



SUPPLY CHAIN MANAGEMENT (SCM) REQUEST FOR PROPOSAL



Exhibit 4.0

Pricing and Financial Provisions

VA-240920-NTT: Managed Public Cloud Services

**COMMONWEALTH OF VIRGINIA
VIRGINIA IT AGENCY (VITA)
SUPPLY CHAIN MANAGEMENT (SCM)**

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1. Introduction

- 1.1. This **Exhibit 4.0 (Pricing and Financial Provisions)** provides the methodology for calculating the Charges for all of the Services.
- 1.2. The following Exhibits are referenced herein:
 - **Exhibit 4.1 (Pricing and Volumes Matrix)**
 - **Exhibit 4.2 (Resource Unit Definitions)**
 - **Exhibit 4.6 (Equipment Assets)**
 - **Exhibit 4.7 (Software Assets)**
 - **Exhibit 4.9 (Billing Triggers)**
- 1.3. Supplier will be responsible for the accuracy and completeness of the operational and financial assumptions underlying its pricing. Supplier will not be entitled to adjust its pricing or any other terms of the Agreement because of any incorrect or incomplete assumption on the part of Supplier.
- 1.4. All Charges calculated in accordance with this **Exhibit 4.0 (Pricing and Financial Provisions)** will be invoiced to VITA by Supplier in accordance with the applicable invoice and payment provisions set forth in **Section 4.0 (Charges)** of the Agreement.
- 1.5. This **Exhibit 4.0 (Pricing and Financial Provisions)** provides four (4) major pricing methodologies for the Services:
 - Unit Rate Charges;
 - Milestone Charges;
 - Solution Services; and
 - Pass Through Expenses

2. Unit Rate Charges

- 2.1. **General.** The Unit Rate Charge pricing methodology is defined in **Exhibit 4.2 (Resource Unit Definitions)** with Charges calculated from the Unit Rates listed in **Exhibit 4.1 (Pricing and Volumes Matrix)**. The Monthly Unit Rate Charges shall be calculated based on the Rate Type as defined below.
 - 2.1.1. Fixed Fee Rate Type: The Supplier shall invoice VITA on a monthly basis the Estimated Charge for each Resource Unit that is designated with a Rate Type of Fixed Fee for a pro rata portion of the Annual Estimated Charge, which shall be calculated by dividing

the Estimated Charge specified in **Exhibit 4.1 (Pricing and Volumes Matrix)** for the applicable Contract Year by the number of months in that Contract Year, as applicable.

- 2.1.2. Variable Rate Type: The calculation is the monthly quantity of units consumed multiplied by the rate listed in the Monthly Units Rates section for the current contract year. Deadbands do not apply.
- 2.1.3. One-time Fee: The calculation is event based and is only charged once per event. Deadbands do not apply.
- 2.2. The monthly billing period (the “**Billing Month**”) will be from the first day of the calendar month through the last day of the same calendar month.
 - i. If the Commencement Date occurs on a day later than the first day of a calendar month, then the first Billing Month shall be the period from the Commencement Date through the last day of such calendar month, and in that case, any amounts payable on a monthly basis shall be prorated for the first month based upon the actual number of days from the Commencement Date to the end of such month. This prorated month represents the first month of Contract Year 1. The start of Contract Year 2 will align with the first day of the calendar month and not exceed 12 months from the Commencement Date. Example: if the Commencement Date is on 12/15/22, the start of contract year 2 rates will be on 12/1/23.
- 2.3. The monthly Resource Unit consumption will be counted as of the Measurement Date specified in **Section 6.0 (Resource Units and Measurement Methodology)** of this **Exhibit 4.0 (Pricing and Financial Provisions)**.
 - 2.3.1. Supplier will record all billable Resource Unit consumption amounts and the corresponding Charges, and reflect these amounts in the Monthly Invoice by applicable Resource Unit. All applicable Resource Unit Consumption and Unit Rate Charges for a particular month will be presented in one (1) invoice.
- 2.4. Supplier acknowledges and agrees that the total Unit Rate Charges shall fully compensate the Supplier for providing the applicable Services at the actual usage levels for each Resource Unit in a given month.
- 2.5. There is no minimum revenue commitment, required minimum fees, required minimum commitment time period, or support level pricing for any Resource Baseline or at the total Agreement level unless specifically defined in **Exhibit 4.2 (Resource Unit Definitions)**. In no event will VITA be required to pay Supplier for volumes not consumed or utilized by VITA. This section supersedes **Exhibit 4.1 (Pricing and Volumes Matrix)** and **Exhibit 4.2 (Resource Unit Definitions)**.

