

Pension Administration Modernization

Exhibit D – Operating Expectations, RFP No. 22-07

November 2022



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1. Introduction

1.1 Purpose

Department of Retirement Systems (DRS) is interested in post-implementation maintenance and support of the pension administration solution (PAS, or “Solution”). The purpose of this Exhibit is to outline the expectations for Operating Services known so far. DRS is open to the Bidder’s proposed methodology for maintenance and support.

DRS expects to elaborate on these expectations with the Apparent Successful Bidder during Contract negotiations to develop an Operating Agreement.

This Exhibit will be incorporated as an Attachment to the Contract that is negotiated with the successful Bidder.

1.2 Objectives

The overall objective of this RFP is the implementation, maintenance and support of a stable, modern, pension administration system for DRS existing legacy systems, spreadsheets, and manual pension administration processes.

DRS’ operating objectives to be served by this procurement include:

- Provide a stable, secure cloud-hosted Solution.
- Protect customer data.
- Stay current with industry regulations, standards and best practices.
- Deliver continuous improvement to business operations.
- Maintain a strong partnership to support DRS’ values of:
 - customer focus,
 - team member engagement,
 - valued relationships,
 - performance excellence, and
 - resource stewardship.

1.3 Period of Performance

DRS expects that the work defined in these Operating Expectations will begin no later than July 1, 2023, and is expected to continue at least through June 30, 2029, with the option for additional Renewal Terms.

Some functions are expected to begin upon Project initiation and continue throughout the life of the entire Creating an Outstanding Retirement Experience (CORE): Pension Administration Modernization (PAM) Project (“the Project”), including implementation and post-implementation. Other functions would begin after the completion of the work described in **Exhibit C – Project Expectations**.

2. Scope of Work

2.1 Operating Scope

DRS expects the selected Bidder to provide DRS with the following operating support:

For the whole life of the CORE: PAM Project, the Bidder is expected to:

- Operate in accordance with the Contract
- Conform to compliance Requirements
- Provide a cloud-hosted Solution and infrastructure support
- Provide service continuity
- Conduct release management for all environments
- Lead product advisory/user groups that DRS is invited to participate in
- Provide a transparent roadmap

After the completion of the work described in the **Exhibit C – Project Expectations**, the Bidder is expected to provide the following ongoing support and maintenance services:

- Support DRS enhancements
- Provide Service Desk support
- Meet service location Requirements
- Perform ongoing system documentation
- Perform system monitoring
- Provide ongoing system administration training
- Conduct meetings
- Adhere to Service Level Agreement (SLA)
- Measure and improve DRS team member experience and satisfaction with the PAS
- Continuously improve and innovate

2.2 Base Scope of Work

DRS expects that the services, obligations and responsibilities described in these Operating Expectations will be performed for the benefit of DRS (including its contractors) by or for the Bidder will constitute the “Base Scope of Work.” DRS expects the Bidder to provide the Base Scope of Work to DRS and its Subcontractors in exchange for payment of the Rates and Charges expressly set forth in the Bidder’s Fee Proposal. If no separate line item appears in the Bidder’s Fee Proposal for a task, responsibility or other Activity within the Base Scope of Work, then no additional charges will apply. The Base Scope of Work may be expanded or contracted by DRS in accordance with these expectations as required to support DRS’ Requirements and achieve its objectives.

2.2.1 Changes Due to Laws or Regulations

DRS is interested in benefitting from “economies of scale” and expects that when there is a new or changed federal law or regulation that requires modification of the PAS, the Bidder will provide this service to DRS at no additional cost, provided DRS’ implementation aligns with best practices.

2.3 Changes to Base Scope of Work

2.3.1 Additions or Reductions within the Base Scope of Work

DRS expects any increase or decrease in the quantity of Services used by DRS for which additional charges or price reductions apply to be processed according to agreed-upon Change Control Procedures. DRS also expects that resulting increases and decreases in the net Rates and Charges will be the unit Rates and Charges set forth in the Bidder’s Fee Proposal unless alternative unit Rates and Charges are otherwise agreed to by the Parties in writing.

2.3.2 New Work

DRS expects to request that Bidder perform specialized services or provide new technologies, programming techniques, business processes or workflow methodologies from time to time (a) that are not included or contemplated by the Base Scope of Work, (b) that are substantially different in nature than the then-current Base Scope of Work, and (c) for which there is no pricing in the Agreement (collectively, “New Work”). Examples of New Work include adding new system modules or features to DRS’ PAS, incorporating new technologies or executing the Future Scope described in **Exhibit E – Future Scope Description**.

3. Ongoing Maintenance and Support Services

DRS is looking for a Bidder that will provide a positive and constructive ongoing business relationship throughout the Term of the Contract.

3.1 Operate in Accordance with the Contract

DRS expects the Bidder to operate in accordance with all provisions of the Contract at all times. This includes conducting Contract management as needed.

