including any appended License Agreement. Under no circumstances will the State market, distribute or otherwise provide the Software or source code thereto, or any derivative thereof, to any third party, unless otherwise permitted to do so by this Contract or any appended License Agreement.

14. Fees

14.1 <u>License Fee</u>. In consideration of, and as payment in full for, the rights and license to use the Software and Documentation as provided in this Contract,

Statement of Work and the License Agreement, the State shall pay to Contractor the license fees (the "**License Fee**") set forth on the Pricing Schedule or Statement of Work, subject to and in accordance with the terms and conditions of this Contract and the License Agreement, including the applicable timetable and other provisions of the Statement of Work and this **Section 14**.

14.2   Implementation Fees. In consideration of, and as payment in full for, Contractor's provision of implementation services as provided in this Contract and the Statement of Work, the State shall pay to Contractor the implementation fees (the "**Implementation Fees**") set forth on the Pricing Schedule or Statement of Work, subject to and in accordance with the terms and conditions of this Contract, including the applicable timetable and other provisions of the Statement of Work and this **Section 14**.

14.3   Support Service Fees. In consideration of Contractor providing the Support Services as required under the Maintenance and Support Schedule, the State shall pay to Contractor the Support Services fees (the "**Support Service Fees**") set forth in the Maintenance and Support Schedule, subject to and in accordance with the terms and conditions of this Contract, including the applicable provisions of the Maintenance and Support Schedule and this **Section 14**.

14.4   Firm Pricing/Fee Changes. All Pricing set forth in this Contract is firm and will not be increased, except as otherwise expressly provided in this **Section 14.4**.

(a)   The License Fee will not be increased at any time except for the addition of additional licenses, the fees for which licenses will also remain firm in accordance with the Pricing set forth in the Pricing Schedule. Contractor may increase the Support Service Fees on an annual basis not to exceed an increase of four percent (4%) over the prior year's fees.

14.5   Administrative Fee and Reporting.

(a)   The Contractor must remit an administrative fee of 1% on all payments remitted to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions). 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.

(b)   Itemized purchasing activity reports must be mailed to DTMB-Procurement and the administrative fee payments shall be made by check payable to the State of Michigan and mailed to:

The Department of Technology, Management and Budget
Cashiering

P.O. Box 30681
Lansing, MI 48909

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

15. Invoices and Payment.

15.1 Invoices. Contractor will invoice the State for Fees in accordance with the requirements set forth in the Statement of Work, including any requirements that condition the rendering of invoices and the payment of Fees upon the successful completion of Milestones. Contractor must submit each invoice in both hard copy and electronic format, via such delivery means and to such address as are specified by the State in the Statement of Work. Each separate invoice must:

(a) clearly identify the Contract to which it relates, in such manner as is required by the State;

(b) list each Fee item separately;

(c) include sufficient detail for each line item to enable the State to satisfy its accounting and charge-back requirements;

(d) for Fees determined on a time and materials basis, report details regarding the number of hours performed during the billing period, the skill or labor category for such Contractor Personnel and the applicable hourly billing rates; and

(e) include such other information as may be required by the State as set forth in the Statement of Work.

15.2 Payment. Invoices are due and payable by the State, in accordance with the State's standard payment procedures as specified in 1984 Public Act no. 279, MCL 17.51, *et seq.*, within forty-five (45) calendar days after receipt, provided the State determines that the invoice was properly rendered. 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/cpexpress to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

15.3 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.

15.4   Payment Disputes. The State may withhold from payment any and all payments and amounts the State disputes in good faith, pending resolution of such dispute, provided that the State:

    (a)   timely renders all payments and amounts that are not in dispute;

    (b)   notifies Contractor in writing of the dispute prior to the due date for payment, specifying in such notice:

        (i)   the amount in dispute; and

        (ii)   the reason for the dispute set out in sufficient detail to facilitate investigation by Contractor and resolution by the parties;

    (c)   works with Contractor in good faith to resolve the dispute promptly; and

    (d)   promptly pays any amount determined to be payable by resolution of the dispute.

Contractor shall not withhold any Services or fail to perform any obligation hereunder by reason of the State's good faith withholding of any payment or amount in accordance with this **Section 15.4** or any dispute arising therefrom.

15.5   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 owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

16. Intellectual Property Rights

16.1   Ownership Rights in Software

    (a)   Subject to the rights and licenses granted by Contractor in this Contract and the License Agreement, and the provisions of **Section 16.1(b)**:

        (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 Deliverables; and

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

(b)   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 User Data, including all Intellectual Property Rights arising therefrom or relating thereto.

16.2   Rights in Open-Source Components. Ownership of all Intellectual Property Rights in Open-Source Components shall remain with the respective owners thereof, subject to the State's rights under the applicable Open-Source Licenses.

17. State Data.

17.1   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 by the State 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) personal 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. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This **Section 17.1** survives termination or expiration of this Contract.

17.2   Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Services. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Services, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This **Section 17.2** survives termination or expiration of this Contract.

17.3   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, or integrity of State Data or the

physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data that may result in a disclosure of State Data to Persons not authorized to receive or view State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than five (5) business days after 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 fifteen (15) business 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 twelve (12) 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 third party claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for providing reasonable assistance to the State in recovering 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 ten (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. This **Section 17.3** survives termination or expiration of this Contract.

18. Confidential Information. Each party acknowledges that it may be exposed to or acquire communication or data of the other party that is confidential in nature and is not intended to be disclosed to third parties. This **Section 18** survives termination or expiration of this Contract.

18.1 <u>Meaning of Confidential Information</u>. 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 or is: (a) in the possession of the State and subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). Notwithstanding the above, in all cases and for all matters, State Data is deemed to be Confidential Information.

18.2 <u>Obligation of Confidentiality</u>. 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.

18.3 <u>Cooperation to Prevent Disclosure of Confidential Information</u>. 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.

18.4   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.

18.5   Surrender of Confidential Information upon Termination. Upon termination or expiration of this Contract or a Statement of Work, in whole or in part, each party must, within five (5) 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. If Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and certify the same in writing within five (5) Business Days from the date of termination to the other party.

19. ADA Compliance. If the Services are required to be compliant with the Americans with Disabilities Act or Section 508 of the Workforce Rehabilitation Act of 1973, such compliance requirements shall be specified in the Statement of Work.

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

20.1   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 20.1**, the State will issue a termination notice specifying whether Contractor must: (a) cease performance

immediately, or (b) 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 20.2**.

(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 (which will not include the costs of reprocurement) in terminating this Contract, subject to Section 24 (Limitation of Liability). Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination, including any prepaid Support Services Fees. Further, Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, and transition costs, subject to Section 24 (Limitation of Liability).

20.2   Termination for Convenience. The State may immediately terminate this Contract in whole or in part, without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance immediately, or (b) continue to perform in accordance with **Section 20.3**. 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.

20.3   Transition Responsibilities. 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: (a) continuing to perform the Services at the established Contract rates, including all Fees due and owing for Services or Deliverables accepted through the Transition Period; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Services to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all State Data; and (d) 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.

20.4   Survival. This **Section 20** survives termination or expiration of this Contract.

21. Stop Work Order. The State may, at any time, order the Services of Contractor fully or partially stopped for its own convenience for up to ninety (90) calendar days at no additional cost to the State. The State will provide Contractor a written notice detailing such suspension (a "**Stop Work Order**"). Contractor must comply with the Stop Work Order upon receipt. Within 90 days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate this Contract. The State will not pay for any Services, Contractor's lost profits, or any additional compensation during a stop work period.

22. Contractor Representations and Warranties.

22.1 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.

22.2 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 RFP; 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 five (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.

   22.3 <u>Software Representations and Warranties</u>. 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 or has been granted such rights therein;

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

   (c) 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;

   (d) 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 additional consent, approval or authorization of any governmental or regulatory authority or other third party; or

      (iii) require the State to provide any payment or other consideration to any third party;

   (e) when used by the State or any Authorized User in accordance with this Contract and the Documentation, the Software 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;

   (f) as provided by Contractor, the Software does not or will not at any time during the license term contain any:

      (i) Harmful Code; or

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

(iii)   Notwithstanding Section 22.3(f)(i), THE SOFTWARE MAY CONTAIN A DISABLING DEVICE OR DEVICE REQUIRING ENABLEMENT: (i) TO COMPLY WITH REQUIREMENTS OF REGULATORY AUTHORITIES; (ii) TO PREVENT USE OF THE SOFTWARE BEYOND THE TERM OF A LICENSE IDENTIFIED IN STATEMENT OF WORK OR ON A COMPUTER OTHER THAN THE COMPUTER AUTHORIZED IN AN ORDER; AND/OR (iii) TO PREVENT USE OF THE SOFTWARE IN EXCESS OF ANY TRANSACTIONS (OR OTHER RESTRICTIONS) OR BY MORE THAN THE NUMBER OF NAMED USERS SET OUT IN AN ORDER.

(g)   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 excluding: (i) Nonconformities that may occur from time to time and otherwise addressed under Support Service and (ii) the disabling device or device requiring enablement noted 22.3(f)(iii); and

(h)   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.

22.4   Performance Warranty.

(a)   Contractor warrants that during the Warranty Period:

(i)   when used in the Operating Environment (or any successor thereto) in accordance with the Documentation, all Software as provided by Contractor, will substantially conform with the Documentation; and

(ii)   any media on which any Software or Documentation is delivered will be free of any

damage or defect in design, material or workmanship, and will remain so under ordinary use as contemplated by (A) this Contract and, with respect to the Software, (B) the Documentation.

(b)   If the Contractor breaches any of the warranties set forth in this **Section 22.4** during the Warranty Period with respect to the Software and during the thirty (30) days following delivery or if applicable, acceptance of any Services (other than Support Services), Contractor will, upon written notice from the State, remedy such breach as follows:

(i)   For Software: Contractor will have thirty (30) days from receipt of such notice or an additional period of time as reasonably agreed to by the parties to correct such errors or Nonconformities in accordance with the Support Guidelines. If Contractor is unable to timely correct such errors or Nonconformities, Contractor may elect to terminate the license to such Software in accordance with Section 20.1. If State terminates the license to such Software during the Warranty Period in accordance with this Section, State will, as its remedy, receive a refund of all fees previously paid for such Software;

(ii)   For Services (non Support Services): Upon such notice, Contractor will, as State's remedy, promptly re-perform any such Services in accordance with the Contract and Statement of Work; and

(iii)   For Support Services: in accordance with the Maintenance and Support Schedule, including the time periods set forth in such schedule. In the event Contractor fails to remedy such breach on a timely basis, the State will be entitled to such remedies as are specified in the Maintenance and Support Schedule or as may otherwise be available under this Contract, at law or in equity for breach of its Maintenance and Support obligations.

(iv)   Nothing in this **Section 22.4** limits the State's right to indemnification under **Section 23**. During the Warranty Period, these obligations will be provided to the State at no cost.

22.5 <u>Disclaimer</u>. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT, CONTRACTOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, WITH RESPECT TO THIS CONTRACT INCLUDING BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COURSE OF DEALING OR COURSE OF PERFORMANCE.