3. Milestone Charges

- 3.1. The Charges shall include the Milestone Charges set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**. Milestone Charges shall only be chargeable to VITA upon VITA’s Acceptance of the

applicable Milestone and shall be invoiced in accordance with the schedules and amounts set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**. Upon Acceptance of the first Milestone identified in **Exhibit 4.1 (Pricing and Volumes Matrix)**, VITA may elect to pay the Milestone Charges under either of the following scenarios:

- 3.1.1. **Over the initial Term:** The total of the Milestone Charges shall be paid in monthly installments, over three years, starting upon the later of the Acceptance of the last Milestone or the Commencement Date, in the amounts set forth in “Scenario 2: Milestone Charges - Paid over Term” in the Milestone Charges Section of **Exhibit 4.1 (Pricing and Volumes Matrix)**; or
- 3.1.2. **Upon Acceptance of each Milestone:** The individual Milestone Charges will be paid upon Acceptance of the related Milestone, in the amounts set forth in “Scenario 1: Milestone Charges - Paid at Completion” in the Milestone Charges Section of **Exhibit 4.1 (Pricing and Volumes Matrix)**
- 3.2. Milestone Charges shall be itemized on the applicable Monthly Invoices to VITA in sufficient detail to delineate the specific nature of the Charges. The invoice will clearly identify each Milestone Charge (e.g., Implementation Services Charges shall be clearly identified as “Charges for Implementation Services”), as well as by the relevant Implementation Milestone Identifier with which it is associated.

4. Solution Services

4.1. Remuneration.

- 4.1.1. To the extent Solution Services are subject to additional Charges, such Solution Services shall be documented in a Requests for Solution under the Agreement. The alternative pricing methodologies that may be used for Solution Services may include Fixed Fee, Time and Materials (T&M), Capped T&M, or Staff Supplementation.

4.2. T&M, Capped T&M and Staff Supplementation Calculation Rules.

- 4.2.1. “Productive Hours” means the number of productive hours actually worked by Supplier Personnel or Supplier Subcontractor to provide the Solution Services within the scope of the approved Statement of Work. Productive Hours do not include:
 - i. Vacation time, holiday time, medical leave, military leave, non-productive commuter travel time and other analogous time;
 - ii. Time expended by Supplier Personnel to remedy Supplier performance failures or perform warranty services;
 - iii. Time not authorized by VITA and Customer;

- iv. Time devoted to any Supplier overhead functions (Supplier training, Supplier internal meetings, Supplier internal projects, etc.);
- v. Time devoted to prepare the proposal for the Statement of Work, including the gathering of requirements; or
- vi. Work performed that would otherwise be included in on-going support fees for the Services.

4.2.2. “Material” means any additional and direct costs incurred by the Supplier needed to provide the Services within the scope of the approved Statement of Work. Materials do not include:

- i. Costs related to general administration and overhead;
- ii. End User Computing devices for Supplier Staff and other peripherals (e.g., Laptop, mobile devices, etc.).

4.2.3. The Charges for Supplier Personnel performing Solution Services (other than with respect to Fixed Fee Projects), shall be calculated as the product of:

- i. The hourly rate applicable to him or her in his or her role in such month as set forth in the applicable rate card set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**, and
- ii. The number of Productive Hours that he or she devoted to providing such Solution Services during such month, not to exceed 42 hours per week.

4.3. **Productive Hours Reports.**

Supplier shall provide a monthly report showing all Productive Hours worked by Supplier Personnel for all work that utilizes T&M and Capped T&M remuneration models. Such Productive Hours reports shall include Project Name, Role, Employee Name, Date and any other detail requested by VITA.

- 4.4. **Termination Fees for Solution Services.** Termination Fees are not applicable to Statements of Work for Solution Services.
- 4.5. **Sprint Work Pricing.** For any solution services effort that is tied to an Agile sprint activity, Supplier shall charge as per Rate Card in **Exhibit 4.1 (Pricing and Volumes Matrix)** as authorized by VITA.

5. Pass-Through Expenses

- 5.1. Supplier will administer and invoice VITA for only those Supplier's Pass-Through Expenses identified in **Exhibit 4.1 (Pricing and Volumes Matrix)**, pursuant to additional procedures to be established by VITA and incorporated in the Service Management Manual.
- 5.2. It is VITA's expectation that Supplier will not pass on to VITA any administrative or processing costs associated with the Pass-Through Expenses. If VITA determines that its request for goods or services that are to be treated as Pass-Through Expenses will require significant additional resources by Supplier, VITA may enter into a Statement of Work with Supplier to treat the administrative or processing costs associated with the Pass-Through Expense as Solution Services.

6. Resource Units and Measurement Methodology

- 6.1. If the provision of the Services requires increased dedicated support, additional resources, or additional hours of service, Supplier will provide such support, resources, or additional hours of service at no additional charge to VITA (other than for amounts for which VITA is financially responsible as expressly provided in the Agreement).
- 6.2. Resource Unit usage is measured on a monthly basis to determine Customers' actual consumption for calculation of Charges. Starting the month following the Commencement date and monthly thereafter Supplier will measure, track and report usage of Resource Units. **Exhibit 4.9 (Billing Triggers)** provides the current template used in conjunction with SMM 5.1.1 (Invoicing and Chargeback) and the Supplier created SMM 5.XX (ITFM MCS RU Listing – NTT). The billing triggers document is loaded into the official repository, as specified in the SMMs, which operates as the system of record. Unless otherwise expressly stated, the Resource Unit volumes will be counted as of the Measurement Date in each calendar month. The Measurement Date for each Resource Unit shall be the last day of the Billing Month.
 - 6.2.1. Measurement of Resource Units will only include counts which as of the Measurement Date are authorized by VITA and are actually available for use for the applicable location or users as designated by VITA.
 - 6.2.2. Supplier's method and tools for measuring, tracking, and reporting Resource Units is subject to VITA written approval. Any automated system used by Supplier to perform this responsibility will be configured to track and record all user entries, reports, modifications, and all other actions taken in relation to the billing source data. VITA or

its designee may, at any time, perform an audit. Prior to the Commencement Date, VITA and the Supplier will review the measurement tools and processes for Resource Unit measurement, as well as resulting data, to ensure that such tools and processes are appropriate, accurate, producing consistent data, and reaching all devices that are to be measured.

