

**AGREEMENT AS TO AMENDMENT AND RESTATEMENT OF THE
OPERATIONAL IMPROVEMENT INITIATIVES
WORK PLAN**

This is an agreement (the "Work Plan Agreement") between the Commonwealth of Virginia, through its Virginia Information Technologies Agency ("Commonwealth" or "VITA"), and Northrop Grumman Systems Corporation ("Northrop Grumman"), relating to improving customer satisfaction with services they receive under the Comprehensive Infrastructure Agreement between the Commonwealth and Northrop Grumman originally dated November 14, 2005 and as subsequently amended (the "CIA").

For good and valuable consideration, receipt of which is hereby acknowledged, the Commonwealth and Northrop Grumman agree as follows:

1. Prior Work Plan. This Work Plan Agreement amends, restates and supersedes the Operational Improvement Initiatives Work Plan executed on March 31, 2010.
2. Relation to CIA. This Work Plan Agreement relates to activities under the CIA, but this Work Plan Agreement is not an amendment of the CIA and shall not affect any rights, obligations or remedies of either Party under the CIA, at law or in equity. Without limiting the foregoing, this Work Plan Agreement is not based upon the Parties' interpretation of existing rights or obligations under the CIA and is not intended to imply that specific actions or limitations set forth herein are or are not already required or permitted by the CIA. Nothing in this Work Plan Agreement shall be interpreted as defining, limiting, waiving, or expanding the meaning of any provision of the CIA, including all attachments and schedules thereto, nor as estopping either Party from requiring full adherence to the terms of the CIA. The same rule of interpretation shall apply to any process which the Parties agree to as contemplated in this Work Plan Agreement, except to the extent the process is formally agreed to as an amendment to the CIA pursuant to Section 27.5 of the CIA. Capitalized terms have the meanings set forth in the CIA and "day" means a calendar day.
3. No Additional Cost to the Commonwealth. In no event shall this Work Plan Agreement and the activities under it result in an additional charge to the Commonwealth except where expressly mentioned in the specific initiatives or where the Parties mutually agree and amend the CIA per Section 27.5 of the CIA. At the end of calendar year 2010, the Parties will discuss whether the changes associated with the completed initiatives can be made permanent either at no cost or at a mutually agreeable cost to be born by the Commonwealth, and if any change will not continue, the Parties shall meet to discuss how to continue customer satisfaction in the affected area. For those operational improvement initiatives which are completed after the end of calendar year 2010, similar cost assessments and customer satisfaction discussion will be held at the time the initiative is certified to be complete. In accordance with Section 2, in no event shall the permanence or non-permanence of an initiative under this Work Plan Agreement be construed as implying that the activities are or are not required by the CIA.

4. Escrow. The objective of this Work Plan Agreement is that the ten initiatives listed below shall be fully implemented before December 31, 2010. In the event they are not, then each month thereafter until determination of completion of such initiative per Section 5 or, if not completed, through May 31, 2012, there shall be a monthly amount held by the Commonwealth in escrow (subject to the dependency provisions in Section 6), and Northrop Grumman hereby agrees that the Commonwealth may withhold such escrow amount from any other payment otherwise owing to Northrop Grumman under the CIA. The withhold for each initiative that is not determined complete in accordance with Section 5 below shall be \$ 29,411.76 per month up to a total of \$500,000 per initiative for a total potential withhold of five million dollars for all ten initiatives over the entire seventeen months ending on May 31, 2012. If any such initiative is determined to be complete by May 31, 2012, the Commonwealth shall make a separate payment to refund the amount withheld for that initiative within thirty days after the determination of completion in Section 5 below but if any such initiative is still incomplete by June 1, 2012, the accumulated withhold for that initiative shall be permanently retained by the Commonwealth. The Parties agree that this withhold (and any refund) are not a penalty and neither Party shall challenge the enforceability of this Section 4. The foregoing sentence in no way affects the ability of either Party to challenge the decisions made under this Section 4. The escrow contemplated by this Section 4 is not a formal escrow, but rather, money held by the Commonwealth with appropriate accounting to identify it is held on behalf of Northrop Grumman, unless and until a withhold becomes permanent, in which event such funds shall be funds of the Commonwealth. Northrop Grumman shall be able to inspect the documents showing the accounting entries, and the Commonwealth shall provide Northrop Grumman with a monthly statement of the credits and debits. The Commonwealth shall not pay interest on the withheld amounts. Once an initiative has been certified as complete as provided in Section 5 and any refundable withholds have been refunded, the five million dollar figure above shall be reduced by the \$500,000 amount associated with that initiative. The permanent retention of withholds authorized by this Section 4 shall be the Commonwealth's sole and exclusive remedy for breach, including nonperformance, defective or delayed performance, default or any other theory of contractual liability under this Work Plan Agreement, but, in accordance with Section 2 of this Work Plan Agreement, this sentence shall in no way limit any remedy the Commonwealth may have under the CIA if circumstances involved in breaching this Work Plan Agreement also constitute a breach of the CIA.