23. Indemnification

23.1 <u>General Indemnification</u>. 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 third party claims resulting in any 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 Contractor acts of gross negligence or willful misconduct; (b) any infringement, misappropriation, or other violation of any Intellectual Property Right or other right of any Third Party; and (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).

23.2 <u>Indemnification Procedure</u>. The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations. The State is entitled to: (i) regular updates on proceeding status; (ii) participate, at its own cost, in the defense of the proceeding; (iii) employ, at its own cost, its own counsel; and to (iv) 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 23**, 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.

23.3 <u>Infringement Remedies</u>.

(a) The remedies set forth in this **Section 23.3** 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.

(b)   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:

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

(ii)   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; or

(iii)   replace the Software with fully equivalent features and functionality Software

(c)   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:

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

(ii)   in any case, to the extent reasonably practicable and 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 six (6) months to allow the State to replace the affected features of the Software without disruption.

(d)   If Contractor directs the State to cease using any Software under **subsection (c)**, the State may terminate this Contract for cause under **Section 20.1**.

(e)   Contractor will have no liability for any claim of infringement arising solely from:

(i)   Contractor's compliance with any designs, specifications, or instructions of the State;

(ii) modification of the Software by the State without the prior knowledge and approval of Contractor; or

(iii) combination, operation or use of the Software with non-Contractor software products if such claim of infringement or misappropriation would have been avoided had such combination, operation or use not occurred; or

(iv) use of other than the most current release of the Software if such claim of infringement or misappropriation could have been avoided by State's use of such current release of the Software, provided Contractor delivered such superseding version to State and notified State of the need to use such version, and the update complied with all State of Michigan IT policies and procedures.

unless the claim arose against the Software independently of any of the above specified actions.

24 Damages Disclaimers and Limitations.

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

24.2 <u>Limitation of Liability</u>. IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY 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.

24.3   <u>Exclusion to Limitation of Liability</u> THE FOREGOING DISCLAIMER SET FORTH IN SECTION 24.1 DOES NOT APPLY TO STATE'S BREACH OF SECTION 3(A) (GENERAL USE RESTRICTIONS) OF SCHEDULE C OR CONTRACTOR'S OBLIGATIONS IN SECTION 17.2 WITH RESPECT TO STATE DATA OR CONTRACTOR'S INDEMNIFICATION OBLIGATIONS SET FORTH IN THIS CONTRACT. THE FOREGOING MAXIMUM LIABILITY SET FORTH IN SECTION 24.2 DOES NOT APPLY TO STATE'S BREACH OF SECTION 2 (USE OF LICENSED PRODUCTS) OF SCHEDULE C, SECTION 5 (GENERAL USE RESTRICTIONS) OF SCHEDULE C, OR CONTRACTOR'S

OBLIGATIONS IN SECTION 17.2 WITH RESPECT TO STATE DATA OR CONTRACTOR'S INDEMNIFICATION OBLIGATIONS SET FORTH IN THIS CONTRACT. STATE'S LIABILITY FOR A BREACH OF SECTION 2 (USE OF LICENSED PRODUCTS) OF SCHEDULE C WILL, HOWEVER, BE LIMITED TO AN AMOUNT EQUAL TO WHAT STATE WOULD HAVE PAID IN ACCORDANCE WITH THE PRICING SCHEDULE HAD STATE BEEN GRANTED THE RIGHTS GIVING RISE TO SUCH BREACH.

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

25.1 <u>Right of Audit</u>. 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 four (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.

25.2 <u>Right of Inspection</u>. Within ten (10) calendar days of providing notice, the State and its authorized representatives or designees, subject to Michigan law, 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. Such inspection will take place in accordance with Contractor's security policies and procedure and will reasonably attempt to minimizes disruption to Contractor's work environment. Contractor must reasonably cooperate and provide reasonable assistance. DTMB will bear the cost of any onsite audit, unless financial errors are revealed. If financial errors are revealed, the cost of any onside audit and any 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 forty-five (45) calendar days.

25.3 <u>Application</u>.   This **Section 25** applies to Contractor, any Affiliate, and any Permitted Subcontractor that performs Services in connection with this Contract.

25.4   <u>Verification.</u> Upon thirty (30) Business days written notice, Contractor or its designated third party may request written confirmation from the State related to deployment and use of Contractor's Software. Such confirmation or verification will take place no more than one (1) time per twelve (12) month period during normal business hours in a manner which minimizes disruption to State's work environment. The State agrees to comply with this request within 30 days of receipt of the request. If the State's use is greater than levels founds in the then-current Statement of Work, the State shall be invoiced for any unlicensed use at the rates set in Schedule D, the Pricing Schedule, appended to this Contract, and the unpaid license fees shall be

payable in accordance Section 15 of this Agreement   Payment under this Section 25.4 shall be Contractor's sole and exclusive remedy to cure these issues.

26. Insurance

26.1 Required Coverage.

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

Insurance Type	Additional Requirements
Commercial General Liability Insurance	
Minimal Limits: $1,000,000 Each Occurrence Limit $1,000,000 Personal & Advertising Injury Limit $2,000,000 General Aggregate Limit $2,000,000 Products/Completed Operations	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.
Umbrella or Excess Liability Insurance	
Minimal Limits: $5,000,000 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.
Automobile Liability Insurance	
Minimal Limits: $1,000,000 Per Occurrence	

Workers' Compensation Insurance	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> $500,000 Each Accident $500,000 Each Employee by Disease $500,000 Aggregate Disease.	
Professional Liability (Errors and Omissions) Insurance	
<u>Minimal Limits:</u> $3,000,000 Each Occurrence $3,000,000 Annual Aggregate	

(b)   If Contractor's policy contains limits higher than the minimum limits, the State is entitled to coverage to the extent of the higher limits. The minimum limits are not intended, and may not be construed to limit any liability or indemnity of Contractor to any indemnified party or other persons.

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

(d)   Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the

Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

26.2 Non-waiver. This **Section 26** is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

27. **Dispute Resolution**.

27.1 Unless otherwise specified in the Statement of Work, the parties will endeavor to resolve any Contract dispute in accordance with this **Section 27** (the "**Dispute Resolution Procedure**"). The initiating party will reduce its description of the dispute to writing (including all supporting documentation) and deliver it to the responding party's Project Manager. The responding party's Project Manager must respond in writing within five (5) Business Days. The initiating party has five (5) Business Days to review the response. If after such review resolution cannot be reached, both parties will have an additional five (5) Business Days to negotiate in good faith to resolve the dispute. If the dispute cannot be resolved within a total of fifteen (15) Business Days, the parties must submit the dispute to the parties' Contract Administrators. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

27.2 Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' Contract Administrators, and either Contract Administrator concludes that resolution is unlikely, or fails to respond within fifteen (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 27** does not limit the State's right to terminate this Contract.

28. **General Provisions**

28.1 Force Majeure.

(a) Force Majeure Events. Subject to **Subsection (b)** below, neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached this Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in

effect on or after the date of this Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure**"), 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.

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

28.2 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.

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

28.4 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.

28.5 Notices. All notices, requests, consents, claims, demands, waivers and other communications under this Contract must be in writing and addressed to the parties as follows (or as otherwise specified by a party in a notice given in accordance with this **Section 28.5**):

If to Contractor: 4200 Parliament Place
                      Suite 500
                      Lanham, Maryland 20706-1890
                      Email: contract.research@pb.com

Attention: Legal Department

If to State: Michael Breen
                      525 W. Allegan,
                      P.O. Box 30026,
                      Lansing, MI 48933
                      Email: Breenm@michigan.gov
                      Attention: Michael Breen, IT Category Specialist

Notices sent in accordance with this **Section 28.5** will be deemed effectively given: (a) when received, if delivered by hand (with written confirmation of receipt); (b) when received, if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission), if sent during normal business hours of the recipient, and on the next Business Day, if sent after normal business hours of the recipient; or (d) on the fifth (5th) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

28.6 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 other states (including governmental subdivisions and authorized entities). If extended, Contractor must supply all Contract Activities at the established Contract prices and terms, and 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.

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

28.8 Assignment. Contractor may not assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance, under this Contract, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the State's prior written consent. The State has the right to terminate this Contract in its entirety or any Services or Statements of Work hereunder, pursuant to **Section 20.1**, if Contractor delegates or otherwise transfers any of its obligations or performance hereunder, whether voluntarily, involuntarily, by operation of law or otherwise, and no such delegation or other transfer will relieve Contractor of any of such obligations or performance. For purposes of the preceding sentence, and without limiting its generality, any merger, consolidation or reorganization involving Contractor (regardless of whether Contractor is a surviving or disappearing entity) will be deemed to be a transfer of rights, obligations, or

performance under this Contract for which the State's prior written consent is required. Any purported assignment, delegation, or transfer in violation of this **Section 28.8** is void.

28.9 <u>No Third-party Beneficiaries</u>. 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.

28.10 <u>Amendment and Modification; Waiver</u>. No amendment to or modification of this Contract is effective unless it is in writing, identified as an amendment to this Contract and signed by both parties Contract Administrator. Further, certain amendments to this Contract may require State Administrative Board Approval. No waiver by any party of any of the provisions of this Contract will be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Contract, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Contract will operate or be construed as a waiver. Nor will any single or partial exercise of any right, remedy, power or privilege under this Contract preclude the exercise of any other right, remedy, power or privilege.

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

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

28.13 <u>Equitable Relief</u>. Each party to this Contract acknowledges and agrees that (a) a breach or threatened breach by such party of any of its obligations under this Contract may give rise to irreparable harm to the other party for which monetary

damages may not be an adequate remedy and (b) in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto is, in addition to any and all other rights and remedies that may be available to such party at law, at equity or otherwise in respect of such breach, entitled to 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.

28.14 <u>Nondiscrimination</u>. Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., Contractor and its Permitted 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, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.

28.15 <u>Unfair Labor Practice</u>. 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.

28.16 <u>Schedules</u>   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	Maintenance and Support Schedule
Schedule C	License Agreement
Schedule D	Pricing Schedule

28.17 <u>Counterparts</u>. 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.

28.18 <u>Effect of Contractor Bankruptcy</u>. 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 shall 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.

28.19 <u>Compliance with Laws</u>. Contractor and its Representatives must comply with all Laws in connection with this Contract.

28.20 <u>Non-Exclusivity</u>. Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor or with the State. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Services from other sources or restricting the Contractor to license the Software or Services to other licensees.