3.1.1 Client Manager or Engagement Manager

DRS expects the Bidder to assign a Client Manager or Engagement Manager as Key Personnel to oversee provision of the terms and Services described in the Contract. The assigned Client Manager or Engagement Manager will work directly with the DRS Project Director, DRS Assistant Director of Information Technology, or their designees to coordinate efforts within the Bidder’s company and among its Subcontractors, where applicable, so that each team has visibility into each of the other efforts to support DRS. The Client Manager or Engagement Manager will be expected to manage communications and strategy between the Bidder and DRS.

3.1.2 Responsibilities of the Client Manager or Engagement Manager

DRS expects the Client Manager or Engagement Manager to:

- Ensure all Bidder team members and Subcontractors, if applicable, operate in accordance with the Contract.
- Monitor the efforts of the various Bidder teams.
- Have a 360-degree view of all of DRS' Severity Level 1 and Severity Level 2 Incidents and ensure that Incidents are routed to the proper groups.
- Ensure full support and cooperation from Bidder's team.
- Regularly review open DRS tickets to ensure timely response.
- Ensure Bidder teams have access and are actively using tools and templates to support DRS.
- Assist in reporting on Bidder's compliance with the regulatory compliance Requirements in **Section 3.2, Conform to Compliance Requirements** below.
- Communicate Bidder release information to DRS in a clear and timely fashion.
- Work collaboratively with DRS to define short and long-term goals and develop a roadmap for future work to include assessment of change impact and resource planning.

3.1.3 Contract Governance

DRS expects the Bidder's operations methodologies and procedures to align with DRS' **Exhibit C1 – Governance, Accountability and Oversight Plan** during the implementation period.

As a part of the initial implementation, DRS expects to work with the Client Manager/Engagement Manager and other Bidder team members to define the Governance structure that will be in place after the completion of the work described in **Exhibit C – Project Expectations**.

3.2 Conform to Compliance Requirements

DRS expects the Bidder to have Regulatory Compliance controls in place and maintained throughout the life of the Contract to ensure compliance with industry and security standards as well as federal, State, and regulatory policies and Requirements. These compliance obligations shall be referred to as "Regulatory Compliance."

3.2.1 Bidder Compliance Management Controls and Process

DRS expects the Bidder to put in place and maintain for the Term, management processes that are designed to provide DRS with insight into the Bidder's Regulatory Compliance and to deliver the Services in a manner consistent with the Regulatory Compliance obligations.

DRS expects the Bidder to deliver the Services in a manner consistent with the Service Level Agreement (SLA) for the Term. See **Exhibit F4 – Service Level Agreement** for more information.

3.2.2 Compliance Control Validation

DRS expects the Bidder to routinely test the effectiveness of its Compliance Controls.

3.3 Provide Cloud Hosting and Infrastructure Support

3.3.1 Cloud Hosting

DRS expects the Bidder to locate DRS' PAS at data centers that meet the location Requirements set forth in **Exhibit F3 – Security and Data Protection Controls, Section 8, Offshore Restrictions**. As part of the hosting service, Bidder agrees to make DRS' PAS available for access and use by DRS' authorized users twenty-four (24) hours a day, seven days a week, three-hundred and sixty-five days a year (“24x7x365”).

3.3.2 Use of Dedicated Resources

DRS expects the Bidder to install and host DRS' PAS using infrastructure that is logically and securely isolated to DRS.

3.3.3 Infrastructure Support

DRS expects the Bidder to provide a fully redundant and fault tolerant infrastructure platform necessary to host, manage and maintain a DRS PAS.

3.3.4 Capacity Management

DRS expects the Bidder to be responsible for system performance management and capacity management. “Capacity Management” means the process used by the Bidder to assess current and future demands for computing and network resources required to deliver Services in support of DRS' PAS.

3.4 Provide Service Continuity

DRS expects the Bidder to provide service continuity in accordance with the Disaster Recovery Plan that the Bidder will be required to produce as part of **Exhibit C – Project Expectations**.

See also **Exhibit F4 – Service Level Agreement**.

3.5 Conduct Release Management

DRS expects the Bidder to adhere to the Release Management Plan that the Bidder will be required to produce as part of **Exhibit C – Project Expectations, Section 3.4.13, Conduct Ongoing Release Management**. DRS expects release information at least one (1) quarter prior to a release. DRS expects the Bidder to provide support for release management on an ongoing basis. This includes close collaboration on the release schedule, assistance with testing upgrades, and correction of any system customization.

3.6 Lead Product Advisory and End-User Groups

DRS expects to participate in the product advisory and end-user groups led by the Bidder.

3.7 Provide a Transparent Roadmap

DRS expects the Bidder to be transparent about their roadmap so that DRS can fit it into its business. A transparent roadmap is informed by both the Bidder and its client agencies, it depicts functionality and release cycles one (1) to two (2) years into the future, and it considers the balance between introducing new, industry standard technology and the client's capacity for change.

