

LEARNING MANAGEMENT SOFTWARE CONTRACT
Between
Montana State University
And
Desire2Learn

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And
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1. PARTIES

THIS CONTRACT, is entered into by and between Montana State University, (hereinafter referred to as "MSU" or "the University") whose address and phone number are Burns Technology Center 128 EPS, Bozeman, MT 59717, 406-994-5681 and Desire2Learn (hereinafter referred to as the "Contractor"), whose nine digit Federal ID Number, address and phone number are: 305 King Street West, Suite 200, Kitchener-Waterloo, ON N2G 1B9, Canada and 519-722-0325, Fed Tax ID# 33-7051203),

THE PARTIES AGREE AS FOLLOWS:

2. EFFECTIVE DATE, DURATION, AND RENEWAL

2.1 Contract Term. This Contract shall take effect on July 15, 2008, (or upon Contract execution) and terminate on June 30, 2011, unless terminated earlier in accordance with the terms of this contract. (Mont. Code Ann. § 18-4-313.).

2.2 Contract Renewal. This Contract may, upon mutual agreement between the parties and according to the terms of the existing contract, be renewed in one-year intervals, or any interval that is advantageous to the Parties. This Contract, including any renewals, may not exceed a total of ten (10) years.

3. RESERVED

4. SERVICES AND/OR SUPPLIES

4.1 Contractor agrees to provide to the University the Learning Management System software ("LMS") Solution to support the online learning management needs of a four-campus system set forth in Section 3 of RFP # 08-03 and Exhibit A - Statement of Work. The Montana State University system elects Scenario 1: One LMS instance at Bozeman to service all four campuses – Desire2Learn Hosted.

4.2 Each of us grants the other only the licenses and rights specified. No other licenses or rights (including licenses or rights under patents) are granted.

5. CONSIDERATION/PAYMENT

5.1 Payment Schedule. In consideration for the Solution set forth in Section 3 to be provided, the University shall pay according the fees specified in Exhibit B - Pricing for the selected. The License Fees are a flat fee and not subject to change. The cost per FTE amount is provided to establish the flat fee but will not be applied as the FTE numbers change. The total Contract value for year one (1) is estimated at \$415,350 plus pre-approved travel which shall be approved in accordance with the University's travel policy and any approved Task Orders. If additional services that are included in Exhibit B – Pricing are requested by the University, the parties will execute a Task Order (Exhibit D. The first annual renewal amount based on the estimated FTE's is \$307,756. All payment terms will be computed from the date of acceptance of supplies or services OR receipt of a properly executed invoice, whichever is later. Unless otherwise noted, the University is allowed 30 days to pay such invoices. All contractors may be required to provide banking information at the time of Contract execution in order to facilitate University electronic funds transfer payments. The Contract number MUST appear on all invoices, packing lists, packages and correspondence pertaining to the Contract.

5.2 Withholding of Payment. The University, in its reasonable discretion, may withhold payments to the Contractor if the Contractor has not performed in accordance with this Contract. Such withholding cannot be greater than the additional costs to the University caused by the lack of performance.

5.3 Tax Exemption. The University is exempt from Federal Excise Taxes (#53-0183246).

5.4 Shipping: Supplies shall be shipped prepaid, F.O.B. Destination, unless the Contract specifies otherwise.

5.5 U.S. Funds: All prices and payments must be made in U.S. dollars.

6. ACCESS AND RETENTION OF RECORDS

6.1 Access to Records. The Contractor agrees to provide the University, State, Legislative Auditor or their authorized agents access to any records necessary to determine Contract compliance. (Mont. Code Ann. § 18-1-118.) In no circumstances shall Contractor be required to provide any personnel, cost or other confidential or proprietary information unless necessary to comply with Montana or other applicable law.

6.2 Retention Period. The Contractor agrees to create and retain records supporting the services specified herein for a period of five years after either the completion date of the Statement of Work or the conclusion of any claim, or litigation relating to this Contract taken by the University, the State of Montana or a third party.

7. ASSIGNMENT, TRANSFER AND SUBCONTRACTING

The Contractor shall not assign, transfer or subcontract any portion of this Contract without the express written consent of the University (Mont. Code Ann. § 18-4-141). The Contractor shall be responsible to the University for the services provided by all subcontractors or agents of Contractor and of persons directly or indirectly employed by such subcontractors, and for the services provided by persons employed directly by the Contractor. No contractual relationships exist between any subcontractor and the University.

8. FORCE MAJEURE

Neither party shall be responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the non-performing party, so long as such party is using reasonable efforts to remedy such failure or delays.

9. WARRANTIES

9.1 System Warranty. The Contractor warrants that Learning Management System Software System offered will conform to the requirements of the RFP and the Contractor published product and service specifications and be free from material defect.

9.2 Warranty for Contractor Services. Contractor warrants that it performs each Service using reasonable care and skill and according to its current description (including any acceptance criteria) contained in this Contract.

10. HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to defend, and save the University, its officials and employees, while acting within the scope of their duties as such, harmless from and against all third party claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to real or tangible personal property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, or subcontractors, provided that the University promptly notifies the Contractor in writing of any claim and allows Contractor to control, and cooperates with the Contractor in the defense and any related settlement negotiations.

11. LIMITATION OF LIABILITY

Except for damages for bodily injury to persons or tangible personal property, or payments referred to in Section 16 (Patents & Copyrights) provided under the contract, the Contractor's liability for Contract damages is limited to actual direct damages. Contractor shall not be liable for special, incidental, consequential, indirect damages, including lost profits,

12. REQUIRED INSURANCE

12.1 General Requirements. The Contractor shall maintain for the duration of the contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by the Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

12.2 Primary Insurance. The Contractor's insurance coverage shall be primary insurance as respect to the University, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the University, its officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute to it.

12.3 Specific Requirements for Commercial General Liability. The Contractor shall purchase and maintain occurrence coverage with combined single limits for bodily injury, personal injury, and property damage of \$1,000,000 per occurrence and \$2,000,000 aggregate per year to cover such claims as may be caused by any act, omission, or negligence of the Contractor or its officers, agents, representatives, assigns or subcontractors.

12.4 Additional Insured Status. The University, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for liability arising out of activities performed by or on behalf of the Contractor, including the insured's general supervision of the Contractor; products and completed operations; premises owned, leased, occupied, or used.

12.5 Specific Requirements for Automobile Liability. The Contractor shall purchase and maintain coverage with split limits of \$500,000 per person (personal injury), \$1,000,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage), OR combined single limits of \$1,000,000 per occurrence to cover such claims as may be caused by any act, omission, or negligence of the contractor or its officers, agents, representatives, assigns or subcontractors.

12.6 Additional Insured Status. The University, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for automobiles leased, hired, or borrowed by the Contractor.

12.7 Deductibles and Self-Insured Retentions. At the request of the University and at the expense of the Contractor, the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

12.8 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than indicating compliance with the required coverages, has been received by the MSU-Bozeman Purchasing Department 104 Montana Hall, Bozeman, MT 59717. The Contractor must notify the University immediately, of any material change in insurance coverage, such as changes in limits, coverages, change in status of policy, etc. The University reserves the right to require proof of insurance policies at all times.

13. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 39-71-401, 39-71-405, and 39-71-417, MCA to the extent applicable to Contractor's performance of services. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of the University. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the MSU-Bozeman Purchasing Department 104 Montana Hall, Bozeman, MT 59717, upon expiration.

14. COMPLIANCE WITH LAWS

The Contractor must, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including if applicable, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, if applicable, the Contractor agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

15. INTELLECTUAL PROPERTY/OWNERSHIP

15.1 Mutual Use. Contractor grants to the University a time limited (revocable upon termination), nonexclusive, worldwide, paid-up license to make, have made, use, have used, lease, sell, offer to sell, import, or otherwise transfer any apparatus, and to practice any method, covered by all patents and patent applications on inventions first conceived and first reduced to practice during the term of and in the performance of this Contract for the Learning Management System Software and Services. Both parties shall have a royalty-free, worldwide, nonexclusive, and irrevocable right to reproduce, publish, distribute, perform, display, or otherwise use and authorize others to do any of the former, copyrightable property created, developed or prepared during the term of and in performance of this Contract including all deliverables, and other materials, products, modifications developed or prepared for the University by Contractor during the term of and in performance of this Contract and any program code, including site related program code, manuals, training materials and documentation created, developed or prepared by Contractor during the term of and in the performance of this Contract (the "Work Product"). Contractor makes not claim to license in or ownership of any University data, hosted materials or University processes or business practices.

15.2 Neither of us grants the other the right to use its or any of its affiliates trademarks, trade names, or other designations in any promotion or publication without prior written consent.

15.3 Title and Ownership Rights. The University shall retain title to and all ownership rights in all data and content, including but not limited to multimedia or images (graphics, audio and video), text and the

like provided by the University (the "content"), but grants Contractor the right to access and use content for the purpose of complying with its obligations under this Contract and any applicable statement of work.

15.4 Ownership of Deliverables. The Contractor shall own the intellectual property rights in any tangible, verifiable work output such as a specification, programming, code, or other output developed under a Statement of Work pursuant to this Contract ("Deliverable"), unless otherwise specified in the Statement of Work. Contractor grants to University a time-limited, non-exclusive, royalty-free license to use the Deliverables.

15.5 Ownership of Contractor Information. Techniques, sub-routines, algorithms and methods or rights thereto owned by Contractor at the time this Contract is executed and employed by Contractor in connection with the services provided to the University (the "contractor information") shall be and remain the property of Contractor. Except as otherwise provided for in Section 15.3 or as may be expressly agreed in any statement of work, Contractor shall retain title to and ownership of any hardware provided by Contractor.

15.6 Preexisting Materials. Contractor or its licensors shall own all works of authorship created prior to the term or outside the performance of this Contract ("preexisting materials"). Contractor grants the University a time limited (revocable upon termination) royalty-free, worldwide, and nonexclusive right to reproduce, publish, distribute, perform, display, create derivative works of or otherwise use any preexisting materials contained in any work product, provided that this license does not permit the University to extract preexisting materials from the work product or to distribute, create derivative works or otherwise license such preexisting material to third parties.

16. PATENT AND COPYRIGHT PROTECTION

16.1 Third Party Claim. If any third party files a claim against the University that the Work Products furnished under this Contract infringes upon or violates any patent or copyright, the University shall promptly notify Contractor. Contractor shall defend such claim, in the University's name or its own name, as appropriate, but at Contractor's expense. Contractor will indemnify the University against all costs, damages and attorney's fees that a court finally awards or that are included in a settlement approved by Contractor.

16.2 System Subject of Claim

Contractor will, at its own expense, defend any action brought by a third party against the University, and Contractor will pay any final judgment awarded, or settlements entered into, in such actions, solely to the extent that such action is based upon a claim that the System including any third party software or systems, infringes such third party's patents or copyrights or misappropriates such third party's trade secrets. If the System becomes, or in Contractor's opinion is likely to become, the subject of an infringement claim, Contractor may, at its option and expense, either: (a) procure for the University the right to continue using the System; (b) replace or modify the System so that it becomes non-infringing, without loss of feature and functionality; or (c) terminate this Contract upon written notice to the University and provide the University a full refund for all fees except Hosting, Implementation and Training fees if such claim is within the first year of the Contract term, and for any termination after the first year pursuant hereto, such refund will be prorated. Notwithstanding the foregoing, Contractor will have no obligation under this Section or otherwise with respect to any infringement claim based upon: (i) any use of the System not in accordance with this Contract; or (ii) any modification of the System by any person other than Contractor or its authorized agents or subcontractors.

In addition, if a court of competent jurisdiction for the action Blackboard Inc. -v Desire2Learn Inc., Case No. 9:06 CV 155 or any related actions determines the System purchased under this Contract is infringing on a third party's patents or copyrights, University shall have the right to terminate this Contract immediately and the University shall have no further payment obligations under this Contract and shall be entitled to a full refunds of amounts paid prior to the termination, except for fees for Hosting, Implementation and Training. This right of termination and refund shall be in addition to any other remedies the University may have for damages resulting from the infringement and resulting termination.

17. RESERVED

18. CONTRACT OVERSIGHT

18.1 CIO Oversight. The Chief Information Officer (CIO) for the University, or designee, may perform Contract oversight activities. Such activities may include the identification, analysis, resolution, and prevention of deficiencies that may occur within the performance of Contract obligations. The CIO may require the issuance of a right to assurance or the issuance of a stop work order.

18.2 Right to Assurance. If the University in good faith, has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the University may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the reasonable number of days specified in the demand may, at the University's option, be the basis for terminating the Contract for convenience under the terms and conditions or other rights and remedies available by law or provided by the Contract.

18.3 Stop Work Order. The University may, at any time, by written order to the Contractor, require the Contractor to stop any or all parts of the work required by this Contract for the period of days indicated by the University after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The University Project Manager shall make the necessary adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

19. CONTRACT TERMINATION

19.1 Termination for Cause. The State, University or Contractor may, by written notice to the other, terminate this Contract in whole at any time the other party fails to perform the Contract pursuant to Section 20, Event of Breach – Remedies.

19.2 Bankruptcy or Receivership. Voluntary or involuntary Bankruptcy or receivership by Contractor may be cause for termination.

19.3 Reduction of Funding. The State, at its sole discretion, may terminate or reduce the scope of this Contract if available funding is reduced for any reason. (Mont. Code Ann. § 18-4-313(4)). Such a termination shall be deemed a termination for convenience of the University.

19.4 Termination for Convenience. The University, by providing at least thirty (30) days prior written notice to the Contractor, may terminate for convenience this Contract and/or any active projects in whole at any time. In the event the Contract is terminated for the convenience of the University, the University will pay for all work or services performed in conformance with the Contract up to the date of termination.

19.5 Any terms of this Contract which by their nature extend beyond the Contract termination remain in effect until fulfilled, and apply to both of our respective successors and assignees.

19.6 Neither of us will bring a legal action arising out of or related to this Agreement more than two years after the cause of action arose.

