

SCHEDULE 10.1.A
PRICING FORMAT REQUIREMENTS

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1.0 General Financial Requirements

This Schedule 10.1.A specifies the Commonwealth's financial requirements that Vendor is required to provide in support of the outsourcing of the Services. It describes the Pricing Response Format spreadsheet(s) that has been provided with the Detailed Package that Vendor is required to complete and submit with its overall response to the Detailed Package.

The remaining sections of this Schedule 10.1.A describe the spreadsheets that accompany this Schedule.

1.1 Pricing Structure and Fees

1.1.1 Pricing Structure

The Commonwealth requires Vendor to price the proposal response in the following manner for the following three distinct phases of the initial contract term:

1. Current Operations Phase – From the Service Commencement Date until completion of Transition – Vendor pricing will be the actual costs plus an agreed to mark-up percentage that will not exceed the Commonwealth budget for the respective in scope services for the time period between the Service Commencement Date and the completion of Transition
2. Transition Phase – Vendor will separately state the incremental transition costs for each IT tower by cost category
3. Post-Transition Phase – Vendor pricing will be based on the units set forth in the “IT Tower” tabs in the Schedule 10.1.B (Pricing Response Format Spreadsheet)

Vendor **MUST** provide **three pricing scenarios** (and **three completed Schedule 10.1.B -Pricing Response Format Spreadsheets** – clearly indicating which scenario the completed pricing workbook supports (In the Scenario Box - TOC Tab cell C4 – Pick List):

1. Assets purchased by Vendor at contract signing and owned through the end of the agreement
 2. Assets purchased by Vendor at refresh (Schedule 3.11 Technology Refresh Plan) and owned by the Vendor from refresh through the end of the agreement
 3. Assets funded and owned by the Commonwealth over the life of the agreement.
- Fees for the Relationship Management Services described in Schedule 6.3 shall be separately stated and **NOT** as an inherent component to be provided in support of other Services covered in the Schedule.

The Vendor is **required** to provide a detailed price breakdown. The Vendor **MUST** utilize the pricing breakdown structure specified in the Pricing Response Format spreadsheet provided in Schedule 10.1.B. The management of each IT Tower should be clearly indicated in the “Management Services” row of each of the IT Tower-Recurring “tabs”. Please complete the “Data Center Build” tabs for all scenarios.

The Vendor must provide separate pricing for each of the optional services being requested by the Commonwealth (i.e. email consolidation project, Chargeback Services).

It is understood and accepted by both the Commonwealth and the Vendor that the pricing comprises all necessary costs, including all applicable taxes, duties, licensing and leasing fees incurred to provide the Support Services requested in the SOW’s.

The Vendor **MUST** clearly identify and explain all of the assumptions it has made, upon which its pricing is predicated in the appropriate sections of Schedule 10.1B.

All pricing must be quoted in U.S. dollars. In the event that the Vendor proposes annual fee adjustment for inflation, then the Vendor **MUST** clearly identify source and formula for calculating this adjustment, which **MUST include** an efficiency-offset component to account for increasing operational efficiencies in delivery of the Support Services.

Any applicable taxes, duties, licensing and leasing fees, and other pass-through charges **MUST** be identified in the Vendor proposal and shown separately from charges for the Services.

1.2 Transition Services and Fees

The Vendor will provide the Transition Services specified in the Schedule for the fees quoted separately for each Service Tower as a single, fixed price (Transition Services Fees). The Vendor is required to quote project milestones and target dates for accomplishing the Transition Services for each Service Tower. However, the Vendor Transition Services Fees will be capped as to an amount “not to exceed” regardless of the project milestone dates actually achieved.

The Vendor shall include all additional one-time charges and payments that are required as part of the initial Transition Services, which shall include, but not be limited to, software license transfer fees, contract reassignment fees, lease buyout/termination fees, hardware and software upgrade expenses and asset purchases.

TCommonwealthT reserves the right to (i) pay the Transition Services Fees separately as a once-off expense, or (ii) pay the fees as an element of the Monthly Fees by amortizing and billing the Transition Services Fees over the life of the contract.

The Vendor Transition Services Fees are specified in Schedule 10.1.B.

1.3 Annual Fees

The Annual Fees will be based upon an annual service baseline that will set the quantity, size and scope of the Services environment at the commencement of the contract and annually thereafter (Annual Baseline). A “Deadband” allowance that provides for Services growth and reduction within a mutually acceptable volume percentage variance above and below the Annual Baseline will be established, within which the Annual Baseline can fluctuate without incurring additional fees (Deadband).

In the initial year of the contract, the Annual Baseline and the respective Annual Fees will be based upon the “as-installed” Services environment that is defined within the Schedule. For subsequent contract years, the Annual Baseline and the annual Fees will be determined based upon the existing “as-installed” Service environment current at the time of the contract anniversary. TCommonwealthT will provide the Vendor with annual projections for Services capacity increases or decreases used in establishing the Annual Baseline and the Annual Fees for each subsequent year.

