



Preferred Technology Solutions Service Agreement

APPENDIX D

ADDITIONAL TERMS AND CONDITIONS
TO
TEXAS DEPARTMENT OF INFORMATION RESOURCES
CONTRACT NUMBER DIR-SDD-476

SERVICE AGREEMENT

Presented To:
<CUSTOMER>

Presented By
<PTS REPRESENTATIVE>
PREFERRED TECHNOLOGY SOLUTIONS
212 W. SPRING VALLEY RD
RICHARDSON, TX 75081
972-644-1992
www.preferredtechnology.com

<PRESENTATION DATE>

APPENDIX D

ADDITIONAL TERMS AND CONDITIONS TO TEXAS DEPARTMENT OF INFORMATION RESOURCES CONTRACT NUMBER DIR-SDD-476

SERVICE AGREEMENT

The following Service Agreement including the exhibits and attachments hereto ("Agreement") is between <Customer Name>, hereinafter referred to as "Customer", located at <Customer Address> and Preferred Technology Solutions, hereinafter referred to as "PTS", located at 212 West Spring Valley Road Richardson, TX 75081.

This APPENDIX D ADDITIONAL TERMS AND CONDITIONS TO DIR CONTRACT NUMBER DIR-SDD-476 – SERVICE AGREEMENT, including its exhibits and attachments aka Agreement are part of DIR Contract Number DIR-SDD-476 and its Appendices ("Contract") and provide further detail for an order placed pursuant to the Contract. In the event of conflict between this Appendix D and its Exhibits and Attachments and the Contract, the Contract controls.

Customer agrees to all terms and conditions as defined in the Contract which includes this Appendix D Additional Terms and Conditions – Service Agreement.

General Conditions

Term: This Agreement shall commence on <AGREEMENT START DATE> and end on <AGREEMENT END DATE> or the full and final expiration date of the Contract, whichever is sooner, unless earlier terminated. In regards to either the Contract expiration date or the termination of this Agreement before all obligations of this Agreement are fully discharged, this Agreement shall not terminate or expire until all obligations are fully discharged and such other provisions of the Contract and this Agreement as may be necessary to preserve the rights of the Customer or PTS hereunder shall survive said termination or expiration.

Billing: Customer will be billed for installation and the first and last month's services at the beginning of this contract. Customer will then be billed at the beginning of each month for the next month's services. All monthly services are to be paid before the beginning of the service month. Customer also has the option to prepay during the contract term.

Payment: Customer agrees to pay for services included within the scope of this Agreement according to Section 4 Pricing and Appendix A, Section 7 Purchase Orders, Invoices and Payments in DIR Contract Number DIR-SDD-476.

Service Levels

This Agreement may be renegotiated during the Agreement Term in the event that Customer wishes to add any more services to this Agreement or wants to increase the number of devices on their network that utilize the services that are provided within this Agreement.

Technical Support Services shall consist of the PTS support staff providing assistance to Customer in the resolution of software, hardware, network and/or network related problems via remote control software over the secure connection or Out of Band connection to the NetManage Probe at

Customer's location. In the event that internet connectivity is lost between Customer and PTS, and Customer has not provided for Out of Band Management, PTS will notify Customer that the services are not in effect and will let Customer know when they are operational again.

PTS will use its best efforts to perform procedures and services to maintain the computer network at optimal operating efficiency so as to mitigate the frequency and severity of computer network problems or inadequate performance that compromise Customer's ability to conduct its business in a manner and to the standards required by Customer.

PTS's will monitor, via the NetManage Probe, devices listed in EXHIBIT B. This monitoring will occur 24x7x365, watching for any irregular events that may occur on any covered device. If PTS should encounter an event that is outside of the thresholds that have been set for a device or service, then they will contact Customer and inform them of what has happened. PTS will inform Customer if this is a problem that can be resolved within the scope of this Agreement by utilizing a remote connection into Customer's network. If not, Customer will then decide if Customer will resolve the problem or if Customer wants the Service Manager at PTS to dispatch an Engineer out to Customer's location to resolve the problem.

The NetManage Probe has a built-in notification process in the event of any alert, failure, or warning status for any monitored device, service, or application. The notification will be sent via text messaging to a cell phone and/or e-mailed to each recipient that has been designated by Customer. These contacts may include personnel from Customer and/or PTS. The notification service will be operational on a 24x7x365 days per year basis, excluding when PTS is performing scheduled maintenance and upgrades on the NetManage Probe or on hardware at the PTS Network Operation Center ("NOC").

Business Hours: 08:00AM – 05:00PM Central Standard Time (CST), Monday thru Friday excluding Holidays. See Exhibit D for Holidays observed by PTS.

PTS will manage the devices listed in EXHIBIT C during Business Hours. PTS will inform Customer if a problem that can be resolved by utilizing a remote connection into Customers' network. If not, Customer will then decide if Customer will resolve the problem or if Customer wants the Service Manager at PTS to dispatch an Engineer out to Customer's location to resolve the problem.