28.21 <u>Entire Agreement</u>. This Contract, together with all Schedules, Exhibits, and the Statement of Work 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 body of this Contract, the Schedules, Exhibits, and the Statement of Work, the following order of precedence governs: (a) first, this Contract, excluding its Exhibits and Schedules, and the Statement of Work; and (b) second, the Statement of Work as of the Effective Date; and (c) third, the Exhibits and Schedules to this Contract as of the Effective Date. Except as specifically incorporated and appended to this Contract, NO TERMS ON CONTRACTORS WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE SERVICES, OR DOCUMENTATION HEREUNDER

WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF SUCH SERVICE OR DOCUMENTATION REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

SCHEDULE A

STATEMENT OF WORK

1.100   Scope
1.101   In Scope
This project consists of the following scope:
* Software
* Business Requirements Validation
* Implementation Services
* Training and Documentation
* Support Services

1.102   Out Of Scope
* New Software Development

1.103   Work And Deliverables

SOFTWARE
Contractor shall provide to the State of Michigan (SOM) a Commercial off the Shelf (COTS) integrated file based tracking software system, licensed pursuant to Schedule A-1 (the "Software"), to be utilized by both DTMB Printing Services (PS) and DTMB Mailing Services (MS).
* Print and Mail Management (PMM) is seeking to implement a complete end-to-end file-based inserting system. File-based inserting uses software to index documents and provide the mail inserting equipment with information on what it should expect to receive. This is accomplished by uploading a Mail Run Data File (MRDF) onto the mail inserting equipment's controller. The MRDF is run while the job is processing and each record is accounted for and reconciled during inserting. Missing or damaged documents can be automatically recreated on the print server without need for operator intervention. The result of this process is vastly improved mail integrity.
* File-based inserting has become a business standard for all fulfillment houses. The ability to track a record from reception, through printing and inserting, and up to delivery to the USPS is a feature that has become a requirement not only by customers, but by organizations as well. Due to increased liability, it has become imperative that companies ensure customers sensitive data is not lost, stolen, or sent to the wrong recipient. Having the documentation to account for every document processed by an organization has become essential in today's print and mail world.
* Print and Mail Management will be looking to implement a modular file-based software solution that will work with current SOM equipment. The software will re-engineer Consolidated Print Center (CPC) data files, track each individual recipient thru the print and mail process, and then create reports for internal auditing and customer review. The software will also have an online feature that enables both SOM management and customers to view the job status throughout the entire process. Currently, all print and mail integrity processes within PMM require manual documentation and verification.

Following the provision of the Implementation Services set forth below, the system shall:
* Materially allow for the integrity of outgoing mail pieces. Allow for the correct document to be sent to the correct recipient.
* Support "closed loop" processes allowing operators to take proper action to remedy any damaged or duplicate mailpieces.
* Add additional intelligence and control to the document production process by creating Mailrun Data Files (MRDF's) for each job with details about each mailpiece.

- Create and render a robust 2D barcode on each sheet of the documents to enable high integrity automated insertion.
- Where OMR marks exist today, remove the OMR marks, then create and render a robust 2D barcode on each sheet of the documents
- Add sequence numbers and/or piece id's where none exist today.
- Provide ability to combine existing print streams and invoke house holding when possible.
- Provide enhanced data, dashboards, and reporting on production results, yielding greater access to information on a piece level and less reliance on manual efforts.
- Be capable of enabling the migration to color printing at some point in the future, if the State's so opts.

IMPLEMENTATION SERVICES
The Contractor will install, configure, integrate, and test the Software in cooperation with the State's designated Authorized Users to for use in DTMB's Print and Mail Management. The initial Software installation will be performed on-site at the State's Site set out in Schedule A-1. Configuration and customization may be performed either on-site or off-site per the parties' agreement. Contractor shall configure the job setup for four (4) State-designated workflows.

Contractor shall provide the following Implementation Services:
- Installation and configuration of the Software in one (1) production and one (1) test environment in accordance with the State's procured licensing set out in Schedule A-1
- Coding, scripting, unit testing and deployment of up-to four (4) initial applications/jobs that align to individual existing insert modes & setups. Production intelligence output enhancement coding, scripting and unit testing are intended to address the following sets of requirements and functionality:
  - Barcode creation
  - Mailrun Data File (MRDF) creation
  - Indexing for integrity and reprints
  - Merge/Sort/Split (grouping, zip code sorting, PDF output with index)
- Unit testing, base software application testing, functional Testing of up-to four (4) coded applications/jobs, documentation & project management.
- Administrative & end user Training on the functional use and support of implemented solutions and client centric workflows in accordance with Section 10 of the Contract and this Schedule A.
- Provide project management, project control, project status, and a principal point of contact for all project related activities.
- Integrate the solution to the following applications:

Name of application: Pitney Bowes FPS Inserters Owner of application: Pitney Bowes Details of interface: Inserter controller will need to work with file based inserter software. Inserters are equipped with mounted cameras and scanners.
Name of application: Xerox Nuvera 288 Cut-sheet Printer Owner of application: Xerox Details of interface: Software solution will be required to drive the cut-sheet devices. The printers are equipped with Xerox Freeflow controllers and have Postscript, VIPP, and IPDS licenses.
Name of application: RICOH 4100 Continuous Feed Printer Owner of application: RICOH

> Details of interface: Software solution will be required to drive the continuous feed devices. The printers are equipped with RICOH Process Director (RPD) software and have AFP/IPDS output license.

TRAINING

Contractor will provide on-site operator and administrator software training services to the State for the Software. Contractor will supply release documentation for all future releases. In the event the State purchases additional functionality, the State may also purchase additional training on that new functionality at an additional cost based on Contractor's then-effective pricing. All training materials (manuals, training plans and other documentation) created specifically for the State become the property of the State. All training will be provided in accordance with Section 10 of the Contract.

Deliverable(s)
- On-site training for operations staff on all base objects within for the Software solution.
- On-site technical training for State individuals who will be working with Contractor to configure the applications including establishing databases and interfaces, data conversion, customization, and upgrading the customized software, if applicable.
- System administration training for State personnel who will be responsible for ongoing maintenance and administration of the system, including security.
- Training for system upgrades and new versions that affect end-user functionality at no additional cost to the State.

DOCUMENTATION

Contractor shall provide Documentation for all solution components as part of each installation, including:
- User manuals
- Technical manuals
- Operations manuals
- Data elements dictionaries
- Installation procedures
- System-wide documentation and specifications
- Module configuration documents sufficient for configuration maintenance purposes
- Testing scripts and script test results
- Software customization documentation, if applicable
- Production migration documentation

ACCEPTANCE CRITERIA
- Acceptance process is detailed in the Section 9 of the Contract.
- Solution substantially meet State's objectives outlined in this Statement of Work.
- Solution shall substantially meet all requirements detailed in Appendices A and B.

1.104 Environment

Enterprise IT Policies, Standards and Procedures:
http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

All Software and hardware items provided by the Contractor must run on and be compatible with the MDTMB Standard Information Technology Environment. Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by MDTMB. The Contractor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change.

The MDTMB Project Manager must approve any tools, in writing, before use on any information technology project.

It is recognized that technology changes rapidly. The Contractor may request, in writing, a change in the standard environment, providing justification for the requested change and all costs associated with any change. The State's Project Manager must approve any changes, in writing, and MDTMB, before work may proceed based on the changed environment.

The State's security environment includes:
MDTMB Single Login.
MDTMB provided SQL security database.
Secured Socket Layers.
SecureID (State Security Standard for external network access and high risk Web systems)

MDTMB requires that its single - login security environment be used for all new client-server software development. Where software is being converted from an existing package, or a client-server application is being purchased, the security mechanism must be approved in writing by the State's Project Manager and MDTMB Office of Enterprise Security.

Look and Feel Standard
All Software items provided by the Contractor must be ADA complaint and adhere to the Look and Feel Standards www.michigan.gov/somlookandfeelstandards.

The State Unified Information Technology Environment (SUITE):
Includes standards for project management, systems engineering, and associated forms and templates – must be followed: http://www.michigan.gov/suite. The State has deemed the Contractor's Pathway™ Professional Services Methodology to be comparable to SUITE. See Pitney Bowes Software Professional Services Approach below for further detail.

Agency Specific Technical Environment
- *Hardware Listing*

Printing
- *(5) Xerox Nuvera 288 Digital Printers*
- *Xerox Freeflow Front-end Systems*
- *Ricoh 4100 CF Duplex Printer with Pre- and Post-processing Equipment*
- *Ricoh 4100 CF Simplex Printer*
- *(2) IBM 6500 Impact printers*
- *Shinohara 66VP 5-Color Perfecting Press*
- *Shinohara 2- Color Perfecting Press*
- *HALM Envelope Jet Press*
- *(2) Hanagata Shrink Wrappers*
- *Stahl B-20 Folder*
- *Stahl VSA 66D Right-Angle Folder*
- *(2) Polar Cutters*
- *New Hermes Interior Signage Engraving System*
- *Large Format Laminators*
- *Epson Wide Format Imposition Proofer*
- *HP Wide Format Printer*

Mailing
- *(2) Pitney Bowes FPS ZX06 Inserters*
- *(2) Pitney Bowes FPS ZXOB Inserters*
- *Pitney Bowes ZXOB Inserter*
- *(2) Pitney Bowes ZXOC Inserters*

- *(2) Pitney Bowes FD90 Folders*
- *Pitney Bowes FD40 Folder*
- *MBO B18-1-18/4 Folder*
- *Baum 18x22.5 Folder*
- *BH PF1722 2PAP18x22.5 Folder*
- *Moore 3610 Burster*
- *Moore 3600 Burster*
- *Moore 3610*301 Burster*
- *R.R. Donnelley LM10 Pressure Sealer*
- *R.R. Donnelley LM30 Pressure Sealer*
- *Cheshire 7000 98700-80 Ink Jet*
- *Video Jet Crescendo 4320 Ink jet*
- *Secap FIT-56-C-9 Ink Jet*
- *Ohio Conveyor 314-6 Tabber*
- *Kirk-Ruby Base 535 Tabber*
- *Kirk-Ruby Tab 535 Tabber*
- *Secap STD Tabber*
- *Highlight Ind. Predator Stretch Wrapper*
- *(6) Pitney Bowes Connect 3000 Meters*
- *(2) Pitney Bowes DM100 Sorters*
- *(4) Signode LBX 2300 Strapers*
- *(2) Bell & Howell Criterion Sorters*
- *Bell & Howell Flexisort Flat Sorter*
- *(2) Martin Yale Joggers*
- *Operating Systems: Windows Server 2008 and 2012*
- *Desktop Workstations: Windows 8 and Windows 10*
- *Software Listing*

Printing
- *Enterprise Output Manager (EOM) (Print application distribution manager/document creation)*
- *Solimar Rubika/Solfusion (Document Re-engineering)*
- *Solimar SPDE (Data transformation)*
- *Solimar Solitrack (Data archiving and reporting)*
- *Red Titan Escapee (PCL to PDF and PCL job viewing)*
- *Lytrod Vision DP (Data merge software)*
- *Elixir Design Pro (Mainframe forms editing)*
- *CPCXPRESS (Image count collection and billing)*

Mailing
- *Pitney Bowes Business Manager (Metering)*
- *Bell & Howell Netsort (Presort 1st class letters and flats)*
- *Bell & Howell Move Comply (Presort move updates)*
- *Satari (Address updating and sorting 3rd class mail offline)*
- *Database: SQL 2012*
- *Network: Multiple network security zones*
- *Firewall*
- *Locations*
- *Capacity Projections*
- *Current Workload Profile*
- *Disaster Recovery Requirements and Priorities*
- *Development tools*
- *Browser: Internet Explorer 8*
- *Reporting tools*

- *Interfaces*
- *Current enhancements under way*
- *Classes of users*
- *Other systems/applications requiring integration*

SOLUTION DESCRIPTION

Contractor shall provide an integrated output management and printstream enhancement solution utilizing the Software licensed pursuant to Schedule A-1 to work in conjunction with Direct Connect inserters configured with DC Verify to insure the integrity of outgoing mailpieces and deliver operational efficiencies across the entire print and mail process.

