State of Texas

Department of Information Resources

Exhibit 1.3

Service Management Manual (SMM)

Texas.gov Payment Services
DIR-ESS-TGOV-PMNT-254

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1   INTRODUCTION

This document describes the general content and organization of the Service Management Manual (or the "SMM") that will be developed to support governance of the Master Services Agreement ("Agreement"). It is intended that the structure of the SMM is established by the Multi-sourcing Services Integrator (MSI) with the Successful Respondent providing support and content as required to support the Successful Respondent's Services.

The SMM is intended to be maintained and updated on a regular basis. Upon the Commencement Date and at the key milestones identified, Successful Respondent will be required to complete significant additional detail to record the further development of the SMM to be applied in the performance of the Services by Successful Respondent. The Acceptance Criteria will be detailed in **Exhibit 3.7 Deliverables and Checkpoints**.

2   REQUIREMENTS

The Successful Respondent should adhere to the MSI-established framework for defining, documenting, communicating, maintaining, and monitoring the processes and procedures in the SMM.

3   DELIVERY AND CONTENTS

1.   The Successful Respondent shall deliver to DIR, portions of the SMM to support the MSI-led Service Management Manual Content for which Successful Respondent is responsible for DIR's review and comment on the dates provided in **Exhibit 3.7 Deliverables and Checkpoints**. DIR will review the SMM drafts and provide the Successful Respondent with comments and revisions.

2.   The Successful Respondent shall incorporate DIR's comments and revisions into the SMM in a timely manner and the MSI shall deliver subsequent versions thereof for DIR's review and comment.

3.   The Successful Respondent shall document appropriate policies, processes, and procedures described as Successful Respondent developed Service Management Manual Content for inclusion in the SMM to provide effective Service interfaces between Successful Respondent and DIR Customers.

4.   The Successful Respondent shall deliver a final version of such Successful Respondent developed Service Management Manual SMM content to DIR on or before the time period set forth in Section 4.5 of the Agreement for DIR's final approval, which DIR may withhold in its sole discretion.

     a.   In the event of a rejection, the Successful Respondent shall submit to DIR a revised SMM, addressing each of the points raised by DIR in its rejection.

     b.   The Successful Respondent shall continue making subsequent revisions of the SMM until approved by DIR.

5.   The Successful Respondent shall include in the SMM, at a minimum:

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    a. a detailed description of the manner in which each of the Services shall be performed by the Successful Respondent, including:

        i. the Equipment, Materials, and Systems to be procured, operated, supported or used;

        ii. documentation (including operations manuals, user guides, specifications, policies/procedures, and disaster recovery/business continuity plans) to be created and/or maintained by Successful Respondent in the course of performing the Services;

        iii. the specific activities to be undertaken by Successful Respondent in connection with each Service, including, where appropriate, the direction, supervision, monitoring, staffing, reporting, planning, and oversight activities to be performed by Successful Respondent under this Agreement;

        iv. the checkpoint reviews, testing, acceptance, controls and other procedures to be implemented and used to assure service quality;

        v. the DIR-approved processes, methodologies and controls to be implemented and used by Successful Respondent to comply and confirm compliance with DIR Rules and DIR Standards;

        vi. the processes, methodologies, and controls to be implemented and used by DIR, DIR Customers, and the Successful Respondent to identify DIR Data that DIR Customers are legally prohibited from disclosing, including any confidentiality requirements specific to any DIR Customer;

        vii. subject to **Section 15.11 Compliance with Laws** of the Agreement, the processes, methodologies and controls to be implemented and used by Successful Respondent to comply and confirm compliance with applicable Laws (including applicable Privacy Laws relating to the privacy and security of DIR Data); and

        viii. the processes, methodologies, and controls to be implemented and used by Successful Respondent to implement DIR-approved billing structure changes.

    b. the procedures for DIR, DIR Customer, and Successful Respondent interaction and communication, including:

        i. Call lists;

        ii. Application Methodologies;

        iii. Application testing methodologies, policies, processes and procedures;

        iv. Application Implementation policies, processes and procedures;

        v. Application Operations and Maintenance policies, processes and procedures;

        vi. Non-Technical Operations policies, processes and procedures;

        vii. Quality Assurance procedures and checkpoint reviews; and

        viii. Interfaces between and among SCPs, DIR, and DIR Customers.

    c. practices and procedures addressing such other issues and matters as DIR reasonably requires.

