

1.0 Executive Summary

Instructions to Providers: This section should be a three- (3) to five- (5) page summary of the key aspects of the proposed outsourcing solution and the principal advantages to the Commonwealth of Virginia ("Commonwealth"). Items in brackets [] represent cross-references to the Detailed Package enclosures. The cross-reference is not meant to be all inclusive, but an aide to the Vendor for developing its proposal.

Virginia has embarked on a groundbreaking program to transform the way technology services are delivered in the Commonwealth. With the creation of VITA, a clear vision has been set, to truly transform service delivery by consolidating, standardizing and leveraging a common infrastructure.

The benefits to Virginia's future are clear. More effective management of technology resources will create value for VITA's customers, stakeholders and Virginia's taxpayers. It will position Virginia to compete in a demanding national and global marketplace. It will create greater accountability for how public funds are spent on technology. And it will create new opportunities for the hardworking and committed employees of VITA.

In keeping with its motto, VITA must "Expect the Best." VITA requires a partner to provide the investment and expertise to make transformation happen. A partner who understands the challenges of large-scale transformation, with the experience and proven track record to succeed. A partner that is concerned about VITA's employees, and will treat them well. A partner that has as much skin in the game and is as committed to your success as you are.

The Commonwealth Partners is a consortium of firms: IBM, Bearing Point, STI Knowledge, Verizon, and Liberty Property Trust. Our firms have teamed to blend our unique talents and resources, to develop this proposal for Virginia. We believe our longstanding working relationships bring value and insight to your organization as it exists today, and will allow us to help you succeed. We believe we are uniquely qualified. We recognize that Virginia will be a model to other states for transforming how government services are provided. We are committed to your success.

Our proposal provides the details to enable the Commonwealth to continue realizing the vision and change the way you conduct business. As noted by Lem Stuart, VITA's CIO, in the Information Technology update on the Virginia Excels web-portal, "Transformation is not the pursuit of modest, incremental improvements. Rather, it is the development of breakthrough initiatives for substantial returns on investments and improvements in service. " The Commonwealth Partners are in step with Mr. Stewart's view of transformation. Our solution is designed to establish the foundation for transformation by modernizing the technology infrastructure to provide a cohesive, cost-effective, and scalable foundation for high-capacity/capability services.

1.1 Commitment to Term of Proposal *[Refer to Comprehensive Infrastructure Agreement]*

By submitting this detailed proposal governed by the PPEA, the Commonwealth Partners are proudly and enthusiastically committed to the term of the proposal for the initial seven year contract period and associated extensions. Additionally, the Commonwealth Partners will comply with the Comprehensive Infrastructure Agreement, as detailed in Section 4.1 of this proposal, along with the changes we recommend.

1.2 Commitment to Scope of Services *[Refer to Detailed Proposal Rules and Schedule 3.3]*

The Commonwealth Partners have provided a robust solution which complies with and describes the delivery of services as contained in the Detailed Proposal Rules and Schedule 3.3, along with suggested changes we recommend in the appendices to Schedule 3.3. All of our proposed changes to the Scope of

Work, defined in Schedule 3.3 will fully and comprehensively describe these recommendations and the inherent value our alternative approach will deliver to the Commonwealth.

1.3 Overview of Vendor Qualifications

The Commonwealth Partners recognize that the Commonwealth must embrace the total enterprise, including over 90 agencies, providing mission critical systems to its constituents such as Health and Human Services, Public Safety and Transportation just to name a few. We understand that an effective response to the ever growing needs of the Commonwealth requires an enterprise architecture framework to optimize technology investments and an implementation strategy designed to provide uninterrupted operations of Commonwealth mission-critical systems.

The Commonwealth Partners understands these needs first hand as our firms have over 20,000 employees residing in the Commonwealth of Virginia. IBM understands the value and complexity of large-scale transformation and the commitment required to succeed. We will employ the lessons learned in our own transformation to help Virginia achieve its transformation objectives.

IBM, as prime contractor, will lead the overall Program Management, Data Center and Server Consolidation, IT Operations, Desktop Management and Transition. IBM will work with its team members, BearingPoint, STI Knowledge, Liberty Property Trust and Verizon because they have unique qualifications that match the requirements of VITA's strategy for the future, as demonstrated in Table 1.3-1. These companies are the key members forming the Commonwealth Partners. All of us are dedicated to work under VITA's direction to successfully transform the Commonwealth of Virginia.

