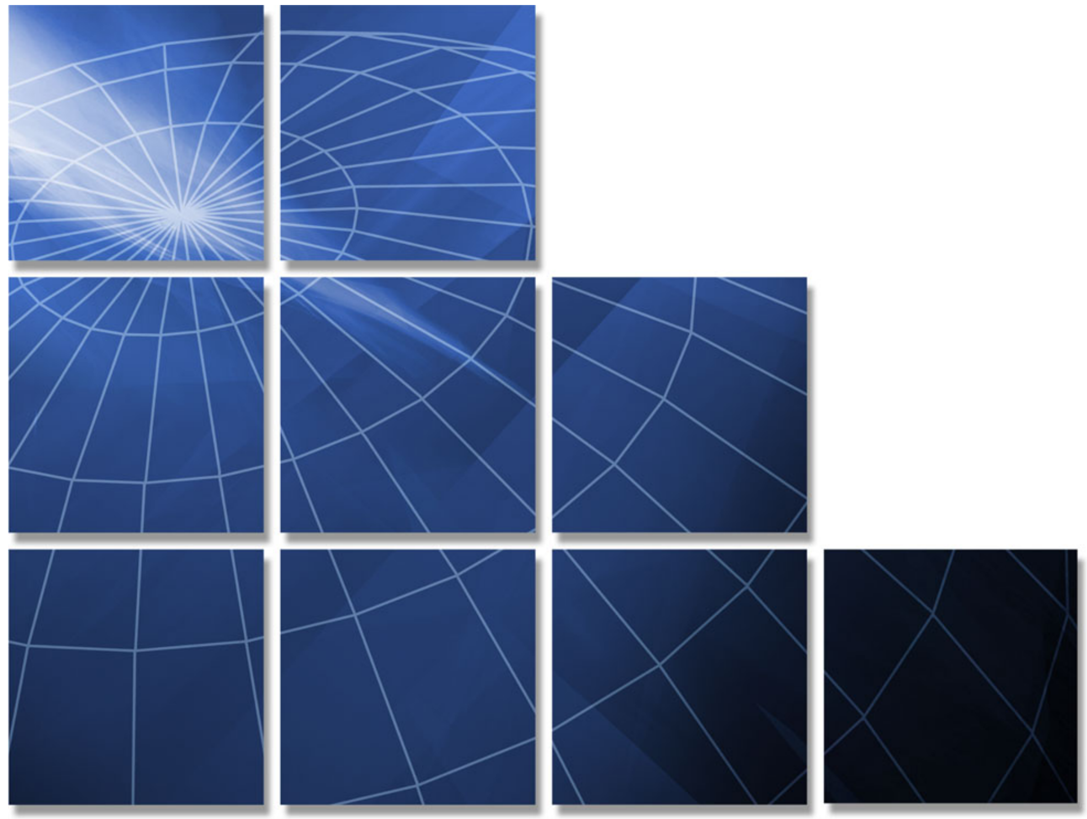


Commonwealth of Virginia
SMSA Contract

Statement of Work (SOW) Process

Prepared by CAI and Virginia Information Technologies Agency, Supply Chain Management

Computer Aid, Inc.
FullServiceMSP
The Right Staff, the Right Skills, Right Now.

Version 1.0

January 20, 2011

Table of Contents

Introduction

This document describes the Statement of Work (SOW) Process to be implemented by CAI and used by the Commonwealth of Virginia to procure deliverables-based IT services under the SMSA Contract. Each of the remaining sections of this document detail the phases of the SOW procurement process, including:

- Bidding
- Engagement
- Project
- Finalization
- Exception: Change Request
- Exception: Termination of SOW

Each section will include a brief description of the phase and an outline of the key tasks associated with it. Each section ends with a process flow diagram highlighting key events, sequencing and decision points.

1. Inception Phase

Description

The Inception Phase begins when the requestor/Agency, hereafter referred to as Authorized User (AU), recognizes the need for IT services above and beyond his/her staff and pre-determines that the deliverable-based SOW process is needed. During this period of time, the Authorized User articulates those needs by filling out the Statement of Requirements (SOR) template. Authorized Users use their project software to estimate the expected budget for the work, and, if the anticipated budget exceeds $100,000, the approval of VITA is required.

During this phase, the Authorized User will determine if the work can be accomplished using Staff Augmentation services. The CAI Account Manager is available to assist Authorized Users with this decision. In making this decision, the Authorized User will evaluate the services needed and their capacity to manage the resources.

The Inception Phase ends with the determination of the procurement method.

Tasks

1.1 Authorized User Prepares SOR

The SOR template can be downloaded by all Virginia Authorized User personnel from:

- The VITA SCM website http://www.vita.virginia.gov/scm/default.aspx?id=11906

The SOR template is designed for the Authorized User to easily describe the IT services needed to a vendor or approver in a consistent manner. It includes criteria such as project roles and responsibilities, scope and SOW Type (Fixed Price).

The Authorized User fills in the areas designated for entry by Authorized User personnel, and saves it under a unique name. This document is the expression of need by the Authorized User and can be used for any internal approvals.

1.2 Authorized User Obtains VITA Approval

The Authorized User will have determined the anticipated budget for this work. If the cost is likely to exceed $100,000, the Authorized User must gain VITA approved prior to proceeding to the next task.

