

Deloitte.



State of West Virginia

Department of Health and Human Resources

RAPIDS Project

CRFP 0511 HHR1600000001



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MU Purchasing Division

Cost Proposal Original

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Cost

RFP Reference: Section Five: Vendor Proposal, page 31

Complete Attachment C: Cost Sheet included in this RFP and submit in a separate sealed envelope. Cost should be clearly marked. Vendor should provide an all-inclusive cost for providing operations and maintenance of the software and their office facility. The Unit Cost should be the all-inclusive monthly rate. Vendor may provide additional documentation to show the itemization of these costs. This monthly Unit Cost shall be firm for the first two years of the Contract. Vendor should also provide the similar monthly cost which will be firm for BOTH of the two optional renewal years of the contract.

Vendor should include the costs for providing the Software Modification Pool hours for the contract periods indicated; Unit Cost should be the average hourly rate that will cover all staffing assignments. Unit Cost shall be firm for Contract Years 1 and 2 (the initial Contract Period); likewise, Unit Cost shall be firm for BOTH optional renewal years.

Bidders should multiply the given Quantity by their bid Unit Cost to calculate the Extended Cost, then total all nine (9) Extended Costs to calculate their Grand Total for the Cost Proposal.

Bidders may, but are not required to, provide different cost for different Contract Periods (ie, a bid of the same Unit Cost for the entire life of the Contract is acceptable).

Initial Contract award will be based upon the bidder's proposed Maintenance and Operations/Facility Extended Cost and Software Modification Hours Pool Extended Cost for Contracts Years 1 and 2 (the initial contract term).

Subsequent years' Facility Costs and Software Modification Hours Pool Extended Cost(s) will be incorporated, one year at a time, upon the formal approval of contract change orders for renewal. If applicable, Agency may require vendor to provide the total actual hours used from the Software Modifications Pool from the previous Contract period at the time of renewal.

Deloitte provides the State of West Virginia, Department of Health and Human Resources (DHHR) this cost proposal based on a project team with unmatched qualifications to provide system application operations, maintenance, and modifications as described in your RFP. As an innovator and the nation's leader in transforming Health and Human Services delivery, we understand the unique complexities associated with providing IT operational excellence, implementing a systems enhancement and modernization strategy and providing business services continuity simultaneously. Our team of experienced professionals coupled with our proposed approach provides DHHR the best value for the money.



Deloitte offers excellent value for your scope of services:

- Un-matched staff qualifications
- Continuity of Business Services
- Deloitte serves as a single-point-of-contact for modernizing DHHR's key business systems

This section of Deloitte's proposal contains our presentation of the costs associated with providing the services described in the Centralized Request for Proposal (CRFP) 0511 HHR150000009, for system application operations, maintenance, and modifications services. The high-level scope of services and associated cost included in the Cost Sheet below are as follows:

- Maintenance and Operations of the RAPIDS integrated eligibility solution, which includes the legacy RAPIDS mainframe application, the eRAPIDS worker portal, the inROADS client self-service portal and the RAFT data warehouse and reporting solution.
- Maintenance and Operations of the DHHR enterprise services developed as part of the Medicaid Eligibility and MITA Compliance change order, which includes the Enterprise Service Bus and the Master Data Management solution.

- Two Software Modification Pools (SMPs) totaling forty thousand (40,000) hours per year for the life of the contract for software modification and enhancement. Twenty thousand (20,000) hours per year will be designated for modifications and/or enhancement to RAPIDS. The remaining twenty thousand (20,000) hours is intended to be used as SMP hours for DHHR-wide initiatives to modernize the existing Child Support, Child Welfare and Child Care systems.
- Provide a secure facility for vendor and Agency staff with the required features and services (e.g., furniture, office equipment, supplies, etc.).
- Provide software tools (JIRA) to provide Application Lifecycle Management automation, enabling the detailed tracking of all defects from identification through correction and a system to monitor and report on application performance response times.

