



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MEMORANDUM

TO: Lucian Geise, Director

FROM: Shay Oliphant, Director *SO*

DATE: April 16, 2013

RE: **Amendment to Contract #33539 with NB Venture, Inc. d/b/a Global eProcure (GEP)**

The Central Procurement Office currently contracts with GEP for consulting services and assistance with the ongoing strategic sourcing and State contract cost savings projects. Contract Section A.5. details that portion of the scope of services to be implemented should "the State elect to continue the project after the completion of deliverable A.4."

Accordingly, GEP has successfully completed deliverable A.4. The State has elected to implement phase two (the Savings Creation Phase), as authorized in Contract Section A.5. In order to continue the Contract, the Central Procurement Office must amend the contract's maximum liability from \$2,336,136 to \$4,979,978. However, the amount per compensable unit authorized by the Contract will remain the same.

The Central Procurement Office, in compliance with the statute, has not submitted the amendment to the Fiscal Review Committee as it falls within the statutory exception authorized by Tenn. Code Ann. § 4-56-108(b)(1)(C)(i) below:

(b)(1) The following contracts and contract amendments shall be subject to review by the fiscal review committee:

(A) Proposed non-competitive contracts with a term of more than one (1) year or which are renewable by either party that would extend the contract beyond twelve (12) months and which have a cumulative value of not less than two hundred fifty thousand dollars (\$250,000), including all possible renewals;

(B) Any amendment to a contract described in subdivision (b)(1); and

CENTRAL PROCUREMENT OFFICE

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(C) Any amendment to a contract meeting the term and dollar threshold requirements of subdivision (b)(1)(A), regardless of whether the original contract was procured through competitive or non-competitive means, where the amendment does the following:

(i) Increases or decreases funding and extends or shortens the contract term unless the original contract contained a term extension provision and as long as the additional funding does not increase the amount per compensable increment;

As always, thank you for your assistance in this matter. Please feel free to contact me at shay.oliphant@tn.gov or 615-741-4591, should you have any questions.

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Shay Oliphant		*Contact Phone:	(615)741-4591	
*Original Contract Number:	33539		*Original RFS Number:	32110.00112	
Edison Contract Number: <i>(if applicable)</i>	33539		Edison RFS Number: <i>(if applicable)</i>		
*Original Contract Begin Date:	September 1, 2012		*Current End Date:	August 31, 2016	
Current Request Amendment Number: <i>(if applicable)</i>	One				
Proposed Amendment Effective Date: <i>(if applicable)</i>	May 1, 2016				
*Department Submitting:	Department of General Services				
*Division:	Central Procurement Office				
*Date Submitted:	April 12, 2013				
*Submitted Within Sixty (60) days:	No				
<i>If not, explain:</i>	Believed that the contract amendment fell within the exception provision of TCA § 4-56-108(c)(1)				
*Contract Vendor Name:	NB Venture, Inc. d/b/a Global eProcure (GEP)				
*Current Maximum Liability:	\$2,006,136.00				
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY:13	FY:14	FY:15	FY:16	FY:17	FY
\$199,856.00	\$570,404.16	\$570,404.16	\$570,404.16	\$95,067.52	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
FY:13	FY:14	FY:15	FY:16	FY:17	FY
\$850,116.71	\$	\$	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			n/a		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			n/a		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding			Contract expenditures exceeded allocation because we accelerated the project schedule.		

Supplemental Documentation Required for
Fiscal Review Committee

was acquired to pay the overage:		Funding was acquired from the FY13 appropriation associated with the CPO Strategic Sourcing improvement.	
*Contract Funding Source/Amount:	State:		Federal:
Interdepartmental:	\$2,006,136		<i>Other:</i>
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
N/A			
Method of Original Award: <i>(if applicable)</i>		RFP #32110.00112	
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$5 million	

Supplemental Documentation Required for
Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY 13:	FY14:	FY15:	FY16:	FY17:
Contract Section A.4. – Spend Analysis Phase	\$199,856.00	\$0	\$0	\$0	\$0
Contract Section A.5. – Savings Creation Phase II	\$400,000.00	\$1,990,061.00	\$0	\$0	\$0
Contract Section A.5. – Savings Creation Phase III	\$0	\$2,390,061.00	\$0	\$0	\$0

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost:	FY:	FY:	FY:	FY:	FY:

Supplemental Documentation Required for
Fiscal Review Committee

(name of vendor)					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Payments against a Contract

Unit	Sum Amount	Edison Contract ID	Vendor ID	Vendor	Type
32101	\$72,251.19	0000000000000000000033539	0000155291	GEP	DFA
32101	\$99,928.00	0000000000000000000033539	0000155291	GEP	DFA
32101	\$168,586.11	0000000000000000000033539	0000155291	GEP	DFA
32101	\$240,837.30	0000000000000000000033539	0000155291	GEP	DFA
32101	\$268,514.11	0000000000000000000033539	0000155291	GEP	DFA
TOTAL:	\$850,116.71				

PO ID	Voucher ID	Invoice	Date	Fiscal Year
0000045669	00122566	11930	1/25/2013	2013
0000043642	00116525	11802	11/27/2012	2013
0000047603	00127875	11985	3/12/2013	2013
0000048619	00130575	13045	4/5/2013	2013
0000045463	00122564	11879	1/16/2013	2013

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.

Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprrs.Agsprsr@state.tn.us

APPROVED

Jessica Robertson/JS

COMMISSIONER OF FINANCE & ADMINISTRATION

CEO

Request Tracking #	32110.00112	
1. Procuring Agency	Department of General Services	
2. Contractor	NB Venture, Inc. d/b/a Global eProcure (GEP)	
3. Contract #	33539	
4. Proposed Amendment #	1	
5. Edison ID #	33539	
6. Contract Begin Date	September 1, 2012	
7. Current Contract End Date – with ALL options to extend exercised	August 31, 2016	
8. Proposed Contract End Date – with ALL options to extend exercised	August 31, 2016	
9. Current Maximum Contract Cost – with ALL options to extend exercised	\$ 2,006,136.00	
10. Proposed Maximum Contract Cost – with ALL options to extend exercised	\$ 4,979,978.00	
11. Office for Information Resources Endorsement – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
12. eHealth Initiative Support – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
13. Human Resources Support – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
14. Explanation Need for the Proposed Amendment	<p>Pursuant to Contract § A.5. <u>Savings Creation Phase</u>, the State is electing to continue the project after completion of the deliverables listed in Contract § A.4. This amendment increases the maximum liability in order to implement the phases detailed in § A.5. Additionally, vendor reporting requirements have been added to Contract § C.3.</p>	
15. Name & Address of the Contractor's Principal Owner(s) – NOT required for a TN state education institution		

Request Tracking #	32110.00112
Tony Tringale, Vice President 100 Walnut Ave, Suite 304 Clark, NJ 07066	
16. Evidence Contractor's Experience & Length Of Experience Providing the Service GEP has a twelve (12) year history in providing procurement consulting, technology and outsourcing solutions to Global 2000 companies including consumer goods, energy & utilities, financial services, industrial manufacturing, pharmaceuticals, technology, telecommunications, travel & hospitality, and other verticals in private sector to nonprofit, healthcare, education and other public sector organizations.	
17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives GEP was the best evaluated proposer in RFP #32110-00112 for Strategic Sourcing Services	
18. Justification – <i>specifically explain why non-competitive negotiation is in the best interest of the state</i> The Central Procurement Office and GEP are in year two of a five-year contract. This amendment adds the funds necessary to complete the services detailed in the original scope of services. This is in the best interests of the State because GEP has an established knowledge of Tennessee's procurement processes, policies, and procedures. To cancel the current contract, seek these services through a new RFP, and get a new vendor up and running would negate the progress already made by the CPO and GEP.	
Agency Head Signature and Date – <i>MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances</i>  3/13/13	



CONTRACT AMENDMENT



Agency Tracking # 32110-00112	Edison ID 33539	Contract #	Amendment # 1
Contractor Legal Entity Name NB Venture, Inc., dba Global eProcure (GEP)			Edison Vendor ID 155291

Amendment Purpose & Effect(s)
 Pursuant to Contract § A.5. Savings Creation Phase, the State is electing to continue the project after completion of the deliverables listed in Contract § A.4. This amendment increases the maximum liability in order to implement the phases detailed in § A.5. Additionally, vendor reporting requirements have been added to Contract § C.3.

