

Schedule D-1

TRANSITION PLANNING PROCESS

Schedule D-1 Transition

1. INTRODUCTION

1.1 Objective

This Schedule D-1 sets out the Parties' responsibilities for the Transition, and migration of the Services from the Commonwealth and its third party vendors to Contractor.

1.2 Transition Plan

Contractor shall perform the Transition activities attributable to Contractor and set out in this Schedule D-1 (including without limitation the activities set out in Schedule D-2 and the Detailed Transition Plan), and take primary responsibility for the coordination of the activities of both Parties as is necessary to ensure that operational responsibility for the Services is successfully transitioned to Contractor and transformed on schedule and minimizing disruption to the Commonwealth's business. In the event there are conflicts in dates for activities between dates set forth in Schedule D-2 and Schedule D-3, the provision of Schedule D-3 will take precedence.

1.3 Definitions

- (a) "Acceptance Criteria" means the acceptance criteria required for Contractor to meet Critical Transition Milestones as set forth in Schedule D-3 to the Contract as further specified by the Parties in the Detailed Transition Plan with guidance from the provisions of Schedule D-2 to the Contract as provided in Section 5.1(a) herein.
- (b) "Detailed Transition Plan" is defined in Section 3.2(a) herein.
- (c) "Earn Back Period" is that period of time stated in Schedule D-3 during which Contractor may earn back Critical Transition Milestone Credits as set forth in Section 4.4 herein.
- (c) "High Level Transition Plan" is defined in Section 3.1 herein.
- (d) "Major Milestone" shall mean a Critical Transition Milestone that carries with it a Critical Transition Milestone Credit, as identified in Schedule D-3 to the Contract.
- (e) "Minor Milestone" shall mean a Critical Transition Milestone that is a progress point expressed in Schedule D-3, but which is not a Major Milestone.
- (f) "Process Leader" is defined in Section 8.2 herein.
- (g) "Process Owner" is defined in Section 8.2 herein.
- (h) "Transition Project" is defined in Section 2.1 herein.
- (i) "Unforeseen Conditions" are conditions which are unascertainable during due diligence or other reasonable investigation which impair Contractor's ability to deliver the Transition Services.

2. TRANSITION PROJECT OVERVIEW & OBJECTIVES

2.1 Overview

Contractor will undertake a project (the "Transition Project") to facilitate the transfer of operational responsibility for the Services from the Commonwealth and its third party vendors to Contractor. The Transition Project will last approximately 14 months, including activity before and after the actual transfer of Services to Contractor.

2.2 Objectives

The primary objectives of the Transition Project are:

- (a) to transition and transform the Services to Contractor with no or minimal disruption or degradation of service to the Commonwealth;
- (b) to establish the commercial and service relationships between the Commonwealth and Contractor which will enable the Commonwealth to do business easily with Contractor in a managed outsourcing relationship;
- (c) to implement technology and process changes to provide Services to the Commonwealth and End Users, as defined in Schedule D-2 and the Detailed Transition Plan agreed pursuant to this Schedule D-1; and
- (d) to provide the tools, applications and resources identified as a Contractor responsibility.

3. TRANSITION PLAN

3.1 High Level Transition Plan

An initial high level project plan for the Transition Project prepared by Contractor and approved by the Commonwealth as of the Effective Date is attached as Schedule D-2 ("High Level Transition Plan").

3.2 Detailed Transition Plan

- (a) Contractor shall provide to the Commonwealth within 10 calendar days after the "Effective Date" a fully detailed written draft of the proposed Transition Plan ("Detailed Transition Plan") This draft shall include the activities, responsibilities, dependencies, timelines, workstreams, success and exit criteria and readiness activities necessary to effectuate the Transition Plan pursuant to all Critical Transition Milestones in a manner that is consistent with.
 - (i) the High Level Transition Plan; and
 - (ii) the obligations of this Schedule D-1 and the Contract.
- (b) the Commonwealth shall propose in writing within 30 calendar days of receipt of the draft Transition Plan all reasonable modifications necessary to make the Detailed Transition Plan delivered by Contractor agreeable to it so that performance of the Detailed Transition Plan may commence. The Parties shall mutually agree on the

final Detailed Transition Plan within 10 calendar days after the Commonwealth proposes any modifications to Contractor's draft of such plan. If the Parties are unable to agree a Detailed Transition Plan within such period, the outstanding matters shall be referred to the governance procedures set forth in Schedule K to the Contract.

