

## **Schedule 16.7 — Benchmarking Methodology**

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**1. BENCHMARKING COMPANY**

The benchmarking program will be conducted by an independent industry-recognized benchmarking service (“Benchmarking Company”) designated by County and the parties will jointly validate the proposed firm’s capabilities and fit with the requirements of this Schedule 16.7 Contractor shall not unreasonably withhold approval of the proposed firm. The following firms shall be pre-approved as candidates to carry out the benchmarking program: PricewaterhouseCoopers, LLP, Alsbridge, Inc., and any other Benchmarking Company agreed to in writing by the CIO and Account Executive. The Benchmarking Company shall: (i) be independent, (ii) have demonstrable experience in performing information technology benchmarks (“Benchmark”), and (iii) agree to maintain the confidentiality of all data. Neither Party shall unreasonably delay the signing of such an agreement.

**2. DEFINITION OF BENCHMARK**

With County’s direction, and as a part of the Services, the Benchmarking Company shall conduct a benchmarking program that shall enable County to compare the Fees and Service Levels (SLs) set forth in this Agreement with, and to ensure that said Fees and SLs are among, the industry’s competitive rates and SLs for such Services, Frameworks or Framework Components.

The Benchmarking Company will “normalize” all data to obtain relevant comparisons for purposes of the Benchmark. Factors related to general normalization to be taken into consideration by the Benchmarking Company may include, but shall not be limited to: (i) geographic location of the peer companies; (ii) industry differences affecting information technology costs; (iii) economies of scale; (iv) workload and complexity factors (including operating environment).

In addition, factors related to normalization for outsourced services may include, but shall not be limited to: (i) the SLs offered; (ii) duration and nature of the contractual commitment; (iii) volume of services being provided; (iv) contractual terms, conditions and allocation of risk; (v) amount of investment made by Contractor in the customer’s equipment and personnel; (vi) appropriate overhead; and (vii) provisions to ensure the unique factors of each deal are taken into account by the Benchmarking Company and appropriate adjustments will be made for out-of-scope deliverables, however method of delivery is not a unique factor unless Contractor is contractually obligated to County for a unique delivery requirement.

**3. BENCHMARKING COSTS**

The Parties will (i) share equally the costs and expenses of conducting the Benchmarking and (ii) jointly enter into a written agreement with the Benchmarking Company.

**4. BENCHMARKING PROCEDURES**

County may request a benchmark for (i) Services, (ii) Frameworks, (iii) a part of any individual Framework to be comprised of at least thirty percent (30%) of the number of Framework Components (two-thirds of which will be selected by County one-third of which will be selected by Contractor) comprising any Framework, or (iv) Service Level at any time after the first year of the Term, provided that a benchmark cannot be undertaken more than one time in any 12-month period. Upon designation of the benchmark timing, a non-retroactive date will be set by both parties that any necessary pricing changes will be in effect; provided that such date shall not be later than 60 days after the start of the benchmarking process, unless otherwise agreed by the parties. In addition, the Parties shall meet with the Benchmarking Company for the purpose of agreeing upon a detailed plan (including time deadlines for provision of data by Contractor) for implementing the Benchmark.

Contractor agrees that should it fail to provide data or otherwise comply in a timely manner in accordance with the agreed plan, Contractor shall have a grace period of fourteen (14) days in which to provide such data or compliance, after which County's monthly invoice from Contractor for Services shall be reduced by 1%, of the average of the previous 12 monthly invoices, for each day of such failure by Contractor. If the failure exceeds 90 days, such failure shall be deemed an Event of Default at the County's sole discretion, and County may terminate the Agreement or relevant Framework(s).

Within fifteen (15) days of the Benchmark Notice Date County and Contractor will meet to jointly review the Benchmark results. If the report of the Benchmarking Company concludes that the then-current Contractor's aggregate Fees for an IT Framework(s) or selected part of any individual Framework selected by County is greater than 110% of the Benchmarking Company's market-based aggregate fees for such Framework(s) or selected part of any individual Framework selected by County, then either: Option 1 (i) Within 30 days after the Benchmarking Company provides its report to the Parties, Contractor shall notify County in writing if Contractor has elected to accept the determination of the Benchmarking Company, and, if Contractor so elects to accept such determination, Contractor shall promptly reduce the applicable Fees to not more than 105% of such market-based aggregate fees; or Option 2 (ii) If benchmarking (a) discloses material variations between Contractor's charges and/or quality standards, and prevailing market standards, within 30 days after the Benchmarking Company provides its report to

the Parties, Contractor shall notify County in writing if Contractor intends to dispute the determination of the Benchmarking Company, (b) Contractor shall promptly reduce the applicable Fees to not more than 105% of such market-based aggregate, and (c) the parties shall engage in good-faith negotiations to determine an appropriate rate, and (d) if the parties are unable to negotiate an appropriate rate, Contractor may utilize the Dispute Resolution process set forth in Section 23 of the Agreement to dispute the benchmarking process and/or benchmarking results.

In addition, if any SLs are lower than the applicable service levels contained in the Benchmark results, with respect to the corresponding Fees, then at County's option, Contractor shall either increase the SLs to match the applicable service levels contained in the Benchmark results, or reduce its Fees proportionately as set forth above to adjust for the difference between the SLs and the applicable service levels contained in the Benchmark results.

## **5. GENERAL AGREEMENT OF COOPERATION**

The Parties acknowledge that the Benchmark definition and procedure described in this Schedule will require further definition and clarification as the Parties begin actual implementation of the Benchmark. The Parties shall cooperate with the utmost good faith to reach reasonable and timely agreements on such further definition and clarification. To the extent that the Benchmarking Company reasonably establishes that certain definitions, procedures and methodologies are widely used in information technology benchmarking, the Parties agree to generally rely on the Benchmarking Company's definitions, procedures and methodologies for guidance in reaching agreement. Furthermore, the Parties acknowledge that in reaching the final results of the Benchmark, the Benchmarking Company will be required to exercise its professional judgment and discretion in certain matters and, assuming such judgments are within established industry practices for information technology benchmarking, the Parties will defer to the conclusions of the Benchmarking Company.

Contractor acknowledges that County views the Benchmark procedure described in this Schedule as a critical inducement to County's agreement to many of the terms of this Agreement, including the Term and termination rights provided for in the Agreement, and therefore Contractor agrees that it will cooperate in good faith to accomplish the objectives of the Benchmark procedure for the benefit of County.

## **6. BENCHMARKING METRICS**

Prior to the commencement of all benchmarking studies, County and Contractor will agree on the specific Services, Frameworks or Framework Components (metrics) to be included within the scope of the study. Also, Contractor will be apprised of the metrics sufficiently in advance of the benchmarking study to establish administrative

processes to capture the necessary metric data. The exact metrics to be included in the benchmark study will be contingent upon: (1) the detail in which the Benchmark Company maintains cost and pricing data within its database; and, (2) Contractor's ability to capture pricing information at the desired level of detail.

**7. PEER COMPARISON AND BENCHMARK PERFORMANCE REQUIREMENTS**

The Contractor must perform to a level as depicted in the outcome of the Benchmark. The level is the average price point of the peer group.

**END OF SCHEDULE**