Key Partners	Primary Role in the Partnership
	BearingPoint is responsible for the integration of the existing networking contracts with Verizon and MCI along with oversight of Messaging, Facilities and Customer Care. BearingPoint provides business consulting, systems integration and managed services to Global 2000 companies, medium-sized businesses, and government organizations. BearingPoint's approximately 16,000 professionals in 39 countries leverage extensive industry and technology domain experience to successfully deliver on time and on budget.
	STI Knowledge has the responsibility for providing our Customer Care solution. For two consecutive years, STI Knowledge's combination of vision and execution has earned leadership ranking in Gartner's Magic Quadrant of Help Desk Outsourcers. Gartner Group has recognized STI Knowledge for services and solutions expertise, outstanding performance, and clear understanding of industry dynamics.
	Verizon will be providing transport and transport services for the Commonwealth. With more than \$71 billion in annual revenues, Verizon Communications Inc. is one of the world's leading providers of communications services. Verizon has a diverse work force of 214,000 individuals.
	Liberty Property Trust will be fulfilling the facilities requirements for the Commonwealth. Liberty Property Trust is a leader in commercial real estate. One of the country's largest owners and managers of quality suburban commercial real estate, Liberty's growing portfolio currently includes more than 700 properties. Liberty properties provide warehouse, distribution, manufacturing, research and development and office facilities to more than 2,000 tenants in over 62 million square feet of space.

Table 1.3-1

The Commonwealth Partners have a long history of working with the Commonwealth of Virginia. Our prior experience will be of critical value as we work hand in hand with VITA and the Commonwealth Agencies in establishing the enterprise wide infrastructure and overall services within this agreement.

Not only do the members of the Commonwealth Partners team have longstanding working relationships within the Commonwealth, we are also citizens and stakeholders of the Commonwealth of Virginia. Our firms have a rich history of providing support to the communities in which we live in a number of ways. Table 1.3.-2 provides an overview of the benefits our firms have brought to the Commonwealth.

The Commonwealth Partners: VA Community Partners	
VA Based IT Employees	20,000
Historical Annual Financial Donations in the VA Community	\$3.5M / year
Permanent New Technology Jobs created in VA in past 2 years	3,500
New Technology related jobs to be created by PPEA (150 - VITA related and an additional 200 for non-Commonwealth related clients.)	350

Table 1.3-2

It is also important to note that the members of this team have experience working together on complex IT projects, with a long history of working with small minority and women owned businesses. IBM and BearingPoint have partnered successfully on many large public sector engagements in the past, and are presently managing 13 separate engagements, including the Commonwealth of Pennsylvania, New York City, and the State of Florida. Together, through experience, we know what it takes to collaborate and truly partner as a single unit with our client, in order to achieve VITA's goal

Simply stated, there is no other team with the technological breadth and depth of experience, resources, insight, and financial power better suited to help VITA accomplish the goal of enhancing the Commonwealth's ability to better serve its citizens, agencies and business partners than The Commonwealth Partners.

1.4 Overview of Proposed Solution

The Commonwealth Partners are proposing to leverage the public-private partnership to improve Virginia's IT services. Our relationship will promote the sharing of the investment, risk, responsibility, and reward between VITA and our team, with clearly defined responsibilities. In this model, the responsibilities of government remain the same: to ensure services and products are delivered in a manner that serves the public interest. What changes is the delivery mechanism, which is provided by private partners whose core competency is delivering technology services.

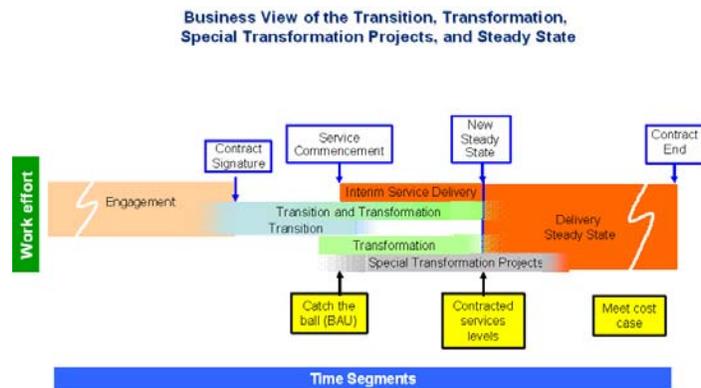
VITA has incorporated 9 Statements of Work (SOWs) to be included in this PPEA. The following exhibit depicts the SOWs, our solution highlights, and the impacts on spending, reliability, security and economic development.

