

AI CONSULTING SERVICES

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HOUSTON-GALVESTON AREA COUNCIL (H-GAC) AI CONSULTING SERVICES AI02-26

DECEMBER 18, 2025, 12:00 PM CST

Person Authorized to Negotiate
and Sign for the Offeror:

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Company Information

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Submitted Via Email To:
Houston-Galveston Area Council (H-GAC) HGACBuy
Cooperative Purchasing Program
3555 Timmons Ln
Houston, TX 77027

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1. Pricing Overview and Strategy

Team System Innovation's pricing strategy delivers top tier industry expertise while building a sustainable talent pipeline through its partnership with Rice University graduate programs. This blended approach enables HGACBuy members to access highly qualified professionals in artificial intelligence, data science, and digital engineering while maintaining cost efficiency and long term workforce resilience.

Delivery is structured to pair senior industry specialists with graduate students and early career engineers. Senior personnel provide architectural leadership, technical oversight, quality assurance, and client engagement, while junior staff execute defined technical tasks under direct supervision. This model accelerates delivery, supports workforce development, and preserves technical rigor.

Team System Innovation submits a custom HGACBuy specific pricing list as part of this proposal. The pricing list serves as the standard list price document and presents each labor category with the original list price, applicable point of purchase discount, and resulting HGACBuy discounted price. Discounts apply consistently across senior, mid-level, and junior labor categories and the pricing list is the authoritative source for all cost evaluation.

This blended labor structure optimizes cost without sacrificing quality by applying senior expertise where impact is highest and leveraging junior resources for execution. It embeds continuous knowledge transfer, reduces key person risk, and supports scalable and predictable pricing. Through its Rice University partnership, Team System Innovation enables rapid transition from academic training to applied delivery, reducing onboarding time and accelerating time to value. Together, this approach delivers enterprise grade solutions, cost effective execution, and capability development in full alignment with HGACBuy requirements.

2. Pricing Methodology

Pricing is primarily structured as time and materials using approved HGACBuy labor rates. **Fixed price and managed services pricing are established at the task order level** based on scope, deliverables, and service levels. Blended labor rates are applied to optimize cost while maintaining senior level oversight and technical quality.

All pricing is inclusive of overhead, general and administrative costs, and profit. No additional or undisclosed fees apply.

Point of Purchase Discount Policy

Discounts apply consistently across all task orders as follows:

- Senior labor categories receive a ten percent discount
- Mid-level labor categories receive a ten percent discount
- Junior labor categories receive a forty percent discount
- The AI Architect / Enterprise Architect and Project Manager is provided at the senior level only

Blended Labor Approach

Team System Innovation applies senior expertise where impact is highest, including strategy, design, governance, and complex decision making, while allocating execution and iterative development to junior

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resources at lower blended rates. This structure reduces overall cost without sacrificing quality, embeds continuous knowledge transfer, supports scalable staffing, and enables predictable budgeting for HGACBuy members.

Blended Staffing Approach and Cost Efficiency Example

To illustrate, we use a senior-led, blended staffing model that delivers high-quality AI/ML outcomes at a best-value cost. For an example 500-hour engagement (typically spanning 3 months of development), we allocate approximately 20% of effort to Senior AI Enterprise Architect for architecture, oversight, and quality assurance, while the remaining work is efficiently executed by Mid-Level and the 40%-discounted junior engineers. This model ensures that while junior resources handle the high-volume execution, the project remains under strict senior-level governance.

Role Tier	Resource Level	Effort Allocation	Hourly Rate
Governance & Design	Senior AI/Enterprise Architect	20% (100 hrs)	\$220.97
Core Engineering	Mid-Level AI/ML Engineer	40% (200 hrs)	\$178.10
Execution	Junior Data & Software Engineers	40% (200 hrs)	\$86.60*

**Reflects the weighted average of Junior Data (\$87.86) and Junior Software (\$85.34) rates.*

By shifting from a traditional senior-heavy model to our blended approach, this example achieves a significant reduction in the total cost of ownership.

Metric	Senior-Only Model	Our Blended Model	Difference
Effective Hourly Rate	\$220.97	\$150.07	-\$70.90 / hr
Total Labor Cost	\$110,485	\$75,037	\$35,448 saved

Benefits

- **Key Result:** This structure delivers specialized AI/ML capabilities at a mid-tier price point, resulting in a **32% reduction in total labor costs** for this example.
- **Optimized Resource Allocation:** We match task complexity to the most cost-effective skill level, minimizing costs without the security or communication risks associated with offshore delivery models.
- **Extended Project "Runway":** By leveraging the 40% discount tier for junior resources, we maximize the development budget, allowing for more intensive model training and iterative refinements.
- **Elite Talent Pipeline:** Through our Rice University partnership, we deploy pre-vetted, high-performing junior talent specifically trained to transition quickly from academic excellence to applied project delivery.
- **Rigorous Senior Oversight:** Every project maintains senior oversight to ensure that governance, security, and technical rigor are never compromised during the execution phase.

3. Other Pricing Elements

Travel is billed at actual cost, requires prior approval, and does not exceed current GSA per diem rates. Training and knowledge transfer services may be priced per session or per cohort at the task order level. Managed services are priced as fixed monthly or annual fees based on scope and service levels. Software or licensing, if provided, is passed through at manufacturer list price less the applicable HGACBuy discount.

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4. Standard List Price and Discounted Rate Table

This table represents the HGACBuy specific standard list price document referenced in Section 1.4 of the solicitation.

