Commonwealth of Virginia
Virginia Information Technologies Agency

WIRELESS TELECOMMUNICATIONS AUDIT SERVICES

Date:	October 15, 2008
Contract #:	VA-080522-ATI
Authorized User:	State Agencies, Institutions, and other Public Bodies as defined in the *Code of Virginia*
Contractor:	Avalon Technology Inc. 200 North Glebe Road Suite 1016 Arlington, VA 22203
Contact:	Gary Ibach Phone: 703-647-6675
FIN:	54-1912267
Term:	May 22, 2008 – May 21, 2009
Payment:	Net 30 days

For Additional Information, Please Contact:

Technical Information:
Supply Chain Management
Virginia Information Technologies Agency

Mike Novak
Phone: 804-416-6168
E-Mail: mike.novak@vita.virginia.gov
Fax: 804-416-6361

NOTES: Individual Commonwealth of Virginia employees are not authorized to purchase equipment or services for their personal use from this Contract.

For updates, please visit our Website at http://www.vita.virginia.gov/procurement/contracts.cfm

CONTRACT # VA-080522-ATI

CONTRACT CHANGE LOG

Change No.	Description of Change	Effective Date
1	Mod 1 incorporates additional terms and conditions into the contract	10/14/08

MODIFICATION #1
TO
CONTRACT NUMBER VA-080522-ATI
BETWEEN THE
COMMONWEALTH OF VIRGINIA
AND
AVALON TECHNOLOGY, INC.

This MODIFICATION #1 is an agreement between the Commonwealth of Virginia, through the Virginia Information Technologies Agency, hereinafter referred to as "VITA" or "Commonwealth", and Avalon Technology, Inc., hereinafter referred to as "Supplier", relating to Contract VA-080522-ATI as amended, hereinafter referred to as the "Contract" or "Agreement". This Modification #1 is hereby incorporated into and made an integral part of the Agreement.

The purpose of Modification #1 is to document the parties' agreement to add the following two (2) items to the Agreement:

(1) Add the following to Section 18.Q "Entire Contract":

"vi). Exhibit F Letter of Authority Template"

(2) Add the following as a new Exhibit to the Contract, "Exhibit F":

"PLEASE HAVE THE FOLLOWING LETTER TYPED ON YOUR LETTERHEAD AND RETURN A COPY TO Avalon Technology, Inc.

LETTER OF AUTHORITY

Sepember __, 2008

Attention: Wireless Carrier Addressee Information

The [Agency], through the Virginia Information Technologies Agency ("VITA"), pursuant to VITA contract # VA-080522-ATI, has entered into an engagement [SoW contract #] with Avalon Technology, Inc. ("Avalon") [and Avalon's subcontractor, ("subcontractor") (if authorized in writing by VITA or agency and after execution of confidentiality agreement by sub)], for the provision of Wireless Telecommunications Expense Management (TEM) Audits and cost control consulting services.

In connection with such services, all companies that provide wireless/cellular telecommunications services to the [Agency] are authorized to provide information to Avalon [and subcontractor] in relation to the [Agency]'s various wireless/cellular telecommunications accounts, for which it is the customer of

record and is billed directly. This information may be provided orally or in writing and may include copies of Contracts, Customer Service Records, Paper Invoices for service or Electronic Billing formats, such as CD-ROM or on-line systems. Avalon [and subcontractor] shall treat all such information as Confidential, including protecting it as Confidential Information in compliance with its obligations under Avalon's agreement (VITA # VA-080522-ATI) with VITA.

Avalon [and subcontractor] is authorized to receive Confidential Information about accounts of [Agency] and to identify adjustments to invoices, changes to invoices, changes to rate plans or optional services, and to recommend contract modifications or new contracts to the [Agency]. However, Avalon [and subcontractor] has no authority to order new services or modify agreements for telecommunications services for VITA, the Commonwealth of Virginia or [Agency], to enter into new agreements, or to otherwise bind, encumber or settle claims or make representations on behalf of VITA, [Agency] or the Commonwealth of Virginia.

This Letter of Authority constitutes a written request for the release of [Agency's] Customer Proprietary Network Information, to Avalon, [subcontractor] or VITA, upon their request.

This authorization is valid for twelve (12) months from the date of this letter unless revoked or extended in writing. This letter does not limit VITA, the Commonwealth of Virginia or [Agency] from acting on its own behalf.

The contact information for Avalon is as follows:

19111 W. 10 Mile Road
Suite 167
Southfield, Michigan 48075-2417
Telephone: (248) 357-0050
Fax: (248) 357-6029

If you have any questions or require additional information, please contact _____ at (telephone number) or (e-mail address) .

Yours truly,

[Agency]

Printed Name: _____

Title: _____

Signed Name: _____

Date: 10/

CC: VITA"

The foregoing is the complete and final expression of the parties' agreement to modify Contract VA-080522-ATI. Contract VA-080522-ATI cannot be modified, except by a writing signed by a duly authorized representative of both parties.

ALL OTHER TERMS AND CONDITIONS OF CONTRACT VA-080522-ATI REMAIN UNCHANGED.

PERSONS SIGNING THIS CONTRACT MODIFICATION ARE AUTHORIZED REPRESENTATIVES OF EACH PARTY TO THIS CONTRACT AND ACKNOWLEDGE THAT EACH PARTY AGREES TO BE BOUND BY THE TERMS AND CONDITIONS OF THE CONTRACT.

Avalon Technology, Inc	**Commonwealth of Virginia**
BY: Larry Schwartz	BY: Doug Crenshaw
NAME: Larry Schwartz	NAME: Doug Crenshaw
TITLE: VP of Business Operations	TITLE: Sourcing manager
DATE: 10/10/08	DATE: 10-14-08

Information Technology Services Contract

between

The Virginia Information Technologies Agency

on behalf of

The Commonwealth of Virginia

and

Avalon Technology, Inc.

INFORMATION TECHNOLOGY SERVICES CONTRACT
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INFORMATION TECHNOLOGY SERVICES CONTRACT

THIS INFORMATION TECHNOLOGY SERVICES CONTRACT ("Contract") is entered into by and between the Virginia Information Technologies Agency (VITA) pursuant to §2.2-2012 of the Code of Virginia and on behalf of the Commonwealth of Virginia (hereinafter referred to as "VITA"), and Avalon Technology, Inc. ("Supplier"), a corporation headquartered at 200 North Glebe Road, Arlington, VA 22203 to be effective as of May 22, 2008 ("Effective Date").

1. PURPOSE AND SCOPE

Supplier shall, as directed by the Authorized User, audit wireless telecommunications bills, and identify contract optimization. This Contract sets forth the terms and conditions under which Supplier shall provide wireless telecommunications Auditing services ("Services") to the Authorized Users.

2. DEFINITIONS

A. Acceptance

Successful performance of the Services at the location designated in the applicable Statement of Work, or completed and successful Acceptance testing in conformance with the Requirements as determined by the Authorized User in the applicable Statement of Work.

B. Agent

Any third party independent agent of any Authorized User.

C. Authorized Users

All public bodies, including VITA, as defined by §2.2-4301 and referenced by §2.2-4304 of the Code of Virginia.

D. Confidential Information

Any confidential or proprietary information of a Party that is disclosed in any manner, including oral or written, graphic, machine readable or other tangible form, to any other Party in connection with or as a result of discussions related to this Contract or any order or SOW issued hereunder, and which at the time of disclosure either (i) is marked as being "Confidential" or "Proprietary", (ii) is otherwise reasonably identifiable as the confidential or proprietary information of the disclosing Party, or (iii) under the circumstances of disclosure should reasonably be considered as confidential or proprietary information of the disclosing Party.

E. Deliverable

The tangible embodiment of the Services, including the development or creation of Work Product, performed or provided by Supplier as identified in the applicable Statement of Work.

F. Party

Supplier, VITA, or any Authorized User.

G. Requirements

The functional, performance, operational, compatibility, Acceptance testing criteria and other parameters and characteristics of the Service(s) and Deliverables as set forth in Exhibit A and the applicable Statement of Work and such other parameters, characteristics, or performance standards that may be agreed upon in writing by the Parties.

H. Service

Any work performed or service provided, including provision to the Authorized User of any Deliverable, by Supplier under this Contract. Service includes the discovery, creation, or development of Work Product, if any.

I. Statement of Work (SOW)
Any document in substantially the form of Exhibit B (describing the deliverables, due dates, assignment duration and payment obligations for a specific project, engagement, or assignment for which Supplier shall be providing Services to an Authorized User), which, upon signing by both Parties, shall be deemed a part of this Contract.

J. Supplier
Means the Supplier and any of its Affiliates (i.e., an entity that controls, is controlled by, or is under common control with Supplier).

K. Work Product
Inventions, combinations, machines, methods, formulae, techniques, processes, improvements, software designs, computer programs, strategies, specific computer-related know-how, data and original works of authorship (collectively, the "Work Product") discovered, created, or developed by Supplier, or jointly by Supplier and an Authorized User(s) in the performance of this Contract. Work Product shall not include configuration of software.

3. TERM AND TERMINATION

A. Contract Term
This Contract is effective and legally binding as of the Effective Date and, unless terminated as provided for in this section, shall continue to be effective and legally binding for a period of one (1) year. VITA, in its sole discretion, may extend this Contract for up to four (4) additional one (1) year periods after the expiration of the initial one (1) year period. VITA will issue a written notification to the Supplier stating the extension period, not less than thirty (30) days prior to the expiration of any current term. Performance of an order or SOW issued during the term of this Contract may survive the expiration of the term of this Contract, in which case all terms and conditions required for the operation of such order or SOW shall remain in full force and effect until Services pursuant to such order or SOW have met the final Acceptance criteria of the applicable Authorized User.

B. Termination for Convenience
VITA may terminate this Contract, in whole or in part, or any order or SOW issued hereunder, in whole or in part, or an Authorized User may terminate an order or SOW, in whole or in part, upon not less than thirty (30) days prior written notice at any time for any reason.

C. Termination for Breach or Default
VITA shall have the right to terminate this Contract, in whole or in part, or any order or SOW issued hereunder, in whole or in part, or an Authorized User may terminate an order or SOW, in whole or in part, for breach and/or default of Supplier. Supplier shall be deemed in breach and/or default in the event that Supplier fails to meet any material obligation set forth in this Contract or in any order or SOW issued hereunder.

If VITA deems the Supplier to be in breach and/or default, VITA shall provide Supplier with notice of breach and/or default and allow Supplier fifteen (15) days to cure the breach and/or default. If Supplier fails to cure the breach as noted, VITA may immediately terminate this Contract or any order or SOW issued hereunder, in whole or in part. If an Authorized User deems the Supplier to be in breach and/or default of an order or SOW, such Authorized User shall provide Supplier with notice of breach and/or default and allow Supplier fifteen (15) days to cure the breach and/or default. If Supplier fails to cure the breach and/or default as noted, such Authorized User may immediately terminate its order or SOW, in whole or in part. Any such termination shall be deemed a Termination for Breach or a Termination for Default. In addition, if Supplier is found by a court of competent jurisdiction to be in violation of or to have violated 31 USC 1352 or if Supplier becomes a party excluded from Federal Procurement and Nonprocurement Programs, VITA may immediately terminate this Contract, in whole or in part, for breach. VITA shall provide written notice to Supplier of such termination and Supplier shall provide written notice to VITA if

Supplier is charged with violation of 31 USC 1352 or if federal debarment proceedings are instituted against Supplier.

D. Termination for Non-Appropriation of Funds

All payment obligations under this Contract are subject to the availability of legislative appropriations at the federal, state, or local level, for this purpose. In the event of non-appropriation of funds, irrespective of the source of funds, for the items under this Contract, VITA may terminate any order or SOW, in whole or in part, or an Authorized User may terminate its order or SOW, in whole or in part, for those goods or services for which funds have not been appropriated. Written notice will be provided to the Supplier as soon as possible after legislative action is completed.

E. Effect of Termination

Upon termination, neither the Commonwealth, nor VITA, nor any Authorized User shall have any future liability except for Deliverables accepted by the Authorized User or Services rendered by Supplier and accepted by the Authorized User prior to the termination date.