4   COMPLIANCE

The Successful Respondent shall perform the Services in accordance with the terms of the Agreement and DIR's and DIR Customers' then-current policies and procedures until the SMM is finalized and agreed upon by the Parties. Thereafter, the Successful Respondent shall perform the Services in accordance with the terms of the Agreement including the SMM. In the event of a conflict between the provisions of the Agreement and the SMM, the provisions of the Agreement shall control unless the Parties expressly agree otherwise and such agreement is set forth in the relevant portion of the SMM.

5   MAINTENANCE, MODIFICATION, AND UPDATING

1. The Successful Respondent shall support in the maintenance of the SMM so as to be accessible electronically to DIR, DIR Customers, and Authorized Users via the Portal or such other electronic means as approved by DIR, and in any case in a manner consistent with DIR's security policies.

2. DIR shall have the right, but not the obligation, to distribute hard copies of the SMM to Authorized Users.

3. The Successful Respondent shall promptly and timely support the MSI to modify and update the SMM to reflect changes in the operations or procedures described therein and to comply with DIR Standards, DIR Rules, the Technology Plan and Strategic Plans.

4. The Successful Respondent shall provide the proposed changes to assigned documents in the SMM to MSI for MSI and DIR's prior review, comment, and approval, which DIR may withhold in its sole discretion.

6   TRAINING

The Successful Respondent shall provide training to DIR, DIR Customer, MSI and Service Component Provider (SCP) personnel in accordance with the terms of **Exhibit 2.0 Service Model.**

7   ANNUAL REVIEW

The Parties shall meet to perform a formal annual review of each section of the SMM on a mutually agreed-upon review schedule. Reviews are coordinated by the MSI and scheduled at quarterly intervals.

8   GENERAL CONTENT AND ORGANIZATION

Table 1: MSI-led Service Management Manual Content below provides the general organization and content of the SMM. Although not intended to replicate the Agreement, the SMM should provide comprehensive documentation of the procedures that the Successful Respondent shall follow to implement and manage the Agreement and the overall relationship. Specific references to detailed text or requirements in the Agreement may be incorporated within the SMM.

The responsibilities of the Successful Respondent and DIR should be clearly indicated within the document (including specific responsibilities by job title or function). The SMM will be used jointly by the Parties to assist with overall coordination and communication regarding the Agreement.

Please reference **Exhibit 3.1 Service Level Matrix** and **Exhibit 3.3 Critical Deliverables** for additional information on the requirements for delivery.

Table 1 contains content created by the MSI whereas the Successful Respondent is to work with the MSI to review, update, and affirm the entire set of contents (e.g., Process, Procedure, Work Instructions, etc.) to ensure it fully supports the Successful Respondents operation and requirements of this Agreement. The Successful Respondent provides the content for the Governance section of Table 1 in collaboration with the MSI.

Table 2 contains content to be developed by the Successful Respondent whereas the Successful Respondent is to take a leadership role in the design, drafting, and coordination of reviews and approvals.

8.1.1   MSI-led Service Management Manual Content

Table 1: MSI-led Service Management Manual Content (note: All days are calendar days unless otherwise noted)

Content	Description	Phase
Governance		
Contacts Lists	Key personnel for the Successful Respondent. Includes a list of contacts that are key users of the Services and/or perform a liaison function in regard to the Services (by DIR and DIR Customer, by location). Includes contact information for key Authorized Users.	Phase I
Organizational Charts	Include Successful Respondent organization charts, description of functions performed, contact information.	Phase I
Standards and Configurations	Document Successful Respondent's standards and configurations for Services.	Phase II
Contracts – Living Version	Provide, to the MSI, and maintain current, amended versions of the Successful Respondent Agreement on the Portal.	Phase II
Service Responsibilities Matrices	The Responsibility Assignment Matrix (RACI) Charts illustrating the correlating levels of responsibilities for the various teams required to support the Successful Respondent's services.	Phase III
Operational Reports Inventory	Current list of Successful Respondent operational reports.	Phase II
Record Retention	Defines the record retention process for handling documents that the Successful Respondent is obligated to maintain for this Agreement.	Phase II

