



## SUPPLY CHAIN MANAGEMENT (SCM)



### **Exhibit 4.2**

### **Resource Unit Definitions**

VA-240920-NTT: Managed Public Cloud Services

**COMMONWEALTH OF VIRGINIA  
VIRGINIA IT AGENCY  
SUPPLY CHAIN MANAGEMENT**

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## Pricing Structure Proposal Instructions

The Commonwealth is interested in creating the best possible pricing structure for the Services. In light of that fact, Supplier is invited to propose a pricing structure that they believe will best serve the interests of both parties in as much detail as possible.

All pricing models must incorporate billing in arrears for services rendered.

The Commonwealth will contemplate any proposed pricing structure along five dimensions:

1. **Predictable:** To the greatest extent possible, customers should be able to forecast charges ahead of time; changes in pricing that occur over time should not be a surprise.
2. **Manageable:** The pricing should not be so complex that it is difficult to administer. If quantities of work or equipment in the environment must be measured, then those quantities should be as easy and transparent as possible to measure.
3. **Effective Cost Proxy:** The service pricing must be a reasonable proxy for a services Supplier's underlying costs and should adequately recover those costs. Additionally, to the extent possible, the party that causes any incremental cost should bear that cost.
4. **Incentives:** All pricing structures will incentivize certain behaviors and discourage others. The goals of the sourcing program must be kept in mind when considering the behaviors that might be driven by a pricing structure. For example, a goal to encourage server consolidation might include reduced cost at a centralized data center.
5. **Flexible:** As consumption moves up and down, the charges should also adjust. Technology is an evolving industry, and the ability to turn down an old service to turn up a new service is one of the benefits of an efficient IT sourcing agreement. Such adjustments may include minor volume changes month to month, significant scope additions, reductions, or terminations, and ability of large Suppliers to re-deploy investments.

As an example, a ticket-based methodology (incident, problem, change), would make it easier for the Supplier to recover their costs, it would be harder to predict the charges, manage the counts, and may drive unfortunate incentives.

Supplier should describe the pricing structure proposed in **Exhibit 4.1 (Pricing and Volumes Matrix)** in **Section 2** of this document by:

- Using the structure provided in **Section 2.1.1** for the description of each RU; and
- Logically grouping sets of Resource Units into "Resource Unit Categories" (heading in **Section 2.1**) as appropriate, for ease of reference.

## 1.0 Introduction

This **Exhibit 4.2 (Resource Unit Definitions)**, part of **Exhibit 4 (Pricing and Financial Provisions)**, sets forth the definitions for the Resource Units identified throughout **Exhibit 4 (Pricing and Financial Provisions)**.

## 2.0 Managed Public Cloud Services Resource Unit Definitions

### 2.1 Cross Functional/Account Management

This resource unit is a fixed fee for Supplier core resources that support this Agreement.

- **Account Executive and Account Manager** will lead the business relationships and will serve as the escalation point and accountability.
- **Delivery Executive** will lead and manage the Service Delivery and provide overall delivery management.
- **Contract Administrator and Compliance Manager** manages compliance to the agreement's terms and conditions. Produces and presents contract change orders, evaluates new rules and regulations that pertain to the agreement, and manages escalations related to contractual issues.
- **Program Management Office Manager** Manages and responds to RFS requests, manages change requests, provides oversight to any Project Managers brought in to support RFS projects as needed.
- **Cloud/Enterprise Architect** Provides overall architectural support for the Azure environment, provides thought leadership to VITA and Agencies.
- **Operations Manager** Has primary responsibility for service improvement, operational tasks, RCA activities as needed, and validates adequate resources and capacity are available to support VITA and Agency requirements.
- **Chief Information Security Officer** Coordinates through the MSI for compliance with VITA Rules, responsible for meeting security requirements (e.g., Sec 501, SEC 525, SEC 530, etc.)
- **Billing and Back office support** responsible for invoicing, SLA reporting and management, other back office functions as needed to meet requirements.
- **SQL DBA** Provides support for the Database instances in the Azure environment, thought leadership to support VITA and Agencies.

### 2.2 Managed Public Cloud Support

#### 2.2.1 Consumption Pricing

- "Consumption pricing" will be a Resource Unit.