1.3 Authorized User Chooses Procurement Method

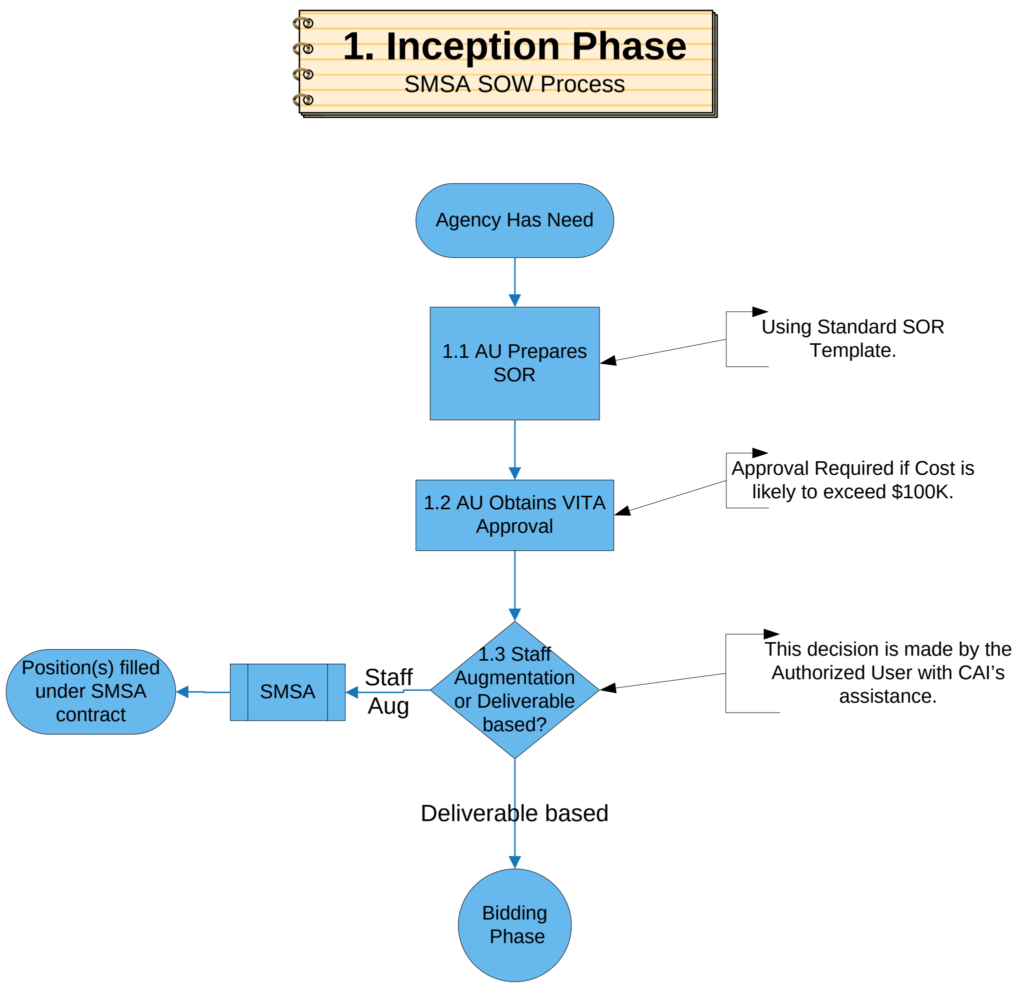
When the SOR is being developed, the Authorized User must determine the procurement method. They may enlist the guidance of VITA SCM or their CAI Account Manager.

Listed here are some indicators that can be used to choose which SMSA approach is to be used to obtain services:

- Will time be tracked for invoicing? (Yes, indicates T&M and the IT Staff Aug process must be used)

- Are there finite milestones or deliverables required, such as System Design, UAT or Implementation? (Yes, indicates Fixed Price Deliverable-based)
- Does the requesting organization have the capacity and skills required to manage the work effort? (No, indicates Fixed Price Deliverable-based)
- Are target dates required for completion of portions of work? (Yes, indicates Fixed Price Deliverable-based)

Process Flow



2. Bidding Phase

Description

The Bidding Phase begins when an Authorized User's IT services needs, articulated through the SOR, are deliverable-based and are to be procured using the SOW process. At this point, a requirement is entered into the Peopleclick tool, using the 'Projects' functions. The Authorized User enters information about the request for services and attaches the SOR and any other associated files. A due date for responses is designated. Allow Suppliers adequate time to respond to the requisition with a quality SOW – minimum response time recommended for:

- small – medium size project 2 week response time
- medium – large size project 3 – 4 week response time

After entering the SOR, the CAI Account Manager reviews it for completeness and consistency. If changes are needed, the CAI Account Manager contacts the Authorized User to discuss the required changes, and the Authorized User will update the requirement with the agreed upon changes. When complete and consistent, the CAI Account Manager approves it for release. The completed SOR and the SOW template (for the vendor's response) are then released to pre-qualified vendors within the selected specialty area.

Upon receipt of the Peopleclick requirement, the vendors, referring to the SOR, develop their response using the SOW template provided within the requirement. The vendors must respond on or before the designated due date. Their response consists of entering milestones and the associated price of each milestone into the Peopleclick tool, along with other identifying information. The vendors attach the required documents, including the SOW, and finalize the submission through Peopleclick.

The due date and time signifies the end of the Bidding Phase. By policy, all submissions received on or before the due date and time will be reviewed by the Authorized User.

Tasks

2.1 Authorized User Completes SOR

The Authorized User completes the SOR template per the instructions included with the SOR and acquires the appropriate approvals.

2.2 Authorized User Enters SOR in Peopleclick

The Authorized User enters the requirement in Peopleclick, using the Projects function. The specific instructions for entering the requirement in Peopleclick are described in the *"Entering A SOW Requirement"* section of the **VA Agency Peopleclick Training Guide**. While being entered, the requirement can be saved as Draft for continuation at a later time. The requirement includes:

- Budget (will not display to vendors)
- Due date
- Point of Contact, if desired
- Short description of project

- Special instructions, such as cutoff for Q&A
- Attached SOR
- Attached SOW template to be completed by the vendor

The SOR, SOW template and any other documents intended for the vendors are stored in Peopleclick with the requirement.

When the Authorized User is satisfied with the content of the requirement, it is submitted for the CAI Account Manager's review and approval.

2.3 CAI Reviews the SOR

After submission by the Authorized User, the requirement is reviewed for completeness and consistency by the CAI Account Manager. If information is missing or needs to be corrected, the CAI Account Manager works with the Authorized User to have the SOR updated. After a final review, the CAI Account Manager indicates Final Approval, which initiates the next task.

2.4 CAI Releases the SOR to Qualified Vendors

After final approval, the SOR is released to the vendors, who are pre-qualified for the SOR's designated specialty area, through the Peopleclick tool. This ensures that all active pre-qualified vendors for the specialty area have equal opportunity to respond. All attachments will be available to the vendors when they receive the SOR.

If designated in the SOR, the vendors may communicate with the point of contact to ask questions. The Authorized User point of contact is listed in the SOR.