In costing each of the components in Attachment C: Cost Sheet, we have carefully considered the factors making up the cost for each, and included only approaches and methods, staff and tools that minimize the cost to the State, while providing maximum value.

To provide the most effective cost to the State for RAPIDS Maintenance and Operations, and Facilities, we have carefully considered the following:

1. We have proposed almost all of the existing team to staff the positions required per subsection 3.2 Staff Qualifications and Experience in Section 4: Project Specifications. Our proposed team with their DHHR and RAPIDS specific knowledge is invaluable to the State in meeting the RFP objectives. We are confident that no other team can match the delivery capability and output of this team at this cost.
2. We realize that the State will have to plan for costs to transition from the existing contract to the new contract vendor. As the incumbent, we have kept the cost associated with the transition to a new contract to a very nominal amount which includes site, furnishings and equipment improvements.
3. We effectively leverage existing facilities and our existing supplier service agreements to effectively meet your requirements and eliminate new start up and initiation costs.
4. By bringing a RAPIDS and DHHR experienced team we eliminate knowledge transfer and transition time and staffing costs for the State. Most importantly, no productive time will be lost to those activities. A project of this nature typically requires at least six months for transition to complete.

To provide the best rate for RAPIDS SMP hours, we have carefully considered the following:

1. We have included a team of 10 skilled and experienced RAPIDS SMP team members in addition to the 42 key personnel required by the RFP.
2. The RAPIDS SMP team has the correct mix of Project Management, Business Analysis and Technical skills to provide the maximum delivery capability to DHHR while maintaining the current rate of \$140 per hour for the first two years.

To provide the best value for DHHR-wide initiatives SMP hours, we have carefully considered the following:

1. We have proposed a representative team of 10 appropriately skilled and experienced DHHR-wide initiatives SMP team members, who will be engaged when requested by the Agency
2. The DHHR-wide initiatives SMP team has the correct mix of technical leads and developers to provide the maximum staff augmentation capability to DHHR, while maintaining a rate of \$120 per hour for the first two years.

We are confident that the State will find our costs fair and complete. We will welcome the opportunity to provide any necessary clarifications or explanations regarding the Cost Component or any other portions of our Proposal. If the Agency identifies portions of our proposal which do not accurately reflect the intended scope of the RFP, we will modify our Cost Component appropriately. The below costs are provided on forms that were provided by the Agency in the RFP, Attachment C – Cost Sheet.

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REQUEST FOR PROPOSAL
WV Department of Health and Human Resources
Management Information Services
RAPIDS Project
CRFP 0511 HHR160000001

ATTACHMENT C: COST SHEET

Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope.

Cost should be clearly marked.

	Contract Cost	Quantity	UOM	Unit Cost	Extended Cost
1	Contract Year 1 & 2: RAPIDS Maintenance and Operations, Facility cost as referenced in section 2.6, 5.1 and 5.2.	24	Months		\$ 27,500,837.64
2	Contract Years 1 & 2: The RAPIDS Software Modification Hours Pool referenced in to Section 2.7	40000 (20000 per year X 2)*	Hours	140	\$ 5,600,000.00
3	Contract Years 1 & 2: Other DHHR-wide initiatives Software Modification Hours Pool referenced in to Section 2.7	40000 (20000 per year X 2)*	Hours	120	\$ 4,800,000.00
4	Renewal Year 1: RAPIDS Maintenance and Operations, Facility cost as referenced in section 2.6, 5.1 and 5.2.	12	Months		\$ 13,434,351.23
5	Renewal Year 1: The RAPIDS Software Modification Hours Pool referenced in to Section 2.7	20000*	Hours	149	\$ 2,980,000.00
6	Renewal Year 1: Other DHHR-wide initiatives Software Modification Hours Pool referenced in to Section 2.7	20000*	Hours	125	\$ 2,500,000.00
7	Renewal Year 2: RAPIDS Maintenance and Operations, Facility cost as referenced in section 2.6, 5.1 and 5.2.	12	Months		\$ 13,967,464.06
8	Renewal Year 2: The RAPIDS Software Modification Hours Pool referenced in to Section 2.7	20000*	Hours	154	\$ 3,080,000.00
9	Renewal Year 2: Other DHHR-wide initiatives Software Modification Hours Pool referenced in to Section 2.7	20000*	Hours	129	\$ 2,580,000.00
				Grand Total	\$ 76,442,652.93

*Software modification hours pool is 40,000 hours per each year. This is not implied as a guarantee the state will utilize the total hours; this is a not-to-exceed quantity, barring approved change order (See 2.7,8).

