

1.0 PERFORMANCE WORK STATEMENT

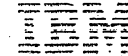
The IBM Team will meet the objectives of the National Telecommunications and Information Administration (NTIA) for a successful Digital-to-Analog Converter Box Coupon Program (Coupon Program) by addressing the needs of three important stakeholder groups.

First, we will focus on satisfying **consumers**. Our “Get the Picture” consumer education program, based on previous successful campaigns to similar consumer populations, will be seen as a model of effective consumer outreach for years to come. We will be available for consumer requests and questions at all times, operating live-operator contact centers and a website that will be available 24 hours a day, 7 days a week. Our Coupon Program website and call center will offer support in six languages in addition to English. We will effectively manage the peaks in user demand that we anticipate at various points in the program, especially in early 2009. The coupons we will provide will look and act like retailer gift cards, an approach familiar and comfortable to nearly all consumers, but will have no stored value and will operate on the universal MasterCard network.

Second, we will meet the needs of **retailers**. Their participation is voluntary, but their involvement is crucial. Using our knowledge and experience as the developer and operator of Circuit City’s Point of Sale (POS) systems, we have developed a flexible solution which will meet the requirements of the critically-important large retailers. Using our recent past experience with mass retailer contacts in support of the Federal Emergency Management Agency (FEMA), we will identify and contact all eligible electronics retailers about the Coupon Program, supporting NTIA’s goal of having the converter box available as widely as possible. Our coupon is redeemable over the MasterCard network, meaning that any certified retailer—whether big box chain, independent retailer, high tech, low tech, on-line, or brick-and-mortar—can redeem our coupons and be reimbursed in a timely manner. To keep costs low for retailers, our solution offers six alternative authorization and settlement mechanisms, all requiring no change to existing retailer POS systems. This last point is critical: given the short timeframes involved, few if any retailers would choose to participate if POS software changes were necessary.

Third, we will satisfy the objectives of **NTIA and the U.S. Government**. We understand the sensitivity of the Coupon Program and are committed to bringing to NTIA the high degree of successful delivery that they would expect from the IBM Team. Public perception of NTIA in April 2009 will be a reflection of how well this program is run, and we know it. We have assembled an experienced team with outstanding relevant qualifications. We will meet Congressionally-mandated delivery dates, with a proposed implementation schedule that will have a working system available on January 1, 2008, **three months earlier** than the RFP requires. We will manage within the available budget: we know there is no funding to expand the scope. We will integrate existing systems and services to reduce risk, shorten the ramp-up time and keep costs low. Our call centers will operate within the borders of the U.S., satisfying both Congressional and public preference for U.S. taxpayer funds to be spent in the U.S. and delivered by U.S.-based workers. We will use small businesses for several key roles: providing agents for the call centers, providing foreign language translation, and leading our security certification process. Throughout the life of the project, the IBM Team will keep NTIA apprised of every aspect of the operation so that it can effectively monitor events, give feedback, and respond to situations that may occur through interactive, open communications. Lastly, we will implement an effective internal control system at each level of the proposed system, process, and organization, seeking both prevention and detection of waste, fraud, and abuse.

The members of the IBM Team have the experience and capabilities to deliver the Coupon Program successfully. IBM itself will lead the team, integrating the various systems and deploying the NTIA Dashboard. Ketchum will lead the critical consumer education campaign. Epiq Class Action & Claims Solutions, Inc. (Epiq) will manage our response to the consumers seeking to participate in the program, and CLC will lead retailer certification and coupon redemption. We will take the same vigilant approach as we have with other sensitive and important government programs. These include our administration of



the September 11th Victim Compensation Fund, several housing programs for Katrina evacuees, and compensation programs for U.S. farmers and Holocaust survivors. Like the Coupon Program, these nationally visible initiatives required us to deliver consumer contact centers, a U.S. Treasury-funded reimbursement program, and highly-current operational information with extremely short lead times. Because of the range of experience we have acquired in similar projects and the skills and dedication of the individual members of our team, we will deliver a well-managed program that will be a credit to NTIA and the staff who lead it.

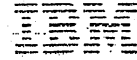
The remainder of this Performance Work Statement describes our approach to delivering the Coupon Program in more detail. It is organized around our Work Breakdown Structure (included in Appendix A), addressing each phase of the program in turn and describing the various tasks we will perform in each one.

1. Phase 1 – Startup Phase

The Startup Phase is the most critical and complex phase of the Coupon Program. This stage includes not only the planning for the operational phase and key strategizing for consumer education, but also the configuration and implementation of all the technology systems which will support the program. The specific tasks we will perform during this phase are further described below.

1.1 Program Management

As stated in SOO C.3.3.2, the IBM Team understands that the primary management objective of the Coupon Program is twofold: (a) allowing us maximum flexibility to innovatively manage program cost, schedule, performance, risks, subcontracts, vendors, and data required to deliver an effective and affordable Coupon Program and (b) maintaining clear government visibility, understanding, and information access into program cost, schedule, performance, and risk. The IBM Team will furnish the necessary resources in order to meet or exceed these objectives. We understand that the most complex project assignments may require special expertise in a range of subject matters, service centers, and project management capabilities, encompassing all of the work described in this Performance Work Statement. To meet these objectives, the IBM Team will (1) deliver access to multi-disciplined skilled professional expertise such that a multitude of project assignments can be performed simultaneously without compromise in quality; (2) provide the necessary resources as defined in the our Project Management Plan to meet the task requirements of the PWS; (3) plan and coordinate necessary staff and perform the activities defined, including developing plans, making personnel assignments, implementing services, tracking schedules, evaluating risks and preparing required reports; (4) maintain full technical coordination and interchange of information with NTIA program leadership and the Contracting Officer; (5) provide real time access to program status and performance via an electronic web based dashboard-type management information system as defined in Section J Attachment J.VII; (6) establish appropriate and effective performance measures and quality program to help ensure that our services align with the Coupon Program goals and objectives; (7) meet program objectives while providing innovative and flexible management of project cost, schedule, performance, risks, and subcontracts; (8) utilize effective subcontract and teaming arrangements to address small business goals as defined in Section J Attachment J.III.; (9) react to coupon request and redemption surges as necessary; (10) maintain confidential treatment of non aggregated sales, inventory, or other competitively sensitive information; (11) provide retailer oversight to help ensure Coupon Program integrity and minimize waste, fraud, and abuse; (12) support urgent, unforeseen project assignments directly related to program performance to quickly mobilize an adequate workforce to address any performance issue; and (13) provide appropriate data rights and use agreements to NTIA as needed. During the Startup Phase, the IBM Team will establish the key program management processes which will bring the entire program together on schedule and within budget. These processes include both planning and controlling processes. The planning processes and associated deliverables will give NTIA the opportunity to evaluate and confirm the direction we will be



taking. The controlling and reporting processes will offer NTIA visibility into the IBM Team's execution of these plans, allowing any gaps between planned and actual events to be identified immediately.

1.1.1 Program Management Planning

During the initial project Startup Phase, the IBM Team will focus on confirming the project plan, mobilizing the team and solidifying the Coupon Program project management and technical infrastructure. After contract award, we will introduce our key personnel to NTIA, discuss our proposed project organization and the roles of each team, confirm communication points of contact, establish working logistics, and review the project tasks, milestones, and schedule for the program. We will establish the personnel security processes required, including the definition of security roles and control points within the business process for authorization and authentication of employees assigned to the program. The IBM Team already has 70 staff members working as badged contractors within the Department of Commerce, and understands how to move staff requiring Department of Commerce access quickly through the clearance process. We will prepare a Startup Plan that, together with the Rollout Plan described in section 1.7 below, will meet the Act mandates for the processing of requests and distribution of coupons between January 1, 2008 and March 31, 2009 and through contract closeout in September 2009. Execution of these plans will allow us to be ready to accept coupon requests on January 1, 2008 (Technical Services Outcome and Objective 1).

Deliverables:

- Startup Plan (Draft and Final)
- Project Management Plan (Final)

1.1.2 Program Management Control, Tracking, and Reporting

Following review and finalization of the Project Management Plan with NTIA, the IBM Team will implement the plans, procedures, and reporting tools we will need to monitor and control the project's staff, technologies, and processes. This foundation will allow us to manage the project and work closely with NTIA to make joint informed decisions and to manage our shared risks.

1.1.2.1 Cost & Schedule Management

The IBM Team will establish the baseline for the project Implementation Schedule with the delivery and acceptance of the final Project Management Plan. This plan will become the official schedule of record for the program. The IBM Team's Project Management Office (PMO) will track each task's progress, status of relevant dependencies, and completion of milestones. Any proposed changes to the official schedule will be reviewed with NTIA, and will require NTIA approval for acceptance as part of the Project Change Request (PCR) process. The status of the schedule will be reviewed weekly with NTIA as part of the weekly PMO status meetings.

The IBM Team will also track and report NTIA contract program costs and IBM Team progress against payment schedule milestones. This information, including status of invoicing and payment, will be summarized and presented monthly as part of the Cost and Schedule Status Report. During the startup period, no transaction information will be provided, since no payable transactions will occur except those which are part of the OCD. However, during the operational phase, the cost information we will provide will include a summary of the completed transactions being invoiced to NTIA each month.

Deliverables:

- Cost and Schedule Status Report (Monthly)



1.1.2.2 Procurement

The primary goal of our procurement activities will be to manage our relationships with our teaming partners and suppliers. During the Startup Phase, the IBM Team will acquire the required hardware and software to support the program; finalize and maintain subcontract agreements and statements of work; establish subcontractor management and control procedures (e.g., status reporting, schedule deadlines); manage work starts, assess and measure progress, and provide performance feedback; and confirm that subcontractors and teammates understand and comply with established processes (e.g., financial, quality, change management, risk management and communications).

Deliverables:

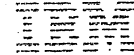
- Subcontract Management Plan (Initial and Final)
- Semi-annual Small Business Subcontract Report (SF 294)

1.1.2.3 Quality Assurance, Prevention of Waste, Fraud, and Abuse, and Performance Reporting

An important part of the IBM Team's effort during the Startup Phase will be to work with NTIA to agree on key management indicators of project performance. For this effort, the IBM Team will focus on finalizing and implementing the quality assurance portion of the Project Management Plan, measuring performance in accordance with the Quality Assurance and Surveillance Plan (QASP). We will work with NTIA to finalize the proposed performance metrics, and report them to NTIA via the Monthly Service Level Agreement Report. We will confirm that appropriate procedure guides are available for the program activities, including call center staff. We will also conduct regular reviews of our current processes, and hold "lessons learned" discussions, as required. Any improvements to the management of quality assurance accepted by the NTIA will be documented via updates to the Quality Monitoring and Control Plan. We will also conduct ongoing risk management activities in the performance of this program, as described in the Management Approach section of this proposal. We will review Coupon Program risks and proposed mitigations at least monthly with NTIA, and more frequently if the situation requires.

To minimize waste, fraud, and abuse, the IBM Team will conduct a rigorous verification process during retailer certification. We will use both automated data validation software and a dedicated Retailer Verification Team (RVT). Automated data validation routines will be used to match key data elements of the retailer's self certification and DUNS number against the Government's Central Contractor Registry (CCR) records to determine if the retailer's application for certification and their CCR record meet defined program criteria. Retailer applications that do not match CCR records will be isolated and reviewed by a retailer verification team specialist. This review may include (as necessary) additional requests for certification data from the retailer. Retailer applications that do not meet these certification requirements – and are thus potentially fraudulent – will be denied certification.

During the coupon application process, validation will be done in real-time to confirm that the requesting household has not received more than the allowable number of coupons. Application eligibility validation will be conducted by standardizing address data using CASS certified U.S. Postal Service software, comparing the name and address data to applications already received using special de-duplication logic (e.g., combinations and sequenced partial matching) and phonetic algorithms (i.e., extended Soundex). On the coupon delivery side, we will (1) assign a non-sequential Coupon card number that will include "check digits" to minimize the possibility that valid card numbers can be guessed or invented; (2) use an ISO9001:2000 compliant vendor in a MasterCard network with 8-color cards and holographic images to help prevent card duplication, and (3) audit the card mail-out center, confirming that their employees have financial and security background checks.



The IBM Team has also developed an audit plan that will help ensure all consumers are handled properly with respect to requests for Coupon Applications and Coupon distribution. This audit will validate that all requests for coupons are properly captured within the application, as well as validate that all applications for coupons received are properly processed. The audit plan will also validate that all coupon mailings are accurately executed and that all distributed coupons are properly reconciled. In developing this audit plan, we determined the auditable data points, defined the timing of audits and specified how the results of the audit will be documented and communicated. The auditable data points are:

- reconciliation of all numbered coupon applications received
- reconciliation of all other correspondence received and related to the program
- detailed tracking of coupon distributions to help ensure full reconciliation of all coupons mailed

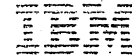
In addition to the quantifiable auditing noted above, additional non-statistical judgment analysis points will be employed. The non-statistical judgment analysis points identified are comparison of stakeholder expectations with respect to response rates, ongoing comparison to the rates of coupons issued to coupons redeemed, and analysis of the delivery rate of coupon applications mailed as well as coupons mailed. The total audit percentage, on a random basis, will be 3% of coupon applications.

The IBM Team will incorporate use of the credit card industry's leading commercial payment authorization engine (TSYS) to evaluate and approve or decline individual coupon redemptions at the point-of-sale (POS). This POS authorization process provides the ability to identify and prevent fraudulent, expired or otherwise invalid cards from being redeemed. At the POS, the individual coupon number, retailer merchant identification number and, when available, product code (UPC) is securely passed through the retailer's acquiring bank and the MasterCard processing network to the commercial payment authorization bank. When the UPC or SKU is not available at the time of sale, the retailer will have the responsibility of providing confirming sales data before the transaction will be reimbursed. Utilizing the Coupon Program's business rules and data collected and maintained by the IBM Team during the coupon application and retailer certification processes (updated in real-time), the bank authorization network will authorize the transaction only if the retailer is certified, the coupon is valid, and any associated UPS or SKU for the converter box being purchased has been deemed eligible by the NTIA. To maximize retailer participation, our solution will incorporate the use of alternative processes for verifying the product code, in the event that a merchant lacks the necessary POS infrastructure to transmit that data element at the time of sale.

In addition, the IBM Team will implement automated post-settlement fraud detection audits to identify anomalous redemption patterns (such as a high volume of out-of-state coupon redemptions, a high volume of redemptions relative to retailer gross annual sales, or unusual fluctuation in redemption volume). A pattern of settlement requests identified as potential fraud concerns will be researched by an audit analyst, and the merchant will be decertified unless the reason for the audit trigger can be justified by the retailer.

Possible retail fraud situations and our planned actions to minimize waste, fraud, and abuse include the following:

Potential Waste, Fraud, and Abuse	Risk Mitigations
Deliberate, systematic fraud by small, sham or ineligible retailer	<ul style="list-style-type: none"> ▪ Thorough automated and manual review of certification applications to validate retailer eligibility and identify questionable retailer applicants ▪ Data checks at time of authorization and settlement, verifying coupon validity, retailer validity, and purchase of eligible converter box ▪ Automated audit triggers and fraud detection audits to identify and investigate anomalous redemption patterns, such as high volume of out-of-state coupon redemptions, high volume of redemptions relative to



Potential Waste, Fraud, and Abuse	Risk Mitigations
Use of coupons for other than purchase of eligible converter box	<ul style="list-style-type: none"> ▪ retailer gross annual sales, or unusual fluctuation in redemption volume ▪ Evidence of converter box sale required by retailer prior to financial reimbursement/settlement ▪ Retailer training on coupon use and validity rules ▪ IBM Team on-site visits of each retailer intended to use Sales Detail Reporting settlement mechanism
Retailer acceptance of fraudulent, previously-used, lost, stolen, or expired coupons	<ul style="list-style-type: none"> ▪ Real-time authorization, verification and cancellation of coupon at point of sale
Distribution of cash to consumer by retailer if consumer returns the box for refund	<ul style="list-style-type: none"> ▪ Retailer training on coupon use and validity rules, including use of industry standard credit card return process which prohibits cash refunds ▪ Recommend policy of exact swap only on returns

Lastly, the IBM Team is committed to securing our own internal environments. We will continually assess the internal control effectiveness throughout the Coupon Program. We will secure our environments and require authentication for internal resources to get access to key processes and data. We will provide highly skilled personnel in support of the implementation of the Coupon Program. We will define areas and clear lines of responsibility, establish a reporting hierarchy, and sustain the need for personnel to possess and maintain the necessary knowledge and skills to perform their duties. The organizational culture will be defined by leadership in setting values of integrity and ethical behavior that will cascade down and permeate the organization.

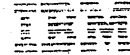
The IBM Team will also support the processes for obtaining clearance from the Office of Management and Budget (OMB) prior to the initiation of any data collection activities. The IBM team is well versed with the issues related to OMB clearance based on experience supporting other clients with preparation of Standard Form 83 and related justification packages. We understand that, based on the provisions of the Paperwork Reduction Act and other executive orders that govern requests for information from the public, no government-sponsored information collection can proceed until OMB has issued clearance, including the clearance number that is to be included in data collection documents. Based on experience with such clearance activities in the past, we understand that it can take three months (or sometimes longer) to receive clearance. We will work with the cognizant authority within the Department of Commerce to develop the justification package, support preparation of other required documents and forms, and be available to answer questions that OMB might pose to the Department of Commerce. Deliverables:

- Quality Monitoring and Control Plan (Final)
- Monthly SLA Report (Draft and Final, then Monthly)

1.1.2.4 Communication and Status Reporting

During project startup we will work with the NTIA to plan our regular communication vehicles. We propose to use weekly status reviews, monthly Program Management Reviews, monthly Cost and Schedule Status Reports, and monthly reviews of risks and performance metrics as a means of consistent communication and reporting. Our documentation and deliverables will be available at all times on the program Dashboard. We will also schedule in-depth discussions with NTIA on key issues to keep the entire team operating from the same consistent understanding.

One of the most important aspects of communications planning is preparation for handling unplanned crisis events, and communicating them to the parties who need to know, so they can act. The IBM Team's project management methodology includes structured and effective procedures to address both



foreseen and unforeseen circumstances that could arise in a complex and far-reaching program like this one. Our crisis management approach includes both proactive and reactive measures. During the program Startup phase, we will establish regular communication channels and mechanisms for reaching key personnel in the event of a crisis. The specific process for working through urgent issues will be documented in our Project Management Plan, as part of the communications management section.

In addition to establishing a project-specific crisis management plan, we will rely on the clear and consistent messaging included in our consumer education plan to help ensure penetration and understanding by U.S. consumers about the authenticity of the program, the coupon application process, and the coupon redemption protocols. The messaging will appear in the media, on the consumer information Web site, in printed materials, and via toll-free information hotline assistance. The availability and consistency of program information is critical in laying a credible foundation for the program. Once established, the credibility carries forward into the reactive phase of any crisis management. An otherwise well-run program will quickly overcome the initial negative impression of isolated incidents. Further, any attempted violation of program rules can be addressed directly by referencing official program information, which helps not only to deter attempts at fraud but also assists the proper authorities when action must be taken in a criminal prosecution context.

Deliverables:

- Program Management Review (PMR) Agenda (Monthly)
- PMR Meeting (Monthly)
- PMR Minutes (Monthly)

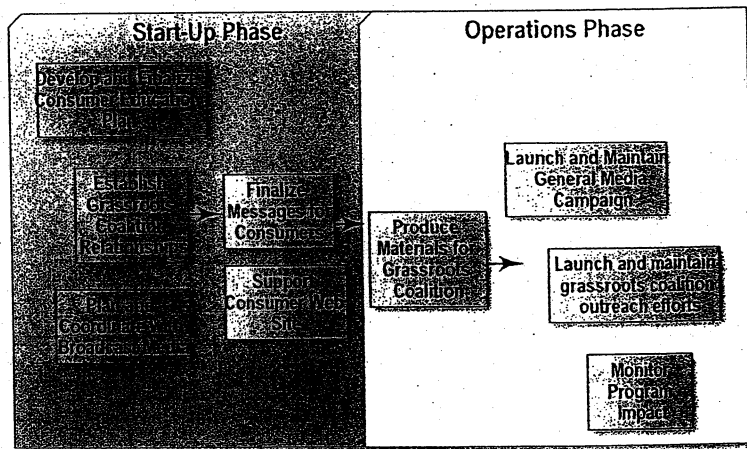
1.1.2.5 Financial Management

The IBM Team will also monitor and report on the overall financial status of the program. Our goal is to provide NTIA with real-time information on the funding obligated through the program, paying particular attention as each block of funding nears depletion. This information will be included both on our regular status reports and on the Dashboard, where it will be updated on a daily basis.

