

EXHIBIT A
SCOPE OF SERVICES/PAYMENT PROVISIONS

I. Scope of Services

PhoneFactor is a two-factor authentication system which utilizes automated phone calls to verify a user's identity when logging into the county network remotely. Application will allow for multiple methods of accessing the county network remotely to include phone calls, text message, push notifications, and a passcode option. The two-factor authentication system will increase security for County users accessing the County network remotely. Contractor shall provide software license subscription and Platinum Support for the PhoneFactor Enterprise Platform. **The monthly user limit will be 500.**

II. Licensing and Support Services

A. Enterprise Platform – Extended Edition which shall provide County with the following capabilities:

- Add Secure, Out-Of-Band Authentication that's Easy to Setup and Use
- Authenticate Users in the Continental US and Canada at No Charge
- Synchronize Agents For Redundancy and Real-Time Fail Over
- Enable Call Rollover to a Backup Number
- Allow Users to Change their Phone Number
- Access Online Portal and Network Logs for Auditing and Reporting
- Add Out-Of-Band Authentication for Unlimited Applications
- Enable PIN Security for a Third Layer of Protection
- Send Real-Time Alerts of Fraudulent Activity
- Centralized Reporting for Auditing/Compliance
- Ensure High Availability with Redundancy and Fail Over
- Configure for Leading Applications in Minutes
- Seamlessly Integrate with Existing Websites and Transactions
- Streamlines User Provisioning and Management
- Simplifies User Enrollment and Support
- Protects High-Risk Transactions from Sophisticated Attacks

- Leverages PhoneFactor Across your Entire Enterprise

B. Definitions

- “Authentication” means a single attempt by the Service to authenticate a User regardless of whether the authentication attempt is successful. The standard length of an authentication call will not exceed 30 seconds (from the time the call is answered by the User to when the call is terminated by the User).
- "Agent" means the Software that is installed and runs on Client’s computer;
- “Authentication Limit” means the maximum number of Authentications that the Service will provide to Client during each 12 month period, beginning from the Effective Date, of the Term of this Agreement.
- "Initial Term" means one year from the Effective Date unless otherwise stated in an Order Form;
- “Monthly User Limit” means the number of Users who are permitted to receive an Authentication from the Service during any individual calendar month during the Term of this Agreement.
- "PhoneFactor Technology" means all of PhoneFactor’s proprietary technology (including software, hardware, products, processes, algorithms, user interfaces, know-how, techniques, designs and other tangible or intangible technical material or information) relating to the Service;
- "Service(s)" means the two-factor authentication service provided by PhoneFactor, Inc. which uses the telephone as a second factor of authentication, and which is sold by PhoneFactor, Inc under the product name PhoneFactor, and any related support or maintenance programs.
- “Software” means the computer programs in machine-readable object code, intermediate code, interpreted code or source code form, including printed listings of code, copies on magnetic media, documentation, and related information, and including the PhoneFactor Software Development Kit (“SDK”) relating to the Service. For purposes of this Agreement, Software shall include any copies made by Client,
- "User(s)" means an individual authorized by Client and PhoneFactor to use the Service who receives an Authentication from the Service during the term of the Agreement.

C. Key Features of the Software

- PIN Security - Add a third layer of protection by requiring users to enter a personal identification number (PIN) to authenticate. Administrators control which users are enabled for PIN security and set rules to enforce PIN strength and expiration policies.
- Real-Time Fraud Alerts - Receive instant notification if users suspect fraudulent activity on their account. Users simply choose the fraud alert option during the authentication call,

blocking access to their account in real-time and triggering an e-mail to the company's IT or fraud investigation team.