Amendment Changes Contract End Date: YES NO End Date: August 31, 2016

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **\$ 2,973,842**

Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2013	\$3,734,984				\$3,734,984
2014	\$1,244,994				\$1,244,994
2015	\$0				\$0
2016	\$0				\$0
2017	\$0				\$0
TOTAL:	\$4,979,978				\$4,979,978

American Recovery and Reinvestment Act (ARRA) Funding: YES NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Ronald A. Plumb

OCR USE

Speed Chart (optional)	Account Code (optional)
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**AMENDMENT 1
OF CONTRACT 33539**

This Amendment is made and entered by and between the State of Tennessee, Department of General Services, hereinafter referred to as the "State" and Global eProcure (GEP), hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

The second sentence, "it is the State's desire to pursue approximately 15 expenditure categories during the Savings Creation Phase" is deleted from section A.5.

Contract section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Four-million, nine hundred thousand, nine hundred and seventy-eight dollars (\$4,979,978). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

Contract section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
(Refer to contract section A.4.)	
Payment 1: Complete capture, load, and cleansing of FY11 and FY12 expenditure data to GEP Spend tool. Contractor's payment request shall be accompanied by an executive summary describing in detail the Contractor's completion of the first portion of Phase 1.	\$99,928.00
Payment 2: Completion of Final Spend Analysis report and all final deliverables per Section A.4. Contractor's payment request shall be accompanied by an executive summary describing in detail the Contractor's completion of the second part of Phase 1.	\$99,928.00
(Refer to contract section A.5.)	



<p>The parties shall mutually agree to a project schedule for the completion of Phases 2 and 3. The project schedule shall include separate, but divisible, segments. Contractor's request for payment of a completed segment of Phase 2 or 3 shall be accompanied by an executive summary describing in detail the Contractor's completion of each completed segment for which Contractor claims compensation.</p>	<p>\$(total fees / number of completed project segments)</p>
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Should the State, in its sole discretion, elect to halt savings creation efforts on a specific expenditure category, the State shall pay the Contractor a pro rata portion of the Contractor's fees for that expenditure category. Such pro rata payment will be based on 1) the fee to add or remove an expenditure category as provided in Attachment 6.3, and 2) the proportion of calendar days of work completed, based on the most up-to-date expenditure category timeline at the time efforts are halted.

- c. Invoices will be representative of the contract negotiations or sourcing category milestones achieved within each month and will be accompanied by an executive summary describing in detail the completion of each milestone accomplished in that period as related to the active sourcing categories and/or negotiated contracts.
- d. The Contractor shall be compensated for additional services requested and performed pursuant to Contract Section A.14., without a formal amendment of this Contract based upon the payment rates detailed in the schedule below and as agreed pursuant to said Section A.14., provided that compensation to the Contractor for such statement of work (SOW) shall not exceed SEVEN PERCENT (7%) of the sum of milestone payment rates detailed in Section C.3.b., above (which is the total cost for the milestones and associated deliverables set forth in Contract Section A.). If, at any time during this Contract period, the State determines that the cost of a necessary "SOW" would exceed said maximum amount, the State may amend this Contract to address such need.

Service Description	Amount (per compensable increment)
Strategic Sourcing Consulting Service (only compensable for work that is NOT required for the performance of any requirement or deliverable specified within Contract Section A.).	Refer to Contract Attachment Two
NOTE: The Contractor shall not be compensated for travel time.	

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Chief Procurement Officer, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective May 1, 2013. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.



IN WITNESS WHEREOF,

NB Venture, Inc. d/b/a Global eProcure (GEP)

Roopu Makhija

3/14/13

SIGNATURE

DATE

Roopu Makhija President

PRINTED NAME AND TITLE OF SIGNATORY (above)

Department of General Services:

Steven G. Cates

3/20/13

Commissioner Steven G. Cates

DATE



Attachment Two

Hourly Rate Schedule for Additional Services

Position	Total Hourly Cost Per Position (Travel Inclusive)
Vice President	\$ 412.00
Senior Management	\$ 412.00
Senior Director	\$ 325.00
Director	\$ 295.00
Senior Manager	\$ 275.00
Manager	\$ 250.00
Senior Associate	\$ 195.00
Associate	\$ 160.00
Analyst	\$ 125.00
Delivery Center (Remote Resources)	
DC Senior Manager	\$ 155.00
DC Manager	\$ 125.00
DC Category Senior Consultant	\$ 100.00
DC Spend Manager	\$ 100.00
DC Tier 1 Consultant	\$ 80.00
DC Spend Consultant	\$ 70.00
DC Market Analyst	\$ 45.00
DC Spend Analyst	\$ 45.00

Memorandum of Understanding re: Strategic Sourcing Project; Additional Services – Wave 2 & Wave 3

This scope of the additional services segment for the Strategic Sourcing project is referred to as – Additional Services: Wave 2 & Wave 3. It is defined as a) Strategic Sourcing cycle support for twenty three (23) additional unique strategic sourcing categories and b) Rapid Procurement Negotiations execution for Sixteen (16) targeted high-value contracts. These Additional Services are segmented into three components, Rapid Procurement Negotiations, Sourcing Wave 2 and Sourcing Wave 3. The work plan for this scope will last approximately twelve (12) months from January 2013 to December 2013 with the Rapid Procurement Negotiations starting in March 2012; the nine (9) Wave 2 Sourcing Categories immediately following the completion of individual Wave 1 Sourcing Categories (scheduled in April and May); and the fourteen (14) Wave 3 Sourcing Categories will fall in directly behind the completion of Wave 1 and/or Wave 2 Sourcing Category efforts. (Overall Additional Services timeline illustrated below)

Wave 2 - Additional Services										
	Wave 2	Est. Annual Savings (\$M)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
	Rapid Procurement Negotiations	1.3 - 6.5								
1	IT Hardware	0.6 - 1.2								
2	IT Network Hardware	0.5 - 0.8								
3	Vehicle Repair/Spares	0.5 - 0.8								
4	Other Software	0.3 - 0.5								
5	Mobile Communications	0.4 - 0.6								
6	Clothing	0.2 - 0.3								
7	Books & Subscriptions	0.6 - 0.9								
8	Data Center Hardware	0.2 - 0.4								
9	Lab Chem's, Reagents, Kits	0.2 - 0.4								

Deleted: 1

Wave 2 & 3 - Additional Services			
	Wave 2	Est. Annual Savings (\$M)	Jan
	Rapid Procurement Negotiations	1.3 - 6.5	
1	IT Hardware	0.6 - 1.2	
2	IT Network Hardware	0.5 - 0.8	
3	Vehicle Repair/Spares	0.5 - 0.8	
4	Other Software	0.3 - 0.5	
5	Mobile Communications	0.4 - 0.6	
6	Clothing	0.2 - 0.3	
7	Books & Subscriptions	0.6 - 0.9	
8	Data Center Hardware	0.2 - 0.4	
9	Kits	0.2 - 0.4	
	Wave 3		
1	Agency Categories	TBD	
2	Agency Categories	TBD	
3	Agency Categories	TBD	
4	Agency Categories	TBD	
5	Agency Categories	TBD	
6	Agency Categories	TBD	
7	Agency Categories	TBD	
8	Agency Categories	TBD	
9	Agency Categories	TBD	
10	Agency Categories	TBD	
11	Agency Categories	TBD	
12	Agency Categories	TBD	
13	Agency Categories	TBD	
14	Agency Categories	TBD	

The table above is intended to reflect the potential categories exercised by GEP. The Wave 2 target categories and the selected contracts for negotiation have been reviewed and approved by the CPO. The CPO, in her sole discretion, may elect to substitute, change or modify in-scope categories and contracts to be addressed should the need arise. Identification of each specific Wave 3 Sourcing Category will be approved by the CPO prior to their start, and these categories are expected to include both multi-agency and single-agency sourcing categories.

The total fee for this Additional Services Scope is \$2,974,274. The cost is also segmented into three components; \$377,952 for the Rapid Procurement Negotiations work stream; \$1,015,520 for the Wave 2 Strategic Sourcing work stream; and \$1,580,370 for the Wave 3 Strategic Sourcing work stream. These costs are derived from the estimated work efforts associated with each scope component and the rates established in the master contract for Additional Scope of Services. In addition, these costs have been further segmented into milestone deliverable payments which are aligned with the individual work plans for each contract and/or category as detailed in the sections below.

Rapid Procurement Negotiations:

The typical work plan for Rapid Procurement Negotiations is illustrated below and will be followed for each of the 16 contracts being addressed. The two key deliverable milestones will be the First Meeting (Ask) and the Execution of the Revised Contract.

Rapid Procurement Negotiations Work Flow						
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Data Collection & Baselineing						
Market & Benchmark Research						
Develop Negotiations Strategy						
First Meeting (Ask)						
Second Meeting (Listen)						
Third Meeting (Tell)						
Fourth Meeting (Close)						
Execute Revised Contract						

The total fees for the Rapid Procurement Negotiation scope will be distributed evenly across the 16 in-scope contracts to be renegotiated. Fees will be earned with demonstrated progress towards completion as recognized by the three key deliverable milestones for each contract renegotiation process; 1) Finalized Category Baseline & Negotiation Strategy; 2) Savings Estimation Model based on price negotiations; and 3) Execution of Revised Contract. Fees will be invoiced on a monthly basis consistent with progress made in that month towards completion of the Rapid Procurement Negotiations scope.