1.2 Consumer Education

The major steps the IBM Team will carry out as part of the Consumer Education Program are shown in Figure 1.2-1. Our approach to the Startup Phase is described in further detail below; the remainder of our approach is described within section 2.2 under the Operational Phase. During the Startup Phase, the primary focus of the Consumer Education program will be to develop a detailed and thorough Consumer Education Plan that will maximize the effectiveness of the comparatively small \$5M budget for this activity. As required by the SOO (Technical Services Outcomes and Objectives, C.3.3.1.2), our plan will make recommendations for the design, targeting and distribution of Consumer Education about the Coupon Program. It will incorporate a strategy for creating partnerships to incorporate Consumer Education

Figure 1.2-1: Our Consumer Education Program offers a methodical approach to reaching our target audience.



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concerning the Coupon Program into the broader digital transition; include support for NTIA partnership activities including materials, meeting logistics and organization; include the development of Consumer Education messages and design materials for diverse audiences, such as Spanish and other non English speakers, seniors, people with disabilities and low literate households, and cover the distribution of these materials through a wide variety of media and partners. Our plan will include a strategy to obtain consistent and uniform messaging throughout the Coupon Program, and proposed measures of the Coupon Program's progress in educating consumers, to be eventually incorporated in the Coupon Program Dashboard. The plan will also document whether and how the message to consumers will change when and if the contingency funding is required, although our current plan is that the additional restrictions associated with contingency funding will be part of the initial messages.

The consumer education campaign requires that we move our audiences from awareness of the coupon program, to understanding and finally to action. This will require coordination of multiple sets of evolving messages delivered by a wide variety of messengers through a series of channels. General broadcast media is the first and most indispensable channel in reaching our target audience. We will work with individual reporters, individual station managers, community relations managers, influential opinion leaders, interested stakeholder groups, advertisers, and network executives in attempting to saturate our target audience through the general broadcast media. Broadcast networks and television groups have already committed to working with organizations like the National Association of Broadcasters (NAB) and the FCC. In an effort to enhance rather than duplicate these efforts, the IBM team will initially evaluate existing efforts being conducted by the broadcasting community, and work to augment those efforts should we identify planning or execution gaps. We will coordinate messaging with disparate elements of the broadcasting industry, and we anticipate close coordination with stations as they determine the appropriate quantity of PSA broadcasts necessary in a particular market, particularly those markets comprised of viewers most vulnerable to the digital transition.

From an outreach perspective, we will be primarily attempting to leverage "earned media" such as press releases and public service announcements, rather than "paid media" such as advertising, primarily due to the limited funds allowable. This approach actually offers two benefits for NTIA: earned media provides an increased level of credibility to the consumer while simultaneously allowing us to use the resources available for the consumer education campaign most effectively. Not only is this approach economical, but it also allows us to influence the broadcast media messages so that they are aligned with NTIA objectives. We will leverage our relationships with national media outlets, utilizing both print and broadcast (radio and TV), to reach consumers in all intended audiences to achieve nationwide reach. We will refine our media tactics based on local and regional coupon requests data to target local reporters and media in specific areas of the U.S. if requests are lagging in those regions. We anticipate that the digital-to-analog conversion will be a story of great interest to the broadcast media and the general public: concerns about mass-scale inconvenience and economic dislocation, especially within vulnerable demographic groups, will give this story "legs" and guarantee broad coverage. We expect significant and sustained interest in this issue, especially as the switch-over date nears in 2009, with reinforcement of messaging directed at consumers by a multitude of interested organizations (national media, corporate America, NAB, etc.). This interest will act with a multiplier effect to boost and reinforce the reach, frequency, and penetration of NTIA messages.

In addition, the IBM Team will seek to utilize the research conducted by NAB, the DTV Coalition and other organizations on the target audience already. We understand that NAB has already conducted six focus groups, including one with coalition stakeholders, two with Hispanic over-the-air consumers and three with over-the-air consumers from the general population. Based on this information, the IBM Team recommends that additional research be conducted with seniors and the African American population with over-the-air broadcast to glean data about their understanding of the transition and messages that will resonate with them. We will encourage NAB or other partners to conduct such research.

The second primary group that the IBM Team will seek to build and leverage is a network of committed partners who already have access to many of the population segments which compose these over-the-air households. This is important because the target audience for the Coupon Program is not an easy one to reach. Over-the-air households in general tend to be less affluent, with lower English literacy and more racial diversity than those that already have digital TV, satellite or cable.¹ To broaden the overall reach and frequency of the message penetration, with both general market audiences as well as underserved and emerging demographics (e.g., African Americans, Hispanics and Latinos, low-literacy audiences), partner organizations that reach these demographics will be on-board and activated to complete the outreach. The influential organizations who serve as “trusted advisors” to these populations, including local, ethnic, race and faith-based groups, will provide an effective source for Coupon Program awareness and information, supplementing our broad-based media campaigns. Our grassroots coalition of voluntary partners will emphasize groups with constituents from these vulnerable populations. These populations are classically difficult to reach and may distrust mass media messages, which is the prime reason for our strategy of supplementing the mass media messages by utilizing trusted organizations within these demographics to reach and educate these consumers. We will develop partnerships with the Hispanic Communications Network (HCN), which reaches Latinos across the United States with television, radio, print and Internet elements and the National Newspaper Publishers Association (NNPA), a federation of more than 200 Black community newspapers from across the United States. We will encourage them to develop a series of articles on the DTV transition by providing fact sheets, spokespersons and other information so they may keep their readers, viewers and listeners informed about this important issue. We are already working with an extensive network of local and national partners through our work with the U.S. Department of Health & Human Services (HHS), *Rescue & Restore Victims of Human Trafficking*, as well as in our support for the Centers for Medicare and Medicaid Services (CMS) in both 2005’s Medicare prescription drug campaign and its current *A Healthier U.S. Starts Here* program. Just as we successfully reversed negative perceptions about the new prescription drug benefit program for CMS, reaching 39 million Medicare beneficiaries through national and local partners, our Coupon Program consumer education team will identify, enlist, and activate influential organizations to take the news about the Coupon Program to their constituents. We will also be able to re-use demographic and psychographic data gathered during the Medicare program that will inform how we communicate and where to reach some of the most vulnerable populations. Working collaboratively with organizations like AARP, NAACP, NCLR, the National Rural Electric Cooperative Association, and countless other much smaller organizations with whom we already have strong relationships, we will build a network of support for the Coupon Program that we can draw on throughout the campaign to get our message out to targeted communities. In addition, where appropriate, we will encourage other Federal agencies to disseminate our messages in their communication to these vulnerable populations. This could be particularly effective with organizations like the Department of Housing and Urban Development and Department of Health and Human Services. Our tested “surround sound” approach using both broadcast media and a coalition of grassroots organizations will give us both reach and frequency, maximizing the effectiveness of NTIA’s consumer education budget. We will leverage

The IBM Team has a proven “surround sound” approach to public outreach

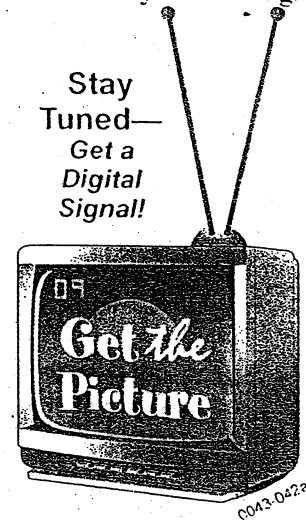
In 2005, IBM partner Ketchum designed and managed the campaign to enroll millions of Medicare beneficiaries in the new Part D Prescription Drug Benefit for the Centers for Medicare and Medicaid Services (CMS). Based on research to understand the target audiences’ knowledge and awareness of the program, we developed a national, regional and local grassroots campaign combining earned media with a national bus tour that provided information and enrollment assistance to seniors in more than 350 communities across the country. The campaign enrolled more than 39 million beneficiaries during the first year, significantly exceeding the CMS goal of 30 million enrollees.

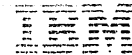
¹ GAO has reported that non-white households are more likely than white households to be over-the-air households; in addition, 48 percent of households with only analog TVs had incomes of less than \$30,000 compared with 29 percent of households with cable or satellite service.

our existing relationships with these organizations, network for additional partners and stakeholders widening our reach and expand our grassroots coalition. With each non-Federal group we enlist, we will prepare a letter of agreement (LOA) to formalize our mutual commitment and outline the planned outreach activities.

The next step will be to finalize the messages to consumers. A cornerstone of the IBM team's strategy is development, testing, and dissemination of messages to these hardest-to-reach populations. Prior to any development or testing of messages, the IBM team will provide NTIA a "creative brief" that provides an overview and rationale for our direction and strategy. Movement on the creative concepts will not take place until NTIA has provided feedback on the brief to help ensure the team is not moving in a direction NTIA does not approve of or support. We have already developed a preliminary tag line for our message: *Get the Picture* (Figure 1.2-2). The phrase's familiarity, brevity, and double meaning – "get the facts" but also "get your TV working right" – make it ideal for effective mass communication. We will review proposed concepts, selected tag lines, and messages with the National Association of Broadcasters and other general media representatives, as well as with representatives of the grassroots coalition; seeking to obtain their feedback based on their knowledge and research as well as their buy-in to the proposed messages. A consistent message, adopted by multiple organizations, is much more powerful than numerous varying messages on the same topic. Therefore, we will seek consensus among the various participating organizations before finalizing the proposed messages. As appropriate, we will prepare tailored messages to fit individual groups within the overall target audience. As directed by the SOO C.3.3.1.2h, the messages that we will deliver will include the following: (a) Explanation that analog televisions can remain operational after the transition to digital broadcasting by using a converter box; (b) that NTIA will help defray the purchase of an eligible converter box; (c) the scope and time limits of Coupon Program operation; (d) directions for households to request one or two coupons; (e) terms, eligibility, expiration date, and redemption policies; (f) instructions on which boxes are eligible for purchase with coupons; (g) instructions on which retailers are certified to accept coupons and conditions concerning household eligibility, how many coupons a household may receive; and (h) directions on how consumers can redeem coupons. We will then test these concepts and messages with focus groups of consumers in diverse audiences, confirming that what we ultimately select has appeal across multiple audience segments and is also culturally appropriate. In-depth interviews will confirm whether the themes and messages developed and tested for our collateral materials will resonate with the target audiences. This methodology is an oft-used and well-respected measure of the utility of materials developed through research. Additionally, partner organizations will be surveyed to measure the effectiveness of materials (brochures) targeted to inform them of the campaign, and will have the opportunity through their own grassroots outreach, to poll and solicit feedback from their members and constituents regarding the impact and effectiveness of collateral materials. Based on feedback from the focus groups, we will revise the concepts and messages to reflect insights gained during the consumer testing. The final concepts will be part of the identity to be carried through all campaign materials and messages, creating uniformity and consistency that will maximize the impact of our outreach. These messages and concepts will be documented in a Coupon Program "creative brief," delivered to NTIA in both draft and final form. Using the key messages, we will also refine the content to be included on the Coupon Request and Consumer Support website.

Figure 1.2-2: Our Coupon Program theme will tie together materials disseminated by different groups.





We will also plan to update our messages throughout the campaign, responding to planned and unplanned events. For example, the Contingency period will be addressed through a build of messages throughout the campaign. Specifically, we will mention the contingency phase from the outset to avoid accusations that this period was a surprise to consumers. Once 20 million coupons have been requested, an urgency message will be added to all communications more specifically describing the period and what it means to each consumer group. These messages will be reflected in all talking points, communications with partners, media outreach, etc. For printed materials, we will leave space for a sticker or stamp so the urgency message can be added when necessary.

During the startup phase, the team will develop messages related to potential waste, fraud and abuse issues so NTIA is prepared should an issue arise. Once the program begins, we will be conducting regular media monitoring that should trigger any initial discussion of a waste, fraud, and abuse issue. Upon discovery of such an issue the team will bring it to the attention of NTIA, recommend a course of action and address it head on. The IBM consumer education team includes personnel with experience in issue and crisis management, as well as a full issues and crisis team that is at NTIA's disposal should the need arise.

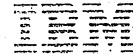
In all phases of the program, a significant portion of key personnel time will be devoted to strategizing and collaborating with NTIA, particularly to continue refining and expanding the proposed program to best leverage all opportunities. Additionally, time is included in the estimated labor hours of all support staff to address changing needs of the campaign and any ad hoc tasks or opportunities. This labor is not broken out as a separate line item, but is included in the entire estimate of level of effort, since in the view of the IBM team, this is not an additional activity but rather an essential tenet of client service we provide to all clients, including NTIA.

Deliverables:

- Consumer Education Plan (Draft and Final)

1.3 Retailer Certification and Training

During the Startup Phase, the IBM Team will implement a comprehensive Retailer Certification and Training Program designed to maximize nationwide retailer participation in the Coupon Program. As specified by SOO Objective C.3.3.1.4, our retailer participation and certification program, directed at both large and small retailers, will include (a) coordination with existing store front retailers and online internet retailers to utilize current industry processing tools and systems, consistent with reasonable commercial standards including assistance for POS modifications; (b) Input, update, and distribution of the list of program-eligible converter boxes; (c) development of retailer management and employee training materials on how to identify valid coupons and accept coupons; (d) development of training materials on how to redeem valid coupons and troubleshooting problems; (e) alternative redemption and payment means for retailers without automated systems; (f) support for retailer processing of split transactions so that cash, debit, or credit can be used with a coupon to pay for the total retail price if over \$40 per converter box; (g) redemption and audit information and reports provided to NTIA; (h) maintenance of a registry of certified retailers; (i) monitoring of retailer compliance; (j) acceptance of applications for retailer certifications; (k) checking and verification of retailer credentials for participation; (l) resolution of retailer issues such as late application requests or denial or revocation of certification; and (m) maintenance of viable relationships with a variety of retailers (e.g., large chains, small consumer electronic specialty shops, "bricks and mortar" and online) through appropriate, commercially acceptable agreements and/or practices. Broad-based, well-executed retailer participation will enhance convenience for the consumer and promote NTIA's goal of overall Coupon Program satisfaction. Because retailer participation in the Coupon Program is purely voluntary, our goal will be to make the process as painless and simple as possible for this major group of stakeholders, encouraging them to see the advantages of participating. Once major retailers join the program, smaller ones should find it in their interest to follow. The IBM Team will also develop certification and redemption processes that avoid disruption to retailers'



standard processes. The primary challenge of the retailer certification program is that it must be operational during the Startup Phase, since applications for certifications can be accepted only between June 1, 2007 and March 31, 2008.

Figure 1.3-1 shows the major steps in our process that will maximize participation by both the critically-important large retailers, and the smaller retailers in less populated areas, in order to maximize the options for the consumer.

1.3.1 Retailer Identification

The IBM Team's **Retailer Identification** effort will leverage commercial registries (e.g., Duns, Hoovers, etc.) and industry associations (e.g., National Retailer Federation) to build a nationwide listing of consumer electronic retailers eligible to participate in the Coupon Program. We will segment these retailers into groups based on size (single vs. multi-store), ownership (company owned vs.

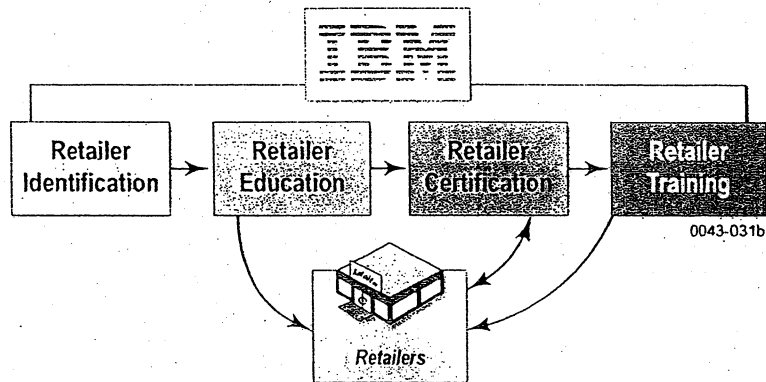
franchised) geographical location (using either MSA or congressional district) and type (storefront vs. online). This retailer segmentation will become the basis for targeted retailer education and training programs, allowing us to tailor our messages to each group for maximum effectiveness. We will also perform additional research within each retailer segment, identifying the highest volume merchants in each for targeted communications to increase participation. In order to encourage participation by a wide variety of retailers, the IBM Team will employ acquisition specialists who will visit targeted retailers to familiarize them with the program and solicit their participation. By using a direct sales approach, the IBM Team will increase awareness across a wide variety of retailer types, including large alternative retailers.

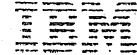
1.3.2 Retailer Education

Our **Retailer Education** efforts will focus on making sure that the retailers identified understand the Coupon Program and how to participate. We will reach out to the retailers identified in the previous step, coordinating our efforts with industry associations such as the Consumer Electronic Retailer Coalition (CERC). Our goal will be to generate industry-wide awareness of the Coupon Program and provide qualified retailers with a full understanding of the IBM Team's retailer-friendly processes for Coupon Program certification and coupon redemption. Employing a multi-channel approach to retailer education, the IBM Team will:

- Develop multiple written retailer communications, each tailored to a specific retailer segment (i.e., large multi-store vs. small single store retailers). Educational topics will include "Why Enroll," "How to Enroll," "Welcome Package," "How the Redemption will Work," and "Where to Go for Help." We will initiate awareness building campaigns with retailers using customized methods for reaching each segment, including mail, e-mail, and broadcast fax. Our follow-up messages will focus on the highest volume retailers in each segment.
- Mobilize a team of "acquisition specialists" that will personally visit and educate the larger retailers, and participate in major consumer electronic industry events, such as the National Retail Federation's annual conference in January 2008, in order to communicate directly with the retailer community and obtain feedback. Retailer concerns and issues will be summarized and communicated to NTIA. These

Figure 1.3-1: Our Comprehensive Certification Process will Maximize Retailer Participation.





acquisition specialists will be equipped with information regarding the redemption alternatives available to retailers.

- Implement a retailer website with full program content, including: Program Objectives, Program Rules, Enrollment/ Certification Instructions, Coupon Redemption Options, and FAQ's. We will also establish and facilitate industry working group forums (retail industry, consumer electronics).
- Launch a live-operator Retailer Support Center to answer questions and respond to requests for additional Coupon Program information, or to provide assistance to retailers seeking to be certified for participation in the program.

The IBM Team can mobilize quickly

- In 2005, IBM partner CLC stood up a housing support center with similar capabilities to the Retailer Support Center 5 days after Hurricane Katrina passed through New Orleans, and 3 days after the call from the Red Cross.
- CLC also developed a housing enrollment packet and delivered it by fax to 20,000 hotels across the southeastern U.S. 7 days after the hurricane.

