

Volume 2 Price

Information Technology Transformation Detailed Planning Follow-on Strategic Deep Dives

McKinsey & Company, Inc. Washington D.C.
1200 19th Street, NW, Suite 1100
Washington, DC 20036

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In response to Request for Quotations (RFQ) No. D12PS00053

Under McKinsey GSA MOBIS Schedule GS-10F-0118S

DUNS 82-522-9318

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Technical Contact	Contractual Contact
Jon Wilkins, Principal (202) 662-3332 (202) 662-3316 - facsimile jon_wilkins@mckinsey.com	Chuck Self, Contracts Manager (202) 662-3183 (202) 662-3316 - facsimile chuck_self@mckinsey.com

The information specifically identified on pages 1 through 7 of this proposal/quote constitutes trade secrets or confidential commercial and financial information which the offeror believes to be exempt from disclosure under the Freedom of Information Act. The offeror requests that this information not be disclosed to the public, except as may be required by law. The offeror also requests that this information not be used in whole or part by the Government for any purpose other than to evaluate the proposal/quote, except that if a contract is awarded to the offeror as a result of or in connection with the submission of the proposal/quote, the Government shall have the right to use the information to the extent provided in the contract.

This proposal is contingent on the Parties reaching mutually agreeable terms and conditions and upon acceptance of any limitations described herein.

MCKINSEY VALUES

McKinsey is an entity 100% dedicated to *values*.

- We consistently put our Clients' interests first.
- We follow the highest ethical standards.
- We diligently preserve Client confidences.
- We always maintain an independent perspective so that our Clients receive the solution that is best for them. We are completely independent from any upstream or downstream solutions. We do not provide, nor do we aspire to provide, any outsourcing or technology solutions that would present an inherent conflict of interest.

WHAT OUR CLIENTS SAY ABOUT MCKINSEY

McKinsey has received many "Exceptional" ratings in CPARS. We invite the Government to review our performance ratings in CPARS as you consider who is best qualified to support you in the Wildland Fire Management Program effort. Some samples from performance ratings available on CPARS include:

- From the Department of the Interior: "There is a reason this group has such a good reputation. They provide exceptional services in innovative ways. We were able to get more out of the engagement than hoped and are well poised to move forward with the recommendations based on all of the work that went into developing the recommendations and preparing the organization change."
- From the Department of the Treasury: "McKinsey has a very professional staff and is very knowledgeable of government operations. They work well with the government and have experts from all fields of study and have a lot of knowledge. With this they are able to provide real life experiences of how they have helped other companies and federal agencies to work more efficiently."
- From the Army Nursing Command: "The Contractor had an innate ability to interpret the Government's intent and to create the tangible product to support that intent."

BEST VALUE APPROACH TO PRICING

McKinsey maintains a client service approach that requires **a true partnership and shared risk**. Our **firm-fixed price** team model not only **minimizes risk** to the Department of the Interior ("DOI"), but allows DOI to truly obtain the **best value**. Unlike many other consulting companies, McKinsey recognizes that successful efforts of this size and scope require a true partnership and shared risk. We understand that labor hour contracts can be difficult to manage and present the inherent risk of uncontrollable costs. To demonstrate our dedication to your success and to shift the majority of the risk away from DOI, McKinsey proposes to perform all the work under this contract on a Firm-Fixed Price basis. Regardless of the time, energy, or hours, McKinsey assures DOI that we will do whatever it takes to make this effort a success. We will bring all of our global experts to bear for as many hours as is necessary to overcome the

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challenges, at no additional cost to you. We will customize our solutions to ensure that we are providing DOI the best of McKinsey on all tasks.

To provide the most effective and efficient services possible, we dedicate multi-party teams to our efforts. The structure of the team varies based on DOI's specific needs but is always comprised of McKinsey experts with substantive knowledge and experience in the task at hand. These teams have full access to McKinsey experts worldwide and regularly draw on the expertise of senior leaders. Our differentiating value proposition is the large number of experts we bring to the effort without additional cost to you.

We do not deploy individual people at an hourly rate. Rather, we deploy a suite of personnel including hands-on partner leads, world-class senior experts, full-time project managers and analysts and research support staff for each project. The team membership is tailored to the unique needs of the client and the individual task. Our "team bundle", firm-fixed price approach ensures that each client receives the best of McKinsey when they work with us. Because we do not believe that hourly/labor hour rates provide the best value to DOI, McKinsey does not have hourly rates available.

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TEAM BASED STAFFING MODEL

For our engagements, we provide an estimate based on utilization of full-time team(s), composed of an Engagement Manager and Associate(s). The Engagement Manager (also referred to as our Working Team Lead in the Technical Proposal) leads the full-time team and serves as on-site point of contact for the client. Our “full-time” team usually works more than 60 hours per week, but as a fixed price contractor, our team will spend as much time as required to ensure high impact and quality results for your effort, regardless of the estimate. The team bundles also include “all-in” program management support, including research and information (R&I) support, document creation support, and general administrative support, available at whatever volume is needed for the demands of the project. In all, these services typically account for 1-2 additional FTEs/week of support, depending on the needs of the project. Our teams have direct access to the worldwide pool of McKinsey experts who provide on-demand guidance and input for the team. It is the combination of the full expertise of the team and access to McKinsey’s worldwide network of professionals that ensures we deliver the maximum value to the client.