2.5 Vendors Submit SOW Responses

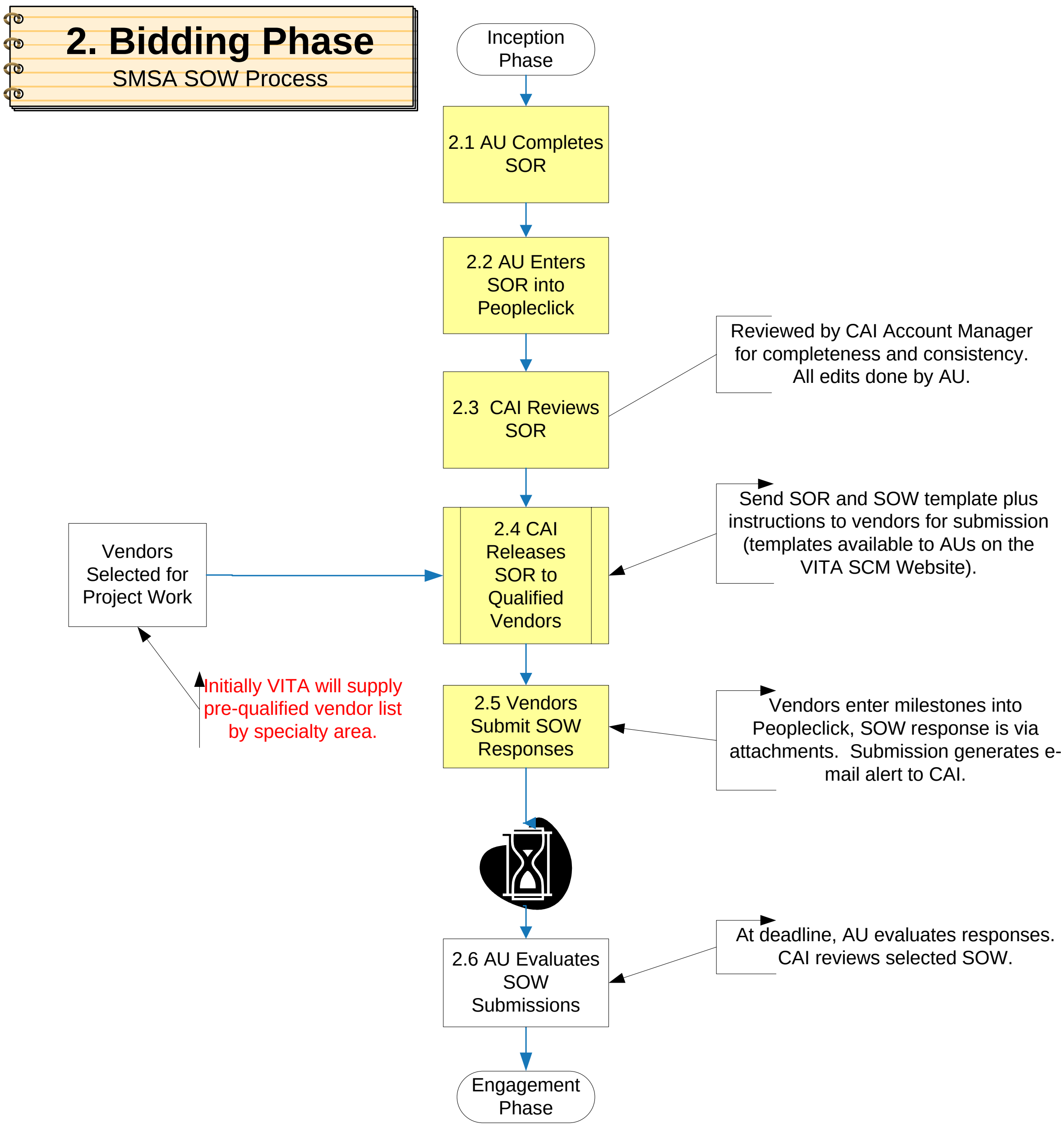
On or before the designated due date, participating vendors will submit a response to the SOR, using the SOW template included with the requirement. They will follow the instructions offered with the SOR or risk rejection. The vendors must respond through the Peopleclick tool, entering required information into the tool, including listing of all milestones and the prices of each. The prices entered into Peopleclick are consistent with the 'Authorized User Invoice Amount' prices that include the MSP Fee. The vendor will attach the completed SOW and any other files as required. When satisfied that the SOW is complete, the vendor submits it in Peopleclick. Vendors not interested in replying simply need not respond.

Each vendor submission generates an e-mail notification sent to the CAI Account Manager. The CAI Account Manager holds any early submissions until the deadline.

2.6 Authorized User Evaluates SOW Submissions

Authorized User will evaluated all submissions received as of the due date and time. CAI will review each submission for format and compliance with submission requirements and will notify the Authorized User of any non-compliant submissions. Submissions received after the due date will, by policy, not be accepted. The Authorized User or their designee will review all the submissions received on time.

Process Flow



3. Engagement Phase

Description

The Engagement Phase begins with the review of the vendors' submissions. After review for completeness, the Authorized User begins to evaluate the responses. Using pre-determined evaluation criteria, they determine the vendor to whom the work will be awarded.

The Authorized User may negotiate with a vendor prior to engagement. Any changes to milestones and/or pricing are made by the vendor upon direction from the Authorized User contact.

Once the vendor and Authorized User have arrived at an agreeable SOW and pricing, the vendor uploads the negotiated SOW into Peopleclick, replacing the original version of the SOW. The CAI Account Manager reviews the selected SOW and works with the vendor to ensure the SOW is complete and ready to be presented to the Authorized User for execution. When the SOW is finalized, CAI, as the Supplier, will sign the SOW with the Authorized User and will then sign the SOW with the vendor. The Authorized User will then create a purchase order in the eVA system, or their designated purchasing system, and will attach the signed SOW. When the PO is approved, the requirement is ready to be 'Engaged.'

Engagement is a defined process, both in Peopleclick and in the SMSA process. By policy, the CAI Account Manager is responsible for engaging a project.

- When the requirement is marked 'Engaged' within Peopleclick, notifications of the award are sent to all vendors.
- A checklist of engagement tasks required by policy is followed to properly set up milestones, vendors, and holdback for proper invoicing during the project's time span.

After all engagement tasks have been completed, the Engagement Phase ends, and work on the project can begin.