<i>Statement of Work</i>	<i>Commonwealth Partner Solution</i>	<i>Reduce Spending</i>	<i>Increase Reliability & Security</i>	<i>Economic Development</i>
Cross Functional Services	<ul style="list-style-type: none"> Integrate and manage the IT infrastructure of all executive branch agencies. Evaluation of Planned Implementation of Emerging Technologies <ul style="list-style-type: none"> IBM has the world's largest IT research organization, with more than 3,000 scientists and engineers working at eight labs in six countries. We will periodically evaluate emerging technologies to assess their value in meeting specific Commonwealth needs. Introduce innovative technology solutions supporting redefined, improved agency mission-critical citizen service programs Our Business Development, Cooperative Value and Innovation teams will continue to update the Commonwealth on emerging technologies and will seek to solve your business problems through technology. Implementation of proven practices that have been proven via hundreds of projects similar to the Commonwealth's providing end-to-end process management of all delivered services. The Commonwealth Partners will work with VITA to employ innovative procurements, supplier partnerships, and financing arrangements to fund, expedite, and ensure the performance of future initiatives. Improve major IT project success rates to best-in-class levels through the use of best practices. Help enable significant annual returns on investments. 	✓	✓	✓
Internal Application Services	<ul style="list-style-type: none"> Full lifecycle support of internal applications Application of best of breed methodologies including SW-CMM and CMMI, to achieve high levels of productivity and increased system quality. 	✓	✓	
Security Services	<ul style="list-style-type: none"> High levels of security, both for IT related areas (applications, equipment, and Internet access) and physical security via a new data center possessing a high level of security and backup capabilities. Implement a secure Intranet encompassing in-scope agencies 		✓	
Help Desk Services	<ul style="list-style-type: none"> Provide a statewide customer care center as a single point of contact for all information technology related services. Redacted 	✓	✓	✓
Enterprise Desktop Computing Services	<ul style="list-style-type: none"> Implement a desktop management program for all in-scope agencies Management of total distributed services through a set of proven processes, procedures and automation tools. Bring end users up to a common level of desktop services. Enterprise approach to common desktop HW/SW platforms, email, and portable computers that can communicate and share data. 	✓	✓	
Enterprise Messaging Services	<ul style="list-style-type: none"> Establish a unified statewide electronic mail services based on MS Exchange server, with user access through Outlook, Internet browser, POP/IMAP and mobile devices. 	✓	✓	
Mainframe and Server Services	<ul style="list-style-type: none"> Establish a state-of-the-art data center and back-up facility <ul style="list-style-type: none"> Two new facilities, an office complex and a 79,200sq ft data center facility in Redacted, possessing a high level of security and backup capabilities. The new facility provides the capability to offer additional services to other government agencies and education institutions. Consolidation of Platforms and operations based on best practices and cost efficiencies. Advanced Business Recovery services. 	✓	✓	✓
Data Network	<ul style="list-style-type: none"> Converged Data Network solution that effectively accommodates the characteristics, and also allows optimization of an efficient and cost effective infrastructure and operating environment. 	✓	✓	✓

Statement of Work	Commonwealth Partner Solution	Reduce Spending	Increase Reliability & Security	Economic Development
Services	<ul style="list-style-type: none"> • New next generation optical network with multi-layer switching platforms which will provide superior cost effective solution for multiple band widths such as voice, video and data. 			
Voice & Video Telecom Services	<ul style="list-style-type: none"> • Capitalize on opportunities to reduce costs through optimization. • Provide a path for evolution to IP-based communications and voice/video/data convergence. 	✓	✓	

1.5 Overview of Proposed Implementation/Transition Plan

It is one thing to describe an innovative new business strategy; implementing it is a whole different matter. This is where the Commonwealth Partners depth of resources and experience works for you. We have designed a practical, detailed plan to implement this solution through overlapping work streams, as shown in the following chart.