Unit Cost for Contract Year 1 & 2 is firm for that period; Unit Cost for Renewal Years 1 & 2 (Contract Years 3 and 4 is firm for both years). Unit Cost for Software Modification Hours Pool in effect at the time of any change order to increase quantity shall apply. Maintenance and operations line items are solely for RAPIDS maintenance and operations support.



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Assumptions

Deloitte has made the following assumptions in the development of our technical and cost response to this RFP.

#	Assumption
1	DHHR will conduct all end-user training.
2	Deloitte is responsible for the Maintenance and Operations (M&O) of the RAPIDS Suite of solutions, which includes the RAPIDS legacy system, eRAPIDS, inROADS, the Enterprise Service Bus (ESB) and the Master Data Management solution. Deloitte is not responsible for any M&O services related to FACTS, the FACTS web application or any newly developed Child Care solutions. The State will continue to support the M&O of OSCAR.
3	To maximize efficiencies, the utilization of RAPIDS SMP hours and the corresponding resources needs to proceed in a consistent and planned manner. For non-RAPIDS SMP DHHR will provide 30 days lead-time for planning and procuring resources.
4	We have proposed that our project remain at our current project site. The installation of new carpeting, the relocation and re-cabling of cubicle workstations will be achieved using a phased approach; this will limit disruptions to project work while site enhancements and modifications occur.
5	The State will be responsible for the procurement and provisioning of any software/hardware required as part of the services required in the RFP.
6	The State is responsible for scheduling and providing the necessary environments to support any disaster recovery testing initiatives.
7	The State will provide Virtual Private Network (VPN) access to the project development resources in order for them to perform development, testing, and production support activities in a timely manner. Remote access will be provided on a 24x7 basis for the Deloitte's project team during the duration of this project.
8	We included pricing for the Atlassian product suite (e.g. JIRA) in our cost which will be used for the new Application Lifecycle Management tool.
9	In the event of any change, deviation from, or failure of any stated assumptions in the Response, Deloitte's ability to perform may be impacted and an equitable adjustment to cost and schedule will be warranted to account for the impact.

Exceptions and Clarifications

Deloitte Consulting has reviewed RFP CRFP 0511 HHR160000001 (Management Information Services Rapids project) and in accordance with Section 2, Instructions to Vendors, subsection 11 (Exceptions and Clarifications), Deloitte Consulting has identified the issues that it seeks to discuss, clarify and/or modify in the final agreement.

For any mandatory items included in the list below, Deloitte Consulting does not take exception to those mandatory terms or requirements, but does request certain clarifications as outlined below.

In the event other issues are identified based on the project as finally awarded, we will identify those issues for discussion promptly.