20. EVENT OF BREACH – REMEDIES

20.1 Event of Breach. Any one or more of the following acts or omissions of the Contractor may constitute an event of breach:

- a. products or services furnished by the Contractor fail to conform to any requirement of the contract, or
- b. failure to submit any report required hereunder; or
- c. failure to perform any of the other covenants and conditions of the contract, including beginning work under this Contract without prior University approval or

20.2 Actions in Event of Breach. Upon the occurrence of any event of material breach of this Contract by the other party, either party may take any one, or more, or all, of the following actions:

- a. give the breaching party a written notice specifying the event of breach and requiring it to be remedied within, in the absence of a greater specification of time, 30 days from the date of the notice; and if the event of breach is not timely remedied, terminate this Contract upon giving the breaching party notice of termination;
- b. set off against any other obligation the University may owe to the Contractor under this Contract any damages the University suffers by reason of any event of breach subject to the terms of this Contract; or
- c. treat the Contract as materially breached and pursue any of its remedies at law or in equity, or both subject to the terms of this Contract.

21. WAIVER OF BREACH

No failure by either party to enforce any provisions hereof after any event of breach shall be deemed a waiver of its rights with regard to that event, or any subsequent event. No express failure of any event of breach shall be deemed a waiver of any provision hereof. No such failure or waiver shall be deemed a waiver of the right of either party to enforce each and all of the provisions hereof upon any further or other breach on the part of the breaching party.

22. UNIVERSITY PERSONNEL

22.1 University Contract Manager. The Universities Contract Managers identified below are each University's single point of contact and will perform all Contract management for that University pursuant to section 2-17-512, MCA, on behalf of the stated University. Written notices, requests, complaints or any other issues regarding the Contract should be directed to the individual University's Contract Manager.

The Montana State University – Bozeman Contract Manager for this Contract is:

(Name): Kim Obbink
(Address): Burns Technology Center 128 EPS, Montana State University
(City, State, ZIP): Bozeman, MT 59717
(Telephone #): 406-994-5681
(Cell Phone #): 406-581-3291
(Fax #): 406-994-7856
(E-mail): kobbink@montana.edu

The Montana State University – Billings Contract Manager for this Contract is:

(Name): Michael Barber
(Address): 1500 University Dr.

(City, State, ZIP): Billings, MT 59101
(Telephone #): (406) 247-5750
(Cell Phone #): N/A
(Fax #): (406) 657-2237
(E-mail): mbarber@msubillings.edu

The Montana State University – **Northern** Contract Manager for this Contract is:

(Name): Janice Brady, Dean of Extended University
(Address): P.O. Box 7751
(City, State, ZIP): Havre, MT 59501
(Telephone #): 406-265-3730
(Cell Phone #): 406-262-3496
(Fax #): 406-265-3570
(E-mail): jbrady@msun.edu

The Montana State University – **Great Falls College of Technology** Contract Manager for this Contract is:

(Name): Mary Ellen Baukol
(Address): 2100 16th Ave South
(City, State, ZIP): Great Falls, MT 59405
(Telephone #): 406-771-4321
(Cell Phone #): N/A
(Fax #): 406-771-4317
(E-mail): mbaukol@msugf.edu

22.2 University Project Manager. The University Project Managers identified below will manage the day-to-day project activities on behalf of each University.

The Montana State University – **Bozeman** Project Manager for this Contract is:

(Name): Julie Tatarka
(Address): 128 EPS, MSU
(City, State, ZIP): Bozeman, MT 59717
(Telephone #): 406-994-7799
(Fax #): 406.994.7856
(E-mail): tatarka@montana.edu

The Montana State University – **Billings** Project Manager for this Contract is:

(Name): Michael Barber
(Address): 1500 University Dr.
(City, State, ZIP): Billings, MT 59101
(Telephone #): (406) 247-5750
(Cell Phone #): N/A
(Fax #): (406) 657-2237
(E-mail): mbarber@msubillings.edu

The Montana State University – **Northern** Project Manager for this Contract is:

(Name): Randy Bachmeier, Director of Online Learning
(Address): P.O. Box 7751

(City, State, ZIP): Havre, MT 59501
(Telephone #): 406-265-4152
(Cell Phone #): NA
(Fax #): 406-265-3744
(E-mail): rbachmeier@msun.edu

The Montana State University – Great Falls College of Technology Project Manager for this Contract is:

(Name): Ryan Schrenk
(Address): 2100 16th Ave South
(City, State, ZIP): Great Falls, MT 59405
(Telephone #): 406-771-4444
(Cell Phone #): 406-781-0573
(Fax #): 406-771-4317
(E-mail): rschrenk@msugf.edu

23. CONTRACTOR PERSONNEL The University's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints will first be directed to the liaison.

23.1 Identification/Substitution of Personnel. The personnel identified or described in the Contractor's proposal shall perform the services provided for the University under this contract. Contractor agrees that any personnel substituted during the term of the Contract must be able to conduct the required work to industry standards and be equally or better qualified than the personnel originally assigned. The State reserves the right to approve Contractor personnel assigned to work under the contract, and any changes or substitutions to such personnel. The University's approval of a substitution will not be unreasonably withheld. This approval or disapproval shall not relieve the Contractor to perform and be responsible for its obligations under this Contract. The University reserves the right to require Contractor personnel replacement. In the event that Contractor personnel become unavailable, it will be the Contractor's responsibility to provide an equally qualified replacement in time to avoid delays to the work plan.

23.2 Contractor Contract Manager. The Contractor Contract Manager identified below will be the single point of contact to the University Contract Manager and will assume responsibility for the coordination of all Contract issues under this contract. The Contractor Contract Manager will meet with the University Contract Manager and/or others necessary to resolve any conflicts, disagreements, or other Contract issues.

The Contractor Contract Manager for this Contract is:

(Name): John Baker
(Address): 305 King Street West, Suite 200
(City, State, ZIP): Kitchener, ON N2G 1B9
(Telephone #): 519-772-0325
(Fax #): 517-772-0324
(E-mail): John@Desire2Learn.com

23.3 Contractor Project Manager. The Contractor Project Manager identified below will manage the day-to-day project activities on behalf of the Contractor:

The Contractor Project Manager for this Contract is:

(Name): Jon Neill
(Address): 305 King Street West, Suite 200
(City, State, ZIP): Kitchener, ON N2G 1B9

(Telephone #): 519-772-0325
(Fax #): 517-772-0324
(E-mail): Jon.Neill@Desire2Learn.com

24. MEETINGS AND REPORTS

24.1 Technical or Contractual Problems. The Contractor is required to meet with the University's personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the Contract, at no additional cost to the University. Meetings will occur as problems arise and will be coordinated by the University and will be virtual unless in person is needed. Failure to participate in problem resolution meetings or failure to make a good faith effort to resolve problems may result in termination of the Contract.

24.2 Progress Meetings. During the term of the contract, the University's Project Manager will plan and schedule progress meetings with the Contractor to discuss the progress made by the Contractor and the University in the performance of their respective obligations. These progress meetings will include the University Project Manager, the Contractor Project Manager, and any other additional personnel involved in the performance of the Contract as required. At each such meeting, the Contractor shall provide the University with a written status report that identifies any significant problem or circumstance encountered by Contractor, or of which Contractor gained knowledge during the period since the last such status report, which may prevent Contractor from completing any of its obligations or may generate charges in excess of those previously agreed to by the parties. This may include the failure or inadequacy of the University to perform its obligation under the contract. Contractor shall identify the amount of excess charges, if any, and the cause of any identified problem or circumstance and the steps taken to remedy the same.

24.3 Failure to Notify. In the event Contractor fails to specify in writing any significant problem or circumstance with respect to the period during the term covered by Contractor's status report, it shall be conclusively presumed for purposes of this Contract that no such problem or circumstance arose during such period, and Contractor shall not be entitled to rely upon such problem or circumstance as a purported justification for either claiming it is entitled to receive any amount (including without limitation damages or additional charges arising out of a breach by the University of any University obligation) with respect to any of Contractor's obligations hereunder in excess of those previously agreed to; or failing to complete any of Contractor's obligations hereunder. Submission by Contractor of the status reports shall not alter, amend or modify Contractor's or the University's rights or obligations pursuant to any provision of this Contract.

24.4 University's Failure or Delay. For a problem or circumstance identified in the Contractor's status report in which Contractor claims was the result of the University's failure or delay in discharging any University obligation, the University shall review same and determine if such problem or circumstance was in fact the result of such failure or delay. If the University agrees as to the cause of such problem or circumstance, then the Parties shall extend any deadlines or due dates affected thereby, and provide for any additional charges by Contractor. If the University does not agree as to the cause of such problem or circumstance, the Parties shall each attempt to resolve the problem or circumstance in a manner satisfactory to both Parties.

25. CONTRACTOR PERFORMANCE ASSESSMENTS

25.1 Assessments. The State may do assessments of the Contractor's performance. Contractors will have an opportunity to respond to assessments, and independent verification of the assessment may be utilized in the case of disagreement.

25.2 Record. Completed assessments may be kept on record at the University and may serve as past performance data. Past performance data will be available to assist the University in the selection of IT service providers for future projects. Past performance data may also be utilized in future procurement efforts.

26. TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is terminated prior to the completion of a project, or if the work on a project is terminated, for any reason, the Contractor must provide for a reasonable period of time after the expiration or termination of this project or contract, all reasonable transition assistance requested by the University, with the intent to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the University or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. The University shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the contract. If there are no established Contract rates, then the rate shall be mutually agreed upon. If the University terminates a project or this Contract for cause, then the University will be entitled to offset the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the University may have otherwise accrued as a result of said termination.

27. CHOICE OF LAW AND VENUE

This Contract is governed by the laws of Montana. The parties agree that, in the event of litigation concerning this Contract, venue shall be in the Eighteenth Judicial District of the State of Montana, in and for the County of Gallatin. State of Montana and each party shall pay its own costs and attorney fees. (See Mont. Code Ann. § 18-1-401.)

28. SCOPE, AMENDMENT AND INTERPRETATION

28.1 Contract. This Contract consists of **79** numbered pages, any Attachments as required, RFP #08-03, as amended and the Contractor's RFP response as amended. In the case of dispute or ambiguity about the minimum levels of performance by the Contractor the order of precedence of document interpretation is any mutually agreed upon statement of work or attachment incorporating the terms of this contract, this contract, the Contractor's RFP response as amended and then the RFP.

28.2 Entire Agreement. These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

28.3 Separability Clause. A declaration by any court, or any binding legal source, that any provision of the Contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually dependant.

29. EXECUTION

The parties through their authorized agents have executed this Contract on the dates set out below.

MONTANA STATE UNIVERSITY

BY: Geoff Gamble
President
(Name/Title)
BY: [Signature]
(Signature)
DATE: 7-15-08

DESIRE2LEARN

BY: John Baker
(Name/Title)
BY: [Signature]
(Signature)
DATE: July 11, 2008

Approved as to Legal Content:

P.L. Taylor 7/15/08
Leslie C. Taylor (Date)
Legal Counsel
(Required for purchases over \$25,000)



N/A.

OSP Administrator/Vice President Date
(Required for purchases over \$5,000)

Approved as to Form:

Shawna R. Lanphear 7/15/08
Shawna R. Lanphear (Date)
Director of Purchasing
(Required for purchases over \$25,000)

EXHIBIT A

STATEMENT OF WORK

Modified implementation parameters

Outlined below is a preliminary Statement of Work capturing key events and milestones provided by MSU. Within 2 weeks of the Contract signing a Final Implementation Plan and Statement of Work including firm dates will be developed and agreed to by both Desire2Learn and MSU.

Date	Affected Campus	Event / Milestone	Responsible Parties	Task
Effective Date + a few days	All	Initial meetings with D2L and all campus reps to plan for conversion and implementation.	All campuses, D2L	All: Collaboratively schedule and meet to plan implementation.
KEY DATES				
July 15, 2008 And ongoing	All	Access to MSU instance of D2L. Available to administrators and the faculty train the trainers to begin to learn the system.	D2L	D2L: Make MSU's D2L instance available to MSU's identified administrators and technical staff; supply all relevant administrative and user information, documentation, supporting materials.
On or around July 15-17, 2008	Billing	Initial training is completed for eLearning and IT offices.	Billing, D2L	Both parties: Arrange and carry out admin training as identified
July 15, 2008	Billing	Ongoing development of data feeds API and Active Directory authentication.	Billing, D2L	Billing: Identify and supply all relevant feed and file format information, AD information to D2L.
July 18, 2008 TBD	Bz-GF-No	Ongoing development of data feeds API for course and roster provisioning. No Active Directory authentication at this time.	Bz, Billing, D2L	D2L: Work collaboratively with Billing to make feeds and authentication work with MSU's SIS.
July 14 to Aug 15, 2008	Billing	Migration of courses from eCollege to Desire2Learn is performed by MSU Billing IT and associated staff.	Billing	Bz, Billing, D2L: Identify and supply all relevant feed and file format information to D2L, identifying and capitalizing on areas of overlap between Billing and systems' needs.
Date	Affected Campus	Event / Milestone	Responsible Parties	Task
On or around July 31, 2008	Bz-GF-No	Initial 8 person admin 3-day training is completed for 3-campus group	Bz-GF-No, D2L	D2L: Work collaboratively with Bz and Billings to make feeds work with MSU's SIS.
On or around August 12, 2008	Billing	By this date a second 4 day training session has occurred for the faculty train the trainers.	Billing, D2L	Migrate eCollege courses into MSU's D2L system.
August 15, 2008	Bz	By this date a 2-day D2L Instructor training session for the faculty train the trainers will have occurred.	Bz, D2L	All parties: Arrange and carry out admin training as identified.
Aug-Sept, 2008 (specific date TBD)	GF	2-day D2L train the trainers training for key faculty and staff at MSU-Great Falls campus.	GF, D2L	Both parties: Arrange and carry out training as identified.
Aug 15 - Sept 1, 2008	Bz-No GF	First round of demo courses migrated and available on server for Fall semester.	Bz-No, D2L	Bz-No: Migrate courses and make available for Fall 08.
				D2L: Facilitate and troubleshoot automated course provisioning and roster feeds with campuses.

