

**STATEMENT OF WORK #1  
As-Is Transition**

**Project Name: Document Intake**  
**Service Provider Project Manager: Matt Lochausen**  
**Company Project Manager: Andy Sedlak**

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This Statement of Work ("SOW") dated August 16, 2018 entered into pursuant to Master Services Agreement ME17-076 executed by DATAMARK, Inc. ("Contractor") and Pennsylvania Higher Education Assistance Agency ("Client" or "PHEAA") dated July 17, 2018.

**I. DEFINITIONS**

Capitalized terms not otherwise herein defined shall have the meanings ascribed to them in the MSA (including its Exhibits 1-5).

**II. NOTICE AND APPROVAL OF SUBCONTRACTORS**

Not Applicable to this SOW.

**III. HIGH-LEVEL REQUIREMENTS (DELIVERABLES AND SERVICES)**

DATAMARK will provide the following services and deliverables to PHEAA:

- a) DATAMARK will take over PHEAA's existing Records Management document intake functions, referred to herein as the "As-Is" operations. As-Is operations are defined herein in Section IV, Detailed Requirements.
- b) DATAMARK will continue to execute the "As-Is" operations at PHEAA headquarters in Harrisburg, PA as a temporary solution. Should DATAMARK move out of PHEAA headquarters, operations must remain within the Commonwealth of Pennsylvania, at a location, and with security features, approved by PHEAA.
- c) DATAMARK will assume ownership of existing hardware, software and maintenance of specific items identified in Section VIII.
- d) DATAMARK will define and implement an upgrade strategy path that will result in further cost savings and improved operations for PHEAA. Initial Planning, preliminary physical and network isolation architecture for SOW #2 will commence under this SOW; formal Planning, Design, Build and Implementation will be delivered under SOW #2. SOW #1 will also include initial discussions on Authority to Operate (ATO) extension plan, PHEAA and DATAMARK Network isolation and infrastructure to support the DATAMARK system.

- e) Observed Holidays for DATAMARK staff shall be the same holidays observed by PHEAA.
- f) DATAMARK will supply and maintain a vehicle for mail pickup. This expense has been included in rates defined in Section VIII.
- g) PHEAA will provide IT desktop and network support for PHEAA-owned Laptops and approved software loaded to them.
- h) DATAMARK will use and conform to the existing PHEAA Business Continuity Plan (BCP) already in place at no additional cost to PHEAA. DATAMARK will be required to participate in PHEAA's yearly BCP Plan testing and may also be involved with the quarterly sign-off process as needed.
- i) DATAMARK will not be charged for rent, parking, or utilities while in the PHEAA location.
- j) Workspace will be available for the onsite DATAMARK Business Unit Leader, HR Manager, Recruiter and staff.

This SOW shall be referenced as the "As-Is Transition".

#### **IV. DETAILED REQUIREMENTS (DELIVERABLES AND SERVICES)**

- (a) "As-Is" operations are defined as all operations and functions necessary to complete PHEAA's existing Records Management document intake functions in accordance with PHEAA's current standards. These operations and functions include but are not limited to the following:
  - Mail Pick-up Process
  - Mail Handling, Extraction, Processing, and Logging
  - Prepping and Research
  - Fax Processing
  - Undeliverable Mail Processing
  - Back-End Imaging Functions
  - Review and adjust images that require a correction
  - Scanning and Indexing (Validation and Verification), to include Data Capture and Data Entry functions
  - Quality Assurance
  - Document Disposition
  - Tracking, Reporting, and Communicating any updates as performed in current-day environment. These will be reported to PHEAA Business Unit representatives as applicable.

Detailed processes, procedures, protocols, and controls for the As-Is operations and functions shall be provided to DATAMARK, and/or agreed upon with DATAMARK input, in PHEAA's discretion, during the Ramp-Up phase.

Performance of any other functions not listed above must be communicated to and agreed by DATAMARK and PHEAA via the Change Management Process prior to implementation of additional requirements.

- (b) Go-Live Date is defined as the date which DATAMARK takes over full responsibility of operations, staff and adherence to SLA's for processing of documents within the Records Management Organization. Services permitting DATAMARK's full takeover of PHEAA's existing Records Management document intake functions must be completed as indicated below:

Activity	Begins	Estimated Duration
Ramp-Up Phase - Full Time Employee (FTE) Billing (using current PHEAA systems under PHEAA supervision) under current SOW.	At SOW #1 execution	Until Go-Live Date
Phase 1 -FTE Billing (using current PHEAA systems under DATAMARK supervision) under current SOW.	At Go-Live Date	6 months
Phase 2 - Transactional Billing (using PHEAA systems)	Month 7	Until all work migrated to DATAMARK solution
Design, Develop, & Implement DATAMARK Solution	Planning begins at contract signing	
Phase 3 - Transactional Billing (using DATAMARK Systems)	Any live work processed through new system at DATAMARK offsite facility. Planning will begin under SOW 1 and completed with SOW 2	TBD during Planning Phase. Will occur after Month 7 from Phase 1 go-live and after ATO approval from the U.S. Department of Education.