In the solution configuration herein, all batch print streams created through document composition or other systems are submitted to the EngageOne Output Manager ("PIEM") software licensed pursuant to Schedule A-1 for distribution. For print jobs that originate from the mainframe a JesConnect client will be utilized in that environment to submit print jobs.

Once submitted, jobs will be directed to EnagageOne Output Enhancement ("PIOE") software licensed pursuant to Schedule A-1 for document enrichment and data extraction to drive automation, tracking, and reporting.

PIOE will create a 2D barcode that will be unique per sheet allowing the inserters to validate the presence of every sheet within a mailpiece and every mailpiece within a job. If a barcode or OMR is already present, the data within that barcode will be read and the barcode will be replaced or modified as needed.

A corresponding MailRun Data File ("MRDF") will be created that contains one record per mail piece from the input print file along with a header record that contains all Job specific details. The barcode applied to the documents will directly correlate to the records in the MRDF that the Direct Connect ("DC") inserter will utilize to process every mailpiece and to automatically create a reprint selection file ("Select File") for pieces that did not complete with a status of "good" at the inserter.

PIOE will also create an index of the mailpieces for each printstream and maintain an internal copy of the print file for a configured duration to automatically produce reprints for pieces that get damaged. When a Select File is received from DC Verify on the inserter environment, those print images that make up the requested pieces are automatically compiled together to create a print file that gets distributed to a printer.

PIOE will also create and add banner pages with the Job ID in barcode form for easy loading and job start at the inserter. Documents will be grouped together into sets based on defined criteria and documents can be placed in ZIP code order. At this point individual PDFs could be generated and an index file with extracted information from each PDF created.

After enrichment is complete, print files will be resubmitted to PIEM for distribution to a printer. Distribution can occur automatically through defined distribution rules to a specific printer or category of printer, or a print operator can use the graphical interface to select a printing device.

Printstreams will be automatically transformed to drive the selected printer using IPDS for quick spooling and real time print progress tracking. Printstreams will be converted to run on any printer type dynamically. Imposition, plex, orientation, and form overlays are all adjusted automatically at the time a print device is selected. This provides maximum flexibility, utilization, and load balancing.

Once printed, material will be processed on one or more Contractor inserters configured with DC Verify. The MRDF created by PIOM will be automatically validated and imported into the inserter environment using InSite. InSite will manage and coordinate all MRDFs available for insertion, perform cleanup and archiving of completed files, and be used to record the repaired status of any manually processed mailpieces (if used).

Once a job is finished processing, a file will be created with a selection of mailpieces that did not complete the insertion process. This is called a select file. This select file will be automatically picked up by PIOE where the corresponding print images are quickly assembled to create a reprint printstream. At the State's option, the reprint file can either be queued up for operator selection or automatically assigned a printer designated for reprints. Because of the dynamic nature of preparing a printstream for print, the reprint printer can be a completely different printer type that the original production print if the State so chooses.

Tracking data from the time the print file is received though the print and insertion process is collected by DFWorks Platform to provide real time dashboards and reports. The configuration shall include the DFWorks

Production Workflow and DFWorks Document LifeCycle Tracking modules, licensed pursuant to Schedule A-1, to provide Job and piece level tracking and reporting.

Because the user interface for DFWorks is browser based, the dashboards and reports can be viewed and generated from any workstation on the SOM network with access privileges to the DFWorks system.

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Solution Architecture:
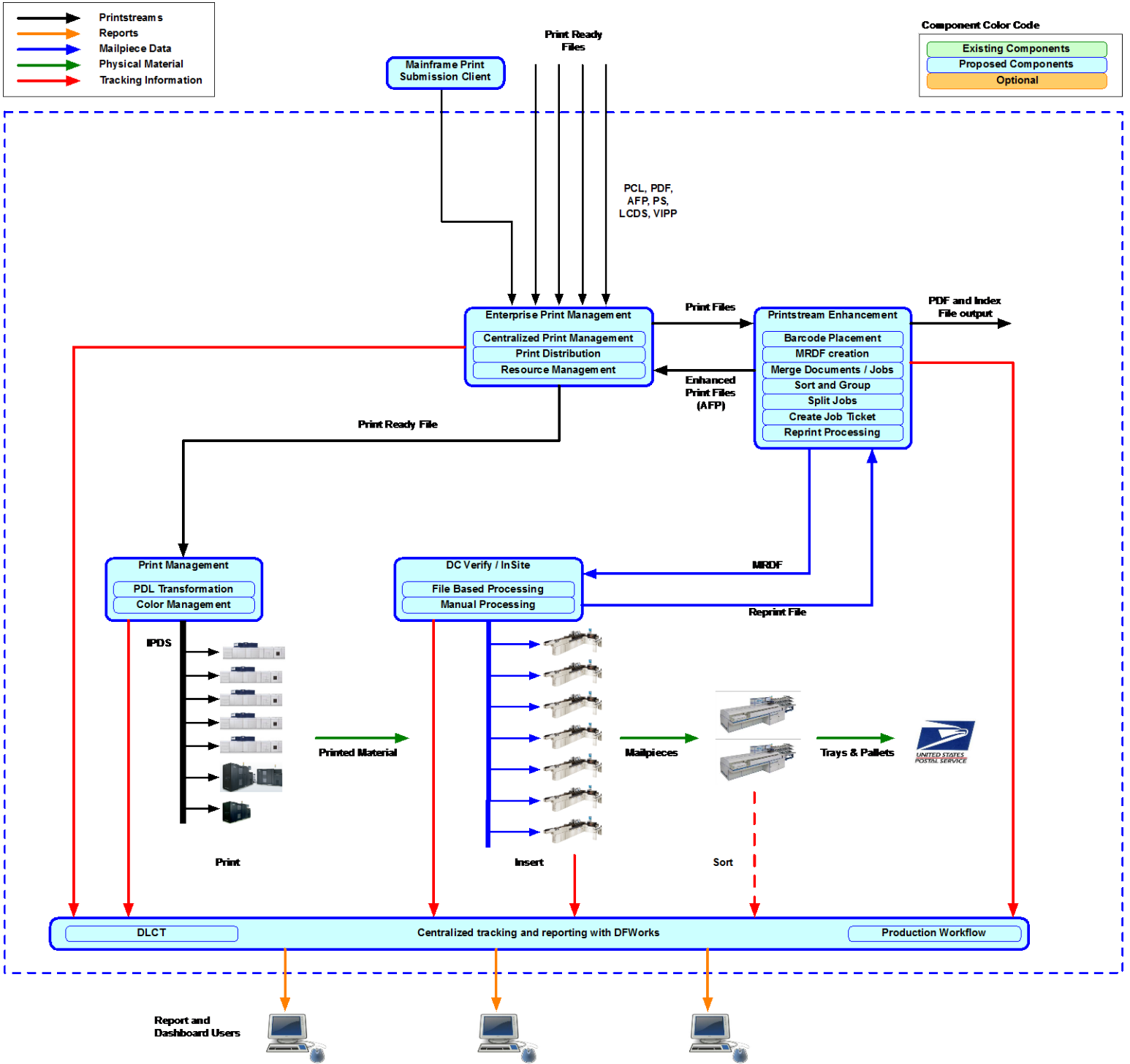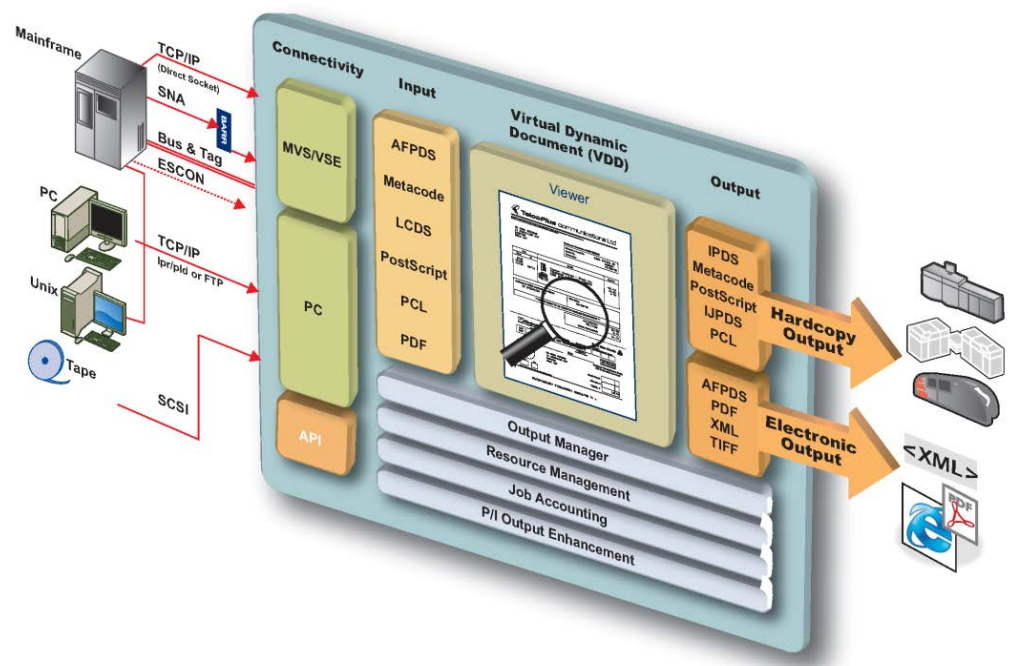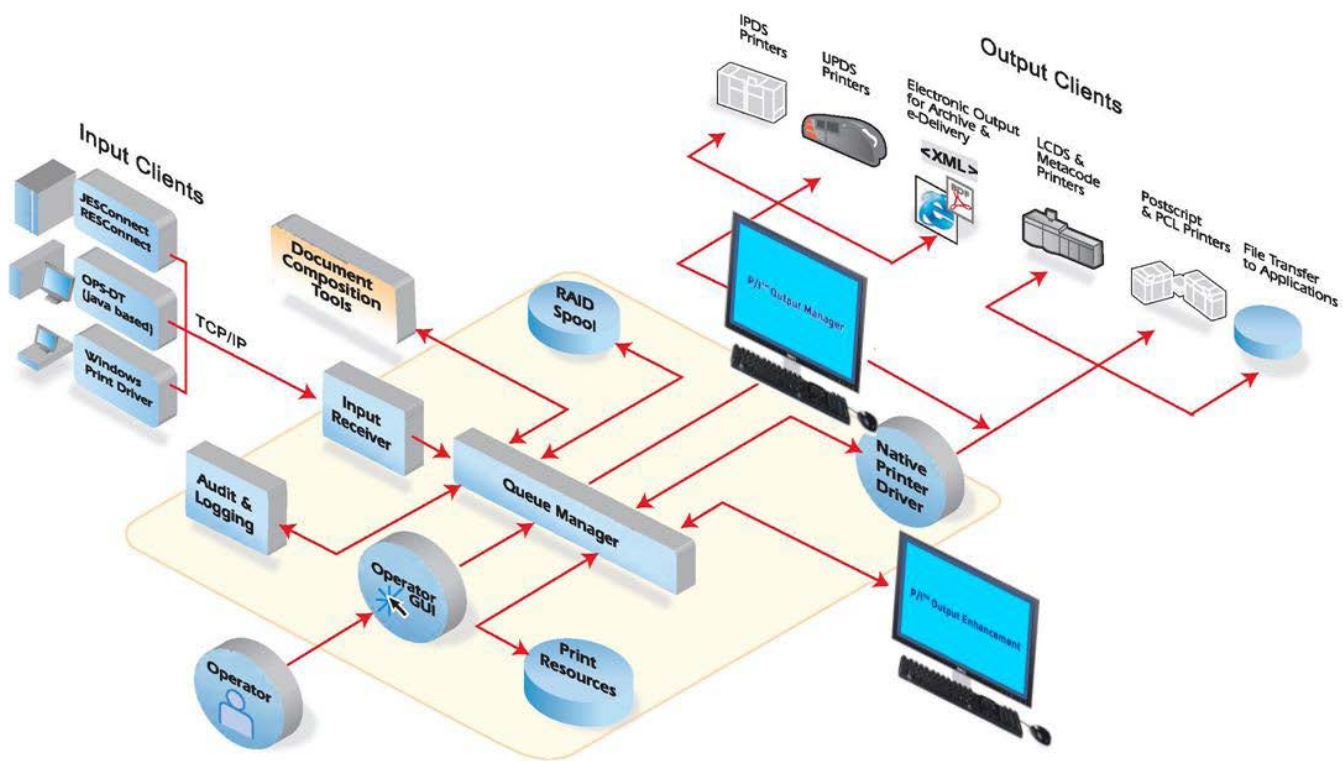
Post P/I Output Enhancement Changes