Aug 16, 2008 – Jan 4, 2009	GF	Migration of initial group of Spring 09 courses from WebCT to Desire2Learn is performed by MSU-Great Falls faculty and staff.	GF, D2L	GF: Migrate courses and make available for Spring 09. D2L: Facilitate and troubleshoot course provisioning and roster feeds with campuses.
Aug 18, 2008 – Dec 1, 2008	Billings	eLearning Office verifies course migration integrity with all campus faculty	Billings	Facilitate and perform campus-wide QA on migrated courses. Provide feedback to D2L on any issues that arise in the event that corrective action is needed.
Sept 1 – Dec 20, 2008	Bz-No	Second round of courses migrated and made available for Spring 2009 semester.	Bz-No, D2L	Bz-No: Migrate courses and make available for Spring 09. D2L: Facilitate and troubleshoot course automated provisioning and roster feeds with campuses.
October 1, 2008	ALL	Begin production Billings course and student feeds into D2L system from Banner. Billings Spring 2009 registration begins at this time. Remaining campuses utilize feeds on pilot basis.	Primary: Billings, D2L (Secondary, Bz, GF, No)	Campuses, esp. Bz and Billings: Continue to identify and supply all relevant feed and file format information to D2L, identifying and capitalizing on areas of overlap between Billings feed processes and MSU system needs. D2L: Work collaboratively with Bz and Billings to make feeds work with MSU's SIS.
Date	Campus	Event / Milestone	Responsible Parties	Task
December 1, 2008	All	"Go Live" MSU system is fully functional with daily feeds of courses/faculty (add & drop) and students (add & drop). Note: Billings must be live December 1.	Primary: Billings, D2L (Secondary: Bz, GF, No)	Stage 1 acceptance: Billings fully functional with course feeds, student feeds, and Active Directory authentication. D2L to respond to issues and incidents in order to facilitate successful and sustained functionality. Remaining campuses should be able to fully benefit from this functionality but may not have all courses fully migrated.
January 1 – June 1, 2009	Bz-No	All remaining courses migrated and available on new LMS.	Bz-No, D2L	Bz-No: Migrate remaining courses and make available for Spring or Summer 09. D2L: Facilitate and troubleshoot course automated provisioning and roster feeds with campuses.
January 5, 2009	Bz, GF, No	Begin course and student feeds into D2L system from Banner. (about a week before Spring courses begin).	Bz, GF, No; D2L	Bz, GF, No: Continue to identify and supply all relevant feed and file format information to D2L, identifying and capitalizing on areas of overlap between prior Billings feed processes and MSU system needs. D2L: Work collaboratively with Bz and GF to make feeds work with MSU's SIS.
January 5 – January 13 2009	GF	eLearning Office and appropriate parties verify course provisioning and populating integrity with all campus faculty/students/courses.	GF	Facilitate and perform campus-wide QA on migrated courses. Provide feedback to D2L on any issues that arise in the event that corrective action is needed.
Prior to start of Spring Semester (Commences January 14, 2009)	Bz, GF, No	Bz, GF, and No initial list of courses offered on D2L (number TBD)	Bz, GF, No; D2L	Stage 2 acceptance: Bz, GF, No fully functional with course provisioning feeds, and student roster feeds. D2L to respond to issues and incidents in order to facilitate successful and sustained functionality.
Summer 2009	Bz, GF, No	Final round of courses migrated and made available for Spring 2009 semester. Grade exchange between D2L and Banner implemented.	Bz, GF, No; D2L	Bz, GF, No: Migrate courses and make available for Summer 09. D2L: Facilitate and troubleshoot course automated provisioning and roster feeds with campuses. Develop, test, and implement process and scripts for feeding grades from D2L courses back to MSU's Banner SIS.
June thru August 2009	ALL	Clean up of courses, full implementation Legacy LMS offline.	All Campuses, D2L	
August 31, 2009 (Fall semester)	ALL	All MSU courses on D2L.		

Training and System Migration Summary

Date	Campus	Event / Milestone
	Billings	<p>Training will consist of 2 sessions:</p> <ol style="list-style-type: none"> 1) A 3 day session as early as possible to train the eLearning and IT staff in administrative functions. This is required before MSU Billings begins the migration of courses between eCollege and Desire2Learn. Preferred dates are the second week in July for the first session. 2) Preferred dates are before August 12th for a faculty train the trainer 4 day session. Onsite training would be preferred, although the virtual training may be a possibility. We have 7 eLearning/IT staff and 13 faculty in the train the trainer role so we will split them up between the 2 sessions.
	Bz-GF-No	<p>Training will consist of 2 sessions:</p> <ol style="list-style-type: none"> 1) A 3-day administrator session to teach a total of 8 representatives drawn from 3 campuses (Bzn, GF, Northern) as early in the implementation as possible for all parties involved, preferably in July. 2) A set of second 2-day instructor session to teach faculty and key support staff will be held in August, one in Bozeman and one in Great Falls. Specific schedules will be set to accommodate all parties involved.
	Billings	Migration of courses will be done by MSU Billings during July and early August.
	ALL	Be able to implement pilot courses during the Fall 2008 term
	Bz-No	Migration of courses will be done by MSU Bozeman during July through Fall 2008 and Spring 2009 semesters.
	GF	Migration of courses will be done by MSU-Great Falls during Fall 2008 and Spring/Summer 2009.
	Billings	Fall 2008 term will be used by the eLearning Office to verify course migration with each faculty member.
	Billings	All courses will be migrated by Dec 1, 2008 and a fully functional system will be available.
	Bz-No	All courses will be migrated by June 1, 2009
	GF	Continue to implement pilot courses during the Fall 2008, Spring 2009, and Summer 2009 terms
	GF	All courses will be migrated by September 1, 2009

Implementation notes

Date	Campus	Event / Milestone
	Billings	Current flat file feeds from Banner to eCollege will be modified to feed from Banner to Desire2Learn at least 3 times a day. Current script will be modified by MSU Billings given a data field template from D2L. It is assumed that as the other campuses come up with their D2L systems we can migrate to a more integrated integration with Banner over the next year or so. We have the option of feeding from Banner or from our data warehouse.
	Billings	System will be integrated with the MSU Billings Active Directory. All faculty, staff, and student accounts reside in the AD of MSU Billings.
Upon signing	All	Begin regular 4-campus meetings and planning sessions - identify necessary participants/committees
	Bz-GF-No	Current Banner course rostering flat file feeds will be modified to feed from Banner to Desire2Learn at least 3 times a day, given a data field template from D2L.
	Bz-GF-No	Course provisioning processes and scripts will be similarly developed.
	Bz-GF-No	Grade exchange will be developed collaboratively between MSU and D2L, with a target of functionality of Summer 2009.

EXHIBIT B

PRICING

The following chart is the products and services the University is purchasing as of the Effective Date. The University elects to have the Contractor host the services. The pricing is based on the enclosed Cost Proposal incorporated. The payment schedule is based on the Contractor successfully completing the Milestones in the Statement of Work.

Desire2Learn Hosted Services	# fte basis	Unit cost	Total Yr1 cost	Payment Invoice Due	Yr 2--5	Payment Invoice Due
Item						
Base System (all 4 campuses)						
License and Hosting:						
Licensing (annual)	19,366	\$5.50	\$106,513 Note: flat fee regardless of fte	Effective Date "Go Live" Date Note: Hosting fees will be prorated based on the "Go Live Date" for example Billings 12/1/08; others 1/15/09; Prorated 6 months for 15/213 fte; 7.5 for 4153 fte	\$106,513	Anniversary of Effective Date
Hosting (annual)	19,366	\$5.00	NTE: \$96,830		\$96,830	Anniversary of Effective Date
License and Hosting Fees, TOTAL (annual):			\$203,343		\$203,343	
Installation and Integration:						
LE Setup + 4 campus setup (one time)			\$26,000 "Go Live" Date			
1 Standard Banner snapshot integration			\$25,000 "Go Live" Date			
Installation/Integration TOTAL (one time):			\$51,000 \$0			
Banner Integration maintenance (annual)			\$5,000	Effective Date Completion of Training	\$5,000	Anniversary of Effective Date
Training and materials (one time):			\$7,500		\$0	
Technical support (annual): (includes 2 standard - changed to Premium 2@\$4,000+ 2 additional premium lines @\$9,500 ^{blu})			\$27,000 Effective Date		\$27,000	Anniversary of Effective Date
Test / Development Environment Setup (one time)			\$2,500 Effective Date			
Test / Development Environment Hosting			\$9,500 Effective Date		\$9,500	Anniversary of

and Maintenance Fee						Effective Date
Base system, 4 campuses, TOTAL:			NTE:\$305,843			\$244,843
Additional Modules						
Billings - ePortfolio Implementation	4153		\$5,500	"Go Live Date"		
Billings - ePortfolio License	4153	\$8.50	\$35,300	Effective Date	\$35,300	Anniversary of Effective Date
Billings - LOR Implementation	4153	4153/5366*7500	\$5,775	"Go Live Date"		
Billings - LOR License	4153	\$3.45	\$14,328	Effective Date	\$14,328	Anniversary of Effective Date
Billings - LiveRoom Implementation	4153		\$2,500	"Go Live Date"		
Billings - LiveRoom License	4153	up to 25 users	\$5,000	Effective Date	\$5,000	Anniversary of Effective Date
Billings - LiveRoom Hosting	4153	up to 25 users	\$2,344	"Go Live Date" – prorate for 7.5 months	\$3,750	Anniversary of Effective Date
Billings - ActiveDirectory Setup (one time)			\$5,000	"Go Live Date"		
Billings - ActiveDirectory annual Maintenance			\$350	Effective Date	\$350	Anniversary of Effective Date
Billings Additional Modules Subtotal			\$76,097		\$58,728	
Great Falls - LOR Implementation	1213	1213/5366*7500	\$1,725	"Go Live Date"		
Great Falls - LOR License	1213	\$3.45	\$4,185	Effective Date	\$4,185	Anniversary of Effective Date
Great Falls Additional Modules Subtotal			\$5,910		\$4,185	
Additional Training						
2 days Faculty training - Bozeman			\$5,000	Completion of Training		
2 days Faculty training - Great Falls			\$5,000	Completion of Training		
4 days Faculty training - Billings			\$10,000	Completion of Training		
3 days Admin training - Billings			\$7,500	Completion of Training		
TOTALS			\$415,350		\$307,756	



5.0 COST PROPOSAL Revised

**Request for Proposal
Learning Management System Software for MSU System
RFP Number: #0803**

May 12, 2008

For Further Information Regarding this Document Contact:

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May 12, 2008

Shawna R. Lanphear
Montana State University-Bozeman
Purchasing Department
104 Montana Hall
PO Box 172600
Bozeman, MT. 59717-2600

Re: MSU Request for Proposals # 08-03

Dear Ms. Lanphear:

Thank you for the opportunity to respond to your RFP for a Montana State University (MSU) State-Wide eLearning System. In response to your questions and requested pricing clarification provided on May 7, 2008 D2L has created the updated pricing model. In the spirit of partnership, D2L has updated this pricing proposal with more aggressive cost structures. Additionally, in an effort to provide a MSU system wide implementation, D2L is offering a distributed payment option for the full system deployment. This option maintain a consistent total Contract cost over a 3 year period for the Learning Environment (LE) and LE hosting, but will weigh the annual fees to be lower in the first year to mitigate current budget challenges. I look forward to working with MSU to complete the process and provide a cost-effective advanced learning environment for MSU.

Sincerely yours,

Mike Queen
Regional Sales Manager
Desire2Learn Incorporated

Cost Proposal Overview

Desire2Learn is proud to provide this updated cost proposal for the Learning Environment 8.3 along with associated services to provide MSU and its member institutions with the worlds most advanced LMS. We have structured the cost proposal to reflect the desired format of MSU for all five (5) scenarios and have amended this proposal based on specific pricing requests from MSU.

- **Scenario 1** assumes the licensing of a single LMS instance to provide e-learning to all four campuses.
- **Scenario 2** assumes the licensing of a single LMS instance to provide e-learning to the Bozeman, Northern, and Great Falls campuses, and an option for the Billings campus to license an additional instance for their own campus.
- **Scenario 3** assumes the licensing of up to 4 individual LMS instances to provide e-learning to each of the four campuses.
- **Scenario 4** assumes the licensing of a single LMS instance to the Bozeman campus only.
- **Scenario 5** assumes the licensing of a single LMS instance to provide e-learning to Billings and Great Falls.

Desire2Learn Learning Environment

The Desire2Learn Learning Environment contains all teaching and learning tools, communication tools, and administrative functions, in a single product.

The following licensing tiers are applicable for both centralized and distributed models. When FTEs are combined under a single deployment, then the economies of scale are realized very quickly. If each campus were to have their own implementation of the Desire2Learn Learning Environment, then extra licensing (as each campus would be associated with the tier reflective of their own FTE), implementation and integration fees would be required.

Please note: Desire2Learn's underlying architecture (our Learning Platform) promotes a centralized model for clients and enables each campus to maintain complete autonomy to create a unique eLearning environment (supports all types of delivery methods), that have their own integrations, branding, organizational structure, and role definitions in a single instance, just as if they have deployed the system independently.

This is how we have helped numerous state-wide clients with their implementations including Minnesota States Colleges and Universities (one production instance, ~40 campuses), Tennessee Board of Regents (one production instance, 22 campuses), University of Wisconsin System (two production instances, ~18 campuses), South Dakota Board of Regents (one production instance, 6 campuses), and many more. The only difference resides in the fact that there would be a common application upgrade schedule for the participating institutions. An added benefit of a centralized model is a lower total cost of ownership.

Campus

Montana State University – Bozeman
Montana State University – Billings
Montana State University – Northern
Montana State University – Great Falls College of Technology

Enrollment FTE

12,143
4,153
1,857
1,213

Assumptions and Notes

- Desire2Learn has included LDAP authentication integration as an optional service as this is a commonly requested integration component

- MSU campuses would require a standard level hotline/email support (1 support contact per campus is a minimum requirement for Desire2Learn)
- Training units are counted in days
- Minimum training requirements are 2 Instructor (12 people can attend) and 1 administrator (8 people can attend) days of training. Administrators are required to sit through 2 days of instructor training before the 1 day of administrator training. It is recommended by Desire2Learn that regardless of which licensing option you decide on, that each institution undertakes its own 3 days of training (using a train the trainer methodology) as each LMS implementation will be customized for the specific requirements of the institution.
- Desire2Learn provides a course conversion tool with the Learning Environment for MSU to do its own course conversions. Desire2Learn will assist in conversion tool modifications where necessary and additional conversion support will be available through Desire2Learn Content Services team.
- Banner integration fees proposed are **estimates** based of our experience with clients similar to MSU.