Tasks

3.1 Vendor Is Chosen

The Authorized User scores and determines the top choice vendor for award. The evaluation process is done off-line. During this process, the Authorized User may negotiate with the vendor on price, deliverables, and/or timetable. If these negotiations result in changes to the information submitted by the vendor (i.e., milestones, schedule, prices), the vendor makes those agreed upon changes in the Peopleclick requirement and to the attachments prior to engagement.

3.2 Authorized User Notifies CAI of Vendor Selection

The Authorized User communicates their vendor choice to the CAI Account Manager, who then notifies all responding vendors of the Authorized User's selection via e-mail or through Peopleclick.

3.3 CAI Reviews Vendor SOW

Each SOW will result in two separate agreements being executed – one between CAI and the Authorized User, and one between CAI and the selected Vendor as the Subcontractor. After the Authorized User notifies CAI of their intention to proceed with the selected SOW, the following steps are taken:

- The CAI Account Manager reviews the selected SOW, which will become the agreement between CAI, as the Supplier, and the Authorized User.
- The CAI Account Manager works with the selected vendor to ensure that the SOW is complete and ready to be presented to the Authorized User for execution. If any changes are required, the vendor makes the changes to the SOW with the Track Changes feature turned on in Microsoft Word, so the Authorized User will be able to quickly re-review the final SOW.
- The vendor also accepts the SOW changes in Word to create a “clean” copy of the SOW for the Authorized User’s signature.
- The vendor uploads both the “clean” and redlined copies of the SOW to Peopleclick for the Authorized User’s final review and signature. The “clean” copy version of the SOW should include the word “FINAL” in the filename, and the redlined version of the SOW should include the word “Redlined” in the filename.

3.4 Authorized User Signs Final SOW

Once the final version of the SOW is uploaded to Peopleclick, the CAI Account Manager notifies the Authorized User that the redlined and final versions of the SOW are in Peopleclick ready for review and signature. The Authorized User communicates acceptance of the SOW by sending the CAI Account Manager the signed SOW (i.e., the signature page) via e-mail.

3.5 Subcontractor Signs Final SOW

CAI also executes the corresponding agreement with the selected vendor by sending a cover letter and accompanying SOW to the vendor for signature. The vendor signs the SOW cover letter and returns it to the CAI Account Manager via e-mail.

3.6 CAI signs SOWs with the Authorized User and Subcontractor

CAI executes the SOW with the Authorized User and returns the document for the Authorized User to attach to the Purchase Order (PO). Once CAI has a signed agreement in place with the Authorized User, CAI will sign the SOW with the vendor and return an executed copy to them.

3.7 Purchase Order is Created and Approved

Once signed SOWs are in place between CAI and the Vendor and between CAI and the Authorized User, a purchase order is created in the eVA system, or their designated purchasing system, by the Authorized User. Approvals are attained based on level of spend following VITA’s established PO approval process. By policy, the PO’s total dollar amount must match the milestones in the Peopleclick requirement.

When the PO is approved, the requirement is ready to be ‘Engaged.’

3.8 The Engagement Process Begins

Prior to marking the requirement 'Engaged' in the Peopleclick tool, there are a number of tasks followed that are included in the Engagement Checklist. They are:

- Ensuring a PO number is entered and that the PO's total dollar amount matches the milestones within Peopleclick
- Review of milestone pricing, ensuring that it matches the Pricing Worksheet in the SOW
- Designation of milestone Authorized User personnel, who may approve milestones

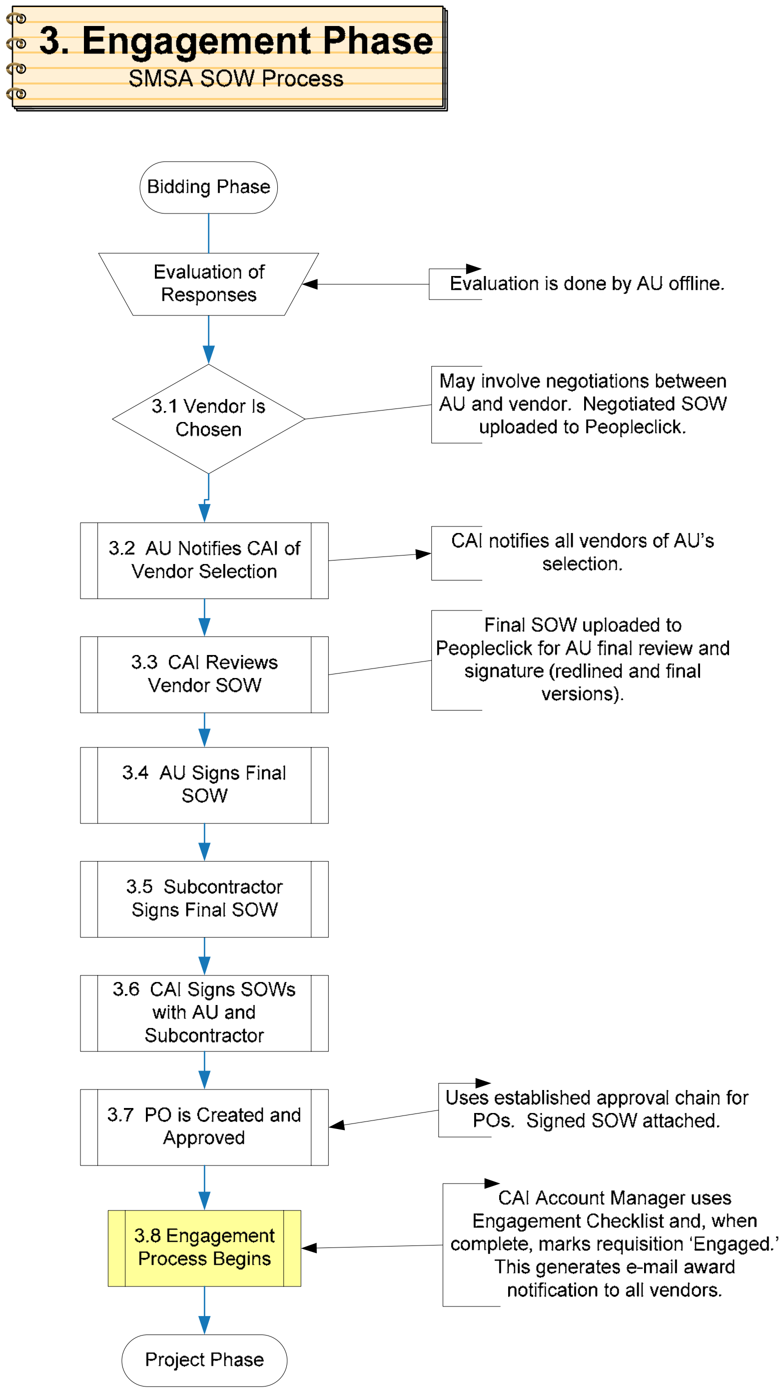
These tasks are needed to ensure that the records are properly structured for proper invoicing.

