

Memorandum

To: All California Department of Technology Customers

Date: January 29, 2014

From: Department of Technology (CalTech)

Subject: FY 2013/2014 Rate Changes

The Department of Technology (CalTech) is implementing rate adjustments for FY 2013/14. The FY 2013/14 rate adjustments were approved by Department of Finance on January 27, 2014 and the purpose of these rate changes are to:

- Bring each service to, or as close to, break-even as possible.
- Provide new technologies to customers while reducing overall costs.

This rate package includes rate adjustments and new service rates with effective dates as listed below:

The following rate adjustments are effective retroactive to July 1, 2013:

- Mainframe CPU
- Mainframe Disk Storage
- Mainframe Tape Storage

The following rate adjustments or new rates are effective January 1, 2014:

- Mainframe Disaster Recovery
- California Statewide Government Network (CSGNet) Retirement Fee
- Dedicated/Shared Firewall
- Server Load Balancing
- Data Center to Data Center Connectivity
- Enhanced Server Application Delivery Service
- CA.mail E-Discovery

The following rate adjustments are effective March 1, 2014:

- Print Services
- iHUB/Internet Access
- OTech Support Fee
- CGEN OpteMAN/OpteWAN Transport Fee
- Remote LAN Dial-Up (RLD)
- Virtual Private Network (VPN)
- Windows/Linux Application Hosting
- Unix/Solaris Application Hosting
- Database Support
- Server Based Computing
- Statewide E-mail (CA.mail)

The following rate adjustments are effective July 1, 2014:

- Administrative Fee
- Tenant Managed Services

The key changes for the rate adjustments are summarized as follows:

Mainframe CPU

The mainframe system is hosted on IBM z/Series central processors running z/OS, the IBM operating system for large-scale processing applications, and provides access to a range of mainframe software products and databases. This service also offers customers high performance, availability, and reliability; as well as a robust, scalable and secure operating environment.

| Service | Current Rate | July 2013 | |
|-----------------------------------|--------------|-----------|--------|
| | | New Rate | Change |
| z/OS CPU, per normalized CPU hour | \$770 | \$625 | -18.8% |

| Service | Current Rate | July 2013 | |
|-----------------------------------|--------------|-----------|--------|
| | | New Rate | Change |
| zIIP CPU, per normalized CPU hour | \$77 | \$63 | -18.2% |

Mainframe Disk Storage

The z/OS (mainframe) platform offers reliable, high-speed disk storage using Redundant Array of Independent Disks (RAID) technology. OTech provides full-volume and incremental backups on all newly created and updated datasets. The datasets are auto archived and/or expired based on client criteria.

| Service | Current Rate | July 2013 | |
|--|--------------|-----------|--------|
| | | New Rate | Change |
| Disk Storage Shared, per GB/month | \$8.70 | \$6.30 | -27.6% |
| Disk Storage Dedicated, per GB/month | \$8.70 | \$6.30 | -27.6% |
| Disk Storage ADABAS, per GB/month | \$8.70 | \$6.30 | -27.6% |
| Disk Storage HSM Level 2, per GM/month | \$5.00 | \$3.65 | -27.0% |

Mainframe Tape Storage

OTech offers data storage on virtual tape with high-speed access at a lower cost. The data stored on virtual tape is automatically backed up at another data center location. Currently, data processed and stored at the Vacaville campus is backed up at the Gold Camp site and vice versa.

| Service | Current Rate | July 2013 | |
|------------------------------------|--------------|-----------|--------|
| | | New Rate | Change |
| Virtual Tape Storage, per GB/month | \$1.15 | \$0.70 | -39.1% |

Mainframe Disaster Recovery

OTech offers a Mainframe Disaster Recovery (DR) solution that enables OTech to provide DR for mainframe services for customers whose systems are hosted at one of the two OTech campuses (Gold Camp and Vacaville). The solution provides a recovery time objective (RTO) of 24 hours and recovery point objective (RPO) of 5 minutes. CPU processing time will be charged for the actual CPU usage during DR testing exercises.

| Service | Current Rate | January 2014 | |
|--|--------------|--------------|-----------|
| | | New Rate | Change |
| Mainframe Disaster Recovery Support, per customer, per month | \$5,000 | \$5,000 | No Change |
| Tier I- Up to 500 MIPS | \$60 | Eliminate | |
| Tier II- Over 500 MIPS | \$75 | Eliminate | |