Labor Category	Experience Level	Standard List Price	Point of Purchase Discount	HGACBuy Discounted Price
1. AI Architect / Enterprise Architect	Senior Only	\$220.97	10%	\$198.87
2. AI/Machine Learning Engineer	Senior	\$242.44	10%	\$218.20
	Mid-Level	\$197.89	10%	\$178.10
	Junior	\$160.16	40%	\$96.10
3. Business Analyst	Senior	\$187.11	10%	\$168.40
	Mid-Level	\$160.92	10%	\$144.83
	Junior	\$133.19	40%	\$79.91
4. Business Intelligence Developer	Senior	\$207.90	10%	\$187.11
	Mid-Level	\$168.19	10%	\$151.37
	Junior	\$140.46	40%	\$84.28
5. Change Management Specialist	Senior	\$180.23	10%	\$162.21
	Mid-Level	\$150.44	10%	\$135.40
	Junior	\$125.16	40%	\$75.10
6. Infrastructure Engineer	Senior	\$200.88	10%	\$180.79
	Mid-Level	\$178.97	10%	\$161.07
	Junior	\$140.14	40%	\$84.08
7. Data Engineer	Senior	\$200.88	10%	\$180.79
	Mid-Level	\$186.45	10%	\$167.81
	Junior	\$146.43	40%	\$87.86
8. Data Scientist	Senior	\$205.44	10%	\$184.90
	Mid-Level	\$191.84	10%	\$172.66
	Junior	\$150.15	40%	\$90.09
9. Database Administrator	Senior	\$197.56	10%	\$177.80
	Mid-Level	\$159.72	10%	\$143.75
	Junior	\$142.87	40%	\$85.72
10. DevOps Engineer	Senior	\$200.88	10%	\$180.79
	Mid-Level	\$178.97	10%	\$161.07
	Junior	\$140.14	40%	\$84.08
11. Platform Administrator	Senior	\$188.65	10%	\$169.79
	Mid-Level	\$162.24	10%	\$146.02
	Junior	\$137.48	40%	\$82.49
12. Project Manager	Senior (Only)	\$220.97	10%	\$198.87
13. Quality Assurance (QA) / Testing Specialist	Senior	\$165.16	10%	\$148.64
	Mid-Level	\$147.11	10%	\$132.40

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	Junior	\$127.87	40%	\$76.72
14. Security Specialist	Senior	\$230.89	10%	\$207.80
	Mid-Level	\$188.76	10%	\$169.88
	Junior	\$150.92	40%	\$90.55
15. Software Engineer	Senior	\$207.79	10%	\$187.01
	Mid-Level	\$168.08	10%	\$151.27
	Junior	\$142.24	40%	\$85.34
16. Systems Engineer	Senior	\$207.79	10%	\$187.01
	Mid-Level	\$168.08	10%	\$151.27
	Junior	\$142.24	40%	\$85.34
17. Technical Writer / Documentation Specialist	Senior	\$140.15	10%	\$126.14
	Mid-Level	\$125.16	10%	\$112.64
	Junior	\$112.53	40%	\$67.52
18. Training Specialist	Senior	\$175.67	10%	\$158.10
	Mid-Level	\$141.79	10%	\$127.61
	Junior	\$125.12	40%	\$75.07

5. Compliance and Price Reasonableness

Compliance Statement

This cost proposal complies fully with Section 9.1.4 Pricing and presents transparent, market based pricing through a custom HGACBuy specific price list, clearly defined discounts, and a blended labor model designed to deliver best value to HGACBuy members.

Price Reasonableness and Market Benchmarking

Team System Innovation's labor rates reflect current market conditions and are benchmarked against comparable public sector contracts, cooperative purchasing vehicles, and commercial market pricing for artificial intelligence, data engineering, and digital modernization services. Standard list prices are established based on prevailing industry rates for similar roles, experience levels, and delivery models, and are adjusted through point of purchase discounts to provide competitive HGACBuy pricing.

The resulting HGACBuy rates represent fair and reasonable pricing that balances technical expertise, delivery quality, and cost efficiency. This benchmarking approach ensures HGACBuy members receive best value pricing that is competitive with domestic systems integrators and professional services providers offering comparable scope, accountability, and delivery assurance.

Offshore Pricing Context and Competitive Positioning

Team System Innovation recognizes that offshore delivery models may offer lower nominal labor rates. However, the pricing strategy presented reflects a deliberate choice to prioritize delivery quality, data security, regulatory compliance, and accountability required by public sector customers.

Rather than competing solely on lowest hourly rates, Team System Innovation competes on lower blended cost of delivery through senior led oversight, efficient execution, reduced rework, and faster time to value. The blended labor model, supported by a U.S. based academic talent pipeline, provides cost efficiency comparable to hybrid models while avoiding the risks associated with offshore delivery, including communication delays, data handling concerns, and reduced governance visibility.

This approach positions HGACBuy members to achieve sustainable outcomes, predictable performance, and reduced total cost of ownership over the life of each task order.

6. Rate Stability and Escalation

All pricing submitted under this proposal remains firm for the initial contract period. Any future rate adjustments, if permitted, are subject to HGACBuy approval and are limited to reasonable, market based escalation tied to documented increases in labor costs. Rate adjustments do not exceed customary public sector escalation practices and apply only upon contract anniversary or approved modification.

This approach provides HGACBuy members with predictable pricing, budget stability, and protection against unexpected cost increases.

7. Pricing Transparency and Administrative Fee Compliance

Pricing is transparent, all-inclusive, and fully compliant with HGACBuy requirements.

All labor rates represent the total price to the customer and include overhead, general and administrative costs, profit, and the required 2% HGACBuy administrative fee. No additional surcharges, management fees, or hidden costs are added at the time of purchase. Optional services, travel, training, managed services, and pass-through software or licensing are scoped and priced only at the task order level in accordance with HGACBuy pricing rules, funding requirements, and customer approval processes.