5. Determination of completion. For purposes of Section 4 above, an initiative set forth in this Work Plan Agreement shall be deemed completely implemented only if each Party's Relationship Manager certifies in writing that the initiative has been fully completed, following a joint review and presentation of the description, approach, accomplishments, and KPI trend data by the joint teams. Such joint review will be convened not later than sixteen days after the request of the Northrop Grumman operational improvement initiative team lead, and the Relationship Managers shall issue their determination with respect to completion within two weeks after such presentation. If the Relationship Managers cannot reach agreement, the

question of completion shall be escalated to the Commonwealth's Secretary of Technology and the Vice President and General Manager of the Northrop Grumman's Civil Systems Division, who shall have an additional two weeks from the date of escalation to reach an agreement. The Parties shall act in good faith in issuing or withholding the above certification. If agreement is not reached after such escalation, the Parties shall submit the matter to a nonbinding mediation process in the same manner as the Expedited Non-Binding Mediation procedures set forth starting with paragraph 8 of Schedule 24 of the CIA. If nonbinding mediation does not yield agreement on the outcome, Northrop Grumman may seek judicial relief as provided by law, in the Circuit Court for the City of Richmond.

6. Dependencies. This Work Plan Agreement describes various actions to be taken by the Commonwealth or VITA. These shall not create liability on the part of the Commonwealth to Northrop Grumman, but rather are intended solely to identify actions where failure by the Commonwealth may prevent the Commonwealth from receiving the benefit of the associated initiative, such as indicated in the following sentences. The Parties agree that the following provisions shall apply to the Commonwealth's right to withhold based on an incomplete initiative and to the Parties' determination of completion. If an initiative description below expressly identifies a dependency (including but not limited to the general dependencies specified below) on certain conditions or Commonwealth actions and those conditions or actions do not occur, then there shall not be a withhold for any month in which the failure to complete the initiative was, in the judgment of the Relationship Managers, primarily caused by the nonoccurrence of such dependency. As of May 31, 2012, if the incompleteness of an initiative was, in the judgment of the Relationship Managers, primarily caused by the nonoccurrence of dependencies, the initiative shall be deemed complete and any accumulated withholds shall be refunded as provided in Section 4. The existence of the excusing circumstances described above shall be determined by agreement of the Parties' representatives in good faith as specified in Section 5 above (including without limitation the escalation and nonbinding mediation process).

7. Operational Improvement Initiatives:

Northrop Grumman and VITA shall collaborate on a variety of operational improvement initiatives. These initiatives universally target improving agency satisfaction with the services received. These projects, subject to Section 3, are allocations of internal resources and result in no additional costs to the Commonwealth.

The general dependencies, which are applicable to each of the initiatives, are:

- VITA shall not unreasonably withhold, delay, or condition any approvals.
- VITA shall not delay, impede or prevent Northrop Grumman's ability to complete each operational improvement initiative.

- Where the Parties agree that additional reasonable facilitation by VITA is necessary to an initiative, VITA shall timely and in good faith provide the agreed facilitation.

The Parties recognize that the effectiveness of the Rapid Response Team initiative and the Help Desk initiative may be impaired for non-transformed environments. This will be considered in the evaluation of the determination of completions by the Relationship Managers.

A. **Rapid Response Team**

Description: The purpose is to provide timely and knowledgeable support resources to agencies upon issuance of support request through VCCC tickets until the end of calendar year 2010.