5.0 Cost Proposal

1) License costs

- Describe costs, requirements, user or administrator number limitations for the following scenarios (as detailed above):
 - Single LMS license instance, single campus deployment
 - Single LMS license instance, multiple campus deployment
 - Multiple LMS license instances, multiple campus deployment
 - Affiliated program options (To allow other state, educational entities to demo or run limited number of courses)

Desire2Learn Response:

SCENARIO 1

i.e. Single LMS license instance, multiple campus deployment

Scenario 1: One LMS instance at Bozeman to service all 4 campuses

Implementation Fees (one-time only)

There is a one-time implementation fee for project management of the installation, implementation of the organization and initial configuration of the system. There is a fee for additional Organization setup for participating campuses. An additional Org would allow each campus to have their own and feel, structure, custom roles and ability to have their own integration with portal and SIS.

Product	Implementation
Learning Environment Setup	\$20,000
Each Organization (i.e. Campus) Setup	\$1,500/Org * 4 = \$6,000

Desire2Learn Learning Environment License (annual)

Licensing Fees

The annual fee for licensing of a self-hosted or Desire2Learn hosted system based on our FTE model is listed below. In this option, a unique user can be enrolled in an unlimited number of courses. The FTE license fee is a site license that allows the entire university population unlimited access to the Learning Environment.

Number of FTEs	Cost Per FTE	Annual License Cost
19,366	\$5.50	\$106,513

Hosting Fees (Optional)

The annual fee for Desire2Learn hosting service is listed below. This fee is optional and is in addition to the licensing costs listed above.

Number of FTEs	Cost Per FTE	Annual Hosting Cost
19,366	\$5.00	\$96,830

ePortfolio Fees (Optional)

Implementation Fee (One-time)

Description	Fee
Setup for 19,366 FTE	\$20,000

License Fee (Annual)

Description	Fee
License Fee for 19,366 FTE	\$82,305 (\$4.25/FTE)

Learning Object Repository Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for 19,366 FTE	\$10,000

License Fee (Annual)

Description	Fee
License Fee for 19,366 FTE	\$30,000 (\$1.55/FTE)

LiveRoom Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for Fee	\$2,500

License Fee (Annual)

Description	Fee
License Fee for up to 25 Concurrent Users	\$5,000

Hosting Fee (Annual)

Description	Fee
Hosting Fee for up to 25 Concurrent Users	\$3,750

Desire2Learn's Full System Deployment Option

In the spirit of partnership D2L would like to present the following pricing option for MSU's consideration to remedy budget challenges for a full system deployment for the upcoming academic year. Based upon the pricing listed above for the full MSU system annual license and hosting fees, D2L would propose maintaining the same aggregate cost to MSU over the period of 3 year partnership, but would weight the annual invoice amount to MSU based on the distribution shown in the table below. All implementation and integration fees and optional product and service fees would be excluded from this offer.

Current Cost Distribution

Product	Year 1 Fee	Year 2 Fee	Year 3 Fee	Total
Learning Environment Setup	\$30,000	\$0	\$0	\$20,000
Organization (i.e. Campus) Setup	\$6,000			\$6,000
Annual Learning Environment License Fee	\$106,513	\$106,513	\$106,513	\$319,539
Annual LE Hosting Fee	\$96,830	\$96,830	\$96,830	\$290,490
Total	\$229,343	\$203,343	\$203,343	\$636,029

Proposed Cost Distribution

Product	Year 1 Fee	Year 2 Fee	Year 3 Fee	Total
Learning Environment Setup	\$20,000	\$0	\$0	\$20,000

Organization (i.e. Campus) Setup	\$6,000			\$6,000
Annual Learning Environment License Fee	\$79,885	\$117,164	\$122,490	\$319,539
Annual LE Hosting Fee	\$72,623	\$106,513	\$111,354	\$290,490
Total	\$178,508	\$223,677	\$233,844	\$636,029

SCENARIO 2

i.e. Multiple LMS license instance, multiple campus deployment

Scenario 2a: One LMS instance at Bozeman to service Bozeman, Great Falls, Northern

Implementation Fees (one-time only)

Product	Implementation
Learning Environment Setup	\$12,500
Each Organization (i.e. Campus) Setup	\$1,500/Org * 3 = \$4,500

Desire2Learn Learning Environment License (annual)

Licensing Fees

Number of FTEs	Cost Per FTE	Annual License Cost
15,213	\$6.65	\$101,166

Hosting Fees (Optional)

Number of FTEs	Cost Per FTE	Annual Hosting Cost
15,213	\$5.25	\$79,868

ePortfolio Fees (Optional)

Implementation Fee (One-time)

Description	Fee
Setup for 15,213 FTE	\$12,500

License Fee (Annual)

Description	Fee
License Fee for 15,213 FTE	\$72,261 (\$4.75/FTE)

Learning Object Repository Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for 15,213 FTE	\$7,500

License Fee (Annual)

Description	Fee
License Fee for 15,213 FTE	\$30,000 (\$1.79/FTE)

LiveRoom Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for Fee	\$2,500

License Fee (Annual)

Description	Fee
License Fee for up to 25 Concurrent Users	\$5,000

Hosting Fee (Annual)

Description	Fee
Hosting Fee for up to 25 Concurrent Users	\$3,750

Scenario 2b: Plus One LMS instance at Billings to service Billings alone

Implementation Fees (one-time only)

Product	Implementation
Learning Environment Setup	\$5,500

Desire2Learn Learning Environment License (annual)

Licensing Fees

Number of FTEs	Cost Per FTE	Annual License Cost
4,153	\$11.75	\$48,798

Hosting Fees (Optional)

Number of FTEs	Cost Per FTE	Annual Hosting Cost
4,153	\$8.50	\$35,301

ePortfolio Fees (Optional)

Implementation Fee (One-time)

Description	Fee
Setup for 4,153 FTE	\$5,500

License Fee (Annual)

Description	Fee

License Fee for 4,153 FTE	\$35,300.50 (\$8.50/FTE)
---------------------------	--------------------------

Learning Object Repository Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for 4,153 FTE	\$5,500

License Fee (Annual)

Description	Fee
License Fee for 4,153 FTE	\$15,000 (\$3.62/FTE)

LiveRoom Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for Fee	\$2,500

License Fee (Annual)

Description	Fee
License Fee for up to 25 Concurrent Users	\$5,000

Hosting Fee (Annual)

Description	Fee
Hosting Fee for up to 25 Concurrent Users	\$3,750

SCENARIO 3

i.e. Multiple LMS license instance, multiple campus deployment

Scenario 3a: One LMS instance at Bozeman to service Bozeman alone

Implementation Fees (one-time only)

Product	Implementation
Learning Environment Setup	\$12,500

Desire2Learn Learning Environment License (annual)

Licensing Fees

Number of FTEs	Cost Per FTE	Annual License Cost
12,143	\$7.15	\$86,822

Hosting Fees (Optional)

Number of FTEs	Cost Per FTE	Annual Hosting Cost
12,143	\$5.50	\$66,787

ePortfolio Fees (Optional)

Implementation Fee (One-time)

Description	Fee
Setup for 12,143 FTE	\$12,500

License Fee (Annual)

Description	Fee
License Fee for 12,143 FTE	\$60,715 (\$5.00/FTE)

Learning Object Repository Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for 12,143 FTE	\$7,500

License Fee (Annual)

Description	Fee
License Fee for 12,143 FTE	\$30,000 (\$2.47/FTE)

LiveRoom Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for Fee	\$2,500

License Fee (Annual)

Description	Fee
License Fee for up to 25 Concurrent Users	\$5,000

Hosting Fee (Annual)

Description	Fee
Hosting Fee for up to 25 Concurrent Users	\$3,750

Scenario 3b: Plus One LMS instance at Billings to service Billings alone

Please see **Scenario 2b** above

Scenario 3c: Plus One LMS instance at Great Falls to service Great Falls alone

Implementation Fees (one-time only)

Product	Implementation
Learning Environment Setup	\$3,850

Desire2Learn Learning Environment License (annual)

Licensing Fees

Number of FTEs	Cost Per FTE	Annual License Cost
1,213	\$20.00	\$24,260

Hosting Fees (Optional)

Number of FTEs	Cost Per FTE	Annual Hosting Cost
1,213	\$12.75	\$15,466

ePortfolio Fees (Optional)

Implementation Fee (One-time)

Description	Fee
Setup for 1,213 FTE	\$3,850

License Fee (Annual)

Description	Fee
License Fee for 1,213 FTE	\$14,556 (\$12.00/FTE)

Learning Object Repository Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for 1,213 FTE	\$5,500

License Fee (Annual)

Description	Fee
License Fee for 1,213 FTE	\$10,500 (\$8.66/FTE)

LiveRoom Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for Fee	\$2,500

License Fee (Annual)

Description	Fee
License Fee for up to 25 Concurrent Users	\$5,000

Hosting Fee (Annual)

Description	Fee

Hosting Fee for up to 25 Concurrent Users	\$3,750
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Scenario 3d: Plus One LMS instance at Northern to service Northern alone

Implementation Fees (one-time only)

Product	Implementation
Learning Environment Setup	\$5,500

Desire2Learn Learning Environment License (annual)

Licensing Fees

Number of FTEs	Cost Per FTE	Annual License Cost
1,857	\$16.75	\$31,105

Hosting Fees (Optional)

Number of FTEs	Cost Per FTE	Annual Hosting Cost
1,857	\$11.50	\$21,356

ePortfolio Fees (Optional)

Implementation Fee (One-time)

Description	Fee
Setup for 1,857 FTE	\$5,500

License Fee (Annual)

Description	Fee
License Fee for 1,857 FTE	\$22,284 (\$12.00/FTE)

Learning Object Repository Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for 1,857 FTE	\$5,500

License Fee (Annual)

Description	Fee
License Fee for 1,857 FTE	\$12,500 (\$6.73/FTE)

LiveRoom Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for Fee	\$2,500

License Fee (Annual)

Description	Fee
License Fee for up to 25 Concurrent Users	\$5,000

Hosting Fee (Annual)

Description	Fee
Hosting Fee for up to 25 Concurrent Users	\$3,750

SCENARIO 4

i.e. Single LMS license instance, single campus deployment

Scenario 4: One LMS instance at Bozeman to service Bozeman alone

Please see **Scenario 3a** above

SCENARIO 5 – (Added based on May 7, 2008 request)

i.e. Multiple LMS license instance, multiple campus deployment

Scenario 5: One LMS instance at Billings to service Billings and Great Falls

Implementation Fees (one-time only)

Product	Implementation
Learning Environment Setup	\$7,500
Each Organization (i.e. Campus) Setup	\$1,500/Org * 2 = \$3,000

Desire2Learn Learning Environment License (annual)

Licensing Fees

Number of FTEs	Cost Per FTE	Annual License Cost
5,366	\$10.50	\$56,343

Hosting Fees (Optional)

Number of FTEs	Cost Per FTE	Annual Hosting Cost
5,366	\$8.25	\$44,270

ePortfolio Fees (Optional)

Implementation Fee (One-time)

Description	Fee
Setup for 5,366 FTE	\$10,000

License Fee (Annual)

Description	Fee
License Fee for 5,366 FTE	\$42,928 (\$8.00/FTE)

Learning Object Repository Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for 5,366 FTE	\$7,500

License Fee (Annual)

Description	Fee
License Fee for 5,366 FTE	\$18,500 (\$3.45/FTE)

LiveRoom Fees (optional)

Implementation Fee (One-time)

Description	Fee
Setup for Fee	\$2,500

License Fee (Annual)

Description	Fee
License Fee for up to 25 Concurrent Users	\$5,000

Hosting Fee (Annual)

Description	Fee
Hosting Fee for up to 25 Concurrent Users	\$3,750

- 12 month minimum warranty required Indicate length of initial warranty period and cost of 12 month warrant if not included)

Desire2Learn Response:

Desire2Learn's standard warranty will be offered and we would be more than happy to discuss your warranty requirements.

- Indicate whether the license is perpetual or not

Desire2Learn Response:

The license is based on an annual model, but we offer multi-year licenses to clients. Clients can sign multi-year agreement with options to renew. We did not propose a perpetual model, but can

accommodate this model if required.

- Indicate discount for prepayment of license

Desire2Learn Response:

There is no discount for prepayment of license.

2) Technical and User Documentation:

- Describe price to purchase additional copies of Technical and User Documentation

Desire2Learn Response:

Desire2Learn provides all clients access to electronic versions of the latest and archived version of technical documentation, user guides, instructional manuals and learner aids free of charge. We can also provide printed copies at ~\$40/manual.

Additionally, The Desire2Learn Community is a free resource available to all clients.
(<http://community.desire2learn.com>)

The Desire2Learn Community serves to:

- Educate clients Desire2Learn existing platform and tools
- Host the Desire2Learn Document library
- Provide a forum to interact, share best practices and correspond with other clients of Desire2Learn
- Participate in surveys, new feature design, etc.

3) Installation/ Conversion/ Integration costs

- Describe cost to install LMS (if not included in initial license cost)

Desire2Learn Response:

Please see our response to **Question 1)** for installation/setup fees for each scenario.

- Describe costs to convert existing courseware and associated data to new LMS (for example: average cost per course; cost to migrate user database and other system data, etc.) Show itemized cost for conversion of existing courses.

Desire2Learn Response:

Desire2Learn provides a bulk course conversion tool as part of the Learning Environment at no additional cost to MSU. The conversion tool will enable MSU to convert all IMS format course exports (e.g. WebCT 4.1 courses) at no additional cost. Desire2Learn commits to ensuring this conversion utility can handle all IMS export versions of WebCT. Additionally, the conversion tool is available via a web interface at the course level for instructors and faculty to do their own course conversion on an ongoing basis.

Desire2Learn also has tremendous experience in converting eCollege courses. The course conversion rate for eCollege courses is \$165/hr as detailed in **Professional Services (PS)** (See page 20). Also, our Content Services team can offer Per Project or Course rates that can be more

cost effective to MSU. This rate is determined through the Discovery Workshop and requires a Statement of Work (SOW).

User Database and other information can be imported into Desire2Learn by batch import in the User Management tool or automatically imported from Banner with a SIS integration.

- Describe cost of services to integrate LMS with Sungard HE Banner 7, indicate which costs are required vs. optional

Desire2Learn Response:

As a SunGard partner, we fully support integration with Banner. One of the recent clients that integrated Desire2Learn with Banner is Tennessee Board of Regents. We provide a middleware component that allows our clients to seamlessly integrate with their SIS.

Banner snapshot batch integration fees proposed below are estimates based on our experience with clients similar to MSU. Real-time integration would be scoped out on a statement of work basis. It should be noted SIS integration fees are **estimates**, and could fluctuate based on further investigation into the MSU SIS setup.