In Peopleclick, the CAI Account Manager designates which vendor is selected and marks the requirement 'Engaged.' This locks the information in the requirement from further edit. If approved changes are needed after engagement, the CAI Account Manager is notified by the Authorized User and makes the changes to the requirement as directed.

Engaging a requirement in Peopleclick also generates notification of the award to all vendors. The text of this message can be customized[1] by VITA and has certain information within the body of the message that is taken from the requirement record, such as the name of the project.

[1] This message can be designed by VITA SCM, but not customized for each project. The same message is sent for each award.

Process Flow



4. Project Phase

Description

The Project Phase begins when work begins on the project. As the project progresses, the vendor will complete milestone deliverables and expect payment. After completing the deliverable for a milestone, the vendor will mark the milestone completed within Peopleclick. Although this is most likely known, this officially notifies the Authorized User that the vendor believes the milestone deliverable has been completed. If the Authorized User agrees and approves the milestone deliverable(s), he/she marks the milestone 'Approved' in Peopleclick.

The approval of a milestone in Peopleclick initiates the payment tasks. A Peopleclick Report produces the data for CAI to produce the invoice to the Authorized User. Peopleclick also notifies the vendor that the milestone has been approved, and the vendor invoices CAI for their milestone payment, per the milestone payment schedule submitted and accepted with the SOW response.

Invoices are paid and work continues until all the milestones have been completed. When the vendor believes that the entire project is completed, the Project Complete (final milestone) is marked complete. When the Authorized User approves the Project Complete milestone, the process for final invoices including holdback, if any, is initiated. This also initiates the project closeout process within Peopleclick.

If changes to milestones occur during the life of the project, the **Exception: Change Request Process** is followed, as described on page 18.

Tasks

4.1 Vendor Marks Deliverable Complete in Peopleclick

After work begins on the project, the vendor completes the deliverables or completion criteria for a milestone. After submitting the deliverable to the Authorized User, the vendor uses Peopleclick to indicate that, from the vendor's perspective, the milestone deliverable is complete. This generates a notification to the Authorized User(s) to approve the milestone deliverable.

4.2 Authorized User Verifies Deliverable Completion

When the Authorized User is aware of the deliverables or completion criteria, they may or may not accept them. If the deliverables or completion criteria are satisfactory, a designated Authorized User approver(s) uses Peopleclick to mark that the milestone deliverable is complete. If not, the Authorized User notifies CAI and the vendor and then works together with the vendor until the Authorized User finds the deliverable or completion criteria acceptable. Then the Authorized User approver marks the milestone complete in Peopleclick. This initiates the invoice/payment process.

4.3 The Invoice/Payment is Processed

4.3.1 Peopleclick Generates Data for CAI Invoice

After the Authorized User approves a milestone deliverable, the financial data about that milestone is included in the Peopleclick financial report for projects that are generated from Peopleclick and sent to CAI.

4.3.2 CAI Invoices Authorized User

CAI uses the data in the Peopleclick file to produce their invoice to the Authorized User for the completed milestone deliverable. The amount of the invoice is consistent with the PO and the Authorized User Invoice Amount for the milestone deliverable designated in the SOW milestone payment schedule.

4.3.3 Vendor is Notified of Deliverable Approval

When the Authorized User approves the milestone deliverable, Peopleclick automatically generates a notification alerting the vendor to the approval. This notification is the signal to the vendor that they may invoice CAI for the completed milestone deliverable.

4.3.4 Vendor Invoices CAI

The vendor invoices CAI an amount equal to the Vendor's Invoice Amount from the SOW milestone deliverable payment schedule less the MSP Fee for the completed milestone.

4.3.5 CAI Validates Vendor's Invoice

CAI validates the vendor's invoice against the SOW and PO and works with the vendor to make any needed corrections.