In the event of a Termination for Breach or Termination for Default, Supplier shall accept return of any Deliverable that was not accepted by the Authorized User(s), and Supplier shall refund any monies paid by any Authorized User for such Deliverable, and all costs of de-installation and return of Deliverables shall be borne by Supplier.

F. Contract Kick-Off Meeting

Within 30 days of Contract award, Supplier may be required to attend a contract orientation meeting, along with the VITA contract manager/administrator, the VITA and/or other CoVa Agency project manager(s) or authorized representative(s), technical leads, VITA representatives for SWaM and Sales/IFA reporting, as applicable, and any other significant stakeholders who have a part in the successful performance of this Contract. The purpose of this meeting will be to review all contractual obligations for both parties, all administrative and reporting requirements, and to discuss any other relationship, responsibility, communication and performance criteria set forth in the Contract. The Supplier may be required to have its assigned account manager as specified in Section 6.0 and a representative from its contracts department in attendance. The time and location of this meeting will be coordinated with Supplier and other meeting participants by the VITA contract manager.

G. Contract Closeout

Prior to the contract's expiration date, Supplier may be provided contract close out documentation and shall complete, sign and return to VITA Supply Chain Management within 30 days of receipt. This documentation may include, but not be limited to: Patent/Royalty Certificate, Tangible Property/Asset Certificate, Escrow Certificate, SWaM Reports Completion Certificate, Sales Reports/IFA Payments Completion Certificate, and Final Payment Certificate. Supplier is required to process these as requested to ensure completion of close-out administration and to maintain a positive performance reputation with the Commonwealth of Virginia. Any closeout documentation not received within 30 days of Supplier's receipt of our request will be documented in the contract file as Supplier non-compliance. Supplier's non-compliance may affect any pending payments due the Supplier, including final payment, until the documentation is returned.

4. SERVICES

A. Nature of Services and Engagement

This Contract is optional use and non-exclusive and all Authorized Users may, at their sole discretion, receive benefits from third party suppliers of services similar to, or in competition with, services provided by Supplier.

By operation of this Contract, any SOW resulting in a commitment of any individual employee or contractor of Supplier, whether employed by Supplier or a contractor or subcontractor of Supplier,

for more than one thousand (1,000) hours of work during any six (6) month period or of any such individual employee or contractor for more than eight (8) months in any twelve (12) month period shall be voidable by VITA, in its sole discretion. If an SOW is voided by VITA, such SOW shall no longer be binding on either Party and all obligations with respect to such SOW shall expire.

B. Statement of Work (SOW)

All Services shall be performed at the times and locations set forth in the applicable SOW and at the rates set forth in Exhibit D herein. Any SOW shall be of a fixed price type, with compensation based on actual recoveries achieved by the Authorized User from a telecommunications service provider. A SOW may, with the written approval of VITA, contain a cost-reimbursable line item(s) for pre-approved travel expenses.

C. Change Orders

All changes to the Services to be provided pursuant to any given SOW must be described in a written change request (template provided as Exhibit C), which includes any appropriate adjustments to the SOW. Either Party to an SOW may issue a change request that will be subject to written approval of the other Party before it becomes part of this Contract. In no event shall any SOW or any modification thereto require the Supplier to perform any work beyond the scope of this Contract as such scope is defined in Exhibit A hereto.

D. Acceptance

Service(s), including Deliverables, shall be deemed accepted when the Authorized User determines that such Service(s) meets the Requirements set forth in the applicable SOW.

E. Cure Period

Supplier shall correct any non-conformities identified by the Authorized User during Acceptance review and re-submit such non-conforming Service for re-testing within seven (7) days of the appropriate Authorized User's written notice of non-conformance, or as otherwise agreed between such Authorized User and Supplier in the applicable SOW. Should Supplier fail to cure the non-conformity or deliver a Service which meets the Requirements, the Authorized User may, in its sole discretion: (i) reject the Service in its entirety; (ii) issue a "partial Acceptance" of the Service with an equitable adjustment in the price to account for such deficiency; or (iii) conditionally accept the applicable Service while reserving its right to revoke Acceptance if timely correction is not forthcoming. Failure of a Service to meet, in all material respects, the Requirements after the second set of acceptance tests may constitute a default by Supplier. In the event of such default, the Authorized User may, at its sole discretion, terminate its order or SOW, in whole or in part, for the Services to be provided thereunder by Supplier.

5. RIGHTS TO WORK PRODUCT

If Authorized User is a state agency, board, commission, or other quasi-political entity of the Commonwealth of Virginia or other body referenced in Title 2.2 of the Code of Virginia, any license to pre-existing work shall be held by, and all rights in, title to, and ownership of Work Product shall vest with the Commonwealth. If Authorized User is a locality, municipality, school, school system, college, university, local board, local commission, or local quasi-political entity, any license to pre-existing work shall be held by, and all rights in, title to, and ownership of Work Product shall vest with that public body.

A. Work Product

VITA and Supplier each acknowledge that performance of this Contract may result in Work Product. The Parties shall document all Work Product specifications and such specifications shall be made an incorporated exhibit to this Contract. Supplier agrees that it shall promptly and fully disclose to the Commonwealth or the Authorized User any and all Work Product generated, conceived, reduced to practice or learned by Supplier or any of its employees, either solely or jointly with others, during the term or performance of this Contract, which in any way relates to the business of the Commonwealth, VITA, or any Authorized User. Supplier further agrees that

neither Supplier nor any of Supplier's employees, contractors, agents or subcontractors, nor any party claiming through Supplier or Supplier's employees, shall, other than in the performance of this Contract, make use of or disclose to others any proprietary information relating to the Work Product. Supplier shall at no time deny access to the Work Product, regardless of form, by the Commonwealth or the Authorized User.

B. Ownership

Supplier agrees that, whether or not the Services, including Deliverables, are considered "works made for hire" or an employment to invent, all Work Product discovered, created or developed under this Contract shall be and shall remain the sole and exclusive property of the Commonwealth of Virginia and its assigns or the Authorized User and its assigns. Except as specifically set forth in writing and signed by both VITA and Supplier, or Authorized User and Supplier, Supplier agrees that the Commonwealth or the Authorized User shall have all rights with respect to any Work Product discovered, created or developed under this Contract without regard to the origin of the Work Product.

C. Pre-existing Work

If and to the extent that any pre-existing rights are embodied or reflected in the Service Deliverables, Supplier hereby grants to the Commonwealth or the Authorized User an irrevocable, perpetual, non-exclusive, worldwide, royalty-free right and license to (i) use, modify, transmit, execute, reproduce, display, perform, distribute copies of and prepare derivative works based upon such pre-existing rights and any derivative works thereof, and (ii) authorize others to do any or all of the foregoing. It is expressly understood that "perpetual" license rights shall commence upon delivery of the Service Deliverables and shall exist in perpetuity unless otherwise terminated in accordance with the applicable provisions of the Contract.

D. Return of Materials

Upon termination of this Contract, Supplier shall immediately return to VITA or the appropriate Authorized User all copies, in whatever form, of any and all Confidential Information, Work Product and other properties provided by VITA or such Authorized User, which are in Supplier's possession, custody or control.

6. SUPPLIER PERSONNEL

A. Selection and Management of Supplier Personnel

Supplier shall take such steps as may be necessary to ensure that all Supplier personnel performing Services under this Contract are competent and knowledgeable of the contractual arrangements and the applicable SOW between Authorized User and Supplier. Supplier shall be solely responsible for the conduct of its employees, agents, and subcontractors, including all acts and omissions of such employees, agents, and subcontractors, and shall ensure that such employees and subcontractors comply with the appropriate Authorized User's site security, information security and personnel conduct rules, as well as applicable federal, state and local laws, including export regulations. Authorized User reserves the right to require the immediate removal from such Authorized User's premises of any employee, subcontractor or agent of Supplier whom such Authorized User believes has failed to comply or whose conduct or behavior is unacceptable or unprofessional or results in a security or safety breach.

B. Supplier Personnel Supervision

Supplier acknowledges that Supplier, or any of its agents, contractors, or subcontractors, is and shall be the employer of Supplier personnel, and shall have sole responsibility to supervise, counsel, discipline, review, evaluate, set the pay rates of and terminate the employment of Supplier personnel.

C. Key Personnel

An SOW may designate certain of Supplier's personnel as Key Personnel or Project Managers. Supplier's obligations with respect to Key Personnel and Project Managers shall be described in

the applicable SOW. Failure of Supplier to perform in accordance with such obligations may be deemed a default of this Contract or of the applicable SOW.

D. Subcontractors

Supplier shall not use subcontractors to perform the Services unless specifically authorized in writing to do so by the Authorized User. If an order or SOW issued pursuant to this Contract is supported in whole or in part with federal funds, Supplier shall not subcontract any Services pursuant to such order or SOW to any subcontractor that is a party excluded from Federal Procurement and Nonprocurement Programs. In no event shall Supplier subcontract any Services to any subcontractor which is debarred by the Commonwealth of Virginia or which owes back taxes to the Commonwealth and has not made arrangements with the Commonwealth for payment of such back taxes.

7. GENERAL WARRANTY

With respect to the Services provided by Supplier, Supplier represents and warrants the following:

A. Ownership

Supplier has the right to provide the Services, including Deliverables, without violating or infringing any law, rule, regulation, copyright, patent, trade secret or other proprietary right of any third party.

B. Supplier's Viability

Supplier warrants that it has the financial capacity to perform and continue to perform its obligations under this Contract; that Supplier has no constructive or actual knowledge of an actual or potential legal proceeding being brought against Supplier that could materially adversely affect performance of this Contract; and that entering into this Contract is not prohibited by any contract, or order by any court of competent jurisdiction.

C. Supplier's Past Experience

Supplier warrants that the Services have been successfully performed for a non-related third-party without significant problems due to the Services or Supplier.

D. Performance

i). All Services shall be performed with care, skill and diligence, consistent with or above applicable professional standards currently recognized in its profession, and Supplier shall be responsible for the professional quality, technical accuracy, completeness and coordination of all plans, information, specifications, Deliverables and Services furnished under this Contract;

ii). Services pursuant to a particular Request for Proposal ("RFP"), quote, or Request for Quote (RFQ), and any associated Deliverables shall be fit for the particular purposes specified by VITA in the RFP and in this Contract and, if applicable, by the Authorized User requesting such quote or issuing such RFQ, and Supplier is possessed of superior knowledge with respect to the Services and Deliverables and is aware that all Authorized Users are relying on Supplier's skill and judgment in providing the Services and Deliverables;

iii). The documentation which Supplier is required to provide under this Contract shall be sufficient in detail and content to allow a client to understand and fully utilize the Deliverables without reference to any other materials or information.

E. Malicious Code

Supplier has used its best efforts through quality assurance procedures to ensure that there are no computer viruses or undocumented features in any of the media or means used to deliver the Services. Supplier has used the best available means to scan any media on which Deliverables are provided to the Authorized User.

F. Limited Warranty Period and Remedy

During the warranty period of one hundred eighty (180) days, or as specified in the applicable SOW, Supplier warrants that the Services, including Deliverables, shall meet or exceed the Requirements. Supplier shall correct, at no additional cost to any Authorized User, all errors identified during the warranty period that result in a failure of the Services to meet the Requirements. If Supplier is unable to make the Service/Deliverable conform, in all material respects, to the Requirements within ten (10) days following written notification by an Authorized User, Supplier shall, at such Authorized User's request, accept return of such Deliverable and any other related Deliverable(s) rendered unusable, and return all monies paid by such Authorized User for the non-conforming Services and Deliverable and such other related Deliverable(s) rendered unusable.

THE OBLIGATIONS OF SUPPLIER UNDER THIS GENERAL WARRANTY SECTION ARE MATERIAL. SUPPLIER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY CONCERNING MERCHANTABILITY OR FITNESS FOR ANY OTHER PARTICULAR PURPOSE.

8. TRAINING AND DOCUMENTATION

Any training or documentation necessary for an Authorized User to have full benefit of the Service shall be deemed included in the scope of the applicable SOW unless expressly excluded.