Transition Activities and Responsibilities		Phase
Overall Management and Reporting Process	A description of Successful Respondent management structure, reporting, and review process associated with Transition Services.	Phase I
Interim Relationship Management Process	The process and responsibility for communication and coordination with DIR, MSI, SCPs, DIR Customers, employees, etc.	Phase II
Human Resource Transition	The procedures and responsibilities regarding finalization of HR-transition activities.	Phase I
Marketplace Procedures		
Portal 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Describes the Operational Procedures that support MSI's portal services tool. Includes processes and procedures necessary to inform the Service Component Providers on the use of the tool.	Phase II
Service Catalog Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	A database or structured Document with information about select Services, including those available for Deployment. The Service Catalog is the only part of the Service portfolio published to Customers, and is used to support the request and delivery of select Services. The Service Catalog may include information about Deliverables, prices, contact points, ordering and request processes.	Phase II
IT Service Desk and Constituent Help Desk 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The facilities, associated technologies, and fully trained staff who respond to Calls, coordinate all Incident Management, Problem Management and Request Management activities, and act as a single point of contact for Authorized Users regarding the Services.	Phase II
Outreach and Growth 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Customer outreach campaigns are required to drive the growth of all DIR shared services across all DIR Customer segments (state agencies, local government, higher education). Successful Respondent shall perform a lead role in analyzing new DIR Customer, New Service, and New Service Component opportunities, and coordinating outreach and implementation of DIR shared services across current and potential DIR Customers. As new DIR Customer opportunities arise, track the opportunity through the outreach process and lead SCPs through the outreach, solution design, cost estimation and implementation processes.	Phase II
Service Management Procedures		
Incident Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The use of people, processes and technology with the primary goal to restore normal Service operations as quickly as possible and minimize the adverse impact on business operations, thus ensuring that the best achievable levels of service quality and availability are maintained. Includes Major Incident Management.	Phase II

Problem Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process, software, techniques and procedures that aid in identification, tracking, communication, and resolution of Problems arising in DIR Customer's IT Environment, and resolving those Problems arising from or related to the Services. The goal of Problem Management is to minimize the adverse impact of Incidents and Problems on the business that are caused by errors within the IT infrastructure, and to prevent recurrence of Incidents related to these errors. To achieve this goal, Problem Management seeks to get to the root cause of Incidents and then initiate actions to improve or correct the situation.	Phase II
Information Security Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process that ensures the confidentiality, integrity and Availability of an organization's assets, information, data and IT Services. Information Security Management usually has a wider scope than the MSI. It normally includes handling of paper, building access, phone calls etc., for the entire organization. Includes security operations management procedures.	Phase II
Access Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Access Management is focused on the platform, process and operations to enable Authorized Users to request access to and use an IT service.	Phase II
Request Management and Fulfillment 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process responsible for managing the lifecycle of all Service Requests.	Phase II
Change Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The processes relating to planning and performing all changes in IT environment pertaining to the Services, including changes to individual components and coordination of changes across all components. The Change Management processes will support and include checkpoints to determine any potential or required Change Control Procedures and includes a process of controlling changes to the infrastructure or any aspect of Services, in a controlled manner, enabling approved changes with minimum disruption.	Phase II
Asset Inventory and Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Leverage automated Asset Inventory and Management System (AIMS) tools and Data Quality Management (DQM) capabilities and processes to capture, manage, and maintain assets for all Services.	Phase II

Software License Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Defines the process and procedures for managing Software License compliance and renewals to ensure accurate tracking, reporting and timely updates.	Phase II
Configuration Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process of identifying and defining CIs in a system, recording and reporting the status of CIs and RFCs, and verifying the completeness and correctness of the CIs.	Phase II
IT Service Continuity Management (ITSCM) 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process responsible for managing risks that could seriously impact IT Services. ITSCM ensures that the Successful Respondent can always provide minimum agreed Service Levels, by reducing the risk to an acceptable level and Planning for the recovery of IT Services. ITSCM should be designed to support Business Continuity Management.	Phase II
Project Management and Support 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Project Management and Support will align projects to DIR Customer requirements and deliver projects from request through end-to-end solutioning including turnover to the DIR Customer and validation that project requirements were met in terms of timing, quality, and cost.	Phase II
Release Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process responsible for planning, scheduling and controlling the movement of Releases to Test and Live Environments. The primary objective of Release Management is to ensure that the integrity of the Live Environment is protected and that the correct Components are released. Release Management works closely with Configuration Management and Change Management.	Phase II
Business Management Procedures		
Operational Intelligence 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Procedures and activities regarding key standard Reports and requests for ad hoc reports from DIR and Customers.	Phase II