PTS can act as a liaison between Customer and designated software and hardware manufacturer(s) for problem resolution. It is the Customer's responsibility to maintain support contracts for software and hardware covered in this Agreement. In the event services are required from the manufacturer, or additional support is required by PTS, it shall be the Customer's responsibility to pay the manufacturer for such services. In the event a manufacturer provides PTS with a "fix" and PTS installs such fix, upon Customer request and PTS acceptance, Customer will be billed by PTS for such installation service at its then current hourly rates and terms in effect. PTS will not be held liable for any issues that occur as a result of application or removal of a "fix".

PTS will respond to specific service requests based upon the issue's severity and urgency. These service levels are defined as:

Telephone and Remote Support: PTS will provide telephone and remote support by next business day. Our scheduled onsite support service is available from 08:00 AM – 05:00 PM CST (Monday thru Friday).

On Site Service: On Site Service will be billed according to rates listed in Appendix C of DIR Contract Number DIR-SDD-476.

Emergency Support: Any support required outside of Business Hours is considered Emergency Support. Emergency support can be initiated by Customer by calling the PTS main number (972-644-1992) and selecting the options for emergency service. PTS will contact Customer's designated contact within four (4) hours of Customer initiating an emergency service request.

Terms

Pricing

Pricing in the Appendix C of the Contract reflects the costs for the initiative as described in this document. Expenses will be billed according to Section 4 Pricing of the Contract. This proposal is valid for a period of 30 days unless extended in writing by PTS.

PTS acknowledges Customer is a government entity, which is exempt from the payment of Texas sales, use and Excise taxes by statute referenced in Section 4 Pricing of the Contract. PTS agrees not to bill inapplicable taxes. First two months fees are paid in advance. Customer will be invoiced monthly for the term of the contract.

PTS will perform the INSTALLATION as detailed in EXHIBIT G. The scope of these services is limited to the tasks as defined in EXHIBIT G. If necessary, PTS will make provisions for establishing this service through the Customer's firewall. If PTS personnel deem this task to be significantly more complex than the standard, routine PTS process, then the Customer will be notified and advised of additional fees that may be required to achieve installation.

Special Conditions

Agreement Not To Solicit

Customer will not, while at any time during the term of this Agreement and for a period of twenty four (24) months following the termination of such Agreement, whether as an individual, or in any capacity, directly or indirectly, solicit, employ, contract or retain any employee of PTS without PTS' prior consent.

Customer Acceptance

I have read this Agreement in its entirety and agree to its scope, as well as the PTS approach. I understand that the pricing listed is a FINAL PROPOSAL. I authorize PTS to provide services and to invoice Customer for these services as established in this Agreement and the Contract. I have the legal authority to authorize these services and payment for Customer. I acknowledge that no further written agreement between PTS and Customer will be required before services commence and Customer issues a purchase order or pays for the services.

I hereby accept PTS proposal and authorize PTS to proceed with the proposed effort.

<CUSTOMER NAME>	Preferred Technology Solutions
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT A
Contact Information

PTS Technologies	Contact	Phone	Email Address
Account Executive	Paul Midgley	972-331-5612	paul.midgley@preferredtechnology.com
Sales Engineer	Robert Ivy	972-331-5634	robert.ivy@preferredtechnology.com
Professional Services Manager	Lee Fife	972-331-5611	lee.fife@preferredtechnology.com
Director of Technical Services	James Vaughan	972-331-5632	james.vaughan@preferredtechnology.com
President & CEO	Neil Medwed	972-331-5626	neil.medwed@preferredtechnology.com

CUSTOMER	
Customer Name	<Customer Name>
Address	
Contact	
Phone	
Email	
Preferred Delivery Start Date	
Monthly Billing Date	

EXHIBIT B
24X7 Monitored Device List

Device	Address	Common Name

EXHIBIT D Holidays

For the purposes of this Agreement, the following Holidays are observed by PTS:

New Year's Day	January 1
Independence Day	July 4
Christmas Day	December 25
Memorial Day	Last Monday in May
Labor Day	First Monday in September
Thanksgiving	Fourth Thursday and Friday in November

If any of the above fall on a Saturday, then Friday may be observed as a holiday. Similarly, if one falls on a Sunday, then Monday may be observed as a holiday.

EXHIBIT E

<NOT INCLUDED IN THIS AGREEMENT>

**EXHIBIT F
Coverage Area**

<To be negotiated by Customer and PTS>

EXHIBIT G Installation

PTS will install a NetManage Probe onto Customer's existing network. The NetManage Probe maintains a secure connection to the PTS Network Operations Center (NOC) and allows for the connection to all managed and monitored devices on Customer's network.

The NetManage Probe utilizes Customer's existing internet connection for its services. Customer is responsible for all costs related to acquisition and installation of telecommunications to achieve this connection.

Customer is responsible for installing an analog POTS line within 10 feet of where the NetManage Probe will be installed. This will enable Out of Band management should Customer's internet connection be unavailable.

PTS will install the appropriate remote control software on all servers and workstations listed in EXHIBIT C.

PTS will install the appropriate remote monitoring software on all servers, and configure the NetManage Probe to monitor, the equipment listed in EXHIBIT B.

