



## **Exhibit 3**

### **Reporting and Service Level Management**

VA-180815-UC – Modification 22

**COMMONWEALTH OF VIRGINIA**  
**VIRGINIA IT AGENCY (VITA)**  
**SUPPLIER STRATEGY AND PERFORMANCE DIVISION**

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## 1.0 Introduction

This is **Exhibit 3 (Reporting and Service Level Management)** to the Master Services Agreement between VITA and Supplier and, together with the attachments hereto (incorporated by this reference herein) describe the Supplier's obligations to maintain, report upon, and improve quality in the Services delivery to VITA and the other Customers.

Attachments to **Exhibit 3** consist of:

- **Exhibit 3.1 (Service Level Matrix)**
- **Exhibit 3.2 (Service Level Definitions and Measurement)**
- **Exhibit 3.3 (Critical Deliverables)**
- **Exhibit 3.4 (Reports Matrix)**
- **Exhibit 3.5 (Customer Satisfaction)**

### 1.1 Quality Management Overview

- 1) The Supplier's quality management obligations under this **Exhibit 3 (Reporting and Service Level Management)** fall into four categories:
  - a) *Reporting*. Documents, datasets, and summary reports pertaining to the performance of the Services and the Supplier's other obligations under the Agreement sufficient to permit VITA to monitor and manage Supplier's performance.
  - b) *Service Levels*. Quantitative performance standards to measure Services, which may include Critical Service Levels and may carry associated Service Level Credits in the case of certain Service Level Defaults.
  - c) *Critical Deliverables*. Milestone activities and Critical Deliverables that have associated Deliverable Credits payable to VITA, in accordance with **Section 4.0 (Critical Deliverables)** below, in the event the Supplier fails to successfully and timely deliver such Deliverables. Such Deliverables may be either One-Time Deliverables or Recurring Deliverables.
  - d) *Customer Satisfaction*. Qualitative and quantitative measurements of Customer experience, including surveys and in-person meetings.
- 2) The performance of these quality management functions by the Supplier may require coordinated, collaborative effort of the Supplier with Third Parties. The Supplier will provide a single point of contact for the prompt resolution of all Service Level Defaults and all failures to provide high quality Services to VITA, regardless of whether the reason for such Service Level Defaults, or failure to provide high quality Services to VITA, was caused by the Supplier.
- 3) Beginning as of the Commencement Date (or as otherwise specified in **Exhibit 3.1 (Service Level Matrix)**), the Supplier will perform the Services in such a manner as to meet or exceed applicable Service Levels, Reporting requirements, Customer satisfaction metrics, and Critical Deliverable due dates.
- 4) VITA may add, delete or modify Reports, Customer satisfaction metrics, Performance Categories, Service Levels and Recurring Deliverables as provided in this **Exhibit 3 (Reporting and Service Level Management)**.
- 5) Unless otherwise set forth herein, all references in this **Exhibit 3 (Reporting and Service Level Management)** to time will refer to Eastern Time.

## 1.2 Service Level Credit Overview

Service Level Credits are included as part of Critical Service Level (CSL) Reporting, Recurring Critical Deliverables (RCD), and One-Time Deliverables. All Credit types serve a similar purpose within the program, the relationship between Credit types and timing of the Credits varies.

The Supplier will have an At-Risk Amount that is available to be assigned Credits that are subject to the maximum At-Risk Percentage of the Supplier's Invoice. The At-Risk Amount is derived using the At-Risk Percentage contained in Exhibit 3.1 – Service Level Matrix on the Critical Service Levels tab. The total At-Risk Amount is equal to the Invoice Amount for the Invoice period multiplied by the At-Risk Percentage.

Example:

- The Supplier's Invoice Amount for the month is \$100,000
- The At-Risk Percentage is 15%.
- The At-Risk Amount is \$100,000 multiplied by 15% equaling a \$15,000 credit. ( $\$100,000 \times .15 = \$15,000$ )

All Critical Service Levels are reported monthly. The list of Critical Service Levels, their Performance Target, and any Credit Allocation expressed as a percent of the invoiced amount for the month where the credit is applied, are documented in Contract Exhibit 3.1 – Service Level Matrix on the Critical Service Levels tab. A complete description of each Critical Service Level including the algorithm used to calculate the actual performance is documented in Contract Exhibit 3.2 – Service Level Definition and Measurement. Specifics regarding the calculation of the Credit for any Service Level Default is described in Section 2.2 – Service Level Credits of this Exhibit. Any Credit assessed for a Service Level Default will be subject to the total At-Risk Percentage of the Invoice amount which is also applicable to Recurring Critical Deliverable Credits. Critical Service Level Credits will be assessed after any Recurring Critical Deliverable Credit. If the total amount of the Recurring Critical Deliverable Credits and Critical Service Level Credits exceed the At-Risk Percentage of the Invoice Amount, then the Critical Service Level Credits shall be calculated by reducing the available Credit Amount to the remaining Balance after the assessment of Recurring Critical Deliverable credits, and then proportionately allocating the remaining Credit Amount across any Critical Service Level.

