PURPOSEFUL DIGITAL TRANSFORMATION



Pricing Proposal for: Software and Implementation Services for an Enterprise Resource Planning (ERP) Software Systems Environment

RFP: 0457
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Jefferson Parish
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1. Attachment C2 – Cost Narrative

PRICING OVERVIEW

For Jefferson Parish (the Parish) AST is proposing a firm-fixed price for the implementation of Oracle's ERP/HCM/EPM modules, as well as a small number of 3rd party partners, as detailed in the pricing worksheets included in the RFP. This fixed price is inclusive of all Project Management, Functional and Technical Consulting (including integrations and data conversions), Training and Change Management Services, as well as the defined periods of post-production support.

SOFTWARE LICENSING

AST Corporation has proposed Oracle Cloud Applications for the Parish, which are a Software as a Service (SaaS) solution.

The Parish will subscribe to the services on an annual subscription basis. We have included software costs for a period of ten (10) years as required in the RFP. Subscriptions are renewable annually for each of the ten (10) years which includes hosting, support, and maintenance of the Oracle software. The software subscription can be cancelled at the beginning of each renewal period. In order to cancel the subscription the Parish must provide Oracle with evidence that sufficient funds have not been appropriated for the upcoming annual renewal.

Pricing for the individual software products are included in the following AST Software Pricing Supplement. The user counts recommended have been determined based on information provided in the RFP, as well as AST's prior experience with Public Sector entities similar to the Parish. Based upon AST's experience with similar clients, we believe the quantities included in the Software Pricing Supplement will provide ample licensing for the Parish. If found necessary, the user counts and the associated licensing can be adjusted by AST and the Parish prior to the start of the engagement.

IMPLEMENTATION SERVICES

We are proposing a milestone and deliverable based payment structure where payments are made based upon successful completion by AST, and acceptance by the Parish of specific milestones and deliverables.

As part of our implementation approach AST and the Parish will agree upon specific milestones and deliverables. These milestones and deliverables will be included in the Statement of Work developed jointly by AST and the Parish as part of final contract processing. Each milestone and deliverable will have a specific dollar amount associated with the successful completion of the milestone and deliverable. Once the milestone/deliverable is accepted by the Parish AST will invoice the Parish for the amount associated with the completed milestone/deliverable. These payment amounts will be based upon the anticipated level of effort by AST to complete the milestone/deliverable. This is based upon having successfully completed public sector/K12 projects of similar size and complexity as the Parish.

Since we are proposing a firm fixed-price solution with predetermined payments made based upon successful completion and acceptance of milestones/deliverables, our costs are fully loaded, including travel and expenses.

Proposer is instructed to complete and submit the Price Proposal under separate cover as identified herein. Proposer to use the following subheader format as provided below.

AST specializes in Firm, Fixed-Fee projects for the Public Sector. We are dedicated to helping our clients plan not only the appropriate budget and staff levels, but also know a project's inherent risks of delay up front, that may eventually cost time, money, and affect the project's intended scope and overall quality. The fixed price is inclusive of all Project Management support, Functional and Technical Consulting, Training and Post-Implementation Support. A detailed payment milestone plan will be created as part of a Statement of Work developed by Jefferson Parish and AST.

As described throughout our proposal AST is proposing a comprehensive ERP solution for Jefferson Parish that includes:

- Oracle Cloud Software
- AST Implementation Services

We are proposing a milestone/deliverable based payment structure where payments to AST are made based upon the successful completion of specific milestones and deliverables. The amount assigned to each milestone/deliverable will be determined jointly by AST and the Parish as part of final contract negotiations.

Milestones are defined as completion of an event or activity where there is no work product delivered at the end of the effort. (e.g., Completion of Project Team Training, Completion of Train- the-Trainer Training, etc.). Deliverables involve the creation of specific work products that will be presented to, and accepted by, the Parish. These milestones and deliverables will be included in the Statement of Work developed jointly by AST and the Parish as part of final contract processing. We expect that the content of a deliverable or general objective to be met by a milestone will be agreed to between the Parish and AST prior to initiating effort on the milestone/deliverable. Once a milestone has been reached or a deliverable completed AST will present to the Parish a milestone/deliverable Acceptance Form to be signed by the Parish's Project Manager indicating the Parish's acceptance of the milestone/deliverable. Once AST has received the signed Acceptance Form for each milestone/deliverable AST will invoice the Parish for the agreed upon amount for the milestone/deliverable.