- (c) DATAMARK will take over the existing PHEAA Records Management document intake operations as-is. The execution of the "As-Is" Operations will be billed at a FTE Billing arrangement for approximately the first six (6) months of the contract, and will

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later convert to a Transaction-based billing arrangement in month seven (7). The operations and resources for this period must remain within the PHEAA headquarters, at minimum, for the first six (6) months of operation. Movement to an alternative Pennsylvania location will be accomplished with PHEAA approval and receipt of DATAMARK's Authority to Operate (ATO) approval from the United States Department of Education. Movement to the off-site DATAMARK location will take place on the current PHEAA systems. The transition from PHEAA system to DATAMARK system will take place no later than June 30, 2019. The timing of the transition to the DATAMARK facilities is dependent upon a collaborative effort between DATAMARK and PHEAA Enterprise Security Office and final ATO approval from the U.S. Department of Education.

DATAMARK will implement the following strategy that has been utilized in other client transitions:

1. Transfer PHEAA current mailroom operations to DATAMARK "as is." DATAMARK will hire and train its own workforce to perform the mailroom operations. DATAMARK's goal for this step is to reach steady-state operations as soon as possible while utilizing PHEAA's current technology.

Pricing at this stage will be on an hourly basis. An hour of labor paid by DATAMARK equals an hour billed to PHEAA. The rate is \$34.75/hr. for Associate, Senior Associate, Lead, and Supervisor roles. There is no charge for Business Unit Leader, HR Manager, and Recruiter roles. The hourly rate includes, but is not limited to supervision (management levels above Supervisor), operating expenses, the delivery of all planning documents as indicated herein, and cost of equipment acquired from PHEAA. This phase will last six months from the date DATAMARK begins mailroom operations.

2. Based on volume and productivity information captured during the first phase, DATAMARK will provide transactional pricing based upon the transactional details available on the current system, reflecting continued utilization of PHEAA's mailroom systems. Transactional pricing shall not exceed FTE pricing for the identical aggregated work.

- (d) DATAMARK will deliver/complete the following for Phase 1/Phase 2:

Fully detailed and documented Transition plan to the "As-Is" Operation. This is described as DATAMARK's Transition Methodology that shall include, at a minimum:

- Project Charter (Document which Defines Scope, High-Level Deliverables, Exclusions, and Business Benefits at a minimum).
- Roles/Responsibilities Chart.
- Create and set direction of process (Including, but not limited to, Requirements, Level of effort).
- Comply with security requirements and Facilities requirements as provided by PHEAA Enterprise Security Office. PHEAA and DATAMARK will coordinate

- access and badging requirements during transition process for Phase 1 and Phase 2.
- Change Readiness/Communication Plan and process to be lead by DATAMARK in collaboration with PHEAA. Will include at a minimum Communication Plan to potential applicants, employees, and internal/external public notifications, including initial wages, and terms and conditions of employment. .
  - Detailed Project Plan (MSProject)
  - Begin Project Planning for SOW #2, Transition to DATAMARK System. Identify target date for go-live for this deliverable. Define Network configurations to isolate DATAMARK scanners and systems from PHEAA network. Physical isolation, physical access isolation, mail handling discussions to determine impact to ATO requirements.
  - Conduct and complete a GAP Analysis which will then be presented to the key team members of PHEAA/DATAMARK (to be identified) to review and decide on direction for each finding.
  - DATAMARK will have the following DATAMARK employees, at a minimum onsite at PHEAA: Business Unit Leader, HR Manager and Recruiter until such time as DATAMARK moves the operation off-site to a DATAMARK facility.
- (c) The hiring and training of employees by DATAMARK to perform the takeover of "As-Is" system operations is expected to go-live approximately sixty (60) days after SOW Effective Date. Formal implementation date to be determined by agreement of the Parties. "As-Is" Operations will continue to operate at the PHEAA Headquarters for at least the first six (6) months of operation, with final site to be determined during planning process for SOW #2.
- (f) All reporting created and produced within the current "As-Is" operations will continue to be produced.
- (g) All processes, procedures, protocols, and controls in the current "As-Is" state will be adhered to and if changes to the existing expectations occur, PHEAA will communicate the information to DATAMARK as necessary. DATAMARK and PHEAA will agree upon all updates and changes through the Change Management process.
- (h) The following Subsidiary Documents (per Section 29 of the MSA) will be produced under this SOW.
1. Project Plan
  2. Communications Plan
  3. Transition Packet and associated communications documents
  4. Initial High-Level Project Plan for SOW #2
  5. PHEAA Records Management Organization Chart
- (i) The Parties have agreed that cost-savings are a material part of the bargain incentivizing entry into the MSA and any SOW. Pricing for SOW #2 shall be mutually agreed upon in good faith, but pricing shall not exceed the historical cost for PHEAA itself to perform the Services.