4. TRANSITION CHARGES, CRITICAL MILESTONES AND CREDITS

4.1 Transition Charges

Unless otherwise expressly agreed in writing between the Parties through the Change Control Procedures, there are no charges for any and all Contractor Transition activities.

4.2 Critical Transition Milestones

- (a) The Critical Transition Milestones for the Transition Project and the due date for each such Critical Transition Milestone are set out in the table in Schedule D-3. Due dates assume timely performance by the Commonwealth of its responsibilities in the Transition Plan, including transition of regions (as applicable) to Contractor's responsibility.
- (b) Contractor shall receive a day-for-day extension, or other extension period as may be agreed by the Parties, for each day a Critical Transition Milestone due date is delayed if such delay is directly caused by a failure by the Commonwealth to perform an express Commonwealth performance obligation specified in the Detailed Transition Plan.
- (c) Contractor shall have an obligation to notify the Commonwealth as soon as reasonably practicable of the relevant failure to meet the Detailed Transition Plan performance obligation, and Contractor shall continue to use all commercially reasonable efforts to continue to achieve the unadjusted Critical Transition Milestone due dates despite the relevant failure.

4.3 Failure to Achieve Critical Transition Milestones

Where a provision of the Transition Plan requires Contractor to obtain the Commonwealth's approval that is expressed as a dependency in Schedule D-3 to the Contract to perform a Service or other responsibility under this Transition Plan, Contractor shall be relieved of its obligation to perform to the extent its performance is dependent on such approvals, unless and until the Commonwealth provides such approval.

If Contractor does not achieve a Critical Transition Milestone by its due date as specified in the table in Schedule D-3 and such failure is not excused as set forth above, then:

- (a) Contractor must do all that is required to meet that Critical Transition Milestone as soon as possible after the due date, including allocating additional resources to the Transition Project at no additional charge to the Commonwealth; and
- (b) Contractor will pay the Commonwealth, as liquidated damages and not a penalty, the amount specified as a Critical Milestone Credit in Schedule D-3. Contractor will pay Commonwealth the amount of the Critical Milestone Credit within 60 days of the

latter of the Critical Milestone Due Date or the end of the Earn Back Period, if earn back is applicable.

4.4 **Earn Back of Critical Milestone Credit**

For each Critical Milestone for which Schedule D-3 provides an Earn Back Period, Contractor may earn back a minimum of fifty percent (50%) of the Critical Transition Milestone Credit, a larger percentage may be designated in writing by the Commonwealth if deemed appropriate, by meeting the Acceptance Criteria within the specified Earn Back Period.

For the avoidance of doubt, nothing in this Section 4.4 shall affect the Commonwealth's rights of termination as set out in Paragraph 62 of the Contract.

Upon occurrence of the events giving rise to a Critical Milestone Credit, the Contractor shall owe a debt to the Commonwealth for the applicable Critical Milestone Credit amount. Each Critical Milestone Credit will be accrued and held in account by the Contractor until the earlier of achievement by the Contractor of a corresponding Earn Back or foreclosure of the Earn Back opportunity pursuant to the terms of this Schedule D-3.

5. **TRANSITION ACCEPTANCE TESTING**

5.1 **Acceptance Criteria**

- (a) With respect to each Deliverable required to be delivered by Contractor as part of the Transition Project as specified in the Critical Transition Milestones set forth in Schedule D-3 and the Detailed Transition Plan, Contractor shall include detail necessary to make the Acceptance Criteria objectively effective, reflecting the requirements of Section 5.1(b) below, within the Detailed Transition Plan. After the Commonwealth approval of the Detailed Transition Plan, any subsequent changes to the Acceptance Criteria, and subsequent dependencies or timing issues, shall be agreed between the Parties in accordance with the Change Control Procedures.
- (b) The Acceptance Criteria will, where appropriate, include the testing procedures and criteria for testing whether or not the Deliverable in question meets the relevant requirements (as set out in this Schedule D-1 or otherwise agreed between the Parties), including:
 - (i) details of the criteria to be met and the results which must be produced if the Deliverable is to be considered to have met the Acceptance Criteria; and
 - (ii) the identity of the Party who shall undertake the acceptance tests.