Since we are proposing a firm fixed-price solution with predetermined payments made based upon successful completion and acceptance of milestones/deliverables, our costs are fully loaded and no additional expenses or costs will be billed to the Parish, including travel and out of pocket expenses.

1.1. PART I: COST WORKSHEETS

Proposer to submit and complete the Cost Worksheets as contained in **Attachment C1.** Proposers shall not modify the worksheets in any way. The Parish understands that there will be potentially four primary types of costs associated with procuring a new system: software licensing, implementation services, annual maintenance costs, and annual subscription costs.

The below statements are provided to further guide the Proposer on how to fill out the cost worksheets.

a. **Software Licensing Cost:** Software license costs include all costs related to licensing the software application and include third-party software license fees, where applicable. In presenting software license fees, the Proposer shall:

- Explain all factors that could affect licensing fees in the Vendor Notes field of **Attachment C1.**
- To the extent possible, the Proposer shall show any applicable discounts separately from the prices for products and Services.
- The Parish requests that the Proposer provide separate prices for each functional area/module in the proposed solution.

b. **Implementation Services Cost:** Implementation service costs typically include all costs related to professional services (including general implementation, project management, configuration, and other professional services), data conversion, customization, and training. It is important to note the following:

- In the event the product or service is provided at no additional cost, the item should be noted as "No charge."
- In the event the product or service is not being included in the Proposal, the item should be noted as "No bid."
- Proposer shall make clear the basis of calculation for all fees and costs.
- All estimated travel expenses and related out-of-pocket costs must be included as a separate line item in **Attachment C1** on a not-to-exceed basis. The Parish shall not be liable for additional travel costs or out-of-pocket costs incurred for any reason outside the Parish's control. Travel expenses will be paid as incurred on a monthly basis.

c. **Annual Maintenance Cost:** Annual maintenance costs include the annual maintenance and support fees for the application environment. **The Parish expects software maintenance costs will not increase in the first five (5) years upon go-live operation and will increase by no more than 3% annually thereafter, and that maintenance costs will not be payable until after go-live sign-off.** Unless a standard offering or otherwise included in scope of the Proposal, Proposers shall list any disaster recovery, enhanced support, or annual hosting server upgrade or other costs as optional.

d. **Ongoing Software Subscription Cost (If SaaS Deployment):** Ongoing software subscription costs include the annual payments for access to the software, hosting costs, backup costs, and potentially disaster recovery provisions. The Parish expects to pre-negotiate any rates of increase in these costs in the first 10 years. **The Parish expects annual subscription costs <u>will not increase in the first five (5) years upon go-live operation, and will increase by no more than 3% annually thereafter</u>**

1.2. PART II: TRAVEL AND EXPENSE EXHIBIT

Proposer to submit a travel and expense policy that will apply for the duration of the Project up to final payment and for the future as it relates to any renewal terms. The Parish requests that vendors travelling to perform onsite services stay in lodging accommodations within Jefferson Parish limits.

Confirm Exhibit attached in Price Proposal: Confirmed

1.3. PART III: PAYMENT AND RETAINAGE TERMS

Proposer to submit a brief statement of agreement with the payment and retainage terms identified herein for each Cost Worksheet submitted. If a Proposer does not agree with all items, a description should be provided for those items for which an exception is taken.

Proposer confirms that the RFP proposal is submitted in compliance with the payment and retainage terms provided below in Part III, Payment and Retainage Terms.

AST Response Brief Statement: AST is in general agreement with payment and retainage terms outlined below with the exception that we are requesting a retainage amount against all implementation service invoices of 5%. We believe that with a milestone/deliverable based payment structure, where the Parish does not pay for services until they have accepted specific milestones/deliverables, the Parish is protected from spending large sums of money and not having anything to show for it.