Service Level Management (SLM) 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process responsible for monitoring SLAs, and ensuring that these are met. SLM is responsible for ensuring that all IT Service Management Processes, OAs, and Underpinning Contracts are appropriate for the agreed Service Level targets. SLM monitors and reports on Service Levels, facilitates Service Delivery Failure actions with the appropriate Governance Committee and holds regular DIR Customer reviews.	Phase II
Availability Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process responsible for defining, analyzing, Planning, measuring and improving all aspects of the Availability of IT services. Availability Management is responsible for ensuring that all IT Infrastructure, Processes, tools, roles etc. are appropriate for the agreed Service Level targets for Availability.	Phase II
IT Financial Management (ITFM) – Invoicing and Chargeback 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Procedures for invoicing (and verification of invoice by DIR). The content should include procedures for calculating Resource Unit volumes for pricing (per Service Component, as applicable), invoicing of Projects, etc. The content should include procedures regarding disputed invoice amounts. The content should include procedures for charge back of costs related to the Services and the overall Agreement to DIR.	Phase II
ITFM – Disputes 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Defines the process for creating, researching and resolving financial invoice disputes with the MSI and SCPs.	Phase II
ITFM – Forecasting and Budgeting 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Supports the annual DIR budgeting cycle. Process should include estimation of Resource Unit volumes (by Service Component and DIR Customer as appropriate), potential Projects, review cycle, etc. The content shall describe procedures for forecasting cost versus budget.	Phase III
ITFM – Service Level Credits and Earnback 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Procedures for calculating Service Level Credits on invoices and Earnback calculations.	Phase II

ITFM - Market Benchmark Comparison Reporting 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Procedures for providing market benchmark comparison reporting for all DIR shared services charges capable of being benchmarked, including the source of the data, the DIR shared services that are able to be compared to the market data, the methodology of mapping the benchmark data to the shared services charges, and the format of the dashboard-style reporting.	Phase III
Customer Relationship Management (CRM) 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Procedures and responsibilities regarding the relationship between DIR, DIR Customers, MSI and the SCPs. Content should include procedures regarding communication and coordination regarding work requests, Service delivery issues, budgeting and financial issues, etc.	Phase III
CRM – Customer Scorecard 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Process to be used for conducting customer scorecard surveys. Content should include procedures regarding action items and attempts to resolve customer issues.	Phase II
CRM – Customer Satisfaction Surveys 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Process to be used for conducting customer satisfaction surveys. Content should include procedures regarding action items and attempts to resolve customer issues.	Phase III
CRM – Escalation Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Describes the roles, responsibilities, and processes to manage the escalation of urgent or lingering issues to ensure resolution. The document also summarizes how people, processes, tools, and technology are used to resolve issues as quickly as possible when issues are not resolved through normal business practices. The goal of Escalation Management is to minimize adverse impacts on business operations and ensure that the best achievable levels of service quality and availability are maintained.	Phase II
Service Delivery Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Procedures and responsibilities regarding responding to Authorized Users' (including listing of Authorized Users) problems, requests, and questions.	Phase II