Description	Fee
One-time Snap-shot SIS Integration <5,000 FTEs (required)	\$10,000/integration
One-time Snap-shot SIS Integration <20,000 FTEs (required)	\$25,000/integration
SIS Integration Maintenance (required)	\$5,000/integration/year
Real-time SIS Integration (optional)	Requires SOW

Additionally, LDAP and Single-Sign-On options are presented for potential integration with Luminus Portal.

Description	Fee
One-time LDAP/AD Authentication system integration Setup (optional)	\$5,000/integration
LDAP/AD Integration Maintenance (optional)	\$350/year
Single-Sign-On Integration (optional)	\$7,500/integration
Single-Sign-On Integration Maintenance (optional)	\$500/year

4) Training (Refer to: Section 3.9 Training)

- Describe types of training units included in license cost, training units available for additional cost, cost for blocks of training units.

Desire2Learn Response:

Desire2Learn offers a range of training programs and approaches from a 3 day baseline session to highly customized consultations, workshops and virtual engagements that accomplish and support actual work.

In meeting the needs of Client, Desire2Learn proposes the following custom approach and possible options.

1. Pre-Training Consultative Needs Determination
2. Administrator Workshops
3. Instructor Workshops
4. Virtual Learning Support Interactions
5. Focused Train the Trainer session
6. Virtual Performance Support Interactions
7. Support Materials
8. Performance Support Tools

Please note that training participants have an option to complete a quiz at the end of a training event. If successfully completed, participants will accumulate credits which count towards D2L Certification in specific functional areas.

We would be happy to discuss your custom training needs and determine the training rate. Please also see our standard training rate in **Page 20**.

5) Service, maintenance, annual, misc. one-time costs

- Complete Appendix C (Service Agreement Options Grid). Use the cost of the minimum required service agreement to meet requirements of Section 3.6.2 in matrix.

Desire2Learn Response:

Please see **Appendix C** and **Technical/Help Desk Support Service** on **page 22** for more info.

- Describe hourly rate to access various levels (e.g., technical, conversion, functional) of in-house consulting

Desire2Learn Response:

Professional Services (PS)

The following consulting rates are for custom projects and not for standard implementations quoted in this proposal. Professional Services billing rates are dependant upon the scope of the engagement/implementation and the consulting skill levels required. Typically, for conversion services, the consultant specialist rate (\$165/hr) applies as described below. Project Managers are assigned to oversee all PS implementations at an average rate of \$210 to \$225/hr dependant upon complexity of the project and skill level required.

<i>Consulting Levels</i>	<i>Hourly Rate</i>
Consultant Specialist	\$165/hr
Consultant Senior	\$185/hr
Consultant Architect/Project Manager	\$210/hr
Enterprise Consultant/Senior Project	\$225/hr
Managing Consultant	\$300/hr

- Describe any **required** one-time initial service, setup, consulting, implementation,

training, orientation costs, per RFP and per license instance

Desire2Learn Response:

Implementation Fees (required)

Please see our response to **Question 1**) for required one-time initial **implementation** fees for different scenarios. One-time setup and initial service fees are included in the implementation fees.

Consulting Fees

There are no required one-time initial **consulting** costs.

Training Fees (required)

Desire2Learn proposes a train-the-trainer methodology for Desire2Learn training. All electronic and printed materials are included in the training fee. Training sessions have a maximum of twelve instructor participants or a maximum of eight administrator participants. Training fees exclude travel and expense costs of Desire2Learn trainers. Training is typically conducted at the client's location(s).

Description	Fee
Instructor and Administrative Training	\$2,500/day

Desire2Learn strongly recommends at least two days of training for instructors and the same two days plus an additional day for administrators. Thus, at minimum, **3 days of training** are required.

Orientation Fees

There are no required one-time initial **orientation** costs.

- Describe any **optional** one-time initial service, setup, consulting, implementation, training, orientation costs, per RFP and per license instance.

Desire2Learn Response:

We have included three (3) optional products' setup fees below. These products are add-ons to the Learning Environment.

Optional Learning Repository one-time setup (installation) fee

Description	Fee
Setup for 15,001 – 30,000 FTE	\$10,000
Setup for 5,001 – 15,000 FTE	\$7,500
Setup for < 5,000 FTE	\$5,500

Optional LiveRoom one-time setup (installation) fee

Desire2Learn LiveRoom set up costs are contingent on the number of concurrent users you are licensed for.

Description	Fee
Up to 99 Concurrent User licenses	\$ 2,500

100 to 300 Concurrent User licenses	\$ 4,500
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Optional ePortfolio one-time setup (installation) fee

ePortfolio set up pricing is based on total number of FTE. Example:

Description	Fee
1000 FTE	\$ 5,500
3000 FTE	\$ 5,500
7500 FTE	\$ 10,000
10000 FTE	\$15,000
20000 FTE	\$20,000

- Describe the benefit of such options.

Desire2Learn Response:

Learning Repository

The Learning Repository will enable MSU to effectively manage and share Learning Objects across state, campuses, programs, courses, etc. It allows instructors, course developers and other users to share, search, browse and store Learning Objects and resources efficiently.

Benefits:

Effective Content Management – Facilitate the management of content by efficiently sharing and reusing resources with advanced Metadata capabilities while supporting the improvement of overall course quality.

Time Saving – Find and repurpose content quickly and realize dramatic time savings in course.

Ease of Integration – Seamless integration with the Learning Environment.

Federated Searches – Conduct federated searches across other repositories and library systems, and share Learning Objects with other institutions and organizations worldwide including the Multimedia Educational Resource for Learning and Online Teaching (MERLOT) cooperative.

Cost Savings – Seamless integration and common interface between the Learning Repository and Learning Environment helps you save significant training and support costs, compared to third party Learning Object Repository (LOR) products.

LiveRoom

LiveRoom is chat, whiteboard, presentation technology designed to provide a real-time learning environment for all participants.

Benefits:

Promote Real-Time Collaboration – Allow students to work together by using the presentation arena, chat forum, and whiteboard.

Enhance Learning – Compliment individual learning with group discussions, one-on-one tutoring, and idea sharing.

Increase Productivity – Achieve higher levels of productivity by providing users with interactive tools and a user-friendly interface to collaborate.

Reduce Expenses – Seamless integration and common interface between the LiveRoom and Learning Environment helps you save significant training and support costs, compared to third party products.

Remove Barriers to Access – With LiveRoom you can open opportunities for student-to-student collaboration, tutoring, and group work.

ePortfolio

The Desire2Learn ePortfolio empowers organizations to measure and assess effectiveness at the institutional, program, course and individual level.

Benefits:

Through ePortfolio, students can collect and organize examples and evidence of learning through Artifacts management. It encourages self evaluation and metacognition by reflecting on Goals/Feedback/Presentations/Artifacts/Collections/formal and informal learning, etc. Also, students can showcase learning and achievement and gain more perspective on personal growth by sharing. This means they can invite others (perhaps future employers) and allow them to comment and even evaluate items.

- Describe any annual maintenance costs, per RFP and per license instance

Desire2Learn Response:

Technical/Help Desk Support Service

Under scenario 1 (19,179 FTE) 2 (two) Standard Administrative Support accounts are included at no additional charge. Under scenario 2 (15,347 FTE) 1 (one) Standard Administrative Support account is included at no cost. Under scenarios 3 and 4 no Standard Administrative Accounts are included with the license fee. MSU has the right to exercise the purchase of higher level support arrangements or additional support contacts at anytime throughout its engagement with Desire2Learn. Desire2Learn currently works with several state-wide implementations that have both central state-wide support and campus level support, where each institution has a direct support line to Desire2Learn.

Desire2Learn offers three support levels:

Support Level	Standard	Premium	Premium Plus
SLA	Standard	Advanced	Advanced
24x7 Emergency Support	✓	✓	✓
Access to Knowledge Base & FAQs	✓	✓	✓
Placing Incident (phone, email, web)	8am - 8pm	24x7	24x7
Toll Free Number	-	✓	✓
Priority Queuing & Incident Reports	-	✓	✓
End User Support	-	-	✓

Standard Support (required) includes:

- Standard Service Level Agreement
- Email, telephone, and web-based support during core hours for a number of named contacts
- Up to 20 incidents/month
- Access to 24x7 after hours emergency support service
- Access to a growing knowledge base and FAQs

Standard Support for one (1) named administrator is included in the annual license cost for any of the four scenarios. For additional Standard Support license, following fee applies:

Description	Fee
Standard Support (per named contact)	\$5,500/year

Premium Support (optional) includes:

- Advanced Service Level Agreement and Priority queuing
- Email, telephone, and web-based support 24x7 for a number of named contacts
- Up to 25 incidents/month
- Access to 24x7 after hours emergency support service
- Access to a growing knowledge base and FAQs

Premium Support is available as an upgrade for each Standard Support account per year, and as a complete full account per named administrator per year.

Description	Fee
Premium Support Upgrade (per named contact)	\$4,000/year
Premium Support Full (per named contact)	\$9,500/year

Premium Plus Support (optional) includes:

- Advanced Service Level Agreement and Priority queuing
- Email, telephone, and web-based support 24x7 for a number of named contacts
- Support for **all end-users** including students and faculty
- Access to 24x7 after hours emergency support service
- Access to a growing knowledge base and FAQs

Premium Plus Support requires a setup fee and is available in several volume packages.

Description	Fee
Premium Plus Support Setup* (one-time)	\$10,000
Premium Plus Support Full (High Volume, up to 200 incidents per month)	\$72,000/year
Premium Plus Support Full (High Volume: Add-ons; up to 50 incidents per month)	\$16,000/year
Premium Plus Support Full (Low Volume, up to 75 incidents per month)	\$37,500/year
Premium Plus Support Full (Low Volume: Add-ons; up to 50 incidents per month)	\$19,750/year

*Premium Plus Support Setup fee includes:

- Escalation/notification procedures and contacts established
- Server monitoring, weekly and monthly reporting setup
- Setup of 24x7 support contacts with Toll-Free number

- Describe any software upgrade costs if not covered in annual maintenance

Desire2Learn Response:

Desire2Learn includes maintenance fees as part of the annual license fees. Software upgrades, revisions to documentation, new core product developments, and functionality are all included at no additional cost. The only additional maintenance fees include Banner, LDAP/AD and SSO Integration maintenance as discussed in **3) Installation/ Conversion/ Integration costs**.

- Indicate discount for prepayment of maintenance

Desire2Learn Response:

There is no discount for prepayment of maintenance.

6) Other Costs

- Identify and describe cost and pricing options for each third party software proposed

Desire2Learn Response:

We are confident that Desire2Learn solutions will meet MSU's requirements and no 3rd party software is proposed at this time. If required, Desire2Learn can provide pricing for 3rd party solutions including our partners.

7) Describe any other recurring costs, per RFP and per license instance

Desire2Learn Response:

Optional Learning Repository Annual License Fee

Description	Fee
10,001 – 20,000 FTEs	\$30,000/yr
7,501 – 10,000 FTEs	\$22,500/yr
5,001 – 7,500 FTEs	\$18,500/yr
2,501 – 5,000 FTEs	\$15,000/yr
1,501 – 2,500 FTEs	\$12,500/yr

Optional LiveRoom Annual License Fee

Desire2Learn LiveRoom pricing is based on concurrent number of users.

Description	Fee
1-25 Concurrent User Licenses	\$5,000/yr
26-50 Concurrent User Licenses	\$7,500/yr
51-100 Concurrent User Licenses	\$12,500/yr

Note: Clients that license a minimum of 25 concurrent users of LiveRoom are entitled to use LiveRoom Express free of charge for the full FTE of their institution.

Optional ePortfolio Annual License Fee

Desire2Learn ePortfolio pricing is based on FTE. Examples.:

Description	Fee
1000 FTE	\$15,000/yr
5000 FTE	\$40,7000/yr
10000 FTE	\$59,500/yr
15000 FTE	\$71,250/yr
20000 FTEs	\$85,000/yr

Test and Development Environments

As part of standard licensing, Desire2Learn offers each production installation of our system a free Test and Development license for both state and D2L hosted scenarios. The associated setup and maintenance fees are as follows.

Environment Description	Unit Fee
D2L Hosted Test/Dev Environment (shared: virtualized dev/test environment)	\$2,500
D2L-Hosted Test/Dev Environment - Maintenance	\$4,500/yr
D2L-Hosted Test/Dev Environment – Hosting Fee	\$5,000/yr
State Hosted Test/Dev Environment - Setup	\$2,500
State Hosted Test/Dev Environment - Maintenance	\$4,500/yr

Optional Disaster Recovery

Desire2Learn offers a customizable Disaster Recovery Service. Disaster Recovery Service Plan offerings from Desire2Learn are applicable only to Desire2Learn hosted implementations. This type of engagement is aimed at organizations requiring an "Always On" approach for their online learners.

RTO: Recovery Time Objective

RPO: Recovery Point Objective

Backup Description	Total Monthly Fee
Standard Tape	Included
Bronze Level Hot DR	\$7,500/month

Desire2Learn would be happy to discuss both the hosting options and our disaster recovery services in detail with MSU. In addition to the options listed above Desire2Learn offers customized levels of Disaster Recovery in Silver and Gold which would require further discussion before pricing.

Standard Tape Backup and Recovery (bundled with hosting fees)

- back up systems, databases, and files
- offsite storage
- requires cold server build outs
- Data Integrity: 24 hours
- RTO: 7 days

Bronze Hot Disaster Recovery

- same infrastructure as production environment
- not only commitment of data replication, and maximum data loss period (60 minutes). But in addition we have the servers up, configured and running.

- DNS up for proper failover
- Data Integrity: 60 minutes
- RTO: 24 hours

8) Describe any scheduled cost increases, annual or otherwise

Desire2Learn Response:

Prices will remain fixed over the duration of the Contract period (i.e. increases in fees, if any, after the first year shall not exceed the increase in the annual CPI + 2% for All Urban Consumers (CPI-U) published by the U.S. Department of Labor's Bureau of Labor Statistics)

Create a matrix for each subset of the four scenarios (addressing up to 8 possible solutions as described above), including each campus individually, Bozeman, Great Falls, Northern combined, and all four. Be sure to compare institution hosted vs. Offeror-hosted costs as indicated. Matrix should include costs for each year in the first five years, and projected costs for years 6-10.

See example cost summary below.