1.3.3 Retailer Certification and Support

The Retailer Certification and Support process itself will begin during the Startup Phase of the program, prior to full operation of the rest of the system. The IBM Team will begin accepting retailer applications within six weeks after contract award (by October 1, 2007, assuming an August 16, 2007 contract award date), in order to assist NTIA to satisfy the requirements of the Rule that retailer certifications should be carried out from June 1, 2007 (before contract award) through March 31, 2008. To meet NTIA goals of broad-based retailer participation, multi-channel certification methods that recognize the diverse needs and capabilities of retailers will be used by the IBM Team. Building on the experience gained while certifying and supporting over 35,000 vendors for the FEMA housing programs, we will:

- Operate and maintain certification pages of the Retailer website, available 24x7, allowing retailers to review program requirements, apply for certification and submit the required self-certification statement with real-time confirmation.
- Support retailers who wish to participate by providing live-operator assistance through the retailer support center. In addition to answering questions, the agents will be able to send the retailer an enrollment package via email, fax or mail and help them complete certification forms. The support center will use existing space and systems currently supporting the FEMA vendor support program, which will be phased down during the third quarter of 2007. We anticipate staffing to approximately 20% of our eventual retailer support requirements to support retailer certification during the Startup Phase. Our center will be configured for flexible staffing to meet spikes in demand over the life cycle of the Coupon Program.
- Establish and operate a large-retailer Support Process for retailers with multiple store locations to enable retailers to submit one application package for multiple store front locations. This channel will offer multi-stored retailers a specialized enrollment package. We will dedicate staff whose mission is to maximize the participation of large retailers, traveling as necessary to meet personally with their representatives to address this segment's special concerns and facilitate participation.
- To meet Coupon Program requirements of minimizing waste, fraud and abuse, the IBM Team will augment the retailer's self-certification with rigorous back-end verification procedures designed to verify retailer credentials for participation. Since retailers will be the recipients of funds from the U.S. Treasury, the potential for waste, fraud, and abuse is most significant with these transactions.

The IBM Team knows how to certify retailers

- Since 2005, IBM partner CLC has already certified 35,000 retailers – ranging from large chains to individually-owned businesses – using its current web, Paper, and Telephone based processes.

Verification of retailer integrity is a key step in minimizing the possibility that we would be doing business with parties intent on fraud. We will perform automated database checks and mobilize our Retailer Verification Team to immediately address any verification concerns identified via the database check process. The Retailer Verification Team will also resolve retailer issues such as late application requests, denial or revocation of certification.

- Certify approved retailers and notify both accepted and rejected retailers of their status.
- Maintain and operate the registry of certified retailers including real-time interfaces with other functional elements of the Coupon Program.

Retailers participating in the Coupon Program will be required to complete and sign a Retailer Agreement. A sample agreement is provided as an attachment to this performance work statement.

1.3.4 Retailer Training

As part of our **Retailer Training** program, the IBM Team will develop a comprehensive set of retailer training materials for certified retailers on how to redeem valid coupons and troubleshoot problems. Because the IBM Team's solution is designed to leverage fully existing retail infrastructure, including training processes, we anticipate that only minimal changes to normal retail cashier routines will be required. We will design and prepare training materials for three broad segments of retailers. For larger retailers, the materials will provide "train the trainer" content, since these retailers have already indicated to us a desire to incorporate Coupon Program training into their ongoing internal training processes. For smaller merchants, training materials will be designed to promote simplified self-training. Because our POS solution also accommodates very small retailers who lack or choose not to use credit card processing infrastructure, we will also develop and distribute simple, graphically-driven training materials that describes the alternative coupon redemption process. All types of training materials will be available for distribution in hard copy as requested by individual retailers and incorporated into our retailer support website for easy access and downloading.

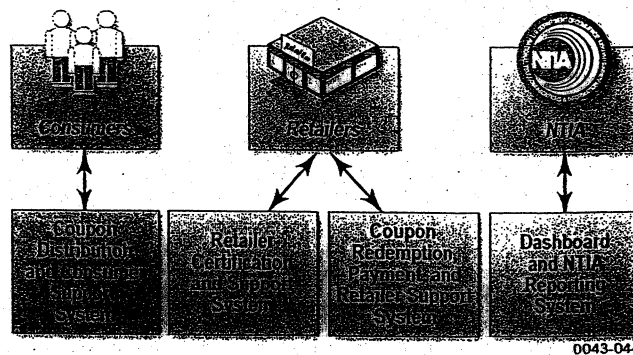
Deliverables

- Retailer Certification Plan (Draft and Final)
- Retailer Training Materials (Draft and Final)

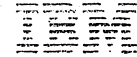
1.4 System Configuration

The IBM Team's proposed technical solution is described in Section 2 of this proposal. The components of our solution include a set of existing commercial services that when configured and integrated will give NTIA an effective, cost-efficient, and low risk approach to satisfying the requirements of the Coupon Program. The major components of our technical solution are shown in Figure 1.4-1 and include (1) Coupon Distribution and Consumer Support System; (2) Retailer Certification and Support System; (3) Coupon Redemption, Payment, and Retailer Support System; and (4) Dashboard and NTIA Reporting System. This section of the Performance Work Statement describes how we will configure and integrate these existing systems and services to meet the specific requirements of the Coupon Program.

Figure 1.4-1: The IBM Team's solution integrates four COTS systems.



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1.4.1 Overall System

The configuration process that we will follow is briefly summarized in Table 1.4.1-1 below. These phases and the resulting work products are based on IBM's Global Services Method, our standard approach for system integration development based on our experiences with hundreds of clients. We will follow this approach as we configure each of the major components of the Coupon Program systems.

Table 1.4.1-1: Summary of System Configuration Life Cycle

Process	Activities
Define/Design	<ul style="list-style-type: none"> ▪ Collaborate with NTIA to confirm key business and operational requirements ▪ Review and finalize use-cases and associated business rules, especially validation, batch controls, and detailed document audit trails ▪ Finalize database architecture, user interface designs and navigation ▪ Confirm scale and sizing assumptions
Configure and Test	<ul style="list-style-type: none"> ▪ Usability Testing ▪ Review Hardware Architecture ▪ QA & Technical Validation ▪ Business Acceptance Testing
Integrate and Deploy	<ul style="list-style-type: none"> ▪ Integration & Load Testing ▪ Implementation on Production Hardware

1.4.1.1 System Architecture and Concept of Operations

As part of the definition process, the IBM Team will work with NTIA to confirm our proposed concept of operations and system architecture, using industry-standard documentation to communicate our proposed approach. We have already prepared many of these materials, and will be working with you to finalize them as we confirm the business rules associated with the use cases we have prepared. For example, we have currently identified eighteen coupon request and distribution use cases, and twelve coupon redemption use cases, including such critical interactions as requesting a replacement coupon, requesting coupon status, and reimbursement for various types of interactions. This documentation will also serve as the basis for communicating across the entire team, to confirm that everyone on the team understands the final business rules.

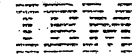
Key documents we will prepare and review with NTIA include the Concept of Operations (ConOps), which describes the overall process flow of actors (such as the public, NTIA, and the U.S. Treasury) and objects (such as the coupons) through the entire system. This ConOps is supported by a set of use-cases for each of the major system transactions. In addition, we will review proposed Operational Service Levels, which define the capacity, load, availability and other operational capabilities to be supported by each component of the system. Finally, we will review the functional architecture for each system and subsystem. Once these documents are finalized, they will be used as the basis for quality reviews and our integration test plan and Operational Capabilities Demonstration.

1.4.1.2 Security Planning and Configuration

Because personally identifiable data such as name and address will be tracked within our systems, certifying that they have sufficient security and confidentiality controls in place will be a key activity during the Startup Phase. We will carry out the security management and testing processes required under the appropriate NIST standards and document the results in preparation for submitting our final security Certification and Accreditation (C&A) package.

The IBM Team knows federal security

- IBM has 200 consultants advising U.S. federal government agencies on FISMA and NIST security compliance.
- IBM small-business partner Federal Working Group, who will lead the certification of the Coupon Program systems, has already begun security certification and accreditation for the data-collection systems that will support the 2010 U.S. Census



Because the solution consists of multiple components, located within different corporate environments, with confidential data being transferred among them, the IBM Team will focus on not only validating the controls within each system, but also on the data transfers between systems. The IBM Team will initiate the required documentation needed to obtain the appropriate level of security Certification and Accreditation (C&A) required for the supporting Coupon Program systems.

Deliverables

- System Certification and Accreditation Package (Plan)
- Security Management Plan (Draft and Final)

1.4.2. Retailer Certification and Support System

During the Startup Phase, the IBM Team will configure and implement our Retailer Certification and Support System. The IBM Team will provide retailers with simple, easily accessible, multi-channel certification methods that recognize the diverse needs and capabilities of thousands of retailers, leading to broad-based retailer participation and high consumer satisfaction. The IBM Team will:

- Configure and update our current vendor database to include data gathered from registries of certified electronics retailers.
- Configure and test systems and interfaces that link the certified retailer database to the federal government's Central Contractor Registry (CCR) for automated verification.
- Configure and launch the certification pages of the Retailer website for retailers to review program requirements, apply for certification and submit the required self-certification statement with real-time confirmation.

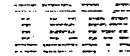
We will also review our security controls that both protect the data and safeguards against fraud, abuse and non-compliant retailer enrollments.

1.4.3 Coupon Distribution and Consumer Support System

During the Startup Phase, we will configure our multi-channel contact center to meet the requirements of the Coupon Program. As specified by SOO C.3.3.1.3, this system will process consumer coupon requests and coupon distributions, receiving and fulfilling household requests in a timely manner, for no more than two coupons; verifying requests for household eligibility and screening for duplicate requests; preventing fraudulent coupon requests; distributing coupons and information on eligible converter boxes and certified retailers via the United States Postal Service; handling consumer questions and complaints efficiently, including requests for replacement of coupon(s) that are lost or stolen; supporting multiple language requests; and providing audit and exception reports. The Coupon Distribution and Consumer Support System will be managed and hosted by IBM partner Epiq, who will be leveraging their existing consumer interaction software and hardware infrastructure, including a scalable call center and full-scale document management operations. Our system already includes an Internet site, a call center with Interactive Voice Response (IVR) and live-agent capability, and paper-based requests delivered by mail and fax. Our robust support system will also manage coupon provisioning and fulfillment, track and report on funding obligations, as well as additional oversight and reporting, thus providing a comprehensive system processing for coupon

Our contact center software already includes:

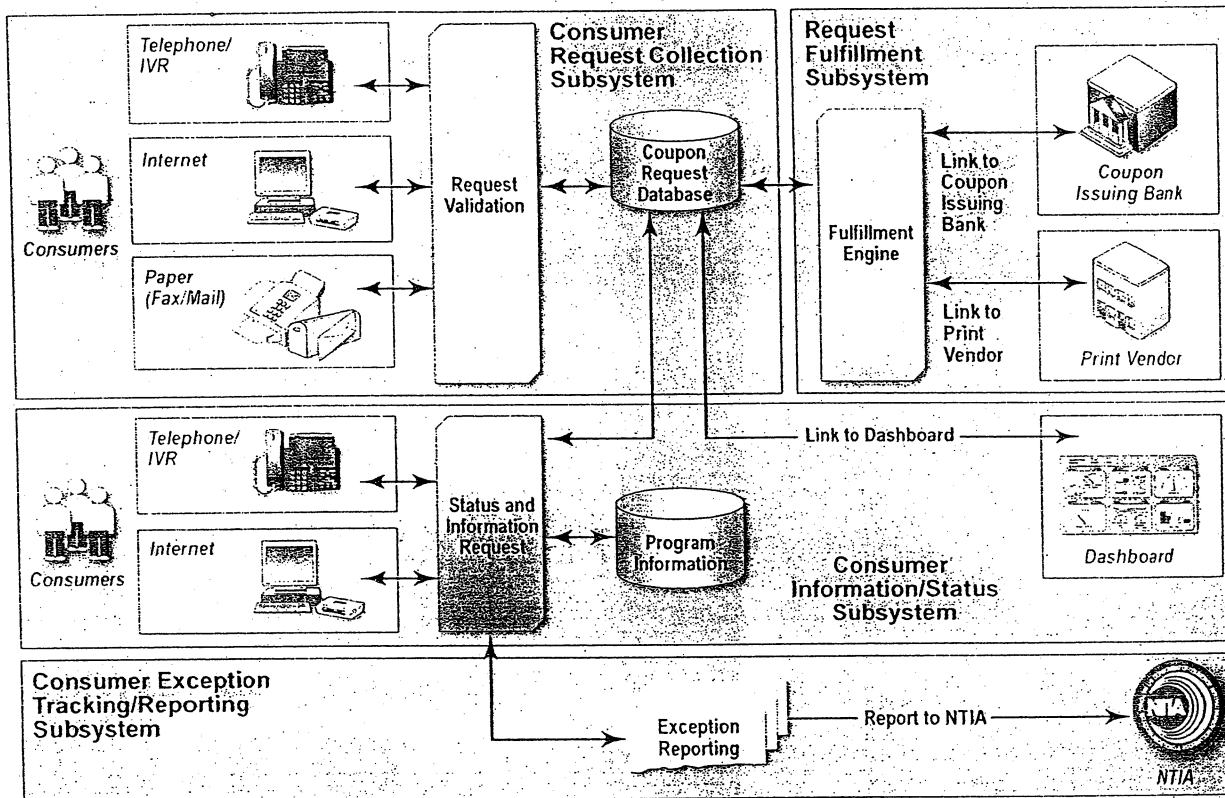
- Request processing and valid address verification
- Rule-driven household eligibility software
- Feature-rich Call Center Activity user interface, including "Ready Reference" to support efficient and accurate agent call handling and call type coding
- Controlled Coupon Fulfillment capability
- Role-based security access and data segregation to protect private consumer information
- Consumer request fulfillment status lookup via the Internet and Call Center channels
- SSL data encryption for data exchange of confidential transactions



distribution. During the Startup Phase, the IBM Team will review the use cases associated with the coupon application and fulfillment process with NTIA, finalizing the business rules that have already been drafted.

Our existing Coupon Distribution and Support system includes four major subsystems. A conceptual diagram of the system is shown below in Figure 1.4.3-1. Each of the four Coupon Distribution subsystems identified in the diagram is further described in the sections that follow.

Figure 1.4.3-1: Coupon Distribution and Consumer Support Subsystems



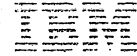
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1.4.3.1 Consumer Request Collection Subsystem

During the Startup Phase, the IBM Team will configure the Consumer Request Collection Subsystem and its channel components. Within all three channels of Internet, Telephone/IVR, and Mail/Fax, we will provide foreign language selection and support in the six most prevalent foreign languages according to the U.S. Census Bureau (Spanish, French, Russian, Simplified Chinese, Tagalog and Vietnamese), to facilitate ease of use for limited-English speaking consumers, as recognized in the General U.S. Government Guidance for Recipients of Federal Funds and Department of Commerce Limited English Proficient Persons Guidance. Some of the tasks we will perform as part of configuring the consumer request collection subsystem include the following:

The IBM Team's Language Depth

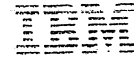
- The translations of the website will be prepared by a small business vendor.
- The contact center operation has depth-of-language fluency in 23 languages among its permanent employees.
- The team has depth of language capability in more than 170 other languages through an established partnership with the Language Line (www.languageline.com).
- Our team is prepared to support persons with disabilities, via spoken IVR messages and live operators to assist illiterate/sight impaired callers, and TTD for those with hearing impairments.



- Incorporate industry-recommended standards for effective communication with a large and demographically diverse target group. These standards include the use of federally-recognized “plain language”² notice, ease-of-use navigation, and regularly updated content, to address consumer experience issues and questions or unforeseen circumstances that may arise.
- Configure the centrally-managed coupon household eligibility business rules, for common access by all channels. This will include the additional processing needed to validate Post Office Boxes in rural America, on Indian reservations, and in Alaskan native villages. We will also confirm that address files for Guam and the other U.S. territories are complete and current.
- Configure the system to track total program funding status and coupon obligation levels, based on the number of coupons issued and not expired, managing to the initial authorization level of \$890 million.
- Set up the system for creation and delivery of the Coupon Fulfillment file, the Activated Coupon File and the Expired Coupons Negative File.
- Adapt existing audit protocols and quality assurance procedures in accordance with Coupon Program requirements.

The IBM Team will leverage a proven process for protecting personally identifiable information (PII). In addition to name, address, and number of coupons, the IBM Team will also collect an over-the-air only certification. The collection of the over-the-air certification from the beginning allows for a seamless transition into contingent fund processing, if that becomes necessary. Access to the NTIA coupon processing application interface will be strictly limited to authorized processing personnel, and then only on a need-to-know basis. Role-based user access security within the application will be integrated with our network security model and requires unique identification and authentication. This application-tier security model in turn accesses the database-tier through a tightly-controlled alias (service) mechanism, a method consistent with and supportive of our database access controls. The NTIA application development and processing environment, including databases and server-based business objects, will also be highly-controlled. As prescribed by SAS 70 and best practices, our development, test and production environments will be physically separated for all cases. Logical access to these environments will be restricted and separated within the applications group, and will be closely managed by designated network and database administrators outside of the applications group. (These highly-trained administrators also perform a variety of other tasks like security, performance and capacity monitoring). In addition to application and database security, the NTIA software solution will be supported by our secure network environment. Logical network operating system access controls - including uniquely identified user accounts and complex passwords – will be in place to restrict access to the processing environment on a least-privileged, need-to-know basis. These controls are enhanced by security and activity log monitoring by a designated Information Security Manager. The consumer Web interface to the NTIA coupon processing application will operate under a session/connection-layered protocol called Secure Sockets Layer (SSL), with 128-bit encryption. This technology will provide for confidentiality, integrity, authenticity and non-repudiation over coupon applications and other consumer activity via the Web. The IBM Team has extensive experience with this kind of secure access to data, including client access to bank account and other financial information. The NTIA coupon processing system (application and supporting DBMS) will reside in a secure, segregated server environment for best security and data integrity control. The IBM Team will conduct background checks and reference checks, and verify all degrees for every potential employee before they are hired. If a temporary employee is to become a full-time employee, the background check will be repeated and a reference check is conducted. The specific tasks we will perform for each of the three contact channels are described in Table 1.4.3.1-1 below.

² Federal Judicial Center, Class Action Notices, The Federal Judicial Center’s “Illustrative” Forms of Class Action Notice, www.fjc.gov.



1.4.3.1.1 Internet Request Collection Component

The specific tasks we will perform in establishing the Internet Request Collection Component include the following:

- Establish a Consumer Support domain name that has brand recognition in line with the program identity and that will be visible in the collaterals developed for Consumer Education.
- Work with the Consumer Education outREACH team to develop site content specific to the Coupon Program that clearly communicates program benefits, requirements, and options to the U.S. Consumer population, such as requesting Coupon Applications by mail or submitting a Coupon Application online.
- Configure the site architecture for ease of navigation through pages of content and functionality.
- Integrate the site with the Request Validation software used by the other channels.
- Incorporate Real-time validation of household eligibility.
- Perform usability testing on the initial design to identify areas of confusion or ambiguity.

1.4.3.1.2 Telephone Request Collection Component

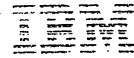
The specific tasks we will perform in establishing the Telephone Request Collection Component include the following:

- Establish an easy-to-remember toll-free number visible in the collaterals developed for Consumer Education (e.g., 1-800-4COUPON or 1-877 DTV4ME2), thus increasing response rates (or start using the existing “DTV-2009” number established by NTIA)
- Provide TTD/TTY functionality, including an alternate Toll-Free Number, for those U.S. Consumers who are deaf or hearing impaired.
- Develop call flow and recorded messaging, targeting spoken language with straightforward architecture, which clearly communicates program benefits, requirements, and options to the U.S. consumer population, such as requesting Coupon Applications by mail or submitting a Coupon Application by phone.
- Integrate the data entry software used by the IVR and agents with the Request Validation software used by the other channels.
- Incorporate language selection functionality to facilitate ease of use for limited English proficient Consumers, enabling meaningful access to services and information of the Coupon Program.
- Configure call flow architecture for ease of navigation through system functions.
- Configure CSR Interface for automated call coding based on subject matter and type of inquiry (e.g., coupon request, consumer complaint, technical support inquiry, out of scope issue, etc.)
- Develop scripting for CSRs to address questions raised by consumers not addressed in automated messaging, on the Consumer website or in Consumer Education collaterals.
- Train CSRs using well-tested and established training protocols for CSRs.