The Parish requests that the following Payment and Retainage Terms be utilized for the Parish's Project:

Software Licensing: Use of an acceptance-based payment schedule for software licensing.

Potential milestones including system deployment, Phase Kickoff, Initial Module/System Configuration, Approval of Phase Go-Live, and Acceptance of System. The Parish expects that licensing for any software modules will not be payable until the associated project phase for that module begins. For example, if Module X were a part of a potential Phase II to the project, the Parish would expect to have payment milestones for Module X begin with the phase kickoff for Phase II.

Proposer shall fully describe their proposed milestone-based payment schedule for software licensing as part of their Price Proposal.

AST Response Brief Statement: The SaaS fee model presented in this proposal assumes that all SaaS subscription fees will be as part of the initial purchase, meaning that all Oracle products are licensed and annual subscription fees be paid for at the time of the initial agreement and at annual

renewal dates. AST has been able to secure the highest possible SaaS fee discounts under this model. If the procurement of the SaaS module subscriptions is to be staggered throughout the duration of the implementation, the SaaS discounts would be materially lower and not to the benefit of the Parish. SaaS fees are not based upon any implementation milestone or deliverable and are due upfront as Oracle starts providing product hosting and support services from the beginning of the implementation.

Implementation Services Cost: Implementation service costs typically include all costs related to implementation, configuration, data conversion, customization, and training.

The Parish prefers that implementation service costs be proposed as either

Fixed Fee amounts with payment for services based on acceptance-based milestones or deliverables; or

Not-to-exceed amounts and that the Parish will be charged for Services as incurred up to the not-to-exceed amounts, and billed on a monthly basis with a twenty percent (20%) holdback of each invoice for the implementation service costs until successful completion, and the Parish's written acceptance, of the Project.

AST Response Brief Statement: The implementation services costs included within Attachment C include all costs related to implementation, including configuration, data conversion, interfaces, testing, production cutover, and training. As indicated above, we are proposing a fixed priced cloud SaaS solution with payments based upon successful completion of milestones and deliverables.

AST agrees to the concept of retainage withheld from implementation services payments and released according to a schedule agreed to between the Parish and AST. However, we suggest a retainage amount of 5% of each implementation services invoice to be released upon the successful completion of each phase of the implementation. With a milestone/deliverable payment model we believe that 5% retainage is sufficient to protect the Parish's interest and ensure that work products are being satisfactorily completed and the Parish is not just paying for time incurred by the consultants.

Annual Maintenance Cost: The Parish expectation is that it will not pay maintenance fees on functional areas being implemented until formal Parish acceptance has been provided to approve live processing for the associated Project phase. For example, the annual maintenance fees associated with the purchasing module will be paid upon Parish acceptance of the Project phase associated with the purchasing module.

Software maintenance is included within the Oracle SaaS agreement. No additional software maintenance costs will be required.

Within the pricing forms (Attachment C-1) we have included ten (10) year software pricing as required.

Ongoing Software Subscription Cost (If SaaS Deployment): Ongoing software subscription costs include the annual payments for access to the software, hosting costs, backup costs, and potentially disaster recovery provisions. The Parish expects that subscription costs for software modules will not be payable until the associated project phase for that module begins. For example, if cash receipting were a part of a potential Phase II to the project, the Parish would expect to have payment for the cash receipting module begin with the phase kickoff for Phase II. The Parish expects to pre-negotiate any rates of increase in these costs in the first 10 years.

AST Response Brief Statement: The SaaS fee model presented in this proposal assumes that all SaaS subscription fees will be as part of the initial purchase, meaning that all Oracle products are licensed and annual subscription fees be paid for at the time of the initial agreement and at annual renewal dates. AST has been able to secure the highest possible SaaS fee discounts under this model. If the procurement of the SaaS module subscriptions is to be staggered throughout the duration of the implementation, the SaaS discounts would be materially lower and not to the benefit of the Parish. SaaS fees are not based upon any implementation milestone or deliverable and are due upfront as Oracle starts providing product hosting and support services from the beginning of the implementation.

