

## Service Description

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### IBM Emptoris Sourcing on Cloud

This Service Description describes the Cloud Service IBM provides to Client. Client means the company and its authorized users and recipients of the Cloud Service. The applicable Quotation and Proof of Entitlement (PoE) are provided as separate Transaction Documents

#### 1. Cloud Service

IBM Emptoris Sourcing on Cloud is a system where Clients can manage sourcing events including: request for information (RFI), request for quotes (RFQ), request for proposals (RFP), buyer surveys, reverse English auctions, and forward auctions. The system allows Clients to create, run, monitor, report (using standard reports), and award bids and responses submitted from suppliers.

The infrastructure for the Cloud Service has been configured to support:

300 Concurrent Users running RFP, RFI, RFQ or buyer survey events or;

270 Concurrent Users running English reverse and English forward auctions; or

60 Concurrent Users running Japanese or Dutch reverse or forward auctions.

Concurrent Users are defined as users who are logged onto and active in the system concurrently. The system may be configured to process additional volume of Concurrent Users depending upon various factors. Additional infrastructure resources may be required to support larger usage volumes.

The base features allow Client to:

- create and run RFIs, RFQs, RFPs, buyer surveys, reverse English auctions, and forward auctions;
- create templates of the above event types;
- leverage the smart data framework and library functions to help create events;
- report on data events using a set of standard reports; and
- set up one buying organization.

The advanced features provide Client:

- sourcing desktop intelligence (SDI) to export bid data and access capabilities in Microsoft Excel to perform a number of analytical tasks;
- scenario analysis to create constraints to meet Client's unique sourcing requirements and business preferences with pre-built sourcing optimization functionality;
- optimized auctions to create constraints that will enable a buyer to run optimization throughout the event so cost will not be the only factor for ranking a supplier in an auction;
- flexible bidding to allow bundle bidding, business volume bidding and volume business discounts;
- supplier decision support and collaboration which provides feedback to suppliers on their bids, allowing them to offer innovative solutions, emphasize their competitive advantage and optimize their bids; and
- one and two envelope bidding that allows a buyer to configure an RFP as a one envelope or two envelope structure.

#### 1.1 Base Subscriptions

The following describes the Cloud Service subscription options (each a "Base Subscription") that are available as the applicable Cloud Service. The Transaction Document identifies which Base Subscription(s) have been purchased. References to the Cloud Service in this document apply to the Base Subscription(s) purchased.

##### 1.1.1 IBM Emptoris Sourcing Premium on Cloud

This Cloud Service includes the base features and advanced features.

##### 1.1.2 IBM Emptoris Sourcing on Cloud

This Cloud Service includes the base features only.

## **1.2 Optional Features**

### **1.2.1 IBM Emptoris Sourcing on Cloud Advanced Add-on**

This Cloud Service adds the advanced features to IBM Emptoris Sourcing on Cloud. Client must have an existing IBM Emptoris Sourcing on Cloud subscription to purchase this option.

### **1.2.2 IBM Emptoris Sourcing on Cloud Burst Option for EchOSTM**

This Cloud Service offering provides the capability to increase capacity needs higher than the standard server configuration by adding additional servers to the configuration.

### **1.2.3 IBM Emptoris Sourcing on Cloud Event Monitoring**

This Cloud Service offering is an on-demand service that will coordinate with Client to run and monitor events as well as train suppliers and support them throughout the lifecycle of the event.

### **1.2.4 IBM Emptoris Sourcing on Cloud Read Only**

The Client is permitted to view, monitor, search, run reports and score the Events to which they have been invited.

### **1.2.5 IBM Emptoris Sourcing on Cloud for Non-Production Environment**

This Cloud Service can be used as part of the Client's non-production activities, including but not limited to testing, performance tuning, fault diagnosis, benchmarking, staging, quality assurance activity and/or developing internally used additions or extensions to the Cloud Service using published application programming interfaces.

## **1.3 Premium Support Offerings**

### **1.3.1 IBM Emptoris Sourcing on Cloud Essential Premium Support**

This offering includes up to four database refreshes per quarter, an improved target Service Level Agreement (SLA) of 99.7%, and the scheduling of upgrades over a weekend instead of during business hours.