#	General Terms and Conditions
1	<u>Section 1, Contractual Agreement:</u> Our proposal is subject to reaching mutual agreement on a definitive contract that addresses the exceptions and clarifications described herein.
2	<u>Section 4, Notice to Proceed:</u> Deloitte Consulting understands that this applies once Deloitte Consulting and the State execute a definitive contract
3	<u>Section 8, Performance Bond:</u> Deloitte Consulting understands that "contract value" for purposes of the performance bond is the funded value of the contract for the first two year period. The performance bond costs have been included in Deloitte Consulting's rates for all four years using the initial contract value. Deloitte Consulting will confirm insurance coverage with the State in contract discussions. Deloitte Consulting's coverage has been determined acceptable for all prior contracts with the State.
4	<u>Section 11, Liquidated Damages:</u> Certain sections of this clause are incomplete or not clear. In contract discussions, Deloitte Consulting will seek to clarify: what milestones/deliverables are subject to liquidated damages and how those deadlines are established; how the acceptance process applies for timeliness purposes; that collected liquidated damages constitute the remedy for the same event; that Deloitte Consulting is not responsible for liquidated damages where it is not the sole cause of the event giving rise to the liquidated damage assessment (including where a fixed level of effort or other prioritized services impact Deloitte Consulting's performance); and, the process for addressing disagreements around the applicability of this provision or an actual assessment. In addition, we would like to discuss a cap(s) on liquidated damages.
5	<u>Section 12, Acceptance/Rejection:</u> Deloitte Consulting does not take exception to any Mandatory terms of the RFP and in compliance with RFP Section 2, subsection 11, Deloitte Consulting has identified its exceptions, clarifications and proposed modifications.
6	<u>Section 13, Funding:</u> Deloitte Consulting accepts the provision but would seek to add a notice requirement for purposes of cancellation and would like to clarify the State's obligations around payment for work in progress and unrecovered facilities and other costs.
7	<u>Section 16, Cancellation:</u> Deloitte Consulting requests this section be revised to include a 30 day cure period wherein the written cure notice would identify the alleged material breach so as to allow Deloitte Consulting the ability to respond/cure the breach/or initiate the correction where a cure is not susceptible of being completed within the 30 days. For all non-performance related terminations, we also request a reasonable notice period be added and that payment for services in progress and facility and other unrecovered costs be addressed in the contract.
8	<u>Section 17, Time:</u> Deloitte Consulting requests this provision be removed from the contract given the volume and nature of the services, the inclusion of liquidated damages, and the State's right to terminate for default.
9	<u>Section 19, Compliance:</u> To the extent this section is intended to pertain to performance requirements, Deloitte Consulting understands any such requirements will be called out in the scope (for example as part of the delivery order, SOW, design, etc.). We would also seek to clarify that changes in applicable law that impact performance would be treated as changes (resulting in modifications to scope, schedule, pricing, etc).

General Terms and Conditions

- 10 Section 26. Warranty. This section requires discussion as it appears to contain warranties that are not consistent with the services to be provided and its application to the project is not clear and should be clarified in context of the services.
- 11 Section 29. Confidentiality. Deloitte Consulting recognizes the importance of protecting PII and confidential information. Deloitte employs robust protocols and security measures to protect PII and looks forward to finalizing, as part of contract discussions, the specific protective standards to apply based on the nature of our services, should we be awarded the services.
- 12 Section 35. Vendor Relationship. Deloitte Consulting understands the indemnity in this section pertains to the scope / context of this section and would seek to confirm the same in the contract. We also request the process (including notice, control etc.) be added.
- 13 Section 36. Indemnification. Deloitte Consulting request this section be revised consistent with the prior indemnity in the existing RAPIDS contract at Section 1.2.5, which is excerpted below:
- 1.2.5 Indemnification:**
Deloitte agrees to indemnify and hold harmless the State, as well as officers, Agents, and employees of the State, from all claims losses, or suits for bodily injury or death to individuals or physical damage to real or tangible personal property, discrimination claims, failure to observe State and federal laws with respect to labor, minimum wage, Social Security obligations and payment of worker's compensation accruing or resulting to any contractors, subcontractors, laborers or employees and any person, firm, or corporation who may be injured or damaged by erroneous or negligent acts of Deloitte or any Deloitte subcontractors during the performance of this Agreement. The State shall give Deloitte written notice of each such claim or suit and full right and opportunity to conduct its own defense thereof, together with full information and reasonable cooperation.
- 14 Section 38. Additional Agency and Local Government Use. Deloitte Consulting is happy to permit Other Government Entities to use this Contract on a case-by-case basis, subject to mutual agreement.
- 15 Section 39. Conflict of Interest. In addition to clarifying what constitutes a conflict for purposes of Deloitte Consulting's compliance, we would seek to limit the obligation to make inquiries to the team assigned to work the project given the overall size of our organization. Any changes in this section should also apply to the certification in Section 33.
- 16 Section 41. Background Check. Deloitte Consulting understands that the State would like to conduct these Background Checks. We would seek to confirm the process as part of contract discussions.
- 17 In accordance with WV-96A, Agreement Addendum for Software that was included with the RFP, we request that a damages disclaimer be included in the contract. We also request the limitation of liability be adjusted consistent with the current contract that is in place between the parties.