Rapid Procurement Negotiation Milestones	Milestone Fee
Finalized Category Baseline & Negotiation Strategy	\$10,611
Savings Estimation Model	\$10,611
Executed Contract	\$2,400
Total	\$23,622.00

Deleted: ¶

Wave 2 and Wave 3 Strategic Sourcing Categories:

Detailed work plans will be developed for each Wave 2 and Wave 3 category to identify category timelines and milestones to be achieved throughout the process. This is consistent with the process for Wave 1 Strategic Sourcing.

The total fees for the Wave 2 and Wave 3 Strategic Sourcing scope will be distributed evenly across the total twenty three (23) in-scope categories. As such, the fees will be earned on a category by category basis at the rate of \$112,883.56 per category with partial progress towards category completion invoiced on a monthly basis. Progress will be recognized by the completion of milestones referenced in the table below consistent with the appropriate category sourcing cycle used for each category. This is consistent with the process being used for Wave 1 Strategic Sourcing.

Strategic Sourcing Category Milestone	Wave 2 RFP Sourcing Cycle Fees	Wave 2 Accelerated Sourcing Cycle Fees
Category Kick-Off Meeting	\$22,576.71	\$22,576.71
Finalized Category Baseline & Strategy	\$22,576.71	\$45,153.42
Solicitation Published	\$22,576.71	n/a
Solicitation Award Recommendation	\$22,576.71	n/a
Completed Pricing Negotiations	\$11,288.36	\$33,865.07

Executed Contract	\$11,288.36	\$11,288.36
Totals	\$112,883.56	\$112,883.56

Invoices will be representative of the contract negotiations or sourcing category milestones achieved within each month and they will be accompanied by an executive summary, describing in detail the completion of each milestone accomplished in that period as related to the active sourcing categories and/or negotiated contracts.

Memorandum of Understanding re: Strategic Sourcing Project, Saving Creation Phase 2 –

The scope of the project is defined as sourcing support for 15 unique strategic sourcing categories across an approximate 11 month period at a total fee of \$1,806,280 inclusive of all taxes, fees and travel per the contract. Target categories have been identified by the Phase 1 Spend Analysis deliverable recommendations for Wave 1 & Wave 2 sourcing opportunities as presented to the project steering committee on 11/8/12.

Detailed work plans have been developed for each Wave 1 category that identify category timelines and milestones to be achieved throughout the process (File attached as: "*TN Sourcing Projects Plan Wave 1 112912 vMOU attachment.xls*")

Fees to be earned on a category by category basis at the rate of \$120,418.66 per category (total fee divided by 15 categories) with partial progress towards category completion invoiced on a monthly basis. Progress will be recognized by the completion of milestones referenced in the table below consistent with the appropriate category sourcing cycle used for each category. Invoices will be representative of the category milestones achieved each month and they will be accompanied by an executive summary, describing in detail the completion of each segment accomplished in that period as related to the active sourcing categories.

The last milestone 'Executed Contract' fees shall not be delayed more than 30 days after the date of completed negotiations.

Fees Schedule:

Category Milestone	RFP Sourcing Cycle Fees	Accelerated Sourcing Cycle Fees
Category Kick-Off Meeting	\$24,083.73	\$24,083.73
Finalized Category Baseline & Strategy	\$24,083.73	\$48,167.46
Solicitation Published	\$24,083.73	n/a
Solicitation Award Recommendation	\$24,083.73	n/a
Completed Pricing Negotiations	\$12,041.87	\$36,125.60
Executed Contract	\$12,041.87	\$12,041.87
Totals	\$120,418.66	\$120,418.66



CONTRACT

(fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Begin Date September 1, 2012	End Date August 31, 2016	Agency Tracking # 32110.00112	Edison Record ID 33539
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Contractor Legal Entity Name NB Venture, Inc dba Global eProcure (GEP)	Edison Vendor ID
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Service Caption (one line only)
Strategic Sourcing Consulting Services

Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #
---	---------------

Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2013			\$199,856.00		\$199,856.00
2014			\$570,404.16		\$570,404.16
2015			\$570,404.16		\$570,404.16
2016			\$570,404.16		\$570,404.16
2017			\$95,067.52		\$95,067.52
TOTAL:			\$2,006,136.00		\$2,006,136.00

American Recovery and Reinvestment Act (ARRA) Funding: YES NO

Ownership/Control

African American Asian Hispanic Native American Female
 Person w/Disability Small Business Government NOT Minority/Disadvantaged
 Other:

Selection Method & Process Summary (mark the correct response to confirm the associated summary)	
<input checked="" type="checkbox"/> RFP	The procurement process was completed in accordance with the approved RFP document and associated regulations.
<input type="checkbox"/> Competitive Negotiation	The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input type="checkbox"/> Alternative Competitive Method	The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input type="checkbox"/> Non-Competitive Negotiation	The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
<input type="checkbox"/> Other	The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with <u>all</u> interested parties or <u>all</u> parties in a predetermined "class."

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.	<i>OCR USE - FA</i>

Speed Chart (optional)	Account Code (optional)
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**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF GENERAL SERVICES
AND
NB Ventures, Inc dba Global eProcure (GEP)**

This Contract, between the State of Tennessee, acting by and through the Department of General Services, hereinafter referred to as the "State" and Global eProcure (GEP), hereinafter referred to as the "Contractor," is entered into this 1st day of September, 2012, for the provision of Strategic Sourcing Consulting Services, as further defined in the "SCOPE OF SERVICES."

The Contractor is: For-Profit Corporation
Contractor Place of Incorporation or Organization: Delaware
Contractor Edison Registration ID #: 33539

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- A.2. Deliverable Acceptance. The Contractor shall provide consulting services to lead data collection, Spend Analysis, Savings Creation, and provide related support for the State's strategic sourcing initiative. The Contractor shall provide all deliverables for approval to the Chief Procurement Officer. Approval of all deliverables shall be at the sole discretion of the State and will be provided in writing. The State is the sole judge of any deliverable's acceptability. When the deliverable is acceptable, the State will document this in writing. The Contractor shall not rely on any verbal commitment from the State regarding deliverable acceptability. The State will provide reasonable but limited support to the Contractor for producing deliverables.
- A.3. Project Plan and Timeline. The Contractor shall deliver a Project Plan and Timeline addressing:
- a. The appropriate work elements it proposes to carry out.
 - b. The outcome, deliverable, or milestone for each work element.
 - c. The Contractor and State resources, roles, and responsibilities for each work element.
 - d. The schedule required for the successful completion of all milestones and associated deliverables.

The Project Plan and Timeline should highlight necessary predecessor work elements and specific relationships and include a description of how Savings Creation efforts will be sequenced.

While the Contractor will be required to propose and maintain its Project Timeline, it is the State's expectation that the Spend Analysis Phase of the project will be completed in approximately three months, and that the Savings Creation Phase of the project (if pursued) will take approximately 12-15 months, depending on the level of Contractor resources dedicated.

The Contractor shall complete and provide to the State said Project Plan and Timeline no later than two weeks after the project start date.

- A.4. Spend Analysis Phase. The Contractor shall capture and analyze the State's total spend for goods and services, creating a State-wide expenditure baseline, establishing detailed expenditure category usage profiles, establishing savings opportunities, and prioritizing expenditure categories to pursue in a Savings Creation Phase. As a part of this effort, the Contractor shall:
- a. Review the State's current data environment.
 - b. Collect all spend data, from State and external sources as appropriate.



- c. Evaluate and develop recommendations for improving the quality of the data available.
- d. Provide recommendations for changes in processes or systems to improve data accuracy and usability for future spend analysis.
- e. Design an appropriate data repository to be used for enterprise-wide spend analysis.
- f. Develop a methodology for cleansing, categorizing and analyzing spend data.
- g. Conduct the cleansing, categorization and analysis of spend data.
- h. Review current contracts, invoices, and other relevant materials.
- i. Interview appropriate State staff.
- j. Establish a detailed and verifiable State-wide spending baseline.
- k. Establish a verifiable usage profile for each expenditure category that is a candidate for savings creation, describing the current category environment, spend by agency and supplier, key findings regarding existing State contracts, and potential areas of opportunity for savings and process improvements.
- l. Establish a verifiable savings opportunity for each expenditure category that is a candidate for savings creation, using comparable public and private sector benchmarks.