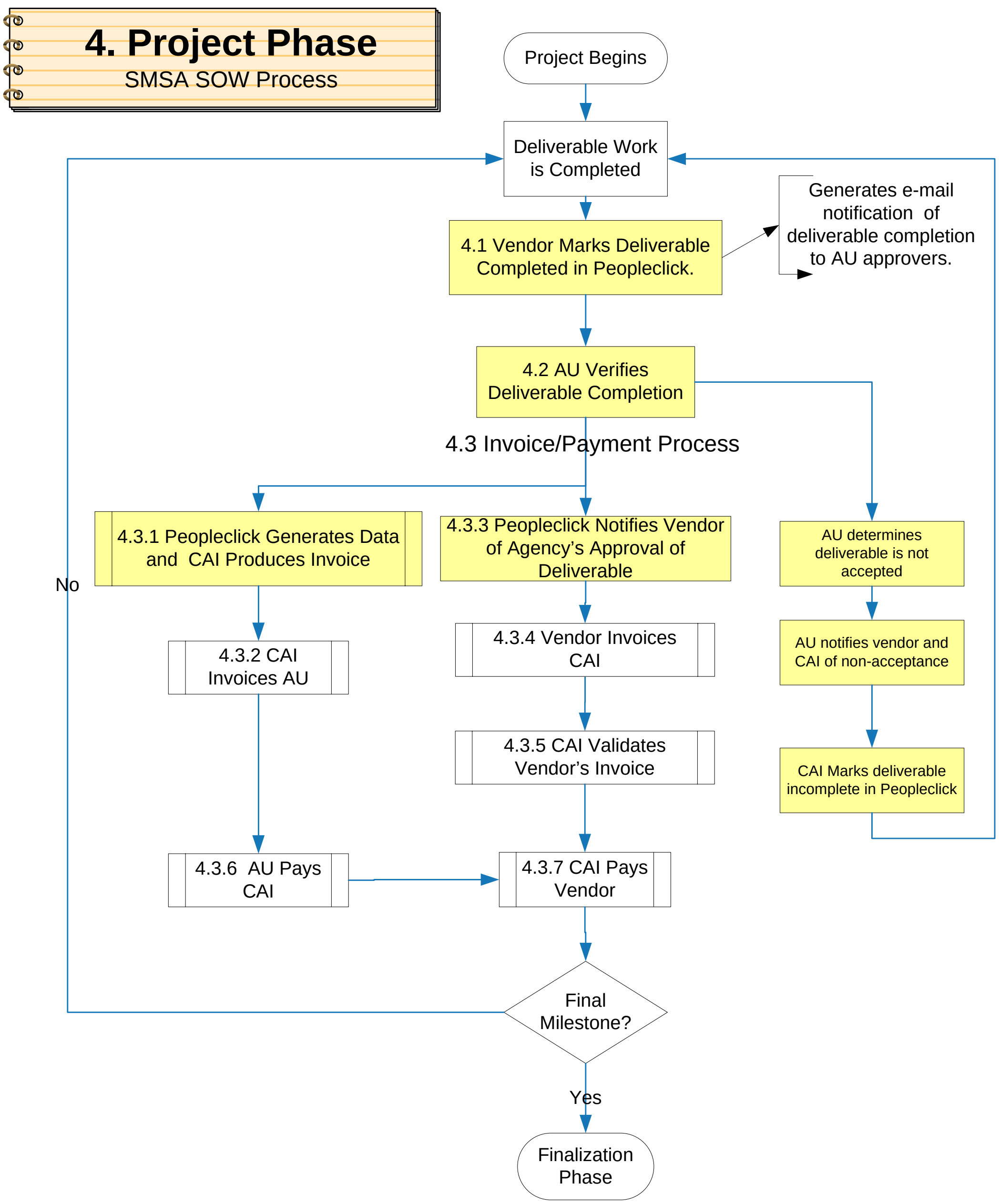
4.3.6 Authorized User Pays CAI

Upon receipt of the invoice from CAI, the Authorized User processes payment. The payment matches the referenced PO and the milestone in Peopleclick.

4.3.7 CAI Pays the Vendor

Within seven (7) days of receipt of payment from the Authorized User, CAI pays the vendor the amount of the vendor invoice for the completed milestone deliverable. This amount matches the SOW milestone payment schedule less the MSP Fee.

Process Flow



5. Finalization Phase

Description

The Finalization Phase of a project begins after the invoice/payment tasks for the final milestone have been completed.

The last task in the closeout of a project is the completion of the Customer Satisfaction Survey. The CAI Account Manager sends it to Authorized User personnel for completion. The overall score is tallied, and the CAI Account Manager enters it in the Peopleclick project record for future reporting.

When the results of the Customer Satisfaction survey have been entered, the project can be disengaged in Peopleclick, and this phase ends.

The CAI Account Manager follows a Disengagement checklist to disengage the project after which the record can no longer be changed.

The Authorized User will close out the Purchase Order within eVA, or their designated purchasing system.

Tasks

5.1 Customer Satisfaction Survey is Completed

Within seven (7) days of the project completion, the CAI Account Manager will distribute the Customer Satisfaction Survey to the Authorized User. The respondents will be given two (2) weeks to complete the survey and return it to the CAI Account Manager. This task is done outside of the Peopleclick tool.

5.2 CAI Enters Customer Satisfaction Survey Score

Upon receipt of the Customer Satisfaction Survey results, the CAI Account Manager will enter the overall score into the project record in Peopleclick. Over time, these scores can be reported for each vendor as a means of evaluating performance. The individual surveys will be returned to VITA for retention.

5.3 CAI Disengages the Project in Peopleclick

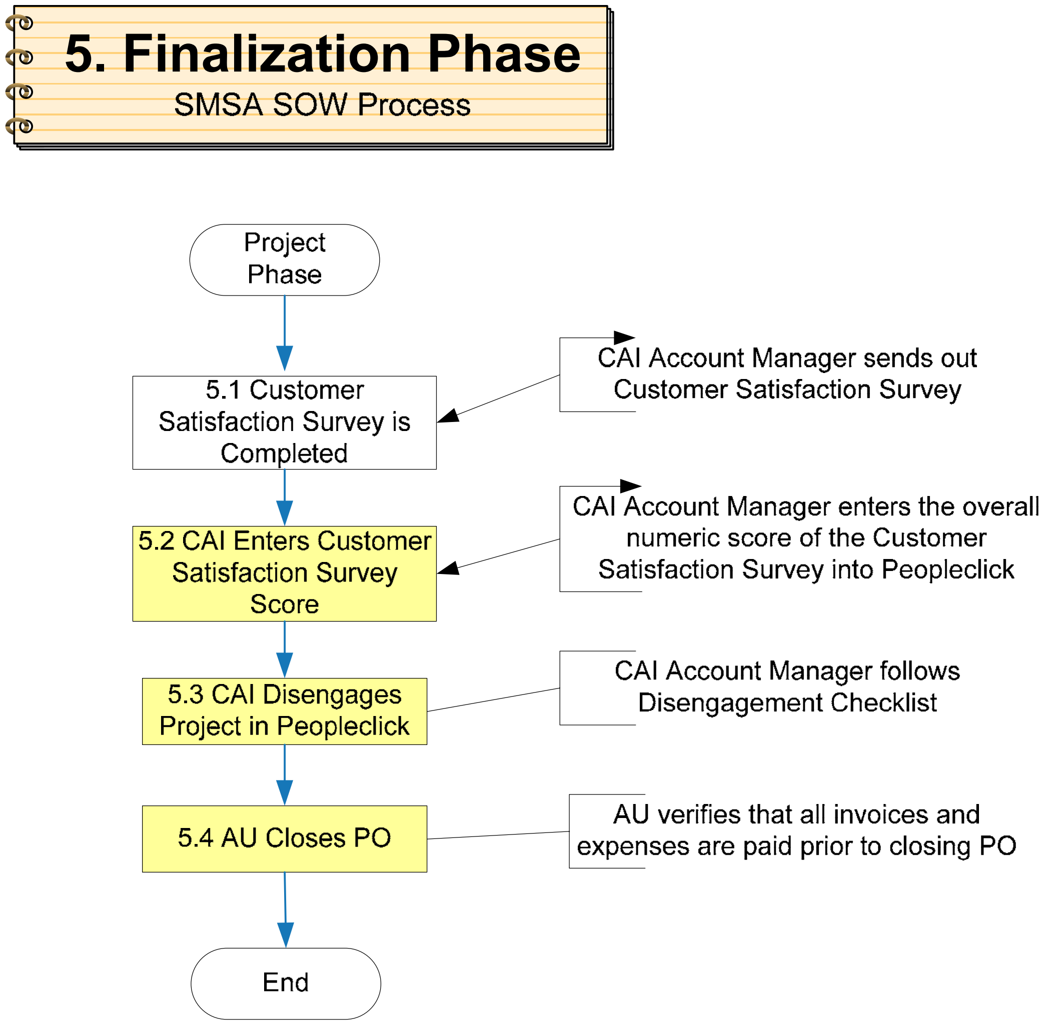
When all payments have been made and the results of the Customer Satisfaction Survey have been entered, the project can be closed out in Peopleclick through the 'Disengagement' process. The CAI Account Manager will follow a Disengagement Checklist to ensure that all information is complete. Disengagement is final; the project record cannot be edited once it is disengaged.

