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Hawaiian Telcom ●●●●●

April 27, 2016

State of Hawaii

State Procurement Office
Carey Ann Sasaki
P.O. Box 119
Honolulu, HI 96810-119

Subject: SPO Vendor List Contract No. 12-12
Furnish, Deliver, Install, and Manage Network and
Telecommunications Services – Statewide
Update Schedule B – Managed Services

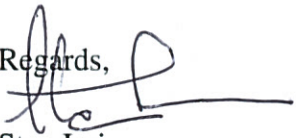
Dear Carey Ann Sasaki:

Hawaiian Telcom, Inc. would like to propose a change to the existing Schedule B, Managed Services on SPO Vendor List Contract No. 12-12. Below are instructions to replace the pages.

Schedule B – Managed Services

Please replace all pages in Schedule B – Managed Services. Schedule B – Managed Services list Standard Solutions and Custom Solutions. All other pricing pages in the contract are current.

The change is to add Managed WiFi Service. Enclosed are the original and one copy. Thank you for considering our proposal. If you have questions, please contact me at (808)546-6565.

Regards,


Stan Lui
Director of Business Sales

cc: David Fujimoto, ETS

Attachment:
Schedule B – Managed Services

Always on.SM

PO Box 2200, Honolulu, HI 96841 hawaiiantel.com



SCHEDULE B – MANAGED SERVICES

Provide the hourly rate for Managed Services.

The State understands that there is 24x7 monitoring with managed services. The hourly rate is for the actual amount of time each month spent analyzing/responding/dealing with the actual services/devices for the customer.

For example: Based on an analysis of customer devices and services required, 5 hours per month of monitoring per month will be needed. The quoted rate is \$100 per hour, thus the monthly rate is \$500.

If an hourly rate is not appropriate, describe in the space provided below how Managed Services are charged.

Hawaiian Telcom’s Managed Services Team offers a broad portfolio of Managed Services offerings that ensure a high degree of availability, security, and stability for our customers’ broadband networks:

Standard Solutions

Network Connectivity Management

This service is offered to support our customers’ IP networks to include EIPDS, RNS, DIA, Frame Relay and Point-to-Point circuits. The service utilizes ICMP and SNMP monitoring of WAN termination devices to detect circuit trouble. It includes 24x7 remote monitoring from the Hawaiian Telcom Network Operations Center, notifications to a predefined list of customer escalation contacts, proactive response to circuit outages, and a web-portal view of WAN circuit utilization and availability data. For private networks, we utilize an out-of-band management DSL connection (included with the service) to provide connectivity to our management servers.

Service Description	Set Up Fee Non-Recurring			1 Year Agreement Monthly Recurring			3 Year Agreement Monthly Recurring			5 Year Agreement Monthly Recurring		
	List Price	Discount (%)	Total Price	List Price	Discount (%)	Total Price	List Price	Discount (%)	Total Price	List Price	Discount (%)	Total Price
Connectivity Management (Per Circuit)	\$50	100%	WAIVED	\$50	0%	\$50	\$50	5%	\$47.50	\$50	10%	\$45

Note: The following termination liability charges apply to all Managed Services offerings, per the requirements of this RFP.

- 1 Year Agreements: 0% of Remaining Contract Charges
- 3/5 Year Agreements: 25% of Remaining Contract Charges
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Note: Pricing shown does not include charges for the Hawaii State General Excise Tax and applicable County Surcharge Taxes which will be added to the prices shown at a rate of 4.712% on Oahu and 4.166% on Neighbor Islands.

Managed Network and Cyber Security Services

Hawaiian Telcom offers three tiers of managed network and security solutions for the customer's current or newly purchased hardware (CPE-Based Solution). In addition, Hawaiian Telcom offers the Multi-Threat Security Bundle which provides a fully packaged solution where hardware is provided along with managed services at one monthly charge (Service-Based Solution).

Customer Owned Equipment (CPE) Based Solution

With Device Availability and Performance Monitoring (BASIC), connectivity is established to the customer's CPE to allow Hawaiian Telcom's 24x7 Network Operations Center to monitor its availability and performance round-the-clock. If critical or high issues are detected, Hawaiian Telcom's 24x7 Network Operations Center analysts will notify the customer and assist with troubleshooting.