PTS will test and verify connectivity from the NetManage Probe located at Customer's location to the PTS NOC.

Upon acceptance of this Agreement, Customer will be provided with registration and contact information that Customer's employees will use for PTS services.

PTS remains owner of all equipment and software installed.

EXHIBIT H Services Performed

PTS will perform the following services as part of the recurring monthly charges. PTS will assign necessary technical personnel to provide monitoring and remote services as needed. This includes scheduled and non-scheduled events.

Network Monitoring

It will take PTS approximately four (4) weeks to measure the standard operational performance levels of the devices monitored by the NetManage Probe as per EXHIBIT B. Each component will be monitored during this period to determine what the standard threshold levels are on a day-to-day basis in Customer's work environment. This time will also allow PTS to determine Customer's peak network performance times along with the minimum and maximum thresholds for each component or application being monitored during the service period.

Monitored Devices

Devices under this Agreement will be monitored for the following:

- **SERVERS**
 - Processors & Memory - Monitors Utilization
 - Hard Drives - Monitors Utilization and Failures
 - Applications - Monitors Anti-Virus, Backup Software, and other Applications that create a standardized log file based upon notification criteria that can be interpreted by the PTS NetManage Probe.
 - Connectivity - Network Status of monitored devices (up/down)
- **ROUTERS**
 - Connectivity - Network WAN, LAN. Routers will be monitored internally by the NetManage Probe and externally from PTS to the Customer location (if allowed by router / firewall at Customer location)
- **ACCESS POINTS**
 - Connectivity - Network WAN, LAN. Access Points will be monitored internally by the NetManage Probe.
- **NETWORK SWITCHES**
 - Connectivity - Network WAN & LAN (up/down)
 - NETWORK SERVICES - HTTP, SMTP, POP, DNS, FTP, SSH, TELNET, IMAP, NNTP, & PROCESSES
- Anti-virus software - PTS will configure the software (as allowed by application) to send an alert in the event a virus is detected on each server listed under this Agreement.
- Backup software - PTS will configure the software (as allowed by application) to send an alert with the results of all backups performed.

Remote Management

Basic network administration support includes backup issues, file management, event log maintenance, disk and file management and other minor repair services that can be completed remotely. Support for industry specific vertical software may require PTS to obtain software support from the software developer. Any charges related to this software support will be the responsibility of the Customer.

Maintenance

Weekly

PTS will connect to each of the specified servers via the NetManage Probe at Customer's location and perform the following tasks (as applicable):

- Review daily backup events. Customer will be responsible for tape management of daily backup rotations.
- Review the Event Logs for errors and warnings.
- Update latest virus signature files for the server.
- Purge deleted files and optimize drive space.

If PTS identifies a problem or alarm on any given server, PTS will contact Customer to determine a resolution. All findings will be reported to the Customer during normal business hours.

Quarterly

A PTS network analyst will perform an on-site inspection of the physical network environment (hubs, switches, routers, cabling, etc.), review current power management configuration, and server hardware. UPS and Backup Hardware testing may require PTS to suspend operation of Customer's servers or other network hardware and software.

On-site inspection will be performed at Customer locations within the PTS coverage area defined in Exhibit F. Drive time will be charged if Customer is located outside of the coverage area.

Patching and Updates

PTS will configure Microsoft Automatic Updates on all of the workstations and servers covered in Exhibit B that are running updateable Microsoft products. PTS will configure Customer's anti-virus platform (as allowed) to do automatic updates to virus definitions. Resolution of downtime, application errors, or other issues resulting from applying patches provided by the manufacturer will not be covered under the scope of this Agreement. Resolution of these issues will be subject to PTS service rates according to Section 4 Pricing in the Contract.

Reporting

Each month, PTS will provide Customer with reports generated from our NetManage Probe as well as information regarding services performed by PTS technical staff.

Exclusions

Services that pertain to the Customer's network infrastructure are beyond the scope of this Agreement including User training, virus removal, damage from Trojans or malware or spyware, repair, setup, installation, printer repair, and cabling. These services are available through PTS on a time and materials basis but not through this Contract.

Additional charges may be incurred for parts, equipment, software licenses, cable, cabling components, supplies and other out-of-pocket expenses.

Special Project Staffing

In the event Customer requires additional technical services during the term of this contract, PTS will provide discounted service rates. This includes projects such as disaster recovery planning, business continuity planning or project-related system or application upgrades or migrations. A special project may also include major upgrades and enhancements to the network, or addition of new technology.

EXHIBIT I Service Rates

PTS service rates are listed in Section 4 Pricing of the Contract.

The actual charges incurred in this Agreement are not subject to offset against any other support agreement amount that Customer may have in effect with PTS.

PTS will invoice Customer for all approved services, charges, hardware, and software on an as delivered basis. All fees for the services provided in this Agreement are invoiced in advance and pre-paid.

All invoices and payments are due according to Chapter 2251, Texas Government Code and according to the terms and conditions of this Agreement and DIR Contract DIR-SDD-476.