Print Services

OTech provides customers with print services. The printed materials are either printed on customer-provided forms or OTech forms using impact or laser printers and continuous forms printers.

| Service | Current Rate | March 2014 | |
|----------------------------|--------------|------------|--------|
| | | New Rate | Change |
| Continuous Forms, per page | \$0.14 | \$0.36 | 157.0% |
| Cut Sheet Paper, per page | \$0.16 | \$0.42 | 163.0% |
| Labels, per page | \$0.19 | \$0.49 | 158.0% |

California Statewide Government Network (CSGNet) Retirement Fee

The California Statewide Government Network (CSGNet) retirement fee supports the CSGNet infrastructure that must remain during and until the full migration to CGEN. As this infrastructure is decommissioned, the retirement fee will continue to decrease until the CSGNet is completely eliminated. Please note that current and new rates below are based on the CSGNet circuit.

| Service | Current Rate | January 2014 | |
|--------------------|--------------|--------------|--------|
| | | New Rate | Change |
| 64 Kbps T-1 | \$143 | \$76 | -47.0% |
| 128 Kbps T-1 | \$360 | \$192 | -47.0% |
| 256 Kbps T-1 | \$368 | \$196 | -47.0% |
| 384 Kbps T-1 | \$375 | \$200 | -47.0% |
| 512 Kbps T-1 | \$383 | \$204 | -47.0% |
| 768 Kbps T-1 | \$390 | \$208 | -47.0% |
| 1024 Kbps T-1 | \$398 | \$212 | -47.0% |
| 1536 Kbps T-1 | \$405 | \$216 | -47.0% |
| 2 bonded T-1s | \$424 | \$226 | -47.0% |
| 3 bonded T-1s | \$432 | \$230 | -47.0% |
| 4 bonded T-1s | \$443 | \$236 | -47.0% |
| 5 bonded T-1s | \$525 | \$280 | -47.0% |
| 6 bonded T-1s | \$608 | \$324 | -47.0% |
| 7 bonded T-1s | \$623 | \$332 | -47.0% |
| DS3 under 20 Mb | \$544 | \$290 | -47.0% |
| DS3 over 20 Mb | \$1,257 | \$670 | -47.0% |
| 2 Mb Opt-E-Man | \$420 | \$224 | -47.0% |
| 4 Mb Opt-E-Man | \$428 | \$228 | -47.0% |
| 5 Mb Opt-E-Man | \$435 | \$232 | -47.0% |
| 8 Mb Opt-E-Man | \$600 | \$320 | -47.0% |
| 10 Mb Opt-E-Man | \$615 | \$328 | -47.0% |
| 20 Mb Opt-E-Man | \$1,125 | \$600 | -47.0% |
| 50 Mb Opt-E-Man | \$1,313 | \$700 | -47.0% |
| 100 Mb Opt-E-Man | \$1,500 | \$800 | -47.0% |
| 100 Mb/G Opt-E-Man | \$1,688 | \$900 | -47.0% |
| 150 Mb Opt-E-Man | \$1,763 | \$940 | -47.0% |
| 250 Mb Opt-E-Man | \$1,875 | \$1,000 | -47.0% |

| | | January 2014 | |
|------------------|--------------|--------------|--------|
| Service | Current Rate | New Rate | Change |
| 500 Mb Opt-E-Man | \$2,063 | \$1,100 | -47.0% |
| 600 Mb Opt-E-Man | \$2,138 | \$1,140 | -47.0% |
| 1 Gb Opt-E-Man | \$2,250 | \$1,200 | -47.0% |

iHUB/Internet Access

OTech manages the statewide network infrastructure that supports CGEN. This infrastructure includes three interface hubs (iHUBs) and the inter-connecting circuits. Each iHUB is in a different geographic location.

| | | March 2014 | |
|-------------------|--------------|------------|---------|
| Service | Current Rate | New Rate | Change |
| 56K Connection | \$60 | \$42 | -30.0% |
| T-1 Connection | \$110 | \$105 | -4.6% |
| 2 MB Connection | \$250 | \$126 | -49.6% |
| 5 MB Connection | \$250 | \$302 | 21.0% |
| 10 MB Connection | \$250 | \$588 | 135.2% |
| 20 MB Connection | \$250 | \$924 | 269.6% |
| 50 MB Connection | \$250 | \$1,680 | 572.0% |
| 100 MB Connection | \$250 | \$2,520 | 908.0% |
| 500 MB Connection | \$250 | \$3,360 | 1244.0% |
| 1 G Connection | \$250 | \$4,200 | 1580.0% |
| 5 G Connection | \$250 | \$5,880 | 2252.0% |
| 10 G Connection | \$250 | \$6,720 | 2588.0% |