The next tier, Device Configuration Management (STANDARD) adds full configuration management of the devices to relieve the customer of the day-to-day maintenance of network and cyber security devices. With STANDARD service, Hawaiian Telcom's analysts perform assessments of the customer's device configuration to determine optimal performance and security, implement configuration changes upon request to meet business needs, backup and disaster recovery and execute the software patching and upgrades as necessary.

The final tier, Cyber Security Monitoring and Management (PREMIUM), adds proactive analysis and correlation of the logs from network devices (i.e. routers, switches) and security alerts/events from security devices (i.e. IPS, Firewall, Unified Threat Management Devices, Web Content Filtering) to detect and respond to cyber security attacks against the customer's network. With PREMIUM service, Hawaiian Telcom's cyber security analysts operate 24x7 and will issue Cyber Security Incident Reports to the customer (by email and voice communications) when significant threats are detected. See the short descriptions below for more information on these three tiers.

SERVICE LEVEL	SHORT DESCRIPTION
<p style="text-align: center;">BASIC</p> <p>Device Availability and Performance Monitoring</p>	<ul style="list-style-type: none"> • 24x7 ICMP and SNMP Monitoring by Hawaiian Telcom’s NOC <ul style="list-style-type: none"> ○ ICMP Monitoring (Availability, Ping Loss) ○ SNMP Monitoring (Power Supply, Fan, Heat, Bandwidth Utilization, Memory Utilization, CPU Utilization, WAN Interface Status) • Out-of-Band Monitoring, optional for additional security • 24x7 Notifications of Out-of-Service or Critical Performance Conditions • 24x7 Email and Phone Notifications • Immediate Troubleshooting of Hawaiian Telcom Circuits • Customer Portal
<p style="text-align: center;">STANDARD</p> <p>Device Configuration Management</p>	<ul style="list-style-type: none"> • Includes BASIC features • On-Boarding Assessment of Devices • Backup and Disaster Recovery <ul style="list-style-type: none"> ○ Weekly and “On-Change” Backups of Configuration Files ○ 24x7 Support to Restore Configuration Files to Restore Services • Software Patches and Upgrades; Hardware Maintenance <ul style="list-style-type: none"> ○ Applications of Critical Patches as Necessary ○ Upgrades of Firmware and Software Quarterly or Per Customer Maintenance Schedule ○ 24x7 Support for Open, Follow-Up and Close Tickets with Vendors to Resolve issues ○ Support to Replace Covered Hardware and Components • Hawaiian Telcom executes Configuration Management and Policy Changes • Cyber Security Devices (Firewalls, IPS, Unified Threat Management) <ul style="list-style-type: none"> ○ Monitor Device to Validate Vendor Signatures are Up-to-Date and Apply the Latest Signatures ○ Monitor and Configure Device to Ensure Default Vendor Signatures are Active and Operating
<p style="text-align: center;">PREMIUM</p> <p>Cyber Security Monitoring and Management</p>	<ul style="list-style-type: none"> • Includes BASIC and STANDARD features. • 24x7 Monitoring and Analysis of Device Security logs and alerts. • Out-of-Band connection is standard (MAHSI) • Correlated Alerts Analyzed to determine whether to rate HIGH, MEDIUM, LOW or FALSE POSITIVE • 24x7 Notification by Phone and Email of HIGH Alerts • Log Collector provided at no charge and installed at Customer's premises • Annual Review, Consultation and Report on Recommended Network and Security Design to Address Best Practices and Latest Security Threats • Customer Portal to View Alerts and Reports • Weekly Emailed Reports

With respect to pricing, Hawaiian Telcom charges a monthly recurring charge (MRC). The amount of the MRC is dependent upon the “LEVEL” of the device as assigned by Hawaiian Telcom. The Level is assigned based on the bandwidth and number of ports to be supported by the

device, complexity of the configuration, expected security log events per second (EPS) and general expertise required to manage and maintain the device.