4. Post-Implementation Support and Maintenance Services

The Bidder will be expected to provide post-implementation support and maintenance services after the Solution has been implemented and the warranty period, as defined in **Exhibit F – General Terms and Conditions, Section 6, Warranty**, has passed.

4.1 Support DRS Enhancements

DRS expects the Bidder to provide up to 2000 hours of enhancement support annually as a part of the services offered. DRS-specific enhancements may include, but will not be limited to, system configuration, customization, report development, system design, establishing additional non-production environments, test automation or assistance for DRS configuration.

DRS expects unused hours to rollover to subsequent years.

DRS expects to work with the Bidder to develop a mutually agreeable enhancement request procedure in the Operations Documentation/Plan as defined in **Exhibit C – Project Expectations, Section 3.7, Post-Implementation Support**. At a minimum, the procedure will require a clear description of the enhancement services requested, a not-to-exceed number of hours, and delivery dates, and must be formally agreed upon by both Parties before that work commences.

DRS desires the right to purchase additional enhancement services as needed if the hours are exhausted in the year based on rates specified in **Exhibit I1 – Fee Proposal Workbook**.

4.2 Provide Service Desk Support

DRS will provide Tier 1 support (triage). DRS expects the Bidder to provide Tier 2/Tier3 Help Desk/Service support for DRS IT support technicians. DRS expects the Bidder's Service Desk to be staffed with qualified employees for efficient performance on a 24x7x365 basis, such that the best-in-class support is always provided to DRS, even during non-business hours at the Bidder's Service Desk.

4.2.1 General Responsiveness

DRS expects access to general support during DRS' Operating Hours (Monday – Friday, 6 am – 6 pm, Pacific Time).

4.2.2 Support Coverage

DRS will have access to Bidder technical support, 24x7x365.

Bidder will provide DRS a toll-free number for DRS Information Technology (IT) support technicians.

All inquiries received by the Service Desk are saved, tracked in a Bidder-provided customer relationship system, accessible to DRS, and analyzed to ensure the functionality and efficiency of the operating environment.

4.2.3 Service Desk Staff

DRS expects the Bidder to appropriately size its Service Desk to support DRS' business and technical needs.

DRS also expects the Bidder to identify a point person on the Service Desk and provide contact information for this person so that DRS can contact this lead directly to escalate as needed.

4.2.4 Service Desk Staff Training

DRS expects the Bidder to ensure that its Service Desk staff are trained on, at minimum, the following:

- DRS' installation
- The core applications that DRS deploys

4.2.5 Incident Response Structure

DRS expects the Bidder to agree to an escalated Incident response structure, to be defined in the Contract. The objective of this incident response structure is to restore service issues as quickly as possible with minimum disruption to DRS' services.

See also **Exhibit F1 – Incident and Problem Management** and **Exhibit F4 – Service Level Agreement** for more information.

4.3 Meet Service Location Requirements

DRS anticipates off-site support at the Bidder's location for ongoing operations.

However, DRS expects the Bidder to come on-site to DRS to provide support as needed.

4.4 Perform Ongoing System Documentation

DRS expects the Bidder to update and provide operations, procedures, and training manuals with each release cycle, including but not limited to configuration documentation and online help.

4.5 Perform System Monitoring

DRS expects the Bidder to produce audit reports, error logs, monthly hosting reports, and similar documents to enable DRS to ensure the overall system, interfaces and batches are running as expected.

4.6 Provide System Administrator Training

DRS expects the Bidder to provide training to DRS' system administrators for access control, batch, interfaces, and system configuration on its products and services as a part of the Services offered.

DRS expects the Bidder to provide all training materials to DRS in electronic format.

4.7 Conduct Meetings

DRS expects the Bidder to schedule, conduct, and actively participate in meetings and to provide the appropriate quantity and level of participants for each meeting.

DRS expects the Bidder's Account Team to conduct monthly status meetings and stewardship meetings with DRS to provide a broad review of all Services, projects, and ongoing operations.

Meetings will typically be held during DRS' Business Hours only (Monday – Friday, 8 am – 5 pm, Pacific Time), not including State Holidays or the lunch hour (noon – 1 pm, Pacific Time).

4.8 Adhere to Service Level Agreement

DRS expects the Bidder to meet key performance standards for operations as described in **Exhibit F4 – Service Level Agreement**.

4.9 Measure and Improve DRS Team Member Experience and Satisfaction

DRS expects the Bidder to measure DRS team member experience and satisfaction with the PAS and make improvements as mutually agreed upon.

4.10 Continuously Improve and Innovate

DRS expects the Bidder to deliver continuous operational improvements such that DRS team members experience improvements and ongoing innovation in the Bidder's services.