Colorizing text & images

Address sorting & cleansing

Adding Barcodes / OMR's

Inserting Marketing Messages

Currency Conversion

Pitney Bowes Software Professional Services Approach:

A successful implementation lays the foundation for achieving your business goals using Pitney Bowes' software and services. Pathway™ Professional Services Methodology gives you a comprehensive framework that supports the delivery and implementation of our offerings. Using the Pathway Methodology as your guide, you will gain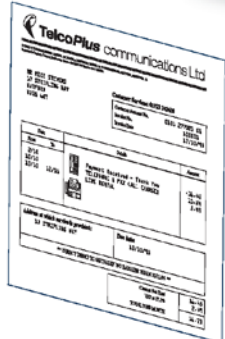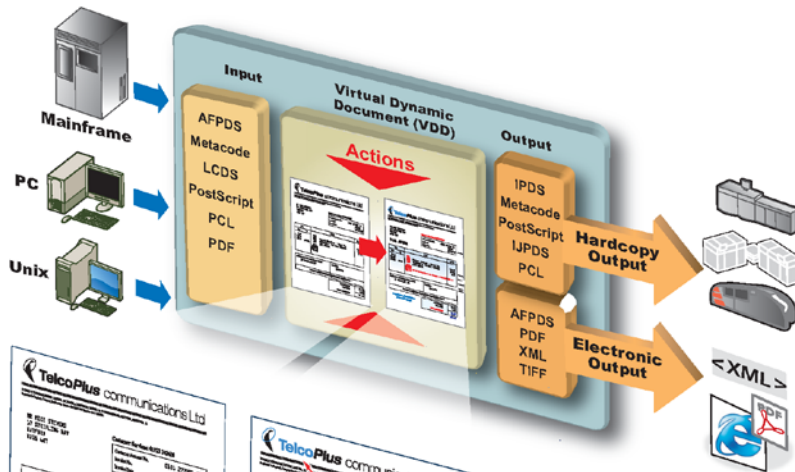 a clear understanding of implementation requirements, choose an appropriate architecture, and transfer the ownership of the product to your stakeholders. Pathway supports a broad range of project types and is easily adopted for Waterfall or Agile projects. Its pre-defined phases, milestones, and deliverables provide a clear, concise, and detailed path that mitigates risk and creates a shared understanding among stakeholders and team members.

The Pathway Methodology is a is a documented and proven 5-phase services methodology which Pitney Bowes has developed and optimized based on our years of experience and deep knowledge of our solutions.

Save time, ensure quality - To increase efficiency for the project team while ensuring quality implementation processes, Pathway Methodology includes a full set of tools: questionnaire, user guides, sample workflows, process diagrams, and templates. Our project managers and consultants use the toolkit to support all implementation, upgrade, conversion, and deployment activities.

Maintain control and visibility - Defining a project path, outlining all phases, and detailing each team member's roles and responsibilities gives you complete visibility into the project from the start to the end. You also increase control by having a common ground of communication throughout the project on both the technical and business sides.

Stay within budget - Technology engagements can often uncover unexpected costs if the scope is not thoroughly defined at the onset or proactively managed throughout the engagement. Following the Pathway methodology allows us to accurately define scope, identify risks earlier, and establish a budget that suits the project scope. Repeatable processes, templates, and delivery models enable our team to deliver our projects successfully, within budget.

Assumptions:
State-
- Will supply, install and support their own physical or virtual environments according to the specifications provided by Contractor for each Software component.
- Will identify and assign key project stakeholder(s) with the capacities to address all technical implementation and coding requirements for each workflow and application/job as well as project stakeholders to address non-technical issues.
- Will make Systems Administrators readily available throughout the lifecycle of the project on an as needed basis

Contractor –
- Will identify and assign key technical stakeholders with subject matter expertise in each of the solutions and workflows being coded and implemented.
- Provision and make available all Software and licensing procured for each client provisioned environment pursuant to Schedule A-1.

- Provide project management services, inclusive of planning, dependencies, resourcing and milestones identification and tracking.

State & Contractor –
- Will assign key technical resources and participate in a Joint Architectural Discovery, ("JAD"), session to identify and document coding and workflows to be implemented with an expected outcome of a State/Contractor executed Solution Design Document ("SDD").
- Will assign key resources, make required systems and personal available for each Milestone and Deliverable to be implemented and tested for a period of up-to ten (10) business days per accordance with Section 9 of the Contract.
- As/if each Milestone and Deliverable are tested within the above prescribed and scheduled Testing Period are determined to be defect free in accordance within the Specifications, successful testing will allow for joint Milestone acceptance.
- Will work jointly to coordinate and schedule all onsite activities a minimum of ten (10) advance business to allow for efficient travel and resource scheduling.

1.200   Roles and Responsibilities
1.201   Contractor Staff, Roles, and Responsibilities

Key Personnel
Contractor designates the following person as the **Project Manager / Technical Lead**:
Laura Pinch
Project Manager
Home Office:
4200 Parliament Place, Suite 500
Lanham, MD 20706
Remote based out of Savanna, GA 41410
laura.pinch@pb.com
912-201-3636

The Project Manager / Technical Lead shall interact with the designated personnel from the State to insure a smooth transition to the new system. This resource will coordinate all activities of the Contractor personnel assigned to the project and create all reports required by State. This resource will work with State personnel on installation and integration of the Software into the current environment. This resource's responsibilities include:

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues
- Coordinate and oversee the day-to-day project activities of the project team
- Assess and report project feedback and status
- Review all project Deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures set out in Section 2.2 of the Contract
- Prepare project documents and materials
- Manage and report on the project's budget
- Knowledge of all proposed Software modules
- Integrate proposed solution with current SOM hardware
- Serve as the point person for all technical issues
- Work with Project Manager to develop and maintain the project plan
- Escalate project issues, project risks, and other concerns to Project Manager

Location of Work
The work is to be performed, completed, and managed at the following Site:
General Services Building
State Secondary Complex
7461 Crowner Dr.
Lansing, MI 48913

Hours of Operation:
Normal State working hours are 7:30 a.m. to 4:30 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.

Travel:
No travel or expenses will be reimbursed. This includes travel costs related to training provided to the State by Contractor. Travel time will not be reimbursed.

Security and Background Check Requirements:
Contractor must comply with all requirements set out in Section 6.2 of the Contract.

1.202   State Staff, Roles, and Responsibilities
The State will provide the following resources for the Contractor's use on this project:

- Work space
- Minimal clerical support
- Desk
- Telephone
- PC workstation
- Printer
- Access to copiers and fax machine

The State designates the following resources to this project:

Contract Administrator
Jarrod Barron
barronj1@michigan.gov
517-284-7045

Project Manager
Anne Brys
BrysA@michigan.gov
517-335-0329

Business Owner
Kristen Hampton
HamptonK@michigan.gov
517-322-5488

1.300   Project Management
1.301   Project Plan, Orientation and Performance Review

Preliminary Project Plan
Contractor has provided a Preliminary Project Plan (attached as Appendix B), which the parties may modify during project implementation by mutual agreement.

Orientation Meeting
Upon 30 calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

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

1.302   Reports
Contractor shall provide the following:
- Weekly Project status
- Updated project plan
- Summary of activity during the report period
- Accomplishments during the report period
- Deliverable status
- Schedule status
- Action Item status
- Issues
- Change Control

Contractor shall submit reporting formats to the State's Project Manager for approval within 60 business days of the Contract Effective Date. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.

1.303   Issue Management

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

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

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

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

- Level 1 – Business leads
- Level 2 – Project Managers
- Level 3 – Executive Subject Matter Experts (SME's)

1.304   Risk Management

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the project.

The Contractor is responsible for establishing a risk management plan and process, including the identification and recording of risk items, prioritization of risks, definition of mitigation strategies, monitoring of risk items, and periodic risk assessment reviews with the State.

A risk management plan format shall be submitted to the State for approval within twenty (20) business days after the Effective Date of the contract. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan must be updated bi-weekly, or as agreed upon.

The Contractor shall provide the tool to track risks. The Contractor will work with the State and allow input into the prioritization of risks.

The Contractor is responsible for identification of risks for each phase of the project. Mitigating and/or eliminating assigned risks will be the responsibility of the Contractor. The State will assume the same responsibility for risks assigned to them.

Appendix A
Technical/General Requirements

1. General Requirements

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
1.1	The system must have role based security that is in compliance with separation of duties in accordance with internal controls.	Y	All Solution components include user management capabilities that allow the assignment of rights by an administrator.

2. System Architecture

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
2.1	The system is fully self-contained and capable of being operated by State staff with no dependency on Vendor services for its routine operation.	Y	Operator and Administration training is included with the proposal.
2.2	The system keeps a log of each transaction which alters the database. Logs are date and time stamped to allow the system to reconstruct activity for any period.	Y	For components that use a database.
2.3	Application server operating system compatibility: Windows Server 2012 r2 and Windows Server 2016.	Y	Applications support Windows Server OS Platforms
2.4	Communication protocol: SSL TCP/IP	Y	Available is selected for browser based interface of DFWorks.

3. Database Management

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
3.1	The system is available with State's standard relational database management system SQL Server 2012 and SQL Server 2014.	N	The components of the solution that use a Database utilize an imbedded instance of Oracle
3.2	Full-text indexing and a full-text database search feature are available to provide easy retrieval of records.	Y	Defined Database views are available for data extraction while providing protection to real-time data collection and reporting.