Example:

- The At-Risk Percent of invoice is calculated as \$15,000.00.
- During the Performance Month, there was a Recurring Critical Deliverable (RCD) failure.
- The RCD failure is calculated as a credit of \$5,000.00.
- The Credit will be assessed by leaving a total Credit of \$10,000.00 available for Critical Service Level (CSL) Credits.
  - $\$15,000 - \$5,000 = \$10,000$
- If three Critical Service Levels defaulted during the Performance Month.
- Then the total Credit of \$10,000.00 will be allocated to the CSLs in proportion to their normal Credit Ratio.
- If CSL 1 accounts for 50% of the total assessed ratio for the Performance Month, then \$5,000.00 will be the Credit amount.
  - $\$10,000 \times .5 = \$5,000$



- If CSL 2 and CSL 3 each account for 25% of the total assess ratio for the Performance Month, then \$2,500.00 will be their Credit amount each.
  - $(\$10,000 \times .25) + (\$10,000 \times .25) = \$2,500 + \$2,500 = \$5,000$

Recurring Critical Deliverable descriptions and delivery expectations are documented in Contract Exhibit 3.3 – Critical Deliverables. A complete list of the Recurring Critical Deliverables is included in Contract Exhibit 3.1 – Service Level Matrix on the Critical-Deliverables tab. The specific delivery date is documented in the SMM. Specifics regarding the calculation of the Credit for any Recurring Critical Deliverable Default is described in Section 4.1 – Recurring Deliverables of this Exhibit. Recurring Critical Deliverables along with the Deliverable Credit Allocation, expressed as a percent of the invoiced amount for the month where the credit is applied and the timing at which the Credit will be re-assessed if the delivery continues to be delayed is included in Exhibit 3.1 – Service Level Matrix on the Critical Deliverables tab. Any Credit assessed for a Recurring Critical Deliverable delivered late or rejected will be subject to the total At-Risk Percentage of the Invoice Amount which is also applicable to Critical Service Level Credits. Recurring Critical Deliverable Credits will be assessed before Critical Service Level Credits. should the Recurring Critical Deliverable Credit amount assessed in any month exceed the calculated At-Risk Amount, the credit will be adjusted to match the At-Risk Amount. One-Time Deliverables are documented in Contract Exhibit 3.1 – Service Level Matrix on the Critical-Deliverables tab. One-Time Deliverables typically have a fixed dollar amount and frequency of application defined. The One-Time Deliverables are stand alone and any amounts assessed shall not be considered in any limits or calculations of credits associated with Recurring Critical Deliverables or Critical Service Level Reporting.

## 2.0 Service Level Management

### 2.1 Service Level Types

As part of VITA's Managed Environment, VITA works with the MSI and the other Service Tower Suppliers, to characterize the Service Levels of each as "Related" or "Unique." Such characterizations represent the manner in which the Service Tower Suppliers are individually or jointly responsible for the attainment of their respective Service Levels within the Managed Environment. Service Level Credits potentially assessed against an individual Service Tower Supplier, including Supplier, shall always be calculable based on its specific (i) Service Level Invoice Amount, (ii) At-Risk Amount, and (iii) Allocation of Pool Percentage.

Following are detailed descriptions of the related (Type R) and unique (Type U) Service Level categories:

- (1) **Type R (related) Service Levels.** Type R Service Levels are Service Levels that are shared between the MSI and one or more other Service Tower Suppliers and measure, in the aggregate, performance of both the MSI and the other applicable Integrated Supplier(s). For each of the MSI and other individual Integrated Suppliers sharing the Type R Service Level, the Type R Service Level measures a discrete subset of the same pool of events making up the aggregate performance of the MSI and other Integrated Supplier being measured by the Type R Service Level. A Type R Service Level may carry different Service Level metrics for the participating Integrated Suppliers. Projects, Service Requests, and Incidents are examples of Type R Service Levels.
- (2) **Type U (unique).** Type U Service Levels measure Service performance that is specific to the MSI or an individual Service Tower Supplier, and therefore are not shared between or among Service Tower Suppliers. Services that are wholly provided by the Supplier which do not require partnership shall be considered Unique – such as the amount of time required to answer a call to the Service Desk.

Type R and Type U Service Level characterizations are utilized to clarify Service Level performance of the Service Tower Suppliers within the Managed Environment for tracking purposes and shall not limit (or expand) Supplier's obligations with respect to the performance of the Services.

