

IT Contingent Labor and the ZeroChaos Contract

Q: Why are we getting a new IT contingent labor contract?

A: The new contract replaces the Advanced IT Resources contract which expired August 25, 2009 and will replace the Supplier Managed Staff Augmentation (SMSA) contract which expires on November 22, 2010. With the new contract, agencies will be able to acquire staff augmentation and deliverables-based services through the managed service provider program.

Q: What are the benefits of the new contract to agencies?

A: The new contract will benefit agencies because it:

- Provides agencies with access to a high-quality pool of IT talent
- Reduces overhead fees by up to 15% from previous contracts
- Provides future discounts to agencies when volume thresholds are exceeded
- Aligns the bill rate with a job description and the technology being used
- Creates additional IT consulting specialties that ease the sourcing burden for frequently requested services
- Defines a common acquisition process for agencies to obtain staff augmentation and deliverables-based resources

Contractors

Q: We have had problems hiring full-time employees (FTEs) and have used contractors to fill those positions. Will we still be able to do this?

A: Yes, you still will be able to use contractors.

Subcontractors

Q: I have heard that ZeroChaos does not allow subcontractors or independent contractors. Is this true?

A: No. Subcontractors and independent contractors are allowed to participate in the program. However, agencies should refrain from using multiple-layers of subcontractors for staff augmentation. The usage of subcontractors is permissible for deliverables-based services under a statement of work (SOW).

Independent Contractors

Q: Some of our contractors are independent contractor working under an IRS Form 1099. Will we still be able to use them?

A: Yes. However, ZeroChaos will need to assess the independent contractor through the ZeroChaos online validation risk management (VRM) tool. If the independent contractor qualifies under the rules issued by the Internal Revenue Service, the independent contractor can enroll in the program as a supplier. If the independent contractor does not qualify to be engaged as a supplier, he/she will be

referred to the supplier pool to enroll as a payroll worker with an approved supplier.

Processes / Procedures

Q: We have had problems with proper job descriptions in the past. How can we resolve this?

A: The Commonwealth revised the job descriptions and included the new job descriptions in the contract with ZeroChaos. All incumbent contractors will be classified using the new job descriptions. The Commonwealth may add new job titles and skill levels if needed to accommodate the incumbent contractors.

Q: How will requisitioning start, in eVA or in the ZeroChaos tool?

A: The Chief of Staff has mandated the use of eVA for executive branch agencies. Other public bodies can optionally use eVA or ZeroChaos (ZC) Web.

Q: What is the response time for submission of candidates to the hiring manager?

A: ZeroChaos has a service level agreement (SLA) that requires it to respond within 72 hours for the first round of resumes to be sent to an agency hiring manager for review.

Q: What results information do you provide on the background investigations?

A: Background checks will comply with the requirements of the Capital Police and Department of General Services (DGS) requirements for access to Capital Complex buildings. For more details see: <http://www.dcp.virginia.gov/security.htm>.

Q: What do I do if I have a current need for a short-term assignment of three months?

A: If it is an immediate need, you may obtain the resource using the SMSA contract. Beginning on June 1, agencies will enter new requisitions that will be serviced by ZeroChaos.

Q: What if I have a particular contractor or supplier I want to use?

A: The Commonwealth wants to ensure that all candidates are the most qualified for the position. Therefore, you can refer candidates to ZeroChaos. The Commonwealth requires all current engagements to be competed; but, agencies may request an exception for business necessities. All exceptions will be reviewed and approved on a case-by-case basis by the Office of the Secretary of Technology and VITA.

Q: I have a consultant that we have had for about one year, what do I do to extend them?

A: On June 1, you must issue a new purchase order to ZeroChaos to retain this resource.

Q: What if the contractor leaves early in the assignment? How do you handle that?

A: The requisition will be opened again immediately and the 72 hour SLA goes into effect again.

Q: What if the supplier has a non-compete with their employees?

A: A supplier cannot refuse work for a person; if this occurs, ZeroChaos will deal with the supplier to get it resolved. This is addressed in the contract between ZeroChaos and the suppliers.

Program

Q: Can we transition existing workers sooner than July 1 to take advantage of the savings?

A: That is unlikely. System set up and training are required and will not be complete before that date.

Q: Are we losing anything from the current contract?

A: Some current suppliers may not participate.

Q: What is the term of the contract?

A: Three years with three one-year renewals.

Q: The rates under this new program are different than Computer Aid, Inc. Will we see immediate cost savings?

A: Yes, if the rate is currently higher than the ZC rate card, you will see immediate cost savings if you create a new purchase order / requisition under the ZC program.

Q: Will there be changes to policies?

A: Yes. New policies are contemplated for the program. New policies will be published for agency review and comment.

Q: If there is a tenure policy? Will I lose current workers due to that policy?

A: No, the current workers will have a new start date of July 1 under the new ZeroChaos program.

Q: What happens with the tenure policy on a part-time worker or someone who works 40 hours or less a week?