- **Unit of measurement:** A fixed unit of one (1) to be charged each month the rate to be based on VITA's Azure Consumption as defined in **Exhibit 4.1 (Pricing and Volumes Matrix)**, Tab – Monthly Unit Rates, Section – Managed Public Cloud Support.
- **Resource Unit Definition:** 1 RU will be the fee to manage VITA's Azure environment charged monthly.
- **Source of measurement:** The source or measurement will be the monthly consumption from the Azure Console and the MSI-Managed CBTI tool.
- **Percentage application:** The charge will be applied before any discounts received from the CSP (Microsoft).
- **Measurement Type:** Period measurement to align with the monthly invoice and consumption of Azure resources as billed to VITA from Microsoft or VITA's designated Supplier Monthly.
- **Costs recovered:**
  - All labor and Supplier Maintenance necessary to manage, maintain, and enhance the service environment and to provide the Solution: *Yes*
  - All Software Licenses necessary to manage, maintain, and enhance the service environment and to provide the Solution: *Yes*
  - All Software Maintenance necessary to manage, maintain, and enhance the service environment and to provide the Solution: *Yes. NTT DATA will be responsible for patching and maintaining the Azure infrastructure.*
  - All Hardware/Equipment necessary to manage, maintain, and enhance the service environment and to provide the Solution: *None*
  - All Hardware Maintenance necessary to manage, maintain, and enhance the service environment and to provide the Solution: *None*
  - All services and project activities (including installation and discontinuance), but not including the initial one-time migration from VITA's and Customers' existing Cloud Services Environment: *No. All RFS related activities, excluding support, will be billed at the Labor Rate Card as defined in Exhibit 4.1 (Pricing and Volumes Matrix).*
- **Resource Unit Proposal Rationale:**
  - **Predictable:** The price to VITA is predictable as it is a percentage of the monthly Azure consumption.
  - **Manageable:** The RU is manageable to the extent the monthly Azure Consumption can be forecasted.

- **Effective Cost Proxy:** The RU is directly based on support effort, including 24/7 operation support, user access management, patching, backup, and maintenance.
- **Incentives:** The intent is to have flexibility based upon current consumption in a model with the percentage decreases as the spend increase providing lower support cost to VITA as more cloud resources are consumed.
- **Flexible:** The flexibility is based upon actual Monthly consumption.

## 2.3 Other Services

### 2.3.1 Standard VM Migration

- “Standard VM Migration” will be a Resource Unit.
- **Unit of measurement:** One (1) RU for this category will be a one-time charge for each VM migrated to Azure during the month.
- **Resource Unit Definition:** The RU is to migrate a Standard VM to Azure including OS modernization/optimization. It does not include application refactoring, regression testing or configuration of network devices to support the application. Standard migration is Azure to Azure or On-Prem (using Microsoft stack) to Azure.
- **Source of measurement:** The MSI-managed CMDB, MSI-managed CBTI, the Azure Console or other mutually agreeable substitute.
- **Percentage application:** The charge will be applied before any discounts received from the CSP (Microsoft).
- **Measurement Type:** Point in time measurement at end of month measuring the number of VMs migrated during the month.
- **Costs recovered:**
  - All labor and Supplier Maintenance necessary to manage, maintain, and enhance the service environment and to provide the Solution: *Yes*
  - All Software Licenses necessary to manage, maintain, and enhance the service environment and to provide the Solution: *Yes*
  - All Software Maintenance necessary to manage, maintain, and enhance the service environment and to provide the Solution: *Yes*
  - All Hardware/Equipment necessary to manage, maintain, and enhance the service environment and to provide the Solution: *None*

- All Hardware Maintenance necessary to manage, maintain, and enhance the service environment and to provide the Solution: *None*
- All services and project activities (including installation and discontinuance), including the initial one-time migration from VITA's and Customers' existing Cloud Services Environment: *Yes*
- **Resource Unit Proposal Rationale:**
  - **Predictable:** The price to VITA is predictable based on approved migration requests.
  - **Manageable:** The RU is manageable to the extent the approvals per month can be forecasted.
  - **Effective Cost Proxy:** The RU is directly based on effort required to migrate VMs to Azure.
  - **Incentives:** The intent is to have flexibility based upon current consumption in a model with the percentage decreases as the spend increase providing lower support cost to VITA as more cloud resources are consumed.
  - **Flexible:** The flexibility is based upon actual Monthly consumption.