## 2.2 Service Level Credits

Service Level Defaults of Critical Service Levels will result in Service Level Credits from Supplier to VITA as defined below:

- 1) **Exhibit 3.1 (Service Level Matrix)** sets forth the information required to calculate the Service Level Credit in the event of a Service Level Default for a Critical Service Level. Each such Service Level Default, subject to **Section 2.3 (Earnback)** below, will generate a Service Level Credit that will be computed in accordance with the following formula:

$$\text{Service Level Credit} = A \times B \times C$$

Where:

A = The Allocation of the Pool Percentage specified for the Performance Category in which the Service Level Default occurred as shown in **Exhibit 3.1 (Service Level Matrix)**.

B = The Service Level Credit Allocation Percentage for Service Level with respect to which the Service Level Default occurred, as shown in **Exhibit 3.1 (Service Level Matrix)**.

C = The At-Risk Amount

The Supplier's At-Risk Amount for the month is calculated using the Supplier's Invoice Amount and the At-Risk percentage.

For example, if the Allocation of Pool Percentage for the Performance Category of such Critical Service Level Default is 50% and the Service Level Credit Allocation Percentage for such Critical Service Level is 40%.

The Service Level Credit for such Service Level Default would be computed as follows:

A = 50% (the Allocation of Pool Percentage) multiplied by

B = 40% (the Service Level Credit Allocation Percentage) multiplied by

C = \$15,000 (fifteen percent (15%)) of \$100,000, the Supplier's corresponding Invoice Amount)  
= \$3,000 (the amount of the Service Level Credit)

- 2) Subject to Item (3) below, if more than one Service Level Default has occurred in a single month, the corresponding Service Level Credits will be added together to determine the total amount of Service Level Credits payable for such month.
- 3) In no event will the amount of Service Level Credits payable with respect to all Service Level Defaults and Recurring Critical Deliverable Credits in a single month exceed, in total, the At-Risk Amount for such month. If the amount of Credits for any month exceeds the total At-Risk Amount, VITA shall adjust the Credit Amounts as described in Section 1.2 above.
- 4) The Supplier will notify VITA in writing if a Service Level Credit has been generated, which notice will be included in the standard monthly reporting for Critical Service Levels as described in **Section 5.1 (Reporting for Service Levels)** below, delivered in the month immediately following the month during which such Service Level Default occurred.
- 5) The total amount of Service Level Credits that the Supplier will be obligated to pay to VITA, with respect to Service Level Defaults occurring each month, shall be credited on the invoice the second month after which the Service Level Default(s) giving rise to such Service Level Credit(s) occurred. For

example, the amount of Service Level Credits payable with respect to Service Level Defaults occurring in August shall be set forth in the Monthly Invoice issued in October. In the event no further invoices shall be deliverable to VITA, such credit shall be paid to VITA within thirty (30) days following its calculation and notice to VITA.

## **2.3 Earnback**

The Supplier shall have an Earnback opportunity with respect to a Service Level Credit paid or credited to VITA as follows:

- 1) For such Service Level Default, within thirty (30) days after the first one-year anniversary of the month in which such Service Level Default occurs, the Supplier will calculate and provide the following information in a report to VITA:
  - a) The amount of the Service Level Credit that is the subject of potential Earnback; and
  - b) Statistics on the Supplier's monthly performance for such Critical Service Level during the preceding twelve (12) months (the **"12-Month Review Period"**).
- 2) If, for each of the months in the 12-Month Review Period, Supplier achieved monthly performance in the subject Critical Service Level that was greater than, or equal to, the Expected Service Level in effect at the end of the 12-Month Review Period for such Critical Service Level and there was no recurrence of a Service Level Default during such 12-Month Review Period, such Service Level Credit will be deemed to have been "earned back" by the Supplier. Upon substantiation of such Earnback and approval by VITA, the amount of such Service Level Credit shall be included in the next delivered invoice to VITA and payable with other amounts included thereon.
- 3) If, during the 12-Month Review Period, VITA deletes such Critical Service Level, Supplier will submit a request for Earnback and VITA will make the assessment for the Earnback using the months that have been completed.
- 4) Upon expiration or termination of the Agreement (or such portion of the Agreement to which such Service Level Default related), the foregoing process will be undertaken with respect to the months of the applicable outstanding 12-Month Review Period(s) (i.e., which may be less than 12 months) as long as the Default in question did not occur in the last Month, during which the Agreement (or such applicable portion) was in effect, including for such purposes any period of the provision of applicable Transition Out Assistance.

## **2.4 Modification of Performance Categories**

VITA may modify Performance Categories (including adjusting Allocation of the Pool Percentages among Performance Categories) by sending notice to Supplier not less than forty-five (45) days prior to the effective date of such modification. Such change notice will describe changes necessary to accommodate the modification of the Performance Categories. Modification of Performance Categories shall not constitute creation of new Service Levels.

## **2.5 Additions, Modifications and Deletions of Service Levels**

VITA may add or delete Performance Categories; add, delete, or modify Service Levels; modify Service Level Credit Allocation Percentages; or add or delete Recurring Deliverables, by notice to Supplier not less than forty-five (45) days prior to the effective date of such modification. VITA may send only one such notice (which notice may contain multiple changes) each calendar quarter.