**V. PERFORMANCE CRITERIA**

(a) Performance Criteria, including SLAs and Liquidated Damages, as applicable, are as follows:

In addition to what has been defined and governed in the MSA, all Performance Criteria, including SLAs and Service Levels in place today as part of the "As-Is" operations shall be met within the established guidelines supplied to DATAMARK in the SLAs listed below.

<b>AES Commercial Servicing (Workflow)</b>		<b>Days</b>	<b>AES Commercial Servicing (Archive)</b>		<b>Days</b>
Commercial Servicing (PO Box 2461)		1	Commercial Servicing		15
Graduate Services (PO Box 2461)		1	Graduate Services		15
Loan Origination (PO Box 2165)		1	Guarantor Insurer Relations		15
Network Consolidation (PO Box 8139)		1	Conversions		30*
Commercial Adjustments (PO Box 2057)		1	Loan Origination		30
Guarantor Insurer Relations DDB (PO Box 8183)		2	Network Consolidation		30
Commercial Servicing Faxes		1	Commercial Adjustments		30
Loan Origination Faxes		1			
AES Credit Disputes		1			
Commercial Servicing Undeliverable Mail		5			
<b>FedLoan Servicing (Workflow)</b>		<b>Days</b>	<b>FedLoan Servicing (Archive)</b>		<b>Days</b>
FedLoan Servicing Correspondence (PO Box 69184)		1	FedLoan Servicing Correspondence		15
Federal Adjustments (PO Box 3661)		1	FedLoan Servicing DDB		15
FedLoan Servicing DDB		1	FedLoan Servicing Conversions		20*
FedLoan Servicing Faxes		1	Direct Loan Consolidation		30
FedLoan Servicing Credit Disputes (PO Box 60610)		1			
FedLoan Servicing Undeliverable Mail		5			
Direct Loan Consolidation		1			
<b>Public Service (Workflow)</b>		<b>Days</b>	<b>Public Service (Archive)</b>		<b>Days</b>
Grant Status Forms (PO Box 8157)		1	Grant Correspondence		5
Grant Correspondence		1			
Grant Faxes		1			
<b>PHEAA Loan Asset Management</b>		<b>Days</b>			
PHEAA Loan Asset Management Corr (PO Box 8147)		1			
PHEAA DDB Correspondence		7			
PHEAA Credit Disputes (PO Box 61017)		1			

\*Conversions are calendar days.

Adherence to these standards will be monitored by PHEAA Business Unit representatives for the Records Management area.

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Similar to the "As-Is" state, with the exception of back-end imaging functions, DATAMARK will maintain the SLA's as indicated above, not to exceed two (2) business days for all incoming correspondence and for any images/documents that require adjustments. In the event PHEAA experiences system issues that directly impact DATAMARK's ability to process work, DATAMARK will not be held accountable to the above turn-around requirements until the system issues are resolved and any backlog created has been eliminated. All back-end imaging must be performed within the current "As-Is" Service Levels.

**Timeline of Due Dates of Critical Success Factors:**

Critical Success Factors	Measures	Measurement Date
1. Transition of operations and "As-Is" system to DATAMARK.		10/29/2018
MEASURE: DATAMARK has assumed complete operations/management of As-Is system as defined in SOW 1.		
2. FTE Billing will be implemented for first six (6) months of transition of As-Is operations with change to transaction billing to start at month 7 or before.		4/30/2019
MEASURE: Month 1 - Month 6 billed to PHEAA as FTE Billing. Month seven (7) and for remainder of contract billed at Transaction Billing. Transition to DATAMARK system in SOW #2 should show additional reduced expense to PHEAA.		
3. Move to DATAMARK site with ATO approval on PHEAA systems.		4/30/2019
4. Automate document routing and distribution process in SOW 2.		6/30/2019
MEASURE: SOW 2 will implement DATAMARK's Imaging system. PHEAA will leverage TEKsystems to implement internal solutions to access the captured data and process through PHEAA workflow channels.		
5. Omni Channel - a unified treatment to documents coming from scans, faxes, web uploads, mobile uploads, emails and loan purchases. To be implemented as part of SOW 2.		6/30/2019
MEASURE: Currently, if a document is uploaded through the web or mobile, it directly goes to the business unit and is not validated by Records Management. This results in inconsistent behavior compared to the same document sent through paper or fax. All paper and faxes go through the Records Management team and are validated before they go to the business unit. Using the Document Intake solution, all documents from all channels will be routed to the vendor and the vendor will validate, accurately classify, and capture data consistently irrespective of the channel the document was received through.		