COST SUMMARY: Scenario 1 - One LMS instance at Bozeman to service all 4 campuses

Fixed Cost Summary		Host: Year:	MSU 1	Offeror 2	MSU 3	Offeror 4	MSU 5	O.
Scenario 1 – Single LMS License for all 4 campuses								
a. Software License fees or costs: 19,366 FTE								
1. Base System:	\$106,513 Included see ¹ -	\$203,343 Included see ¹ -						
2. Customization *:								
3. Additional Modules								
4. 3rd Party Software, if any:								
b. Technical and User Documentation:								
c. Installation/Conversion/Integration costs:								
d. Training (and Training Materials):								
e. Maintenance Costs, to include, per year:								
1. Existing Software								
2. Updates to supplemental files								
3. Revisions to documentation								
4. Utilities								
5. New functionality								
f. Technical Support/Customer Service, per year:								
Minimum required service agreement	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
Other required service and maintenance costs (describe)								
Unlimited phone technical support								
g. Other costs (describe):*								
Third party software								
Other								

Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6th bullet)

Grand Total Cost:	\$192,013	\$288,843	\$138,513	\$235,343	\$138,513	\$235,343	\$138,513	\$235,343	\$138,513	\$235,343	\$138,513	\$234
Fixed Cost Summary												
Scenario 1 – Single LMS License for all 4 campuses												
Host Year:	MSU 6	Offeror 7	MSU 7	Offeror 8	MSU 8	Offeror 9	MSU 9	Offeror 9	MSU 10	Offeror 10	MSU 10	O
a. Software License fees or costs: 19,366 FTE												
1. Base System:	\$106,513	\$203,343	\$106,513	\$203,343	\$106,513	\$203,343	\$106,513	\$203,343	\$106,513	\$203,343	\$106,513	\$234
2. Customization *:	Included see ¹											
3. Additional Modules	-	-	-	-	-	-	-	-	-	-	-	-
4. 3rd Party Software, if any:												
b. Technical and User Documentation:												
c. Installation/Conversion/Integration costs:												
d. Training (and Training Materials):												
e. Maintenance Costs, to include, per year:												
1. Existing Software	Included											
2. Updates to supplemental files	Included											
3. Revisions to documentation	Included											
4. Utilities	Included											
5. New functionality	Included											
f. Technical Support/Customer Service, per year:												
Minimum required service agreement	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27
Other required service and maintenance costs (describe)	-	-	-	-	-	-	-	-	-	-	-	-
Unlimited phone technical support												
g. Other costs (describe)*:												
Third party software	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total Cost:	\$138,513	\$235,343	\$138,513	\$234								
Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6 th bullet)												

* Itemize and detail the costs for customization and other costs on a separate sheet

Note: the annual license fees stated above do not include inflation

Cost Breakdown for COST SUMMARY Matrix - Scenario 1

a. Software License fees or costs:

1. Base System: Learning Environment (LE) for 19,366FTE

i. License Fee when self-hosted: **\$106,513/yr**

ii. License Fee when hosted by Desire2Learn: **\$203,343/yr**

(Rates for Years 1-10 fee as per our response to the question **8) Describe any scheduled cost increases, annual or otherwise**)

2. Customization

Setup and basic customization of portals, branding, Organization Structure setup, Custom Roles, etc. are included in the Installation fee.

13. Additional Modules

i. Desire2Learn Learning Object Repository

License Fee: **\$30,000/yr** for both self and Desire2Learn hosted options

(Rate for Years 1-10 fee as per our response to the question **8) Describe any scheduled cost increases, annual or otherwise**)

ii. Desire2Learn LiveRoom

License Fee: \$ 5,000 - 25 Concurrent User licenses, 25 per campus,

includes unlimited LiveRoom Express licenses for each campus.,

iii. Desire2Learn ePortfolio

License Fee: \$ 82,305/ yr for both self and Desire2Learn hosted options

4. 3rd Party Software if any: N/A

b. Technical and User Documentation:

The electronic versions of technical and user documents are available at no additional cost to the users.

c. Installation/Conversion/Integration costs:

Year 1

LE Setup Fee (\$20,000) + 4 Org Setup Fee (\$6,000) + One (1) Standard Banner Snapshot Integration (~\$25,000) + Course Conversion (Conversion tools Included) = **\$51,000**

With LOR add-on: Add additional **\$10,000**

With LiveRoom add-on: \$ 2,500 set-up includes all four campuses with 25 concurrent each and unlimited LiveRoom Express

With ePortfolio add-on: Add additional **\$20,000 (one-time)**

Year 2-10

Integration maintenance fee = **\$15,000/yr**

d. Training (and Training Materials): Minimum - 3 days Training (\$7,500) + Training Materials (Included) = **\$7,500**

e. Maintenance Costs, to include, per year:

1. Existing Software: Included
2. Updates to supplemental files: Included
3. Revisions to documentation: Included
4. Utilities: Included
5. New functionality: Included

f. Technical Support/Customer Services, per year:

1. Minimum required service agreement:

4 named contacts, two Standard Support included + upgrade to premium for service agreement (\$8,000) + 2 x \$9,500 = **\$27,000/yr**
(Rate for Years 1-10 fee as per our response to the question **8**) **Describe any scheduled cost increases, annual or otherwise)**

2. Other required service and maintenance costs (describe)

N/A

3. Unlimited phone technical support

Please refer to Question **5**) Service, maintenance, annual, misc one-time costs (**6th bullet**)

g. Other costs (describe):*

1. Third party software: N/A

2. Other: N/A

COST SUMMARY: Scenario 2a - One LMS instance at Bozeman to service Bozeman. Great Falls: Northern

Other	-	-	-	-	-	-	-	-	-	-
Grand Total Cost:		\$179,666	\$253,534	\$129,166	\$209,034	\$129,166	\$209,034	\$129,166	\$209,034	\$129,166
Fixed Cost Summary										
Scenario 2a – Single LMS License for 3 campuses (Bozeman, Great Falls, Northern)										
Host Year:	MSU 6	Offeror 7	MSU 7	Offeror 8	MSU 8	Offeror 9	MSU 9	Offeror 10	MSU 10	Offeror 11
a. Software License fees or costs: 15,213 FTE										
1. Base System:	\$101,166	\$181,034	\$101,166	\$181,034	\$101,166	\$181,034	\$101,166	\$181,034	\$101,166	\$181,034
2. Customization*:	Included see ²									
3. Additional Modules	-	-	-	-	-	-	-	-	-	-
4. 3rd Party Software, if any:										
b. Technical and User Documentation:										
c. Installation/Conversion/Integration costs:										
d. Training (and Training Materials):										
e. Maintenance Costs, to include, per year:										
1. Existing Software	Included									
2. Updates to supplemental files	Included									
3. Revisions to documentation	Included									
4. Utilities	Included									
5. New functionality	Included									
f. Technical Support/Customer Service, per year:										
Minimum required service agreement	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000
Other required service and maintenance costs (describe)	-	-	-	-	-	-	-	-	-	-
Unlimited phone technical support										
g. Other costs (describe):*										
Third party software	-	-	-	-	-	-	-	-	-	-

Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6th bullet)

Other	-	-	-	-	-	-	-
Grand Total Cost:	\$129,166	\$209,034	\$129,166	\$209,034	\$129,166	\$209,034	\$129,166

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total costs for customization and delivery.

Cost Breakdown for COST SUMMARY Matrix - Scenario 2a

1 Base System: Learning Environment (LE) for 1E 212 ETE

- i. **Base System, Learning environment (LE) for 15,213FTE**
i. License Fee when self-hosted: **\$101,166/yr**
ii. License Fee when hosted by Desire2Learn: **\$181,034/yr**
(Rates for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases. annual or otherwise.**

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2. Customization

Setup and basic customization of normals branding Organization Structure setup Custom Roles etc are now included in the Foundation

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- 2-3. Additional Modules**

 - i. *Desire2Learn Learning Object Repository*
License Fee: **\$30,000/yr** for both self and Desire2Learn hosted options
(Rate for Years 1-10 fee as per our response to the question **8**) **Describe any scheduled cost increases, annual or otherwise)**
 - ii. *Desire2Learn LiveRoom*
License Fee: \$5,000 - 25 Concurrent User licenses, 25 per campus, includes unlimited LiveRoom Express licenses for each of the three campuses,
 - iii. *Desire2Learn ePortfolio*
License Fee: \$72,261/ yr for both self and Desire2Learn hosted options

b. Technical and User Documentation:

c. Installation/Conversion/Integration costs:
Year 1
1F Setup Fee (\$12,500) + 3 Orn Satin Eon (\$4,500) = One (1) Standard Donnan Conversion Unit amount / \$25,000 = 1

With LOR add-on: Add additional **\$7,500**
With LiveRoom add-on: \$ 2500 set-up includes Bozeman, Great Falls and Northern Campus with 25 concurrent each and unlimited LiveRoom Express.

Year 2-10

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e. Maintenance Costs, to include, per year:

1. Existing Software: Included
2. Updates to supplemental files: Included
3. Revisions to documentation: Included
4. Utilities: Included
5. New functionality: Included

f. Technical Support/Customer Services, per year:

1. Minimum required service agreement:

3 named contracts, one Standard Support included + upgrade to premium for service agreement (\$4,000) + 2 x \$9,500 = **\$23,000/yr**
(Rate for Years 1-10 fee as per our response to the question **8) Describe any scheduled cost increases, annual or otherwise)**

2. Other required service and maintenance costs (describe)

N/A

3. Unlimited phone technical support

Please refer to Question 5) Service, maintenance, annual, misc. one-time costs (**6th bullet**)

g. Other costs (describe):*

1. Third party software: N/A
2. Other: N/A

COST SUMMARY: Scenario 2b - Plus One LMS instance at Billings to service Billings alone

Fixed Cost Summary Scenario 2b – Plus One LMS instance at Billings to service Billings alone		Host: Year:	MSU 1	Offeror 2	MSU Offeror 3	Offeror 4	MSU Offeror 5	MSU Offeror 5	Offei 5
a. Software License fees or costs: 4,153 FTE									
1. Base System:	\$48,798	\$84,099	\$48,798	\$84,099	\$48,798	\$84,099	\$48,798	\$84,099	\$84,099
2. Customization *:	Included see 3								
3. Additional Modules	-	-	-	-	-	-	-	-	-
4. 3rd Party Software, if any:									
b. Technical and User Documentation:	Included \$15,500	Included \$15,500	Included \$5,000						
c. Installation/Conversion/Integration costs:	\$7,500	\$7,500	-	-	-	-	-	-	-
d. Training (and Training Materials):									
e. Maintenance Costs, to include, per year:									
1. Existing Software	Included								
2. Updates to supplemental files	Included								
3. Revisions to documentation	Included								
4. Utilities	Included								
5. New functionality	Included								
f. Technical Support/Customer Service, per year:									
Minimum required service agreement	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
Other required service and maintenance costs (describe)	-	-	-	-	-	-	-	-	-
Unlimited phone technical support									
g. Other costs (describe):*									
Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6 th bullet)									

Third party software	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Grand Total Cost:	\$81,298	\$116,599	\$63,298	\$98,599	\$63,298	\$98,599	\$63,298	\$98,599	\$63,298
Fixed Cost Summary									\$98,599
Scenario 2b – Plus One LMS instance at Billings to service Billings alone									
Host: Year:	MSU 6	Offeror 7	MSU 8	Offeror 8	MSU 9	Offeror 9	MSU 9	Offeror 9	MSU 10
a. Software License fees or costs: 4,153 FTE									
1. Base System:	\$48,798	\$84,099	\$48,798	\$84,099	\$48,798	\$84,099	\$48,798	\$84,099	\$48,798
2. Customization *:	Included see ³								
3. Additional Modules	-	-	-	-	-	-	-	-	-
4. 3rd Party Software, if any:									
b. Technical and User Documentation:									
c. Installation/Conversion/Integration costs:									
d. Training (and Training Materials):									
e. Maintenance Costs, to include, per year:									
1. Existing Software	Included								
2. Updates to supplemental files	Included								
3. Revisions to documentation	Included								
4. Utilities	Included								
5. New functionality	Included								
f. Technical Support/Customer Service, per year:									
Minimum required service agreement	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
Other required service and maintenance costs (describe)	-	-	-	-	-	-	-	-	-
Unlimited phone technical support									
g. Other costs (describe):*									
Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6 th bullet)									

Third party software	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grand Total Cost:	\$63,298	\$98,599	\$63,298	\$98,599	\$63,298	\$98,599	\$63,298	\$98,599

* Itemize and detail the costs for customization and other costs on a separate sheet

Note: the annual license fees stated above do not include inflation

Cost Breakdown for COST SUMMARY Matrix - Scenario 2b

a. Software License fees or costs:

1. Base System: Learning Environment (LE) for 4,153 FTE

i. License Fee when self-hosted: \$48,798/yr

ii. License Fee when hosted by Desire2Learn: \$84,099/yr

(Rates for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise)**

2. Customization

Setup and basic customization of portals, branding, Organization Structure setup, Custom Roles, etc. are included in the Installation fee.