- Application Integration- PhoneFactor offers out-of-the-box integration with VPNs, Outlook Web Access, Citrix Web Interface, Terminal Services, IIS websites, and any RADIUS application. A wizard simplifies the configuration process, which takes just minutes.
- User Import - Import users from your existing Active Directory or any CSV file. Instantly enable users with phone numbers and send them an automated welcome e-mail.
- Fail Over Protection and Load-Balancing - Real-time synchronization between two fully functional PhoneFactor agents allows for a primary and backup server or operation of redundant web servers.
- Customized User Experience - Customize the PhoneFactor experience for your users. Increase usability with phone prompts specific to your company and home language, identify the authentication call as originating from your company, and customize the automated welcome e-mail that is sent to users.
- Advanced Calling Options - PhoneFactor can reach users wherever they are with support for direct dial to any home, cell, or work number as well as corporate phone menus for users with extensions. If a user can't be reached at their primary number, the system can automatically dial the user's alternate phone number.
- User Phone and PIN Management - Users can manage their own phone and PIN changes from the phone menu during an authentication call. If the user's PIN has expired, they will be prompted to enter a new PIN to complete the authentication.
- Centralized Reporting and Management - An online Management Portal offers an enterprise-wide view of users, authentications, and agents. All configuration and user changes are logged to a Syslog Server or PhoneFactor log file for reporting and auditing.
- Web Plug-Ins - Simple web plug-ins offer easy integration with existing websites and online transactions. Plug-ins are available for .NET, Java, Ruby, Perl, and PHP via the Web Software Development Kit (SDK).
- User Provisioning and Management - Leverage your existing directory system(s) to auto-enable new users and update existing users. Configure Active Directory or LDAP organizational units, security groups or specific users to synchronize – each with their own set of synchronization and security rules.
- User Enrollment - Direct users to the User Portal to enroll in PhoneFactor. By completing two quick steps – validating their phone number and setting security questions – the user will be enabled for PhoneFactor. After enrolling, users can login to the User Portal at any time to change their phone number or PIN.

- User Management for Help Desks - Enable IT administrators or help desk staff to manage user phone and PIN changes and create a one-time bypass from a simple web-based interface. Administrators can also add new users and disable existing users.
- Unlimited Enterprise Applications - Enable two-factor authentication across your entire enterprise. Authenticate directly to your enterprise applications, use a remote authentication system like RADIUS, or add to a single sign-on solution like those offered by Imprivata and Citrix.
- Unlimited Websites - Secure all of your web properties by enabling PhoneFactor for an unlimited number of websites. Maintain pre-production environments with multiple sites and servers for development and testing. Maximize performance and uptime by installing PhoneFactor to your web clusters.
- Advanced Network Configurations - Maximize performance and uptime by extending redundancy and fail over capabilities across an unlimited number of PhoneFactor agents. Deploy PhoneFactor in your Citrix and IIS server farms or remote offices across a wan. Support multiple groups of synchronized agents for additional flexibility.
- Custom Integrations - The Web Service SDK provides an interface for integrating the PhoneFactor Agent, including directory integration, user provisioning, and user management, into any application. The Web Service SDK uses the PhoneFactor Agent as the data store, making integration much easier with less modification to the application with which it is being integrated.

D. Description of Platinum Support

- With Platinum support you get up to 10 support contacts As used herein “support contacts” means and refers to those persons identified in the PhoneFactor setup as Client’s approved contact persons, PhoneFactor shall update Client’s designated support contacts upon client’s reasonable request. Platinum support is available M-F 8AM to 6PM CST via email excluding holidays and 24/7 via phone. Platinum support has the same e-mail availability as standard support; however phone support is available 24/7 .Platinum customers will receive a response will get a response with-in 2 hours, 24/7.
- Platinum support customers are also assigned a specific Technical Account Manager (TAM) who will monitor their account and have routine monthly calls with them. These are assigned at Signing by the Customer Service Engineering Manager. The initial intro call is scheduled by the sales rep within 3 business days of the customer signing. The TAM then sends a welcome e-mail to the customer that has the support contact information as well as the TAMs contact information.
- Support Contacts are designated via the PhoneFactor Management Portal by the Client. Support contracts can contact support via e-mail at support@phonefactor.com or via phone at (877).668-6536Platinum customers can get expedited support for after hour support by calling the Platinum support line at 800-655-4240.