PRICING					
DISCOUNT LEVELS		N/A	5%	10%	15%
Service Level	Set Up Fee	List Price	1 Year	3 Years	5 Years
BASIC					
Level B1	WAIVED	\$59.00	\$56.05	\$53.10	\$50.15
Level B2	WAIVED	\$82.00	\$77.90	\$73.80	\$69.70
Level B3	WAIVED	\$114.00	\$108.30	\$102.60	\$96.90
Level B4	WAIVED	\$158.00	\$150.10	\$142.20	\$134.30
STANDARD					
Level S1	WAIVED	\$99.00	\$94.05	\$89.10	\$84.15
Level S2	WAIVED	\$158.00	\$150.10	\$142.20	\$134.30
Level S3	WAIVED	\$236.00	\$224.20	\$212.40	\$200.60
Level S4	WAIVED	\$354.00	\$336.30	\$318.60	\$300.90
Level S5	WAIVED	\$530.00	\$503.50	\$477.00	\$450.50
PREMIUM					
Level P1	WAIVED	\$129.00	\$122.55	\$116.10	\$109.65
Level P2	WAIVED	\$180.00	\$171.00	\$162.00	\$153.00
Level P3	WAIVED	\$288.00	\$273.60	\$259.20	\$244.80
Level P4	WAIVED	\$460.00	\$437.00	\$414.00	\$391.00
Level P5	WAIVED	\$736.00	\$699.20	\$662.40	\$625.60
Level P6	WAIVED	\$1,176.00	\$1,117.20	\$1,058.40	\$999.60

Note: The following termination liability charges apply to all Managed Services offerings, per the requirements of this RFP.

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- 3/5 Year Agreements: 25% of Remaining Contract Charges
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Note: Pricing shown does not include charges for the Hawaii State General Excise Tax and applicable County Surcharge Taxes which will be added to the prices shown at a rate of 4.712% on Oahu and 4.166% on Neighbor Islands.

Device Type	Small	Medium	Large	X-Large
Network Devices: Routers, L2 Switches, L3 Switches	B1/S1/P1	B2/S1/P1	B3/S2/P2	B4/S3/P3
Stand-Alone Security Point Solutions: Firewall/VPN, Intrusion Prevention, Content Filter, Security Routers	B1/S1/P2	B2/S2/P3	B3/S3/P4	B4/S4/P5
Multi-Threat Security Solutions: Combined Firewall/IPS, Unified Threat Management, Next Generation Firewall	B1/S2/P3	B2/S3/P4	B3/S4/P5	B4/S5/P6

Examples: The following examples are general guidelines and actual price will depend on an evaluation of network size, configuration complexity, and features that are being leveraged. This list is not all-inclusive of our supported devices.

Size	Network Devices	Stand-Alone Security Point Solutions	Multi-Threat Security Solutions
Small	Cisco 800/1900 Series Routers, Layer 2 Switches Up to 28 Ports, Layer 3 Switches Up to 20 Ports	Cisco ASA 5505, Cisco SR520/800 Series Security Routers, Deployed on Networks < 50 Users	Cisco ASA5505 w/IPS, Fortinet 60C/80C, Deployed on Networks < 50 Users
Medium	Cisco 2900/3900 Series Routers, Layer 2/3 Switches Up to 50 Ports	Cisco ASA 5510, Cisco IPS 4240, Cisco 1900/2900/3900 Security Router, Deployed on Networks <200 Users	Cisco ASA 5510 w/IPS, Fortinet 100/200/300 Series, Deployed on Networks <250 Users
Large	ASR1001/1002/1004, Cisco 6503/6504 Cisco 4503 3750 Stack up to 3 Switches	Cisco ASA 5520/5540, Cisco IPS 4255/4345, Cisco 6503/6504 w/FWSM or IPS Module, Deployed on Networks < 800 Users	Fortinet 600/1200 Series, Deployed on Networks < 750 Users
X-Large	Cisco ASR 1006/1013, Cisco 6506/6509/6513, Cisco 4506/4507/4510, 3750 Stack > 3 Switches	Cisco ASA 5580/5585X, Cisco IPS 4260/4270/4360, Cisco 6506/6509/6513 w/FWSM or IPS Module, Deployed on Large Networks	Cisco ASA 5580/5585X w/IPS, Fortinet 1200/3400, 6506/6509/6513 w/Multiple Security Modules, Deployed on Large Networks