### **2.5.1 Additions**

Expected Service Levels commitments for added Service Levels will be determined or computed as follows:

- 1) The Parties will attempt in good faith to agree on the Expected Service Level commitments using industry standard measures or third-party advisory services (for example, Gartner Group, Yankee Group)
- 2) If the Parties are unable to agree on an Expected Service Level commitment as described in **(1)** above within thirty (30) days of VITA's notice, the following will apply:
  - a) Where at least six (6) consecutive months of verifiable service measurements exist for a particular Service that is being provided by the Supplier (the "**Six-Month Measurement Window**"), the Parties agree that the Expected Service Level will be defined as the arithmetic mean of such service measurements for the Six-Month Measurement Window.
  - b) Where less than six (6) consecutive months of measurements exist for a particular Service that is being provided by the Supplier, the Parties will do the following:
    - i) The Supplier shall begin measuring such performance and shall provide to VITA such monthly measurements within sixty (60) days after VITA's notice unless such measurement is already in place, in which case the Supplier will continue to measure the performance without delay.
    - ii) After six (6) or more consecutive months of actual service level attainments have been measured (or should have been measured per **(2)(b)(i)** above), VITA may at any time in writing require that the calculation in **(2)(a)** above be used to establish the Service Level Target based on the month designated in VITA's requirement; provided, however:
      - (1) If after VITA's request for additions, the Supplier has provided twenty-four (24) actual service level attainment measurements pursuant to **(2)(b)(i)** above for any particular Service Level requested by VITA, and VITA has not notified Supplier pursuant to **2(b)(ii)** above to establish Service Level commitments, then Supplier's continued measurement and provision of actual service level attainment measurements will be subject to the Parties' mutual agreement in accordance with ITISP Governance.
  - c) In the event of (a) or (b), Continual Improvement may be invoked as described in Section 2.7 with the following exception: Critical Service Level(s) will be modified beginning at the end of the three (3) month period, and then quarterly thereafter for a period of one year (i.e., until four such Continual Improvement updates may have been made), following the establishment of such new measure(s).

### **2.5.2 Impact on Service Level Credit Allocation Percentages**

When adding or deleting a Critical Service Level, VITA will modify the Service Level Credit Allocation Percentages for the Critical Service Levels within the applicable Performance Category such that the total Service Level Credit Allocation Percentages for all remaining Critical Service Levels within such Performance Category equals one hundred percent (100%).

If VITA adds a Critical Service Level but does not modify the Service Level Credit Allocation Percentages for the Critical Service Levels, then, until such time as VITA so modifies such Service Level Credit Allocation Percentages, the Service Level Credit Allocation Percentage for such added Critical Service Level will be zero percent.

### **2.5.3 Modifications of Service Level Credit Allocation Percentages for Critical Service Levels**

VITA will modify the Service Level Credit Allocation Percentages for Critical Service Levels within such Performance Category such that the sum of the Service Level Credit Allocation Percentages for all Critical Service Levels within such Performance Category equals one hundred percent (100%).

## 2.6 Responses to Service Level Defaults

In addition to any other rights and remedies that may be available under the Agreement, the following shall apply:

### 1) Critical Service Levels.

- a) *Root Cause Analysis*. If there is an Expected Service Level Default of a Critical Service Level in any given month, the Supplier will promptly investigate, assemble and preserve pertinent information with respect to, and report on the causes of, the Service Level Default, including performing a detailed root cause analysis (“**RCA**”). Once the RCA is completed, if such Service Level Default is determined by the RCA (as reasonably approved by VITA) to be due to the Supplier’s performance (or failed performance), the Supplier will develop a Remediation Plan, if VITA requires such plan, in accordance with **Section 20 (Remediation Plans and Step-In Rights)** of the Agreement and otherwise comply with such provisions.
- b) *Second Root Cause Analysis*. Following the first Service Level Default leading to the RCA described in clause 1(a) above, if a Service Level Default reoccurs with respect to the same Critical Service Level (“**Second Service Level Default**”) due to the Supplier’s performance (or failed performance) as determined by the Second RCA (defined below), then the Supplier will develop and perform another Remediation Plan, if VITA requires such plan, and associated obligations as described in **1(a)** above for such Second Service Level Default, as applicable, including performance of an RCA (such second RCA is referred to as the “**Second RCA**”).
- c) *Step In Rights and Corrective Action Plan Failure Credit*.
  - i) *Corrective Action Plan Failure Credit*. If (A) a Second Service Level Default shall occur and (B) the Second RCA establishes that it had the same root cause as was determined in the first RCA under **(1)(a)** above, or if the Remediation Plan undertaken pursuant to **(1)(a)** above was not followed, then (except where the Supplier is still properly implementing but has not yet completed remediation pursuant to the agreed Remediation Plan and as a result the root cause has not been resolved and that is determined to be the cause of the Second Service Level Default) an enhanced Service Level credit will be generated with respect to such Second Service Level Default, in an amount equal to one hundred twenty five percent (125%) of the Service Level Credit otherwise applicable (the “**Corrective Action Plan Failure Credit**”), subject to the Corrective Action Plan Failure Credit Rules in **(1)(c)(iii)** below. For example, if a Service Level Default carried a monthly Service Level Credit of \$2,000.00, then in the event of a Corrective Action Plan Failure Credit is applicable; such Service Level Credit would be increased to \$2,500.00.
  - ii) *Step-In Rights*. Separately, if there are two (2) or more Service Level Defaults for the same Critical Service Level triggered in any given four (4) month period, then
    - (1) VITA may exercise any of its Step-In rights described in **Section 20.5 (Exercise of Step In Rights)** of the Agreement, and,
    - (2) Regardless of whether VITA exercises any such rights, VITA may impose a “**Corrective Action Plan Failure Credit**”, subject to the Corrective Action Plan Failure Credit Rules in **(1)(c)(iii)** below.
  - iii) *Corrective Action Plan Failure Credit Rules*. The “**Corrective Action Plan Failure Credit Rules**” are the following:
    - (1) If a Corrective Action Plan Failure Credit is generated pursuant to **(1)(c)(i)** above, then there will be a Corrective Action Plan Failure Credit for each month until such time as Supplier has demonstrated effective Service delivery, as evidenced by either (1) achieving the Expected Service Level target for the applicable Service Level in a month, or (2) in VITA's reasonable judgment, Supplier has remedied the failure which is the subject of