The Spend Analysis work must evaluate at least one full year of all State spend data, from all sources (including all ERP implementations, legacy accounting systems, and p-card) and include a critical analysis of the types of products and services purchased and the dollar value Tennessee agencies, boards and commissions spend annually. Consideration of those State and local government entities that do not fall under the procurement oversight of the DGS Central Procurement Office must be included in the analysis.

Throughout the Spend Analysis Phase the Contractor shall provide weekly written update reports detailing progress in data collection, spend analysis, and baseline and usage profile development.

Upon completion of this work the Contractor shall present a report representing the results of the Spend Analysis Phase to the State. At this time, the Contractor shall recommend to the State whether or not to proceed with the Savings Creation Phase, and prioritize and recommend which expenditure categories should be pursued.

The State may elect to end the project after Deliverable A.4 if, in its sole judgment, the Spend Analysis Phase does not support continuation to the Savings Creation Phase.

- A.5. Savings Creation Phase. If the State elects to continue the project after the completion of deliverable A.4, it will approve a roster of expenditure categories to address, and the Contractor shall proceed immediately with the Savings Creation Phase. It is the State's desire to pursue approximately 15 expenditure categories during the Savings Creation Phase. As part of this effort, the Contractor shall:
- a. Finalize approved expenditure category baselines.
 - b. Develop a recommended category strategy for each specific expenditure category selected as targets for savings creation, establishing a clear path to category savings. Each category strategy shall:
 - (1) Define the actions and timelines required to achieve those savings.
 - (2) Identify the most suitable sourcing techniques for that category.
 - (3) Identify the most effective pricing strategy for that category.
 - (4) Identify Tennessee-specific considerations and constraints.
 - (5) Identify all potential qualified vendors and methods to increase vendor interest.
 - (6) Identify opportunities and strategies for demand management.
 - (7) Identify opportunities for coordinated sourcing or cooperative purchasing.
 - (8) Identify opportunities to expand purchasing to Tennessee-based businesses.
 - c. Facilitate all procurement activities and lead all document preparation.
 - d. Establish mechanisms and structures to ensure end users have input into the development of contracts sourced in the Savings Creation Phase.



The Contractor shall be responsible for facilitating all procurement activities under State guidance and leadership, and for preparing all procurement documentation for State review and approval, including but not limited to:

- (1) Category strategies.
- (2) Category timeline.
- (3) Solicitation materials with best-in-class pricing and service requirements.
- (4) Contract models with best-in-class vendor performance evaluation measures and techniques.
- (5) Negotiation scripts.
- (6) Pricing structures.
- (7) Quantitative evaluation models and tools.
- (8) Qualitative evaluation models and tools.
- (9) Savings validation models and tools.
- (10) Total Cost of Ownership (TCO) model for selected expenditure categories, as identified by the State.

The Contractor shall conduct sourcing activities in an ethical, respectful and businesslike manner that seeks to develop trustful long-term relationships with the State's suppliers and business partners consistent with State statutes, rules, policies and procedures. The Contractor shall identify improvements in category processes and practices that will make the State a better business partner and will result in savings to suppliers and contractors, enabling greater cost savings in State contracts.

Throughout the Savings Creation Phase the Contractor shall provide weekly update reports detailing progress on category timelines and savings creation activities.

- A.6. On the Job Training. The Contractor shall put in place procedures to ensure the State sustains the ability to achieve saving after the project is completed. The Contractor shall work closely with State staff on a day-to-day basis to provide coaching and transfer knowledge of the strategic sourcing methodology, tools and processes employed by the Contractor.
- A.7. Progress Meetings. The Contractor shall prepare for and lead weekly project progress meetings and biweekly leadership updates, providing Progress Reports, including but not limited to:
- a. Project Plan and Project Timeline updates.
 - b. Risks, issues, and recommended mitigation strategies.
 - c. Summary reports of all meetings held and associated outcomes.
 - d. Detailed progress reports on data collection, spend analysis, baseline and usage profile development, category timelines, and savings creation appropriate for the stage of the project.
 - d. Progress in securing the participation and cooperation of State and local government entities that do not fall under the procurement oversight of the DGS Central Procurement Office.
 - e. Other information deemed necessary by the State to monitor project progress.
- A.8. Project Communications. The Contractor shall assist the State to ensure appropriate communication with the project steering committee, savings validation personnel, State agencies and other internal and external stakeholders in the project. The Contractor shall deliver:
- a. A Communications Plan identifying key stakeholders.
 - b. A proposed communication strategy for each identified stakeholder group.
 - c. Recommended strategy for engagement with each identified stakeholder group.
- The Contractor shall provide Communications Plan updates and ongoing communications support on an as-needed basis as part of its responsibilities throughout the project.

The Contractor shall complete and provide to the State said Communications Plan no later than two weeks after the project start date. Updates shall be included in the weekly progress meetings (Reference Deliverable A.7.).



A.9. External Entity Participation. The Contractor shall develop methods that encourage State and local government entities that do not fall under the procurement oversight of the DGS Central Procurement Office to participate in data collection efforts under the Spend Analysis Phase, for inclusion of their data in the Contractor's Spend Analysis reports. The Contractor shall also develop methods that encourage State and local government entities that do not fall under the procurement oversight of the DGS Central Procurement Office to utilize contracts and vendors resulting from the Savings Creation Phase, in order to increase the State's volume leverage for the benefit of all parties.

A.10. Savings Calculation and Measurement. For each expenditure category in the Savings Creation Phase, the Contractor shall deliver a savings calculation narrative and model in Microsoft Office format that is user friendly, transparent, and analyzes the relevant data at a level of detail to provide the most accurate and reliable savings calculation. Savings narratives must provide a strategy to leverage State systems to maximize contract compliance and minimize "maverick spend." Savings models shall not only show how the projected savings are calculated at the end of each category's sourcing but also help the State calculate actual savings over the contract term. For the former purpose, savings models must separately project savings attributable to reduced pricing, specification management, demand management, or any other relevant savings lever. For the latter purpose, savings models must easily incorporate purchase data, even when there are changes to the vendor pricing or specifications during the contract term. For example, in expenditure categories in which the savings are calculated by matching a manufacturer item number, the model must easily allow the State to update that item number field in the future. All models must allow for easy calculation of savings, at the State agency level. Models must allow the State to add new purchase data into the file on a regular basis, and provide a practical methodology and process steps to gather usable data. The following terms apply to this Savings Calculation and Measurement Deliverable:

a. Savings Calculation. Expenditure category savings will be calculated at the item level, as:

$$\frac{(\text{Baseline Price} \times \text{Baseline Volume}) - (\text{New Price} \times \text{New Volume})}{(\text{Baseline Price} \times \text{Baseline Volume})}$$

For purpose of the savings calculation, the Baseline Price will be either the historical price for equivalent items or the market index, depending on the type of category. For example a category such as PC Hardware will have decreasing prices over time and may be better suited to use a market index. The Baseline Volume will be equal to historical volumes adjusted for any volume fluctuations forecasted by the State such as one-off large order or freeze on ordering a specific item. The New Price will be the price resulting from the sourcing process. The New Volume will be equal to the Baseline Volume, adjusted for any demand management changes agreed to by the State during the sourcing process.

b. Savings Validation. The State will validate savings for each expenditure category to review and sign off on:

- (1) Each expenditure category's detailed baseline and projected savings amount and approach prior to the start of the Savings Creation activities.
- (2) Savings calculation methodology and model after Savings Creation activities are complete.
- (3) Actual savings, calculated on a schedule determined by the State.

The Contractor must be available to the State's savings validation personnel to review their approach and receive feedback.

c. Participating Agencies. For the purpose of calculating actual savings for the Contractor's guaranteed ROI (Reference Deliverable A.11.), only the savings for the executive state agencies that fall under DGS purchasing authority will be included. Savings associated with other agencies and branches, as well as for local governments and universities will not be counted for this purpose. The State encourages inclusion of these non-participating agencies