9. ORDERS AND COMPENSATION

A. Request for Quote

Authorized Users of this Contract, depending on the complexity of services required and/or each supplier's available resources, have the option to select one or more suppliers to provide wireless telecommunications audit services. In addition, an Authorized User may determine that a competitive process is required to ensure it receives the best value. In either or both of such circumstances, the Authorized User may, at its sole discretion, use a Request for Quote (RFQ) process to obtain services identical or similar to those provided by Supplier pursuant to this Contract.

Supplier shall respond to the RFQ by providing a quote, including an estimated total price, and, if requested by the Authorized User, a proposal and documentation of the qualifications of the individual(s) proposed for providing services to the Authorized User. In no event shall Supplier's quote exceed Supplier's Contract pricing. Should Supplier be unable to respond to the RFQ due, for example, to resource constraints, Supplier shall notify Authorized User in writing of its inability to perform the work requested by such Authorized User, and provide the reasons for such inability to perform, prior to the due date for the submission of quotes in response to the RFQ. Supplier's repeated failure to provide a quote in response to an RFQ may be grounds for termination of this Contract.

B. Order

Supplier is required to accept any order placed by an Authorized User through the eVA electronic procurement website portal (eVA Home Page). eVA is the Commonwealth of Virginia's e-procurement system. State agencies, as defined in §2.2-2006 of the Code of Virginia, shall order through eVA. All other Authorized Users are encouraged to order through eVA, but may order through the following means:

i). Purchase Order (PO): An official PO form issued by an Authorized User.

ii). Any other order/payment charge or credit card process, such as AMEX, MASTERCARD, or VISA under contract for use by an Authorized User.

This ordering authority is limited to issuing orders for the Services available under this Contract. Under no circumstances shall any Authorized User have the authority to modify this Contract. An order from an Authorized User may contain additional terms and conditions; however, to the

extent that the terms and conditions of the Authorized User's order are inconsistent with the terms and conditions of this Contract, the terms of this Contract shall supersede.

Notwithstanding the foregoing, Supplier shall not accept any order from an Authorized User if such order is to be funded, in whole or in part, by federal funds and if, at the time the order is placed, Supplier is not eligible to be the recipient of federal funds as may be noted on any of the Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs.

ALL CONTRACTUAL OBLIGATIONS UNDER THIS CONTRACT IN CONNECTION WITH AN ORDER PLACED BY ANY AUTHORIZED USER ARE THE SOLE OBLIGATION OF SUCH AUTHORIZED USER AND NOT THE RESPONSIBILITY OF VITA UNLESS SUCH AUTHORIZED USER IS VITA.

C. Purchase Price and Price Protection

Exhibit D sets forth the fees and the appropriate Commonwealth discounts. Fees shall not increase and discounts shall not decrease for a period of not less than two (2) years from the Effective Date. No such increase shall exceed the lesser of three percent (3%) or the annual increase in the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, not seasonally adjusted, as published by the Bureau of Labor Statistics of the Department of Labor (http://www.bls.gov/cpi/home.htm), for the effective date of the increase compared with the same index one (1) year prior. Any such change in price shall be submitted in writing in accordance with the above and shall not become effective for sixty (60) days thereafter. Supplier agrees to offer price reductions to ensure compliance with the Competitive Pricing Section.

D. Invoice Procedures

Upon accrual of compensation under a SOW, Supplier shall submit invoices to the ordering Authorized User, unless otherwise specified in such SOW. No invoice shall include any costs other than those identified in the executed order or SOW, which costs shall be in accordance with Exhibit D. Without limiting the foregoing, all shipping costs are the Supplier's responsibility except to the extent such charges are identified in Exhibit D, or as noted in any executed order or SOW referencing this Contract. Invoices issued by the Supplier shall identify at a minimum:

i). Deliverable or Service type, or project milestone, and description

ii). Quantity, charge and extended pricing for each Deliverable and/or Service item or milestone; or, for a time and materials type order or SOW, the name(s) of the assigned employee(s), the hourly rate(s), and the number of hours worked;

iii). Applicable order date or SOW date

iv). This Contract number and the applicable order number

v). Supplier's Federal Employer Identification Number (FEIN).

Any terms included on Supplier's invoice shall have no force or effect and will in no way bind VITA or any Authorized User.

E. Purchase Payment Terms

Supplier is responsible for the accuracy of its billing information. Supplier agrees not to issue invoices hereunder until Services have been performed or milestones have met Acceptance criteria. Charges for Services accepted more than ninety (90) days prior to receipt of a valid invoice may not be paid, except that contingent fees may be charged within 90 days of accrual. Should Supplier repeatedly over bill Authorized User, Authorized User may assess a one percent (1%) charge for the amount over billed for each invoice on which such over billing continues.

If there are any disputed items, the appropriate Authorized User shall pay all undisputed charges and promptly notify Supplier in writing of any disputed amount. Supplier shall thereupon review its records, and, if it does not concur with such Authorized User, provide such Authorized User with documentation to support the charge. If such charges remain in dispute, such dispute shall be resolved in accordance with the Dispute Resolution section of this Contract. In the absence of

the Supplier's written evidence identifying the merit of the disputed amounts, Authorized User may not pay the disputed amounts and may consider the matter concerning the specific identified amounts closed. All payment terms are net 30 days after receipt of a bona fide, undisputed invoice or 30 days after Acceptance, whichever is later.

F. Reimbursement of Expenses

If allowable pursuant to an Authorized User's SOW, such Authorized User shall pay, or reimburse Supplier, for all reasonable and actual travel-related expenses for greater than thirty (30) miles from portal to portal incurred by Supplier during the relevant period; provided, however, that such Authorized User shall only be liable to pay for Supplier's travel-related expenses, including transportation, meals, lodging and incidental expenses, that have been authorized by such Authorized User in advance and which will be reimbursable by such Authorized User at the then-current per diem amounts as published by the Virginia Department of Accounts (fhttp://www.doa.virginia.gov/Admin_Services/CAPP/CAPP_Topics/20335_Meals_Lodging_102007.pdf, or a successor URL(s)).

All reimbursed expenses will be billed to the Authorized User on a pass-through basis without any markup by Supplier. At Authorized User's request, Supplier shall provide copies of receipts for all travel expenses over US$30.00.

10. REPORTING

A. Supplier's Report of Sales and Industrial Funding Adjustment

By the 10th day of every month, the Supplier shall submit the "Supplier Monthly Report of Sales". A template showing the format in which the report is to be submitted and contact information for submission is available at VITA:Supplier / Vendor Reporting Requirements. The report shall be submitted via electronic mail to the VITA IFA Coordinator and shall report total sales (defined for purposes of this report as all invoiced payments received by Supplier from all Authorized Users) for this Contract during the preceding month. Supplier shall be responsible for submitting the monthly report of sales even if Supplier has had no sales (i.e., a $0.00 total sales value) for the reporting period.

The Supplier shall submit the Industrial Funding Adjustment (IFA) payment for the period covered by such "Supplier Monthly Report of Sales" within thirty (30) days after submitting the "Supplier Monthly Report of Sales". The IFA payment is equal to two percent (2%) of total sales reported during the relevant month.

The IFA payment shall be submitted to VITA, Attention VITA Controller in the form of a check or electronic payment, made payable to the Treasurer of Virginia. The IFA payment shall reference this Contract number, "report amounts", and "report period" and shall be accompanied by a copy of the relevant "Supplier Monthly Report of Sales". Contact information for submission of IFA payments is available at VITA:Supplier / Vendor Reporting Requirements.

Failure to comply with reporting, payment and distribution requirements of this section may result in default of the Contract.

B. Small Business Participation

Supplier and VITA agree to meet promptly after the Effective Date of this Contract to discuss the participation of Virginia Department of Minority Business Enterprise (DMBE)-certified Small Businesses as subcontractors and second-tier suppliers under this Contract.

Supplier and VITA agree to meet annually thereafter to review small business subcontracting reports and discuss further action with respect to small business subcontracting and spend.

In addition, by the 10th day of every month, Supplier shall submit to VITA the Small Business Subcontracting Monthly Report (template to be provided). Supplier's report should include spend on all Supplier's contracts with second-tier suppliers which provide products or services under this Contract. The report should specify the amount of such spend provided to small businesses. Supplier shall submit the report to SWaM@vita.virginia.gov.

11. STEERING COMMITTEE

In order to facilitate mutually beneficial contractual relationships with suppliers, VITA has procedures for establishing a steering committee ("Steering Committee"), consisting of senior management personnel, including personnel involved in the contractual relationship, from VITA and Supplier.

Roles of the Steering Committee include but are not limited to a) identifying potential issues which may arise during the performance of a contract, b) discussing and assigning roles and responsibilities, c) establishing methods for quickly resolving potential disputes, d) setting rules for communication and decision making, e) monitoring and measuring the business relationship between the parties, and f) acting as a final decision board for escalated problems.

A meeting of the Steering Committee is intended to be a forum for brainstorming and sharing ideas, emphasizing respect, cooperation, and access, with the end goal of developing relationships to avoid conflict. A facilitator may, but is not required to, conduct a meeting of the Steering Committee.

A Steering Committee for this Contract will be formed at VITA's option. Meetings may be held at any time during the Contract term, should VITA, at its sole discretion, determine that a meeting(s) would be beneficial to the contractual relationship, and Supplier agrees to participate in such meeting(s). In addition, Supplier may at any time submit a written request to VITA for a meeting of the Steering Committee, which VITA will not unreasonably deny.

Supplier shall ensure the availability of the appropriate personnel to meet with the VITA contract management team. Additional Steering Committee meetings involving representatives from VITA, the Supplier, and an Authorized User may be required prior to or during performance on any specific Statement of Work issued pursuant to this Contract.

12. COMPETITIVE PRICING

Supplier warrants and agrees that each of the charges, economic or product terms or warranties granted pursuant to this Contract are comparable to or better than the equivalent charge, economic or product term or warranty being offered to any commercial or government customer of Supplier. If Supplier enters into any arrangements with another customer of Supplier to provide Services under more favorable prices, as the prices may be indicated on Supplier's current U.S. and International price list or comparable document, then this Contract shall be deemed amended as of the date of such other arrangements to incorporate those more favorable prices, and Supplier shall immediately notify VITA of such change.

13. CONFIDENTIALITY

A. Treatment and Protection

Each Party shall (i) hold in strict confidence all Confidential Information of any other Party, (ii) use the Confidential Information solely to perform or to exercise its rights under this Contract, and (iii) not transfer, display, convey or otherwise disclose or make available all or any part of such Confidential Information to any third-party. However, an Authorized User may disclose the Confidential Information as delivered by Supplier to subcontractors, contractors or agents of such Authorized User that are bound by non-disclosure contracts with such Authorized User. Each Party shall take the same measures to protect against the disclosure or use of the Confidential Information as it takes to protect its own proprietary or confidential information (but in no event shall such measures be less than reasonable care). Further, Supplier agrees as a condition of engagement to comply with all confidentiality obligations contained within telecommunications agreements that are the subject of its Services.

B. Exclusions

The term "Confidential Information" shall not include information that is:

i). in the public domain through no fault of the receiving Party or of any other person or entity that is similarly contractually or otherwise obligated;

ii). obtained independently from a third-party without an obligation of confidentiality to the disclosing Party and without breach of this Contract;

iii). developed independently by the receiving Party without reference to the Confidential Information of the other Party; or

iv). required to be disclosed under The Virginia Freedom of Information Act (§§2.2-3700 et seq. of the Code of Virginia) or similar laws or pursuant to a court order.

C. Return or Destruction

Upon the termination or expiration of this Contract or upon the earlier request of the disclosing Authorized User, Supplier shall (i) at its own expense, (a) promptly return to the disclosing Authorized User all tangible Confidential Information (and all copies thereof except the record required by law) of the disclosing Authorized User, or (b) upon written request from the disclosing Authorized User, destroy such Confidential Information and provide the disclosing Authorized User with written certification of such destruction, and (ii) cease all further use of the Authorized User's Confidential Information, whether in tangible or intangible form.