such Remediation Plan. If a Service Level Default reoccurs for the same root cause (or due to Supplier's failure to implement the Remediation Plan as committed) for the same Service Level within three (3) months after such effective Service delivery has been demonstrated, the Corrective Action Plan Failure Credit will reapply to the then-current and each subsequent month until the failure has been resolved in the manner set forth in (1)(c)(iii)(1)(1) or (2) above (unless Supplier is still implementing the agreed Remediation Plan pursuant to the agreed timeline and as a result the cause of the Service Level Default has not been resolved). For clarity, more than one Service Level may be subject to the foregoing at any given time, such that more than one Corrective Action Plan Failure Credit could apply for any given month.

- (2) Corrective Action Plan Failure Credits are not subject to Earnback.
  - (3) In no event will the sum of the Corrective Action Plan Failure Credits and any Service Level Credits payable with respect to all Service Level Defaults occurring in a single month exceed, in total, exceed the At-Risk Amount. In the event such available credits shall exceed the At-Risk Amount for a month, VITA shall establish how to adjust the Service Level Default Credits, up to the amount of the At-Risk Amount. Election to adjust or not take a Service Level Credit pursuant to the foregoing shall not alter the status of any Service Level Default. .
- 2) **Response to Customer-specific Events.** As described in **Section 5.1(5)** below, the Supplier shall isolate and report on performance against certain Critical Service Levels for the Services provided for each Customer. If Supplier's performance for any such Customer is below the Service Level Target for any Critical Service Level calculated for such Customer in any given month, then the Supplier shall promptly investigate, assemble, and preserve pertinent information with respect to, and report on the causes of, the problem, including performing a detailed RCA of the failing performance. Once the RCA is performed, the Supplier shall develop a Remediation Plan, if required by VITA, and carry out the associated obligations under **Section 20 (Remediation Plans and Step-In Rights)** of the Agreement.

## 2.7 Continual Improvement – Service Levels

- 1) The Parties agree that the Critical Service Levels specified in **Exhibit 3.2 (Service Level Definitions and Measurement)** are subject to continual improvement and may be enhanced on an annual basis to reflect continual improvement. To accomplish this, each such Critical Service Level can be modified beginning at the end of the twelve (12) month period following the commencement of the Supplier's obligations for performance of the Services specific to such Critical Service Level, as described below:
  - a) *Service Level Target.* The Service Level Target will be reset to the average of the four (4) highest actual results (for example, 99.60% is higher than 99.40%) at or above the Service Level Target achieved during the previous year; provided that, if fewer than four (4) actual results exceeded the Service Level Target, the Service Level Target will be reset by taking the four (4) highest monthly actual results, replacing each such actual result that is below the Service Level Target with the Service Level Target, and dividing the sum of the resulting four (4) numbers by four (4).

For example, if the Service Level Target being adjusted were 99.6%, and there were three actual results that were higher and nonequal (e.g. 99.90%, 99.80%, and 99.70%), the calculation would be  $((99.90\% + 99.80\% + 99.70\% + 99.60\%) / 4) = 99.75\%$  with the subsequent reset governed by **Section 2.7 (Continual Improvement – Service Levels) (2)** below.



Notwithstanding the foregoing, in no event will any single increase in an Expected Service Level pursuant to the foregoing exceed ten percent (10%) of the difference between one hundred percent (100%) and the then-current Service Level Target.