CGEN OTech Support Fee

The OTech support fee recovers the OTech staff costs for managing migrations of customers from CSGNet to CGEN and for on-going management of CGEN vendors and customers use.

| | | March 2014 | |
|--|--------------|------------|--------|
| Service | Current Rate | New Rate | Change |
| OTech Support Fee, per CGEN circuit, per month | \$150 | \$248 | 65.3% |

CGEN OpteMAN/OpteWAN Transport Fee

The CGEN OpteMAN/OpteWAN transport fee recovers the costs for the OTech infrastructure that provides data transport to connect to both OTech data centers. The fee is a monthly add-on cost to each CGEN OpteMAN/OpteWAN connection.

| Service | Current Rate | March 2014 | |
|--------------------------------|--------------|------------|--------|
| | | New Rate | Change |
| 2 MB OEM/OEW Port Connection | \$0 | \$16 | New |
| 4 MB OEM/OEW Port Connection | \$0 | \$32 | New |
| 5 MB OEM/OEW Port Connection | \$0 | \$38 | New |
| 10 MB OEM/OEW Port Connection | \$0 | \$75 | New |
| 20 MB OEM/OEW Port Connection | \$0 | \$117 | New |
| 50 MB OEM/OEW Port Connection | \$0 | \$213 | New |
| 100 MB OEM/OEW Port Connection | \$0 | \$320 | New |
| 500 MB OEM/OEW Port Connection | \$0 | \$427 | New |
| 1 G OEM/OEW Port Connection | \$0 | \$533 | New |
| 5 G OEM/OEW Port Connection | \$0 | \$747 | New |
| 10 G OEM/OEW Port Connection | \$0 | \$853 | New |

Dedicated/Shared Firewall

The Dedicated/Shared Firewall service is a set of security rules or hardware device that is used to filter information coming through the OTech network by implementing a set of security rules. The firewall blocks and/or permits traffic based on configured rules.

| Service | Current Rate | January 2014 | |
|---|--------------|--------------|---------|
| | | New Rate | Change |
| Dedicated Shared Firewall, per DMZ, per month | \$285 | \$165 | -42.11% |

Server Load Balancing

The Server Load Balancing service is used to host enterprise resource planning, e-commerce and other applications for servers. The load balancer provides the ability to direct application users to the best performing and accessible server.

| | | January 2014 | |
|--|--------------|--------------|--------|
| Service | Current Rate | New Rate | Change |
| Server Load Balancing, per server, per month | \$175 | \$150 | -14.3% |

Remote LAN Dial-up (RLD)

RLD allows customers remote connectivity through the use of a standard single line telephone service to connect to mission-critical, core business applications and resources, just as if they were directly connected to the Local Area Network (LAN) in their office.

| | | March 2014 | |
|-----------------------------------|--------------|------------|--------|
| Service | Current Rate | New Rate | Change |
| Remote LAN Dial Service, per hour | \$3.85 | \$7.85 | 103.9% |

Virtual Private Network (VPN)

VPNs are used to establish secure, end-to-end private network connections over a public networking infrastructure. VPNs allow mobile workers and telecommuters to take advantage of broadband connectivity.

| | | March 2014 | |
|--|--------------|------------|--------|
| Service | Current Rate | New Rate | Change |
| Remote Access VPN, per assigned user id, per month | \$4.40 | \$7.00 | 59.1% |

Data Center to Data Center Connectivity

The OTech is proposing to establish a new rate for Data Center to Data Center Connectivity (DC to DC). The DC to DC service provides connectivity for customer applications and production data between the Rancho Cordova and Vacaville data centers. The DC to DC service will be offered in bandwidths of 1G, 5G or 10G.

| Service | Current Rate | January 2014 | |
|--------------------------------|--------------|--------------|--------|
| | | New Rate | Change |
| 1 Gbps DC-DC Fiber Connection | | \$1,600 | New |
| 5 Gbps DC-DC Fiber Connection | | \$2,400 | New |
| 10 Gbps DC-DC Fiber Connection | | \$3,200 | New |