5.4 Authorized User Closes Purchase Order

The Authorized User should verify that all assets (e.g., security card, VPN token, equipment) and documentation (e.g., knowledge transfer, application) have been returned prior to approving the final milestone deliverable for payment. If the milestone payment is the final payment, and after verifying that all invoices and expenses have been paid, the

Authorized User can close out the Purchase Order in eVA, or their designated purchasing system.

Process Flow



6. Exception: Change Request

Description

Because the milestones entered in Peopleclick are associated with the purchase order and with the SOW milestone payment schedule that is part of the contract between CAI and the Authorized User and also part of the contract between CAI and the vendor, a change to the deliverables, schedule and/or pricing of the milestone must follow process to ensure that the invoicing and payments are correct.

The vendor and the Authorized User recognize that a change needs to be made. Offline, they agree upon what changes need to be made. Several tasks result from a change of milestone:

- The vendor submits a Change Request (CR) documenting the change that affects the milestone deliverables, schedule and/or pricing and includes the revised milestone payment schedule. The vendor uploads the Change Request into Peopleclick.
- If the change causes the total value to be greater than the $100K threshold, the Authorized User gains approval from VITA.
- The Change Request is signed between CAI and the Authorized User and CAI and the Vendor.
- The Authorized User submits a revised PO with the Change Request attached. The Authorized User changes the purchase order through eVA or their designated purchasing system. The CAI Account Manager revises the project record in Peopleclick.

These changes are necessary to maintain synchronization of the procurement documentation (PO), contract (SOW and associated Change Requests), and the tracking and control system (Peopleclick project).

Tasks

6.1 Authorized User and Vendor Agree on the Change

After recognizing that a change needs to be made that will affect the deliverables, schedule and/or pricing of a milestone, the Authorized User and vendor reach an agreement. The Authorized User notifies the CAI Account Manager of the impending change.

6.2 Authorized User Gains VITA Approval, if Required

If the amendment causes the total value to exceed the threshold where VITA approval is required, the Authorized User will gain the approval of VITA for the change.

6.3 Vendor Creates Change Request

The following steps are performed to create a change request:

- The vendor creates the change request, using the CAI Change Request Template, to document the change that will affect the milestone deliverables, schedule and/or pricing and includes the revised milestone payment schedule.

- The vendor uploads the completed change request into Peopleclick and attaches it as an additional attachment in the SOW record (do not create a new submission). From the "Project Requirement Summary," select:

  "Proposal Summary" → "Attachments" → Add Attachment

- The Authorized User and vendor review and agree on the terms of the change request. Upon acceptance, the Authorized User notifies the CAI Account Manager that the change request is ready for CAI's review.

6.4 CAI Reviews Change Request

Each change request will result in two separate agreements being executed – one between CAI and the Authorized User, and one between CAI and the selected Vendor as the Subcontractor. After the Authorized User notifies CAI that a change request is ready for review, the following steps are taken:

- The CAI Account Manager reviews the change request, which will become the agreement between CAI, as the Supplier, and the Authorized User.
- The CAI Account Manager works with the selected vendor to ensure that the change request is complete and ready to be presented to the Authorized User for execution. If any changes are required, the vendor makes the changes to the change request with the Track Changes feature turned on in Microsoft Word, so the Authorized User will be able to quickly re-review the final change request.
- The vendor also accepts the change request changes in Word to create a "clean" copy of the change request.
- The vendor uploads both the "clean" and redlined copies of the change request to Peopleclick for the Authorized User's final review and signature. The "clean" copy version of the change request should include the word "FINAL" in the filename, and the redlined version of the change request should include the word "Redlined" in the filename.

6.5 Authorized User Signs Final Change Request

Once the final version of the change request is uploaded to Peopleclick, the CAI Account Manager notifies the Authorized User that the redlined and final versions of the change request are in Peopleclick ready for review and signature. The Authorized User communicates acceptance of the change request by sending the CAI Account Manager the signed change request (i.e., the signature page) via e-mail.

6.6 Subcontractor Signs Final Change Request

CAI also executes the corresponding agreement with the vendor by sending a cover letter and accompanying change request to the vendor for signature. The vendor signs the change request cover letter and returns it to the CAI Account Manager via e-mail.

6.7 CAI Executes Final Change Requests with the Authorized User and Subcontractor

CAI executes the change request with the Authorized User and returns the document for the Authorized User to attach to the Purchase Order (PO). Once CAI has a signed agreement in place with the Authorized User, CAI will sign the change request with the vendor and return an executed copy to them.