- Northrop Grumman has created a rapid response team to mitigate critical issues that impact the Eligible Customer's ability to conduct business, by marshalling the resources necessary to resolve the current IT infrastructure incidents with particular focus on ensuring agency management remains informed of their outage status.
- The Northrop Grumman rapid response team will provide trouble-shooting technical staff with the authority and ability to implement resolution of reported critical issues.
- The Northrop Grumman rapid response team will communicate with the Eligible Customer and management stakeholders throughout incident lifecycle.
- Northrop Grumman will enhance incident management procedures to facilitate better communication with customers and resolution timeframes.
 - Northrop Grumman will update the Incident Management Process so that the on-duty manager will contact the Eligible Customer (CIO, IT Manager) on a Severity 1 non-network incident within 15 minutes and update them roughly 60 minutes after the initial contact. After 60 minutes from the initial contact, a management conference call timeline will be established, if necessary.
 - Northrop Grumman will update the Incident Management Process so that the on-duty manager will contact the Eligible Customer (CIO, IT Manager) on a Severity 2 non-network incident within 15 minutes and update them roughly 60 minutes after the initial contact.
- At the end of calendar year 2010, Northrop Grumman and VITA will determine if the changes can be made permanent either at no cost or a mutually agreeable cost to the

Commonwealth.

Dependencies:

- There are no dependencies on VITA for this initiative.

B. Agency Tech Lead Empowerment

Description: Purpose is to provide greater issue resolution power to each agency for minor Active Directory, folder access, and other simple permissions changes. Many agency managers would like the ability for their staff to make minor, but regular daily operational changes to their windows environment. Northrop Grumman and VITA have in the past granted these rights to specific agencies and personnel to facilitate faster resolution of minor IT issues.

- Northrop Grumman will continue to grant existing senior agency technical resources, with agency CIO or ISO approval in writing, specific authority to make a pre-determined set of changes after a ticket is created for the service request. This would be done by providing local administrative rights to workstations and servers.
- The specific authorities would be mutually agreed upon between VITA and Northrop Grumman.
- The changes made by the agency personnel must be documented through a standard help desk ticket.
- Northrop Grumman will define the Server Administration Policy and the Local Accounts Rights process required to achieve this initiative.
- In the event that changes made by agency personnel cause service impact to any element of the Commonwealth infrastructure, or said personnel fail to adhere to policies and procedures relative to these access privileges, Northrop Grumman reserves the right to revoke affected agency tech lead empowerment privileges.
- Northrop Grumman will be entitled to recover service restoration costs directly related to agency personnel actions.

Dependencies:

- VITA will review and approve the Server Administration Policy document and the Local Accounts Rights process that define the policy and process on how elevated administrative access will be implemented.
- VITA will communicate the approved policies and processes, not later than 15 days after approval, to each Commonwealth agency and ensure that they follow the same.

C. Laptop/Desktop Depot Service

Description: In order to provide quicker resolution of hardware issues and return employees to work condition in a more efficient manner, Northrop Grumman will implement a new depot service for certain hardware.

- Northrop Grumman will begin implementing depot replacement functionality for refreshed standard desktops, laptops, monitors, keyboards and mice that are part of managed service. Standard hardware will be available as depot service for premium devices, until premium devices can be repaired.
- If an agency orders a significant quantity of a non-standard desktop or laptop (i.e., VDOT orders 1000 premium laptops) Northrop Grumman will determine a reasonable number of spares to place in the depot.
- Northrop Grumman will maintain a supply of desktops, laptops, monitors, keyboards and mice to replace standard models diagnosed with hardware issues within 24 hours that cannot be repaired desk side for the Metro Richmond, Hampton Roads, and Northern VA areas. All other sites where the hardware could not be repaired will be replaced within 48 hours.
- The replacement window starts from when the hardware item is diagnosed with a hardware problem by the CORE, Tier 2, or assigned field technician. This start time will be documented in the incident management system.
- Northrop Grumman will place the depot hardware at various Commonwealth sites, where Northrop Grumman currently has resources, based on size and/or proximity to other agencies so the units can be deployed in under 24 hours if the failed unit cannot be successfully repaired.
- If a standard hardware failure occurred that could only be repaired by hardware replacement in downtown Richmond, same day replacement would be provided if

possible.

- Depot repair will be used as required to augment current service capabilities and ensure SLA performance.
- Northrop Grumman retains final decision authority on the quantities to stock as spares, unless VITA or an agency purchases a specific amount of units and pays for them using the standard RU process.

Dependencies:

- VITA will ensure that the applicable agency provides Northrop Grumman with a storage area for use as a depot at a mutually agreeable secure, controlled access agency location(s).
 - The storage facility provided will include network connectivity, power and unrestricted access for Northrop Grumman employees.