4. Computer Security and Access Requirements

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
4.1	The system provides secure access control based upon unique user login.	Y	User name and PW are required for all User interfaces
4.2	The system checks each user's access privileges at login, and automatically disables or enables client functions (in real time) based upon the user's profile.	Y	Roles and rights are assigned to specific user IDs by a system administrator.
4.3	The system provides varying levels of access within the application, such as administrators or view only.	Y	Roles and rights are assigned to specific user IDs by a system administrator.
4.4	Desktop OS compatibility: Windows 7, Windows 8 and Windows 10	Y	Remote GUI and user interfaces run in Windows
4.5	Internet Browser compatibility: IE 11.0, Edge and Chrome	Y	DFWorks Browser interface IE compatible

5. Security/Password Controls

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
5.1	The system provides an enforced password for use.	Y	Built in capability
5.2	The system can integrate with Microsoft Active Directory.	Y	PI Enterprise manager can integrate with Active Directory
5.3	The system provides an enforced requirement for user passwords to be automatically prompted for change after a defined period has passed, such as 30, 60 or 90 days.	Y	Configuration available to administrators through user management
5.4	The system provides users with the capability to change their own passwords.	Y	Built in capability
5.5	The system disables user ID's after a specified number (3) of consecutive invalid login attempts.	Y	Configuration available to administrators through user management

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
5.6	The system enters passwords in a non-display field.	Y	Built in capability
5.7	The system encrypts passwords when they are routed over the network.	Y	Built in capability
5.8	The system encrypts passwords in system storage.	Y	Built in capability
5.9	Passwords must meet the following complexity requirements.	Y	
a	May not be based on the user's account name.	Y	Configuration available to administrators through user management
b	Must contain at least eight characters.	Y	Configuration available to administrators through user management
c	Must contain characters from three of the following four categories: Uppercase letters (A-Z) Lowercase letters (a-z) Numbers (0-9) Special characters (for example, ! $ # %)	Y	Configuration available to administrators through user management
5.10	The maximum password age is 120 days (i.e., a password may not be used for longer than 120 days).	Y	Configuration available to administrators through user management
5.11	To ensure that passwords are not repeated within a period of time, the password history limit is 10. This means that when a user creates a new password, he/she may not select one that is one of their 10 most recently used passwords.	Y	Configuration available to administrators through user management
5.12	After a lockout, the account may not be automatically unlocked in fewer than 30 minutes (i.e., the account may be unlocked by the State Client Service Center (Internal Help Desk) or a system administrator at any time).	Y	Configuration available to administrators through user management

6. Security/Activity Logging

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
6.1	The system logs unauthorized access attempts by date, time, user ID, device and location.	Y	Built in capability
6.2	The system maintains an audit trail of all security maintenance performed by date, time, user ID, device and location, with easy access to information.	Y	Built in capability
6.3	Provides security reports of users and access levels.	Y	Built in capability

7. Software Package Specifications

#	Detailed Requirement	Response Yes (Y) Yes with Configuration (YwC) No (N)	Bidder to explain how they will deliver the Specification. Explain the details of any configuration and the impacted risk that may be caused if configured to meet the specification.
7.1	The software will operate effectively on state hardware as defined by Vendor with Vendor-supplied specifications.	Y	Virtual server specifications will be provided to the SOM
7.2	The software operates in a recognized industry standard operating system environment.	Y	Windows Server environments
7.3	The software allows for real time input and extraction of data.	Y	This is available at many points in the process.
7.4	The software allows for processing of all identified state business.	Y	Through scripting all current and future applications can be processed.
7.5	The software provides identified data reporting capabilities.	Y	The DFWorks component provides mailpiece and job level reporting
7.6	The software provides a Graphical User Interface (GUI) that is user-friendly and provides data, calculation, reporting, and communication capabilities to State users.	Y	Built in Capability

Schedule A-1
Statement of Work (SOW)

This Statement of Work ("**SOW**") is agreed to between the State of Michigan (the "**State**") and Pitney Bowes Software Inc. ("**Contractor**"), a Delaware corporation. This SOW is effective on the date last signed below ("**Effective Date**") and incorporates the terms of the COTS Software Contract dated January 22, 2018.

1.   <u>Grant of License.</u> Contractor hereby grants the State a non-exclusive, non-transferrable license to the following Software, subject to the terms of the Contract and this SOW. The Software functionality is further described in the Appendix A set out herein.

Software	Term of License	Number of Copies	Type of Operating System	Type of Copy
EngageOne Output Manager	Perpetual	1	Windows	Production
EOOM PDF Input	Perpetual	1	Windows	Production
EOOM PS Input	Perpetual	2	Windows	Production
EOOM AFP Input	Perpetual	1	Windows	Production
EOOM PCL input	Perpetual	1	Windows	Production
EOOM Xerox Metacode Input	Perpetual	1	Windows	Production
IPDS Output	Perpetual	7	Windows	Production
EngageOne Output Enhancement	Perpetual	1	Windows	Production
Automated Reprint Manager	Perpetual	1	Windows	Production
Development / Proofing Station	Perpetual	1	Windows	Dev / Test
DFWorks Platform	Perpetual	1	Windows	Production
DFWorks Production Workflow Module	Perpetual	1	Windows	Production
DFWorks Document LifeCycle Tracking Module	Perpetual	1	Windows	Production
EngageOne Output Manager	Perpetual	1	Windows	Test
EOOM PDF Input	Perpetual	1	Windows	Test
EOOM PS Input	Perpetual	1	Windows	Test
EOOM AFP Input	Perpetual	1	Windows	Test
EOOM PCL input	Perpetual	1	Windows	Test
EOOM Xerox Metacode Input	Perpetual	1	Windows	Test
IPDS Output	Perpetual	1	Windows	Test

2.   <u>Maintenance and Support Services Term</u>. 12 months following the Effective Date.

3.   <u>Site</u>. 7461 Crower Drive, Lansing, Michigan 48913

4.   <u>Computer</u>. State will use the production copy of the Software on a Windows server with up to sixteen (16) cores and the non-production copy of the Software on a Windows Server with up to four (4) Processor Cores.

5.   <u>Fees; Payment Terms</u>. The fees due hereunder are set out in Schedule D of the Contract and will be paid to Contractor in accordance with the payment terms therein.

6.   Acceptance. Notwithstanding the Contract, the Software will be deemed accepted upon delivery to the State.

7.   Conflicting Terms. The Contract is supplemented as set forth herein. In the event of a conflict between the Contract and this SOW, the terms and conditions of the Contract will govern. In the event a purchase order is issued against this SOW, any preprinted terms and conditions on such purchase order will have no force or effect.

Agreed to and accepted by:

PITNEY BOWES SOFTWARE INC.	STATE OF MICHIGAN

By:

E-Signed : 2018-01-25 16:12 GMT+00:00

Genique McCutcheon

Name   genique.mccutcheon@pb.com
.   Title: US Manager, Contracts Administration
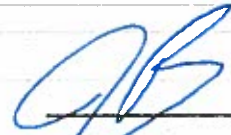   IP: 50.201.96.174   Sertifi Electronic Signature
        DocID: 20180125093910877

Title: _____

January 25, 2018
Date: _____

By: _____

Name   Jarrod Barron
.

Title: IT Category Specialist

Date: 1-25-18

Functional Requirements

The Software will, without additional software licensing or any additional development time or cost:

M/O Note: M – Mandatory, O – Optional

Y/N/M Note: Y – Yes Standard   N – No/Not Available   M – Modification needed

#	Functional Requirements	Y/N/M	Comments
	Software Requirements		
1.	Software solution will provide the SOM with the ability to have a complete File Based Inserting print and mail solution.	Y	A comprehensive end-to-end software solution and integration is proposed. See Solution Description section in Schedule A for details.
2.	Software will create a Mail Run Data File (MRDF) for each print job processed.	Y	EngageOne Output Enhancement will create barcode and MRDF
3.	Software will create a corresponding Select file and Output file for each MRDF.	Y	DC Verify ant the inserter or InSite workstation will create and update an output file in real time and create a select file when the job is finished processing
4	Software will work with current Mail Services controllers, inserter barcode scanners, and cameras. New hardware will not be required. Inserter equipment outlined in section 1.103 Environment.	Y	DC Verify will work with current Pitney Bowes inserters. Some inserters will require a technology refresh (included in proposal)
5.	Contractor will provide a closed loop software solution. All missing or damaged pieces will be reprocessed under the same job identifier.	Y	EngageOne Output Enhancement will automatically process the select file generated by the inserter DC Verify software to reprint the selected pieces using their original Job ID and Piece ID to facilitate closed loop tracking.
6.	Contractor will install software on State virtual servers.	Y	This is the recommended deployment model
7.	Software will have an interface that enables both SOM management and customers to view the job status during the print and mail process.	Y	Through the DFWorks browser interface anyone with login access can view real time dashboards on all jobs through print, insert, and even sortation processing if desired.

#	Functional Requirements	Y/N/M	Comments
	Date File Re-Engineering		
1.	Contractor will provide software for document re-engineering.	Y	EngageOne Output Enhancement provides this capability
2.	Software module inputs required for document re-engineering include PCL, PDF, AFP, Postscript, LCDS, and VIPP.	Y	All listed print types are include in the proposed solution. VIPP input requires license from Xerox.
3.	Software will have the ability to add and/or remove conversion modules.	Y	Additional input or output clients of any PDL type can be added or removed at any time.
4.	Software will read existing barcodes and/or OMR read marks, remove these from the document, and add new barcode to document.	Y	Data in existing barcodes or OMR marks can be read and utilized in the creation of a new barcode and / or places in the MRDF to drive inserter operations.
5.	Contractor will provide a list of all supported barcodes the software can accommodate for automatic inserting.	Y	Code 39, Code 128, Data Matrix, POSTNET, IMb, MSI, UPC/CGIPC Versions A & E, EAN-13, EAN-8, EAN Two-digit, EAN Five-digit, EAN Two-digit Supplemental, EAN Five-digit Supplemental, UPC Two-digit Supplemental, UPC Five-digit Supplemental, Industrial 2-of-5, Codabar, RM4SCC (Royal Mail), Australia PostBar Code, Code 93, Japan Postal Bar Code, USPS OneCode, PDF417.
6.	Software will have the ability to group documents together into sets.	Y	Documents can be grouped by many attributes.
7.	Software will have the ability to sort document sets in zip code order.	Y	Documents can be sorted by many attributes including ZIP code.
8.	Software will have the ability to index PDF files, create individual files for each record, and export indexed data to a csv file.	Y	Print files can be split into individual PDF documents while creating a CSV document index to drive archiving, electronic delivery, or any other purpose, using EngageOne Output Enhancement

#	Functional Requirements	Y/N/M	Comments
9.	Software will output print ready data streams in a format that is compatible with current SOM printers.	Y	Software configuration includes IPDS print drivers for all high speed printers at SOM. Additional formats are available if needed in the future,
10.	Software will have the ability to drive existing SOM high speed printers. Printer equipment outlined in section 1.103 Environment	Y	Solution includes output to drive 5 Xerox Nuvera 188 and 2 InfoPrint 4100 (one twin and one single) printers. Additional print drives can be added as needed to drive other devices.
11.	Contractor will provide a list of all available document re-engineering modules.	Y	All reengineering capability is included in the proposed solution. See application guide for reengineering capabilities.