For example, if the Expected Service Level being adjusted were 99.60%, the maximum increase for that reset would be 0.04% (i.e., from 99.60% to 99.64%).

- b) Notwithstanding the foregoing, if Supplier can demonstrate that the application of the continual improvement calculation in a given year would create an undue burden, cost, investment, or risk of failure, then VITA shall, in its reasonable determination, suspend the application of continual improvement for such year.
- 2) For ease of administration, beginning with the second anniversary of the Commencement Date and continuing with every anniversary of the Commencement Date thereafter (i.e., replacing the anniversary of the commencement date for each Critical Service Level), the process described in **(1)(a) and (b)** above will be performed utilizing the previous twelve (12) months' data.

## 2.8 Percentage Objectives

Both Parties understand that certain Service Levels may not be measured against an objective of one hundred percent (100%). For example, measurements of time (days, hours, etc.) or defects may present where zero (0) (days or hours / defects) and zero percent (0%), respectively, are the appropriate objectives. The calculations described in this **Exhibit 3 (Reporting and Service Level Management)** will be modified where appropriate to reflect these objectives.

For example, if the Service Level objective for measuring defects in lines of code is zero percent (0%), then for purposes of the calculations provided in this **Exhibit 3 (Reporting and Service Level Management)**, “lowest” would be deemed to be “highest”, “highest” would be deemed to be “lowest” and one hundred percent (100%) would be deemed to be zero percent (0%).

Unless otherwise specified in **Exhibit 3.2 (Service Level Definitions and Measurement)**, all results of monthly percentage calculations will be carried to two decimal places for Service Level reporting purposes only.

## 2.9 Measuring Tools

As of the Effective Date, the measuring tools and methodologies set forth in **Exhibit 3.2 (Service Level Definitions and Measurement)** represent acceptable measuring tools and methodologies for the designated Critical Service Levels.

If there are any Service Levels for which the measuring tools and methodologies have not been agreed upon by VITA and the Supplier and for which measuring tools are not included in **Exhibit 3.2 (Service Level Definitions and Measurement)** and the Supplier fails to propose a measuring tool for such Service Level that is acceptable to VITA prior to the date upon which the Supplier will be responsible for Service Level performance such failure will be deemed a Service Level Default for the Service Level (and in the case of a Critical Service Level, a Service Level Credit shall be applicable) until the Supplier proposes and implements such acceptable measuring tool and methodology. VITA will not unreasonably withhold approval for the Supplier's recommendation for an alternate tool or methodology.

Tools for new Service Levels will be implemented according to the Change Control Procedures. Upon VITA's written notice approving a proposed alternate or new measurement tool, such tool will be automatically incorporated into **Exhibit 3.2 (Service Level Definitions and Measurement)** as of the date

for completion of implementation set forth in VITA's notification and **Exhibit 3.2 (Service Level Definitions and Measurement)** will be updated accordingly.

If, after the effective date of the implementation of tools for new Service Levels, the Supplier desires to use a different measuring tool for a Service Level, the Supplier will provide written notice to VITA, in which event the Parties will reasonably adjust the measurements as necessary to account for any increased or decreased sensitivity or measurement modification in the new measuring tools; provided that, if the Parties cannot agree on the required adjustment, the Supplier will continue to use the measuring tool that had been previously agreed to by the Parties.

It is not anticipated that changes in the measuring tools will drive changes in Service Levels; rather, the need to collect and accurately reflect the performance data should drive the development or change in performance monitoring tools. Supplier will configure all measuring tools to create an auditable record of each user access to the tool and any actions taken with respect to the data measured by or residing within the tool.

## **2.10 Exceptions & Exclusions**

The Supplier will be excused for a failure to meet a Service Level to the extent such failure is excused pursuant to **Section 1.11 (Supplier Excused Performance)** or **Section 21.5 (Force Majeure)** of the Agreement. Additional exclusions related to specific Service Levels are stipulated in **Exhibit 3.2 (Service Level Definitions and Measurement)**.

## **2.11 Shared Accountability Failure Event**

A ***"Shared Accountability Failure Event"*** is a method for the Supplier to seek excused performance for Type R Service Levels in certain circumstances as described below.

A Shared Accountability Failure Event occurs if the Supplier:

- (a) Asserts as soon as it is reasonably aware that it has been or will be unable to perform all or a portion of the Services measured by a Type R Service Level solely as a result of the failure by another Integrated Supplier with whom it shares such Type R Service Level;
- (b) Has performed its own obligations (and documented such performance), including as set forth in the Agreement, Service Management Manual and the applicable OLAs;
- (c) Promptly notifies the applicable Integrated Supplier that such failure has resulted or may result in a Service Level Default;
- (d) Provides the Integrated Supplier with reasonable opportunity, to the extent reasonably practicable, to correct such failure to perform and thereby avoid the Supplier non-performance; and
- (e) Has otherwise used commercially reasonable efforts to perform a workaround to such Integrated Supplier's failure, or, if not possible, otherwise has made commercially reasonable efforts to cause the Integrated Supplier to perform.