Enhanced Server Application Delivery Service

OTech proposes to provide security for the web applications via: Secure Socket Layer (SSL) Offload and Application Security Manager (ASM). The SSL protocol is a communication protocol that uses encryption to provide privacy and integrity for data communication through a reliable end-to-end secure connection between two points over the Internet or an internal network. The ASM is a web application firewall. An application firewall is a form of firewall which controls input, output, and/or access from, to, or by an application or service. It operates by monitoring and potentially blocking the input, output, or system service calls which do not meet the configured policy of the firewall.

| Service | Current Rate | January 2014 | |
|---|--------------|--------------|--------|
| | | New Rate | Change |
| Enhanced Server Application Delivery Service, per server, per month | | \$325 | New |

Windows and Linux Application Hosting

A standardized server and operating system configuration, deployment, management and administration of Windows-based or Linux based software applications allowing customers access via the Internet or through the OTech network.

| Service | Current Rate | March 2014 | |
|--|--------------|------------|--------|
| | | New Rate | Change |
| Tier I Windows/Linux, per server, per month | \$1,630 | \$2,100 | 28.8% |
| Tier II Windows/Linux, per server, per month | \$2,070 | \$3,200 | 54.6% |
| Windows/Linux Additional RAM, per GB, per month | \$15 | Eliminate | |
| Windows/Linux First 16GB additional RAM, per month | \$0 | \$8 | New |
| Windows/Linux Additional RAM per 32GB, per month | \$0 | \$16 | New |

Unix/Solaris Application Hosting

The Unix/Solaris Application Hosting Service provides customers standardized Solaris server and operating system configuration, deployment, management, and administration of Solaris-based software applications allowing customers access via the Internet or through the OTech network.

| Service | Current Rate | March 2014 | |
|---|--------------|------------|--------|
| | | New Rate | Change |
| Tier I Solaris Server per server, per month | \$1,690 | \$2,610 | 54.4% |
| Tier II Solaris Server per server, per month | \$3,240 | \$5,000 | 54.3% |
| Tier III Solaris Server per server, per month | \$4,165 | \$6,425 | 54.3% |
| Tier IV Solaris Server per server, per month | \$6,990 | \$10,790 | 54.4% |
| Additional Memory, per GB, per month | \$100 | \$30 | -70.0% |

Database Support

The Database Management Systems (DBMS) are available as add-on components to customers that use application hosting services. The installation provisioning and maintenance of the DBMS are included as part of this add-on component.

| | | March 2014 | |
|--|--------------|------------|-----------|
| Service | Current Rate | New Rate | Change |
| SQL Server Support, per instance, per month | \$450 | \$600 | 33.3% |
| SQL Set-up Fee, one-time, per database instance | \$230 | \$390 | 69.6% |
| Oracle Database Support, per instance, per month | \$975 | \$1,170 | 20.0% |
| Oracle Set-up Fee, one-time, per instance | \$690 | \$690 | No Change |

Tenant Managed Services (TMS)

The TMS offers basic and premium services. Customers are provided with a secure space in a Tier III data center while still maintaining full control over their computing equipment. The services provided for the TMS cabinet include: locking cabinet, up to 3.5kW of power, dual 30 amp power whips, service desk and operations center, cabinet space and cooling. Premium service is also available to customers who need more than the basic space on the Tier III data center raised floor, such as managed LAN or SAN fabric.

| | | July 2014 | |
|---|--------------|-----------|--------|
| Service | Current Rate | New Rate | Change |
| Tenant Managed Services Cabinet Gold Camp (3.5 kW included), per cabinet, per month | \$1,350 | \$1,709 | 26.6% |
| Tenant Managed Services Cabinet Vacaville (3.5 kW included), per cabinet, per month | \$1,875 | \$2,374 | 26.6% |
| TMS Managed LAN | \$1,900 | \$1,937 | 1.9% |
| TMS SAN Fabric | \$698 | \$711 | 1.9% |
| TMS Additional 10 GIG Connection | \$200 | \$204 | 2.0% |
| Power Exceeding 3.5kW | \$115 | \$117 | 1.7% |
| TMS Data Backups | \$3 | Eliminate | |
| Power with Cooling Door | \$70 | Eliminate | |
| Cooling Door | \$151 | Eliminate | |
| Cooling Door Set-up Fee | \$2,500 | Eliminate | |