1.4.3.1.3 Paper (Fax/Mail) Request Collection Component

The specific tasks we will perform in establishing the Paper (Fax/Mail) Request Collection Component include the following:

- Working with the Consumer Education outREACH team, design the Coupon Application form.
- Establish Coupon Program Consumer Address (a Post Office Box) and Toll-Free Fax Number.



- Configure workflow procedures to process documents received as a result of this program, including image digitization for automated capture of consumer information from Coupon Applications with exception handling using normal-course-of-business data entry protocols.
- Activate standard bar-coding, numbering and cataloging procedures, in accordance with workflow design, allowing data import, validation and indexing into the Consumer Support application processing database.

1.4.3.2 Request Fulfillment Subsystem

The IBM Team will configure its existing fulfillment system in accordance with Coupon Program requirements for compliant, reliable, secure, and efficient coupon delivery via the USPS.

During the Startup Phase, the IBM Team will:

- Finalize the Coupon card design to prevent counterfeiting and allow electronic tracking with no change to current Retailer point-of-sale systems.
- Define, implement and test the interface with the issuing bank to notify them of newly activated account numbers and expiration dates.
- Define, implement and test the interface with the print vendor, based on current interfaces, who will create, identify, sort and deliver the cards to the USPS.
- Establish data transfer protocol, file layout, and frequency of fulfillment requests with issuing bank.
- Design the Consumer information packet to include instructions for use, a listing of eligible converter boxes, and a listing of Certified Retailers. Also, the solution will be printed, inserted and mailed such that it stands out among the onslaught of mail any consumer might receive. The solution envisions multi-color highlights and call-to-action statements on the exterior envelope.
- Map the Consumer Application data to the Coupon Fulfillment file, including the information necessary to select and match the appropriate geographically-based inserts (lists of participating retailers located in their area) with the correctly encoded Coupon card.
- Confirm the approach required for near real-time exchange of secure data with the redemption network.
- Test the configuration changes with the agreed business use cases, including appropriate retailer lists, de-authorization of expired cards, and void/reissue of lost cards.

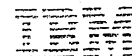
The IBM Team coupons exceed RFP requirements

- The coupons will act like gift cards, carrying their authorization through the MasterCard banking network.
- Even retailers who do not accept credit card payments can participate using a real-time phone-based authorization system
- The solution meets federal government and banking industry obligations, including SAS70 certification and ISO9001 quality management requirements for MasterCard
- The coupons will come as plastic cards with printed and electronically encoded identification numbers, making them less susceptible to physical damage than paper coupons
- The IBM Team has produced similar cards for the U.S. Department of Treasury and Bank of America

1.4.3.3 Consumer Information/Status Subsystem

The Consumer Information Status Subsystem will offer consumers and other authorized parties access to information about the status of consumer requests. Using the same channels available for the initial request, consumers will be able to determine the status of their request, including whether and when the coupon was mailed, reasons for coupon refusal, whether and when the coupon was used, and when the coupon expires. To configure our existing subsystem to support the Coupon Program, the IBM Team will:

- Define, implement and test the interfaces back from the print vendor and the redemption network that provide status information.
- Define and test the Internet and CSR access to the coupon database.



1.4.3.4 Consumer Exception Tracking/Reporting Subsystem

The IBM Team will configure our existing process and system for exception tracking and reporting. These exceptions focus on the resolution of issues beyond the typical use cases a consumer would have. Depending on NTIA's final decision on the business rules associated with the use cases, the exception may include issues such as: consumer complaints, appeals of eligibility denials, requests for void and reissue of coupons, lost or stolen coupons, allegations of fraud, threats, and questions that are outside the scope of the Coupon Program. To configure this system, the IBM Team will work with the Consumer Education outREACH team to prepare content for the Consumer website and the CSRs who provide initial information on exceptions. We will also prepare exception tracking and resolution report metrics to be provided to the Dashboard.

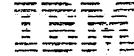
In most cases, coupon application denials will be handled in the same channel in which they were received. In as many instances as possible, denial will be "real-time," meaning that if you are applying by telephone and our records indicate your household has already requested and received two coupons, we will relay your ineligibility in that same call. Applications via website will happen in much the same way - navigating the web user to a page that states you have already requested and received the maximum number of coupons. Applications received via hard copy will require written correspondence to the applicant. Applicants receiving a denial via the phone will be able to escalate their request to a supervisor who will validate the denial or have the authority to override (properly tracking the reason for the override). Further escalation, or appeals from other channel denials, will be directed to a designated appeal address to which they may write.

1.4.4 Coupon Redemption, Payment and Retailer Support System

During the Startup Phase, the IBM Team will configure and test our Coupon Redemption, Payment and Retailer Support System, so that it provides retailers with the ability to accept valid coupons for payment of converter boxes. As required by SOO C.3.3.1.5, our system will provide financial processing for coupon redemption and payment while minimizing waste, fraud and abuse. Our approach will provide (a) a coupon designed to prevent counterfeiting and help ensure electronic tracking; (b) coupon tracking throughout their life cycle from creation, request, distribution, redemption, and payment authorization as defined in Section J Attachment J.VIII; (c) prevention of misuse of coupons for non certified unit purchases; (d) prevention of the redemption of lost or stolen coupons; (e) prevention of non-certified retailers from redeeming coupons or receiving payment for redeemed coupons; (f) coupon expiration 90 days after issuance; (g) timely payment authorization to retailers consistent with reasonable commercial standards, monitoring retailer generated reports on payments received and identifying any unreasonable delay in payments to a retailer compared to the Contractor's Reimbursement File processing date; (h) detailed audit and exception reports, including an automatically generated exception report based on suspicious pattern of coupon usage or retailer payments; (i) payment authorization to the retailer for only the actual retail sale price if the converter box unit price is under \$40; and (j) accounting for balances on unused, stolen, or expired coupons, as well as balances on any redeemed coupon used to purchase a converter box priced at less than the coupon value of \$40. The IBM Team understands that, as specified by SOO C.3.3.3, cost outcomes and objectives for the Coupon Program are defined by law. Throughout the life of the Coupon Program contract, IBM will maintain a high level of service delivery. Our service delivery will be consistent, cost effective, reliable, and secure, and we will continually implement process improvements over the life of the contract. Because the total number of coupons to be distributed and

The IBM Team solution is retailer-friendly

- The IBM Team solution will not require retailers to make any changes in their current POS systems, processes, or software
- Any retailer who can accept MasterCard can use our coupons
- We are offering six coupon redemption processes to address the full range of retailer needs
- Our electronic settlement request system will enable timely payments to retailers



redeemed is not predictable, our pricing approach considers transaction volume based cost components to help ensure cost effectiveness for NTIA. Ongoing financial transaction analysis and reporting will be utilized to provide a predictable cost profile throughout the life of the project. We understand that a successfully completed transaction for Coupon Distribution is defined as the system processing of a consumer request one coupon, activation of the coupon in the Contractor's database and the mailing of the coupon to the consumer household. We also understand that a successfully completed transaction for Coupon Redemption and Payment is defined as the financial processing of properly authorized coupon(s) redemption

In order to maximize retailer participation and hence consumer satisfaction, the IBM Team solution includes cards authorized on the MasterCard network, meaning that any retailer will be able to accept the card. We will also provide retailers with six alternative coupon redemption processes. These six redemption processes utilize current industry processing tools and systems and will enable all eligible retailers – from small electronics specialty shops to large chains to on-line retailers – to select a Coupon Redemption process that best fits their own possibly unique Point-of-sale (POS) systems and processes.

One additional significant feature of our solution is that it will not require retailers to make any changes in their current POS systems, processes, or software. This should remove a significant potential concern by retailers interested in participating in the Coupon Program. Each of the various redemption options will utilize an industry leading payment authorization engine – the same processes used for retail credit card purchases. Large retailers will redeem the coupon using POS credit card swipe terminals already installed at their cashier stations. On-line retailers will use a web-based E-services link to transmit authorization and settlement data. Small retailers without electronic capabilities will use a phone-based interactive voice response (IVR) process to communicate. This approach will support real-time coupon authorization, without software changes, for any type of retailer. It also offers timely payments to vendors, another attribute of our solution which will influence their participation in a positive way.

The IBM Team coupon redemption and payment solution integrates three separate but linked services, while still allowing the incorporation of business rules unique to the Coupon Program. The three subsystems are:

- 1) The Authorization and Settlement Request Subsystem;
- 2) The Settlement Verification and Reconciliation Subsystem;
- 3) The Retailer Support Subsystem.

These subsystems are shown in Figure 1.4.4-1 below.

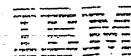
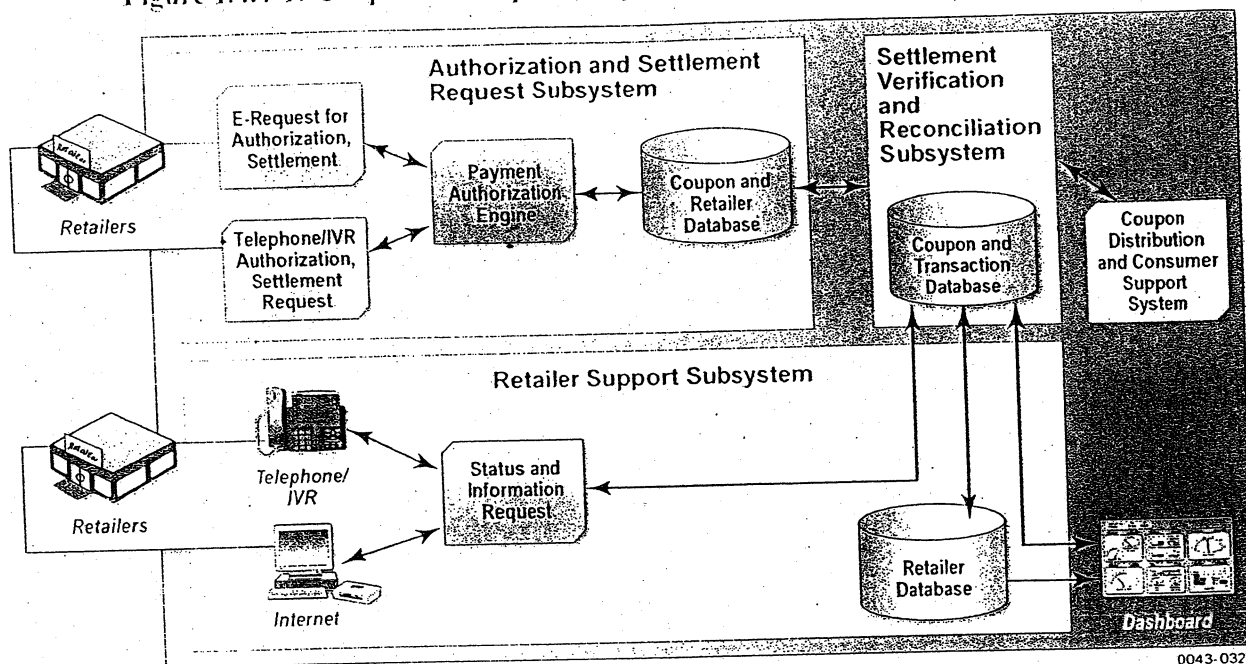


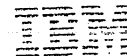
Figure 1.4.4-1: Coupon Redemption, Payment and Retailer Support Subsystems



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During the Startup Phase, we will:

- Validate the business rules for the coupon redemption use-cases, such as: one \$40 coupon used per converter box purchase, 90 day coupon expiration, permitting split transactions so that both coupons and other payment means can be used to purchase a converter box.
- Configure the payment authorization engine to accept or decline coupon redemptions based on the business rules.
- Finalize specifications and configure the interface with industry standard E-Services to enable on-line retailers to communicate with the payment authorization engine for the processing of Coupon Redemptions
- Confirm the processes for linking SKU (item identifier data) with coupons, offering alternatives for various levels of retailer sophistication.
- Finalize the file specifications for the rapid and reliable transfer of the Daily Reimbursement File Summary to NIST for subsequent payment to the retailers.
- Finalize and configure the data file transfers between the bank authorization network, the coupon distribution system, and the payment processing vendor, as coupons are issued or de-activated, as retailers are certified; and as eligible coupon boxes are added to the Coupon Program by NTIA.
- Configure and launch the redemption assistance page of the Retailer website for retailers to troubleshoot redemption issues.
- Finalize the call flow for the IVR redemption system, write and record scripts, tune the IVR, and configure the interface between the IVR and the payment authorization engine.
- Define the content for scripts to be used at the Retailer Support Center to provide live operator assistance during the redemption process.
- Implement post settlement audits and related retailer communications to identify suspicious coupon redemption patterns. These will include checks for redemptions that exceed a certain percentage of a



retailer's reported sales and where coupons issued to households in one section of the country are consistently being redeemed at a retailer in another part of the country.

During this phase the IBM Team will also configure and test reconciliation and audit procedures. These procedures will provide NTIA with an additional layer of risk mitigation by validating Daily Reimbursement File submissions against program payment requirements before transmitting to NIST.

The specific steps we will take to configure each of the three subsystems are described in the following sections.

1.4.4.1 Authorization and Settlement Request Subsystem

The Authorization and Settlement Request Subsystem handles the initial retailer request for authorization and payment. During the Startup Phase, we will:

- Validate the business rules for the coupon redemption use-cases, such as: one \$40 coupon used per converter box purchase, 90 day coupon expiration, permitting split transactions so that both coupons and other payment means can be used to purchase a converter box.
- Configure the payment authorization engine to accept or decline coupon redemptions based on the business rules.
- Confirm the processes for linking SKU (item identifier data) with coupons, offering alternatives for various levels of retailer sophistication.
- Finalize and configure the data file transfers between the bank authorization network, the coupon distribution system, and the payment processing vendor, as coupons are issued or de-activated, as retailers are certified, and as eligible coupon boxes are added to the Coupon Program by NTIA

The Authorization and Settlement Request subsystem includes four components focused on the external interfaces to the system. These components are described below.

1.4.4.1.1 Bank Network Request Component

The Bank Network Request component includes the Authorization and Settlement interface between the TSYS Network and the Payment Authorization engine. During the Startup Phase, we will configure this interface.

1.4.4.1.2 Web Request Component

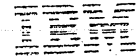
The Web Request component offers the retailers the ability to process authorization and settlements via Internet web pages. During the Startup Phase, we will design the physical screen layout, update content, and configure the coupon authorization and settlement pages of the retailer web site. In addition, we will configure the Authorization and Settlement interface between the web server and the Payment Authorization Engine.

1.4.4.1.3 IVR Request Component

The IVR Request component offers retailers the option of processing authorization and settlements over the telephone. During the Startup Phase, we will finalize the call flow for the IVR redemption system, write and record scripts, tune the IVR, and configure the interface between the IVR and the payment authorization engine.

1.4.4.1.4 E-Services Request Component

The E-Services Request Component allows retailers to interact with the authorization and settlement engine using industry-standard e-services interactions. During the Startup Phase, we will finalize specifications and configure the interface to enable on-line retailers to communicate with the payment



authorization engine for the processing of Coupon Redemptions. Should retailers using the E-Services Request Component require a dedicated circuit, one will be provided.

1.4.4.2 Settlement Verification and Reconciliation Subsystem

The Settlement Verification and Reconciliation Subsystem reviews and confirms that the initial request for payment was valid, requests payment from the U.S. Treasury to the retailer, and maintains a list of the attempted and confirmed transactions, as well as a listing of all issued coupons and their status. During the Startup Phase, we will:

- Finalize the file specifications for the rapid and reliable transfer of the Daily Reimbursement File Summary to NIST for subsequent payment to the retailers.
- Implement post settlement audits and related retailer communications to identify suspicious coupon redemption patterns. These will include checks for redemptions that exceed a certain percentage of a retailer's reported sales and where coupons issued to households in one section of the country are consistently being redeemed at a retailer in another part of the country.

During this phase the IBM Team will also configure and test reconciliation and audit procedures. These procedures will provide NTIA with an additional layer of risk mitigation by validating Daily Reimbursement File submissions against program payment requirements before transmitting to NIST.

1.4.4.3 Retailer Support Subsystem

Retailer Support Subsystem stores the registry of certified retailers, the individual coupon transaction records, and the summarized data which will be provided to the NTIA Dashboard. During the Startup Phase, we will configure these databases to accept Coupon-Program specific information. This subsystem also includes two components supporting the entry and update of data to these databases, as described below.

1.4.4.3.1 Retailer Call Center Component

The Retailer Call Center Component includes the hardware and software which support call center operations that provide retailer support. During the Startup Phase, we will:

- Define the content for scripts to be used at the Retailer Support Center to provide live operator assistance during the redemption process;
- Configure physical space
- Install and configure needed telephone, network and desktop technology

1.4.4.3.2 Retailer Internet Component

The Retailer Internet component includes the redemption assistance pages of the Retailer Web site. During the Startup Phase, we will finalize content and configure the site section that supports retailers in dealing with redemption issues.

1.4.5 Dashboard and NTIA Reporting System

The Dashboard and reporting system will provide NTIA with secure access to Coupon Program status information, organized for fast access to critical information, with the ability to drill down to better understand the data being shown. We will make the data available in multiple formats, including numerical tables, charts, maps and other reports. During the Startup Phase, the IBM Team will work with NTIA to finalize the views, reports, and capabilities to be included in the Dashboard. We plan to organize the data into five major sections: (1) Coupon Program Goals and Status; (2) Financial Views; (3) Operational Views; (4) Program Interoperability; and (5) Consumer Education. A view of the Dashboard is shown in Figure 1.4.5-1.

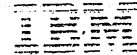
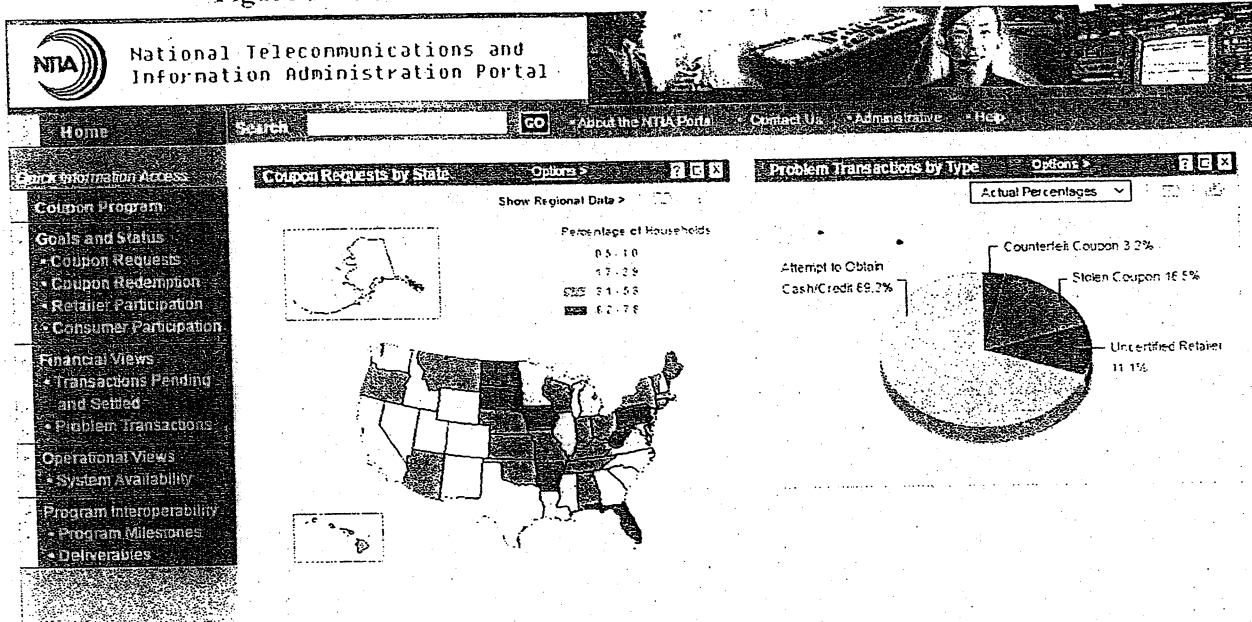


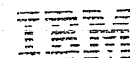
Figure 1.4.5-1: IBM Team Dashboard and NTIA Reporting System



NTIA authorized users will be able to modify the default views, for example converting tables to charts, and maps to reports. The data we will include will be stored as multi-dimensional “cubes”, allowing NTIA to summarize the data in different ways. In addition, NTIA will be able to drill down to see further detail, for example moving from a state-level view to a ZIP code level view of Coupon Program participation. The cubes we plan to provide are as shown in Table 1.4.5-1.