#	Functional Requirements	Y/N/M	Comments
	Document Inserting		
1.	Software must work with existing barcode scanners mounted on SOM inserters.	Y	Barcode format is easily configurable and can be 2D for camera based scanners, 1D (2of5, 3of9) for moving beam or fixed beam scanners.
2.	The MRDF file format will be compatible with existing SOM inserters.	Y	Standard Pitney Bowes MRDF file format will be used. This can be easily adjusted if application requires it.
	The MRDF file will contain at least job setup information, job identifier, unique piece identifier, and current sheet.	Y	The MRDF will contain Job level information in a header record that will include Job identifier and Job setup information and piece records for each mailpiece that will contain a unique piece identifier and other information including total sheets in any given mailpiece. Current sheet in a mailpiece is contained in the barcode on every sheet.

#	Functional Requirements	Y/N/M	Comments
3.	The MRDF file will automatically transfer to SOM inserters.	Y	The InSite importer, imports all MRDFs produced as part of the reengineering component automatically and makes them available for processing on all inserters simultaneously
4.	Software will account for every document inserted into an envelope.	Y	MRDF will be updated with the details about every mailpiece that is processed. This piece level processing information will also be available for searching through DFWorks Document LifeCylce Tracking module.
5.	Software will have the ability to process a job on multiple inserters simultaneously and still reconcile all mail pieces.	Y	The DC Verify environment uses a centrally networked files server allowing all connected inserters to have real time access to the processing results from other machines on the same job. This included the ability to detect duplicates processed on different machines.
6.	Software will provide a touch and toss environment. All damaged documents are discarded and automatically reprinted without operator intervention.	Y	Software supports a touch and toss process.
7.	Software will have the ability to flag account pull mail pieces for divert and special handling.	Y	Mailpieces can be diverted at the inserter in multiple ways. A pull list can be imported for automated entry or pieces can be selected from a graphical representation of the job for divert.
8.	Software will reconcile mail runs to 100% after all pieces, including reprints, are accounted for.	Y	With closed loop reprint processing all jobs will be reconciled to 100%
9.	Software will achieve closed jobs for a set amount of time to be determined by the SOM.	Y	Closed jobs will be archived and removed from the available jobs list in DC Verify and on the dashboard display of DFWorks.
10.	Achieved jobs can be recalled at any time to prove audit data and reporting.	Y	Reports are generated from DFWorks as requested through a browser interface.

#	Functional Requirements	Y/N/M	Comments
	Reporting		

#	Functional Requirements	Y/N/M	Comments
1.	Software will have the ability to produce both canned and custom reports.	Y	DFWorks provides many built in reports and an ability to access a protected data view to for SOM to generate customized reports
2.	Software will have the ability to automatically create reports after jobs are closed.	Y	DFWorks job reports can be configured for dispatching on a variety of triggers.
3.	Software will have the ability to automatically send reports to customers and management.	Y	Reports can be configured to "Dispatch" and sent to specified email addresses.
4.	Reports can be stored and retrieved if/when necessary.	Y	Reports are generated from DFWorks as requested through a browser interface.

Appendix B
Implementation Plan

ID	Task Name	% Complete	Duration	Predecessors	Start	Finish	Resource Names
1	**State of Michigan - Enterprise Print Management and Reporting**	0%	112d		2/5/2018	7/10/2018	
2	**Project Kick Off**	0%	4d		2/5/2018	2/8/2018	PB PM
3	Introductions / Roles	0%	1d		2/5/2018	2/5/2018	
4	Resource Assignments	0%	1d		2/5/2018	2/5/2018	
5	Known Assumptions and Constraints	0%	1d		2/5/2018	2/5/2018	SOM PM
6	Project Plan	0%	3d	4,5	2/6/2018	2/8/2018	
7	**Discovery & Requirements**	0%	18d	2	2/9/2018	3/6/2018	PB SA
8	**Team JAD session**	0%	8d		2/9/2018	2/20/2018	
9	Review existing process and SOW	0%	1d		2/9/2018	2/9/2018	
10	Review Mail Run jobs (4 applications)	0%	1d	9	2/12/2018	2/12/2018	
11	Barcode	0%	1d		2/12/2018	2/12/2018	
12	MRDF	0%	1d		2/12/2018	2/12/2018	
13	Banner Page	0%	1d		2/12/2018	2/12/2018	
14	Sort	0%	1d		2/12/2018	2/12/2018	
15	ARM	0%	1d		2/12/2018	2/12/2018	
16	Review Print files	0%	2d	10	2/13/2018	2/14/2018	
17	Document workflow	0%	2d	16,9,10	2/15/2018	2/16/2018	
18	Assemble Detail Scripting Requirements	0%	2d	17	2/19/2018	2/20/2018	
19	**Infrastructure & Hardware Requirements**	0%	5d	2	2/9/2018	2/15/2018	PB SA
20	PIEM / PIOM / PIOE - EngageOne Output Manager	0%	1w		2/9/2018	2/15/2018	
21	DFWorks Platform	0%	1w		2/9/2018	2/15/2018	
22	Job Requirements	0%	1w		2/9/2018	2/15/2018	
23	Printer(s)	0%	1w		2/9/2018	2/15/2018	
24	Inserter	0%	1w		2/9/2018	2/15/2018	
25	**Solution Design**	0%	10d	8,19	2/21/2018	3/6/2018	PB SA
26	Solution Design Review	0%	1w		2/21/2018	2/27/2018	
27	Solution Design Approval	0%	1w	26	2/28/2018	3/6/2018	SOM SA
28	**Scripting - Jobs and integrations**	0%	75d	7	3/7/2018	6/19/2018	PB Dev
29	Foundation Development	0%	3w		3/7/2018	3/27/2018	
30	Application Job(s) Development	0%	8w	29	3/28/2018	5/22/2018	
31	Unit Testing	0%	4w	30	5/23/2018	6/19/2018	
32	**Output Samples**	0%	15d	28	6/20/2018	7/10/2018	PB Dev
33	Provide samples to inserter team	0%	1w		6/20/2018	6/26/2018	
34	PB - inserter testing	0%	2w	33	6/27/2018	7/10/2018	PB DMT
35	**Environment(s)**	0%	15d	19	2/16/2018	3/8/2018	SOM IT
36	**Provision and stand up Server(s)**	0%	5d		2/16/2018	2/22/2018	
37	PROD	0%	1w		2/16/2018	2/22/2018	
38	TEST	0%	1w		2/16/2018	2/22/2018	
39	DC Verify / Insite	0%	1w		2/16/2018	2/22/2018	
40	Set up Inserter	0%	1w		2/16/2018	2/22/2018	
41	Set up Printer(s)	0%	1w		2/16/2018	2/22/2018	
42	Networking and Connectivity	0%	1w	36,41,40	2/23/2018	3/1/2018	
43	Burn In	0%	1w	42	3/2/2018	3/8/2018	
44	**Installation & Configuration**	0%	5d	35	3/9/2018	3/15/2018	PB Installer
45	Confirm licensing / download PB products	0%	1d		3/9/2018	3/9/2018	
46	**PB Products**	0%	1d	45	3/12/2018	3/12/2018	PB Installer
47	PIOM / PIOE System (TEST, PROD)	0%	1d		3/12/2018	3/12/2018	
48	DFWorks	0%	1d		3/12/2018	3/12/2018	
49	**Scripts**	0%	2d		3/9/2018	3/12/2018	PB Dev
50	Application Jobs	0%	2d		3/9/2018	3/12/2018	
51	**Configuration**	0%	4d		3/9/2018	3/14/2018	PB Installer
52	PI System	0%	2d	49	3/13/2018	3/14/2018	
53	DFWorks	0%	2d	48	3/13/2018	3/14/2018	

ID	Task Name	% Complete	Duration	Predecessors	Start	Finish	Resource Names
54	Inserter	0%	2d	40	3/9/2018	3/12/2018	
55	Confirm Workflow	0%	1d	51	3/15/2018	3/15/2018	
56	**Training**	0%	10d	51	3/15/2018	3/28/2018	PB Trainer
57	Identify attendees	0%	1d		3/15/2018	3/15/2018	
58	Provide course materials	0%	2d	57	3/16/2018	3/19/2018	
59	Confirm training environment	0%	2d	57	3/16/2018	3/19/2018	
60	Confirm training pre-requisites	0%	2d	57	3/16/2018	3/19/2018	
61	PI Scripting training	0%	4d	60	3/20/2018	3/23/2018	
62	PI Admin and Ops training	0%	2w	51	3/15/2018	3/28/2018	
63	DFWorks Postage training	0%	2w	51	3/15/2018	3/28/2018	
64	**Testing**	0%	58d		3/7/2018	5/25/2018	
65	PB End to End Testing	0%	3w	51	3/15/2018	4/4/2018	PB Installer
66	Assemble Test Cases / Scenarios and identify testers	0%	3w	25	3/7/2018	3/27/2018	SOM QQ
67	System and E2E Testing	0%	4w	65,66	4/5/2018	5/2/2018	SOM QA
68	User Acceptance Testing	0%	3w	67	5/3/2018	5/23/2018	SOM QA
69	UAT Approval	0%	2d	68	5/24/2018	5/25/2018	SOM QA
70	**Production Cut-Over**	0%	23.5d		5/28/2018	6/28/2018	
71	Migration and cut-over planning	0%	1w	69	5/28/2018	6/1/2018	SOM PM
72	Go-Live	0%	1d	71FS+5d	6/11/2018	6/11/2018	
73	Post Go-Live Support	0%	2.5w	72	6/12/2018	6/28/2018	PB Dev
74	Final Documentation and Knowledge Transfer	0%	2.5w	72	6/12/2018	6/28/2018	PB Installer

SCHEDULE B

MAINTENANCE AND SUPPORT

a)　　State will obtain Support Services for Software for the initial term set forth in the Statement of Work for the Support Services Fees set forth therein. Following such initial term, State may elect to purchase additional Support Services for Software in twelve (12) month terms during the Contract Term at Contractor's then current rates in accordance with this Schedule B and the Contract.

b)　　Support Services consist of: (i) reasonable amounts of telephone support to assist State with the use of the Software in accordance with the support guidelines located at http://www.pbinsight.com/resources/get/9898 ("Support Guidelines"); (ii) Maintenance Releases provided to other licensees of the Software who have paid for Support Services for the current maintenance term; (iii) Subscription Data, as applicable; and (iv) the correction of errors or Nonconformities with the Software in accordance with the Support Guidelines. Telephone support is provided only to the individuals located at a single designated location. If Contractor is unable to correct a reported error or Nonconformity that is classified in the Support Guidelines as a critical or high severity level problem within thirty (30) days following notice from State or an additional period of time reasonably agreed to by the parties, State may terminate Support Services for such Software and receive, as its remedy, a pro-rata refund of the fees paid for Maintenance and Support Services for the balance of the existing maintenance term.

c)　　Support Services for the Software may be terminated for any reason by State prior to the end of a term upon notice to Contractor, and at no penalty to the State. Contractor may terminate Support Services for the Software upon at least ninety (90) days written notice to State prior to the end of any term or upon one hundred eighty (180) days written notice to State for any superseded versions of the Software or if the Software is licensed for use on an operating system or computer that is no longer supported by their developer or manufacturer.

d)　　If State terminates or declines to renew Support Services for the Software and subsequently elects to renew Support Services, State will pay to Contractor the fees for the subsequent twelve (12) month renewal term plus the applicable fees for the total period of non-maintenance.