#	Clarifications
1	<p><u>RFP Section 2.7. Software Modifications Hours Pool:</u> The following items require discussion/clarification to confirm scope and approach and Deloitte Consulting understands these provisions apply as follows: the target date in item #5 will be consistent with the vendor's estimated hours and timeframe; for purposes applying liquidated damages, any deadlines that are subject to liquidated damages will be agreed to and called out as such in the SOW; and, in the event a task/deliverable/initiative is cancelled, Deloitte Consulting will be paid for the services/hours performed up to the effective date of cancellation.</p>
2	<p><u>RFP Section 2.8. Deliverables:</u> The following items require discussion/clarification to confirm scope and approach: the introductory paragraph of this section requires discussion to confirm the State's intent and to confirm it reconciles with the RFP and the planned approach to the project; the process and use of conditional acceptance as referenced in subsection 3 requires discussion; subsections 5, 6 and 7 should be clarified to provide that where the review process repeats, it is in context of the previously identified nonconformities; and, subsection 7 should be clarified to provide that any termination of an initiative is in context of a material noncompliance that was identified in the State's initial written notice as requiring correction.</p>
3	<p><u>RFP Section 2.9.1. Order of Precedence:</u> Deloitte Consulting assumes that any clarifications or other negotiated items will be included in the contract document.</p>
4	<p><u>RFP Section 2.9.2 and 2.9.3. Software Ownership and Rights in Data:</u> Deloitte Consulting requests that all intellectual property grants as described in these sections be effective upon full and final payment to Deloitte Consulting and that the parties agree to and include the contract provision that identifies and protects Deloitte Consulting's pre-existing technology (or technology otherwise created outside of this contract) so as to permit the use of such pre-existing technology without the need for future approval by the State, including a broad license grant to the State so that it can use, maintain and modify any such pre-existing technology.</p>
5	<p><u>RFP Section 2.9.6. IRS Publication 1075:</u> To the extent this section is applicable to Deloitte Consulting: for purposes of subsections 4 and 6, Deloitte Consulting will not be required to receive, process, store or transmit federal tax information on Deloitte Consulting systems; subsection 6 applies to Deloitte Consulting's computer systems; and, it is understood that the execution of the contract confirms the State has obtained IRS' written approval (if required).</p>
6	<p><u>RFP Section 5.1: We acknowledge the State's option to substitute space or to accept vendor space for any site. We assume this decision will be made at or prior to the execution of the contract. Substitutions done after contract signing will be done via mutually agreed to change order.</u></p>
7	<p><u>RFP Section 5.3 through 5.7. Project Responsibilities:</u> The following items require discussion/clarification to confirm scope and approach to M&O:</p> <ul style="list-style-type: none">• Deloitte Consulting is to utilize a fixed level of effort wherein Deloitte Consulting will work with the State to prioritize activities and allocate the available resources to provide the services; KPI and SLA compliance, including changes to make the systems and solution compliant with the KPIs and SLAs, will be prioritized; and, additional resources can be added by change order.• By stating that we provide complete functional responsibility for network and PC disaster recovery, we assume that you are referring to the network and PCs in the project office that are under Deloitte's control, and not the broader network or PCs that are not under Deloitte's control; to the extent the State's request is broader, the parties will need to clarify the scope in contract discussions• During Software Testing and Quality Assurance, by stating that test data and materials shall be able to accurately predict all possible conditions, plus expected results, for base test and other installations, we assume that such conditions and results are the same as those defined by each flow and sub-flow defined by the Use Cases in the System Requirements Specification (SRS) documents, which are in turn described in Section 4.2.3; to the extent the State's request is broader, the parties will need to clarify the scope in contract discussions.
8	<p><u>RFP Section 5.8 through 5.13 and Attachment B:</u> We acknowledge that prior to commencement of operations, OMIS and the vendor are to review all established KPIs to determine if revisions are needed. We further acknowledge these reviews will thereafter be held annually and upon the implementation of a change that impacts existing KPIs. Notwithstanding the discussion and clarification items below, we also acknowledge that we accept the initial Service Level Agreements. Below are areas where additional discussion and clarification are warranted:</p>