1.4. NARRATIVE DESCRIPTION OF PRICE PROPOSAL

Proposers are encouraged to include a narrative description of the proposed costs, including, at a minimum the following;

Any optional services/offerings for professional services

AST Response Brief Statement: The professional services offerings included in AST's proposal are sufficient to address the full range of implementation services necessary to successfully complete this ERP engagement with Jefferson Parish. AST can provide a 'rate card' for any additional professional services that may be required for out-of-scope items which the Parish may desire to pursue.

Any discounts that have been offered

AST Response Brief Statement: Both SaaS fees and implementation fees are discounted to the Parish's benefit. All discounts have been included in the proposed pricing.

Any additional service offerings that may be out of scope, but may be available on an optional basis to serve to shift some of the implementation work effort from the Parish to the vendor during implementation.

AST Response Brief Statement: The quality of data in the legacy system(s) is often an issue discovered by clients as part of the data conversion process. AST could provide resources to support the Parish as part of the 'data scrubbing' effort. We would be glad to discuss this option, as well as other options the Parish may have in mind, and provide specific scope and pricing.

Any projected or anticipated cost savings or cost avoidance considerations related to the proposed software and services (savings in Parish staff time, savings in ongoing hardware acquisition/maintenance costs, etc.)

AST Response Brief Statement: We believe that we have offered an efficient and effective implementation model taking advantage of Parish and AST resources in the most responsible manner possible. It would be possible to reduce the overall software and services costs if the Parish were to decide to eliminate some of the functional/module requirements. AST would be glad to discuss this option with the Parish.

A description of any future upgrade costs, including upgrades to hardware, software, and related professional services costs (such as training, configuration, and other anticipated services costs related to upgrades in the future)

AST Response Brief Statement: Future software upgrades will be provided and installed, by Oracle at no additional charge and are part of the annual SaaS fees. Oracle provides advance documentation on available new features in the new release. The new features come turned off. The Parish will be responsible for configuration of new features and if needed may utilize available or optional extended support services from AST for assistance.

A description of the estimated travel costs, including the number of trips, average duration of trips and number of staff included per trip, average cost per trip, and whether seasonality in pricing has been considered in the travel estimate.

AST Response Brief Statement: Our implementation model is designed to provide implementation efforts in the most cost-effective manner possible. We have assumed an average of 30% onsite for key resources. In working with other clients during the COVID times we have found that implementation activity can be successfully undertaken with primarily remote resources. We will be glad to discuss changes in these travel assumptions during the course of the implementation if/when the travel issues subside.

Other topics or statements related to the price proposal that the Proposer feels will help the Parish better understand the pricing structure or key differentiators for the proposed products and services.

AST Response Brief Statement: Major systems transformation such as what Jefferson Parish is undertaking are not simple and require an implementation partner that has the requisite experience and knowledge to successfully implement such organization-wide transformations. AST as a company, and the staff that we assign to projects possess such experience and knowledge. The implementation approach proposed by a vendor must be comprehensive and designed specifically for public sector organizations. The implementation methodology proposed by AST was designed for municipal organizations and has been successfully applied for many projects with clients who have requirements very similar to those of Jefferson Parish We believe in having dedicated consulting staff available on a consistent basis for the duration of their assignment in order to accomplish Parish's objectives. Key staff once assigned to the project stay for the duration as per assignment in order to ensure success. We have a 100% successful track record in municipal ERP/HCM business transformations.

Cost is a major consideration in selecting a software solution and implementation partner. However, cost should not be the predominate factor. The lowest bid in these types of endeavors often come from vendors who do not fully understand the magnitude of the initiative nor do they have an appreciation for what it actually takes to ensure success.

1.5. STANDARD QUOTE FORMAT

Proposer to include at the end of Attachment C2, as supporting documentation aligning with the total costs proposed within Attachment C1, a copy of any relevant quote/order form using the Proposer's standard format.

All pricing has been provided in AST standard format within Parish forms in C1.



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