Capacity Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The process responsible for ensuring that the Capacity of IT Services and the IT Infrastructure is able to deliver agreed Service Level targets in a cost effective and timely manner. Capacity Management considers all Resources required to deliver the IT Service, and plans for short, medium and long term business requirements.	Phase II
Risk Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Enterprise approach to Risk Management for shared services delivery. This process forms the foundation for all other risk management documentation. Project approach to Risk Management for shared services delivery of projects and programs. This process governs risks that are raised during the course of delivering initiatives under the Request for Service (RFS), Ongoing and other programs.	Phase II
Service Portfolio Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	From time to time, DIR is required to and intends to add or divest programs (or parts of programs), add, merge or split DIR Customers, change its organizations or reorganize its business units and add New Service Component and SCPs into the DIR portfolio. The Successful Respondent shall perform certain functions at the request of DIR or DIR Customers to support such activities.	Phase II
Strategy Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Strategy Management links the business demand with the supporting IT strategies and services along with service enhancement initiatives including a long-term strategy roadmap with timelines and high-level costs, and shorter-term technology plans which guide the annual improvement and budgeting process. Within this capability, DIR provides the leadership and coordination for the long-term strategy efforts, including but not limited to a long-term strategy roadmap, and the MSI shall closely coordinate with DIR to support those efforts by leading and coordinating the annual technology plan, ongoing technology refresh program, coordinate the approval and communication of Standard Products, and coordinating the effective use and disposal of Equipment and Software.	Phase II
Operations Management Procedures		
Enterprise Event Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	The Enterprise Event Management function collects and aggregates forwarded events, correlates them, and incorporates them into the MSI-provided Shared Services Systems (e.g., Incident Management System) for efficient management and resolution. This functionality allows SCPs to provide full coverage of monitoring their respective services while the MSI filters and correlates events across SCPs and provides complete insight into the overall Services performance.	Phase II

Data Quality Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	DQM provides a platform to collect data internally, from SCPs and Third Party Vendor(s) enabling automated intake and analysis of hardware, software and application integrity in support of the Asset Inventory and Management and Configuration Management processes. The processes will describe how the MSI and SCP data will be validated for integrity.	Phase III
Workflow Orchestration 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Process workflow automation across MSI, SCPs, and Third Party Vendor(s) to enable increased self-service, automated issue remediation, automated Service Request resolution and digital governance as required in the Service Catalog Management, Incident Management, Request Management and Service Level Management processes.	Phase II
Cloud Management 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Processes to automate and manage public and private cloud workflow orchestration across the MSI, SCPs, and to the cloud providers. This capability enables self-provisioned services, automated and orchestrated by the MSI, to expedite speed to value and increase customer satisfaction as required in the Service Catalog Management, Request Management and Incident Management processes.	Phase II
Contract Management Procedures		
Contract Change Control	Procedures supporting changes to the Agreement, including changes to any Exhibit or Attachment. Content should include procedures to classify services as a New Service, and resulting processes to change the Agreement (including pricing). Content should include notification period and process, authority levels, and escalation procedures for changes to the Agreement.	Phase II
Contract Deliverables Management	Describes the process for the MSI and SCPs to produce, develop, track, revise, review, and submit Deliverables to DIR pursuant to the terms and conditions of the Successful Respondent's MSA.	Phase I
Auditing	Procedures for operational and/or financial audits (as required by State of Texas auditing and/or regulatory agencies) including the notification processes and procedures to resolve audit findings.	Phase II

Issue Resolution	Describes the process for resolving program issues which may arise during the performance of Services under the MSAs with the Providers. The purpose of the Program Issues Management Process described herein is to resolve Program Issues at the management level prior to initiating the Dispute Resolution process set forth in **Section 19** of the Providers MSAs. The process occurs within the management organizations of the DIR, DIR Customers, the Successful Respondent, and the MSI.	Phase II
Dispute Resolution	Procedures regarding formal dispute resolution process used to comply with **Section 19.1** of the Agreement.	Phase II
New DIR Customer Integration	Provides the scope, guidelines, and key project activities for the implementation of a new or merging DIR Customer project once the agreement is reached to incorporate them into existing Services.	Phase II

8.1.2 Successful Respondent developed Service Management Manual Content.

Table 2: Successful Respondent developed Service Management Manual Content (all days are calendar days unless otherwise noted)

Content	Description	Phase
Service Component Provider Operational Procedures		
Key Personnel and Subcontractors	The Successful Respondent shall describe procedures for DIR approval regarding replacement or removal of Successful Respondent Key Personnel and major Successful Respondent Subcontractors.	Phase I
Successful Respondent Provided Tools Support 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Describes the Operational Procedures that support the Successful Respondent's tools, including processes necessary to inform, as required, the MSI, DIR, DIR Customers and other SCPs about engaging the Successful Respondent Team for support of the Toolset. This document also informs about those maintenance and support functions performed by the Successful Respondent.	Phase II
Payment Services 1. Policies 2. Processes 3. Procedures 4. Work Instructions	Document SCP processes and procedures necessary to deliver Services included in the respective Statements of Work.	Phase II