- wherever feasible in order to understand total savings from the effort and drive volume-related price reductions.
- d. **Hard Dollar Savings.** The savings calculation will be based on "hard dollar savings", which are the actual cost savings due to reduced pricing, demand management, or specification management. "Soft dollar savings" from levers such as improved procurement processes will not be counted in the savings calculation for the Contractor's guaranteed ROI.
 - e. **Projected Savings.** At the end of the Spend Analysis Phase, the savings estimated for each category will be considered its projected savings.
 - f. **Actual Savings.** Savings will be considered achieved when a purchase is made and a vendor is paid under a contract successfully completed by the Contractor in the Savings Creation Phase of the project.
- A.11. **Guaranteed Savings ROI.** If the State elects to continue the project after the completion of deliverable A.4, the Contractor guarantees the State will achieve Actual Savings during the term of this Contract sufficient to produce a return on investment (ROI) in total project fees (including those for Deliverable A.4.) of 2:1, unless a higher guarantee was included in its proposal. If the State determines that the guaranteed ROI has not been reached by the end of the term of this Contract, the Contractor shall return a portion of its fees within thirty (30) days such that the minimum ROI is met with the revised fee amount.
- a. The guaranteed ROI will be calculated by dividing total actual savings by total payments to the Contractor, including payments for non-sourcing work such as the Spend Analysis, but excluding additional services under Contract Section A.14.
 - b. The savings measurement period for the purposes of validating the guaranteed ROI is from the start date of the new or renegotiated contracts resulting from the sourcing activities to the end of the initial Contract term with the Contractor. Savings achieved by the Contractor during any extended Contract term will not be counted towards the guaranteed ROI.
 - c. Should the State elect to halt savings creation efforts on a specific expenditure category and pay the Contractor pro rata fees in accordance with Contract Section C.3.b., such pro rata payments will be deducted from the total payments to the Contractor referenced above in Contract Section A.11.a.
- A.12. **Project Staffing.** All Contractor staffing must be approved by the State. The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any Contractor personnel (or the personnel of any subcontractor) providing service in the performance of this Contract. Contractor staff members may not be reassigned away from this project without prior approval by the State. In the event of a staff member's resignation, the Contractor must review with the State its proposed replacement personnel (including relevant qualifications and experience) prior to that individual's commencement of work on the project.
- A.13. **Contractor Staff Location.** The Contractor shall locate sufficient staff at a State office site in Nashville, Tennessee, subject to the State's approval, for the duration of the project.
- a. Contractor staff shall work from the State office site at least three days per week during the project term unless otherwise approved by the State.
 - b. The State shall provide office space, meeting room space, and phone service to the Contractor. The State shall also provide connectivity to the State's network and access to printers upon each member signing the State's Acceptable Use Policy.
 - c. All work performed on the State's premises shall be completed during the State's standard business hours (8:00 a.m. to 4:30 p.m.) unless otherwise agreed to in advance by the State.
 - d. The State may also request that Contractor personnel travel away from the official station of Nashville, Tennessee to perform project-related tasks. (Reference Section C.4.)
- A.14. **Additional Services.** The State may, at its sole discretion and with written notice to the Contractor, request changes in the scope of services that are necessary but were inadvertently unspecified in the scope of services of this Contract.



- a. Statement of Work (SOW). After receipt of a written request for additional services from the State, the Contractor may respond to the State, within a maximum of ten (10) business days, with a written proposal for completing the service. Said proposal must specify:
 - (1) The effect, if any, of implementing the requested change(s) on all other services required under this Contract.
 - (2) The specific effort involved in completing any changes.
 - (3) The expected schedule for completing any changes.
 - (4) The maximum number of person hours required for any changes.
 - (5) The maximum cost for any changes. This maximum cost shall in no instance exceed the product of the person hours required multiplied by the appropriate payment rate proposed for such work.

The Contractor shall not perform any additional service until the State has approved the proposal. If approved, the State will sign the proposal, and it shall constitute a SOW between the Contract Parties pertaining to the specified change(s) and shall be incorporated, hereby, as a part of this Contract. A copy of the SOW shall be filed with the Comptroller of the Treasury.

- b. SOW Performance. Subsequent to State approval of an SOW, the Contractor shall complete the required services. The State will be the sole judge of the acceptable completion of work and, upon such determination, shall provide the Contractor written approval.
- c. SOW Remuneration. The State will remunerate the Contractor only for acceptable work. All acceptable work performed pursuant to an approved SOW, without a formal amendment of this Contract, shall be remunerated in accordance with and further limited by Contract, Section C.3.c., PROVIDED THAT, the State shall be liable to the Contractor only for the cost of the actual person hours worked to complete the necessary work, not to exceed the maximum cost for the change detailed in the SOW. In no instance shall the State be liable to the Contractor for the cost of any person hours worked in excess of the maximum person hours indicated in or of any amount exceeding the maximum cost specified by the approved SOW authorizing the service. Upon State approval of the work, the Contractor shall invoice the State in accordance with the relevant provisions of this Contract.

B. CONTRACT PERIOD:

This Contract shall be effective for the period beginning September 1, 2012, and ending on August 31, 2016. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified Contract period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One- Hundred and Ninety-Nine Thousand, Eight-Hundred and Fifty-Six dollars (\$199,856.00) for Phase 1 (Savings Identification Phase) and One-Million, Eight-Hundred and Six Thousand, Two-Hundred and Eighty Dollars (\$1,806,280.00) for Phase 2 (Savings Creation Phase). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all services and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under this Contract or any extensions of this Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from



the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of this Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.
 - a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.
 - b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
<p>(refer to contract section A.4.). Payment 1: Complete Capture, Load and Cleansing of FY2011 and FY2012 expenditure data to GEP Spend tool. Contractor's payment request shall be accompanied by an executive summary describing in detail the Contractor's completion of the first portion of Phase 1.</p>	\$ 99,928.00
<p>Payment 2: Completion of Final Spend Analysis report and all final deliverables per Section A.4. Contractor's payment request shall be accompanied by an executive summary describing in detail the Contractor's completion of the second portion of Phase 1.</p>	\$99,928.00
<p>(refer to contract section A.5.). The parties shall mutually agree to a project schedule for the completion of Phase II. The project schedule shall include separate, but divisible, segments. Contractor's request for payment of a completed segment of Phase 2 shall be accompanied by an executive summary describing in detail the Contractor's completion of each completed segment for which Contractor claims compensation.</p>	\$ (total fees / number of completed project segments)

Should the State, in its sole discretion, elect to halt savings creation efforts on a specific expenditure category, the State shall pay the Contractor a pro rata portion of the Contractor's fees for that expenditure category. Such pro rata payment will be based on 1) the fee to add or remove an expenditure category as provided in Attachment 6.3; and 2) the proportion of calendar days of work completed, based on the most up-to-date expenditure category timeline at the time efforts are halted.

- c. The Contractor shall be compensated for additional services requested and performed pursuant to Contract, Section A.14, without a formal amendment of this Contract based upon the payment rates detailed in the schedule below and as agreed pursuant to said Section A.14, PROVIDED THAT compensation to the Contractor for such "SOW" shall not exceed



SEVEN PERCENT (7 %) of the sum of milestone payment rates detailed in Section C.3.b., above (which is the total cost for the milestones and associated deliverables set forth in Contract, Section A). If, at any point during this Contract period, the State determines that the cost of necessary "SOW" would exceed said maximum amount, the State may amend this Contract to address the need.

Service Description	Amount (per compensable increment)
Strategic Sourcing Consulting Service (only compensable for work that is <u>NOT</u> required for the performance of any requirement or deliverable specified within Contract, Section A)	Refer to Contract Attachment Two
NOTE: The Contractor shall not be compensated for travel time.	

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Jessica Robertson
 Central Procurement Office
 312 Rosa L. Parks Ave
 William R. Snodgrass Tennessee Tower, 3rd Floor
 Nashville, TN 37243

- a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
 - (1) Invoice Number (assigned by the Contractor)
 - (2) Invoice Date
 - (3) Contract Number (assigned by the State)
 - (4) Customer Account Name: Department of General Services, Central Procurement Office
 - (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
 - (6) Contractor Name
 - (7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
 - (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
 - (9) Contractor Remittance Address
 - (10) Description of Delivered Service
 - (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name & title as applicable) of each service invoiced
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
 - iv. Amount Due by Service
 - v. Total Amount Due for the invoice period
- b. The Contractor understands and agrees that an invoice under this Contract shall:
 - (1) include only charges for service described in Contract, Section A, and in accordance with payment terms and conditions set forth in Contract, Section C;
 - (2) only be submitted for completed service and shall not include any charge for future work;
 - (3) not include sales tax or shipping charges; and



(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this Section C.5.

- C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.
- a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH).
 - b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is signed by the Contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this Contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.



- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate this Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment One, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.



- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tennessee Code Annotated, Section 12-4-124, et seq. for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.
- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12-4-401, et seq..
- D.11. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.12. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.13. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.14. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.



- D.15. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.16. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.17. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.18. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.19. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.20. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.21. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Jessica Robertson, Chief Procurement Officer
Central Procurement Office
Department of General Services
312 Rosa L. Parks Avenue
William R. Snodgrass Tennessee Tower, 3rd Floor
Nashville, TN 37243
Email Address: Jessica.robertson@tn.gov
Telephone # 615-532-8450
FAX # 615-741-0684



The Contractor:

Roopa Makhija – President & Co-Founder
NB Ventures, Inc dba Global eProcure (GEP)
100 Walnut Avenue, Suite 304
Clark, NJ 07066
Email id: roopa.makhija@gep.com
Telephone # 732-382-6565, 4001
FAX # 732-382-6363

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of this Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with this Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - (3) Automobile Coverage (including, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence.