Notes: The “Out-of-Band Connection” known as a Management Access High Speed Interconnect (MAHSI) requires one Layer 3 Ethernet interface capable of performing Network Address Translation (NAT) in order to connect this line. Additionally, in order to deliver the services described above, Hawaiian Telcom will need SNMPv2/3, SDEE, SSH, and other credentials as applicable for each of the devices to be managed. Additionally, routing must be configured to direct management traffic through the MAHSI line. To support the Premium service, Hawaiian Telcom will install a 1RU server with a log collection application that receives logs from monitored devices and forwards them to the Hawaiian Telcom Managed Security Services back-end platform. Customer must provide space, 120/240VAC power, and appropriate environmental conditions for a server. Additionally, this server must be placed on an isolated VLAN separated by firewall or ACL.

Managed Network and Cyber Security Services

Service-Based Solutions

Multi-Threat Security Bundle (MTSB)

In addition to our standard portfolio of Managed Security Services, Hawaiian Telcom offers a bundled offering for networks with up to 100 users. This is a cost-effective solution for small departments to implement strong and multi-disciplinary defenses against multiple cyber security threats. This offering, our Multi-Threat Security Bundle (MTSB), includes a Unified Threat Management (UTM) device, Managed Security Service, installation, and on-site repair service. MTSB is offered in two packages, BASIC and PREMIUM with the following features.

BASIC	PREMIUM
Firewall Intrusion Protection (looks deeper into network traffic) Web Content and URL Filtering Anti-Malware Application Control	Firewall Intrusion Protection (looks deeper into network traffic) Web Content and URL Filtering Anti-Malware Application Control Data Loss Prevention VPN 24x7 Security Monitoring and Support

Term	MTM	1 Year	2 Years	3 Years	5 Years
Months Free	None	1 Month	1 Month	3 Months	3 Months
Discount	None	None	5%	10%	15%
MTSB Basic 10 MRC	\$ 99.99	\$ 99.99	\$ 94.99	\$ 89.99	\$ 84.99
MTSB Basic 25 MRC	\$ 149.99	\$ 149.99	\$ 142.49	\$ 134.99	\$ 127.49
MTSB Basic 100 MRC	\$ 299.99	\$ 299.99	\$ 284.99	\$ 269.99	\$ 254.99
MTSB Premium 10 MRC	\$ 249.99	\$ 249.99	\$ 237.49	\$ 224.99	\$ 212.49
MTSB Premium 25 MRC	\$ 319.99	\$ 319.99	\$ 303.99	\$ 287.99	\$ 271.99
MTSB Premium 100 MRC	\$ 569.99	\$ 569.99	\$ 541.49	\$ 512.99	\$ 484.49

Note: The following termination liability charges apply to all Managed Services offerings, per the requirements of this RFP.

- 1 Year Agreements: 0% of Remaining Contract Charges
- 3/5 Year Agreements: 25% of Remaining Contract Charges

Note: Pricing shown does not include charges for the Hawaii State General Excise Tax and applicable County Surcharge Taxes which will be added to the prices shown at a rate of 4.712% on Oahu and 4.166% on Neighbor Islands.

Custom Solutions

Professional Services

For customized services outside of the scope of our standard Managed Services offerings, Hawaiian Telcom offers the following categories of professional services:

Network

Assessment: Services include architecture/design, documentation, configuration, and network performance reviews to validate current network design against industry best practices, requirements for planned upgrades, network management best practices. The Professional Services team may utilize automated tools as needed to gather network performance data. The deliverable at the end of these engagements is a report of findings, risks, and recommendations. Scope is tailored to the needs and budget of the customer requesting the assessment and must be negotiated prior to the start of the engagement.

Engineering: Services include network engineering and network management tasks in support of network implementation, reconfigurations, and ongoing operations. Deliverables may include developing design documentation, preparing configuration templates, implementing network management systems, performance of ongoing network management and network/telecommunications infrastructure hosting services not covered by our standard Managed Services offerings, and related activities. Scope is tailored to the needs and budget of the customer requesting network engineering services and must be negotiated prior to the start of the engagement.