The Annual Fees will be the beginning base contract fee at the commencement for each contract year, and will be payable incrementally on a monthly basis (Monthly Fees).

1.4 Resource Usage Fees

The Annual Fees stated and defined above will be subject to periodic adjustment, as a result of changes in the Resource Usage baseline, according to the incremental pricing as specified in Schedule(s) 10.1.B—Add/Delete Rate Sheet Schedule(s). Changes not provided for in the Rate Sheet Schedule will not qualify for adjustment to the Annual Fees. As the baselines increase or decrease based upon usage requirements, the Changes will be made on a monthly basis to be effective for the next month’s billing.

The Annual Fees for each contract year will be based on the Annual Baseline for the immediately previous year, adjusted by the TCommonwealthT authorized incremental Resource Usage increases or decreases that have been implemented during the contract year.

The Monthly Fees will be subject to incremental adjustment for changes in resource usage volumes, limited to the unit rates as specified in the Add/Delete Rate Sheet in this Schedule. Unless otherwise specified and agreed upon, charges not provided for in the Add/Delete Unit Rate Sheet will not qualify for adjustment to the Monthly Fees. Changes in the Monthly Fees, resulting from changes in resource usage, will be made on a monthly basis to be effective for the next month’s billing, and adjusted for changes using the Add/Delete Rate Sheet as changes occur.

1.4.1 Add/Delete Units

Add/Delete Units are the means to determine increases/decreases of usage of Vendor IT resources (Resource Usage). Multiple resource units have been defined for each of the Services in the tables included in this Schedule.

1.4.2 Add/Delete Unit Rates

Each Add/Delete Unit has a unit value or rate assigned to it and is in effect for the duration of the contract (subject to the terms in the Comprehensive Services Agreement) that the Support Services are provided. All adjustments to the Annual Fees or Monthly Fees resulting from Add/Delete Units used and/or consumed by TCommonwealthT will be calculated based upon the unit rates specified in Schedule 10.1.B (Add/Delete Unit Rates).

1.5 Pass-Through Expenses

Pass-Through expenses are fees for services that the Vendor must pay to third parties that TCommonwealthT has approved and agreed to pay for in advance to ensure that the Vendor can provide the Transition Services or Support Services as specified in the Schedule, and which cannot be delivered directly by the Vendor (Pass-through Expenses). Pass-Through Expenses include, but are not limited to, taxes, import/export duties, travel and lodging expenses, third-party disaster recovery service fees, shipping/storage charges, license-transfer charges, and lease buyout/termination charges. The Vendor will charge the Pass-through Expenses to TCommonwealthT without mark-up or margin.

1.6 Non-Chargeable Activities

Without limitation, TCommonwealthT has no obligation to pay for any increased Resource Usage to the extent that it is attributable to the following:

- a. System Changes—Any system change that results in a Resource Usage increase that is made by the Vendor or its authorized subcontractor(s), which TCommonwealthT did not request and approve in advance through a formal Change Control process.
- b. Planned Growth—Any Annual Baseline resource increase that is budgeted for and included within the Annual Fees as initially projected by TCommonwealthT and priced by the Vendor.
- c. Technology Adjustments—Any Annual Baseline resource increase as may be periodically adjusted and which is included at no additional charge within the Annual Fees as a result of mutually agreed-upon technology planning resource usage.
- d. Vendor Corrections—Any action required or elected to be taken by the Vendor to correct or remedy any error or performance failure by the Vendor or any third-party

entity acting on the Vendor's authority to provide the Services in accordance with the SOWs or Agreement.

1.7 Terms of Payment

Refer to the Comprehensive Infrastructure Agreement for contract payment terms and conditions.

1.8 Definitions

- **Add/Delete Unit** means a particular add/delete unit of resource utilized. Add/delete units in each designated service category are set out in Schedule 10.1.B. Add/delete units may be differentiated on an SLR-class service delivery basis.
- **Add/Delete Unit Rate**, for any year of the agreement, means the charge for usage of a single resource unit, which may, in certain circumstances, be differentiated on a class of service basis.
- **Baseline**, for any year of the agreement, means TCommonwealthT's estimate of the quantity of resource units based on the Schedule and its schedules.
- **"Use" or "Usage"** in relation to any Resource Unit, which is based on devices, is to be based on the number of devices in use at the start of the first business day of the relevant month.

1.9 Invoicing Requirements

Vendor must introduce appropriate accounting systems to support appropriate invoicing of users within the overall pricing scheme outlined above. The principles that shall apply are as follows:

- There is a preference for simple accounting algorithms which reflect the use of resources;
- Invoices will be issued monthly to the Commonwealth's central contract management office, or area as nominated by the Commonwealth;
- Invoices must be in the detailed format as required by the Commonwealth's contract management office to support chargebacks to End-Users.
- The Vendor's accounting, invoicing and output unit (i.e., resource allocation and usage) measurement systems shall be subject to external audit and or review by the Commonwealth or its agent.
- Vendor is to propose its preferred approach to meet these principles, and supply examples of invoices and supporting documentation meeting these requirements. Potential chargeback capabilities should be discussed.