3. Additional Modules

i. Desire2Learn Learning Object Repository

License Fee: \$15,000/yr for both self and Desire2Learn hosted options

(Rate for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise)**

ii. Desire2Learn LiveRoom

License Fee: \$ 5,000 - 25 Concurrent User Licenses, includes unlimited LiveRoom Express licenses for Billings campus,

iii. Desire2Learn ePortfolio

License Fee: \$ 35,300/ yr for both self and Desire2Learn hosted options

4. 3rd Party Software if any: N/A

b. Technical and User Documentation:

The electronic versions of technical and user documents are available at no additional cost to the users.

c. Installation/Conversion/Integration costs:

Year 1

LE Setup Fee (\$5,500) + One (1) Standard Banner Snapshot Integration (~\$10,000) + Course Conversion (Conversion tools Included) = \$15,500

With LOR add-on: Add additional \$5,500

With LiveRoom add-on: \$ 2500 set-up includes Billings four campuses with 25 concurrent licenses and unlimited LiveRoom Express

Year 2-10

Integration maintenance fee = \$5,000/yr

d. Training (and Training Materials): Minimum - 3 days Training (\$7,500) + Training Materials (Included) = \$7,500

Note: Training can be combined with other campuses

e. **Maintenance Costs, to include, per year:**

1. Existing Software: Included
2. Updates to supplemental files: Included
3. Revisions to documentation: Included
4. Utilities: Included
5. New functionality: Included

f. **Technical Support/Customer Services, per year:**

1. **Minimum required service agreement:**

1 named Premium Support contact, $1 \times \$9,500 = \$9,500/\text{yr}$
(Rate for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise)**

2. **Other required service and maintenance costs (describe)**

N/A

3. **Unlimited phone technical support**

Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6th bullet)

g. **Other costs (describe):***

1. Third party software: N/A
2. Other: N/A

COST SUMMARY: Scenario 3a - One LMS instance at Bozeman to service Bozeman alone

Fixed Cost Summary		Host: Year:	MSU 1	Offeror 2	MSU 3	Offeror 4	MSU 5
Scenario 3a – One LMS instance at Bozeman to service Bozeman alone							
a. Software License fees or costs: 12,143 FTE							
1. Base System:	\$86,822	\$153,609	\$86,822	\$153,609	\$86,822	\$153,609	\$86,822
2. Customization *:	Included see ⁴						
3. Additional Modules	-	-	-	-	-	-	-
4. 3rd Party Software, if any:							
b. Technical and User Documentation:							
c. Installation/Conversion/Integration costs:							
d. Training (and Training Materials):							
e. Maintenance Costs, to include, per year:							
1. Existing Software	Included						
2. Updates to supplemental files	Included						
3. Revisions to documentation	Included						
4. Utilities	Included						
5. New functionality	Included						
f. Technical Support/Customer Service, per year:							
Minimum required service agreement	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Other required service and maintenance costs (describe)	-	-	-	-	-	-	-

Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6 th bullet)									
g. Other costs (describe):*									
Unlimited phone technical support									
Third party software		-		-		-		-	
Other		-		-		-		-	
Grand Total Cost:		\$135,822		\$202,609		\$95,822		\$162,609	
Fixed Cost Summary		\$95,822		\$162,609		\$95,822		\$162,609	
Scenario 3a – One LMS instance at Bozeman to service Bozeman alone									
Host: MSU		Offeror		MSU		Offeror		MSU	
Year: 6		7		8		9		MSU	
a. Software License fees or costs: 12,143 FTE									
1. Base System:		\$86,822		\$153,609		\$86,822		\$153,609	
2. Customization *:		Included see ⁴							
3. Additional Modules		-		-		-		-	
4. 3rd Party Software, if any:		-		-		-		-	
b. Technical and User Documentation:		Included		Included		Included		Included	
c. Installation/Conversion/Integration costs:		Included		Included		Included		Included	
d. Training (and Training Materials):		Included		Included		Included		Included	
e. Maintenance Costs, to include, per year:		Included		Included		Included		Included	
1. Existing Software		Included		Included		Included		Included	
2. Updates to supplemental files		Included		Included		Included		Included	
3. Revisions to documentation		Included		Included		Included		Included	
4. Utilities		Included		Included		Included		Included	
5. New functionality		Included		Included		Included		Included	
f. Technical Support/Customer Service, per year:									
Minimum required service agreement		\$4,000		\$4,000		\$4,000		\$4,000	
Other required service and maintenance costs (describe)		-		-		-		-	

g. Other costs (describe):*		Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6 th bullet)					
Unlimited phone technical support		-	-	-	-	-	-
Third party software		-	-	-	-	-	-
Other		-	-	-	-	-	-
Grand Total Cost:		\$95,822	\$162,609	\$95,822	\$162,609	\$95,822	\$162,609
* Itemize and detail the costs for customization and other costs on a separate sheet							

Note: the annual license fees stated above do not include inflation

Cost Breakdown for COST SUMMARY Matrix - Scenario 3a

a. Software License fees or costs:

1. Base System: Learning Environment (LE) for 12,501FTE

i. License Fee when self-hosted: **\$86,822/yr**

ii. License Fee when hosted by Desire2Learn: **\$153,609/yr**

(Rates for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**)

2. Customization

Setup and basic customization of portals, branding, Organization Structure setup, Custom Roles, etc. are included in the Installation fee.

3. Additional Modules

i. Desire2Learn Learning Object Repository

License Fee: **\$30,000/yr** for both self and Desire2Learn hosted options

(Rate for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**)

ii. Desire2Learn LiveRoom

License Fee: \$ 5,000 - 25 Concurrent User licenses, includes unlimited LiveRoom Express licenses for Bozeman campus,

iii. Desire2Learn ePortfolio

License Fee: \$ 60,715/ yr for both self and Desire2Learn hosted options

4. 3rd Party Software if any: N/A

b. Technical and User Documentation:

The electronic versions of technical and user documents are available at no additional cost to the users.

c. Installation/Conversion/Integration costs:

Year 1

LE Setup Fee (\$12,500) + One (1) Standard Banner Snapshot Integration(~\$25,000) + Course Conversion (Conversion tools Included) = **\$37,500**

With LOR add-on: Add additional **\$7,500**

With LiveRoom add-on: \$ 2500 set-up includes all Bozeman campuses with 25 concurrent licenses and unlimited LiveRoom Express

With ePortfolio add-on: Add additional **\$12,500 (one-time)**

Year 2-10

Integration maintenance fee = **\$5,000/yr**

d. Training (and Training Materials): Minimum - 3 days Training (\$7,500) + Training Materials (Included) = **\$7,500**

Note: Training can be combined with other campuses

e. Maintenance Costs, to include, per year:

1. Existing Software: Included
2. Updates to supplemental files: Included
3. Revisions to documentation: Included
4. Utilities: Included
5. New functionality: Included

f. Technical Support/Customer Services, per year:

1. Minimum required service agreement

1 named contact, one Standard Support included + upgrade to premium for service agreement (\$4,000) = \$4,000/yr

(Rate for Years 1-10 fee as per our response to the question **8) Describe any scheduled cost increases, annual or otherwise**)

2. Other required service and maintenance costs (describe)

3. Unlimited phone technical support

Please refer to Question **5) Service, maintenance, annual, misc one-time costs (6th bullet)**

g. Other costs (describe):*

1. Third party software: N/A
2. Other: N/A

COST SUMMARY: Scenario 3b – Plus One LMS instance at Billings to service Billings alone

Please see Cost Summary for Scenario 2b

COST SUMMARY: Scenario 3c – Plus One LMS instance at Great Falls to service Great Falls alone

Fixed Cost Summary
Scenario 3c – Plus One LMS instance at Great Falls to service Great Falls alone

Host: Year:	MSU 1	Offeror 2	MSU 3	Offeror 4	MSU 4	Offeror 5	MSU 5	Offer 5
a. Software License fees or costs: 1,213 FTE								
1. Base System:	\$24,260	\$39,726	\$24,260	\$39,726	\$24,260	\$39,726	\$24,260	\$39,726
2. Customization *:	Included see ⁵	Included see ⁵	Included see ⁵	Included see ⁵	Included see ⁵	Included see ⁵	Included see ⁵	Included see ⁵
3. Additional Modules	-	-	-	-	-	-	-	-
4. 3rd Party Software, if any:	-	-	-	-	-	-	-	-
b. Technical and User Documentation:								
c. Installation/Conversion/Integration costs:	Included \$13,850	Included \$13,850	Included \$5,000	Included \$5,000	Included \$5,000	Included \$5,000	Included \$5,000	Included \$5,000
d. Training (and Training Materials):	\$7,500	\$7,500	-	-	-	-	-	-
e. Maintenance Costs, to include, per year:	Included	Included	Included	Included	Included	Included	Included	Included
1. Existing Software	Included	Included	Included	Included	Included	Included	Included	Included
2. Updates to supplemental files	Included	Included	Included	Included	Included	Included	Included	Included
3. Revisions to documentation	Included	Included	Included	Included	Included	Included	Included	Included
4. Utilities	Included	Included	Included	Included	Included	Included	Included	Included
5. New functionality	Included	Included	Included	Included	Included	Included	Included	Included
f. Technical Support/Customer Service, per year:								
	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
	Minimum required service agreement							
	\$9,500							
	\$9,500							

Other required service and maintenance costs (describe)	-	-	-	-	-	-	-
Unlimited phone technical support	-	-	-	-	-	-	-
g. Other costs (describe):*							
Third party software	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Grand Total Cost:	\$38,760	\$54,226	\$38,760	\$54,226	\$38,760	\$54,226	\$38,760

* Itemize and detail the costs for customization and other costs on a separate sheet

Note: the annual license fees stated above do not include inflation

Cost Breakdown for COST SUMMARY Matrix - Scenario 3c

a. Software License fees or costs:

1. Base System: Learning Environment (LE) for 1,213FTE

i. License Fee when self-hosted: \$24,260/yr

ii. License Fee when hosted by Desire2Learn: \$39,726/yr

(Rates for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**

2. Customization

Setup and basic customization of portals, branding, Organization Structure setup, Custom Roles, etc. are included in the Installation fee.

3. Additional Modules

i. Desire2Learn Learning Object Repository

License Fee: \$10,500/yr for both self and Desire2Learn hosted options

(Rate for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**

ii. Desire2Learn LiveRoom

License Fee: \$ 5,000 - 25 Concurrent User licenses, includes unlimited LiveRoom Express licenses for Great Falls campus,

iii. Desire2Learn ePortfolio

License Fee: \$ 14,556/ yr for both self and Desire2Learn hosted options

4. 3rd Party Software if any: N/A

b. Technical and User Documentation:

The electronic versions of technical and user documents are available at no additional cost to the users.

c. Installation/Conversion/Integration costs:

Year 1

LE Setup Fee (\$3,850) + One (1) Standard Banner Snapshot Integration (~\$10,000) + Course Conversion (Conversion tools Included) = \$13,850
With LOR add-on: Add additional \$5,500
With LiveRoom add-on: \$ 2500 set-up includes Great Falls campus with 25 concurrent licenses and unlimited LiveRoom Express

With ePortfolio add-on: Add additional **\$3,850 (one-time)**

Year 2-10

Integration maintenance fee = **\$5,000/yr**

d. Training (and Training Materials): Minimum - 3 days Training (\$7,500) + Training Materials (Included) = **\$7,500**

Note: Training can be combined with other campuses

e. Maintenance Costs, to include, per year:

1. Existing Software: Included
2. Updates to supplemental files: Included
3. Revisions to documentation: Included
4. Utilities: Included
5. New functionality: Included

f. Technical Support/Customer Services, per year:

1. Minimum required service agreement

1 named Premium Support contact, $1 \times \$9,500 = \$9,500/\text{yr}$

(Rate for Years 1-10 fee as per our response to the question 8) **D**escribe any scheduled cost increases, annual or otherwise

2. Other required service and maintenance costs (describe)

N/A

3. Unlimited phone technical support

Please refer to Question 5) Service, maintenance, annual, misc. one-time costs (6th bullet)

g. Other costs (describe):*

1. Third party software: N/A
2. Other: N/A

COST SUMMARY: Scenario 3d – Plus One LMS instance at Northern to service Northern alone

Fixed Cost Summary Scenario 3d – Plus One LMS instance at Northern to service Northern alone		Host: Year:	MSU 1	Offeror 2	MSU Offeror 3	MSU Offeror 4	MSU Offeror 5	Offe
a.	Software License fees or costs: 1,857 FTE							
1.	Base System:	\$31,105 Included see ⁶ -	\$52,461 Included see ⁶ -	\$31,105 Included see ⁶ -	\$52,461 Included see ⁶ -	\$31,105 Included see ⁶ -	\$52,461 Included see ⁶ -	\$52,461 Included see ⁶ -
2.	Customization *							
3.	Additional Modules							
4.	3rd Party Software, if any:							
b.	Technical and User Documentation:							
c.	Installation/Conversion/Integration costs:							
d.	Training (and Training Materials):							
e.	Maintenance Costs, to include, per year:							
1.	Existing Software	Included						
2.	Updates to supplemental files	Included						
3.	Revisions to documentation	Included						
4.	Utilities	Included						
5.	New functionality	Included						
f.	Technical Support/Customer Service, per year:							

	Minimum required service agreement	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
	Other required service and maintenance costs (describe)	-	-	-	-	-	-	-	-	-	-	-
	Unlimited phone technical support											
	g. Other costs (describe):*											
	Third party software	-	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-	-
	Grand Total Cost:	\$61,955	\$83,311	\$45,605	\$66,961	\$45,605	\$66,961	\$45,605	\$66,961	\$45,605	\$66,961	\$45,605
	Fixed Cost Summary											
	Scenario 3d – Plus One LMS instance at Northern to service Northern alone											
	Host:	MSU	Offeror	Offe								
	Year:	6	7	8	9	8	9	9	10	9	10	10
a.	Software License fees or costs: 1,857 FTE											
	1. Base System:	\$31,105	\$52,461	\$31,105	\$52,461	\$31,105	\$52,461	\$31,105	\$52,461	\$31,105	\$52,461	\$52,4
	2. Customization *:	Included see ⁶	Incluc									
	3. Additional Modules	-	-	-	-	-	-	-	-	-	-	see
	4. 3rd Party Software, if any:											-
b.	Technical and User Documentation:											
c.	Installation/Conversion/Integration costs:											
d.	Training (and Training Materials):											
e.	Maintenance Costs, to include, per year:											
	1. Existing Software	Included	Incluc									
	2. Updates to supplemental files	Included	Incluc									
	3. Revisions to documentation	Included	Incluc									
	4. Utilities	Included	Incluc									
	5. New functionality	Included	Incluc									
f.	Technical Support/Customer Service, per year:											

	Minimum required service agreement	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
	Other required service and maintenance costs (describe)	-	-	-	-	-	-	-	-	-
	Unlimited phone technical support									
g. Other costs (describe):*										
Third party software										
Other										
Grand Total Cost:		\$45,605	\$66,961	\$45,605	\$66,961	\$45,605	\$66,961	\$45,605	\$66,961	\$45,605

* Itemize and detail the costs for customization and other costs on a separate sheet

Note: the annual license fees stated above do not include inflation

Cost Breakdown for COST SUMMARY Matrix - Scenario 3d

a. Software License fees or costs:

1. Base System: Learning Environment (LE) for 1,857FTE

i. License Fee when self-hosted: \$31,105/yr

ii. License Fee when hosted by Desire2Learn: \$52,461/yr

(Rates for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**

2. Customization

Setup and basic customization of portals, branding, Organization Structure setup, Custom Roles, etc. are included in the Installation fee.