Incident Response: Services include urgent response to troubleshoot and isolate network outages and performance issues that are not part of the Hawaiian Telcom infrastructure. Scope is tailored to the needs and budget of the customer requesting the incident response services and must be negotiated prior to the start of the engagement. SLAs are provided for prepaid blocks of incident response hours.

- Basic: Includes an 8x5 Next Business Day Response SLA
- Premium: Includes 24x7 4 Hour Response SLA

Security

Assessment: Services include security architecture/design, documentation, and policy reviews as well as internal or external vulnerability testing and penetration testing to validate current network security posture against industry best practices, compliance requirements. The Professional Services team may utilize automated tools to identify security vulnerabilities as defined within the scope of the engagement. The deliverable at the end of these engagements is a report of findings, risks, and recommendations. Scope is tailored to the needs and budget of the customer requesting the assessment and must be negotiated prior to the start of the engagement.

Engineering: Services include security engineering and security management tasks in support of network security device implementation, reconfiguration, and ongoing operations. Deliverables may include developing design documentation, assisting in drafting security policies,

preparing configuration templates, implementing security solutions, performance of ongoing security management services not covered by our standard Managed Security Services offerings, and related activities. Scope is tailored to the needs and budget of the customer requesting security engineering services and must be negotiated prior to the start of the engagement.

Incident Response: Services include urgent response in the event of a security incident such as malware infection, data breach, or network attack. This may include forensic services such as analysis of log data or malware behavior, and threat containment, mitigation, and removal procedures. Services also include response to outages or performance issues that are isolated to the security components of the network to ensure that the issue is remediated in a way that maintains the security posture of the network. Scope is tailored to the needs and budget of the customer requesting the incident response services and must be negotiated prior to the start of the engagement. SLAs are provided for prepaid blocks of incident response hours.

- Basic: Includes an 8x5 Next Business Day Response SLA
- Premium: Includes 24x7 4 Hour Response SLA

Service Category	Hourly Rates
Assessment	\$150
Engineering	\$150
Incident Response – Basic	\$175
Incident Response – Premium	\$225

Note: Pricing shown does not include charges for the Hawaii State General Excise Tax and applicable County Surcharge Taxes which will be added to the prices shown at a rate of 4.712% on Oahu and 4.166% on Neighbor Islands.

Hosted Next Generation Firewall Service

Service includes dedicated virtual firewall appliance, Threat Prevention, URL Filtering, Advanced Threat Detection, and Premium Support subscription features. This service is used in conjunction with Hawaiian Telcom provided network service. Service components are hosted on a redundant secured cloud platform infrastructure within a hardened Tier III data center facility. Customer is able to self-manage each dedicated virtual firewall appliance or utilize Hawaiian Telcom support. Service includes 24x7x365 support for critical business operational issues. Support for routine issues are handled during normal business hours. Installation and monthly recurring pricing is on an Individual Case Basis (ICB). Pricing will be developed based on 1 year, 3 years and 5 years term agreements. Termination liability charges apply per the requirements of SPO 12-12, Section 2.13.3, Early Termination Fees.

Managed WiFi Service

Service includes wireless access points designed to extend network services on a customer premise to coverage areas designated by the customer. This service is intended to be used with Hawaiian Telcom provided network service. Service components are designed on a case by case basis to best support the individual State of Hawaii agency's needs. Service includes 24x7x365 support for critical business operational issues. Support for routine issues are handled during normal business hours. Installation and monthly pricing is on an Individual Case Basis (ICB). Pricing will be developed on 1 year, 3 year and 5 year term agreements. Termination liability charges apply per the requirements of SPO 12-12, Section 2.13.3, Early Termination Fees.

Note: Pricing shown does not include charges for the Hawaii State General Excise Tax and applicable County Surcharge Taxes which will be added to the prices shown at a rate of 4.712% on Oahu and 4.166% on Neighbor Islands. The pricing does not include other applicable taxes and surcharges.