

Cost Proposal Narrative

RFP Reference: 2.5 Cost Proposal

Deloitte looks forward to continuing our long-standing relationship with the State and to continuing to support the IEDSS system and the millions of Hoosiers that you serve. We are pleased to present our cost proposal as part of our overall response to the State of Indiana Department of Administration, on behalf of Family and Social Services Administration (FSSA) Request for Proposal (RFP): 22-70230 IEDSS System Maintenance and Operations.

We understand Indiana is looking for a well-qualified vendor to provide high quality IEDSS system maintenance, operations and enhancement services, while also providing value to the State of Indiana and the federal agencies who provide funding support and policy guidelines. As your prime vendor who has worked with you for over 30 years to build, maintain, and enhance the legacy ICES system and design, develop, and implement the IEDSS system, we are proud of what we have been able to achieve together. We greatly value the opportunity to continue supporting you into the future. As our proposal response demonstrates, our staff, our experience, our approach, and our history working with the State of Indiana combine to make Deloitte the right integrator for this project.

In a contract like this, value is a combination of the unit cost of services (i.e., staff rates) and a vendor's capability to efficiently and completely deliver those services without hidden costs, to achieve your desired business outcomes on time and within budget, to mitigate risk for the State and to drive new innovative solutions. Deloitte delivers substantial value to Indiana across these dimensions. We know what it takes to effectively maintain, operate, and enhance IEDSS according to your requirements and your expectations for service and quality.

Our cost proposal is based upon an estimated level of effort and proposed approach to complete the statement of work (SOW) as provided in the solicitation. Our cost was derived based on and aligns with our Technical Proposal, including but not limited to our project management approach, SDLC approach, M&O approach, enhancements approach, staffing approach, and cost assumptions.

We've thoughtfully planned for the type and quantity of resources to support IEDSS M&O based on the scope defined in the SOW, including key considerations such as the robust functional scope that had combined the functions of three legacy systems, the sophisticated technical infrastructure and 19 vendor software components that require ongoing upgrades and patches, the support for end users through the incident management process, the use of mature and extensive project management and SDLC processes, support for 60,000 enhancement hours annually, security compliance activities, maintenance of decommissioned legacy systems, and meeting the required service levels.

1.0 Proposed Pricing

The following narrative supplements the RFP required **Attachment D – Cost Proposal** Excel document, and the **Cost Assumptions, Conditions, and Constraints** document submitted separately. The Excel document is prepared based on the instructions in the RFP and follows the State's required format. Each section below corresponds to one of the worksheets in the Excel document.

1.1 Summary

The cost proposal summary includes our Initial Transition, Maintenance and Operations, and Enhancements costs from the corresponding tabs in the **Attachment D – Cost Proposal** to provide a total bid amount. Additionally, this cost worksheet also includes the percentage reduction in monthly invoiced fees, for M&O and Enhancements, if the Deloitte team is allowed or required by the State to work remotely for the month.

1.2 Transition

Since Deloitte is the incumbent and no vendor transition is required, Deloitte will continue to deliver services as part of our existing contract and hence no additional cost for initial transition has been included. We will instead



use this time to prepare for the new contract with you and transition to the new Hybrid Agile SDLC. Our approach not only eliminates duplicate vendor costs and saves valuable State resource time, but also eliminates the risk of a vendor transition and continues stable operations.

1.3 Staffing

The Staffing cost tab includes details of our hourly rates, which includes the State specified project roles and the associated Full Time Equivalents (FTEs) required to deliver the scope of work. The staffing that we have proposed is based on the requirements of the RFP and our proposed technical approach. As you have seen in our response, our staff come to you with many years of relevant business, technology, project management, security, and Indiana specific experience. For our pricing, an FTE is equal to an average of one resource being utilized at 2,080 hours per year. Our staffing cost includes 24x7x365 monitoring and support for the production environment.

Additional Positions are included to demonstrate the diverse resource capabilities that Deloitte can provide in addition to the Core Team. Except for "Senior Business Support Analyst," these positions are not part of the proposed organization chart. However, these positions are available as part of a contract rate card for non-routine work that may be requested by the State during the term of the contract.

1.4 Maintenance and Operations

The Maintenance and Operations tab is based on the calculated Year 1 Annual Cost from the Staffing tab. As discussed in *Section 14 Drivers for Annual Cost Adjustments*, we maintain consistent M&O fees across the base contract period due to operational efficiencies that offset the impact of labor cost escalation. Years 4 – 6 Annual Cost (optional) reflect the impact of labor cost escalation.

1.5 Enhancements

The Enhancements cost schedule tab is based on the calculated core M&O team average rate applied to the specified estimated enhancement hours per year as requested in the RFP. Our hourly rates provide a competitive value for the services we offer. Given our years of relevant experience and highly qualified staff, we are able to deliver higher quality, more complete, and lower risk enhancements for less effort compared to our competitors. In other words, you get more for less.

1.6 Remote Work

We are committed to supporting the State and willing to provide the operational flexibility you need. Our recent experience in supporting the State during the COVID-19 pandemic shows our ability to collaborate and continue operations with minimal disruptions. Our cost proposal includes a remote work discount percentage for monthly invoiced fees, if all staff members are allowed or required to work remote by the State. We will work with the State during SOW development to further define the processes and conditions for applying this reduction.

1.6 Example Change Request Pricing

The proposed example CR pricing cost sheet includes effort to deliver the change requests in question 7c of the technical proposal. Our experience with the State in having successfully implemented similar change requests allows us to provide CRs in a high quality, thorough, and low risk manner.

