

Decentralized Service Rates

For VITA and Northrop Grumman

Overview

With the implementation of decentralized service rates, VITA will discontinue billing under the Memorandum of Understanding (MOU) 1 and 2 methodology. Agency effective rates (intended for new acquisitions) also will be replaced with the implementation of decentralized service rates. The effective date for implementation of these rates is retroactive to July 1, 2006. Due to the rates being implemented retroactively, allowances will be made for applicable payments by agencies year-to-date. Amendments to Item 426 I of the Budget Bill (Governor's amendments to the 2006-08 Budget) provide for the Department of Planning and Budget to assist agencies and institutions through appropriation transfers to implement this revised program.

The comprehensive nature of consistently applied statewide rates for decentralized services results in overlap with some of VITA's legacy services. Accordingly, the following legacy service charges will be eliminated in favor of recovering the associated costs by inclusion in the decentralized service rates.

ITSM fee (for security governance and risk management functions)

These costs have been distributed across all service rates.

VITA's centralized shared e-mail charges

These costs are included in the desktop and laptop rates.

VITA's centralized shared Blackberry synchronization charges

These costs are included in the PDA/Blackberry rates.

Legacy charges for leased equipment through VITA or a third-party provider (with VITA making the vendor payments) will be eliminated when the "full service" or "excluding labor" options are used. Lease payments will continue until equipment is replaced when the "excluding purchase" option in the decentralized service rate structure is used. Four variations of leased equipment arrangements through VITA currently exist – VITA leased Telco equipment, VITA leased computer equipment, vendor-to-VITA leased equipment and VITA equipment lease/purchase agreements (Memorandum of Agreement - MOAs).

Charges for hosting services provided at the VITA central data center remain unchanged. The new rate structure applicable to servers incorporates an option that eliminates the portion of total service already paid to VITA by the hosting Memorandum of Agreement and usage based backup and storage charges.

All rates are initially established based on an estimated five-year replacement cycle for all devices, as further described below.

Staff support for large print shops and mainframe operations such as production control and job scheduling will be charged on a time and materials (hourly labor rates) basis. Alternatively, agencies may elect to continue paying the custom amount agreed upon during the MOU negotiations process.

Expenses for services that are dedicated to a single agency will be charged to that agency using the “cost plus” model, which includes VITA’s approved surcharge. For some agencies, there will be other items of expense previously processed through direct bill and included in the MOU that are not included in the decentralized service rates. Such expenses will either be processed through VITA under the “cost plus” model or will be processed by customer agencies working directly with the provider (via EVa where applicable).

Expenses for consumable items such as printer paper, toner, ink cartridges, etc. will remain out-of-scope with respect to the service rates described in this document. Additionally, these decentralized service rates do not apply to the high-volume enterprise printers that are used by several agencies.

Service options

The intention of establishing the statewide decentralized service rate model is to recover the full cost of providing a seat management style of service. In this model, customers pay flat monthly rates for services based on device type and cost that includes the cost of equipment purchase, equipment installation, equipment maintenance, equipment surplus, software licensing, software license renewal, software patches and upgrades, direct labor, and indirect expenses such as security, help desk, capacity planning and administration. In each service category, determined by device type, there exists a “full service” option that recovers the cost of these components, which comprises the complete service. Rates for servers and shared Local Area Network (LAN) devices are further delineated based on the estimated purchase cost of the device as indicated in the first column of the attached rate schedule. A more comprehensive list of services provided for each *service category* is described below.

While the “full service” option described above is the planned and optimal model for service delivery and cost recovery for the majority of Executive Branch agencies services and equipment, for a variety of reasons there exists a need for optional levels of service. In each service category at least two additional service options and corresponding service rates are available:

The option “excluding purchase” removes the estimated cost of equipment purchase (refresh) from the full service rate. This option is (ONLY) offered to accommodate certain Federal constraints regarding equipment purchase and the sudden influx of capital that often is the result of special or one-time Federal grants. Once this model is determined to be appropriate for select equipment, it will remain in use until such time that the equipment is refreshed. At the time of equipment refresh, two options exist. It is most desirable that the new equipment be moved up to the “full service” option and the corresponding rate applied. Alternatively, in the case of additional one-time capital available, the agency may reimburse VITA for the full purchase cost of the equipment under our approved cost-plus model. The second option allows the equipment to remain at the “excluding purchase” service level and corresponding rate. Note that the applicable rate going forward will be determined based on the purchase cost of the device and as a result could be different from the previous rate.

The option “excluding direct labor” removes the estimated cost of labor to support the device from the full service rate. This option is (ONLY) offered to accommodate

certain Federal constraints for a limited number of agencies that currently are engaged with a third-party vendor providing seat management style direct support services. With approval from VITA management, this option also may be applied in situations in which time and materials billing for direct support of certain devices is a more appropriate alternative than full service.