Upon the occurrence of a Shared Accountability Failure Event, the Supplier may escalate the other Integrated Supplier's failure through the governance structure for resolution. Subject to the VITA Reviewer's reasonable determination that the Supplier has satisfied the requirements and obligations set forth above, the resolution will include excusing the Supplier's performance related to such failure and may further include other going-forward changes as reasonably determined by VITA including appropriate changes to the Service Management Manual and the applicable OLA.



### 3.0 Severity Levels

This Section sets forth qualitative descriptions of Severity Levels associated with the Services.

Each Incident will be assessed in terms of its Impact upon the business of VITA and Customers and the urgency with which VITA and Customers require the Incident to be Resolved or a work around to be implemented. The Incident will be assigned a Severity Level based on this assessment. Based on the Severity Level definitions found in the SMM, Supplier will make an initial assignment of Severity Level for Incidents as they arise; however, such Severity Level designations are subject to VITA review and approval.

Any change in an Incident should have the impact and urgency re-evaluated. Examples of changes in Severity Level include:

- Number of users affected
- Whether a workaround was established
- Whether a Customer acknowledged Urgency as not as severe

There may be different Service Levels associated with the Resolution of an Incident based on the assigned Severity Level.

### 4.0 Critical Deliverables

#### 4.1 Recurring Deliverables

Certain Supplier's obligations under the Agreement involve periodic, recurring performance or delivery obligations to VITA or other Customers. VITA may, from time to time, identify and designate such obligations as "**Recurring Deliverables**" and allocate amounts which shall be payable by Supplier in the event Supplier fails to timely deliver and obtain VITA's acceptance of such Recurring Deliverable (each a "**Recurring Deliverable Credit**"). **Exhibit 3.1 (Service Level Matrix)** identifies such key Recurring Deliverables and the corresponding Deliverable Credits as of the Effective Date. VITA shall issue Acceptance Criteria upon the designation of a Recurring Deliverable during the Term of the Agreement. Imposition of a Recurring Deliverables Credit for failure to meet the Recurring Deliverables obligations will not be subject to Earnback. Under no circumstances will the imposition of the Recurring Deliverables Credit described above, or VITA's exercise of any other rights hereunder be construed as VITA's sole or exclusive remedy for any failures described hereunder. Recurring Deliverable Credits will be included on the invoice next delivered to VITA following their occurrence.

After the implementation of any addition or modification the aggregate amount of the Recurring Deliverables Credits will not exceed (irrespective of the month in which the applicable Recurring Deliverables are due) an amount equal to the At-Risk Amount applicable to Critical Service Levels under **Exhibit 3.1 (Service Level Matrix)**.

Notwithstanding the allocation of the At-Risk Amount to Recurring Deliverable Credits, in no event will the amount of Recurring Deliverable Credits payable for any month, when added to the Service Level Credits payable with respect to all Service Level Defaults for such month exceed, in total, the At-Risk Amount for such month. If the amount of Recurring Deliverable Credits and Service Level Credits for any month exceed the total At-Risk Amount, VITA shall elect which Recurring Deliverable Credits and which Service Level Credits it shall be paid, aggregating up to the At-Risk Amount. Election to not take a Recurring Deliverable Credit pursuant to the foregoing shall not alter the status of any default by Supplier in the timely completion of a Recurring Deliverable.

## 4.2 One-Time Deliverables

Certain of the Supplier's obligations under the Agreement are one-time or periodic obligations to deliver One-Time Deliverables. **Exhibit 3.1 (Service Level Matrix)** sets forth the One-Time Deliverable Credits that will be payable by the Supplier to VITA in the event the Supplier fails to deliver any of the One-Time Deliverables for VITA's Acceptance within the required time period specified in **Exhibit 3.1 (Service Level Matrix)** (each a "**One-Time Deliverable Credit**"). VITA may, from time to time during the Term of the Agreement, identify and designate Deliverables as a "**One-Time Deliverable**" and allocate amounts which shall be payable by Supplier as One-Time Deliverable Credits. VITA shall issue Acceptance Criteria upon the designation of a One-Time Deliverable during the Term of the Agreement. Imposition of One-Time Deliverable Credits for failure to meet the One Time Deliverables obligations will not be subject to or included in the At-Risk Amount. One-Time Deliverable Credits will not be subject to Earnback and will be included on the invoice next delivered to VITA following their occurrence.