3. Additional Modules

i. Desire2Learn Learning Object Repository

License Fee: \$12,500/yr for both self and Desire2Learn hosted options

(Rate for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**

ii. Desire2Learn LiveRoom

License Fee: \$ 5,000 - 25 Concurrent User licenses, includes unlimited LiveRoom Express licenses for Northern campus,

iii. Desire2Learn ePortfolio

License Fee: \$ 22,284/ yr for both self and Desire2Learn hosted options

4. 3rd Party Software if any: N/A

b. Technical and User Documentation:

The electronic versions of technical and user documents are available at no additional cost to the users.

c. Installation/Conversion/Integration costs:

Year 1

LE Setup Fee (\$3,850) + One (1) Standard Banner Snapshot Integration (~\$10,000) + Course Conversion (Conversion tools Included) = \$13,850
With LOR add-on: Add additional \$5,500
With LiveRoom add-on: \$ 2500 set-up includes Northern campus with 25 concurrent licences and unlimited LiveRoom Express

With ePortfolio add-on: Add additional **\$5,500 (one-time)**

Year 2-10

Integration maintenance fee = **\$5,000/yr**

d. Training (and Training Materials): Minimum - 3 days Training (\$7,500) + Training Materials (Included) = **\$7,500**

Note: Training can be combined with other campuses

e. Maintenance Costs, to include, per year:

1. Existing Software: Included
2. Updates to supplemental files: Included
3. Revisions to documentation: Included
4. Utilities: Included
5. New functionality: Included

f. Technical Support/Customer Services, per year:

1. Minimum required service agreement

1 named Premium Support contact, $1 \times \$9,500 = \$9,500/\text{yr}$

(Rate for Years 1-10 fee as per our response to the question 8) **D**escribe any scheduled cost increases, annual or otherwise

2. Other required service and maintenance costs (describe)

N/A

3. Unlimited phone technical support

Please refer to Question 5) Service, maintenance, annual, misc. one-time costs (6th bullet)

g. Other costs (describe):*

1. Third party software: N/A
2. Other: N/A

COST SUMMARY: Scenario 4 – One LMS instance at Bozeman to service Bozeman alone

Please see Cost Summary for Scenario 3a

COST SUMMARY: Scenario 5 – One LMS instance at Billings to service Billings and Great Falls

Fixed Cost Summary Scenario 5 –One LMS instance at Billings to service Billings and Great Falls	Host: Year:	MSU 1	Offeror 2	MSU Offeror see ⁶	Off 5				
a. Software License fees or costs: 5,366 FTE									
1. Base System:									
2. Customization *:									
3. Additional Modules									
4. 3rd Party Software, if any:									
b. Technical and User Documentation:									
c. Installation/Conversion/Integration costs:									
d. Training (and Training Materials):									
e. Maintenance Costs, to include, per year:									
1. Existing Software									
2. Updates to supplemental files									
3. Revisions to documentation									
4. Utilities									
5. New functionality									
f. Technical Support/Customer Service, per year:									
	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500
Minimum required service agreement									
Other required service and maintenance costs (describe)									
Unlimited phone technical support									
g. Other costs (describe):*									
Third party software									
Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6 th bullet)									

	Other	-	-	-	-	-	-	-	-	-
	Grand Total Cost:	\$97,843	\$142,113	\$74,843	\$119,113	\$74,843	\$119,113	\$74,843	\$119,113	\$74,843
	Fixed Cost Summary									
	Scenario 5 –One LMS instance at Billings to service Billings and Great Falls									
	Host Year:	MSU 6	Offeror 7	MSU 7	Offeror 8	MSU 8	Offeror 9	MSU 9	Offeror 10	MSU 10
a.	Software License fees or costs: 5,366 FTE									
1.	Base System:	\$56,343 Included see ⁶	\$100,613 Included see ⁶	\$56,343 Included see ⁶	\$100,613 Included see ⁶	\$56,343 Included see ⁶	\$100,613 Included see ⁶	\$56,343 Included see ⁶	\$100,613 Included see ⁶	\$56,343 Included see ⁶
2.	Customization *:	-	-	-	-	-	-	-	-	-
3.	Additional Modules									
4.	3rd Party Software, if any:									
b.	Technical and User Documentation:									
c.	Installation/Conversion/Integration costs:									
d.	Training (and Training Materials):									
e.	Maintenance Costs, to include, per year:									
1.	Existing Software	Included	Included	Included	Included	Included	Included	Included	Included	Included
2.	Updates to supplemental files	Included	Included	Included	Included	Included	Included	Included	Included	Included
3.	Revisions to documentation	Included	Included	Included	Included	Included	Included	Included	Included	Included
4.	Utilities	Included	Included	Included	Included	Included	Included	Included	Included	Included
5.	New functionality	Included	Included	Included	Included	Included	Included	Included	Included	Included
f.	Technical Support/Customer Service, per year:									
	Minimum required service agreement	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500
	Other required service and maintenance costs (describe)	-	-	-	-	-	-	-	-	-
	Unlimited phone technical support									
g.	Other costs (describe):*									
	Third party software	-	-	-	-	-	-	-	-	-

Please refer to Question 5) Service, maintenance, annual, misc one-time costs (6th bullet)

Other										
Grand Total Cost:	\$74,843	\$119,113	\$74,843	\$119,113	\$74,843	\$119,113	\$74,843	\$119,113	\$74,843	\$119,113

* Itemize and detail the costs for customization and other costs on a separate sheet

Note: the annual license fees stated above do not include inflation

Cost Breakdown for COST SUMMARY Matrix - Scenario 5

a. Software License fees or costs:

1. Base System: Learning Environment (LE) for 5,366FTE

i. License Fee when self-hosted: \$56,343/yr

ii. License Fee when hosted by Desire2Learn: \$100,613/yr

(Rates for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**

2. Customization

Setup and basic customization of portals, branding, Organization Structure setup, Custom Roles, etc. are included in the Installation fee.

3. Additional Modules

i. Desire2Learn Learning Object Repository

License Fee: \$18,500/yr for both self and Desire2Learn hosted options

(Rate for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**

ii. Desire2Learn LiveRoom

License Fee: \$ 5,000 - 25 Concurrent User licenses, includes unlimited LiveRoom Express licenses

iii. Desire2Learn ePortfolio

License Fee: \$ 42,928/ yr for both self and Desire2Learn hosted options

4. 3rd Party Software if any: N/A

b. Technical and User Documentation:

The electronic versions of technical and user documents are available at no additional cost to the users.

c. Installation/Conversion/Integration costs:

Year 1

LE Setup Fee (\$7,500) + Two Organization Setup (\$3,000) + One (1) Standard Banner Snapshot Integration (~\$10,000) + Course Conversion (Conversion tools Included) = \$20,500

With LOR add-on: Add additional \$7,500

With LiveRoom add-on: \$ 2500 set-up includes 25 concurrent licences and unlimited LiveRoom Express

With ePortfolio add-on: Add additional \$10,000 (**one-time**)

Year 2-10

Integration maintenance fee = \$5,000/yr

d. Training (and Training Materials): Minimum - 3 days Training (\$7,500) + Training Materials (Included) = \$7,500

Note: Training can be combined with other campuses

e. Maintenance Costs, to include, per year:

1. Existing Software: Included
2. Updates to supplemental files: Included
3. Revisions to documentation: Included
4. Utilities: Included
5. New functionality: Included

f. Technical Support/Customer Services, per year:

1. Minimum required service agreement

2 named contact, one Standard Support included (\$0) + one upgrade to premium for service agreement (\$4,000) + one Premium Support (\$9,500) =
\$13,500/yr
(Rate for Years 1-10 fee as per our response to the question 8) **Describe any scheduled cost increases, annual or otherwise**

2. Other required service and maintenance costs (describe)

N/A

3. Unlimited phone technical support

Please refer to Question 5) Service, maintenance, annual, misc. one-time costs (6th bullet)

g. Other costs (describe):*

1. Third party software: N/A
2. Other: N/A

5.0.1 AUXILIARY COSTS

Provide separate details and any additional costs not included in the Cost in 5.0.

Desire2Learn Response:

If MSU requires a performance bond Desire2Learn will be happy to assist in setting this up. The cost to MSU for this is a 1-time Setup Fee of \$50,000 and 5% of the annual Contract value per year for the duration of the Contract term. The performance bond would be renewable on an annual basis.

5.1 Cost Proposal Detail

Offeror must provide explanation and documentation for each identified cost category to support the summarized costs listed above and provide details of cost estimates regarding the Solution and the services, as well as any other costs or fees the University may incur that are not listed above, including projected maintenance and support fees for potential Contract terms years 3-10; projected 5-year cost of ownership for the Solution; Costs or fees not disclosed above will not be accepted.

*Please use additional sheets as necessary to fully explain the costs and inclusions therein for each item above.

Desire2Learn Response:

We have included cost breakdowns and details in **Section 5.0 Cost Proposal** through Questions 1-8. As previously referenced, annual fees will remain fixed over the duration of the Contract period. Increases in fees, if any, after the first year shall not exceed the increase in the annual CPI + 2% for All Urban Consumers (CPI-U) published by the U.S. Department of Labor's Bureau of Labor Statistics. Thus, for the Contract terms years 3-10, you can expect that the annual license fees to be consistent year after year. Also, as mentioned, for the period of the contract, Desire2Learn will provide upgrades to the purchased products at no additional cost.

As you may have noticed, there is a significant cost savings to choosing a centralized model over a distributed. Please keep in mind that there is no loss of application functionality in choosing **Scenario 1** (centralized) over other scenarios. Furthermore, these cost savings estimates do not account for the saving attributed to infrastructure to run multiple implementations as opposed to **Scenario 1**.

5.2 EMPLOYEE RATES FOR CONSULTING SERVICES

The Offeror shall propose rates for individuals for consulting services to support a resulting contract, excluding travel expenses by Employee Category. These rates will not be evaluated as part of the Cost Proposal, but will be carried over into the Contract for the highest scoring Offeror. The University will not reimburse Contractor for travel. Contractor will be held to the costs proposed above for the duration of the contract. Exceptions may be granted for extenuating circumstances on a case-by-case basis.

Desire2Learn Response:

Employee Category	Hourly Rate	Daily Rate
Consultant Specialist	\$165/hr	-
Consultant Senior	\$185/hr	-
Consultant Architect/Project Manager	\$210/hr	-
Enterprise Consultant/Senior Project	\$225/hr	-
Managing Consultant	\$300/hr	-
Desire2Learn Trainer	-	\$2,500/day

EXHIBIT C

AFFIDAVIT OF STATUS OF CLAIM

1 July 2008

Shawna R. Lanphear
Director of Purchasing
Montana State University
104 Montana Hall
PO Box 172600
Bozeman, MT 59717

Re: RFP # 08-03; Contract K08 0014 (Desire2Learn Incorporated) Patent Litigation Update

Dear Ms. Lanphear:

Please accept this letter as Desire2Learn Incorporated's (Desire2Learn) statement, as of the above date, of the pending patent litigation with Blackboard Inc., *Blackboard Inc. v. Desire2Learn Inc.*, U.S. District Court for the Eastern District of Texas, case no. 9:06 cv 155. Please note that all substantive papers not otherwise filed under seal can be found at links from Desire2Learn's Patent Information blog, www.Desire2Learn.com/patentinfo. I would be pleased to provide any of the documents to which I refer below, or alternatively provide you with the specific links to the documents from our Patent Information blog.

1. Permanent Injunction

Desire2Learn has a permanent injunction against it for its Learning Environment (LE) version 8.2.2 and earlier versions. There is no injunction against version 8.3, or our related products such as ePortfolio or LiveRoom (the actual language of the injunction states that we are not permitted to sell "1. the method of providing online education implemented in accordance with the Desire2Learn Learning Environment (version 8.2.2 and earlier versions) heretofore marketed by Defendant; and 2. all other methods for providing online education that are not more than colorably different therefrom . . .").

2. Motion for Contempt

As anticipated, on June 17th, Blackboard filed a Motion for Contempt, claiming that LE 8.3 was "not more than colorably different" from enjoined LE 8.2.2. In a contempt proceeding, the plaintiff must prove by clear and convincing evidence that the product is insubstantially different from the enjoined version.

The Court has set a hearing on July 21st, possibly carrying over to July 22nd, in Texas. We will be filing our response to Blackboard's Motion for Contempt on July 2nd.

3. Why version 8.3 does not infringe.

How do we know our subsequent version 8.3 is "more than colorably different"? We carefully reviewed every word of Blackboard's expert's testimony from trial, as well as his reports and the Court's various rulings. Version 8.3 was designed with those statements in mind – and

we engaged an independent outside expert to review our work-around. Our main position is that as the patent language requires "predetermined" roles, and we have removed all roles from our system, we cannot infringe. As soon as our response is filed, I will provide the non-sealed portions to you.

4. U.S. Patent & Trademark Action

In March, 2008, the U.S. Patent & Trademark Office (PTO) in a non-final action ruled that every one of the patent's 44 claims should be rejected on grounds of obviousness and anticipation. This decision was based on as many as 7 different pieces of prior art. In late May, Blackboard filed its response to the PTO's action, and on June 26th, we filed our response.

5. Summary of current status

Currently, there are three proceedings occurring simultaneous:

- a. The contempt hearing in the trial court
- b. The appeal of the lower court judgment after trial in the U.S. Court of Appeals for the Federal Circuit (our brief is due in July)
- c. The PTO action.

Since the litigation began, we have taken the position that we need to be as transparent as possible about this litigation. We pledge to update our blog regularly with any significant developments.

Very truly yours,

Diane M. Lank
General Counsel & Director, Legal Services
Diane.Lank@Desire2Learn.com

EXHIBIT D

TASK ORDER

Contractor: Desire 2 Learn
Contract Number: K08-0014
Project Title: _____
Task Order Date: _____
Task Order Number: _____
Services Due By: _____

This is a Task Order issued in accordance with the above Contract number, requesting your services on the project named above. Only Task Orders issued by an authorized Program Manager of MSU will be considered valid Task Orders. The cost of the services provided in this Task Order will be paid at the rates and times as set forth in the Contract. Please return a copy of this Task Order with your invoice for payment.

The specific Scope of Services is as follows:

Please acknowledge your acceptance of this Task Order by forwarding this form via email to the Authorized Program Manager within two (2) business days of the date of this Task Order. If we do not hear from you within three (3) business days from the date of this Task Order, we will consider your response as a rejection of the Task Order.

Authorized payment for services under this Task Order is not to exceed		
Current billing against this Task Order:		
Total billings to date against this Task Order:		
Task Order complete?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

If you have questions, please contact me.

Authorized Program Manager: _____
Email Address: _____
Phone: _____