D. Expedited Shipping Option for Replacement Desktop/Laptop Hardware

Description: In order to provide quicker resolution of hardware issues and return employees to work condition in a more efficient manner, Northrop Grumman will offer a commercially available next-day shipping option for the replacement of personal computers. This offering shall be made available for shipping costs plus applicable administrative burdens.

- Upon diagnosis of a hardware failure, this service could be utilized upon request.
- This will let remote users receive a replacement laptop via expedited shipping and return the broken one to the depot.
- This service could be extended to delivery to home locations for tele-worker usage and include laptops, desktops and monitors.

Dependencies:

- VITA will formally acknowledge receipt of the proposal for this offering.

E. Work Request Process & Technology Architecture/Solutioning Re-Design

Description: Purpose is to re-design the work request and solution management process to ensure timely and effective solution proposals are delivered to the customer.

- Northrop Grumman will work to develop a new, streamlined work request process by July 15, 2010 if not sooner.

- Specific changes should include but not be limited to guidelines and timeframes to address and ensure that:
 - For all standard services, forms will be developed to document the Eligible Customer's requirements.

 - Complete business and functional requirements are submitted for each work request for non-standard services.

 - Solutions Northrop Grumman proposes comply with VITA approved architecture.

 - ROMs (rough order of magnitude) will be provided as required/requested to give the customer options for proceeding. As the term is used by Northrop Grumman, a "ROM" does not constitute a proposal and will be limited to a high level estimate based upon the requirements known by Northrop Grumman at the time of VITA's request— therefore a proposal may vary significantly from a ROM due to further definition and development of the requirements between the parties.

 - Timely development and review of proposed option and cost model.

 - No In Scope Work Request can be contingent upon approval of an engineering change proposal. Each work request will be treated as a discrete non-recurring effort.

- VITA retains its right to review all new technology solutions including changes to the existing architecture due to technology evolution.

Dependencies:

- VITA will review the design for the improved process.

F. Inventory/Billing Disputes Team

Description: In order to resolve billing and invoicing disputes between Northrop Grumman, VITA and agencies, Northrop Grumman will provide additional resources to expedite the handling of any disputes or issues.

- Northrop Grumman has implemented additional resources to resolve agency billing disputes related to VITA's shift in agency billing methodology.
- Further, Northrop Grumman will develop a more rigorous interaction model and establishment of formal processes to facilitate rapid issue resolution.
- However, because most disputes require VITA and/or agency participation outside of Northrop Grumman's direct control, Northrop Grumman cannot commit to a resolution window of 30 days.
- Northrop Grumman will, however, make VITA chargeback resolution a priority for its staff and commit to addressing Northrop Grumman actions related to agency billing disputes swiftly with the joint goal of resolution within a 30-day period. Northrop Grumman is providing resources to staff the Inventory/Billing team to handle an anticipated increase in issues once the adjusted baseline process has occurred.
- Northrop Grumman has dedicated the appropriate amount of additional resources in order to keep billing disputes process within a 30 day resolution window (again, for the parts of the process within Northrop Grumman's direct control).

Dependencies:

- There are no dependencies on VITA for this initiative.

G. Help Desk Re-Design

Description: In order to provide continued improvement in the Help Desk space and address opportunities to upgrade service offerings, VITA and Northrop Grumman will examine changes that can be made to Help Desk staffing models and procedures, and other areas.

- Northrop Grumman has worked with VITA to review the current model and the delivery of all related services from the help desk to determine if changes to staffing, organizational, or technological usage could improve customer service offerings.
- In order to provide a quicker response time to those problems the Commonwealth deemed to be most important, Northrop Grumman has provided historical data to determine the most pressing problems and the occurrence patterns, and identify where quality assurance improvements are required.
- Northrop Grumman will develop a plan to actively promote the use of tools designed to improve the efficiency of incident resolution including the use of automated password reset tools and remote desktop takeover.
- Northrop Grumman will evaluate the overall general incident notification and communication process to both Help Desk personnel and to Commonwealth personnel when an incident has occurred in order to prevent call flooding by agencies and to enable Help Desk resources to better attach individual problems to larger incidents.

Dependencies:

- VITA will provide Northrop Grumman one set of Commonwealth background check requirements.
- VITA will execute a business readiness plan to actively promote the use of tools designed to improve the efficiency of incident resolution including the use of automated password reset tools and remote desktop takeover.

H. Inventory Errors Operational Improvement Initiative

Description: Reduce agency inventory inaccuracies and billing disputes through emphasis on asset accuracy and change control. Reduce resource unit quantity related billing errors identified through validated customer agency disputes which are managed through the IT Corrections Process.