- (4) Professional Malpractice Liability or Errors and Omissions Coverage with a limit of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.
- b. At any time the State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.
- E.6. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, except when disclosure is required by law, legal process, or applicable professional standards and all reasonably necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.7. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." Contractor's work papers remain the exclusive property of the Contractor, and shall not be considered Work Product. The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.
 - a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.
 - b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.



- c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
 - d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.
- E.8. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.9. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.
- a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);
 - b. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;
 - d. any technical specifications provided to proposers during the procurement process to award this Contract;
 - e. the Contractor's proposal seeking this Contract.
- E.10. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current principals, its current and subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
 - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.



The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified

- E.11. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-32110-00112 (Attachment 6.2, RFP Section B.15.) and the Contractor's Letter of Diversity Commitment contained in pro forma contract Attachment Three.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Diversity Business Enterprise in form and substance as required by said office.

- E.12. Limitation of Liability. The parties agree that the Contractor's liability under this Contract in reference to direct and/or indirect damages shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

- E.13. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

- E.14. Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- E.15. Unencumbered Personnel. All persons assigned by the Contractor to perform services for the State under this Contract, whether they are employees, agents, subcontractors, or principals of the Contractor, shall not be subject to any employment contract or restrictive covenant provisions

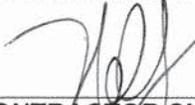


which would preclude those persons from performing the same or similar services for the State after the termination of this Contract, either as a State employee, an independent contractor, or an employee, agent, subcontractor or principal of another contractor with the State. If the Contractor provides the State with the services of any person subject to a restrictive covenant or contractual provision in violation of this provision, any such restrictive covenant or contractual provision will be void and unenforceable, and the Contractor will pay the State and any person involved all of its expenses, including attorneys fees, caused by attempts to enforce such provisions.

- E.16. Disclosure of Personal Identity Information. The Contractor shall report to the State any instances of unauthorized disclosure of confidential information that come to the attention of the Contractor. Any such report shall be made by the Contractor within twenty-four (24) hours after the instance has come to the attention of the Contractor. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Contractor shall bear the cost of notification to individuals having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.

IN WITNESS WHEREOF:

NB Venture, Inc dba Global eProcure (GEP)

	8-31-2012
CONTRACTOR SIGNATURE	DATE
Neha Shah EVP & Co-Founder Roopa Makhija - President & Co-Founder	
PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)	

State of Tennessee, Department of General Services

	9/6/12
SIGNATURE	DATE
Jessica Robertson, Chief Procurement Officer	
PRINTED NAME AND TITLE OF SIGNATORY (above)	

**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

SUBJECT CONTRACT NUMBER:	Edison Contract 33539
CONTRACTOR LEGAL ENTITY NAME:	NB Venture, Inc dba Global eProcure (GEP)
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	223721259

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation **MUST** be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Roopa Makhija – President & Co-Founder

Printed Name & Title of Signatory

August 31, 2012

Date of Attestation



Attachment Two

Hourly Rate Schedule for Additional Services

Position	Total Hourly Cost Per Position (Travel Inclusive)
Vice President	\$ 412.00
Senior Management	\$ 412.00
Senior Director	\$ 325.00
Director	\$ 295.00
Senior Manager	\$ 275.00
Manager	\$ 250.00
Senior Associate	\$ 195.00
Associate	\$ 160.00
Analyst	\$ 125.00
Delivery Center (Remote Resources)	
DC Senior Manager	\$ 155.00
DC Manager	\$ 125.00
DC Category Senior Consultant	\$ 100.00
DC Spend Manager	\$ 100.00
DC Tier 1 Consultant	\$ 80.00
DC Spend Consultant	\$ 70.00
DC Market Analyst	\$ 45.00
DC Spend Analyst	\$ 45.00



Date: September 11, 2012

State of Tennessee
Department of General Services
312 Rosa Parks Avenue, 24th Floor
Nashville, TN 37243
Attention: Tammy Robbins, RFP Coordinator

Dear Ms. Robbins,

GEP is committed to enhancing the State of Tennessee's initiative to support business with certified diversity business enterprise firms regarding this contract #33539.

GEP is ourselves a certified Minority Owned Business, certified by the NMSDC (National Minority Supplier Development Council) and we are in the process of registering as such with the State of TN Go-DBE office.

We do have existing contractual relationships with several other Women Owned, Small Business and Minority Owned businesses that we team with on certain engagements, however for the purpose and delivery of this contract with the State of Tennessee, we do not anticipate using any subcontractors for the delivery of this program.

GEP is committed to working with the Go-DBE office to complete our registration such that 100% of the value of this contract will contribute toward the State's goals.

The profile of GEP employees at the time of this proposal submission is as follows:

1. Ethnicity

- | | |
|--------------------------------|-----|
| i. Hispanic | 3% |
| ii. Asian | 44% |
| iii. Black or African American | 4% |
| iv. White | 48% |
| v. Two or more races | 1% |

2. Gender

- | | |
|------------|-----|
| i. Male | 62% |
| ii. Female | 38% |

Sincerely,



Roopa Makhija
President & Co-Founder



 **gsep** | saving
is believing

State of Tennessee Strategic Sourcing Assessment Report

November 8, 2012



Agenda



- **Executive Summary**
- **Project Mission & Objective**
- **Overview of Project Approach**
- **Spend Analysis**
- **Opportunity Assessment**
- **Savings Creation**
- **Organizational Observations**
- **Appendix**



Executive Summary



The Central Procurement Office can lead the State to an annual savings of \$17 - \$29M through a Strategic Sourcing Program

- The first two waves of 16 categories represent \$12 - \$21M / yr. and can be addressed over the next 10 months
- Identified 'quick-hit' categories can generate savings within the next two months
- CPO resources will receive a knowledge transfer on the processes, tools, strategies and methods of strategic sourcing to enable self-reliance
- This collaborative process engages agency stakeholders and will strengthen the growing relationships between CPO and other agencies



Project Mission & Objective



Scope:

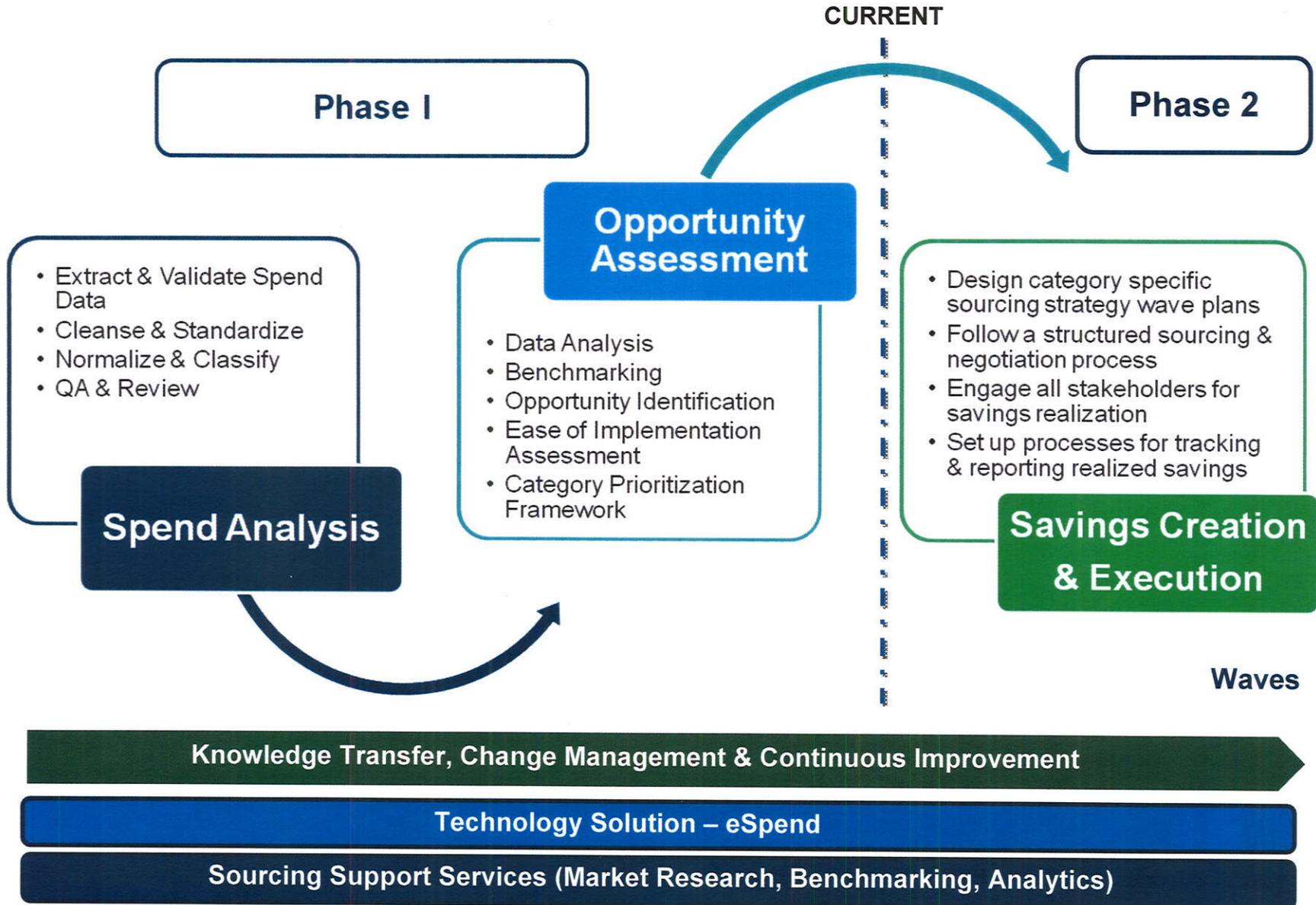
- Analyze statewide spend for FY11 & FY12 across all departments
- Create Hard Dollar Savings
 - Identify, quantify and prioritize category specific savings opportunities
 - Develop action plans to pursue savings opportunities with stakeholders
- Knowledge Transfer to share methods, tools, techniques and training