Current Operations / Transition

The Commonwealth Partners will initiate the transition on the Contract Start Date. Planning will take place prior to contract signing upon the official award of the contract. The Transition Manager, who has the overall accountability for the execution and performance of the transition, will commence start-up activities. These activities include the establishment of the transition team organization, documenting the overall project management system including: processes, controls, standards, and tools; finalizing the transition implementation plan and beginning transition implementation.

The Commonwealth Partners provides a unique, integrated, proven approach that will define and manage the overall transition process according to the business needs of the Commonwealth. This approach will provide the Commonwealth with flexibility to address changing business demands while the services are being transitioned to the Commonwealth Partners. Some of the benefits from this integrated approach include:

Transformation

Transformation within the Commonwealth requires a well thought out approach that balances vision with realism. Our experience shows that “big bang” implementations are characteristic of high-risk programs that set customer expectations high and carry low odds of quality, on-time delivery. Accordingly, we decided upon a highly executable, two-phased approach:

- Phase 1 - Integrating IT and Service Management functions as a solid foundation,
- Phase 2 - Leveraging Phase 1 infrastructure to perform Transition Projects transforming the Commonwealth’s operations.

The Commonwealth Partners propose to first build an integrated platform to establish an end-to-end enterprise view across all towers and set the foundation for the future. While this may not sound as glamorous as the “big bang” approach, we will provide an orderly, low risk solution that will result in the Commonwealth achieving its vision of true transformation in government operations.

Transition Projects will consolidate and refresh the Commonwealth environment creating a service delivery platform that revolutionizes services to VITA’s customers.

Steady State Operations

Upon completion of the formal Transition and Transformation Phases the Infrastructure Program will enter into Steady State Operations. The Commonwealth Partners will continue to optimize service delivery and customer satisfaction. We will:

- Manage consolidated mainframe and server environment in the new Data Center.
- Co-locate with VITA in new office building
- Jointly develop technology strategies to align with business priorities
- Develop a marketing strategy and new applications to help expand the customer base

Cooperative Value and Innovation

Cooperative Value and Innovation will begin upon inception of the program. The Commonwealth Partners will work with VITA to strategize and socialize concepts that will provide mutual business benefit to both VITA and the Commonwealth Partners.

Through semi-annual Innovation Strategy Meetings, chaired by our Marketing Strategy and Innovation Manager, our teams will work together to collaborate on developing opportunities for mutual business benefit and identify opportunities to implement new technologies to achieve enhanced services to Virginia and its constituents. IBM will also provide an overview of the latest technologies and their potential use in the public sector market.

These meetings will include, but are not limited to, participation from IBM’s Research and Development organization, subject matter experts from IBM and BearingPoint, subject matter experts from the Commonwealth, along with participation from both the Commonwealth and Commonwealth Partner Program staff.

1.6 Financial Summary (Vendor Proposed Best Pricing) *[refer to Detailed Proposal Rules and Schedule 10.1]*

The Commonwealth Partners is proposing a robust solution which includes enhanced services and service level attainment, a new Data Center and Office Facility in **Redacted**, a new Customer Care Center in Southwest Virginia which will provide 350 new jobs opportunities, and 100% employee retention opportunity for all Affected VITA Employees; all(**Redacted**) within VITA’s projected financial base case.

The Commonwealth Partners have categorized the costs into 5 areas:

- **Base Services:** Services that exist today in the Commonwealth.
- **VITA Retained Services:** Services that will continue to be paid by VITA such as network charges from MCI and Verizon.
- **Facility Services:** Current and future facility spend.

- **SOW Value Add:** New or enhanced services requested in the Statement of Work.
- **Excess Resources:** Resources not required due to productivity and efficiencies.