VITA or the Authorized User shall retain and dispose of Supplier's Confidential Information in accordance with the Commonwealth of Virginia's records retention policies or, if Authorized User is not subject to such policies, in accordance with such Authorized User's own records retention policies.

D. Confidentiality Statement

All Supplier personnel, contractors, agents, and subcontractors performing Services pursuant to this Contract shall be required to sign a confidentiality statement or non-disclosure agreement. Any violation of such statement or agreement shall be shall be deemed a breach of this Contract and may result in termination of the Contract or any order or SOW issued hereunder.

14. INDEMNIFICATION AND LIABILITY

A. Indemnification

Supplier agrees to indemnify, defend and hold harmless the Commonwealth, VITA, or any Authorized User, their officers, directors, agents and employees (collectively, "Commonwealth's Indemnified Parties") from and against any and all third party claims, demands, proceedings, suits and actions, including any related liabilities, obligations, losses, damages, assessments, fines, penalties (whether criminal or civil), judgments, settlements, expenses (including attorneys' and accountants' fees and disbursements) and costs (each, a "Claim" and collectively, "Claims"), incurred by, borne by or asserted against any of Commonwealth's Indemnified Parties to the extent such Claims in any way relate to, arise out of or result from: (i) any intentional or willful misconduct or negligence of any employee, agent, or subcontractor of Supplier, (ii) any act or omission of any employee, agent, or subcontractor of Supplier, (iii) breach of any representation, warranty or covenant of Supplier contained herein, (iv) any defect in the Services or Deliverables provided by Supplier, or (v) any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Services or Deliverables. Selection and approval of counsel and approval of any settlement shall be accomplished in accordance with all applicable laws, rules and regulations. For state agencies the applicable laws include §§ 2.2-510 and 2.2-514 of the Code of Virginia. In all cases the selection and approval of counsel and approval of any settlement shall be satisfactory to VITA or the Authorized User against whom the claim has been asserted.

In the event that a Claim is commenced against any of Commonwealth's Indemnified Parties alleging that use of any Deliverable or that the provision of Services under this Contract infringes any third party's intellectual property rights and Supplier is of the opinion that the allegations in such Claim in whole or in part are not covered by this indemnification provision, Supplier shall immediately notify VITA and the affected Authorized User(s) in writing, via certified mail, specifying to what extent Supplier believes it is obligated to defend and indemnify under the terms and conditions of this Contract. Supplier shall in such event protect the interests of the

Commonwealth's Indemnified Parties and secure a continuance to permit VITA and the affected Authorized User(s) to appear and defend their interests in cooperation with Supplier as is appropriate, including any jurisdictional defenses VITA or the affected Authorized User(s) may have.

In the event of a Claim pursuant to any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Services or Deliverables, and in addition to all other obligations of Supplier in this Section, Supplier shall at its expense, either (a) procure for all Authorized Users the right to continue use of such infringing Services or Deliverables, or any component thereof; or (b) replace or modify such infringing Services or Deliverables, or any component thereof, with non-infringing products or services satisfactory to VITA. And in addition, Supplier shall provide any Authorized User with comparable temporary replacement deliverables and services, or reimburse VITA or any Authorized User for the reasonable costs incurred by VITA or such Authorized User in obtaining alternative products and services in the event such Authorized User cannot use the affected Deliverable or benefit from the affected Services. If Supplier cannot accomplish any of the foregoing within a reasonable time and at commercially reasonable rates, then Supplier shall accept the return of the infringing component of the Services or Deliverable, along with any other components of any products rendered unusable by any Authorized User as a result of the infringing component, and refund the price paid to Supplier for such components.

B. Liability

Supplier shall have unlimited liability with respect to (i) any intentional or willful misconduct or negligence of any employee, agent, or subcontractor of Supplier, (ii) any act or omission of any employee, agent, or subcontractor of Supplier, (iii) claims for bodily injury, including death, and real and tangible property damage, (iv) Supplier's indemnification obligations, (v) Supplier's confidentiality obligations, and (vi) Supplier's security compliance obligations. Supplier agrees that it is fully responsible for all acts and omissions of its employees, agents, and subcontractors, including their gross negligence or willful misconduct.

FOR ALL OTHER CONTRACTUAL CLAIMS, IN NO EVENT WILL ANY PARTY BE LIABLE TO ANY OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING (WITHOUT LIMITATION) LOSS OF PROFIT, INCOME OR SAVINGS, EVEN IF ADVISED OF THE POSSIBILITY THEREOF, EXCEPT WHEN SUCH DAMAGES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PARTY, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS.

15. INSURANCE

In addition to the insurance coverage required by law as specified in the URL identified in the Incorporated Contractual Provisions section of this Contract, Supplier shall carry errors and omissions insurance coverage in the amount of $100,000 per occurrence.

16. SECURITY COMPLIANCE

Supplier agrees to comply with all provisions of the then-current Commonwealth of Virginia security procedures, published by the Virginia Information Technologies Agency (VITA) and which may be found at (http://www.vita.virginia.gov/library/default.aspx?id=537#securityPSGs) or a successor URL(s), as are pertinent to Supplier's operation. Supplier further agrees to comply with all provisions of the relevant Authorized User's then-current security procedures as are pertinent to Supplier's operation and which have been supplied to Supplier by such Authorized User. Supplier shall also comply with all applicable federal, state and local laws and regulations. For any individual Authorized User location, security procedures may include but not be limited to: background checks, records verification, photographing, and fingerprinting of Supplier's employees or agents. Supplier may, at any time, be required to execute and complete, for each individual Supplier employee or agent, additional forms which may include non-disclosure agreements to be signed by Supplier's employees or agents acknowledging that all Authorized User information with which such employees and agents come into contact while at the Authorized User site is confidential and proprietary. Any unauthorized

release of proprietary information by the Supplier or an employee or agent of Supplier shall constitute a breach of this Contract.

Supplier shall indemnify, defend, and hold the Commonwealth, VITA, the Authorized User, their officers, directors, employees and agents harmless from and against any and all fines, penalties (whether criminal or civil), judgments, damages and assessments, including reasonable expenses suffered by, accrued against, or charged to or recoverable from the Commonwealth, VITA, the Authorized User, their officers, directors, agents or employees, on account of the failure of Supplier to perform its obligations pursuant this Section.

17. IMPORT/EXPORT

In addition to compliance by Supplier with all export laws and regulations, VITA requires that any data deemed “restricted” or “sensitive” by either federal or state authorities, must only be collected, developed, analyzed, or otherwise used or obtained by persons or entities working within the boundaries of the United States.

18. GENERAL PROVISIONS

A. Relationship Between VITA and Authorized User and Supplier

Supplier has no authority to contract for VITA or any Authorized User or in any way to bind, to commit VITA or any Authorized User to any agreement of any kind, or to assume any liabilities of any nature in the name of or on behalf of VITA or any Authorized User. Under no circumstances shall Supplier, or any of its employees, hold itself out as or be considered an agent or an employee of VITA or any Authorized User, and neither VITA nor any Authorized User shall have any duty to provide or maintain any insurance or other employee benefits on behalf of Supplier or its employees. Supplier represents and warrants that it is an independent contractor for purposes of federal, state and local employment taxes and agrees that neither VITA nor any Authorized User is responsible to collect or withhold any federal, state or local employment taxes, including, but not limited to, income tax withholding and social security contributions, for Supplier. Any and all taxes, interest or penalties, including, but not limited to, any federal, state or local withholding or employment taxes, imposed, assessed or levied as a result of this Contract shall be paid or withheld by Supplier or, if assessed against and paid by VITA or any Authorized User, shall be reimbursed by Supplier upon demand by VITA or such Authorized User.

B. Incorporated Contractual Provisions

The then-current contractual provisions at the following URL are mandatory contractual provisions, required by law or by VITA, and that are hereby incorporated by reference: http://www.vita.virginia.gov/uploadedFiles/SCM/StatutorilyMandatedTsandCs.pdf

The contractual claims provision §2.2-4363 of the Code of Virginia and the required eVA provisions at http://www.vita.virginia.gov/uploadedFiles/SCM/eVATsandCs.pdf are also incorporated by reference.

The then-current terms and conditions in documents posted to the aforereferenced URLs are subject to change pursuant to action by the legislature of the Commonwealth of Virginia, change in VITA policy, or the adoption of revised eVA business requirements. If a change is made to the terms and conditions, a new effective date will be noted in the document title. Supplier is advised to check the URLs periodically.

C. Compliance with the Federal Lobbying Act

Supplier’s signed certification of compliance with 31 USC 1352 (entitled "Limitation on use of appropriated funds to influence certain Federal Contracting and financial transactions") or by the regulations issued from time to time thereunder (together, the "Lobbying Act") is incorporated as Exhibit E hereto.

D. Governing Law

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to that body of law controlling choice of law. Any and all litigation shall be brought in the circuit courts of the Commonwealth of Virginia. The English language version of this Contract prevails when interpreting this Contract. The United Nations Convention on Contracts for the International Sale of Goods and all other laws and international treaties or conventions relating to the sale of goods are expressly disclaimed. UCITA shall apply to this Contract only to the extent required by §59.1-501.15 of the Code of Virginia.

E. Dispute Resolution

In accordance with §2.2-4363 of the Code of Virginia, Contractual claims, whether for money or other relief, shall be submitted in writing to the public body from whom the relief is sought no later than sixty (60) days after final payment; however, written notice of the Supplier's intention to file such claim must be given to such public body at the time of the occurrence or beginning of the work upon which the claim is based. Pendency of claims shall not delay payment of amounts agreed due in the final payment. The relevant public body shall render a final decision in writing within thirty (30) days after its receipt of the Supplier's written claim.

The Supplier may not invoke any available administrative procedure under §2.2-4365 of the Code of Virginia nor institute legal action prior to receipt of the decision of the relevant public body on the claim, unless that public body fails to render its decision within thirty (30) days. The decision of the relevant public body shall be final and conclusive unless the Supplier, within six (6) months of the date of the final decision on the claim, invokes appropriate action under §2.2-4364, Code of Virginia or the administrative procedure authorized by §2.2-4365, Code of Virginia.

Upon request from the public body from whom the relief is sought, Supplier agrees to submit any and all contractual disputes arising from this Contract to such public body's alternative dispute resolution (ADR) procedures, if any. Supplier may invoke such public body's ADR procedures at any time and concurrently with any other statutory remedies prescribed by the Code of Virginia.

In the event of any breach by a public body, Supplier's remedies shall be limited to claims for damages and Prompt Payment Act interest and, if available and warranted, equitable relief, all such claims to be processed pursuant to this Section. In no event shall Supplier's remedies include the right to terminate any license or support services hereunder.

F. Advertising and Use of Proprietary Marks

Supplier shall not use the name of VITA or any Authorized User's name or refer to VITA or any Authorized User , directly or indirectly, in any press release or formal advertisement without receiving prior written consent of VITA or such Authorized User. In no event may Supplier use a proprietary mark of VITA or an Authorized User without receiving the prior written consent of VITA or the Authorized User.

G. Notices

Any notice required or permitted to be given under this Contract shall be in writing and shall be deemed to have been sufficiently given if delivered in person, or if deposited in the US mails, postage prepaid, for mailing by registered, certified mail, or overnight courier service addressed to the addresses shown on the signature page. VITA or Supplier may change its address for notice purposes by giving the other Party notice of such change in accordance with this Section.

H. No Waiver

Any failure to enforce any terms of this Contract shall not constitute a waiver.

I. Assignment

This Contract shall be binding upon and shall inure to the benefit of the permitted successors and assigns of VITA and Supplier. Supplier may not assign, subcontract, delegate or otherwise convey this Contract, or any of its rights and obligations hereunder, to any entity without the prior written consent of VITA, and any such attempted assignment or subcontracting without consent

shall be void. VITA may assign this Contract to any entity, so long as the assignee agrees in writing to be bound by the all the terms and conditions of this Contract.

If any law limits the right of VITA or Supplier to prohibit assignment or nonconsensual assignments, the effective date of the assignment shall be thirty (30) days after the Supplier gives VITA prompt written notice of the assignment, signed by authorized representatives of both the Supplier and the assignee. Any payments made prior to receipt of such notification shall not be covered by this assignment.