In addition to the two options described above, a third option exists related to the server category. This option is only applicable in cases where under an agreed upon Memorandum of Agreement (MOA) or Memorandum of Understanding (MOU), agencies are paying VITA for hosting services that include direct Operating System (OS) engineering support. In addition to excluding the hosting and engineering support charges, these rates also exclude the direct labor costs and hardware/software costs associated with enterprise devices (cabinets, racks, storage, backup, UPS) that are provided under the VITA central hosting agreement.

FY 2006-2007 Rates

Decentralized (remote) Service rates - all rates are per month			
PC rates			

Service Types	Desktops	Laptops	PDA's
Full service	\$86.90	\$121.99	\$12.88
Excluding purchase (allowing for one-time spending)	\$66.94	\$85.33	\$8.34
Excluding direct labor (allowing for T&M support)	\$42.35	\$62.59	\$4.54

Server rates		
Dollar ranges based on purchase price		

Service Types	Windows	Unix
Full service		
< \$2K	\$704	\$854
\$2K-\$5K	\$704	\$854
\$5K-\$10K	\$940	\$1,184
\$10K-\$20K	\$1,311	\$1,648
\$20K-\$35K	\$1,866	\$2,305
\$35K-\$60K	\$2,709	\$3,250
>\$60K	\$2,709	\$3,250
Excluding purchase price		
< \$2K	\$641	\$791
\$2K-\$5K	\$641	\$791

\$5K-\$10K	\$804	\$1,048
\$10K-\$20K	\$1,039	\$1,376
\$20K-\$35K	\$1,367	\$1,805
\$35K-\$60K	\$1,847	\$2,388
>\$60K	\$1,847	\$2,388

Excluding direct support (labor)

< \$2K	\$291	\$338
\$2K-\$5K	\$291	\$338
\$5K-\$10K	\$487	\$539
\$10K-\$20K	\$817	\$874
\$20K-\$35K	\$1,332	\$1,147
\$35K-\$60K	\$2,135	\$2,218
>\$60K	\$2,135	\$2,218

Excluding VITA central hosting services provided under MOA

< \$2K	\$116	\$116
\$2K-\$5K	\$116	\$116
\$5K-\$10K	\$249	\$249
\$10-\$20K	\$498	\$498
\$20-\$35K	\$912	\$912
\$35-\$60K	\$1,575	\$1,575
>\$60K	\$1,575	\$1,575

Shared LAN device rates	
Dollar ranges based on purchase price	

Service Types	All devices
---------------	-------------

LAN attached (LAN capable) printers, plotters, scanners, etc

Full service	
< \$500	\$47.85
\$500-\$1,500	\$47.85
\$1,500-\$3K	\$103.95
\$3K-\$6K	\$193.05
\$6K-\$10K	\$323.40
> \$10K	\$323.40

Excluding purchase (allowing for one-time spending)

< \$500	\$29.70
\$500-\$1,500	\$29.70
\$1,500-\$3K	\$63.11
\$3K-\$6K	\$111.38
\$6K-\$10K	\$178.20
> \$10K	\$178.20

Excluding direct labor (allowing for T&M support)

< \$500	\$33.00
\$500-\$1,500	\$33.00
\$1,500-\$3K	\$74.25
\$3K-\$6K	\$148.50
\$6K-\$10K	\$264.00
> \$10K	\$264.00

Network access rates	
-----------------------------	--

Service Types	All devices
----------------------	--------------------

Network attached devices, servers, enterprise devices, LAN devices, PC's

Applicable devices include all the above above plus network devices (routers, switches, etc) and enterprise devices (disk, tape, backup equipment)

Full service	\$28
Excluding purchase	\$21
Excluding labor	\$20

Network access charge applied to all devices attached to a VITA supported network including the network devices themselves

Service Categories

Desktops, laptops and PDAs (Blackberries)

The full service rates in this service category are designed to recover the cost of equipment purchase, equipment installation, equipment maintenance, equipment surplus, software licensing, software license renewal, software patches and upgrades for the standard operating system, standard office suite, e-mail, anti-virus and Spam filtering software products, direct labor and indirect expenses such as security, help desk and administration. As referenced above, e-mail also includes public folders, and instant messaging. The devices included in this category are desktop PCs, laptops (including notebooks and tablets) and PDA (Blackberry) devices.

Servers

The full service rates in this service category are designed to recover the cost of equipment purchase, equipment installation, equipment maintenance, equipment surplus, software licensing, software license renewal, software patches and upgrades for the standard operating system(s) and in-scope data base software, direct labor and indirect expenses such as security, help desk, capacity planning and administration. Additionally, the cost of enterprise computer room equipment such as racks, cabinets, storage devices, backup devices and UPS are recovered from the full service server rates. The devices included in this category are servers, predominately

those utilizing the Windows or Unix operating systems. Servers using the Novel operating system are treated as Windows servers, while servers using the Linux operating system are treated as Unix servers.

