

**STATE OF TEXAS
DEPARTMENT OF INFORMATION RESOURCES**

CONTRACT FOR SERVICES

KST DATA, INC.

1. Introduction

A. Parties

This Contract for Services (“Contract”) is entered into between the State of Texas (“State”), acting by and through the Department of Information Resources (“DIR”) with its principal place of business at 300 West 15th Street, Suite 1300, Austin, Texas 78701, and KST Data, Inc. (“Vendor”), with its principal place of business at 3699 Wilshire Boulevard, Los Angeles, California 90010.

B. Compliance with Procurement Laws

This Contract is the result of compliance with applicable procurement laws of the State. DIR issued a solicitation on the Comptroller of Public Accounts’ Electronic State Business Daily, Request for Offer (RFO) DIR-TSO-TMP-248, on May 16, 2016, for End-User IT Outsourcing. Upon execution of this Contract, a notice of award for RFO DIR-TSO-TMP-248 shall be posted by DIR on the Electronic State Business Daily.

C. Order of Precedence

This Contract; Appendix A, Standard Terms and Conditions For Services Contracts; Appendix B, Vendor’s Historically Underutilized Businesses Subcontracting Plan; Appendix C, Sample Statement of Work; Appendix D, Master Operating Lease Agreement; Appendix E, Master Lease Agreement; Exhibit 1, Vendor’s Response to RFO DIR-TSO-TMP-248, including all addenda; and Exhibit 2, RFO DIR-TSO-TMP-248, including all addenda; are incorporated by reference and constitute the entire agreement between DIR and Vendor. In the event of a conflict between the documents listed in this paragraph, the controlling document shall be this Contract, then Appendix A, then Appendix B, then Appendix C, then Appendix D, then Appendix E, then Exhibit 1, and finally Exhibit 2. In the event and to the extent any provisions contained in multiple documents address the same or substantially the same subject matter but do not actually conflict, the more recent provisions shall be deemed to have superseded earlier provisions.

2. Term of Contract

The term of this Contract shall be two (2) years commencing on the last date of approval by DIR and Vendor. Prior to expiration of the original term, DIR may extend this Contract, by amendment, for up to two (2) optional one-year terms. Additionally, the parties by mutual agreement may extend the term for up to ninety (90) additional calendar days.

3. Service Offerings

Services available under this Contract are limited to the End-User IT Outsourcing Services as specified below. Vendor may incorporate changes to their services offering; however, any changes must be within the scope of the RFO and services awarded based on the posting described in Section 1.B above. Vendor may not add services which were not included in the Vendor’s response to the solicitation described in Section 1.B above.

End-User IT Outsourcing Categories

This Contract is for services only. No hardware or software products may be sold under this Contract. Any products needed to deliver final services must be procured through another contract vehicle.

Customers shall order the Services by execution of a Statements of Work (SOWs). Vendors shall respond by demonstrating qualifications and experience for each engagement. **The value of any one SOW may not exceed \$1 million.** (Note: Senate Bill 20 requirements apply). At a minimum, each SOW will describe the service levels. From responses Customer will determine best value. The Sample SOW format and service level examples are shown in Appendix C. Services that can be included to provide End-User IT Outsourcing solutions are set forth below. Some services may be unavailable as service components, at the discretion of the Vendor.

CATEGORY	DESCRIPTION
<p style="text-align: center;">Management Services</p>	<p style="text-align: center;">The management of customer owned equipment or vendor provided equipment.</p>
<p style="text-align: center;">Provisioning of Equipment</p>	<p>This category includes any information technology equipment that may be made commercially available within the current and future technology marketplace that addresses a business need of a Customer. Equipment includes, but is not limited to: desktops/workstations, notebooks/portables, mobility devices, end-user support servers, storage area networks, networking, software, and peripherals. Services shall include, but not be limited to: management of equipment procurement, equipment configuration management, and provisioning of equipment. Vendor must be capable of</p>