J. Captions

The captions are for convenience and in no way define, limit or enlarge the scope of this Contract or any of its Sections.

K. Severability

Invalidity of any term of this Contract, in whole or in part, shall not affect the validity of any other term. VITA and Supplier further agree that in the event such provision is an essential part of this Contract, they shall immediately begin negotiations for a suitable replacement provision.

L. Survival

The provisions of this Contract regarding License, Rights To Work Products, Warranty, Confidentiality, Liability and Indemnification, and the General Provisions shall survive the expiration or termination of this Contract.

M. Force Majeure

No Party shall be responsible for failure to meet its obligations under this Contract if the failure arises from causes beyond the control and without the fault or negligence of the non-performing Party. If any performance date under this Contract is postponed or extended pursuant to this section for longer than thirty (30) calendar days, VITA, by written notice given during the postponement or extension, may terminate Supplier’s right to render further performance after the effective date of termination without liability for that termination, and in addition an Authorized User may terminate any order or SOW affected by such postponement or delay.

N. Remedies

The remedies set forth in this Contract are intended to be cumulative. In addition to any specific remedy, VITA and all Authorized Users reserve any and all other remedies that may be available at law or in equity.

O. Right to Audit

VITA reserves the right to audit those Supplier records that relate to the Services rendered or the amounts due Supplier for such Services under this Contract. VITA's right to audit shall be limited as follows:

i). Three (3) years from Service performance date;

ii). Performed at Supplier's premises, during normal business hours at mutually agreed upon times; and

iii). Excludes access to Supplier cost information.

The Supplier shall not have the right to audit, or require to have audited, VITA or any Authorized User.

P. Contract Administration

Supplier agrees that at all times during the term of this Contract an account executive, at Supplier's senior management level, shall be assigned and available to VITA. Supplier reserves the right to change such account executive upon reasonable advance written notice to VITA.

Q. Entire Contract

The following Exhibits, including all subparts thereof, are attached to this Contract and are made a part of this Contract for all purposes:

i). Exhibit A Service Requirements

ii). Exhibit B Statement of Work (SOW) Template

iii). Exhibit C Change Order Template

iv). Exhibit D Service Fees

v). Exhibit E Certification Regarding Lobbying

This Contract, its Exhibits, and any prior non-disclosure agreement constitute the entire agreement between VITA and Supplier and supersede any and all previous representations, understandings, discussions or agreements between VITA and Supplier as to the subject matter hereof. Any and all terms and conditions contained in, incorporated into, or referenced by the Supplier's Proposal shall be deemed invalid. The provisions of the Virginia Department of General Services, Division of Purchases and Supply Vendor's Manual shall not apply to this Contract or any order or SOW issued hereunder. This Contract may only be amended by an instrument in writing signed by VITA and Supplier. In the event of a conflict, the following order of precedence shall apply: this Contract document, Exhibit A, any individual SOW, Exhibit D.

Any modification to an SOW that extends the period of performance beyond one (1) year or increases the value of such SOW above US$100,000 shall, absent the prior written approval of VITA, be voidable by VITA, in its sole discretion. If an SOW is voided by VITA, such SOW shall no longer be binding on either Party and all obligations with respect to such SOW shall expire.

An Authorized User and Supplier may enter into an ordering agreement pursuant to this Contract. To the extent that such ordering agreement, or any order or SOW issued hereunder, include any terms and conditions inconsistent with the terms and conditions of this Contract, such terms and conditions shall be of no force and effect.

VITA and Supplier each acknowledge that it has had the opportunity to review this Contract and to obtain appropriate legal review if it so chose.

Executed as of the last date set forth below by the undersigned authorized representatives of VITA and Supplier.

Supplier	VITA
By: Larry Schwartz	By: Philip L. Pippert
(Signature)	(Signature)
Name: Larry Schwartz	Name: PHILIP L. PIPPERT
(Print)	(Print)
Title: VP of Business Operations	Title: ASSOC. DIRECTOR, SCM
Date: 5/21/08	Date: 5/27/08
Address for Notice:	Address for Notice:
200 N. Glebe Road Suite 1016	11751 Meadowville Lane

Arlington, VA 22203

Attention: Larry Schwartz

Chester, VA 23836

Attention: Contract Administrator

EXHIBIT A
CONTRACT NUMBER VA-080522-ATI
BETWEEN
VIRGINIA INFORMATION TECHNOLOGIES AGENCY
AND
AVALON TECHNOLOGY, INC.

Exhibit A is hereby incorporated into and made an integral part of Contract Number VA-080522-ATI ("Contract") between the Virginia Information Technologies Agency ("VITA" or "Commonwealth" or "State") and Avalon Technology, Inc. ("Supplier").

In the event of any discrepancy between this Exhibit A and Contract No. VA-080522-ATI, the provisions of Contract No. VA-080522-ATI shall control.

1. DETAILED DESCRIPTION OF PROPOSED SOLUTION(S)

A. Functional and Technical Requirements (RFP Section 5)

A. General

	Requirements	A	B
1	Is your solution independent of wireless service providers?	Y	Team Avalon's solution is independent of all wireless service providers. Our solution provides a comprehensive baseline audit of billing and invoice information regardless of service providers contracted with the client. Team Avalon does not represent any wireless supplier. Team Avalon does not accept payments or consideration of any kind from wireless suppliers. Team Avalon employees are forbidden to accept compensation or consideration of any kind from wireless suppliers.
2	Do you provide services on a contingency or gain sharing basis to eliminate the need for upfront investment by the customer?	Y	To provide guaranteed results for savings and return on investment, Team Avalon provides services on a "Success Fee" basis. Our fees are contingent upon our degree of success, thereby eliminating the need for upfront funds from our clients. Success Fees generally apply to the recovery of funds from vendors and to the reduction of ongoing costs.
3	Will your solution allow other agencies and public bodies to engage the contracted services independently?	Y	Team Avalon will extend the services contracted by the Commonwealth of Virginia to other agencies and public bodies within the Commonwealth of Virginia.
4	Will you deliver a baseline audit of a customer's bills to include usage (including minutes, features such as free nights/weekends, etc.), spend, coverage, device counts, device	Y	Team Avalon will utilize two or three months of invoice data to establish a detailed baseline of wireless expenses broken into categories detailed by carrier, carrier account and wireless device. The baseline will further detail information down to the level of mobile

	Requirements	A	B
	types, etc.? If so, please describe what is included in your baseline process.		telephone number. The two main categories in the baseline process represent voice or data or a combination thereof and include sub-categories defined by the number of minutes by each type of minute billed, data consumption, types of features, and type of usage (domestic & international), text messaging, picture messaging and so forth by device. Team Avalon's baseline process includes the following components: • Elimination of "zero-use" devices • Rate Plan Engineering/Optimization (creating "user communities" pools by carrier, and sub-pools by usage patterns, time of usage, in-network –vs.- out of network, geographical coverage, and approved features. • Review of contracts, terms, and conditions against industry statistics. • Additional recommendations can be made in addition to the baseline which review usage policies for specific plan feature charges such as (ring tones, text messaging, international calling/plans, downloads, video, and other options which can raise incremental costs)
5	Do you have a typical timeframe to provide audit findings and optimization recommendations to your customer? Please describe how you manage that based on volumes	Y	The typical timeframe to provide audit findings and optimization recommendations is 2 to 4 weeks. This estimate is based on the assumption that all required information to perform the audit is readily available. If additional information is required and is not available and/or if a large number of vendors (5+) are contracted with the customer, additional time may be required for the audit completion. Management by Volumes: Our audit review process begins with a close review of the largest invoices with the greatest dollar amount as they tend to be more complicated and provide increased opportunities for improvements and faster savings. Within each carrier and each month, the account invoices are organized from the highest to lowest payment amounts. Once the accounts are staged by size, the appropriate resources are assigned to the project to achieve delivery of results within the project schedule. The first phase involves data collection through discovery and invoice review. Following data gathering, contracts are studied and key components analyzed. Electronic data is loaded into the Rate Plan Optimization Engine (RPOE) using the Clarity™ Data Load Utility. Critical information is loaded from paper invoices by using key

	Requirements	A	B
			punch techniques. Following the data load, analysis is conducted utilizing the RPOE for minimization of ongoing costs and Clarity™ reporting to identify exceptions. Issues with unusual consumption are addressed with the Commonwealth. Following analysis and resolution of unusual issues, a report is provided to the Commonwealth with findings and recommendations. The report is explained in detail by conference call. The Commonwealth is responsible for approval or disapproval of recommendations. When there are questions about recommendations, Team Avalon will work with the Commonwealth to revise recommendations to make them acceptable to the Commonwealth. Upon written approval of the Avalon recommendations, Team Avalon will manage implementation including all vendor contact and placement of orders. Team Avalon follows-up with vendors to ensure the orders are placed and reviews post-implementation billing for accuracy results. When implementation errors are found, Team Avalon will contact the vendor to correct them and issue any credits due the Commonwealth. Avalon reviews results monthly and makes additional recommendations as its RPOE further understands the behavior of users. Avalon manages implementation of all accepted recommendations. For 12 billing periods following implementation, Avalon will review results and document and calculate all savings and recoveries and report its findings in writing to the Commonwealth.
6	Does your solution require any customer responsibilities/involvement? If so, please describe all customer responsibilities in detail.	Y	Customer responsibilities and involvement include: • Furnishing of contracts • Identification of all carriers paid for service • Furnishing of two-three months of billing (electronic and paper or provide access to paper invoices for copying • Providing wireless mobility policy in order to compare the policy with items and services purchased and authority of users • Providing HR database extracts to compare invoiced units against valid employees • Review of cost reduction recommendations and approval or supply of additional information for modification of recommendations • Review of monthly savings reports and additional recommendations for cost reduction

	Requirements	A	B
			Avalon has enclosed two documents to further assist the Commonwealth in its approach to Wireless Mobility Management. These documents help to explain the Team Avalon approach to managing wireless costs. Please refer to Appendix 2.0 – Wireless Mobility Management for: **Wireless Mobility Management** **A Best Practices Primer** And **Nine Steps to Evaluating Wireless Mobility Management** Under Team Avalon's solution, the more important considerations are those responsibilities the customer does NOT have to worry about. The customer DOES NOT: • Place vendor orders • Verify orders have been implemented • Verify recoveries • Verify savings • Perform quality control checks • Negotiate with the vendor for corrections or refunds • Manage the implementation of the project
7	Does your solution provide a benchmark to both the customer's existing contractual relationships, and to the current wireless marketplace?	Y	Avalon has access to statistical contract information from the devices under its direct management of both government and commercial clients of all sizes, and across over 27 domestic carriers. In addition though Avalon's channel partners which include large TEMs, and System Integrators such as NRG, Tangoe, InvoiceInsight, EDS, and Lockheed Martin, Avalon has access to information on over one million subscribers. The advantage Team Avalon brings is an in-depth understanding of the contracts held by GSA, the federal government, commercial clients, and channel partners. Access to this information assists in the review of existing contracts and covered plans for (a) market rate discounts, (b) best plans available for the purposes used and (c) other terms and conditions that affect total cost of ownership. This information is applied in developing Rate Plan Optimization strategies and other cost reduction recommendations.

	Requirements	A	B
			Team Avalon delivers results with and without dependencies. For example, initial optimization is done using existing carriers and contracts so that the Commonwealth achieves savings as quickly as possible. However, this may not be the optimum solution for the Commonwealth. Team Avalon, as circumstances dictate, may also deliver analyses based on: • New plans added to existing contracts • Analysis across all carriers for the optimum mix of carriers and plans based on user profile • Consolidation of carriers Team Avalon includes, without additional charge, support to the Commonwealth for the negotiation or renegotiation of agreements to implement recommendations.
8	Can you provide audit and optimization analysis of both electronic and/or paper invoices?	Y	Electronic invoices are disassembled by our Clarity™ Data Load Utility and then entered into our Rate Plan Optimization Engine (RPOE). Paper invoice billing summary information is manually keyed into the front end of the RPOE for analysis.
9	Does your solution take into account state government tax exemptions? Please explain any impact on your service model, or ability to deliver results.	Y	Taxes are applied or not applied as is appropriate to the customer situation. Being tax exempt has no impact on the analysis and will have no impact on our service model or ability to deliver results.
10	Will your solution transfer all ownership of data collected, analysis and recommendations to the Commonwealth?	Y	The data collected, analysis and recommendations will be reported as a standard process and ownership of this information will be granted to the Commonwealth. Additionally, raw data will be delivered electronically if required. This does not, however, include the proprietary tools used to create the analysis.