Table 1.4.5-1: Planned Data “Cubes” for NTIA Coupon Program Dashboard

	Measure	Dimensions	Valid Values
1	No. of Coupon Requests/Equip Dollar Value	Status	Pending, Mailed, Redeemed, Expired, Denied, Cancelled
		Request Date	Any date from 1/1/2008 to 3/31/2009
		ZIP Code	Any valid U.S. Zip Code
2	No. of Coupon Redemptions / Equip Dollar Value	Status	Pending, Settled
		Redemption Date	Any date from 1/1/2008 to 7/9/2009
		Retailer Name	Any valid retailers
3	No. of Participating Retailers	ZIP Code	Any valid U.S. Zip Code
4	No. of Requesting Households	Status	Authorized, Denied
		Request Date	Any date from 1/1/2008 to 3/31/2009
		ZIP Code	Any valid U.S. Zip Code
		Number of Coupons	One, Two, None
5	Problem Transaction Attempts	Type	Stolen Coupon, Counterfeit Coupon, Attempt to obtain cash/credit, Uncertified Retailer
		Attempted Redemption Date	Any date from 1/1/2008 to 7/9/2009



	Measure	Dimensions	Valid Values
6	No. of Coupon Requests	Retailer Name	Any valid retailers
		Request Date	Any date from 1/1/2008 to 3/31/2009
		Request Hour	Any of 24 hours in the day
		Request Channel	Internet, Telephone/IVR, Mail, Fax
7	No. of Security Incidents	Incident Type	Password reset, intrusion attempt, etc
		Incident Date	Any date from 1/1/2008 to 7/9/2009
8	No. of Transactions under \$40	Redemption Date	Any date from 1/1/2008 to 7/9/2009
		Retailer Name	Any valid retailers

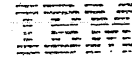
The IBM team will also track consumer education penetration of partnering organizations, media coverage and material distribution. Since elements such as partner impact and television station reach are not defined by zip code, we will track efforts based on city/town and state. Specifically, we will track penetration in the following ways:

- Partners: List outreach activities of partners by city and state (including type of event, information distributed, number of attendees, etc.)
- Media stories: Create media log of stories to include headline, outlet, city/town and state of outlet coverage, estimated media impressions (when available)
- Material Distribution: Number of printed items distributed, city/town and state of distribution, summary of intended audience

The collection and tracking of information for these pieces require personal interaction and/or subjective interpretation. Therefore, the information will be compiled by the consumer education team and uploaded to the dashboard. We anticipate this being done weekly for a simple media log of stories about the coupon program and monthly for partnership activities and material distribution. Additionally, during the Operational Phase, the IBM Team will prepare a quarterly media compilation report (including monthly logs for that quarter), partnership activity tracker and hard copy material distribution log.

We will also incorporate additional relevant data into the Dashboard to help analyze the Coupon Program participation. We will include the list of participants, rejected, and withdrawn retailers; the names and manufacturers of approved converter boxes, the average coupon request fulfillment time, and daily system availability reports for the consumer and retailer contact systems and centers. In addition, we will load U.S. Census Bureau population estimates and demographic data by state and zip code into the Dashboard, as well as demographic data about each congressional district, including racial composition, gender, age, and income profile. We will also make the results of any identified third-party Consumer Education research into the target population for the Coupon Program available in the Dashboard, as well as updated media assessments. This will allow NTIA to compare actual results with the population density, the demographic profile, and the media presentation of the Coupon Program by geographic area, giving more information on the program's overall effectiveness.

The IBM Team will deploy the hardware and software required to support the Dashboard and NTIA reporting system. The required hardware will be installed at a secure facility run by Server Vault, a member of the IBM Team. Server Vault provides secure hosting facilities with redundant power supplies, firewall and other security protection, automatic backup and recovery, and personnel security controls. Server Vault has a proven track record of providing secure hosting services to federal government clients.



Server Vault provides the IBM Team and NTIA will commercial best practices, rapid time to deployment and website hosting services that fully comply with rigorous Federal Government security standards.

The IBM Team will install and configure the software, consisting primarily of Cognos portal and reporting packages. Cognos is a world leader in business intelligence and enterprise planning, and the key supplier for the U.S. public sector, at the local, state, and federal levels. The IBM Team will implement a role-based security model for information access in the Dashboard. This model will provide a role-differentiated view of the system. We will secure the Dashboard by configuring security features such as user authentication, password complexity, idle session time-out and account lockout after unsuccessful login attempts. The tool's built-in audit-trail will be enabled to monitor user login activities. The Coupon Program portal will be configured to provide NTIA users with secure, authenticated, controlled access to the Dashboard, enabling them to access the application via standard web browsers from any location, 24 hours a day, 7 days a week.

Cognos is a leading supplier of business intelligence solutions to the U.S. government

- Cognos is the only software solutions provider to be positioned in the Leaders quadrant of both Gartner, Inc.'s new Business Intelligence Platforms Magic Quadrant and the recent Corporate Performance Management Suites Magic Quadrant.
- Cognos serves more than 22,000 customers in over 135 countries, in the private and public sectors

The IBM Team will configure the Dashboard to provide daily, weekly, monthly, and cumulative views of the program's status and trends. We will deliver the Dashboard in increments, giving NTIA users an opportunity to experiment with the work in progress and suggest changes that will make it more appropriate for your needs. The portal will include postings of the project's key documentation and deliverables. The IBM Team will also configure the Dashboard to provide visible alert notifications informing NTIA users of major threshold violations. As requested, these notifications will remain on screen until attended to by an authorized NTIA user.

1.5 Program Implementation and Operational Capabilities Demonstration

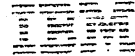
Once the systems have been configured, we will prepare them for participation in an internal integration test, followed by an Operational Capabilities Demonstration (OCD) for NTIA. The steps we will follow to conduct these two tests are described in further detail in the sections that follow.

1.5.1 Test/OCD Planning and Setup

We will conduct the same functional tests as part of both the integration test and the OCD. Both tests will be conducted using the same systems, software, and hardware platforms. The primary difference between the two is that the IBM internal integration test will include volume load testing, while the OCD will not. In addition, the Security Test and Evaluation (ST&E) tests required as part of the Certification and Accreditation Process will only be performed as part of the integration test. The results of the integration test will be shared with NTIA, along with a proposed resolution of any issues prior to the initiation of the final Operational Capabilities Demonstration. The integration test will happen largely within a controlled environment, with the exception of the coupon redemption test cases, where we will seek the cooperation of a participating retailer. The OCD will be conducted in two phases. The first phase will essentially be a repetition of the integration test cases, using a closed system environment. The second phase will include live support for actual consumer transactions. Wherever possible, the IBM Team will allow the NTIA to function "hands on" during the first phase of the OCD, for example, acting first as a Retailer enrolling in the Coupon Program and then viewing all associated communications activities.

1.5.1.1 Overall Planning

We will take the following steps as part of our overall test planning:



- Confirm test objectives and criteria with NTIA, and develop test cases based on the use cases and business rules defined with NTIA earlier;
- Establish the criteria for determining pass/fail of each of the test cases, as well as the overall test criteria;
- Confirm the sizing parameters for the capacity tests;
- Confirm the timeline and expected NTIA participants for the OCD;
- Document our approach in the OCD Plan and the OCD Test and Acceptance Plan;
- Establish the testing environments and hardware;
- Launch the Coupon Program Consumer website to a secure preview site for key personnel review and approval prior launch Operational Phase
- Launch the toll-free Coupon Program Consumer Information Hotline to an unpublished test number for key personnel review and approval prior to Operational Phase;
- Establish test environments for the Retailer Certification and Coupon Redemption and Settlement Operation;
- Prepare to capture test results.

1.5.1.2 Retailer Certification and Support

We will prepare test plans and scripts to evaluate whether the retailer certification and support program meets these objectives:

- Retailer certifications are correctly handled by the system, taking applications using both web and fax, appropriately validating eligibility, and communicating decision to vendor
- Required data is stored in the Retailer Certification Database
- Required system output requirements are met, including data exports to other systems and reports to Dashboard

1.5.1.3 Coupon Distribution and Consumer Support

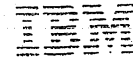
We will prepare test plans and scripts to evaluate whether the coupon distribution and consumer support program meets these objectives:

- Coupon requests can be accepted via all 3 channels (telephone/IVR, mail/fax, Internet)
- Household eligibility business rules implemented as anticipated
- Coupons appropriately activated and prepared for distribution
- Required system output requirements are met, including data exports to other systems and reports to Dashboard

1.5.1.4 Coupon Redemption, Payment, and Retailer Support

We will prepare test plans and scripts to evaluate whether the coupon redemption, payment, and retailer support program meets these objectives:

- Correct functioning of Point-of-sale rules-based payment authorization processes and systems
- Correct handling of payment settlement request processes and systems
- As appropriate fraud detection and audit processes and systems
- Correct NIST daily reimbursement file processes and systems



1.5.1.5 Dashboard and NTIA Reporting

We will prepare test plans and scripts to evaluate whether the dashboard and NTIA reporting program meets these objectives:

- Program and contract documentation available on the secure site
- System logons functioning securely and as appropriate
- Agreed operational data shown on Dashboard

Deliverables:

- Operational Capability Demonstration (OCD) Plan (Draft and Final)
- OCD Test and Acceptance Plan (Draft and Final)

1.5.2 Integration Test

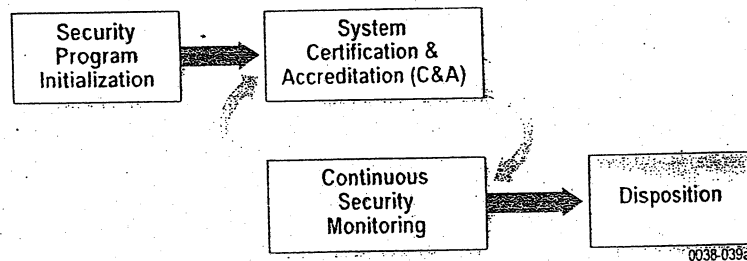
IBM will perform integration testing as part of system level testing to validate system functionality end-to-end. The IBM Team will validate each of the interfaces in the system, using actual data from one system as input to another system. Emphasis is placed on timing, integrity, and performance. The results of the Integration Test will be provided to NTIA, along with a recommendation as to whether to proceed with the OCD.

1.5.3 Security Accreditation and Certification

As required by SOO C.3.3.1.7, we will provide secure processing services that meet or exceed standards and requirements applicable to the Coupon Program by NTIA, the Department of Commerce, and the National Institute of Standards and Technology. These standards will be met through completion of the system Certification and Accreditation (C&A) process.

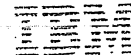
Once the system has completed integration testing, we will finalize and submit the required documentation associated with Security C&A. Our approach integrates activities required to achieve C&A with all elements involved in configuring the System. The approach is consistent with federal regulations and in particular, the Federal Information Security Management Act (FISMA), the Department of Commerce *IT Security Program Policy and Minimum Implementation Standards*, Revised June 30, 2005, the guidance provided in NIST Special Publications 800 series (especially SP800-37) and Federal Information Processing Standards. Our technical approach expands on the NIST-defined C&A phases and is shown in Figure 1.5.3-1.

Figure 1.5.3-1: Security Stages for Major Systems



IBM's technical solution involves three separate systems and two external interfaces. The three systems will be separately Certified and Accredited (C&A); while the assurance of the external interfaces will be handled through confirmed Interface Control Documents (ICDs) and Interconnection Security Agreements defined in accordance with NIST SP800-47. Once the required security tests have been completed as part of our integration testing, we will finalize our C&A package and submit it to the

Contents of Security C&A Package	
▪	Risk Assessment
▪	System Security Plan
▪	Interconnection Security Agreement (ISA)
▪	Plan of Action and Milestones (POA&M)
▪	Contingency Plan
▪	Rules of Behavior
▪	Security Test and Evaluation (ST&E) Plan and Results



government for final review and approval. If full approval is not available in time for live production, we will seek interim authority to proceed until full approval has been granted.

Deliverables:

- Security Certification and Accreditation Package (Final)
- Continuity of Operations Plan (Draft and Final)

1.5.4 Operational Capability Demonstration (OCD) Execution

Once the integration test has been completed, we will evaluate the results, discuss them with NTIA, and assuming that the system is judged ready to for the OCD, begin execution of the operational capabilities demonstration. Our goal is to have the first, closed-system, phase of the OCD completed prior to January 1, 2008 (See Table 1.5.4-1).

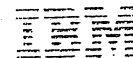
1.5.4.1 Overall Planning

The second phase of the OCD will begin once the first phase is successfully completed. Essentially, the second phase of the OCD will be an initiation of full system operations. To initiate this phase, we will prepare the production environments of each system, including that of the coupon request, redemption, and Dashboard; the retailer certification systems will not be affected since they had already gone to full production previously. In addition, we will launch the toll-free Consumer Coupon Information Hotline at the selected toll-free number and make the Consumer Coupon website available in production. We will continue in this phase, accepting coupon requests, delivering them, and processing them through the system for at least 100 transactions. We will recruit participants by soliciting them when they call.

Table 1.5.4-1: Summary of OCD Scenario

<i>Summary of the OCD Scenario (Closed-System Phase)</i>	
▪	In order to successfully implement an OCD for the Coupon Distribution Process, the IBM Team will demonstrate the process set with 100 sample transactions.
▪	The simulation will include test cases involving interactions from simulated customers using the Telephone/IVR, web, and Mail/Fax channels. Each simulation will cover several use cases, including performing Reverse-ANI address lookups on coupon applications, ineligible households, void/reissue requests, application and coupon status checks, complaint support, and inquiries by important stakeholders.
▪	We will transmit the batch of eligible card requests to the card issuing bank, which will encode the list of consumers and activate the cards on the processing network. The activated card file with the encoding information will be transmitted to the card mailing center.
▪	We will print and encode the coupons with the appropriate data (expiration date), match them to correct inserts based on the consumer's geographic code, insert them into envelopes, and mail them to the designated address.
▪	Once the sample coupons have been activated, we will initiate the redemption process, using retailers who have agreed to participate in the OCD. The goal is to complete the lifecycle of the coupon through all expected retailer authorization and settlement request scenarios.
▪	At the end of the business day, the MasterCard network, working in a test mode, will send a settlement file that will be analyzed and processed using our fraud detection system. Requests for payment for coupons processed will be sent to the location specified in the OCD Test plan, simulating a reimbursement request from NIST.
▪	Transactions will be monitored on the Dashboard throughout the entire scenario.

Once the OCD is complete, the results will be reviewed with NTIA, and the system's readiness to become operational will be jointly determined with NTIA. If NTIA would prefer, the system could remain in full operational status once the OCD is successfully completed, earlier than required in the RFP. Details of the objectives of the test for each component are given below; these are similar to the objectives associated with the integration test.



1.5.4.2 Retailer Certification and Support

We will prepare test plans and scripts to evaluate whether the retailer certification and support program meets these objectives:

- Retailer certifications are correctly handled by the system, taking applications using both web and fax, appropriately validating eligibility, and communicating decision to vendor
- Required data is stored in the Retailer Certification Database
- Required system output requirements are met, including data exports to other systems and reports to Dashboard

1.5.4.3 Coupon Distribution and Consumer Support

We will prepare test plans and scripts to evaluate whether the coupon distribution and consumer support program meets these objectives:

- Coupon requests can be accepted via all 3 channels (telephone/IVR, mail/fax, Internet)
- Household eligibility business rules implemented as anticipated
- Coupons appropriately activated and prepared for distribution
- Required system output requirements are met, including data exports to other systems and reports to Dashboard

1.5.4.4 Coupon Redemption, Payment, and Retailer Support

We will prepare test plans and scripts to evaluate whether the coupon redemption, payment, and retailer support program meets these objectives:

- Correct functioning of Point-of-sale rules-based payment authorization processes and systems
- Correct handling of payment settlement request processes and systems
- As appropriate fraud detection and audit processes and systems
- Correct NIST daily reimbursement file processes and systems

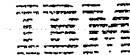
1.5.4.5 Dashboard and NTIA Reporting

We will prepare test plans and scripts to evaluate whether the dashboard and NTIA reporting program meets these objectives:

- Program and contract documentation available on the secure site
- System logons functioning securely and as appropriate
- Agreed operational data shown on Dashboard

1.6 Startup Phase Support for Coupon Requests

The IBM Team will begin accepting applications from the public for coupons beginning no later than January 1, 2008. In fact, we plan to initiate our operations in this area a week prior, in order to have a shakedown period in advance of when the rule requires. During this period, from startup in late December through March 31, 2008, we will accept coupon applications from the public via our full channels of Internet, Telephone/IVR, Mail, and Fax. Per NTIA's guidance we do not currently plan to begin coupon distribution and redemption until April 1, 2008. However, since we will have completed the OCD much earlier, we will be ready to begin full operational activities before April 1, if NTIA directs us to do so. This operational readiness gives NTIA the flexibility to respond to public opinion or other pressures to begin distributing and processing the coupons early.



To begin coupon acceptance by January 1, following successful completion of the OCD, we will:

- Launch the toll-free Consumer Coupon Information Hotline at the selected toll-free number, at least a week prior to January 1, 2008.
- Make the Consumer Coupon website available in production at least a week prior to January 1, 2008.

1.7 Operational Phase Preparation

Prior to the end of the Startup Phase, we will make final preparations for full operational support, scheduled to begin April 1, 2008. To be ready for full operational production support, the IBM Team will carry out the following steps:

- Prepare and review the Rollout Plan with NTIA. The Rollout Plan will meet the Act mandates for the processing of requests and distribution of coupons between January 1, 2008 and March 31, 2009 and through contract closeout in September 2009, and being ready to accept coupon requests on January 1, 2008 (Technical Services Outcome and Objective 1).
- Continue to operate the production environments initiated during the second stage of the OCD.
- Expand the CSR staff supporting both Retailer and Consumer call centers, including training new staff.
- Prepare to stand up the paper document management operation, including hiring and training the initial group of document management staff.

In order to staff the call centers, the IBM Team will contract with multiple small business temporary employment agencies for Customer Service Representatives (CSRs). These small businesses, which the IBM Team has used previously for government contracts, have demonstrated the ability to identify and provide skilled CSRs on very short notice (24 hours). This will enable the call center staffs supporting both retailers and consumers to scale to meet rising demand. Once they begin work, they will be trained—which takes one business day—and will begin taking calls while being closely monitored by experienced supervisors. Epiq has partnered with key employee placement agencies in the Portland metro area, where the majority of activity for the consumer facing piece will be executed, for more than 15 years. As mandated by our agreement, these agencies perform background checks and drug testing as part of the eligibility process, thus ensuring that peak-level staff are pre-screened and available when the spikes hit. Our working relationship also confirms that these agencies are aware of the requirements involved in our requests and the highly trained individuals we require.

Deliverables:

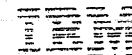
- Rollout Plan

2. Phase II -- Operational Phase

During the operational phase, the IBM Team will support the application and distribution of coupons to consumers and the processing of coupons at retailers. We will also provide support to consumers and retailers seeking assistance in completing these activities, using the contact methods described previously.