- All support issues are logged into the Salesforce Customer Management system by the TAM. Issues are then escalated according to their severity with regular status updated provided to the customer. Platinum support offers and expedited escalation schedule, as shown below. PhoneFactor shall use commercially reasonable efforts and due diligence to provide a resolution of problems within a commercially reasonable period.
- Escalation Schedule will be as follows:

Problem Severity Level	Platinum
Severity 1 – Service is down or unavailable and no workaround exists.	Immediate escalation to support engineering team. <ul style="list-style-type: none"> • Technical Account Manager and Support Manager receive immediate notification. • Status updates to the client every 2 hours.
Severity 2 – Service is functional, but usability is significantly degraded, Implementation issues.	Escalation to support engineering team after one business day. <ul style="list-style-type: none"> • Technical Account Manager receives immediate notification. Support Manager is notified after one business day. • Status updates to the client daily.
Severity 3 – Service is affected, but the impacts are minimal and/or a viable workaround exists.	Escalation to support engineering team after two business days. <ul style="list-style-type: none"> • Technical Account Manager receives notification after one business day
Severity 4 – General questions, and other inquiries.	PhoneFactor Support strives to quickly address all support inquiries. The majority of issues are resolved by the originating support technician

III. Term of the Agreement

The term of this Agreement shall be from **May 15, 2013 – June 30, 2014** unless sooner terminated pursuant to the terms of this Agreement.

IV. Schedule of Rates

The following table reflects the breakdown of costs for the licensing and support:

Description	Monthly User Limit	\$ per user	Term	Subtotal
PhoneFactor Extended Edition	500	\$ 35.00	1 Year	\$17,500
Platinum Support			1 Year	\$ 995
Total Yearly Software Subscription and Support				\$18,495

V. Payment Provisions

- For the services described in this Agreement, the maximum obligation of the County will be **\$18,495**. The payment conditions as specified in Section 6 of the body of this Agreement shall apply.
- Invoices shall be mailed to:

Monterey County Information Technology
 1590 Moffett Street
 Salinas, Ca. 93905
 Attn: Accounts Payable

EXHIBIT B
SOFTWARE LICENSE TERMS AND CONDITIONS

I. PhoneFactor Software License Subscription and Support Terms and Conditions

- A. The following licensing language shall be added to the agreement. CONTRACTOR shall be interchangeable with PhoneFactor and County shall be interchangeable with Client in the following language.
- B. PhoneFactor hereby grants Client a non-exclusive, non-transferable, worldwide right to use the version or specific edition of the Service as described Exhibit A of this Agreement, solely for Client's own internal business purposes, subject to the terms and conditions of this Agreement, including any applicable Order Form. All rights not expressly granted to Client are reserved by PhoneFactor.
- C. PhoneFactor hereby grants Client a non-exclusive, non-transferable, worldwide license to use the Software provided by PhoneFactor in conjunction with the Service exclusively for the purpose of using the specific version or edition of the Service described in the Order Form solely for Client's own internal business purposes, subject to the terms and conditions of this Agreement, including any applicable Order Form.
- D. Client may not use the Service or Software if Client is a direct competitor of PhoneFactor, except with PhoneFactor's prior written consent. In addition, Client may not use the Service or Software for purposes of monitoring its availability, performance or functionality, or for any other benchmarking or competitive purposes.
- E. Client shall not (i) license, sublicense, sell, resell, transfer, assign, distribute or otherwise commercially exploit or make available to any third party the Service or Software in any way; (ii) modify or make derivative works based upon the Service or Software; or (iii) reverse engineer, decompile, disassemble or modify the Service or Software; (iv) access the Service or Software in order to build a competitive product or service, (v) build a product using similar ideas, features, functions or graphics of the Service or Software, or (vi) copy any ideas, features, functions or graphics of the Service or Software.
- F. Client's usage of the Service may not exceed any usage limit specified on any applicable Order Form, and such limit may include a limit on the number of Users and/or the number or Authentications, or other types of limits.
- G. Intellectual Property Ownership
- PhoneFactor alone shall own all right, title and interest, including all related Intellectual Property Rights, in and to the PhoneFactor Technology, the Service, the Software, and any suggestions, ideas, enhancement requests, feedback, recommendations or other information provided by Client or any other party relating to the Service. This Agreement is not a sale and does not convey to Client any rights of ownership in or related to the Service, the Software, the PhoneFactor Technology or the Intellectual Property Rights owned by PhoneFactor.