B. Expense Audit

	Requirements	A	B
11	Does your solution review wireless bills to compare actual payments to contracted rates?	Y	Under Team Avalon's solution, it is standard practice to conduct a thorough audit analysis of the wireless bills with a review and comparison of the actual payments with the contracted rates. Our expert analyst will review all contractual terms and conditions and will compare contracted rates with those incurred on the invoices. Team Avalon's Telecom Expense Management software, Clarity™ assists our experts in identifying billing and invoicing discrepancies.
12	Does your solution identify billing discrepancies to recover overcharges from the carrier?	Y	A standard feature of Team Avalon's solution is the identification of billing discrepancies in order to recover overcharges from the carrier. In addition to comparing contracted to actual rates, our audit review looks for other issues such as feature cramming, unauthorized features or services, or delayed billings that drive excess minute charges. When billing discrepancies of any type are found, they are documented, quantified and reported to the customer for approval at which point Team Avalon proceeds with recovery from the carrier.
13	Does your solution provide an option for the customer to recover overcharges from the carrier?	Y	A standard aspect of Team Avalon's audit solution is the recovery of overcharges from the carrier. In fact, sour is solution is so comprehensive and complete that we will recover the overcharges from the carrier on behalf of our customers. The only responsibility of the customer would be to review and approve overcharge reports and recoveries.
14	Does your solution ensure that carrier corrects underlying cause of billing error to ensure it is not repeated?	Y	Under the Team Avalon solution invoices will be audited monthly to ensure that the recovered overcharges are indeed applied in the succeeding statements and that common errors are not repeated. Corrected information will be provided with the completion report and audit items will not be closed until the correction is documented.
15	Does your solution provide recovery of the discrepancies from the wireless carrier?	Y	Under Team Avalon's solution, full responsibility is taken for the entire claim lifecycle to provide recovery of the discrepancies from the wireless carrier.
16	Will the audit include looking at taxes, fees and other related wireless charges?	Y	The audit will include review of the application of all taxes, fees, surcharges and other charges. The review and audit will determine whether the charges are valid or if disputation and reconciliation is required.
17	Will your solution provide billing discrepancy analysis, by carrier?	Y	A report will be issued that summarizes billing discrepancies by carrier. In addition, Team Avalon

	Requirements	A	B
	(For example, Verizon, Sprint, etc.)		will report unusual usage by user to allow the Commonwealth to educate users about allowed device use and engage in consumption management.

C. Plan Optimization

	Requirements	A	B
18	Do you review detailed calling records – origination location, time of call, duration, roaming, etc. – to optimize carriers and plans?	Y	To optimize carriers and rate plans, a number of elements in the detailed calling records are reviewed. These elements include origination location, time/day of call, duration (including zero use), roaming, text-messaging, downloads, in-network calls, and much more. Looking at the origination location may determine if the user's carrier offers the best coverage in that area; looking at the time/day of call may determine if a nights/weekends plan may be required. Looking at additional factors beyond simple overages assist in determining the best rate plan and service provider for each user. This process is greatly enhanced by Team Avalon's Telecom Expense Management software, Clarity™ which enables detailed reports to be pulled according to indicators selected in the system. For example, one would be able to pull a report on all users with zero usage. At that point the customer would be able to determine if the line should be suspended or terminated. (Suspending a line of service provides great cost savings as the number remains active and a significantly lower monthly fee is charged until the line of service is reactivated). To further ensure full coverage and prevent overages, Team Avalon recommends an education campaign to be utilized by the Commonwealth to inform users of peak/off-peak times, plan allowances, etc.
19	Do you review customer's current carriers and plans to identify consolidation opportunities to create additional leverage?	Y	Consolidation of wireless contracting to fewer carriers leads to greater economies, the most significant being (a) more non-chargeable calling based upon calls to cellular units on the same carrier and (b) greater total dollar volumes with the same carrier to produce higher volume discounts. Team Avalon optimizes wireless usage across all carriers to enable the Commonwealth to (a) align users with the optimal plan by carrier and (b) develop a roadmap to the reduction in the quantity

	Requirements	A	B
			of carriers used. A list of available reports is included in Appendix 3.0 – Wireless Savings Report below.
20	Do you review current contracts to build optimized plans within current suppliers and plan options?	Y	Team Avalon reviews current contracts in order to evaluate and benchmark existing plan features with those on the market. Our extensive experience in providing wireless managed services to both government and commercial clients enables us to leverage our knowledge of the market to negotiate rate plans and options with suppliers in order to achieve the greatest benefit for our clients. In our experience we have negotiated new plans that did not even exist on the market; we have negotiated highly discounted devices (including free devices); and we have committed service providers to offer pooled minute plans when previously unavailable.
21	Does your solution benchmark current wireless rates and contract terms to the marketplace to recommend optimized plans?	Y	Team Avalon utilizes our knowledge of contracts, carrier offerings and carrier practices to analyze and compare current wireless rates, contract terms, plans, discounts and custom offerings against the best market rates.
22	Does your solution propose ways to optimize wireless services to reduce cost to the Commonwealth?	Y	Upon completion of the audit and review of our findings along with a comparison to the current state of the market, Team Avalon will propose various ways to optimize wireless services and reduce costs for the Commonwealth. Generally, the greatest optimization savings are found in rate plan negotiation, pooled minute plans, rate plan adjustments according to usage, elimination or suspension of zero/low use devices, identification of high-use devices or devices with high data use, and several other areas according to the types of devices and plans in-place.
23	Does your solution provide the customer with an analysis of market driving forces that impact costs?	Y	Team Avalon's experience in delivering telecommunications consulting services puts us in a better position to understand the forces at work in the marketplace. For example, wireless mobility devices have become embedded in the developing socialization process heavily influenced by technology. Typical manifestations include demand for the latest devices even when no need exists, text messaging, picture messaging, and personal calls, especially when users are in the office. A further manifestation of socialization is the use of the cell phone for calls even when working at the desk because (a) it increases the probability that the caller will reach the called party and (b) it is handy and convenient to use with ready directory access.

	Requirements	A	B
			Team Avalon is well aware of these trends and factors that influence each individual wireless user. While wireless communications offer significant advantages for a mobile workforce, the negative impacts of overuse and abuse can be costly. With a proper knowledge of these trends, much of the impact can be lessened with enterprise-wide mobile policies. Team Avalon will provide the Commonwealth with guidance on the factors and elements that may have impact on the Commonwealth and will assist in developing long-standing policies for the improvement of wireless utilization and increased savings. Accordingly, these factors will help determine and shape the Commonwealth's formal Wireless Mobility Policy.

2. APPENDICES

B. Appendix 1.0 - Clarity™

Clarity™ provides extensive business intelligence and detailed reporting. Reports begin at the top level with views of the enterprise, all vendors and services. There is drill down within GL code, cost center, carrier, invoice, service type, end-user, inventory, and call detail. Each element of cost and inventory item is assignable to up to 15 individual, customer specific attributes.

The Clarity™ system provides extremely robust and hierarchical data views, for example: trending reports, budget analysis, cost by vendor, cost by type, service summaries, service details, etc. Standard reports are built into the system and are easily accessible through the user interface. Reporting is available by employee name, department, location, business unit, carrier, carrier account number, wireless number, and more. Reporting begins at the top level with views of the enterprise, all vendors and services with drill down capabilities to the inventory level. Dashboard type graphical report summaries are automatically generated for standard reports.

Ad hoc reporting is available down to the inventory level. All reports are easily exportable from the user interface to MS Excel format (.xls). Search capability is available to query the entire database and inventory. Text based or “like” searches are possible without the use of wildcards.

Extensive enterprise level, vendor, GL level, and user level trending reports are included. A sample listing of reports includes:

Popular wireless Trending & Cost Analysis:

- Cost Per Minute
- Average Cost Per Unit Peak
- CPM Off Peak
- CPM Push to Talk
- Peak CPM
- Push to Talk Off Peak CPM
- Overage CPM
- Highest Users
- Zero Usage
- Phones Under plan/Burst Usage
- Roaming Charge
- Trend
- Minutes Used by Cell Number

A Sample of reporting related to telecom usage:

- Year-to-Date (Fiscal Year):
  - By
  - Cost Center
  - By General Ledger Code
  - By Service Type
  - By Service Class
  -
  - By Vendor
  - By Location
  - By Inventory
- 12 Month Trend:
  - By
  - Cost Center
  - By General Ledger Code
  - By Service Type
  -
  - By Service Class By Vendor
  - By Location
  - By Inventory
- End User:
  - Usage
    - Calls by
    - Day of Week
    - Calls by Day of Month
    - Calls by Hour of Day
    - Call Detail -Detailed Charges
    - Directory Assistance
    - Roaming Charges

- International Usage
- Airtime Charges
- Feature Charges
- Equipment Charges
- Plan Details
- Other Charges & Credits
- Discounts
- SMS Usage
- Data Usage
- Taxes

- Summary View (all vendors & accounts)
  - Usage
    - Calls
    - by Day of Week
    - Calls by Day of Month
    - Calls by Hour of Day
    - Call Detail -Detailed Charges
    - Directory Assistance
    - Roaming Charges
    - International Usage
    - Airtime Charges
    - Feature Charges
    - Equipment Charges
    - Plan Details
    - Other Charges & Credits
    - Discounts
    - SMS Usage
    - Data Usage
    - Taxes
- Inventory
    - by Cost Center
    - by Employee
    - by Service Type
    - by General Ledger Code
    - by Location

C. Appendix 2.0 - Wireless Mobility Management

1. Wireless Mobility Management A Best Practices Primer

According to current research, Wireless Mobility is the technology with the greatest impact on the enterprise. Wireless represents a rapidly growing expense, accounting for 35% to 55% or more of the telecom budget for many organizations.

The Aberdeen Report on wireless mobility reveals these concerns and findings:

- Escalating costs drive 73% of Enterprises to wireless expense management programs
- It costs 10X more to manage wireless than wireline
- Only 20% of companies rank “Best in Class”
- Best in Class enjoy benefits such as:
  - 42% Lower cost per user
  - Consumption control
  - 2X lower spending to support wireless with 21% more devices
  - Decrease in wireless cost per min. (100%)
  - Decrease in average expense per user (100%)
  - Ability to manage in compliance with wireless policy (97%)
  - Consistent approval process (91%)

AOTMP research reveals these are the elements of Wireless Mobility Management:

- Mobility Policy & Governance
  - Policy Development
    - Business Needs
    - Business Rules
    - Business Metrics
  - Device/Plan Service Order Portal
  - Sourcing
- Expense Management
  - Invoice Management
  - Validation & Resolution
  - Plan Optimization
  - Reconciliation of Orphaned Devices
  - Reporting
- Device Management & End-Point Security
  - Remote Kill to Protect Data on Devices
  - Device Replacement

Remote Application Updates

2. Nine Steps to Evaluating Wireless Mobility Management

1. Determine if additional resources or technology are needed
2. Identify what will be provided in creating an inventory of wireless devices that are paid for or subsidized by the enterprise
3. Evaluate the service/device request portal for
   - user interface
   - approval workflow
   - ongoing management of service catalogs
4. Learn if the Wireless Mobility Supplier is taking fees from carriers for new service activations
5. Determine if the Supplier can perform allocation charge-backs for users in pooled minute plans
6. Find a Wireless Mobility Supplier that will perform optimization of service plans to actual usage every month
7. Determine if the Supplier will collect information on consumption patterns for data and use the information to optimize data plans
8. Find Suppliers that specialize in projects that are similar in size and scope to your project
9. Evaluate the financial stability of the supplier

Key Questions to Ask:

- How are we managing activations/deactivations?
- Do we have a system to reconcile new service orders/disconnects and HR activity with billing?
- What are we doing to proactively optimize our wireless service plans?
- How are we identifying & resolving billing errors?
- How do we chargeback & allocate expenses?
- How do we manage end-point security?
- Do we have performance indicators for historical costs, costs per employee/job role?