At a minimum, the Commonwealth will need a complete listing of items billed down to the cost center level for each Service. The Commonwealth must have an electronic file

(preferably Excel) sent to them each month for all services under the contract. These details must tie to the total amount invoiced each month for the duration of the contract.

1.10 Pricing Templates

A detailed set of pricing templates (in the form of Microsoft [MS] Excel spreadsheets) is included in the Schedule as Schedule 10.1.B). The template includes fee summary sheets, as well as individual detailed fee worksheets that the Vendor is required to complete for each of the IT service areas described above, including ongoing resource consumption charges, one-time transition charges, management fees, and other applicable fees. The Pricing Template Workbook includes fee summary worksheets that provide roll-up pricing for Year 1 and total pricing for Years 1 to 7. Details on the contents and how to use these workbooks have been provided in Schedule 10.1.B.

2.0 IT Infrastructure Pricing

The IT Infrastructure Pricing response format is a composite MS Excel workbook containing multiple worksheets, each pertaining to the different IT Infrastructure service areas (Towers) for which the Vendor **MUST** provide support and pricing.

This Pricing Response Format workbook includes worksheets for both once-off and recurring charges, as well as worksheets for add/delete unit rates and hourly T&M labor rate sheets for the following IT Infrastructures Services:

- a. Account Management and Administration
- b. Data Center (mainframe and server for all platforms)
- c. Desktop Services
- d. Messaging Services
- e. Data Network Services
- f. Voice Network Services
- g. Security Services
- h. Help Desk Services
- i. Chargeback Applications

In addition to the recurring IT Tower services listed above, you **MUST** provide cost information for the build of and ongoing operations of the primary and backup data centers.

The following table defines the contents of the IT Infrastructure Pricing spreadsheet “TCommonwealthT_Infrastructure_Pricing_Format.xls.” The pricing response document is being provided under separate cover to the Schedule and is provided specifically for use by the Vendor in preparing its pricing response for the Schedule.

Table 1. Infrastructure Pricing Format Contents

Spreadsheet Title	Description
Instructions	Instructions for completing the Pricing Workbook
TOC	Pricing Workbook Table of Contents
Summary—Year 1	Pricing Worksheet Summary—Year 1—This sheet automatically rolls up project pricing across all other worksheets.

Spreadsheet Title	Description
Summary—Year 7	Pricing Worksheet Summary—Year 7—This sheet automatically rolls up project pricing from the Summary—Year 1 sheet. The Vendor provides projected pricing for Years 2 through 7, which are then automatically totaled for all years.
Account Management and Administration—Recurring	Pricing Worksheet for monthly recurring pricing for Account Management and Administration services
Data Center (Mainframe/Server) —Recurring	Pricing Worksheet for monthly recurring pricing for Data Center (Mainframe and Server) services
Desktop —Recurring	Pricing Worksheet for monthly recurring pricing for Desktop computing services
Messaging—Recurring	Pricing Worksheet for monthly recurring pricing for Messaging services
Data Network—Recurring	Pricing Worksheet for monthly recurring pricing for Data Network management services
Voice Network—Recurring	Pricing Worksheet for monthly recurring pricing for Voice Network management services
Security—Recurring	Pricing Worksheet for monthly recurring pricing for Security services
Help Desk—Recurring	Pricing Worksheet for monthly recurring pricing for Help Desk management services
Chargeback Applications—Recurring	Pricing Worksheet for monthly recurring pricing for Chargeback Applications services
Account Management and Administration—Transition	Once-Off Transition/Start-Up Charges for Account Management and Administration services
Data Center-Transition	Once-Off Transition/Start-Up Charges for Data Center (Mainframe and Server)
Desktop-Transition	Once-Off Transition/Start-Up Charges for Desktop Computing
Messaging—Transition	Once-Off Transition/Start-Up Charges for Messaging services
Network—Transition	Once-Off Transition/Start-Up Charges for Network services

Spreadsheet Title	Description
Voice Network— Transition	Once-Off Transition/Start-Up Charges for Voice Network services
Security—Transition	Once-Off Transition/Start-Up Charges for Security services
Help Desk—Transition	Once-Off Transition/Start-Up Charges for Help Desk services
Data Center Build— Primary	The capital costs and recurring monthly costs of the new primary data center
Data Center Build— Backup	The capital costs and recurring monthly costs of the new primary data center
Add-Delete Unit Rates	Add/Delete Unit Rate Sheet for monthly additions/deletions to Baseline
Hourly Rate Sheet	Worksheet for itemizing Vendor hourly rate structures for project personnel
Assumptions	Pricing Worksheet for the Vendor to itemize all assumptions upon which its pricing is dependent