7. Invoices

- 7.1. VITA will pay each invoice in accordance with **Section 4 (Charges)** of the Agreement. Supplier will develop an invoice substantially similar to the Monthly Invoice format provided by the VITA Financial Management team. Supplier shall make any changes in the Monthly Invoice format as requested by VITA. If Supplier proposes a change to the Monthly Invoice format, such change will be subject to prior written approval of VITA.
- 7.2. Invoices will include the VITA purchase order number or other pertinent information for verification of receipt of the Services by the Customer, as agreed upon by the Parties for providing Charge Back Services, and must provide detailed and customized information as requested, in accordance with the provisions of the Agreement.
- 7.3. All invoices will be supported by the Chargeback detail, as described in **Section 11 (Financial Planning and Forecasting)** below.
- 7.4. All invoices will be paid by EFT, unless VITA chooses to pay by a different method.
- 7.5. All Charges will be expressed, invoiced, and paid in U.S. Dollars.
- 7.6. In accordance with **Section 4 (Charges)** of the Agreement, all Charges will be invoiced in arrears.

8. Charges for Additional Services or Operational Changes

- 8.1. Charges for Additional Services or Operational Changes will be in accordance with **Section 1.11.3 (Charges Related to Changes)**.

9. Travel, Shipping, Packing & Other Expenses

- 9.1. Except for expenses expressly stated in a Statement of Work for Time and Material Solution Services, all travel and living expenses incurred by Supplier Personnel in the delivery of the Services are included within the Charges and shall not be separately chargeable. All other expenses incurred by Supplier, including all taxes, shipping, packing, postal expenses, and moving expenses, are the financial responsibility of Supplier and are not separately chargeable or reimbursable.

10. Chargeback

- 10.1 Supplier is responsible for data collection, data integrity, and providing data feeds to VITA for Chargeback information for all Services. At a minimum the data feed shall provide detailed billing data by Customer, Customer account identifier, by cost center, by Customer use code, by Project, by program (Federal or otherwise), by tower, by Resource Unit, and by such other factors as requested by VITA required for chargeback.
- 10.2 For all Charges, Supplier shall provide data to support the Charges by the factors described above.

11. Financial Planning and Forecasting

- 11.1 The Supplier will support the MSI quarterly forecasting process by responding to forecasting related data requests in a timely and accurate manner.

12. Customer Data Center Space and Customer Remote Facilities

13. Equipment

- 13.1. **Equipment Categories.** Supplier is responsible for all equipment used in or for the provision of the Services, including the support, maintenance, purchase or lease costs of the assets, and refresh of that equipment (except to the extent otherwise provided in this agreement, e.g. service provided on VITA owned assets). Depending on the type of equipment, the financial treatment of these costs will be as follows. Equipment will be categorized into two major equipment types, Infrastructure and Non-Infrastructure equipment.

13.1.1. Infrastructure Equipment:

- 13.1.1.1. **“Infrastructure Equipment”** will be the equipment assets that have no directly associated billable unit as described in **Exhibit 4.2 (Resource Unit Definitions)** and will not be discretely billed (e.g. servers which support the backup environment).

- 13.1.1.2. Infrastructure Equipment costs include, but are not limited to, all Support, Hardware (including Refresh) and Maintenance. These costs are spread over other relevant Resource Units.

13.1.2. Non-Infrastructure Equipment:

- 13.1.2.1. **“Non-Infrastructure Equipment”** will be the equipment assets that have a directly associated billable unit.

- 13.1.2.2. Non-Infrastructure Equipment costs will be billable in accordance with the RU structure set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)** and the Resource Unit definitions in **Exhibit 4.2 (Resource Unit Definitions)**. Non-Infrastructure equipment

costs include, but are not limited to, all support, hardware (including refresh) and maintenance and will be recovered in the relevant RU.

14. Taxes

- 14.1 VITA and Supplier's responsibilities with respect to taxes are set forth in **Section 4.3 (Taxes)** of the Agreement.

15. Service Level Credits

- 15.1. Any Service Level or Critical Deliverable credits incurred by Supplier pursuant to **Section 3.2 (Service Level Credits)** of the Agreement will be credited by Supplier to the extent specified in **Exhibit 3.0 (Reporting and Service Level Management)**. If no further payments are due to Supplier, Supplier shall pay such amounts to VITA within thirty (30) days of the date such amounts become due and owing.