Clarifications

- For purposes of the SLAs, we assume the reference to the "operating fee" against which the liquidated damage percentage is applied, is the monthly M&O fee and that SLAs are only applicable to Rapids and its components as defined in the contract
- For the purposes of the SLAs, we assume that where a single event could trigger multiple KPIs, we assume that only one will be applied
- It is assumed that liquidated damages will only be applied for missing KPIs that are caused by Deloitte in performance of its contract requirements; if a missed KPI was not within Deloitte's responsibility or control, no liquidated damages would apply; for example if the uptime KPI was not met due to a hardware issue for which Deloitte is not responsible, no liquidated damages would apply
- Deloitte believes it meets most if not all of the KPIs specified, but since these are not currently required or measured, we cannot make that claim with certainty. Deloitte therefore proposes to baseline KPIs as part of the "prior to commencement of operations" KPI review to provide factual input to OMIS and Deloitte in finalizing SLAs.
- If the State desires to implement an SLA not currently met, DHHR can request a change to bring the system into compliance with the SLA prior to SLA enforcement for liquidated damages
- We also want to discuss the Corrective Action Report, including clarifying the process and timing, including in context of the State's requirement that corrective action not be implemented until approved by the State (we acknowledge and appreciate the State's response in Q&A #35). In connection with the reference to completing State recommended changes at no additional costs, Deloitte Consulting understands that to mean these services will be prioritized within the maintenance activities and services and not treated as a separate change order (such that no additional costs will be charged to the State).
- In connection with the System Availability SLA (and in addition to the above), for purposes of applying the performance standard to Saturday and Sunday operations, we assume the "as required at the request of the State" will be consistent with current practices and for holidays, we assume the reference is that this will be done via mutual agreement. We would also like to clarify and confirm the processes around "emergency" requests by OMIS. And we would like to clarify that unscheduled "Test Environment" downtime, applies to the UAT environment.
- In connection with the System Performance SLA (and in addition to the above), for purposes of applying the performance standard to Saturday and Sunday operations, we assume the "as required at the request of the State" will be consistent with current practices and for holidays, we assume the reference is that this will be done via mutual agreement. . Finally, we understand the 6 performance standards are measured on a monthly basis.
- In connection with the Operational Problem Management SLA (and in addition to the above), the parties need to discuss and confirm the State's role, including how approvals are timely provided and fixes deployed, including what constitutes "resolution". As stated above, all KPI and SLA related activities will require prioritization given the potential penalties. The parties will need to confirm the system components that are subject to this SLA. Finally, the particulars around when KPI "clocks" start for a given error as well as the processes around identification, notification, report and tracking require discussion.
- If there are changes to State IT Procedures and Conventions in the course of the project, the State will promptly provide us notification.

Deloitte Consulting will work in good faith with the State to address the areas and issues identified above. It is important that the final contract accurately and clearly address these matters. We respect the State's decision to introduce liquidated damages and SLAs and are committed to working with the State to implement the same. Given the size, complexity and scope of the support and services, it will be necessary to address control, responsibility, and process issues in sufficient detail to make application of the liquidated damages and SLAs a known and fair process. We value our relationship with the State and look forward to building upon our prior mutual success and supporting the State and its citizens on these important programs.