1.   Definitions. As used in this License Agreement, the following terms have the meanings set forth below:

"Application" means the application, if any, identified in Statement of Work;

"**Computer**" means the server or computer identified in a Statement of Work on which Software are authorized to be installed and used;

"**Data Output**" means the maps, reports or other information generated by analyzing or processing Subscription Data, including geocode coordinates or address corrections appended to State database records.

"Data Record" means each separate, individual digital data record which is used, referenced or accessed by the Software;

"MIPS" means the processing speed of a computer expressed in millions of instructions per second;

"MSU" means the measurement of the amount of processing work a mainframe computer can perform in one hour expressed in million service units;

"Processor Cores" or **"CPU Cores"** means the number of cores on each processor or CPU in the Computer;

"Remote Access" means access to and use of the Software, including, without limitation, the submission and/or receipt of data, documents or processing instructions, directly or indirectly via a server, Internet, independent software application or otherwise, to the Computer, from locations other than the Site;

"**Service Provider**" means use of the Software by the State to perform services, including, without limitation: to verify address information and/or provide postal-related services; develop, design, archive, process and/or print bills, statements or other business documents; merge or convert print stream data; append geographic coordinates to address records or other data and/or perform other data processing services; for any agency, department, bureau, division other than State and the permitted Auhtorized User(s);

 "**Subscription Data**" means data files, including, but not limited to, postal, census, geographic, demographic, and other data, that are either identified in a a Statement of Work or otherwise licensed with certain of the Software;

"Transaction" means a record or user query that is submitted to the Software;

"Named User" means an individual authorized by State to use the Software in accordance with a a Statement of Work regardless of whether the individual is actively using the Software at any given time; and

1)   Grant of License. Subject to the terms and conditions of the Contract and all Statements of Work, Contractor hereby grants to State a non-exclusive, non-transferable license to use the Software in accordance with the terms of this Contract and the applicable a Statement of Work. Unless otherwise identified in a a Statement of Work, the Subscription Data is licensed for twelve (12) month terms and the license to the Subscription Data may be renewed for additional twelve (12) month terms as part of Support Services in accordance with Schedule B. The grant of rights to the Software is not a sale of the Software. Contractor and its third party providers reserve all rights not expressly granted by this Contract.

2.   Use of Software.

a)   State is permitted to use the Software and Data Output only for its own internal business purposes and those of any Authorized User(s). The Software will be installed and used only at the Site on the Computer containing up to the number of Processor Cores, MSUs or MIPS set out in the applicable a Statement of Work and utilizing the operating system set out therein. If the Software are installed in a virtual environment, the number of Processor Cores within the environment that may be used, in whole or in any part, to access the Software will be set forth in the applicable a Statement of Work. Remote Access to the Software and use of the Software as a Service Provider are prohibited unless otherwise authorized in the applicable a Statement of Work. Additional terms of authorized use are as set forth in the applicable a Statement of Work, and may include limitations on: (i) the number of Named Users; (ii) the Application authorized to access the Software and use the Data Output; and (iii) the number of Transactions processed or Data Records accessed using the Software. Software licensed for desktop use by a specific number of Names Users may be installed on the number of devices equal to the specific number of Named User licenses purchased, or may be installed on multiple devices so long as the number of Named Users do not exceed the number of licenses purchased.

b)   State may add additional Processor Cores, MSUs or MIPS to the Computer, transfer the Software to a different computer with more Processor Cores, MSUs or MIPS, utilize the Software with a different operating system, process additional Transactions or add Named Users or Applications upon execution of a Change Order the payment of applicable Fees. If the Site is located in the United States, such Site may be changed to another location within the United States upon written notice to Contractor, but may not be changed to a location outside the United States absent Contractor's prior written consent. If the Site set forth in the a Statement of Work is located outside of the United States, such Site may be changed to another location within the original country upon notice to Contractor, but may not be changed to a different country absent Contractor's prior written consent.

c)   State may make a reasonable number of copies of the Software and Documentation solely for back up or disaster recovery purposes. State must reproduce all copyright, trademark, trade secret and other proprietary notices in such copies. The back up or disaster recovery copies can only be used to perform disaster recovery testing or if the Computer becomes inoperative. If the Computer becomes inoperative, the Software can only be used on a back-up computer utilizing the same operating system with equal to or a fewer number of Processor Cores, MSUs or MIPS as the Computer. Except to perform disaster recovery testing in accordance with State's disaster recovery procedures, State is not permitted to use the back up or disaster recovery copies of the Software for production or testing concurrently with the production or testing copies of the Software.

d)   State may install, for a period not to exceed fifteen (15) days from date of installation, Maintenance Releases in a test environment for the sole purpose of determining if such Maintenance Releases will be deployed by State on the authorized Computer(s). Thereafter, State is permitted to install only the authorized number of licensed copies of the Software on the authorized Computers.

e)   State may, upon prior written notice to Contractor, permit its third party contractors to access and use the Software solely on behalf of, and for the benefit of, State and the permitted Authorized User(s), so long as: (i) contractor agrees to comply fully with all terms and conditions of this Contract and the applicable Statements of Work as if they were State; (ii) State remains responsible for each contractor's compliance with this Contract and the applicable Statements of Work and any violation thereof; (iii) any Named User limitation includes Named User licenses allocated to Contractors; and(iv) the State will not permit third party contractors to use the Software or services unless the Contractor approves the third party contractors' use. All rights granted to any contractor hereunder terminate immediately upon conclusion of the services rendered to State that gives rise to such right. Upon termination of such rights, contractor must immediately cease all use of the Software, un-install and destroy all copies of the Software, Documentation and any other Contractor information in its possession, and must certify in writing upon Contractor request of compliance with this section.

3.   <u>General Use Restrictions</u>.

a)   State will not: (i) make derivative works of the Software; (ii) reverse engineer, decompile or disassemble the Software or any portion thereof; (iii) make copies of the Software or Documentation except as otherwise authorized in Section 2(c) above or a Statement of Work; (iv) disclose the Software, Documentation or any other Contractor information marked confidential or proprietary to any third party not permitted under the Contract or in compliance with law or statute; (v) sublicense, rent, lease, lend, or host the Software to or for other parties; (vi) attempt to unlock or bypass any initialization system, encryption methods or copy protection devices in the Software; (vii) modify, alter or change the Software; (viii) alter, remove or obscure any patent, trademark or copyright notice in the Software or Documentation; or (ix) use components of a Software independent of the Software they comprise.

b)   State is prohibited from using the Software within or in conjunction with in-flight navigation or any vehicle navigation system providing turn-by-turn directions.

c)   State will not use Data Output outside of the Application designated in the Statement of Work (if applicable), or disclose Data Output to third parties except as authorized in the applicable Statements of Work, including the longitude and latitude or "x,y" coordinates contained therein, or to comply with law. statute, or Court order. Unless provision of the Data Output by the State is required by law, statute, or court order, any authorized disclosure of Data Output to third parties must prohibit those third parties from selling, sublicensing or disclosing the Data Output to additional third parties and from using the Data Output for any purpose other than as authorized in the applicable Order(s). State may use Data Output to derive conclusions or recommendations that form part of State's services to its customers, but State may not provide Data Output as part of those services. State may translate Subscription Data into other data formats so long as use of the Subscription Data in all formats does not exceed the limits of this Contract and the applicable Statements of Work.

4.   If physical delivery of the Software is required, delivery of the Software will be FOB point of origin (within the United States) and for deliveries outside of the United States or from any country outside of the United States, delivery will be Carriage Paid To (CPT). Contractor may, to the extent available, deliver the Software, Maintenance Releases or key codes electronically via the Internet or permit State to download the Software, Maintenance Releases or key codes from Contractor's website.

SCHEDULE D – PRICING SCHEDULE

Software Licenses		
Description	**Solution Investment**	**Annual Maintenance**
Output Management Software (P/I Output Manager) - 1 production environment and 1 test environment	$359,845	$71,969
6 Input clients		
Output IPDS print Drivers for 5 Xerox Nuvera 188 and 2 InfoPrint 4100 printers + PDF digital output.		
Printstream Enhancement software (P/I Output Enhancement) including all actions, development environment and 3 editor seats		
DFWorks Job and mailpiece tracking Software - Production Workflow and Document LifeCycle Tracking modules		
Total Software License (Perpetual Licenses)	**$359,845**	**$71,969**
Professional Services		
Description	**Services Investment**	
Installation, configuration, integration, testing, and training of all proposed software components	$54,000	
Application Development, testing, and deployment for 4 applications	$27,000	
Scripting Training course	$10,000	
100 additional professional services hours	$22,500	
Total Professional Services Excludes Travel & Expenses	**$113,500**	
Description	**One Time Investment**	**Annual Recurring Costs**
Software Solution Totals	**$473,345**	**$71,969***
Inserter Components Total (see Details Below)	**$348,480**	
Total initial investment	**$893,794**	

*Subject to Section 14.4(a) of the Contract.

St of MI DOMB	WSCA Equipment					
	PCN	**DESCRIPTION**	**QTY**		**Unit**	**Extension**
	PGE1	DC VERIFY PACKAGES	1		$0.00	
	RD3N	DC STANDARD SERVER PKG	1		$30,079.00	$30,079.00
	RDW7	Utility Workstation X64	2		$3,244.00	$6,488.00
	RDPN	DFW Insite - Std (5+ Systems)	1		$17,723.00	$17,723.00
RDYA	RDYB	HANDHELD SCANNER - USB	1		$568.00	$568.00
	RDSE	Systems Engineering Support - Labor	6		$2,698.00	$16,188.00
	RD92	FILEBASE ENABLER	7		$14,179.00	$99,253.00
	RDSE	Systems Engineering Support - Labor	21		$2,698.00	$56,658.00
RDYA	RDYB	HANDHELD SCANNER - USB	7		$568.00	$3,976.00
	RD00542	CABLE - RS232, HANDHELD SCANNER	7		$0.00	$0.00
	RD00543	POWER SUPPLY - RS232, HANDHELD SCANNER	7		$0.00	$0.00
	Z9F1	Field Support Labor (2hr/unit)	60		$493.00	$29,580.00
	Y21MB	COGNEX AREA SCAN - BOTTOM	1		$25,803.00	$25,803.00
	OSSR	OSSR= Cameras+mount - qty (2) Y26G for #1 #2	1		$0.00	$0.00
	OSSR	OSSR=PCs (2)RD36 PCs - (3) RD34 PC - (3) ZX00	1		$0.00	$0.00
	OSSR Breakdown					
	Y26G	Camera	2		$11,729.00	$23,458.00
	RD34	DC Computer	3		$7,038.00	$21,114.00
	RD36	DC Computer	2		$8,796.00	$17,592.00
	ZX00	10x13 Servo Front Table	3		$0.00	$0.00
		WSCA Pricing for OCEMA				**$348,480.00**
		Onsite Pricing - EMA & Labor			**$40,494.50**	