2.1 Program Management

As stated in SOO C.3.3.2, the IBM Team understands that the primary management objective of the Coupon Program is twofold: (a) allowing us maximum flexibility to innovatively manage program cost, schedule, performance, risks, subcontracts, vendors, and data required to deliver an effective and affordable Coupon Program and (b) maintaining clear government visibility, understanding, and information access into program cost, schedule, performance, and risk. The IBM Team will furnish the necessary resources in order to meet or exceed these objectives. We understand that the most complex



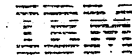
project assignments may require special expertise in a range of subject matters, service centers, and project management capabilities, encompassing all of the work described in this Performance Work Statement. To meet these objectives, the IBM Team will (1) deliver access to multi-disciplined skilled professional expertise such that a multitude of project assignments can be performed simultaneously without compromise in quality; (2) provide the necessary resources as defined in the our Project Management Plan to meet the task requirements of the PWS; (3) plan and coordinate necessary staff and perform the activities defined, including developing plans, making personnel assignments, implementing services, tracking schedules, evaluating risks and preparing required reports; (4) maintain full technical coordination and interchange of information with NTIA program leadership and the Contracting Officer; (5) provide real time access to program status and performance via an electronic web based dashboard-type management information system as defined in Section J Attachment J.VII; (6) establish appropriate and effective performance measures and quality program to help ensure contractor delivered services align with the Coupon Program goals and objectives; (7) meet program objectives while providing innovative and flexible management of project cost, schedule, performance, risks, and subcontracts; (8) utilize effective subcontract and teaming arrangements to address small business goals as defined in Section J Attachment J.III.; (9) react to coupon request and redemption surges as necessary; (10) maintain confidential treatment of non aggregated sales, inventory, or other competitively sensitive information; (11) provide retailer oversight to help ensure Coupon Program integrity and minimize waste, fraud, and abuse; (12) support urgent, unforeseen project assignments directly related to program performance to quickly mobilize an adequate workforce to address any performance issue; and (13) provide appropriate data rights and use agreements to NTIA as needed.

On-going project management activities include the execution of the management processes and procedures established during project startup. These same activities will continue from project inception to project closeout. Ongoing project management tasks are summarized in Table 2.1-1.

Table 2.1-1: Summary of Ongoing Project Management Activities

Process	Activities
Cost & Schedule Management	<ul style="list-style-type: none"> ▪ Maintain the Project Management Plan ▪ Provide oversight through the Project management, communication and collaboration ▪ Facilitate collaboration and performance/process improvement meetings ▪ Manage documentation, deliverables and program work products
Procurement	<ul style="list-style-type: none"> ▪ Manage work starts, assess and measure progress, and provide performance feedback ▪ Confirm that subcontractors understand and comply with established processes ▪ Report changes to the Small Business Subcontracting Plan
Quality Assurance, Prevention of Waste, Fraud, and Abuse, and Performance Reporting	<ul style="list-style-type: none"> ▪ Measure and report performance in accordance with the Quality Assurance Surveillance Plan and the Project Management Plan ▪ Execute the Risk Management Plan and reporting/communication of changes to risk item status
Communication and Status Reporting	<ul style="list-style-type: none"> ▪ Plan and conduct monthly Program Management Reviews (PMR)
Financial Management	<ul style="list-style-type: none"> ▪ Monitor and report on program funding, including obligated and available funds.

In addition to the continuation of the ongoing project management activities established during project startup, an additional key element of the Operational Phase will be additional activities conducted by retailer and consumer elements of the IBM Team to support the identification of potentially fraudulent transactions.



2.1.1 Program Management Planning

During the Operations phase, the team will focus on risk management, working to anticipate and plan for possible risks associated with the Coupon program. Towards the end of the Operations phase, the IBM Team will work with NTIA to solidify plans for reconciling the data, delivering it to NTIA, and shutting down the systems. Prior to the program closeout phase, the IBM Team will develop a Close-Out Plan that will document the activities to be conducted. As required by SOO C.3.3.1.8, we will develop and administer a closeout plan that accounts for all program transactions, retains all program data; and includes the preparation of complete final financial audits and reconciliation reports. This plan will describe our process of accounting for and documenting all program transactions; an approach for storing and retaining all program data and transitioning custody of that data to the Government, and a plan for preparing a complete financial audit and reconciliation report for the Coupon Program. In addition, the plan will include program closeout activities including facility shut-down, contractor personnel transition, and subcontract closeout.

Deliverables:

- Close-Out Plan (Draft and Final)

2.1.2 Program Management Control, Tracking, and Reporting

During the Operations phase, the team will continue to monitor and update the plans, procedures, and reporting tools which control the project's staff, technologies, and processes.

2.1.2.1 Cost & Schedule Management

The IBM Team will continue to track and manage the key milestones and dependencies during the execution phase. The IBM Team's Project Management Office (PMO) will track each task's progress, status of relevant dependencies, and completion of milestones. Any proposed changes to the official schedule will be reviewed with NTIA, and will require NTIA approval for acceptance as part of the Project Change Request (PCR) process. The status of the schedule will be reviewed weekly with NTIA as part of the weekly PMO status meetings.

The IBM Team will also track and report NTIA contract program costs and IBM Team progress against payment schedule milestones. This information, including status of invoicing and payment, will be summarized and presented monthly as part of the Cost and Schedule Status Report. During the operational phase, the cost information we will provide will include a summary of the completed transactions being invoiced to NTIA each month.

Deliverables:

- Cost and Schedule Status Report (Monthly)

2.1.2.2 Procurement

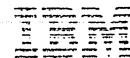
The primary goal of our procurement activities will be to manage our relationships with our teaming partners and suppliers. During the Operations Phase, the IBM Team will primarily monitor subcontractor performance and manage the project finances.

Deliverables:

- Semi-annual Small Business Subcontract Report (SF 294)

2.1.2.3 Quality Assurance, Prevention of Waste, Fraud, and Abuse, and Performance Reporting

During the operations phase, the team will provide the service level agreement report, which will be a key indicator of the IBM Team's and the Coupon Program's success. We will continue to validate that



appropriate procedure guides are available for the program activities, including call center staff. We will also conduct regular reviews of our current processes, and hold “lessons learned” discussions, as required. Any improvements to the management of quality assurance accepted by the NTIA will be documented via updates to the Quality Monitoring and Control Plan. We will also conduct ongoing risk management activities in the performance of this program, as described in the Management Approach section of this proposal. We will review Coupon Program risks and proposed mitigations at least monthly with NTIA, and more frequently if the situation requires.

To minimize waste, fraud, and abuse, the IBM Team will conduct a rigorous verification process during retailer certification. We will use both automated data validation software and a dedicated Retailer Verification Team (RVT). Automated data validation routines will be used to match key data elements of the retailer’s self certification and DUNS number against the Government’s Central Contractor Registry (CCR) records to determine if the retailer’s application for certification and their CCR record meet defined program criteria. Retailer applications that do not match CCR records will be isolated and reviewed by a retailer verification team specialist. This review may include (as necessary) additional requests for certification data from the retailer. Retailer applications that do not meet these certification requirements – and are thus potentially fraudulent – will be denied certification.

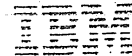
During the coupon application process, validation will be done in real-time to confirm that the requesting household has not received more than the allowable number of coupons. Application eligibility validation will be conducted by standardizing address data using CASS certified U.S. Postal Service software, comparing the name and address data to applications already received using special de-duplication logic (e.g., combinations and sequenced partial matching) and phonetic algorithms (i.e., extended Soundex). On the coupon delivery side, we will (1) assign a non-sequential Coupon card number that will include “check digits” to minimize the possibility that valid card numbers can be guessed or invented; (2) use an ISO9001:2000 compliant vendor in a MasterCard network with 8-color cards and holographic images to help prevent card duplication, and (3) audit the card mail-out center, confirming that their employees have financial and security background checks.

The IBM Team has also developed an audit plan that will help ensure all consumers are handled properly with respect to requests for Coupon Applications and Coupon distribution. This audit will validate that all requests for coupons are properly captured within the application, as well as validate that all applications for coupons received are properly processed. The audit plan will also validate that all coupon mailings are accurately executed and that all distributed coupons are properly reconciled. In developing this audit plan, we determined the auditable data points, defined the timing of audits and specified how the results of the audit will be documented and communicated. The auditable data points are:

- reconciliation of all numbered coupon applications received
- reconciliation of all other correspondence received and related to the program
- detailed tracking of coupon distributions to help ensure full reconciliation of all coupons mailed

In addition to the quantifiable auditing noted above, additional non-statistical judgment analysis points will be employed. The non-statistical judgment analysis points identified are comparison of stakeholder expectations with respect to response rates, ongoing comparison to the rates of coupons issued to coupons redeemed, and analysis of the delivery rate of coupon applications mailed as well as coupons mailed. The total audit percentage, on a random basis, will be 3% of coupon applications.

On the financial processing side, the IBM Team will incorporate use of the credit card industry’s leading commercial payment authorization engine (TSYS) to evaluate and approve or decline individual coupon redemptions at the point-of-sale (POS). This POS authorization process provides the ability to identify and prevent fraudulent, expired or otherwise invalid cards from being redeemed. At the POS, the individual coupon number, retailer certification number and, when available, product code (UPC) is



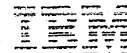
securely passed through the retailer's acquiring bank and the MasterCard processing network to the commercial payment authorization bank. When the UPC or SKU is not available at the time of sale, the retailer will have the responsibility of providing confirming inventory data before the transaction will be reimbursed. Utilizing the Coupon Program's business rules and data collected and maintained by the IBM Team during the coupon application and retailer certification processes (updated in real-time), the bank authorization network will authorize the transaction only if the retailer is certified, the coupon is valid, and any associated UPS or SKU for the converter box being purchased has been deemed eligible by the NTIA. To maximize retailer participation, our solution will incorporate the use of alternative processes for verifying the product code, in the event that a merchant lacks the necessary POS infrastructure to transmit that data element at the time of sale.

In addition, the IBM Team will implement automated post-settlement fraud detection audits to identify anomalous redemption patterns (such as a high volume of out-of-state coupon redemptions, a high volume of redemptions relative to retailer gross annual sales, or unusual fluctuation in redemption volume). A pattern of settlement requests identified as potential fraud concerns will be researched by an audit analyst, and will only be released for payment if the reason for the audit trigger can be justified by the retailer.

Possible retail fraud situations and our planned actions to minimize waste, fraud, and abuse are described in Table 2.1.2.3-1.

Table 2.1.2.3-1: WFA Minimization Strategy for Fraud

Potential Fraud	WFA Minimization Strategy
Ineligible retailer enrollment	Using access to Central Contractor Registry, confirm that retailers meet all program requirements prior to coupon redemption
Coupon redemption for ineligible product	Conduct retailer training regarding CECB's. Require SKU/UPC or inventory reporting prior to processing coupons for payment.
Retailer use of fraudulent coupons	Require coupon authorization prior to processing coupons for payment.
Redemption of single coupon multiple times	Enforce "one purchase per coupon" payment rule using experienced payment processor.
Consumer returns CECB for cash refund	Conduct retailer training regarding refunds. Use industry standard credit card return process which prohibits cash refunds.
Fraudulent inventory reporting	Conduct retailer training regarding refunds. Allow only large, trusted retailers to use Inventory Reporting method. Conduct on-site visits of each retailer using Inventory Reporting method prior to implementation.
Harvest of coupons via Post Office boxes and subsequent auction website sales	We will monitor address submissions and request street addresses and / or physical locations when appropriate to eliminate the approval of coupons to ineligible applicants or applicants who are attempting to exceed their coupon limit. We will automate daily searches for relevant keywords on auction and community trade and forum sites.



Lastly, the IBM Team is committed to securing our own internal environments. We will continually assess the internal control effectiveness throughout the Coupon Program. We will secure our environments and require authentication for internal resources to get access to key processes and data. We will provide highly skilled personnel in support of the implementation of the Coupon Program. We will define areas and clear lines of responsibility, establish a reporting hierarchy, and sustain the need for personnel to possess and maintain the necessary knowledge and skills to perform their duties. The organizational culture will be defined by leadership in setting values of integrity and ethical behavior that will cascade down and permeate the organization.

Deliverables:

- Monthly SLA Report
- Quality Monitoring and Control Report (as required)

2.1.2.4 Communication and Status Reporting

We will continue to use weekly status reviews, monthly Program Management Reviews, monthly Cost and Schedule Status Reports, and monthly reviews of risks and performance metrics as a means of consistent communication and reporting. Our documentation and deliverables will be available at all times on the program Dashboard. We will also schedule in-depth discussions with NTIA on key issues to keep the entire team operating from the same consistent understanding.

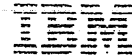
Throughout the Operational Phase of the program, we will also continue to monitor the external situation and be prepared to deal with impending and actual crisis situations. The consumer and retailer support centers will track any reports of attempted fraud, inappropriate application or use of coupons, and trend data to identify outlier activity. All consumer telephone calls are coded by call type and escalated for review and action. Reports of fraud are handled with due diligence. They are investigated to ascertain available facts and referred for proper resolution. In the example of a complaint about coupons being sold on eBay, our team would log on to eBay, confirm the auction status of program coupons, notify NTIA of the findings, and resolve the situation by immediately filing a complaint with eBay to have the illegal-placed items removed from auction. A custom consumer education alert message would also be added to the information Web site so that the public is aware of the identified improper activity and appropriate resolution. Transparency to the public is important to reinforce the benefits of the program and the intent to safeguard consumers.

Other potential issues that could arise during the program implementation are the application of groups of individuals with legitimate US Household addresses who receive coupons and attempt to sell them at a "discount from face value" to unaware persons or a qualified retailer applying the coupon to non-eligible purchases by fraudulently scanning a different product code than the one being sold. The Consumer Education team's experience in reaching broad and diverse demographics assist by proactively positioning ahead of the potential issue with early messaging and the ability to address any issues that do arise by leveraging strong media relations to obtain earned media on topics that will help to reinforce the advantages of the program thereby minimizing the extent and effect of negative publicity. The Retailer Team will also be tracking demographic information and monitoring for unexpected or inconsistent sales activity.

The IBM Team's conscientious tracking of media, consumer and retailer activity, together with regular communication and consultation with NTIA, will allow for the most proactive and responsive handling of any unforeseen events.

Deliverables:

- Program Management Review (PMR) Agenda (Monthly)
- PMR Meeting (Monthly)



- PMR Minutes (Monthly)

2.1.2.5 Financial Management

The IBM Team will also monitor and report on the overall financial status of the program. Our goal is to provide NTIA with real-time information on the funding obligated through the program, paying particular attention as each block of funding nears depletion. This information will be included both on our regular status reports and on the Dashboard, where it will be updated on a daily basis.

2.2 Consumer Education

During the Operational phase of the Consumer Education program, we will design and produce specific materials for use by both the mass broadcast media and by the grassroots coalition. The quantities of materials necessary to distribute directly to the consumers affected by the digital-to-analog conversion are so large as to be impractical to implement under the scope of this project and budget. However, information available on the Internet, coupled with limited printed collateral materials such as campaign brochures, can be an extremely effective in reaching key stakeholders and influencers that will be targeted to participate as partners in our grassroots coalition. In our experience, the quantities recommended for brochures will be effective to facilitate introductions and initiate dialogs with third-party organizations and to bring their leadership "on board" to our campaign. Campaign posters will also be distributed to partner organizations to help them with internal communications regarding their participation in this nationwide consumer education effort. The only materials intended for direct distribution to consumers are the information "rack cards" and magnets which will be used by partners at outreach events they organize and sponsor. But even in this capacity, these materials are meant as "teasers" intended to bolster other messaging through the events, and to reinforce earned media placements (e.g., coverage of the digital-to-analog conversion on broadcast TV, radio, and print publications), rather than for direct outreach to all affected audience members. The following is a list of the items and quantities the IBM Team anticipates printing. The types of materials and quantities are estimates and will be adjusted within the allotted budget based on need and consumer demand.

- 200,000 stakeholder brochures (tri-fold, B&W + one color)
- 50,000 posters (four color, 17x22")
- 1,000,000 consumer information cards (4x9", B&W + one color)
- 1,000,000 reminder magnets

Electronic, downloadable materials will be made available to partner organizations who choose to print additional copies of cleared materials. This will remove the burden of printing large quantities of materials from NTIA while giving interested grassroots partners access to the materials for their constituents and audiences. All downloadable materials will be provided in unalterable formats (e.g., PDF file format) to help ensure consistency of branding, look and feel, and messages. We will also prepare some audience-segment specific materials, including those designed for non-English speakers, low-literate households, seniors, and people with disabilities. We will design hard-copy and electronic tool

The IBM Team knows how to reach different audiences

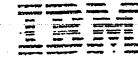
- IBM partner Ketchum's deep experience in communications includes a wide range of target audiences, working with communities of color (e.g., Hispanic, African American, Asian, etc.) as well as low-literate, disabled and elderly populations. For example, Ketchum and client Roche teamed with the leading African-American women's service organization, The Links, to design and implement a one-day event to increase awareness of the organ donation shortage that disproportionately affects African Americans. While utilizing a grassroots approach aimed at 10 target communities, the program reached more than 5,000 individuals in a single day. Media relations undertaken by Ketchum helped to extend the impact of the day nationally with more than 110 million media impressions.

kits for the mass media and our grassroots partners, including sample press releases and newsletter articles; brochures; facts sheets with simple graphics; and presentations on the Coupon Program.

At a time mutually agreed by NTIA and the National Association of Broadcasters, we will also launch a mass media campaign, leveraging the broadcast media's ability to reach an extremely wide audience. We recommend a major launch of the campaign, since public awareness and education campaigns depend upon rising momentum and repetition of messages. Successful message penetration typically requires multiple touch points with target demographics, and cannot cause behavior changes in a single event. Therefore awareness building is most effective when it starts aggressively with the initiation of a major campaign. A campaign "kick-off" is always a bigger event, resulting in more intense break into the public and media consciousness. Subsequent events then continue to build on this launch, and result in greater awareness than they would if not preceded by a major launch. Preliminary indications are that the kickoff will be scheduled for the early spring 2008 time period. Following the kick-off, we will help ensure a steady stream of media outreach for the remainder of 2008, moving our audience from awareness of the program to understanding and finally action. We anticipate that the media blitz surrounding the presidential campaign coupled with fourth quarter "lighter" holiday news, will mean the news agenda will be crowded. We will therefore develop a plan to work around these known obstacles. The final, and potentially most active media campaign period, is anticipated in the January/February 2009 period. If the contingency phase is announced we will launch another minor kickoff event, to clarify any change in message as a result of contingent funding.

Once the initial mass media campaign has been launched, we will work with our grassroots coalition to support them in numerous small targeted outreach efforts. Our experience in leading numerous national campaigns targeted to hard-to-reach audiences of 40 million or more and using a combination of mass media and our existing partnerships with grass roots techniques, will allow us to deliver a highly effective Coupon Program campaign for NTIA. This strategy gives us a runway to build in-touch points and milestones at numerous points to generate consumer interest and excitement and leverage existing outreach and education activities with our partners. This will also allow us to obtain early response numbers to evaluate and refine our messages and approach.

As a final part of delivering the message and working with our broadcasters and the grass roots coalition, we will monitor our partners and other message participants to facilitate consistent and uniform messaging throughout the Coupon Program. In addition, we will conduct regular assessments of the campaign's effectiveness, which will help us tailor our final communications. Our communications goal is to drive our target audiences to the toll-free number and the web site where they can begin their participation in the Coupon Program by requesting vouchers. To measure this driver of demand, results (measured in media impressions) garnered from earned media outreach will be tracked and correlated to increases in local, regional, and national requests for vouchers (through the Web site and toll-free number), and will demonstrate a direct effect of consumer education as a driver for vouchers. This will be evaluated on a quarterly basis so that tactics and messages can be revised as needs change and the campaign progresses. For example, if our analysis demonstrates we have saturated the media with the awareness message sooner than expected, we can quickly shift to the messaging revolving around understanding of the program. Our activities will include regular media monitoring, tracking partner activities, and monitoring website usage. We will use media databases including Media Map, Factiva, Lexis-Nexis and Burrelle's to assist with media monitoring and reporting. We will attempt to calculate the percent of each target audience reached at least once and the average frequency of contact for each target audience member, although these calculations are more reliable for paid media rather than earned media. In addition, the IBM Team will conduct a regular survey-tracking program, including a baseline survey, a mid-point survey and an end-point survey, to assess response to the Coupon Program, focusing on low-income, Hispanic, African American and rural audiences. These survey results will be provided via the NTIA Dashboard and used to determine the impact of the Consumer Education program. Finally, we will conduct spot checks of Web sites or other distribution outlets periodically to help ensure that those



communicating about the Coupon Program are doing so in a manner that is consistent with our message and that the information is accurate. We will approach an organization and request corrective action for any misinformation that is being distributed. We will meet frequently with NTIA to review and discuss the team's findings.