## 5.0 Reports

### 5.1 Reporting for Service Levels

- 1) Unless otherwise specified in this **Exhibit 3 (Reporting and Service Level Management)**, each Critical Service Level, Recurring Deliverable and One-Time Deliverable will be measured and reported as follows:
  - Critical Service Levels – Monthly
  - Recurring Critical Deliverable – As Defined in Exhibit 3.3
  - One-Time Deliverable – As Defined in Exhibits 3.1 and 3.3

The format, layout and content of such monthly reports will be subject to VITA's approval. The Supplier will deliver monthly performance reports for a month by the 15th day of the following month. The Supplier will also provide underlying detail (in soft-copy form known as Validation Files and supporting all other Reports) such that VITA is able to verify Supplier's performance and compliance with the Critical Service Levels, Recurring Deliverables and One-Time Deliverables (reporting for any One-Time Deliverable is required until such One Time Deliverable has been received and Accepted by VITA). The monthly reports will describe any failure to meet Critical Service Levels, Recurring Deliverables, and One Time Deliverables for the month, and any associated Service Level Credit(s) or Deliverable Credit(s).

- 2) In addition to the reports described above, the Supplier will also provide detailed supporting information for each report to VITA in machine-readable form suitable for use on a personal computer. The data and detailed supporting information will include sufficient detail such that VITA is able to reproduce the calculations made by Supplier and validate the results reported in the monthly Service Level performance reports. The methodology used by Supplier to calculate the service level performance will be documented and maintained in accordance with the Service Management Manual. All detailed supporting information will be VITA's Confidential Information, and VITA may access such information online and in real-time, where feasible, at any time during the Term. In addition, the Supplier will provide VITA with direct, unaltered access to review and audit all raw data collection related to Service Levels.
- 3) The Supplier will create and maintain detailed procedure documentation of its measurement process used to collect Service Level data and calculate Service Level attainment. The process documentation

must include Quality Assurance reviews and verification procedures. The measurement process must be automated to the extent possible, and any manual data collection steps must be clearly documented, verified and auditable. All methods, codes and automated programs must be documented and provided to VITA for validation and approval. The Supplier must ensure it tests and validates the accuracy and currency of the documentation and measurement process on a quarterly basis, or more frequently as VITA may reasonably require.

- 4) Supplier will provide detailed reporting and supporting detail information for exclusions items (i.e., items marked as “**Exclusion**” in **Exhibit 3.2 (Service Level Definitions and Measurement)** or other events or time periods approved to be excluded).
- 5) All reporting requirements of this **Section 5.1 (Reporting for Service Levels)** shall be provided at both the aggregate Services level and individual Customer level, unless otherwise indicated in the Service Management Manual. The purpose of such reporting is to allow Customers to monitor their performance against other Customers and to allow Supplier and VITA to identify issues in delivery between Customers.

## 5.2 Other Reporting

The Supplier’s responsibilities include:

- 1) Providing the Reports listed in **Exhibit 3.4 (Reports Matrix)**.
- 2) During the period of performance of Implementation Services (and thereafter as requested by VITA), reports currently being provided by any prior supplier of the Services will be identified, analyzed and assessed for appropriate use in the new ITISP delivery environment and required reports will be designed and implemented.
- 3) Reporting provided to VITA and the Customers shall include, as approved by VITA:
  - a) Those Reports listed in **Exhibit 3.4 (Reports Matrix)**, retaining the similar content and frequency provided by any prior supplier of the Services, including as noted in **Exhibit 3.4 (Reports Matrix)**.
  - b) Ad hoc reports as requested by VITA, including where practical providing the capability for VITA and the other Customers to request Reports based on standard data provided via the Portal which is further defined in **Exhibit 2 (Description of Services and Solution)**.
  - c) Where practical, the capability for VITA and the other Customers to request Reports based on standard data provided via the Portal which is further defined in **Exhibit 2 (Description of Services and Solution)**.
  - d) All Reports that are referenced as requirements in the Agreement.
  - e) Modifications to the format, content, and frequency of any Report as requested by VITA during the Term.
  - f) At a minimum, all Reports via the new Portal.
  - g) Access to statistics for Reports presented via the Portal at the request of VITA.
  - h) Soft or hard copies of Reports as reasonably requested by VITA.
- 4) Report format(s) will be agreed upon by VITA and the Supplier, but if the Parties are unable to mutually agree upon the Report format, then VITA will specify the format.

## 5.3 Changes to Reports

VITA may add, change, or delete Reports by providing at least forty-five (45) days prior to the date that such additions, changes or deletions are to become effective, unless VITA reasonably requires such changes on a more expeditious basis.

## 6.0 Customer Satisfaction Surveys

Supplier will provide itself or cooperate with VITA in the undertaking of Customer experience management programs that use various types of metrics (e.g., descriptive, perception, outcome) to measure, assess, and improve the Customer experience. These programs should be measured over time to identify trends and may include:

- 1) Point of service surveys (e.g., service desk)
- 2) Customer executive meetings or surveys (e.g., agency commissioners or deputy commissioners)
- 3) VITA leadership meetings or surveys
- 4) Customer journey mapping
- 5) Focus groups
- 6) Specific Customer experience improvement efforts or projects
- 7) Other meetings or Customer experience measurement and management programs as may be requested by VITA.