Success Factors:

- Steering Committee sponsorship
- Engagement and support of TN agency and category stakeholders
- Respect for TN business culture, but challenge the status-quo
- Take action on identified and measurable savings opportunities



Overview of Project Approach

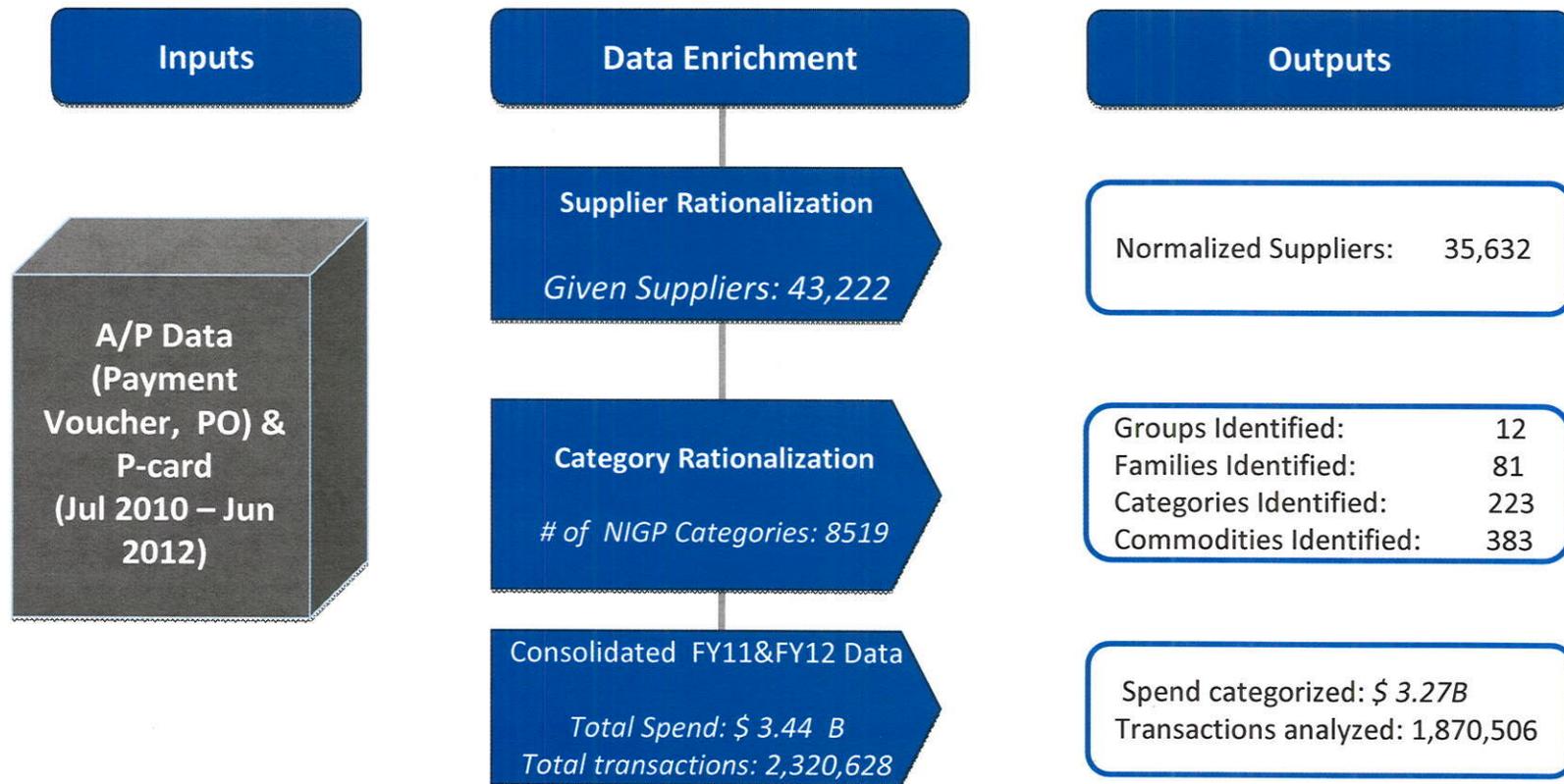




Spend Analysis - Data Consolidation



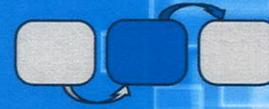
\$3.44B of FY11 & FY12 spend was consolidated, with 95% of the spend classified and analyzed



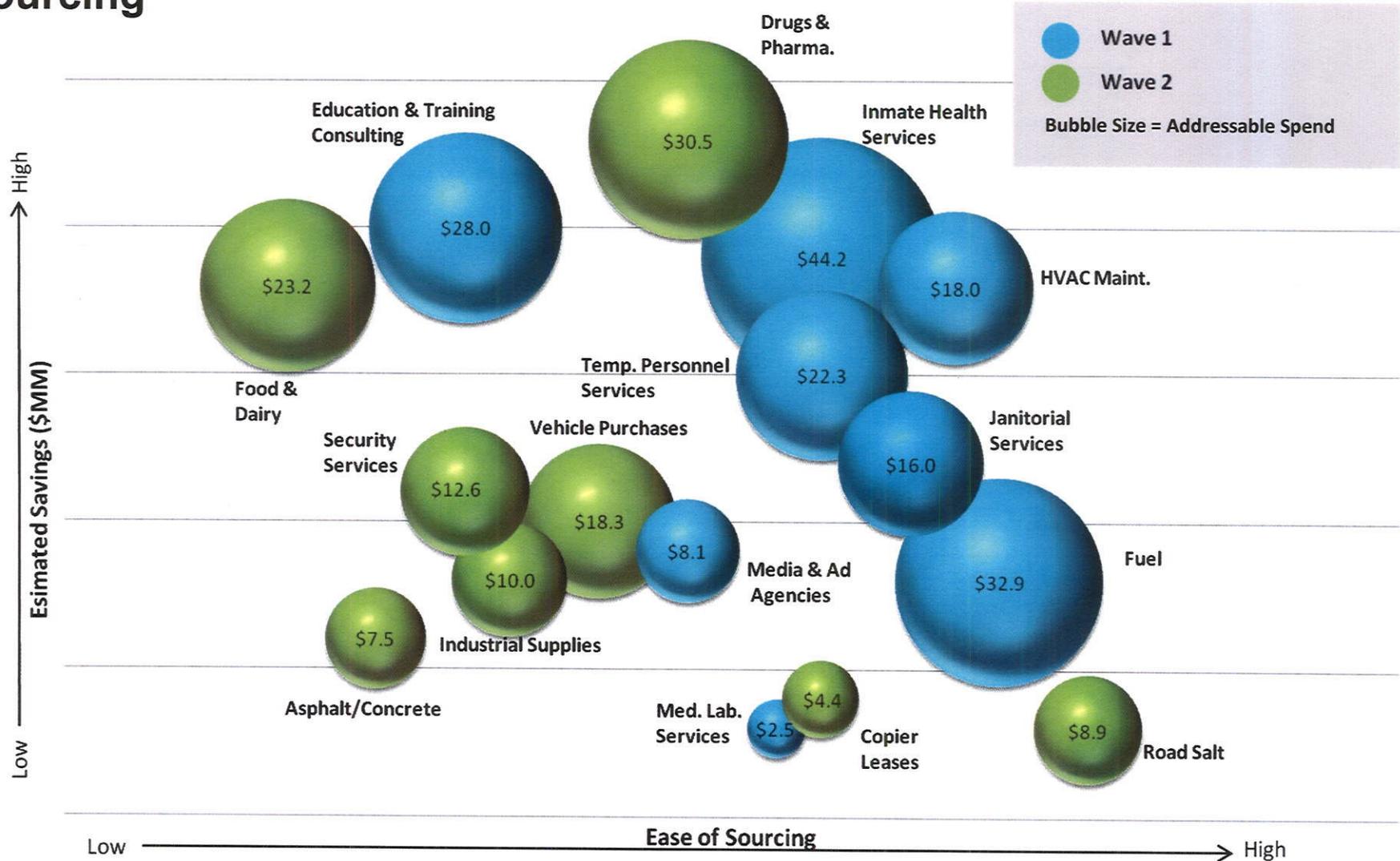
54 interviews were conducted with CPO and agency stakeholders to understand processes, validate spend, and expand existing relationships