- Northrop Grumman will develop mutually agreed to metrics to track the number of errors related to resource unit billing quantities.
- Northrop Grumman will implement verification and validation (V&V) processes to enhance asset accuracy.

- Northrop Grumman will implement enhancements to its asset management change control processes with the goal of reducing billing related errors.

Dependencies:

- VITA will approve metrics to track the number of errors related to resource unit billing quantities.
- VITA will promptly notify Northrop Grumman of agency disputes per the IT corrections process, facilitate request for additional clarification and provide ongoing status.

I. Work request and procurement processing times

Description: Northrop Grumman and VITA will establish work request and procurement processing times for the Work Request Process & Technology Architecture/Solutioning Re-Design process.

- Northrop Grumman will report on the “time to deliver” work request proposals based on mutually agreed categorization (i.e. standard, minor, complex) which will be identified by October 1, 2010. The parties acknowledge that the processing times for complex work requests will vary greatly based upon the scope of services and solution required.
 - “Time to deliver” is defined as starting from the receipt by Northrop Grumman of complete requirements until Northrop Grumman’s delivery of the work proposal to VITA based on the above categorization.
- Northrop Grumman will report on “time to commence”.
 - “Time to commence” is measured from Northrop Grumman’s receipt of a NTP (notice to proceed) from VITA to the date the project kick-off meeting is held.
- Northrop Grumman will report “ordering time”.
 - “Ordering time” is defined as starting from Northrop Grumman’s receipt of a valid and approved purchase order from VITA through the eVA system to the time Northrop Grumman places the order as specified in Northrop Grumman’s purchasing system. The corresponding durations will be baselined during the

period August 15, 2010 to January 15, 2011 after which the Parties shall mutually agree to the target expectations.

Dependencies:

- VITA will not hold Northrop Grumman accountable for time associated with incomplete orders in eVA and ensure ordering time metric can be tracked without manual intervention.

J. Storage Management

Description: During Contract years four and five, the Commonwealth intends to reduce its storage resource unit consumption to better align with the Commonwealth's annual budget constraints. The purpose of this provision is to provide information needed to support VITA's business readiness plan for the implementation of new rates. In order to accomplish reduction, the consuming agencies need education and information for consumption decisions

- Northrop Grumman will provide guidance and practical "how to" guidelines to VITA to better manage agency storage consumption.
- Northrop Grumman will contribute technical information required for dissemination to agencies who participate in upcoming AITR meetings, webinars and brown bag lunch-time learning sessions.
- Conduct a joint Northrop Grumman / CSL training session to prepare for customer engagement.

Dependencies:

- VITA will execute a business readiness plan to support the completion of this initiative.

8. Termination

This Work Plan Agreement shall automatically terminate immediately upon the first to occur of the following events: (i) July 1, 2012, unless a pending dispute related to funds maintained in the withhold escrow account has not been finally concluded by such date; (ii) the final conclusion, after July 1, 2012, of any dispute resolution related to funds maintained in the withhold escrow account; (iii) termination of the CIA; (iv) exercise by either Northrop Grumman or the Commonwealth of partial cancellation of the CIA pursuant to the rights granted under Amendment 60 to the CIA. If the Work Plan Agreement is terminated by the occurrence of the

event identified in subsection (i) above, any funds then remaining in the withhold escrow account shall be refunded or retained by the Commonwealth as provided in Section 4 above. If the Work Plan Agreement is terminated by the occurrence of events identified in subsection (ii) above, then any funds then remaining in the withhold escrow account shall be refunded or retained by the Commonwealth in accordance with the final judgment or other final resolution of the dispute with regard to such funds. If the Work Plan Agreement is terminated by the occurrence of the event identified in subsection (iii) above, then any funds then remaining in the withhold escrow account shall be divided into two equal parts and distributed to Northrop Grumman and the Commonwealth.

Signed and sealed this 28th day of June 2010 by the following representatives of each Party:

The Commonwealth of Virginia

By:

Name: Samuel A. Nixon, Jr.

Title: Chief Information Officer

Date: June 28, 2010

By:

Name: James D. Duffey, Jr.

Title: Secretary of Technology

Date: June 28, 2010

Northrop Grumman Systems Corporation

By:

Name: Cynthia Hyland

Title: Vice President, Contracts, Pricing and Supply Chain

Date: June 28, 2010