Shared LAN Devices

The full service rates in this service category are designed to recover the cost of equipment purchase, equipment installation, equipment maintenance, equipment surplus, direct labor and indirect expenses such as security, help desk and administration. The devices included in this service category are shared LAN printers (including network attached printers, network capable printers), shared LAN plotters, shared LAN scanners and multifunction devices (print, FAX, scan, copy).

Network

The full service rates (referred to as the Network Access Charge) in this service category are designed to recover the cost of equipment purchase, equipment installation, equipment maintenance, equipment surplus, direct labor and indirect expenses such as security, help desk, capacity planning and administration. The network access charge is applied to devices that create the network (routers, switches, etc) and all devices connected to the network (servers, PCs, shared LAN devices, enterprise devices). Network devices used to create Voice Over Internet Protocol (VOIP) capabilities, as well as Wireless Networking capabilities, also are subject to the network access charge.

Asset Inventory

The asset inventory system will serve as the source of data to determine the appropriate amounts to charge for all in-scope devices. As depicted by the attached service rate sheets, applicable rates for servers and shared LAN devices will be determined based on the purchase price of the device. The analysis performed during the development of these rates revealed a significant number of devices with seemingly very low or extremely high purchase prices. For these two categories of devices, the lowest rate will be applied to devices with recorded purchase prices below the estimated minimum price and the highest rate will be applied to those devices with recorded purchases prices above the estimated maximum price. At the time a device is refreshed, the billable rate may change based on the new purchase amount for the device. If the purchase price of new devices falls below or above the estimated ranges of cost, either additional rates will be developed or unique prices will be established as warranted by the quantity of devices that deviate from the established ranges and rates.

As the asset inventory system contains the only source of data available to the billing system for rate determination and billing, accuracy and timeliness of inventory data is critical to the process. Additional data fields may need to be populated to facilitate automation of the billing process. The additional data fields identified to-date include:

Agency use field – This field is available on every asset and will hold the billing account code as prescribed by each agency. The billing account code will be used in the same

manner as has been the practice with the billing account code for mainframe services or the activity code for telecommunications services. That is to create logical groupings of detail billing data in a manner useful to the customer agency, typically relating to a specific application or program. Use of this field is optional.

Service option identifier – This field is available on every asset. The default value will indicate the standard full service option is applicable to the device. The use of this field is optional.

Billing

Billing for decentralized services will be provided through the Comprehensive Goods and Services billing system that currently/previously is used for direct bills, MOU bills and various miscellaneous bills. In addition to the total invoice amount there will be a summary by the billing account code described above in the asset inventory section. A complete detail listing of all assets comprising the total bill will be available, and agencies will have the opportunity to review the asset inventory upon which the new billings will be based prior to the first billings using the new decentralized service rate.

Matrix

Cost components included in decentralized service option rates

Included in desktop service rates	Full service	Excluding purchase	Excluding labor	Excluding VITA central hosting
Hardware Acquisition	X		X	N/A
Installation (labor)	X	X		N/A
Support (labor)	X	X		N/A
Hardware maintenance	X	X	X	N/A
Software license, renewal, patches, upgrades	X	X	X	N/A
Windows OS	X	X	X	N/A
Standard MS Office product suite	X	X	X	N/A
Email	X	X	X	N/A
Anti-virus	X	X	X	N/A
Security	X	X	P	N/A
Help desk	X	X	X	N/A
Surplus (labor)	X	X		N/A

Included in server service rates				
Server Hardware Acquisition	X		X	X
Server Installation (labor)	X	X		
Server Support (labor)	X	X		
Server hardware maintenance	X	X	X	X
Server software license, renewal, patches, upgrades	X	X	X	X
Operating System	X	X	X	X
Data base	X	X	X	X
Anti-virus	X	X	X	X
Enterprise devices including cabinets, racks, disk, backup, UPS, etc				
Ent. Dev. Hardware Acquisition	X		X	
Backup, storage and other support (labor)	X	X		
Software (license, renew, etc) where applicable	X	X	X	
Security	X	X	P	
Capacity planning	X	X		
Help desk	X	X	X	
Surplus (labor)	X	X		

Included in shared LAN device service rates				
Hardware Acquisition	X		X	N/A
Installation (labor)	X	X		N/A
Support (labor)	X	X		N/A
Hardware maintenance	X	X	X	N/A
Software license, renewal, patches, upgrades	X	X	X	N/A
where applicable	X	X	X	N/A
Security	X	X	P	N/A
Help desk	X	X	X	N/A
Surplus (labor)	X	X		N/A

Included in Network Access charge rates				
Network Hardware Acquisition	X		X	N/A
Installation (labor)	X	X		N/A
Support (labor)	X	X		N/A
Hardware maintenance	X	X	X	N/A
Software license, renewal, patches, upgrades	X	X	X	N/A
where applicable	X	X	X	N/A
Security	X	X	P	N/A
Capacity planning	X	X		N/A
Help desk	X	X	X	N/A
Surplus (labor)	X	X		N/A

P = partial (Security Governance - formerly ITSM fee)