2.3 Retailer Certification and Training

The final date for acceptance of applications from retailers for Coupon Program participation is March 31, 2008. Therefore, the retailer education, certification and training activities during the operational phase, will be limited to finalizing the decisions on any retailers who applied late in the process, and continuing to support certified retailers in their training activities. We will continue to offer both live operator support and access to the previously-developed training materials via the Retailer Support web channel.

2.4 System Configuration and Maintenance

The IBM Team will perform necessary maintenance to maintain system operation at the required service levels during the operational phase. We anticipate minimal configuration changes to operational systems, although our experience with similar projects suggests that some refinements to IVR call flows, web page structures and content, and other minor changes may be required over the course of the program in response to feedback. In addition, we will monitor system resource usage, and may re-configure equipment to scale capabilities to meet performance levels, such as adding CPUs, memory, or storage to a server. The IBM Team will schedule and perform these configuration and maintenance tasks in such a way that they minimize impact to outside users such as coupon applicants, retailers, and NTIA.

2.5 Program Operation

2.5.1 Overall System Operation

As required by SOO C.3.3.1.6, the IBM Team will provide twenty-four hours per day, seven days per week (24x7) operations of the Coupon Program system processing to include (a) preventive and corrective hardware, software and network maintenance; (b) application management; (c) database management; (d) configuration management; (e) toll free service center (services such as phone, web access, mail, fax processing) operations; (f) mail processing and distribution; (g) disaster recovery and continuity of operations plan (COOP); and (h) coverage across all 50 states and U.S. territories. The IBM Team will manage Coupon Program System Operation execution throughout the operational phase, including managing all of the capabilities and their supporting organizations, processes, technologies, and data developed in the Startup Phase. This will include monitoring the systems and technologies that support the solution, including systems related to customer support, order processing, coupon provisioning and redemption, settlement, payment processing, and retailer support. We will continue to monitor security and data access throughout the system, including authentication, identity management, incident management and response, and access controls. We will monitor data integrity, validation, and confidentiality within system components and across system interfaces, including backup and recovery, audit tracking, and exception reporting. Finally, we will also conduct the Disaster Recovery Business Continuity Exercise during this phase.

Deliverables:

- Root cause analysis report (as needed)
- Disaster Recovery Business Continuity Exercise Report (annually)

2.5.2 Retailer Certification and Support

The final date for acceptance of applications from retailers for Coupon Program participation is March 31, 2008, just prior to the beginning of the Coupon Program operational phase. Therefore, the retailer certification and support activities will be limited to finalizing the decisions on any retailers who applied

late in the process, and continuing to support certified retailers in their training activities. We will continue to offer both live operator support and access to program information via the Retailer Support web channel.

2.5.3 Coupon Distribution and Consumer Support

During the Operational phase, the IBM Team will begin distributing coupons to consumers, including those who requested them from January 1 – March 31, 2008, and those who request them from April 1, 2008 through March 31, 2009. The activities that we will perform during this phase include the following:

- Staff the call center using a combination of IBM Team employees and two key small business suppliers who are long term partners and who understand our requirements and can respond quickly. For peak volumes, we plan to staff up to 150 CSRs internally; if required, we will utilize some of our existing small business partners or additional IBM capabilities to expand the call center support. The consumer call center will be in operation with live operators available 24 hours a day, 7 days a week.
- Continue to operate and maintain the Consumer website, Hotline, Mailing Address, and Toll-free fax line.
- Monitor IVR call flow, CSR scripting and Consumer Support website content, for possible updates as shown through feedback.
- Monitor the level of demand for the coupon and compare it with the predictions currently established. Previous experience in direct-to-consumer notice programs demonstrates that typical response rates occur roughly in thirds across the duration of the program implementation. We would anticipate a modified demand curve for the Coupon Program, which is reflected in Figure 2.5.3-1, because of the adoption aspect of this program and the lack of an initial direct-to-consumer mailed notice. Based on this demand curve, we have sized our various channels to anticipate a surge late in the operational period. During the early part operational phase of the program, we will review our assumptions that are driving the computer and routing hardware and other resources to be dedicated to this program.

The IBM Team is a trusted federal partner

- IBM partner Epiq has successfully managed more than 250 consumer contact programs, including several for the federal government in its 21-year history.
- IBM has been hired by the U.S. Census Bureau to configure and manage the public-facing call center operations for the 2010 Census, using technology that will allow 33 planned U.S.-based call centers supplied by multiple vendors to be managed as a single virtual call center.

Figure 2.5.3-1: Coupon Program transactions will have a bigger spike at the end than typical programs

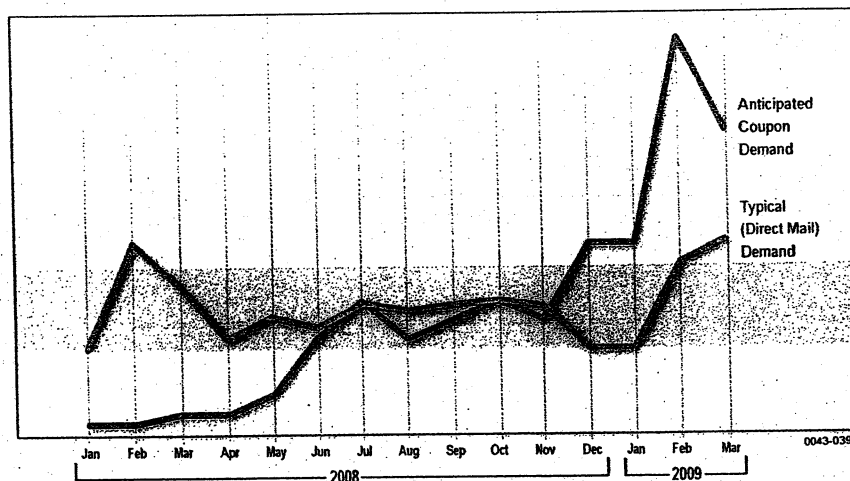
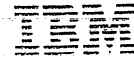


Figure 2.5.3-1, because of the adoption aspect of this program and the lack of an initial direct-to-consumer mailed notice. Based on this demand curve, we have sized our various channels to anticipate a surge late in the operational period. During the early part operational phase of the program, we will review our assumptions that are driving the computer and routing hardware and other resources to be dedicated to this program.

- Manage the document operations for those consumer requests received on paper via fax and mail.
- Track funding expenditures and funding levels.



- Prepare the Activated Coupon report, Expired Coupons Negative File report, and Exception tracking and resolution report.
- Implement and maintain audit controls around financial management of Coupon Obligations.
- Make reporting metrics available for aggregation and reporting on the Dashboard.

In addition to the household eligibility checking which will be performed with each coupon request, as a further measure to prevent waste, fraud, and abuse, the IBM Team will use an independent audit firm to review and evaluate the Consumer Support database and identify missing, invalid or inaccurate records. The Consumer Support database will also be regularly validated against the Coupon Redemption database to identify improper variances between these data sets. Our analysis of this data will also incorporate the use of fraud filters that identify anomalous behavior such as geographically isolated activity spikes, increased percentage of non-US household applications and other data trends that are outliers to the integrity of the program. Data sets identified as potential fraud concerns will be isolated for further research.

Deliverables:

- Activated Coupon File
- Expired Coupons Negative File

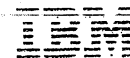
2.5.4 Coupon Redemption, Payment, and Retailer Support System

During the Operational phase, the IBM Team will fully deploy the Coupon Redemption, Payment and Retailer Support System including each of the six redemption options. To meet Coupon Program requirements of utilizing COTS products and existing infrastructure, the IBM Team's coupon redemption and payment solution will rely on integrated COTS subsystems that incorporate the credit card industry's leading payment authorization engine to operate and administer the program. During the Operational phase, we will:

- Maintain and operate the Retailer Support Center to provide live operator redemption support for retailers. The call center will be configured for flexible staffing to meet spikes in demand over the life cycle of the Coupon Program. The retailer call center operating hours will be 7:00 a.m. to 1:00 a.m. Eastern Time, seven days per week.
- Monitor and update the call flow for the IVR redemption system as required.
- Maintain the redemption assistance pages of the Retailer website, available 24x7, for retailers to troubleshoot and report redemption issues.
- Transfer files to update the payment authorization engine as coupons are issued or de-activated, as retailers are certified, and as eligible coupon boxes are added to the Coupon Program by NTIA.
- Transfer the Coupon Reimbursement File to NIST for subsequent payment to the retailers.
- Conduct post-settlement audits to detect suspicious coupon redemption patterns such as redemptions that exceed a certain percentage of a retailer's reported sales or coupons that are issued to households in one region of the country and are redeemed at a retailer in another part of the country.
- Monitor internal settlement statistics, such as average time in audit, and transactions in audit longer than standard. Additionally, on an ad hoc basis, reporting showing the average delay between

IBM Team partner CLC has spent the last two years managing U.S. Treasury reimbursements to retailers.

- Through its retailer reimbursement program, IBM partner CLC has enabled FEMA to provide housing benefits to 850,000 U.S. residents displaced by Hurricane Katrina.
- IBM partner CLC has implemented real-time, electronic payment authorization and settlement services (including data capture terminals, POS integrations and e-services and web applications) at 19,700 retailers nationwide.



authorization and settlement, authorization and submission for payment, or other velocity measures will be available.

Deliverables:

- Coupon Reimbursement File

2.5.5 Dashboard and NTIA Reporting

During the operational phase, the IBM Team will meet the Dashboard availability requirements of NTIA. The Dashboard will continue to deliver up-to-date information views as described in section 1.4.5. The IBM Team will also manage portal user administration (Creation, Security roles, Auditing).

To support full operational capabilities of the Dashboard, the Dashboard will accept data from the other Coupon Program systems, including availability data as well as coupon data. Included in this task will be the monitoring of automated data extraction, transformation and loading, performance-tuning of the systems, security and patch updates to the operating system and other software products, as required. The IBM Team will also perform back-ups of Coupon Program related systems.

Deliverables:

- Exceptions and Trending Report

2.5.6 Coupon Distribution Transactions

During the Operational Period, the IBM Team will execute the coupon distribution transactions, from consumer request to final delivery.

2.5.7 Coupon Redemption, Payment and Retailer Transactions

During the Operational Period, the IBM Team will execute the coupon redemption transactions, from presentation of the coupon at the point of sale through to reimbursement to the retailer.

3. Phase III – Contingent Period

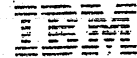
The Contingent Period will be initiated by NTIA only if the coupon funding authorized during Phase II nears exhaustion. This section describes our role during the Contingent Period.

3.1 System Operation

Upon NTIA notification of its intent to continue into the Contingent Period, IBM will continue to update its funding measurements to accommodate the additional number of coupons that can be distributed. All other operations will remain the same, with the exception that the coupon eligibility validation rules will now require that the consumer's self-certification indicate that they are an "over-the-air" household only.

3.1.1 Coupon Distribution Transactions

During the Contingent Period, the IBM Team will continue to provide the Coupon Distribution and Consumer Support System, including each of the available channels through which consumers may apply for Coupon(s). Coupon applications will be processed and managed on first in, first out basis. This allows for maximum flexibility with respect to the allocation of funds from the initial funding or, during the contingent phase, newly de-obligated initial funds. From the consumer's perspective, the coupon application process will be the same before and during the contingent phase -- the only difference would be that negatively certifying his status as an over-the-air only household would disqualify him from participation during the contingent phase. The IBM Team's Coupon Distribution and Consumer Support System will continue to function in an identical manner in most respects. When the contingent phase is triggered, the IBM Team will already have the infrastructure in place to inform consumers about



ineligibility for households that are not over-the-air only. This infrastructure includes textual updates to the consumer website, updates to the call center ready reference scripting. During the Contingent Period, the system parameters are setup to invalidate eligibility for households that do not certify that they do not subscribe to cable or satellite television service. In addition, the funding availability baseline will be updated from the original \$890 million to the newly authorized total amount.

Initial Funds and Contingent Funds will be managed concurrently to assure that the use of Initial Funds is maximized to the full benefit of consumers who are not over-the-air only and that Contingent Funds are only used by consumers who are over-the-air only. To achieve this goal, the IBM Team will verify the status on all coupons issued against Initial Funds. If and when coupons expire, those funds will be de-obligated. During the Contingent Phase, any consumers who negatively certified their over-the-air only status will be queued for possibly available de-obligated Initial Funds. Consumers will be notified of this queuing as their applications are received and processed and in the same channel in which their application is received. In virtually all instances, consumers will be notified real-time that their application has been queued. We will also be able to notify them of when they may hope to receive a coupon, should initial funding be made available. As Initial Funds are de-obligated, new coupons will be issued, and Initial Funds re-obligated, for any queued, mixed signal households.

3.1.2 Coupon Redemption, Payment & Retailer Support System

During the Contingent Period, the IBM Team will continue to provide the Coupon Redemption, Payment and Retailer Support System including each of the six redemption options. This support provided during the Contingent Period will be identical to the support provided during the Operational Phase.

4. Phase IV – Close-Out Phase

4.1 Program Management

During the closeout phase, the IBM Team will initiate and conclude the tasks required to shut down the program. Regular project management reporting, including the cost and schedule status report and the PMR will be continued during this phase. The closeout will primarily focus on preparation and handoff of program transactional and summarized data to NTIA, and deletion of the data from the IBM Team's systems. Our team will engage an independent audit firm to review and evaluate the various databases to identify missing, invalid or inaccurate records. The IBM Team will continue our close coordination with the NTIA stakeholders to facilitate an effective closeout of the Coupon Program. This effort will also include final reconciliation of all performance milestones and submission of the final invoice under the contract.

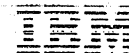
Deliverables:

- Final Financial Audits and Reconciliation Reports (Addendum to Close-Out Plan)
- Cost and Schedule Status Report (Monthly)
- PMR Agenda, PMR Meeting, PMR Minutes (Monthly)
- Semi-annual Small Business Subcontract Report (SF 294)

4.2 System Shutdown and File Transfer

4.2.1 Retailer Certification

The IBM Team will conduct end-of-project shut down activities that provide NTIA with secure access to reconciled and audited program data sets. To meet Coupon Program requirements of minimizing waste, fraud and abuse, the Retailer Certification database will be validated against coupon redemption records to identify improper variances between these data sets. Upon completion of audit and reconciliation



activities, we will archive and transfer access of the Retailer Certification data to NTIA. Prior to the completion of this phase, the contractor access to this data will be removed.

4.2.2 Coupon Distribution

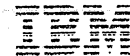
The IBM Team will conduct end-of-project shut down activities that provide NTIA with secure access to reconciled and audited program data sets from the Consumer Support database. The IBM Team will disable the Consumer application channels and post concise end-of-program messages to the IVR and the Consumer website, which will be accessible to the public for 90 days following initiation of Close-out Phase. Final reconciliation reports will be prepared from the Consumer Support database and provided to NTIA. Upon completion of shut down activities, we will archive and transfer access of the Consumer Support data to NTIA. Prior to the completion of this phase, the contractor access to this data will be removed.

4.2.3 Coupon Redemption

The IBM Team will conduct end-of-project shut down activities that provide NTIA with secure access to reconciled and audited program data sets. Our analysis of this data will also incorporate the use of fraud filters that identify anomalous behavior such as a high volume of out of state coupon redemptions, high volume of redemptions relative to retailer gross annual sales, or unusual fluctuation in redemption volume. Transactions identified as potential fraud concerns will be isolated for further research. Final reconciliation reports will be prepared from this data and provided to NTIA. Retailer specific reports will also be made available (via secure means) to retailers upon request. Upon completion of audit and reconciliation activities, we will archive and transfer access of the Coupon Redemption data to NTIA. Prior to the completion of this phase, the contractor access to this data will be removed.

4.2.4 Dashboard and NTIA Reporting System

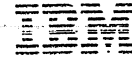
As part of the close-out process, IBM will confirm with its team members that customer interface systems have been shut down. After obtaining sign off from NTIA, the IBM Team will dismantle the Dashboard system. The data will be extracted from the data warehouse and provided to NTIA. Following NTIA's review and acceptance of the data, the IBM Team will shut down the Dashboard systems. The applications will be uninstalled, followed by a re-formatting and erasure of the storage media.



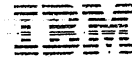
ATTACHMENT 1 TO PWS – CROSS-REFERENCE OF COUPON PROGRAM OUTCOMES AND OBJECTIVES TO THE PWS

The matrix below shows a cross-reference between the proposed contract activities and tasks, and the outcomes and objectives described in section C.3.3 of the Statement of Objectives (SOO).