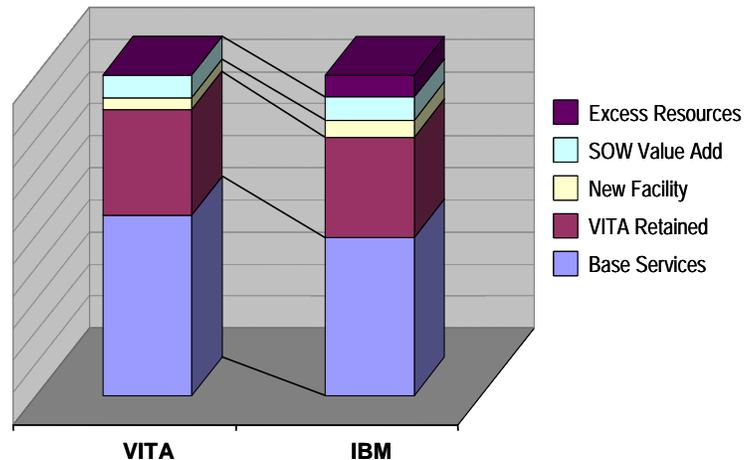
Redeployment Plan for excess resources not required for solution. (Redeployment back to Commonwealth Agencies or ability to utilize remaining managed VITA resources on non-VITA programs).

Moving to a 10 year base contract with one 3 year option, versus a 7 year base with two 3 year option.

Modification of T's and C's such as payment schedule.

Increase incentive for attrition for employees not required for solution.

Payment of capital expense early in contract.



1.7 Outsourcing Benefits to Commonwealth

VITA was created for one reason: to

improve efficiencies and establish an enterprise wide technology infrastructure through the enablement of information technology best practices. Our solution allows VITA to shed tactical operations that are peripheral to this mission, and to focus on the strategic purpose for which it was created. Virginia will benefit in terms of:

- **Best Value.** The Commonwealth Partners will provide increased services, economic development and new facilities all within VITA's current projected base case, thus increasing the value of each dollar spent on IT.
- **Improved Service Levels.** We will document service levels, creating greater accountability and higher levels of performance. The infusion of greater innovation, highly skilled technology professionals, and knowledge of proven practices will contribute to higher quality IT services.
- **Opportunity to Increase Revenues.** The Commonwealth Partners also look forward to discussing an innovative approach that we believe can yield positive results for both of our organizations. **(Redacted)**
- **Employee Development.** We will offer Affected VITA staff an opportunity to join IBM or BearingPoint. **(Redacted)**
- **Employment Flexibility.** **Redacted**
- **Enhanced Security.** For the first time, the state will have a Level 3+ secure data center designed to protect the information assets of the Commonwealth. Additionally the Commonwealth Partners will provide high levels of security for IT related areas such as application, equipment and internet/intranet access.
- **Economic Impact.** This partnership will create economic development within the state, which adds to the quality of life here as well as expands Virginia's economic base.

1.8 Commonwealth Economic Impact Template *[refer to Section 10.1 of this Vendor Proposal Format document]*

In addition to the benefits of outsourcing noted above, the Commonwealth Partners are proposing benefits that contain a positive economic impact for Virginia. Through our economic development initiatives, we believe we will bring significant overall value to the citizens of the Commonwealth.

Customer Care Center: The Commonwealth Partners propose adding **Redacted** new jobs, to be located in our new Customer Care Center **Redacted**. These jobs consist of **Redacted** new jobs in support of the VITA contract along with an additional **Redacted** jobs in support of external customers. These new employees will be eligible for full STI Knowledge company benefits

Influx of Commonwealth Partner Personnel: The **Redacted** will experience an influx of over **Redacted** Commonwealth Partner personnel who will be relocating to the area over the seven year period. This influx of personnel will generate an increase in Virginia income tax revenue along with a combination of new home sales, rentals and hotel occupancy; restaurant, and retail business.

Offer of employment to Affected VITA Employees: The Commonwealth Partners will extend offers of employment to all Affected VITA employees. By providing 100% employment opportunities to such employees, the Commonwealth will avoid job loss in the Richmond area which could have caused a drop in tax revenue along with a potential increase costs associated with unemployment benefit funds.

New Facilities in Redacted: We are building a new state of the art Data Center and a new 3 story office building. The new facilities will be located on land with an acquisition cost of \$2.9M and a Capital Investment of \$47.66M. The construction effort will begin immediately after the Effective Date of the Agreement and is scheduled to conclude in May 2007. The building effort will provide approximately 126 construction related jobs to the **Redacted**

The detailed Commonwealth Economic Impact Template is located in Section 11.1.2.