6. **TRANSITION REPORTING**

During the Transition Period, Contractor shall provide a weekly report to the Commonwealth and attend meetings/conference calls with the Commonwealth to discuss the same, including:

- (a) performance of Transition Project activities against the Detailed Transition Plan;

- (a) milestones achieved and/or not achieved and (where not achieved) planned actions to address the failure;
- (b) risks and issues associated with the Transition Project and plans and actions undertaken or planned to be undertaken to mitigate such risks and issues;
- (c) any proposed changes to the current Detailed Transition Plan; and
- (d) such other information and planning as is reasonably necessary to ensure that all Transition Project activities are completed on schedule.

7. TRANSITION SCHEDULE CHANGES

7.1 Commonwealth Requested Changes

Upon written notice from the Commonwealth specifying that the Commonwealth desires Contractor to suspend, extend or modify the timing of Transition Project activities, Contractor will accommodate such request for the requested period of time not to exceed 60 days unless mutually agreed by the Parties. The completion dates for the Critical Transition Milestones and other date specific activities set out in the High Level Transition Plan and the Detailed Transition Plan shall be extended on a day-for-day basis, or such other duration as agreed between the Parties, equal to the length of the Transition Project schedule extension, suspension or modification requested by the Commonwealth, not to exceed 60 days unless mutually agreed by the Parties.

7.2 Financial Impacts

- (a) For all Transition Project suspensions, extensions or modifications for a period of time as provided under Section 7.1 above, the Parties will document such changes using the Change Control Procedures. For all such Transition Project changes, Contractor shall maintain the availability of the Contractor Transition team and the Commonwealth shall not be charged any additional Transition Project Charges or other Charges.
- (b) To the extent Contractor incurs reasonable, unavoidable, incremental costs associated with resources that arise directly from the Commonwealth-requested Transition Project suspension, extension or modification resulting in a delay of more than 60 days, then Contractor shall detail such costs in the applicable Change Order and the Commonwealth shall pay Contractor for such amounts. Any additional Transition Project Charges shall be priced pursuant to the terms of the Rate Card set forth as Schedule C-3 to the Contract, as applicable.

8. PROGRAM MANAGEMENT

8.1 Requirements of the Detailed Transition Plan

The Detailed Transition Plan will include, without limitation:

- (a) all of the Transition tasks necessary to migrate all of the Services to Contractor;
- (b) the dates for each Critical Transition Milestone as listed in Schedule D-3;

- (c) detailed lists of responsibilities for the Commonwealth and Contractor during the Transition Period; and
- (d) detailed lists of the Commonwealth and Contractor resources required during the Transition Period.

8.2 Service Teams

The Parties will form functional service area teams of subject matter experts (“SMEs”) from the Commonwealth and Contractor. The teams will be led by a process leader who is the designated lead Contractor SME (“Process Leader”) and supported by a process owner who is the designated lead the Commonwealth SME (“Process Owner”). The Process Leaders are responsible, with reasonable cooperation from the Process Owners, for planning the Transition of the Services for which they are responsible according to the Detailed Transition Plan and agreed timeline. Each team will follow the mutually-agreed methodology developed by Contractor to identify specific areas for Transition. Application of the methodology will include an analysis of current processes to capture areas for improvement, including any bottlenecks, issues and changes that have been identified by either the Commonwealth or Contractor.

8.3 Key Transition Plan Deliverables

The Contractor Transition Manager (as defined in Schedule K to the Contract) is responsible for integrating the work activity across the multiple Transition program work streams during the Transition Period. Key Transition Plan deliverables to be produced and managed by Contractor throughout this process include:

- (a) an overall Transition Plan with focus on Critical Transition Milestones and dependencies;
- (b) a Detailed Transition Plan with detailed action steps, Critical Transition Milestones, and Deliverables;
- (c) Critical Transition Milestones and Deliverables;
- (d) weekly status reporting to update key stakeholders for the Commonwealth and Contractor on Transition progress and issues; and
- (e) an issue log, providing a summary of issues that must be addressed to ensure the Transition Project is successful and timely.

9. PROGRAM WIDE CHANGE MANAGEMENT

The Commonwealth and Contractor shall be jointly responsible for developing an integrated change management program for the Commonwealth’s internal change management process that incorporates other related the Commonwealth initiatives. Contractor shall participate on the Commonwealth’s teams and workgroups and at the Commonwealth’s direction develop relevant materials and communications, provide counsel on strategy and facilitate the alignment of Transition activities in support of the change management program.