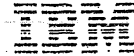
Coupon Program Outcomes and Objectives	PWS Elements Achieving the Objectives
<p>The Statement of Objectives (SOO), included in Section C of the RFP, provides the Coupon Program objectives that Offeror must satisfy. The Offeror shall use the SOO, together with other applicable portions of the RFP, as a basis for preparing a proposed Performance Work Statement (PWS) for their solution."</p>	<p><i>IBM will comply with the Federal Laws, Regulations, Acts, Executive Orders, Special Publications, Guidelines, DOC/NTIA Directives and Policies as provided in RFP Section C.5.</i></p>
TECHNICAL SERVICES OUTCOMES AND OBJECTIVES	
<p>1. A Project Management Plan to include a start up and roll out plan that meets the Act mandates for the processing of requests and distribution of coupons between January 1, 2008 and March 31, 2009 and through contract closeout in September 2009. Contractor must be ready to accept coupon requests on January 1, 2008.</p>	<p>1.1 Program Management (Startup Plan) 1.7 Operational Phase Preparation (Rollout Plan)</p>
<p>2. The Consumer Education Plan should:</p> <ul style="list-style-type: none"> a. make recommendations for the design, targeting and distribution of Consumer Education concerning the Coupon Program b. develop a strategy for creating partnerships to incorporate Consumer Education concerning the Coupon Program into the broader digital transition c. provide support for NTIA partnership activities including materials, meeting logistics and organization d. develop Consumer Education messages and design materials suitable for distribution through a wide range of media and partners e. provide materials targeted to a wide variety of media and for diverse audiences, including Spanish and other non English speakers, seniors, people with disabilities and low literate households f. ensure consistent and uniform messaging throughout the Coupon Program g. devise measures of the Coupon Program's progress in educating consumers and report these metrics in the Coupon Program Dashboard h. develop consumer education messages to include but not be limited to: <ul style="list-style-type: none"> ▪ Explanation that analog televisions can remain operational after the transition to digital broadcasting by using a converter box ▪ NTIA will help defray the purchase of an eligible converter box 	<p>1.2 Consumer Education (Startup and OCD Phase) 2.2 Consumer Education (Operational Phase)</p>



Coupon Program Outcomes and Objectives	PWS Elements Achieving the Objectives
<ul style="list-style-type: none"> ▪ Scope and time limits of Coupon Program operation ▪ Directions for households to request one or two coupons ▪ Terms, eligibility, expiration date, redemption policies, etc. ▪ Instructions on which boxes are eligible for purchase with coupons ▪ Instructions on which retailers are certified to accept coupons and conditions concerning household eligibility, how many coupons a household may receive ▪ Directions on how consumers can redeem coupons 	
<p>3. A system to process consumer coupon requests and coupon distributions ensuring that:</p> <ul style="list-style-type: none"> a. household requests are received and fulfilled, for no more than two coupons, in a timely manner b. requests are verified for household eligibility and screened for duplicate requests c. prevents fraudulent coupon requests d. coupons and information on eligible converter boxes and certified retailers are sent timely via the United States Postal Service e. consumer questions and complaints, including requests for replacement of coupon(s) that are lost or stolen, are handled efficiently f. multiple language requests are supported g. audit and exception reports are provided 	<p>1.4.3 System Configuration, Coupon Distribution and Consumer Support System</p> <p>1.5.1.3 Test/OCD Planning and Setup, Coupon Distribution and Consumer Support System</p> <p>1.5.4.3 OCD Execution Support, Coupon Distribution and Consumer Support</p> <p>2.5.3 Coupon Distribution and Consumer Support System</p>
<p>4. A retailer participation and certification program for both large and small retailers to include:</p> <ul style="list-style-type: none"> a. Working with existing store front retailers and on-line internet retailers to utilize current industry processing tools and systems, consistent with reasonable commercial standards including assistance for POS modifications b. distributing, inputting, and updating lists of converter boxes that are eligible for the program c. developing retailer management and employee training materials on how to identify valid coupons and accept coupons d. developing training materials on how to redeem valid coupons and troubleshooting problems e. providing alternative redemption and payment means if retailers do not have automated systems f. ensuring a retailer can process split transactions so that cash, debit, or credit can be used with a coupon to pay for the total retail price if over \$40 per converter box g. providing redemption and audit information and 	<p>1.3 System Configuration, Retailer Certification and Training</p> <p>1.5.1.2 Test/OCD Planning and Setup, Retailer Certification and Training</p> <p>1.5.4.2 OCD Execution Support, Retailer Certification and Training</p> <p>2.3 Operational Phase, Retailer Certification and Training</p>



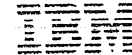
Coupon Program Outcomes and Objectives	PWS Elements Achieving the Objectives
<p>reports</p> <ul style="list-style-type: none"> h. maintain a registry of certified retailers i. monitor retailer compliance j. accept applications for retailer certifications k. check and verify retailer credentials for participation l. resolve retailer issues such as late application requests or denial or revocation of certification. m. maintain viable relationships with a variety of retailers (e.g., large chains, small consumer electronic specialty shops, "bricks and mortar" and online) through appropriate, commercially acceptable agreements and/or practices 	
<p>5. Financial processing for coupon redemption and payment while minimizing waste, fraud and abuse to include:</p> <ul style="list-style-type: none"> a. designing a coupon to prevent counterfeiting and ensure electronic tracking b. tracking all coupons throughout their life cycle from creation, requests, distribution, redemption, and payment authorization as defined in Section J Attachment J.VIII c. preventing misuse of coupons for non certified unit purchases d. preventing the redemption of lost or stolen coupons e. preventing non certified retailers from redeeming coupons or receiving payment for redeemed coupons f. ensuring coupons expire 90 days after issuance g. providing timely payment authorization to retailers consistent with reasonable commercial standards, monitor retailer generated reports on payments received and identify any unreasonable delay in payments to a retailer compared to the Contractor's Reimbursement File processing date h. providing detailed audit and exception reports, including an automatically generated exception report based on suspicious pattern of coupon usage or retailer payments i. ensuring payment authorization to the retailer for only the actual retail sale price if the converter box unit price is under \$40 and j. accounting for balances on not used, stolen, expired, and any redeemed coupon used to purchase a converter box priced at less than the coupon value of \$40. 	<p>1.4.4 System Configuration, Coupon Redemption, Payment, and Retailer Support System</p> <p>1.5.1.4 Test/OCD Planning and Setup, Coupon Redemption, Payment, and Retailer Support</p> <p>1.5.4.4 OCD Execution Support, Coupon Redemption, Payment, and Retailer Support</p> <p>2.5.4 Operational Phase, Coupon Redemption, Payment, and Retailer Support</p> <p>4.2 System Shutdown and File Transfer</p>
<p>6. Provide twenty four hours per day, seven days per week (24x7) operations of the Coupon Program system processing to include:</p> <ul style="list-style-type: none"> a. preventive and corrective hardware, software and 	<p>2.5 Program Operation</p>



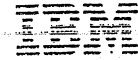
Coupon Program Outcomes and Objectives	PWS Elements Achieving the Objectives
<p>network maintenance</p> <p>b. application management</p> <p>c. database management</p> <p>d. configuration management</p> <p>e. toll free service center (services such as phone, web access, mail, fax processing) operations</p> <p>f. mail processing and distribution</p> <p>g. disaster recovery and continuity of operations plan (COOP)</p> <p>h. covers all 50 states and U.S. territories</p>	
<p>7. Provide secure processing services that meet or exceed standards and requirements applicable to the Coupon Program by NTIA, the Department of Commerce, and the National Institute of Standards and Technology.</p>	<p>1.5.3 Security Certification and Accreditation (C&A)</p>
<p>8. Develop and administer a closeout plan that accounts for all program transactions; retains all program data; and, provides complete final financial audits and reconciliation reports.</p>	<p>2.1.1 Operational Phase, Program Management Planning</p> <p>4.0 Close-out Phase</p>
MANAGEMENT OUTCOMES AND OBJECTIVES	
<p>The primary management objective is twofold: (a) allow the Contractor maximum flexibility to innovatively manage program cost, schedule, performance, risks, subcontracts, vendors, and data required to deliver an effective and affordable Coupon Program and (b) maintain clear government visibility, understanding, and information access into program cost, schedule, performance, and risk. The Contractor shall furnish all necessary resources in order to meet or exceed these objectives. The most complex project assignments may require special expertise in a range of subject matters, service centers, and project management capabilities and encompass all of the work described in the Contractor's PWS.</p>	<p>1.1 Startup Phase, Program Management</p> <p>2.1 Operational Phase, Program Management</p> <p>4.1 Close-out Phase, Program Management</p>
<p>1. Possess, or have access to, multi-disciplined skilled professional expertise such that a multitude of project assignments can be performed simultaneously without compromise in quality</p>	<p>1.1 Startup Phase, Program Management</p> <p>2.1 Operational Phase, Program Management</p> <p>4.1 Close-out Phase, Program Management</p>
<p>2. Provide the necessary resources as defined in the Contractor's Project Management Plan to meet the task requirements of the PWS.</p>	<p>1.1 Startup Phase, Program Management</p> <p>2.1 Operational Phase, Program Management</p> <p>4.1 Close-out Phase, Program Management</p>
<p>3. Plan and coordinate necessary staff and perform the activities defined, including developing plans, making personnel assignments, implementing services,</p>	<p>1.1.1 Startup Phase, Project Management Planning</p> <p>1.1.2.1 Startup Phase, Cost and Schedule Management</p>



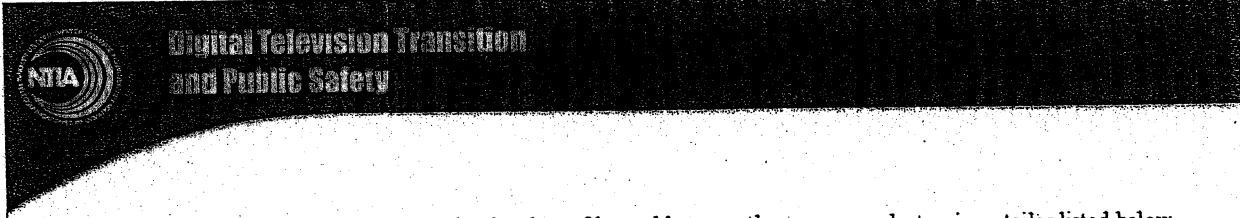
Coupon Program Outcomes and Objectives	PWS Elements Achieving the Objectives
tracking schedules, evaluating risks and preparing required reports	1.1.2 Operational Phase, Project Management Planning 2.1.2.1 Operational Phase, Cost and Schedule Management 4.1 Close-out Phase, Program Management
4. Maintain full technical coordination and interchange of information with NTIA program leadership and CO	1.1.2.4 Startup Phase, Communication and Status Reporting 2.1.2.4 Operational Phase, Communication and Status Reporting 4.1 Close-out Phase, Program Management
5. Provide real time access to program status and performance via an electronic web based dashboard-type management information system as defined in Section J Attachment J.VII.	1.4.5 System Configuration, Dashboard and NTIA Reporting 1.5.1.5 Test/OCD Planning and Setup, Dashboard and NTIA Reporting 1.5.4.5 OCD Execution Support, Dashboard and NTIA Reporting 2.5.5 Operations, Dashboard and NTIA Reporting System
6. Establish appropriate and effective performance measures and quality program to ensure contractor delivered services align with the Coupon Program goals and objectives.	1.1.2.3 Startup and OCD Phase, Quality Assurance, Prevention of Waste, Fraud and Abuse, and Performance Reporting 2.1.2.3 Operational Phase, Quality Assurance, Prevention of Waste, Fraud and Abuse, and Performance Reporting
7. Meet program objectives while providing innovative and flexible management of project cost, schedule, performance, risks, and subcontracts.	1.1.2.1 Startup Phase, Cost and Schedule Management 1.1.2.2 Startup Phase, Procurement 2.1.2.1 Operational Phase, Cost and Schedule Management 2.1.2.2 Operational Phase, Procurement 4.1 Close-out Phase, Program Management
8. Utilize effective subcontract and teaming arrangements to meet small business goals as defined in Section J Attachment J.III.	1.1.2.2 Startup Phase, Procurement 2.1.2.2 Operational Phase, Procurement
9. React to coupon request and redemption surges as necessary	2.5.3 Operational Phase, Coupon Distribution and Consumer Support 2.5.4 Operational Phase, Coupon Redemption, Payment, and Retailer Support
10. Maintain confidential treatment of non aggregated sales, inventory, or other competitively sensitive information	2.5.4 Operational Phase, Coupon Redemption, Payment, and Retailer Support



Coupon Program Outcomes and Objectives	PWS Elements Achieving the Objectives
11. Provide retailer oversight to ensure Coupon Program integrity and minimize waste, fraud, and abuse	2.5.4 Operational Phase, Coupon Redemption, Payment, and Retailer Support
12. Support urgent, unforeseen project assignments directly related to program performance to quickly mobilize an adequate workforce to address any performance issue.	1.1.2.4 Startup Phase, Communication and Status Reporting 2.1.2.4 Operational Phase, Communication and Status Reporting
13. Provide appropriate data rights and use agreements to NTIA as needed.	1.1 Startup Phase, Program Management 2.1 Operational Phase, Program Management 4.2 System Shutdown and File Transfer
COST OUTCOMES AND OBJECTIVES	
Cost outcomes and objectives for the Coupon Program are defined by law. Throughout the life of the Coupon Program contract, the Contractor is expected to maintain a high level of service delivery. Service delivery shall be consistent, cost effective, achieve improved performance over time, reliable, and secure.	1.1.2.3 Startup and OCD Phase, Quality Assurance, Prevention of Waste, Fraud and Abuse, and Performance Reporting 2.1.2.3 Operational Phase, Quality Assurance, Prevention of Waste, Fraud and Abuse, and Performance Reporting
Because the total number of coupons to be distributed and redeemed is not predictable, the Contractor's pricing approach should consider including transaction volume based cost components to ensure cost effectiveness for NTIA. Ongoing financial transaction analysis and reporting must be utilized to provide a predictable cost profile throughout the life of the project.	1.4.5 System Configuration, Dashboard and NTIA Reporting 1.5.1.5 Test/OCD Planning and Setup, Dashboard and NTIA Reporting 1.5.4.5 OCD Execution Support, Dashboard and NTIA Reporting 2.5.5 Operations, Dashboard and NTIA Reporting System
A successfully completed transaction for Coupon Distribution is defined as the system processing of a consumer request for up to two coupons, activation of the coupon(s) in the Contractor's database and the mailing of the coupon(s) to the consumer household. (as modified by Q&A # 197, which specifies per coupon, not per household pricing)	1.5.5 OCD Coupon Distribution Transaction 2.5.6 Operational Phase, Coupon Distribution Transaction 3.1.1 Contingent Period, Coupon Distribution Transaction
A successfully completed transaction for Coupon Redemption and Payment is defined as the financial processing of properly authorized coupon(s) redemption by the certified retailer and the Contractor's Reimbursement File is successfully processed for NIST to make payment to the certified retailer for redemption of the valid coupon(s).	1.5.6 OCD Coupon Redemption and Payment Transactions 2.5.7 Operational Phase, Coupon Redemption and Payment Transactions 3.1.2 Contingent Period, Coupon Redemption and Payment Transactions



ATTACHMENT 2 TO PWS – DRAFT RETAILER AGREEMENT



This Agreement is made on the date hereof by and between the consumer electronics retailer listed below ("Retailer") and Corporate Lodging Consultants, Inc. ("CLC").

Retailer

Legal Business Name: _____
Doing Business As: _____
Corporate Address: _____
City: _____ State: _____ Zip: _____
Name of Authorized Signatory: _____
Title: _____
Contact Telephone: _____
Contact email: _____

WHEREAS, National Telecommunications and Information Administration ("NTIA") is administering the Digital-to-Analog Converter Box Coupon Program (the "Coupon Program"), as authorized in the Digital Television Transition and Public Safety Act of 2005 and in accordance with 47 CFR Part 301 (the "Final Rule");

WHEREAS, the terms of retailer participation are set forth in §301.6 of the Final Rule;

WHEREAS, CLC is providing certain services with respect to the Coupon Program;

WHEREAS, Retailer desires to voluntarily participate in the Coupon Program subject to the terms and conditions of the Final Rule and this Agreement; and

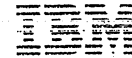
WHEREAS, it is the intention of the parties that this AGREEMENT will describe the obligations of Retailer to participate in the Coupon Program.

NOW, THEREFORE, for good and adequate consideration, the receipt and sufficiency of which being hereby acknowledged, Retailer hereby agrees as follows:

1. Retailer Representations, Warranties and Certifications.

Retailer represents, warrants and certifies to the following:

- (1) Retailer has been engaged in the consumer electronics retail business for at least one year and has completed a Central Contractor Registration. (CCR # _____)
- (2) Retailer has in place systems or procedures that can be easily audited as well as systems that can provide adequate data to minimize fraud and abuse in retail redemption and government payment for coupons.

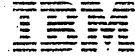


- (3) Retailer agrees to have converter box sales audited at any time during the term of participation in the Coupon Program by the U.S. Government or an independent auditor at no expense to Retailer.
- (4) Retailer will provide CLC electronically with redemption information and payment receipts related to coupons used in the purchase of converter boxes, specifically tracking each serialized coupon by number with a corresponding converter box purchase.
- (5) Retailer will only accept coupons and receive payment resulting from purchase made for coupon-eligible converter boxes as defined in the Final Rule.
- (6) The information submitted by Retailer on Attachment A is true and complete.
- (7) This Agreement constitutes the legal, valid, binding, and enforceable agreement, and its execution and performance of this Agreement (i) does not constitute a breach of any agreement with any party, or of any duty arising in law or equity, (ii) does not violate any law, rule or regulation applicable to it, (iii) are within the party's corporate powers, and (iv) has been authorized by all necessary corporate action of Retailer.
- (8) It will perform its obligations under this Agreement in accordance with all applicable laws, rules and regulations.

2. **Retailer Obligations.**

Retailer agrees to:

- (1) Redeem valid coupons toward the purchase of coupon eligible converter boxes ("CECB"). Retailers redemption process shall ensure that:
 - (a) Two coupons may not be used in combination toward the purchase of a single CECB.
 - (b) Consumers may not return a CECB to Retailer for a cash refund for the coupon amount or make an exchange for another item unless it is another CECB.
 - (c) The coupon has not cash value. It shall be illegal to sell, duplicate or tamper with the Coupon.
 - (d) Customers pay any applicable sales tax in cash.
 - (e) To the extent the purchase price of a CECB is in excess of \$40, Retailer shall collect the difference from the customer in cash or by check or credit card.
 - (f) To the extent that the purchase price of a CECB is less than \$40, Retailer shall not provide any cash or other value to the customer for the residual amount.
- (2) Have systems in place that are capable of electronically processing coupons for redemption and payment, tracking each and every transaction, and generating reports that are easily auditable.
- (3) Report to CLC any suspicious patterns of customer behavior.
- (4) Use commercially reasonable methods to order and manage inventory to meet customer demand for CECBs.
- (5) Provide transaction reports based on CLC's requirements. Reports must be maintained by Retailer for at least one year. Business confidential and proprietary information shall not be disclosed to the public unless otherwise required by law.



3. CLC Obligations.

- (1) Provide Retailer with management and employee training materials.
- (2) Provide coupon redemption authorization options available at Retailer's point of sale ("POS"). Retailer hereby selects a processing option as indicated below.
 - ___ POS redemption authorization over MasterCard network via card swipe; Retailer provides CECB SKU or UPC with authorization request.
 - ___ POS redemption authorization over MasterCard network via card swipe; Retailer provides CECB SKU or UPC with payment settlement request.
 - ___ POS redemption authorization over MasterCard network via website interface; Retailer provides CECB SKU or UPC with authorization request.
 - ___ POS redemption authorization over MasterCard network via Interactive Voice Response system; Retailer provides CECB SKU or UPC with authorization request.
- (3) Provide access to a Retail Support Center available during normal business hours by toll free telephone, e-mail or internet access.
- (4) Facilitate payment reimbursement for validly redeemed coupons from the U.S. Treasury within five (5) business days of redemption transaction settlement.
- (5) Retailer acknowledges that payment shall only be for the reimbursement of validly redeemed coupons used by consumers to purchase CEBs. Retailer is not entitled to any transaction processing or other fees with respect to its participation in the Coupon Program.

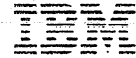
4. Hold Harmless.

Retailer shall hold and save the Government, its officers, agents, employees and its contractor harmless from liability of any nature or kind, including costs and expenses to which they may be subject to or on account of any or all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of performance of this Agreement, arising or resulting in whole or in part from the fault, negligence, wrongful act or wrongful omission of the Retailer, or any of its officers, agents and employees.

5. Term, Revocation and Dispute Resolution.

- (1) The term of this Agreement shall be for the term of the Coupon Program as set forth in the Final Rule. Retailer certification may be revoked if Retailer fails to comply with the Final Rule, the terms of this Agreement, or for other actions inconsistent with the Coupon Program.
- (2) Retailer certification will not be revoked for unintentional non-compliance or error.
- (3) Retailers may withdraw from certification by providing written notice to CLC at:

Digital-to-Analog Converter Box Coupon Program
PO Box XXX
Wichita, KS XXXXX



(4) Retailers may contact CLC for dispute resolution for problems such as denial or revocation of certification. Such issues will be resolved on a case-by-case basis at the discretion of CLC.

6. Conflicts.

In the event of a conflict between the terms of this Agreement and the Final Rule, the Final Rule shall govern.

CORPORATE LODGING CONSULTANTS, INC.

Print Name: _____

Title: _____

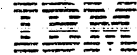
Date: _____

Accepted and Agreed on behalf of Retailer by:

Print Name: _____

Title: _____

Date: _____



Attachment A
Retailer Information

Legal Business Name: _____ Primary Contact Name: _____
Doing Business As: _____ Contact Title: _____
Corporate Address: _____ Contact Telephone: _____
City: _____ State: _____ Contact email: _____
Zip: _____ Contact Fax: _____
Website URL: _____

Dun & Bradstreet Number: _____
Central Contract Registry Number: _____

Number of years as a consumer electronics retailer: _____

Type of retailer:

Multi-store chain: ___
Single store location: ___
On-line/internet: ___

Number of store locations: ___

Number of employees: ___

Approximate annual consumer electronics sales in dollars: \$ _____

Coupon Eligible Converter Boxes carried (mark all that apply):

___ [Manufacturer, UPC] ___ [Manufacturer, UPC] ___ [Manufacturer, UPC]
___ [Manufacturer, UPC] ___ [Manufacturer, UPC] ___ [Manufacturer, UPC]
___ [Manufacturer, UPC] ___ [Manufacturer, UPC] ___ [Manufacturer, UPC]

Store locations (attach additional sheets if necessary):

Store Address: _____

City: _____ State: _____ Zip: _____

Store Address: _____

City: _____ State: _____ Zip: _____