Server Based Computing Services

Server Based Computing is an application delivery solution that enables any Windows application(s) to be virtualized, centralized and managed in the datacenter and instantly delivered as a service to users anywhere on any device.

| Service | Current Rate | March 2014 | |
|---|--------------|------------|--------|
| | | New Rate | Change |
| Base Application Bundle Below 50% Concurrency, per user, per month | \$14.50 | \$17.40 | 20.0% |
| Base Application Bundle 50% - 74% Concurrency, per user, per month | \$21.00 | \$25.20 | 20.0% |
| Base Application Bundle 75% - 100% Concurrency, per user, per month | \$26.50 | \$31.80 | 20.0% |
| Office Productivity Bundle Below 50% Concurrency, per user, per month | \$31.50 | \$37.80 | 20.0% |
| Office Productivity Bundle 50% - 74% Concurrency, per user, per month | \$38.00 | \$45.60 | 20.0% |
| Office Productivity Bundle 75% - 100% Concurrency, per user, per month | \$43.50 | \$52.20 | 20.0% |
| Adobe Acrobat Pro, per license, per month | \$2.78 | \$6.50 | 133.8% |
| Microsoft Visio Standard Win32 w/Software Assurance, per license, per month | \$5.40 | \$6.50 | 20.4% |
| Microsoft Project Standard Win32 w/Software Assurance | \$16.25 | \$19.50 | 20.0% |
| Secure ID Physical Token (Monthly Payment Option) | | \$3.30 | New |
| Secure ID Software-based Token (Monthly Payment Option) | | \$1.80 | New |
| Secure ID Physical Token (One-time Payment Option) | \$70.00 | Eliminate | |
| Microsoft Visio Pro Win32 w/Software Assurance, per license, per month | \$13.59 | Eliminate | |
| Microsoft Project Pro Win32 w/Software Assurance, per license, per month | \$27.06 | Eliminate | |
| Microsoft Exchange Client Access License, per license, per month | \$2.11 | Eliminate | |

CA.mail E-Discovery

The CA.mail compliance archiving/e-discovery is an add-on service for CA.mail customers. This service provides for archiving and discovery of e-mail in civil litigation cases. In addition, this service provides for legal hold as identified by the legal staff of an organization.

| | | January 2014 | |
|---|--------------|--------------|--------|
| Service | Current Rate | New Rate | Change |
| Compliance Archiving E-Discovery 2 yrs or Less, per seat, per month | | \$2.05 | New |
| Compliance Archiving E-Discovery 2-3 yrs, per seat, per month | | \$2.20 | New |
| Compliance Archiving E-Discovery 3-7 yrs, per seat, per month | | \$2.35 | New |
| Compliance Archiving E-Discovery 7-10 yrs, per seat, per month | | \$2.35 | New |

Statewide E-mail

The CA.mail service provides customers with email and related messaging services that are reliable and secure. This service is based on client-server architecture. This service provides virus protection, spam filtering, data backup and recovery, connectivity to other email systems (including Internet email), and the statewide global address list. This rate change is for Exchange 2007 only.

| | | March 2014 | |
|--|--------------|------------|--------|
| Service | Current Rate | New Rate | Change |
| Base Mailbox, per mailbox, per month (Exchange 2007) | \$6 | \$10 | 66.7% |

Administrative Fee

OTech provides administrative support for dedicated pass-through products which are not part of OTech service rates such as dedicated software, third party consulting, hardware, and network components. Direct pass-through charges include the DGS purchase order (PO) issuance fee (1.76%) plus the OTech administrative support fee (4.88% new rate). The rate change is effective July 1, 2014.

| | | July 2014 | |
|--|--------------|-----------|--------|
| Service | Current Rate | New Rate | Change |
| Dept. of Technology Administrative Fee | 2.52% | 4.88% | 93.7% |

DGS fees are currently 1.76% with a maximum fee of \$35,000 per order. No maximum fee is proposed for the CalTech administrative fee.

Overall, this rate package will save OTech customers an estimated \$22.5 million dollars at the current workload level for FY 2013/14 and \$16.7 million dollars for FY 2014/15.

If you have any questions regarding the new rates, please contact Natividad Nevarez at (916) 431-4286 or natividad.nevarez@state.ca.gov. Also, please feel free to contact me at (916) 431-5486.

/s/

William Liu

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