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	<p>provisioning equipment using standard configurations developed by Customer. Vendor shall be responsible for bearing the cost of acquisition or lease costs that may be applicable in the procurement process and for IT equipment that may be required by a Customer.</p>
<p>Desktop Outsourcing Services</p>	<p>This category includes services related to desktop computers (or laptops acting in the role of desktops), desktop hosting servers, the underlying network infrastructure, the processes and the organization.</p> <p>Desktop support services include:</p> <ul style="list-style-type: none"> > Deskside dispatch > Hardware break/fix > Installations, moves, adds and changes (IMAC) > Remote server > LAN/WAN (where applicable) > Shrink-wrapped software (dispatched efforts) > First-level application (dispatched efforts) > Enterprise-specific (where required) > IT asset inventory maintenance and process controls > Backup and recovery processes > Patch management > Output management > Hardware standards establishment > Service desk (often included)
<p>Asset Tracking Services</p>	<p>Maintain a central asset management system to maintain tracking of Vendor owned equipment to include, but not be limited to: physical location, user, software licenses, maintenance records, and end of Agreement term dates. Information should be</p>

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	<p>updated as necessary to account for IMAC, maintenance, and deskside support. The system should also be used for tracking any services that are provided on Customer owned equipment that may be applicable to a Supplemental Agreement.</p>
<p>Support Services</p>	<p>Services provided in the course of providing Management Services.</p>
<p>Service Desk</p>	<p>Manage and supply a toll-free telephone number, email address, or web-based application for a Customer to report maintenance issues, trouble-tickets, and request other how-to assistance as necessary. Process must include a timely confirmation of receipt of all Customer reports and a resolution status of all service requests submitted.</p> <p>IT service desk is defined as the provision of internal end-user support for all IT services and includes:</p> <ul style="list-style-type: none"> > Labor, facilities, systems, processes, management and connectivity for service desk support > First-level and second-level support > Problem categorization and logging > Problem tracking and escalation > Problem resolution > Remote access and resolution
<p>On Site Support & Moves/Adds/Changes (MACs) Services</p>	<p>Provide day-to-day technical on-site support services, to include, but not be limited to: option of Vendor staff residing at a Customer location, assisting with complex problem identification, resolving complex issues which cannot be resolved by assistance</p>

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	<p>of the help desk, installation of emergency hardware/software fixes, troubleshooting, physical relocation of equipment, continuing equipment modifications or upgrades, installation/de-installation, packing/unpacking of equipment, and swaps/replacement of equipment. Vendor should be capable of providing the services described for volume-based projects that affect several end-users as may be necessary throughout the term of a Customer's Supplemental Agreement.</p>
<p>Remote Support Services</p>	<p>Manage and provide Vendor remote support to "take over" and support a piece of equipment from a centralized location by Vendor personnel. Vendor shall provide phone support to assist in resolution of problems from a location that is remote to the end-user Customer.</p>
<p>Standard and Ad Hoc Reporting and Documentation</p>	<p>Produce various types of reports via online or hard copy as may be required by a Customer. These may include, but not be limited to: number of problems/calls logged, number of dispatch calls, and resolution time frames. Vendor shall allow a Customer's authorized end-user to have electronic access to view and query Vendor's standard reports.</p>
<p>Break/Fix/Maintenance Services</p>	<p>Manage support services, including bearing any cost, for all equipment owned and provided by the Vendor. This would include, but not be limited to: time and materials maintenance, troubleshooting, on-site support function, and upgrading of equipment as needed to provide</p>

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	any new technology features.
Unwind/End of Engagement Services	Manage the de-installation and packaging of Vendor provided equipment, to include but not be limited to: providing a plan to manage the unwind of the services, and removal of hard drives to be left with a Customer for destruction
Technology Services	Specific applications or technology centered processes.
Network Management Services	Manage and provide services for network related issues, to include, but not be limited to: connectivity troubleshooting, eliminating bottlenecks, and monitoring. For DIR eligible telecom Customers, telecommunications connectivity services will be achieved through the DIR consolidated telecommunications system, TEX-AN.
Software Services	Manage services for software to include, but not be limited to: software configuration management, patches, automated distribution, imaging creation, and imaging implementations
Security Services	Manage security services as applicable to the equipment as described within Item 1, Provisioning of Equipment and Procurement Services, that may be provided. To include, but not be limited to: firewalls, passwords, and data protection, equipment shipped in a default secure configuration, and option to keep a hard drive is required within the applicable equipment configuration. DIR reserves the right to promulgate standards in relation to security services and

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	such standards will be discussed with vendors selected for negotiation.
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4. Pricing

Pricing to the DIR Customer shall be as set forth in the Statement of Work.

5. DIR Administrative Fee

A) The administrative fee to be paid by the Vendor to DIR based on the dollar value of all sales to Customers pursuant to this Contract is three quarters of one percent (.75%). Payment will be calculated for all sales, net of returns and credits. For example, the administrative fee for sales totaling \$100,000 shall be \$750.00.