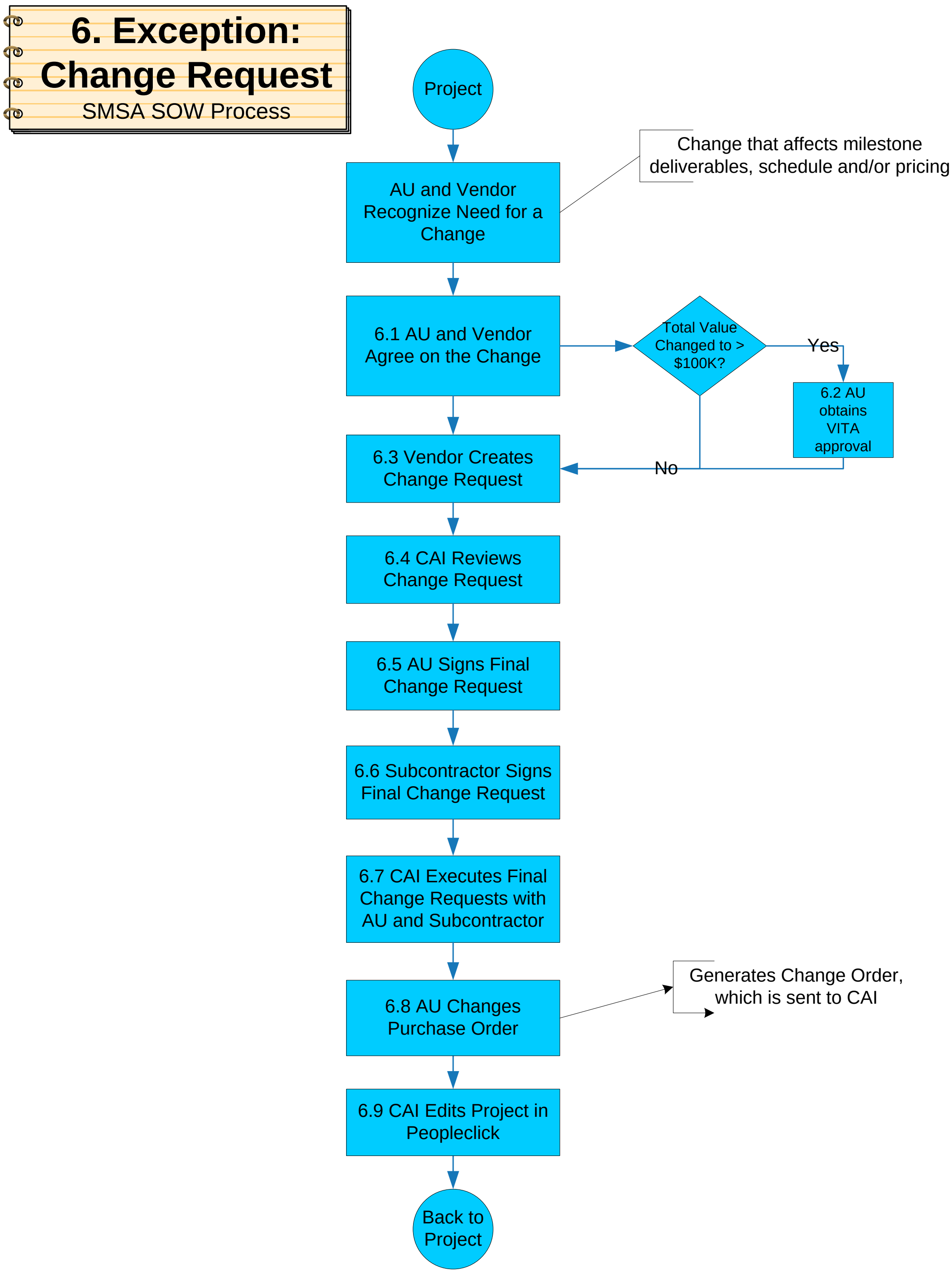
6.8 Authorized User Changes Purchase Order

The Authorized User follows established procedures and approvals for making changes to the purchase order. This generates a change order that is sent to CAI. The change request is attached to the PO.

6.9 CAI Edits Project in Peopleclick

The Authorized User notifies the CAI Account Manager that a change is in effect. After engagement, all changes to milestones in Peopleclick must be made by CAI. After receiving the change order to the PO with the attached change request, the CAI Account Manager uses the documentation to make the appropriate changes to the project within Peopleclick.

Process Flow



7. Exception: Termination of SOW

Description

In the event that the Authorized User wants or needs to terminate a SOW prior to its planned completion, the termination process ensures that the project is closed out properly.

The Authorized User follows the established legal termination process. As early as possible, the Authorized User notifies the CAI Account Manager.

Offline, the Authorized User determines what deliverables, milestones and/or payments are acceptable. The purchase order is changed to reflect final payments, if appropriate, and a change order is sent to CAI.

The CAI Account Manager edits the project in Peopleclick to reflect the changes per the Authorized User's instructions and change order. This may involve closing out a milestone(s) without payments and/or processing a final payment. If a final payment is advised, the CAI Account Manager will ensure that the change order reflects the same amount for final payment, and the **Invoicing/Payment Process** is followed, as described on page 14.

Once any final payments are made, the process of Finalization is followed.

Tasks

7.1 Authorized User Wants or Needs to Terminate SOW

On rare occasion, SOWs must be terminated. In this case, the Authorized User will have worked with the vendor to resolve issues or circumstances, and the decision is reached to end the project prior to its planned completion.

7.2 Legal Termination Process is Followed

The Authorized User will follow the required legal process for the break of the SOW contract. This process is outside the scope of the SMSA SOW process. The Authorized User will work with CAI during this time to coordinate the termination of the SOW between CAI and the vendor with the termination of the SOW between CAI and the Authorized User. It is necessary, however, to establish acceptance of deliverables and if final payments are in order.

7.3 CAI is Notified of Termination

As early as possible, CAI is notified of the need for termination and whether any final payments are due. This alerts the Account Manager to the issues and need for changes to the project.

7.4 Authorized User Changes Purchase Order

The Authorized User makes the changes to the purchase order through eVA, or their designated purchasing system. This follows established process and approvals and results in a change order issued to CAI.

7.5 CAI Changes Project in Peopleclick

The CAI Account Manager uses the change order, along with instructions from the Authorized User, to close out and/or change the milestones within Peopleclick appropriately. If a final payment is warranted, the final milestone will be adjusted to reflect the appropriate amount to be paid to CAI. If no final payment is involved, the **Finalization Process**, described on page 16, is followed.

7.6 (Optional) Final Invoice/Payment is Processed

If a final payment is to be made, the **Invoice/Payment Process** is followed as described on page 14. When this is completed, the **Finalization Process,** described on page 16, is carried out.

Process Flow