A: The policy is still being determined. This will be communicated during the training sessions.

Q: Will I be able to see how many hours are remaining on a PO in the ZeroChaos system?

A: Yes. You will have many different reports at your disposal, including the remaining time / hours on PO's.

Q: What if my agency does not use eVA?

A: VITA, DGS and ZeroChaos are working on solutions for this scenario. Information will be provided during training.

Q: What if I have a SMSA need today that will extend past November?

A: This will need to be reviewed with VITA Supply Chain Management (SCM). Please contact Hubert Harris at hubert.harris@vita.virginia.gov.

Projects

Q: How do I request a deliverables-based SOW?

A: The ZC team will work with you to develop the statement of requirements for the SOW and will distribute it to the suppliers for the bid / proposal process. The ZeroChaos team will review the responses and will provide those screened proposals to the agency manager for review. Once the selection is made, ZeroChaos will issue the SOW to engage the selected supplier.

Q: Will cost be part of the consideration in making recommendations on the supplier proposal?

A: Yes. Cost will be part of the selection process, balanced with quality and delivery capabilities. The principal of "best value" still is applicable within the IT contingent labor program.

Q: If the SOW ceiling is \$2 million, will I need to follow the Project Management Standard for major IT projects?

A: Agencies will not have to issue RFPs for projects \$2 million or less. However, agencies still are required to comply with the Commonwealth Project Management Standard.

Q: Do we have the option to have ZC not screen the SOW or contingent labor candidates?

A: Yes. This is a configuration option. The ZeroChaos team will work with you on the process for your requisitions / projects on a case-by-case basis.

Q: We won't know the costs for the bid until the requisition is entered into eVA; that would create duplicate work.

A: The ZeroChaos Web tool will be integrated with eVA to eliminate duplicate data entry. We are working with DGS on how best to work this out.

Q: If I have contractors who are supporting a major IT project will those contractors have to convert to the ZeroChaos contract?

A: No, not initially. Contractors who are engaged using the SMSA) contract will remain under SMSA until either the conclusion of the project or until the November 22 contract expiration date of SMSA, whichever event occurs first. SCM will not approve extensions beyond November 22. Agencies must issue a PO to ZeroChaos to extend these resources beyond November 22.

Rates / Fees

Q: What are the overhead rates?

A: The maximum managed service provider fee, including eVA and Industrial Funding Adjustment (IFA), will be no more than 5.75%. This fee is on a sliding scale that lowers as the spend volume increases.

Q: Will the new program change the pay rates of the current contractors?

A: Billing rates paid by agencies should decrease for the majority of job titles. The pay received by contractors should not change. We are evaluating the current rates against market data. Our key focus is to not disrupt your business.

Q: Are the rates in the rate card the bill rate or the pay rate?

A: The rate card contains not to exceed bill rates.

Q: Will the rate cards change due to the market?

A: SCM will monitor the service level agreement. If we find that the Commonwealth cannot fill a position due to the rate card pricing either in whole or on a position-by-position basis, we will use that information to consider a pricing adjustment in addition to market indices that may indicate the need for a rate adjustment. These adjustments can result in the bill rate increasing or decreasing. These adjustments will not be made on a random basis.

Q: Is the rate card published yet?

A: The rate card and contract will be loaded on the VITA Website in the near future.

Q: Will the rates that I am currently paying change?

A: This answer still is pending review of incumbent worker data. Our primary goal is not to disrupt agency business. If you are paying more today than the new rate card, we will need to determine how to bring the rate down. ZeroChaos will work with the supplier in that situation.

Suppliers

Q: If I get supplier inquiries, what should I do?

A: Please direct suppliers to contact ZeroChaos at (877) 316-7231. ZeroChaos will review their information and the need for their services. The supplier also may send their contact information and questions to COVPMO@zerochaos.com.

Q: Can we coordinate Independent Validation and Verification (IV&Vs) with qualified suppliers for June / July timeframe?

A: IV&Vs needed during the June timeframe will utilize the SMSA contract. IV&Vs which are needed after July 1 will be acquired using ZeroChaos.

Q: What will happen with the suppliers who subcontract out labor?

A: ZeroChaos will handle them on a case-by-case basis with the goal of removing layers to also remove hidden additional costs to the Commonwealth.

Timesheet / Invoicing

Q: Has anyone worked with Department of Accounts on paperless process?

A: We are trying to move to an electronic process. ZeroChaos will go "live" and then roll out improvements once the Commonwealth systems are able to accommodate electronic invoicing.

Training

Q: When will training be conducted?

A: Training is scheduled for the week of May 24 - 27. Register to attend a training session at: <http://www.vita.virginia.gov/registration/Session.cfm?MeetingID=26>

Q: Who should attend the training?

A: Everyone who touches the IT contingent labor process for staff augmentation or SOWs should attend the training.

Please submit questions or concerns to ITTemporaryResources@vita.virginia.gov