In the above Timeline, Number 3 is dependent on the collaborative effort of DATAMARK and PHEAA to gain approval from the Department of Education to extend the ATO to a DATAMARK site in Pennsylvania. Both parties will work diligently together to ensure success in gaining approval for ATO.

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**VI. CONTRACTOR QUALITY CONTROL AND AUDIT PROCESS**

In addition to what has been defined and governed in the MSA, all Performance Criteria, including SLAs and Service Levels in place today as part of the "As-Is" operations shall be met within the established guidelines supplied to DATAMARK in the form of Business Process and SLA documentation. Adherence to these standards will be monitored by PHEAA Business Unit representatives for the Records Management area.

The Parties agree that SOW #2 may contain Service Level Credits and other types of liquidated damages associated with these agreements and functions.

**VII. ADDITIONAL SECURITY / PRIVACY REQUIREMENTS (IF APPLICABLE):**

1. PHEAA will continue to provide current space configurations to support the existing resource and power supply required to maintain the As-Is operation. Existing square footage used to support current environment will be the standard used.
2. PHEAA will also provide, at PHEAAs expense, reasonable accommodations to separate DATAMARK and PHEAA employees as identified. Any costs associated with tenant improvements (changes to existing conditions, including, but not limited to, layout, power, telecomm, conditioning of the space will need to be negotiated).
3. PHEAA will accommodate access to various areas of the facility through the physical Badging system to secure access to restricted areas as required.
4. Parking will be provided to DATAMARK employees within the designated Parking areas. Accommodations can be made for exceptions as required (including, but not limited to off-hours parking). Parking will be provided to DATAMARK Service Delivery vehicles.

**VIII. ADDITIONAL DOCUMENT STORAGE, RETRIEVAL, AND DESTRUCTION REQUIREMENTS**

1. DATAMARK will ensure that all retainable documents are delivered to the appropriate PHEAA staff members so that proper handling and storage can occur. This will be monitored and confirmed by the appropriate designated PHEAA Business Unit representative in Records Management.
2. DATAMARK will be responsible for the oversight, retention, and destruction of all non-retainable documents using existing PHEAA equipment and services at no additional charge to DATAMARK. DATAMARK will be provided with a Batch Disposal Report which outlines all batches that are ready for disposition and destruction. This will be monitored and confirmed by the appropriate designated PHEAA Business Unit representative in Records Management.



**IX. FEES AND PAYMENT SCHEDULE**

1. The fixed price for the first six (6) months of Services is not to exceed \$2,529,800.00, calculated as follows: [REDACTED]  
 [REDACTED] This does not include the billing for the initial Associates hired during the Ramp Up period prior to the Go Live Date. Ramp Up period expenditures shall not exceed \$166,880. Invoiced to PHEAA monthly.
2. Certain hardware shall be transferred to from PHEAA ownership to DATAMARK ownership, as follows:

Hardware to be transferred to DATAMARK ownership is as follows. DATAMARK will become responsible for all costs associated with the transferred items.	
Approximate hardware maintenance costs to be assumed by DATAMARK:	
Records Management Equipment and Maintenance Costs	
<i>* Image Access Corporation (Expiration 02.02.2019)</i>	
Kodak 1860 Duplex Color Scanner [REDACTED]	\$55,465.00
[REDACTED]	
*Maintenance for these items has been paid for by PHEAA through February 2, 2019. DATAMARK will reimburse PHEAA the maintenance fees from execution of this SOW through February 2, 2019.	
<i>Neopost USA, Inc. (Expiration 09.30.18)</i>	
Neopost 5070 Hi Speed Letter Opener	\$1,493.45
[REDACTED]	

DATAMARK shall assume costs of office supplies and scanner supplies.

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ACCEPTED AND AGREED as of the first date above written by the following authorized party representatives.

DATAMARK, INC.

By: Matt Lockhart

Name: Matt Lockhart

Title: Vice President

PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

By: Andrew D. Mehalke

Name: Andrew D. Mehalke

Title: Interim CFO

Approved as to form and legality

Linda Randby  
PHEAA Legal Counsel