D. Appendix 3.0 - Wireless Savings Report

(Report begins on next page.)

3rd month - AT&T Optimization Savings (Round 2)
AT&T Invoices for February 2008

Usage Savings Summary									
Invoice Date	Minutes	Usage Charges	Net Cost Per Minute	Baseline Usage Charges	Base Cost Per Minute	Savings Per Minute	Usage Savings	Tax Savings	Total Savings
Feb-08	201,122	$17,663.13	$0.088	$29,466.94	$0.158	$0.070	$11,803.81	$939.35	$12,743.15
Total	201,122	$17,663.13					$11,803.81	$939.35	$12,743.15

Notes: Tax savings are calculated at a rate of 7.958%

Average Tax Calculation							
Description	**% Calc**		**Description**	**% Calc**		**Description**	**% Calc**
Phone 510-219-8087			Phone 913-620-8037			Phone 336-686-3740	
Total Charge	$94.11		Total Charge	$86.79		Total Charge	$112.21
Taxes, Surcharges, & Fees	$8.22		Taxes, Surcharges, & Fees	$6.13		Taxes, Surcharges, & Fees	$7.05
Taxable Charges	$85.89		Taxable Charges	$80.66		Taxable Charges	$105.16
Tax Percentage	9.570%		Tax Percentage	7.600%		Tax Percentage	6.704%
						Average Tax Percentage	**7.958%**

February 2008 Summary					
Type	**# of**	**Savings Projected**	**Usage Savings**	**%**	
Implemented Phones	364	$11,130.58	$11,803.81	106%	(Exhibit 1)
Not Implemented	6	$160.00	$0.00	n/a	(Exhibit 2)

Current Plan	372	$0.00	$0.00	n/a	(Exhibit 3)
No Longer Billing	51	$1,035.96	$0.00	n/a	(Exhibit 4)
	793	$12,326.54	$11,803.81		

Implemented Phone Savings	
Baseline Usage Charges	$29,466.94
Baseline Minutes	187,004
Baseline CPM	$0.1576
February 2008 Usage Charges	$17,663.13
February 2008 Minutes	201,122
February 2008 CPM	$0.0878
Savings Per Minute	$0.0698
Usage Savings	**$11,803.81**

February 2008 – Not Implemented								
1-18-08 Recommendation	February 2008 Voice Plan Name	February 2008 Data Plan Name	Baseline Minutes	Baseline Usage Charges	Estimated Savings	February 2008 Minutes	February 2008 Voice Charges	February 2008 Data Plan Charges
Current Plan	BMNBIBPNTN2000UNWUMM		1,339	$104.99	$60.00	1,601	$104.99	$0.00
NBI Business Pooled Nation 450	BMNBIBPNTN900UNWUMM	INTLBLTWTLR	597	$64.99	$20.00	892	$64.99	$69.99
NBI Business Pooled Nation 2000	BMNBIBPNTN450UNWUMM		3,473	$154.99	$50.00	3,435	($36.81)	$0.00
NBI Business Pooled Nation 450	BMNBIBPNTN1350UNWUMM	BMBBRYUNL	959	$64.99	$20.00	856	$84.99	$44.99
NBI Business Pooled Nation 2000	BMNBIBPNTN450UNWUMM		2,144	$99.99	($5.00)	2,223	$44.99	$0.00
Current Plan	GSM NATION $59.99		0	$59.99	$15.00	0	$59.99	$0.00
					$160.00			

Current Plan Report (partial listing – Complete Listing Furnished as Standard)										
Phone Number	10-26-07 Recommendation	1-18-08 Recommendation	February 2008 Voice Plan Name	February 2008 Data Plan Name	Baseline Minutes	Baseline Usage Charges	Estimated Savings	February 2008 Minutes	February 2008 Voice Charges	February 2008 Data Plan Charges
2568100113	Current Plan	Current Plan	ODNNBIBPNTN0UNWUM		627	$19.99	$0.00	472	$14.99	$0.00
3037173849	Current Plan	Current Plan	BMNBIBPNTN2000UNWUMM		2,555	$104.99	$0.00	702	$104.99	$0.00
3168412576	Current Plan	Current Plan		Blackberry Premium	0	$0.00	$0.00	0	$0.00	$49.99
3168412652	Current Plan	Current Plan		BlackberryIntl	32	$14.18	$0.00	55	$24.75	$69.99
3168412708	Current Plan	Current Plan		Blackberry Premium	0	$0.00	$0.00	0	$0.00	$49.99
3362072345	Current Plan	Current Plan	BMNBIBPNTN450UNWUMM	INTLBLTWTLR	225	$44.99	$0.00	437	$44.99	$69.99
3362090230	Current Plan	Current Plan	BMNBIBPNTN450UNWUMM	INTLBLTWTLR	848	$44.99	$0.00	800	$44.99	$69.99
3362100118	Current Plan	Current Plan	BMNBIBPNTN450UNWUMM	BlackberryIntlBlt	724	$44.99	$0.00	887	$44.99	$64.99

Units No Longer Billing (Partial Listing – Complete Listing Furnished as Standard)						
10-26-07 Recommendation	1-18-08 Recommendation	February 2008 Voice Plan Name	February 2008 Data Plan Name	Baseline Minutes	Baseline Usage Charges	Estimated Savings
Current Plan	Current Plan			0	$0.00	$0.00
NBI Business Pooled Nation 450	Current Plan			356	$142.40	$97.41
NBI Business Pooled Nation 450	Current Plan			0	$19.99	($25.00)
NBI Business Pooled Nation 450	No Longer Billing			385	$19.30	($25.69)
NBI Business Pooled Nation 450	Current Plan			105	$19.99	($25.00)
NBI Business Pooled Nation 450	Current Plan			0	$19.99	($25.00)

						$1,035.96

Implemented Phone Savings	
Baseline Usage Charges	$29,466.94
Baseline Minutes	187,004
Baseline CPM	$0.1576
February 2008 Usage Charges	$17,663.13
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NBI Business Pooled Nation 450	Current Plan			105	$19.99	($25.00)
NBI Business Pooled Nation 450	Current Plan			0	$19.99	($25.00)

						$1,035.96

EXHIBIT B-X
CONTRACT NUMBER VA-080522-ATI
BETWEEN
VIRGINIA INFORMATION TECHNOLOGIES AGENCY
AND
AVALON TECHNOLOGY, INC.

Exhibit B-X is hereby incorporated into and made an integral part of Contract Number VA-080522-ATI ("Contract") between the Virginia Information Technologies Agency ("VITA" or "Commonwealth" or "State") and Avalon Technology, Inc. ("Supplier").

In the event of any discrepancy between this Exhibit B-X and Contract No. VA-080522-ATI, the provisions of Contract No. VA-080522-ATI shall control.

[Note: Instructions for using this template to draft a Statement of Work are in ***italics***. These instructions should be deleted after the appropriate text has been added to the Statement of Work. Contractual language is **not italicized** and should remain in the document. Text that is highlighted in blue is variable based on the nature of the project.]

STATEMENT OF WORK

This Statement of Work is issued by VITA on behalf of Authorized User, hereinafter referred to as "Authorized User". The objective of the project described in this Statement of Work is for the Supplier to provide the Authorized User with a Authorized User Project Name Solution ("Solution").

1. **Project Scope and Understanding of the Requirements**

   Provide information on the scope of the project and the Authorized User's requirements for this particular engagement including:

   a) *general description of the Solution*
   b) *project boundaries*
   c) *Authorized User-specific requirements*
   d) *special considerations for implementing technology at Authorized User's location(s)*
   e) *other characteristics of this project that must be addressed to insure the success of the engagement*

2. **Contract Products and Services to Support the Requirements**

   a. **Solution Components**

   List the Solution components (hardware, software, etc.) provided by Supplier that will be used to support the requirement. Identify any special configuration requirements, and describe the system infrastructure to be provided by the Authorized User. Provide an overview that reflects how the system will be deployed within the Authorized User's environment.

   b. **Services**

   Provide information on the services (e.g., requirements development, Solution design, configuration, installation) that will be provided by Supplier in the course of providing the Solution.

   c. **Training and Knowledge Transfer**

   Provide an overview of training services to be provided to the Authorized User and any special requirements for specific knowledge transfer to support the Authorized User's successful implementation of the Solution. If the intent is for the Authorized User to become self-sufficient in

operating or maintaining the Solution, determine the type of training necessary, and develop a training plan, for such user self-sufficiency.

d. Support

Document the level of support, as available under the Contract, required by the Authorized User to operate and maintain the Solution. This may include conversion support, legacy system integration, transition assistance, Solution maintenance (including maintenance level), or other specialized consulting to facilitate delivery or use of the Solution.

3. Project Events and Tasks

Provide a high-level overview of project events and tasks to be accomplished to deliver the required Solution.

4. Period of Performance

Implementation of the Solution will occur within XX (XX) months of execution of this Statement of Work. This includes delivery and installation all of the products and services necessary to implement the Authorized User's Solution, training, and any support, other than on-going maintenance services. The period of performance for maintenance services shall be one (1) year after implementation and may be extended for additional one (1) year periods, pursuant to and unless otherwise specified in the Contract.

5. Place of Performance

Tasks associated with this engagement will be performed at the Authorized User's location(s) in _____, Virginia, at Supplier's location(s) in Wherever, or other locations as required by the effort.

6. Milestones, Deliverables, Payment Schedule, and Holdbacks

The following table identifies milestone events and deliverables, the associated schedule, any associated payments, any retainage amounts, and net payments.

Milestone Event	Deliverable	Schedule	Payment	Retainage	Net Payment
Project kick-off meeting	---	Execution + 5 days	---	---	---
Site survey	Site survey report	Execution + 10 days	---	---	---
Installation of software	---	Execution + 20 days	$10,000	$1,000	$9,000
Configuration and testing	---	Execution + 20 days	---	---	---
Training	Training manual	Execution + 30 days	$10,000	$1,000	$9,000
User Acceptance Testing	---	Execution + 30 days	$20,000	$2,000	$18,000
Implementation complete	Solution	Execution + 45 days	$10,000	($4,000)	$14,000

The total Solution price shall not exceed $US XXX.

Supplier's invoices shall show retainage of ten percent (10%). Following completion of Solution implementation, Supplier shall submit a final invoice to the Authorized User, for the final milestone payment amount plus the total amount retained by the Authorized User.

Required Deliverables are as follows: (*Provide a description of all Deliverables for this engagement.*)

- Site survey report:
- Training manual:

- Solution: See Sections 1 and 2 above.

In addition, Supplier will provide copies of any briefing materials, presentations, or other information developed to support this engagement.

Any inventions, combinations, machines, methods, formulae, techniques, processes, improvements, software designs, computer programs, strategies, specific computer-related know-how, data and original works of authorship discovered, created, or developed by Supplier, or jointly by Supplier and an Authorized User(s) in the execution of this Statement of Work shall be deemed Work Product. Configuration of software shall not be deemed Work Product. All provisions of the Contract regarding Work Product shall apply to this Statement of Work.

If travel expenses are not included in the fixed price of the Solution, such expenses shall be reimbursed in accordance with Commonwealth of Virginia travel policies as published by the Virginia Department of Accounts (http://www.doa.virginia.gov/procedures/adminservices/capp/pdfdocs/20335.pdf).

7. Acceptance Criteria

Acceptance Criteria for this Solution will be based on a User Acceptance Test (UAT) designed by Supplier and accepted by the Authorized User. The UAT will ensure that all of the functionality required for the Solution has been delivered. Supplier will provide the Authorized User with a detailed test plan and acceptance check list based on the mutually agreed upon UAT Plan. This UAT Plan check-list will be incorporated into this Exhibit B-X.

