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CalSAWS M&O Services RFP  
Attention: Tom Hartman  
11290 Pyrites Way  
Suites 150 and 175  
Rancho Cordova, CA 95670

**RE: CalSAWS M&O Services RFP #01-2022, BAFO 2**

Dear Mr. Hartman,

Deloitte Consulting LLP ("Deloitte") is pleased to submit our Best and Final Offer (BAFO) 2 to the CalSAWS Consortium. With this submission, our aim is to secure the role as the chosen contractor supporting your transition to a modernized architecture. Our proposed solution is designed for ease of maintenance, enabling swift changes, and fostering continuous enhancement of CalSAWS.

As reflected in our proposal and associated staffing plan, our architecture evolution approach is based on incremental modernization of the architecture throughout the base term of the contract. As we have seen with other modernization efforts for eligibility and enrollment solutions this is crucial to (1) minimize disruption to system users including allowing for necessary change management that will impact county users and (2) allows for flexibility in technology stack to take advantage of the most current technical capabilities. This last year alone has been a testament to the pace at which technology is changing and opportunities to incur unnecessary technical debt by modernizing too swiftly. We are committed to approaching this transformation with a human-centric mindset, and prioritizing the needs of individuals involved in the full lifecycle of service delivery remains at the forefront.

In preparing our BAFO 2 response, we evaluated clarifications provided to date. We have made modifications to our cost proposal to account for the clarification of allowable hours to be expended offshore, terms and conditions modifications, the Consortium's addition of a negotiation period at the conclusion of the Transition in Period as referenced in Addendum 12, as well as changes requested in the cost schedule across fiscal years. The changes noted in Addendum 14 to require Contractors to bid minimum hours for innovation and SCRs did not have any impact on our level of effort as our previous submission already met the revised requirement.

As with BAFO 1, we evaluated the pace at which the latest technology is disrupting and transforming how contractors deliver services, married with our most recent experiences modernizing, maintaining and enhancing eligibility and enrollment systems. As a result, we are able to present the Consortium with a revised price that is an **additional discount of \$12 million for transition and the base 6 years** from our BAFO 1 price. As a reminder, the following factors that contributed to us being able to offer you an aggressive price and an improved risk tolerance relative to the status quo still hold true. While we have included some additional effort during the transition [REDACTED]

- An operating environment that has fewer incidents requiring Tier 3 intervention.
- Use of shared services for specialized and predictable operations (e.g., vulnerability testing, DevOps, monitoring, and performance testing).
- [REDACTED]
- Use of code quality tools to reduce costs attributed to defects.
- Subsidizing innovation by making it a part of the way we deliver.
- Generation of consumable system documentation (e.g., design specifications, operations/batch runbooks) as part of transition that reduce M&E effort and improve overall customer service.

[REDACTED]

We noted in our previous submission that there is an opportunity to reduce the total cost of ownership with the current imaging solution. California's current cost is significantly higher than the spend we are seeing nationally. With advancements in iOCR, and integrated machine learning and natural language processing capabilities, we are seeing operational improvements leapfrog technologies that implemented just a year or two ago. We do anticipate further cost containment by moving to an alternative platform that will be defined as part of the imaging solution assessment.

We look forward to the Consortium's decision and the chance to make a meaningful impact on the crucial objectives ahead.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Rachel Frey", with a stylized flourish extending from the end.

**Rachel Frey**

Principal, Deloitte Consulting LLP