- Client agrees that: (i) no license, right or interest in any trademark, trade name, or service mark of PhoneFactor or any third party is granted under this Agreement; (ii) Client will not remove or destroy any of the Service's proprietary, trademark or copyright legends or markings; and (iii) all existing and future copyright, patent, trademark, or other intellectual property rights arising out of or related to the Service shall remain the sole property of PhoneFactor.

H. Service Availability, Updates and Support

- Availability and support of the Service shall be in accordance with the Service Level in Exhibit A, Section II.C.
- Section PhoneFactor has no obligation to provide updates or any other modifications to the Service, but PhoneFactor may update, upgrade, enhance, alter, or otherwise modify the Services or its underlying elements at any time without notice.

EXHIBIT C
AMENDMENT TO COUNTY OF MONTEREY STANDARD AGREEMENT

The County of Monterey Standard Agreement (Not to Exceed \$100,000) is hereby amended as follows:

1. Section 3.02 is modified as follows: The following shall be added at the end of the paragraph. “Notwithstanding the aforementioned, no refund shall be given and all payments shall be due upon cancellation without cause. Cancellation based upon failure to deliver service or breach of contract shall be the only justification for a pro-rated refund.”
2. Section 5.03 is modified as follows: The paragraph shall be deleted as this does not apply to the service being provided.
3. Section 6.04 is modified as follows: The first two sentences shall be deleted and replaced with the following. “CONTRACTOR shall submit an invoice for the prepaid services with all information pertinent to the invoice.”
4. Section 7.01 is modified as follows: The last sentence in the paragraph shall be deleted. The following shall be added at the end of the paragraph. “Notwithstanding the aforementioned, no refund shall be given and all payments shall be due upon cancellation.”
5. Section 7.02 is modified as follows: The last two sentences in the paragraph shall be deleted. The following shall be added at the end of the paragraph. “If County terminates this Agreement for good cause, then the CONTRACTOR shall issue a refund of prorated funds to the County.”
6. Section 9.01 shall be modified as follows: “Evidence of Coverage Contractor, a Microsoft company, is covered by Microsoft and shall provide a letter of self insured from Microsoft Corporation upon the execution of the Agreement.”
7. Section 9.04 is modified as follows: Paragraphs three, four and five shall be deleted and the following shall be added at the end of paragraph two. “The above notwithstanding, PhoneFactor, a Microsoft company, may at its option, meet the insurance requirements set forth in this agreement via commercial insurance, self- insurance, alternative risk financing solutions or a combination of these options.”
8. Section 10.05 shall be deleted from the agreement.
9. The following licensing language shall be added to the agreement. CONTRACTOR shall be interchangeable with PhoneFactor and County shall be interchangeable with Client in the following language.

EXHIBIT D
INSURANCE EXCEPTIONS TO AGREEMENT

The following items contained in Section 9.03 of the Agreement are identified for exemption from this Agreement for the reasons stated below:

9.03 Business Automobile Liability Insurance

CONTRACTOR does not provide on- site service therefore commercial automobile liability is not needed for the performance of this Agreement.

9.03 Professional Liability Insurance

This Agreement is for software subscription and software support performed by CONTRACTOR under the terms of this Agreement and are not regulated by the California Business and Professions Code.