Opportunity Assessment - Recommendations



TN can save \$12 - \$21M / yr. in the first two waves of strategic sourcing





Opportunity Assessment – Wave 1 & 2 Category Detail



TN can save \$12 - \$21M / yr. in the first two waves of strategic sourcing

TN Wave 1 & 2 Summary						
Category	Annual Spend (\$M)	Addressable Spend (\$M)	Lower	Upper	Low Estimate (\$M)	High Estimate (\$M)
Vehicle Fuel	\$ 32.90	\$ 32.90	1%	3%	\$ 0.33	\$ 0.99
Medical Laboratory Services	\$ 3.80	\$ 2.50	8%	16%	\$ 0.20	\$ 0.40
Inmate Healthcare Services	\$ 65.90	\$ 44.20	3%	5%	\$ 1.33	\$ 2.21
Education & Training Consulting	\$ 33.80	\$ 28.00	5%	8%	\$ 1.40	\$ 2.24
Temporary Personnel Services	\$ 22.30	\$ 22.30	5%	8%	\$ 1.12	\$ 1.78
HVAC Maintenance	\$ 25.10	\$ 18.00	5%	10%	\$ 0.90	\$ 1.80
Janitorial Services	\$ 16.00	\$ 16.00	5%	8%	\$ 0.80	\$ 1.28
Media & Advertising Agencies	\$ 9.80	\$ 8.10	8%	12%	\$ 0.65	\$ 0.97
Wave 1 Total	\$ 209.60	\$ 172.00			\$ 6.72	\$ 11.67
Drugs & Pharmaceuticals	\$ 30.50	\$ 30.50	5%	8%	\$ 1.53	\$ 2.44
Food and Dairy	\$ 25.80	\$ 23.20	3%	9%	\$ 0.70	\$ 2.09
Industrial Supplies	\$ 12.50	\$ 10.00	5%	10%	\$ 0.50	\$ 1.00
Vehicle Purchases	\$ 18.30	\$ 18.30	5%	8%	\$ 0.92	\$ 1.46
Security Services	\$ 12.60	\$ 12.60	5%	8%	\$ 0.63	\$ 1.01
Copier Leases & Maintenance	\$ 4.90	\$ 4.40	6%	12%	\$ 0.26	\$ 0.53
Asphalt	\$ 7.50	\$ 7.50	6%	9%	\$ 0.45	\$ 0.68
Road Salt	\$ 8.90	\$ 8.90	3%	5%	\$ 0.27	\$ 0.45
Wave 2 Total	\$ 121.00	\$ 115.40			\$ 5.25	\$ 9.65



Opportunity Assessment – Additional Category Detail



Evaluated Savings Opportunities across additional categories

Additional Category Opportunities						
Category	Annual Spend (\$M)	Addressable Spend (\$M)	Lower	Upper	Low Estimate (\$M)	High Estimate (\$M)
Vehicle Repairs & Spares	\$ 10.60	\$ 8.80	6%	10%	\$ 0.53	\$ 0.88
Enrollment Services	\$ 9.40	\$ 8.50	5%	8%	\$ 0.43	\$ 0.68
Mobile Communications	\$ 6.20	\$ 6.00	7%	10%	\$ 0.42	\$ 0.60
Roofing & Siding	\$ 17.70	\$ 10.00	5%	8%	\$ 0.50	\$ 0.80
Restoration Services	\$ 6.80	\$ 4.80	5%	8%	\$ 0.24	\$ 0.38
Other Software	\$ 8.20	\$ 6.50	5%	8%	\$ 0.33	\$ 0.52
IT Network Hardware	\$ 10.00	\$ 10.00	5%	8%	\$ 0.50	\$ 0.80
Waste Management	\$ 8.20	\$ 5.80	5%	10%	\$ 0.29	\$ 0.58
Electrical Services	\$ 7.10	\$ 7.10	4%	6%	\$ 0.28	\$ 0.43
Alarm, Security & Fire Protection						
Equipment Maintenance	\$ 5.80	\$ 2.00	5%	8%	\$ 0.10	\$ 0.16
Clothing	\$ 4.90	\$ 4.50	4%	6%	\$ 0.18	\$ 0.27
Internet Services	\$ 35.10	\$ 7.10	3%	5%	\$ 0.21	\$ 0.36
Books & Subscriptions	\$ 8.10	\$ 8.10	8%	12%	\$ 0.65	\$ 0.97
Lab Chemicals, Reagent & Test Kits	\$ 5.80	\$ 5.80	4%	6%	\$ 0.23	\$ 0.35
Radio Equipment & Accessories	\$ 5.60	\$ 2.40	6%	8%	\$ 0.14	\$ 0.19
Plumbing Services	\$ 3.00	\$ 2.40	3%	6%	\$ 0.07	\$ 0.14
Additional Categories Total	\$ 180.50	\$ 118.30			\$ 5.10	\$ 8.11



Savings Creation – Work Plan



Quick hit opportunities are accelerated at the beginning of the work plan and as categories wrap up the Wave 2 categories will begin

TN Sourcing Project		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10
Wave 1	Savings (\$M)										
Fuel	0.33 - 0.99										
Med Lab.	0.20 - 0.40										
Inmate Healthcare	1.33 - 2.21										
Ed. & Training Consulting	1.40 - 2.24										
Services	1.12 - 1.78										
HVAC Maintenance	0.90 - 1.80										
Janitorial Services	0.80 - 1.28										
Media & Advertising	0.65 - 0.97										
Wave 2	Savings (\$M)										
Drug & Pharmaceuticals	1.53 - 2.44										
Food	0.70 - 2.09										
Industrial Supplies	0.50 - 1.00										
Vehicle Purchases	0.92 - 1.46										
Security Services	0.63 - 1.01										
Copier Leases & Maint.	0.26 - 0.53										
Concrete / Asphalt Mix	0.45 - 0.68										
Road Salt	0.27 - 0.45										



Organizational Observations



Org. Aspect	Positives	Potential Gaps	Recommendations
Process & Policies	<ul style="list-style-type: none"> Formal procurement policies and spend guidelines exist Mandated requirements to bid new contracts and renewals High use of contracts Statewide contracts in place for many large categories Move towards more negotiation 	<ul style="list-style-type: none"> Greater clarity / structure on when to use agency or statewide processes Sourcing often done by contract vs. by category Young relationships between agencies & CPO 	<ul style="list-style-type: none"> Implement standard strategic sourcing process, focusing on category strategies Continue training on state policies and negotiations Continue investing in building CPO – Agency relationships
Tools & Enablers	<ul style="list-style-type: none"> Edison used to manage bid distribution and communication with broad set of suppliers 	<ul style="list-style-type: none"> eAuction tools Spend Analysis tools for detailed transparency 	<ul style="list-style-type: none"> Evaluate current use of technology and develop roadmap to supplement existing capability
People & Culture	<ul style="list-style-type: none"> Very eager CPO team – good set of raw procurement skills – progressive fiscal mindset Extrovert organization – proactive in reaching out to customers Strong analytical capabilities 	<ul style="list-style-type: none"> Tight concentration of TN experience and agency relationships 	<ul style="list-style-type: none"> Expand agency relationships through sourcing collaboration Develop strategic sourcing training
Structure	<ul style="list-style-type: none"> Centralized procurement organization exists, with mandates to use statewide contracts Agencies are empowered to handle small purchases 	<ul style="list-style-type: none"> Agencies tend to bring central procurement in late in the game for Agency specific bids 	<ul style="list-style-type: none"> Collaborate and soften the borders between CPO and agency procurement teams Share credit for success across all
Metrics & Results	<ul style="list-style-type: none"> Category specialists tasked with identifying savings opportunities in their areas Defined goals & objectives 	<ul style="list-style-type: none"> Standard format/practice may be needed Unknown re: agency contracts 	<ul style="list-style-type: none"> Knowledge sharing and cross-training on metrics practices with agency procurement teams