This section should reflect the mutually agreed upon UAT and Acceptance Criteria specific to this engagement.

Each deliverable created under this Statement of Work will be delivered to the Authorized User with a Deliverable Acceptance Receipt. This receipt will describe the deliverable and provide the project manager with space to indicate if the deliverable is accepted, rejected, or conditionally accepted. Conditionally Accepted deliverables will contain a list of deficiencies that need to be corrected in order for the deliverable to be accepted by the Project Manager. The Project Manager will have ten (10) days from receipt of the deliverable to provide Supplier with the signed Acceptance Receipt unless an alternative schedule is mutually agreed to between Supplier and the Authorized User in advance.

8. Assumptions and Project Roles and Responsibilities

This section contains assumptions specific to this engagement.

State assumptions here.

The following roles and responsibilities have been defined for this engagement:

(Sample Responsibility Matrix)

Responsibility Matrix	Supplier	Authorized User
Infrastructure – Preparing the system infrastructure that meets the recommended configuration defined in Section 2B herein		√
Server Hardware		√
Server Operating		√
Server Network Connectivity		√
Relational Database Management Software (Installation and Implementation)		√
Server Modules – Installation and Implementation	√	
PC Workstations – Hardware, Operating System, Network Connectivity		√
PC Workstations – Client Software		√

Application Installation on PC Workstations	√	
Wireless Network Access Points	√	
Cabling, Electric and User Network Connectivity from Access Points		√
Wireless Mobile Computing Products – Scanners, printers	√	
Project Planning and Management	√	√
Requirements Analysis	√	√
Application Design and Implementation	√	
Product Installation, Implementation and Testing	√	
Conversion Support	√	
Conversion Support -- Subject Matter Expertise		√
Documentation	√	
Training	√	
Product Maintenance and Support	√	
Problem Tracking	√	√
Troubleshooting – IT Infrastructure		√
Troubleshooting – Solution	√	

9. Security Requirements

Provide (or reference as an Attachment) Authorized User's security requirements. For any individual Authorized User location, security procedures may include but not be limited to: background checks, records verification, photographing, and fingerprinting of Supplier's employees or agents. Supplier may, at any time, be required to execute and complete, for each individual Supplier employee or agent, additional forms which may include non-disclosure agreements to be signed by Supplier's employees or agents acknowledging that all Authorized User information with which such employees and agents come into contact while at the Authorized User site is confidential and proprietary. Any unauthorized release of proprietary information by the Supplier or an employee or agent of Supplier shall constitute a breach of the Contract.

At a minimum, Supplier shall adhere to all of VITA's standard security requirements.

10. Risk Management

Risk is a function of the probability of an event occurring and the impact of the negative effects if it does occur. Negative effects include schedule delay, increased costs, and poor quality of deliverables.

Depending on the level of risk of this project, as assessed by the Authorized User, this section may contain any or all of the following components, at a level of detail commensurate with the level of risk:

a) Identification of risk factors.

b) Initial risk assessment.

c) Risk management/mitigation plan, including determination of roles and responsibilities of the Authorized User and Supplier.

d) Risk monitoring plan, including frequency and form of reviews, project team responsibilities, steering and oversight committee responsibilities, documentation.

11. Reporting

The following are examples of reporting requirements which may be included in the Statement of Work by the Authorized User. [Note: In an effort to help VITA monitor Supplier performance, it is strongly recommended that the Statement of Work include "Supplier Performance Assessments". These assessments may be performed at the discretion of the Authorized User and are not mandated by VITA.]

Weekly/Bi-weekly Status Update. The weekly/bi-weekly status report, to be submitted by Supplier to the Authorized User, should include: accomplishments to date as compared to the project plan; any changes in tasks, resources or schedule with new target dates, if necessary; all open issues or questions regarding the project; action plan for addressing open issues or questions and potential impacts on the project; risk management reporting.

Supplier Performance Self-Assessment. Within thirty (30) days of execution of the Statement of Work, the Supplier and the Authorized User will agree on Supplier performance self-assessment criteria. Supplier shall prepare a monthly self-assessment to report on such criteria. Supplier shall submit its self-assessment to the Authorized User who will have five (5) days to respond to Supplier with any comments. If the Authorized User agrees with Supplier's self-assessment, such Authorized User will sign the self-assessment and submit a copy to the VITA Supplier Relationship Manager.

Supplier Performance Assessments. The Authorized User may develop assessments of the Supplier's performance and disseminate such assessments to other Authorized Users of the Contract. Prior to dissemination of such assessments, Supplier will have an opportunity to respond to the assessments, and independent verification of the assessment may be utilized in the case of disagreement.

12. Point of Contact

For the duration of this project, the following project managers shall serve as the points of contact for day-to-day communication:

Authorized User: _____

Supplier: _____

By signing below, both parties agree to the terms of this Exhibit.

Supplier	VITA
By: _____	By: _____
(Signature)	(Signature)
Name: _____	Name: _____
(Print)	(Print)
Title: _____	Title: _____
Date: _____	Date: _____

MODIFICATION #X
TO
CONTRACT NUMBER VA-080522-ATI
BETWEEN THE VIRGINIA INFORMATION TECHNOLOGIES AGENCY
AND
AVALON TECHNOLOGY, INC.

This MODIFICATION #X is an Agreement between the Virginia Information Technologies Agency (hereinafter referred to as "VITA"), pursuant to §2.2-2012 of the Code of Virginia, and Avalon Technology, Inc. ("Supplier") to modify Contract Number VA-080522-ATI, as previously amended ("Contract"). This Modification is, upon execution by VITA and Supplier, incorporated into and made an integral part of the Contract.

The purpose of this Modification is as follows:

i). List any and all items to be modified.

The following items are modified as follows:

["**Additions**" supplement the current contract language. "**Changes**" supersede the current contract language. Ensure that the Modification ***clearly*** states that "**Changes**" ***supersede***.]

1. EXAMPLE #1: ADDITION TO THE CONTRACT
The following is added to the "**General**" section of the Contract:

V. Supplier Technical Point of Contact

The Supplier's point of contact for technical questions is Mr. John Doe, 804-555-1212.

2. EXAMPLE #2: DELETION FROM THE CONTRACT
The following is deleted from the "**General**" section of the Contract:

V. Supplier Technical Point of Contact

The Supplier's point of contact for technical questions is Mr. John Doe, 804-555-1212.

3. EXAMPLE #3: CHANGE TO THE CONTRACT
The Supplier's point of contact for technical questions, as identified in the "**General**" section, subsection "**V. Supplier Technical Point of Contact**" is changed from Mr. John Doe, 804-555-1212, to Ms. Jane Doe, 804-555-1212.

4. EXAMPLE #4: CHANGE TO THE CONTRACT
The following language supersedes the existing language in the "**General**" section, subsection "**V. Supplier Technical Point of Contact**":

V. Supplier Technical Point of Contact

The Supplier's point of contact for technical questions is Mr. John Doe, 804-555-1212. The Supplier's technical point of contact shall be responsible for submitting monthly reports to the Authorized User's technical manager and for submitting quarterly reports to the Authorized User's contracting officer. Failure of the Supplier to submit such reports may result in termination of the order for which such reports are to be submitted.

5. EXAMPLE #5: CHANGE TO THE CONTRACT

Attachment A to this Modification contains specifications for the Software. Attachment A to this Modification supersedes Attachment 1 to Exhibit A of the Contract.

The foregoing is the complete and final expression of the agreement of VITA and Supplier to modify the Contract and cannot be modified, except by a writing signed by duly authorized representatives of both parties hereto.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

PERSONS SIGNING THIS MODIFICATION ARE AUTHORIZED REPRESENTATIVES OF EACH PARTY TO THE CONTRACT AND ACKNOWLEDGE THAT EACH PARTY TO THE CONTRACT AGREES TO BE BOUND BY THE TERMS AND CONDITIONS OF THE CONTRACT, AS MODIFIED HEREIN.

Executed as of the last date set forth below by the undersigned authorized representatives of VITA and Supplier.

Supplier	VITA
By: _____	By: _____
(Signature)	(Signature)
Name: _____	Name: _____
(Print)	(Print)
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT D
CONTRACT NUMBER VA-080522-ATI
BETWEEN
VIRGINIA INFORMATION TECHNOLOGIES AGENCY
AND
AVALON TECHNOLOGY, INC.

Exhibit D is hereby incorporated into and made an integral part of Contract Number VA-080522-ATI ("Contract") between the Virginia Information Technologies Agency ("VITA" or "Commonwealth" or "State") and Avalon Technology, Inc. ("Supplier").

In the event of any discrepancy between this Exhibit D and Contract No. VA-080522-ATI, the provisions of Contract No. VA-080522-ATI shall control.

Compensation shall be a success fee that is based upon the recovery of overpayments from vendors ("Historic Recovery") and net savings realized by the Commonwealth for the reduction of ongoing costs ("Prospective Savings").

Success Fee Structure		
Fee Type	**Fee**	**Additional Information**
Historic Recovery	24%	Applies to all refunds, credits or other recovery. The success fee is billable upon receipt of the recovery by the Commonwealth.
Prospective Savings	22.5%	Applies to the first twelve (12) months of net savings for each accepted and implemented recommendation. The fee will be invoiced monthly with presentation to the Commonwealth that such savings have occurred. Calculation is as shown in "Success Fee – Method of Calculation for Prospective Savings" below.

A discount of 10% applies to all fees in excess of $250,000. By way of example, if the total fees are $300,000, the discount is 10% X ($300,000 - $250,000) = $5,000.

1. SUCCESS FEE - METHOD OF CALCULATION FOR PROSPECTIVE SAVINGS

A) Where costs are usage sensitive (i.e., costs vary with the amount of time spent on telephone calls), Average Net Monthly Savings are calculated as:

Step 1: Calculate the Cost per Minute prior to the recommendations of Team Avalon.

Step 2: Calculate Gross Savings per Month

Cost per minute (CPM) including taxes & surcharges prior to the recommendations of Team Avalon - CPM including taxes & surcharges after the correctly implemented recommendations of Team Avalon.	
	Savings per minute
X	Total Minutes of Usage Per Month
	Gross Savings Per Month

Step 3: Calculate the Cost of Implementation

If a capital expenditure is involved, divide the installed cost by 36 to obtain the monthly cost to amortize the expenditure over three years.

If new services are installed, total the cost of installation and divide by 12 to amortize the cost over the first year of implementation and to provide the monthly cost.

For all other one-time costs, divide the cost by 12 to amortize the cost over the first year of implementation and to provide the monthly cost.

Calculate the Cost of Implementation per Month by adding together the monthly portion of the three items above as they may apply.

Step 4: Calculate the Net Monthly Savings

Gross Savings Per Month - Cost of Implementation Per Month
Net Monthly Savings

B) Where costs are not usage sensitive, but a flat monthly charge, net savings is calculated as follows:

Step 1: Calculate Gross Savings per Month

Flat Monthly Cost (FMC) including taxes & surcharges prior to the recommendations of Team Avalon - FMC including taxes & surcharges after the correctly implemented recommendations of Team Avalon.
Gross Savings Per Month

Step 2: Calculate Cost of Implementation

If a capital expenditure is involved, divide the installed cost by 36 to obtain the monthly cost to amortize the expenditure over three years.

If new services are installed, total the cost of installation and divide by 12 to amortize the cost over the first year of implementation and to provide the monthly cost.

For all other one-time costs, divide the cost by 12 to amortize the cost over the first year of implementation and to provide the monthly cost.

Calculate the Cost of Implementation per Month by adding together the monthly portion of the three items above as they may apply.

Step 3: Calculate the Net Savings per Month

Gross Savings Per Month - Cost of Implementation Per Month
Net Monthly Savings

EXHIBIT E: CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

i). No Federal appropriated funds have been paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee or an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal Contract, grant, loan, or cooperative agreement.

ii). If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

iii). The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and Contracts under grants, loans and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: Larry Schwartz

Printed Name: LARRY Schwartz

Organization: Avalon Technology, Inc

Date: 5/21/08