McKinsey’s Team Construction

Team	Full-time dedicated consultant team	Part-time leadership team and additional resources (included in the Team Price)
Team A	Engagement Manager (Working Team Lead) and 1 Associate	Director of Client Services Engagement Director
Team B	Engagement Manager (Working Team Lead) and 2 Associates	Associate Principal Senior McKinsey Experts
Team C	Engagement Manager (Working Team Lead) and 3 Associates	Research support staff Document prep and IT support General administrative support
Team E	1 Associate	

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PRICE QUOTE BASIS OF ESTIMATE

To calculate our Firm-Fixed Price for the tasks, we estimated the number of weeks and team(s) required to complete the tasks and deliverables as described in our technical proposal. In accordance with the RFQ, travel is proposed as a not-to-exceed \$25,000.00. McKinsey does not apply G&A or any other burdens or fees on travel costs.

BASIS OF ESTIMATE

McKinsey MOBIS Team	Weekly Rate*	Estimated Weeks	Total Firm Fixed Price
C (EM+3)	\$164,165.10	11	\$1,805,816.10
B (EM+2)	\$140,783.30	5	\$703,916.50
Total			\$2,509,732.60
Travel			\$25,000.00
Grand Total			\$2,534,732.60

*McKinsey's MOBIS rates are valid through April 2012. Based on prior Economic Price Adjustments (EPA) approved by GSA, McKinsey anticipates a 3.5% increase effective May 2012.

PRICING TABLE

CLIN	CLIN Description	Weeks	Firm Fixed Price
1	Management Structure	2	\$328,330.20
2	Sourcing and Acquisition Strategy	4	\$656,660.40
3	IT Services Lifecycle and Governance	2	\$328,330.20
4	Financial Modeling Templates	3	\$422,349.90
5	IT Transformation Communications Strategy	2	\$281,566.60
6	Datacenter Consolidation Strategy	3	\$492,495.30
7	Travel	N/A	\$25,000.00
			\$2,534,732.60

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MILESTONE PAYMENT SCHEDULE

<u>Milestone</u>	<u>Deliverables</u>	<u>Payment</u>
1	<ul style="list-style-type: none">▪ Draft Management Structure▪ Draft Sourcing and Acquisition Strategy	\$656,660.40
2	<ul style="list-style-type: none">▪ Final Management Structure▪ Draft IT Lifecycles and Governance	\$656,660.40
3	<ul style="list-style-type: none">▪ Final Sourcing and Acquisition Strategy▪ Final IT Services Lifecycle Governance▪ Final IT Lifecycles and Governance	\$633,278.60
4	<ul style="list-style-type: none">▪ Financial Modeling Templates▪ IT Transformation Communications Strategy	\$563,133.20
Total		\$2,509,732.60

MCKINSEY CORPORATE DATA

McKinsey & Company, Inc. Washington, D.C.

1200 19th Street, N.W., Suite 1100

Washington, DC 20036

Main Telephone: (202) 662-3300

Facsimile: (202) 662-3175

Email: mckinsey_gsa@mckinsey.com

DUNS: 82-522-9318

TIN: 56-2405213

NAICS: 541611

CCR: McKinsey maintains a current registration in CCR

ORCA: McKinsey has completed the annual representations and certifications in ORCA under www.orca.bpn.gov DUNS 825229318

Link to MOBIS Schedule:

https://www.gsaadvantage.gov/ref_text/GS10F0118S/0JAUCU.2AASR7_GS-10F-0118S_GS10F0118SMCKINSEYPRICELISTMAY2011.PDF

Please wire transfer payment to:

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Bank Account No.: 30420698

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POINTS OF CONTACT

Please contact our representatives below if you have any questions or need additional information regarding this Price Proposal.

For Technical Inquiries:

Jon Wilkins, Director

(202) 662-3332

jon_wilkins@mckinsey.com

For Contractual Inquiries:

Chuck Self, Contracts Manager

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APPENDIX 1 – PRICING ASSUMPTIONS

McKinsey's work for DOI is confidential and intended for DOI's internal use only. In order to promote true neutrality on issues, provide an environment for uncensored guidance for our clients, ensure compliance with our contract confidentiality requirements and to better empower our clients, McKinsey does not advocate, present findings or consent to public references in any public meeting, writing or other public forum. Consistent with this, McKinsey does not make public client names, client materials or reports prepared for clients without their prior written permission. In consideration for the Services, DOI agrees not to use McKinsey's name, refer to McKinsey's work, or make the Deliverables or the existence or terms of this agreement available outside its organization without McKinsey's prior written permission and understands that McKinsey will not advocate, present findings or speak on DOI's behalf in any public forum without specific written authorization and agreement.

McKinsey's timely performance at the proposed firm fixed price strictly relies and is contingent upon DOI providing any and all necessary data, information, and access to personnel in a timely fashion. DOI understands that any delays in the provision of necessary data, information, and personnel may result in corresponding schedule delays and an equitable adjustment of the proposed price. As such, timely provision of the aforementioned resources is essential.

This proposal is contingent on DOI's affirmative confirmation and ability to properly demonstrate, if necessary, that the funds allocated to this contract are not funds obligated under the 2009 Recovery Act and that DOI can, if necessary, properly demonstrate that such funds do not stem from the Recovery Act, and that FAR Part 52.204-11 shall not apply to this procurement.

It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. To avoid situations of potential conflict, consultants serving DOI will not be assigned to a competitively sensitive project for a significant period of time (typically two years) following an assignment for DOI. Due to McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with DOI about McKinsey's serving DOI's competitors or other parties.

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