VITA Update

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IT Sourcing Guiding Principles (2016)

• Transition all services from Northrop Grumman (NG) contract by June 2019 (term)
• Conduct multiple waves of procurements to mitigate implementation, operational and transitional risk
• Include agencies in request for proposal (RFP) development and negotiation
• Create competition within service towers whenever possible
Current IT Sourcing Activities (2016)

- Starting to build multi-supplier model, including a services integrator
- Preparing for service transition
- Working with Customer Advisory Council to enhance agency involvement
- Adjusting VITA organization to support these changes
VITA remains committed to managing NG to the contract
Total amount withheld to date: $25.8 million
Declared NG in breach (4 times) and default (1 time) on August 25, 2016
Transition is behind schedule
Disputes with NG and NG delays and refusal to perform have caused delays and costs, and have required revisions to service transition plans
Litigation may affect transition to new suppliers
Transition Update - Wave 1

- **Unisys termination**
  - Service terminated March 31
  - No more CoV customers

- **IBM mainframe transition**
  - DXC assumed service provision June 3
  - Anticipate transition of service from CESC to DXC’s Clarksville, VA, facility this fall

- **Messaging transition**
  - Still stalled
  - Will not be complete in 2017
Transition Update - Wave 2

- Multi-sourcing Services Integrator (MSI)
  - Contract award: August 31
  - Science Applications International Corporation (SAIC)
  - Services commencement: October 2017

- Managed security
  - Contract award: Fall 2017
  - Services commencement: TBD
Transition Update - Wave 3

- Wave 3 services:
  - End-user services, hardware, and print
  - Network, voice, and video
  - Server, storage, and data center
Transition Update - Wave 3 cont.

- VITA is finalizing a revised transition plan that will achieve transition to new service providers by the June 30, 2019 expiration of the contract with NG.
- CoV must proceed with preliminary steps for Wave 3 transitions as soon as possible to exit the CIA by June 30, 2019 (less than two years).
  - Some terms for current services are affected by contract expiration.
  - NG’s past and ongoing conduct raises doubts about NG’s cooperation after contract expiration.
Transition Update - MSI

- An MSI coordinates and integrates service delivery in an environment that uses multiple external service providers for the delivery of IT and business process services
- MSI will provide benefit:
  - MSI helps reduce financial unknowns by performing third party assessment of assets and software, which is essential in RFP process, and critical for transition success
  - MSI can augment VITA resources, especially in planning and coordination of transition in light of incumbent recalcitrance
  - MSI can augment VITA resources, especially in planning and coordination of transition in light of incumbent’s refusal to cooperate

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Transition Update - MSI

• Going forward, an MSI will provide VITA and its customers with extensive data on individual supplier performance
• Although MSI will integrate services and assist VITA in managing service providers, VITA will have direct contractual relationship with every supplier
• NOTE: MSI is incapable of replacing NG by itself, but they are a condition precedent to transitioning all remaining services away from NG
Litigation Update

- NG filed suit on May 26, 2017
- VITA filed counter-suit on June 21, 2017
- VITA filed for injunctive relief on July 24, 2017
  - Parties settled IBM Mainframe disaster recovery matter prior to judicial hearing
  - Judicial hearing on messaging motion has not been set; parties working through procedural disputes on that motion, as they also work to try to resolve the issues without a hearing
Litigation Update cont.

• Preliminary discovery is underway

• There is currently no set timetable for litigation; parties could settle disputes or litigate at a future date

• Litigation will impact VITA in different ways, but it is separate from operations, and will influence, but not dictate, transition
Questions?

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