B) All prices quoted to Customers shall include the administrative fee. DIR reserves the right to change this fee upwards or downwards during the term of this Contract, upon written notice to Vendor without further requirement for a formal contract amendment. Any change in the administrative fee shall be incorporated by Vendor in the price to the Customer.

6. Notification

All notices under this Contract shall be sent to a party at the respective address indicated below.

If sent to the State:

Dana L. Collins, CTPM, CTCM
Director, Enterprise Contracts Management
Department of Information Resources
300 W. 15th St., Suite 1300
Austin, TX 78701
Phone: (512) 475-4000
Fax: (512) 475-4759
Email: dana.collins@dir.texas.gov

If sent to the Vendor:

Mark Edson
KST Data, Inc.
1121 S. Carroll Ave., Suite 125
Southlake, TX 76092
Phone: (817) 442-1578
Fax: (817) 442-8181
Email: medson@kstdata.com

7. Services Statement of Work and Leasing Documents

A) Services provided under this Contract shall be in accordance with the Sample Statement of Work (SOW) as set forth in Appendix C of this Contract. Customers may negotiate the terms and conditions of a SOW to suit their business needs, so long as the SOW terms and conditions do not conflict with this Contract or diminish or weaken terms and conditions.

B) Master Operating Lease Agreement

DIR and Vendor hereby agree that Vendor is authorized to utilize the Master Operating Lease Agreement in Appendix D of this Contract for Lessees that are Texas State Agencies or otherwise authorized to conduct lease transactions through DIR contracts.

C) Master Lease Agreement

DIR and Vendor hereby agree that Vendor is authorized to utilize the Master Lease Agreement in Appendix E of this Contract for DIR authorized entities as Lessees that are **not** Texas State Agencies or otherwise required by statute to utilize the Texas Public Finance Authority for such leasing transactions. Texas State Agencies that have the requisite capital authority and who are not required to utilize such authority via the Texas Public Finance Authority may or may not be eligible to utilize the Master Lease Agreement; each such agency must confer with its own counsel to make this determination.

D) Conflicting or Additional Terms

In the event that conflicting or additional terms in Service Agreements or linked or supplemental documents amend or diminish the rights of DIR Customers or the State, such conflicting or additional terms shall not take precedence over the terms of this Contract.

In the event of a conflict, any linked documents may not take precedence over the printed or referenced documents comprising this contract; provided further that any update to such linked documents shall only apply to purchases or leases of the associated Vendor product or service offering after the effective date of the update; and, provided further, that, if Vendor has responded to a solicitation or request for pricing, no update of such linked documents on or after the initial date of Vendor's initial response shall apply to that purchase unless Vendor directly informs Customer of the update before the purchase is consummated.

In the event that different or additional terms or conditions would otherwise result from accessing a linked document, agreement to said linked document shall not be effective until reviewed and approved in writing by Customer's authorized signatory.

Vendor shall not [without prior written agreement from Customer's authorized signatory,] require any document that: 1) diminishes the rights, benefits, or protections of the Customer, or that alters the definitions, measurements, or method

for determining any authorized rights, benefits, or protections of the Customer; or 2) imposes additional costs, burdens, or obligations upon Customer, or that alters the definitions, measurements, or method for determining any authorized costs, burdens, or obligations upon Customer.

If Vendor attempts to do any of the foregoing, the prohibited documents will be void and inapplicable to the contract between DIR and Vendor or Vendor and Customer, and Vendor will nonetheless be obligated to perform the contract without regard to the prohibited documents, unless Customer elects instead to terminate the contract, which in such case may be identified as a termination for cause against Vendor.

The foregoing requirements apply to all contracts, including, but not limited to, contracts between Customer and a reseller who attempts to pass through documents and obligations from its Manufacturer of Publisher.

8. Authorized Exceptions to Contract and any Appendices.

No exceptions have been agreed to by DIR and Vendor.

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This Contract is executed to be effective as of the date of last signature.

KST DATA, INC.

Authorized By: Signature on File

Name: Mark Edson

Title: Vice President

Date: 12/13/16

The State of Texas, acting by and through the Department of Information Resources

Authorized By: Signature on File

Name: Hershel Becker

Title: Chief Procurement Officer

Date: 12/13/16

Office of General Counsel: db 12/13/16