IBM Emptoris Sourcing on Cloud Essential Premium Support also provides an Accelerated Value Leader (AVL). The AVL may be an IBM employee or IBM subcontractor and will perform the following tasks:

- Problem Management - IBM will provide regular status updates, facilitate communications between Client and IBM regarding problems, drive resolution of open issues, and provide monthly management reports on activity.
- Proactive Support - IBM will provide the named contact who will provide guidance and assistance with the Cloud Service to help reduce or prevent problems from occurring in the Cloud Service. These activities may include, but not be limited to, alerting Client to authorized program analysis reports (called APARs) experienced by other Clients, assisting with development of risk mitigation plans when changes such as upgrades are proposed for Client's environment, participating in product-life cycle and maintenance planning, and providing periodic reporting.
- Skills Sharing - IBM will facilitate Client skills development related to the Cloud Service by providing invitations to briefings by senior technical specialists and via early access to technical information.

Client will:

- designate a Primary Contact responsible for the receipt and dissemination of support ticket information, updates, fixes, and the prioritization of outstanding support tickets as well as reviewing Incident status reports before contacting IBM to request assistance;
- communicate contact details of the Primary Contact at commencement of the Cloud Service and communicate any changes of Primary Contact in writing to IBM with 30 days advance notice via the AVL; and
- participate in conference calls hosted by the AVL.

### **1.3.2 IBM Emptoris Sourcing on Cloud Premier Premium Support**

This offering includes all of the characteristics of IBM Emptoris Sourcing on Cloud Essential Premium Support and the following:

- Annual Health Check Remotely Delivered Service - IBM will provide a health check assessment of the Client configuration, deployment, and usage of the Cloud Service. The assessment will include findings and recommendations for improvement for use of the Cloud Service. As part of this service

IBM will review original documentation for Client's implementation, review open APARs, interview end users, review Client's configuration of the Cloud Service, provide an assessment of integrations and customs for each module, and deliver an analysis report, with findings, observations and recommendations for improvement.

- Upgrade Remotely Delivered Service – IBM will provide upgrade services for Client using version 10.0 or higher of the Cloud Service to upgrade to a later release in the same version. Client must subscribe to a non-production environment Cloud Service, read all new release documentation, create and own the upgrade project plan and submit the appropriate support tickets for the Cloud Service to be upgraded. IBM will provide guidance for the Client project and user enablement plans, review and control of Cloud Service configuration files, review of new features, and guidance to Client for testing of the upgrade.
- Custom Code Installation – IBM will provide for the installation of custom code created by IBM Professional Services (pursuant to a separate agreement between the parties) as part of the Cloud Service.
- Quarterly Business Reviews – IBM will engage with the Client to review the Client's Cloud Service, including Client adoption, current actions, issues, and future plans.
- Priority scheduling for Weekend Upgrades – Client will receive preference for scheduling weekend upgrades with times reserved for Client and other Clients that purchase IBM Emptoris Sourcing on Cloud Premier Premium Support.
- External Code – Client must subscribe to IBM Emptoris Sourcing on Cloud Premier Premium Support in order to have custom artifacts installed in the Cloud Service such as user exits, adapters, or other external processes.

#### **1.4 Remotely Delivered Services**

In order for IBM to deliver the Service Engagement, Client will:

- designate a Client point of contact to whom all communications relative to the Cloud Service will be addressed, and who will have the authority to act on Client's behalf in all matters regarding the Cloud Service; serve as the interface between IBM and all Client departments participating in the Cloud Service; participate in project status meetings, obtain and provide information, data, and decisions within three (3) working days of IBM's request; help resolve and escalate Cloud Service issues within Client's organization as needed;
- provide IBM access to the Client's Cloud Services;
- cooperate towards completing Client tasks and activities;
- acknowledge and agree that these services are designed to support one business area implementing the software, with one set of requirements. The Cloud Service supports deployments for multiple business areas, but additional areas may require additional Service Engagements;
- provide Client's business requirements relative to the Service Engagements purchased;
- be responsible for the development and implementation of test plans, corresponding test scripts, and associated data; and
- be responsible for development of end user business procedures and development and delivery of enablement services to the end users, and
- consult with IBM prior to engaging third parties whose work may affect IBM's ability to provide the Services, and be responsible for the management and performance of the third parties.

##### **1.4.1 Service Engagements**

###### **a. IBM Emptoris Sourcing RFX Implementation Service Engagement**

IBM will provide services to implement the Cloud Service to allow the Client to run eRFx and eAuction events in support of a procurement transformation activity. IBM will conduct two 4-hour design workshops for the Cloud Service. One workshop will address the administrative setup of the Cloud Service such as organization, users and assignment to sourcing roles, supplier approach, and categories for linking with sourcing events. The other workshop will focus on content configuration associate with eRFx, such as notifications, smart data library, contract templates, configuration options, and the functions for importing and exporting sourcing event details. IBM will provide up to 24 hours of enablement for configuration of eRFx events, including eAuction events. IBM will configure a small number of representative configuration, such as up to three notifications, five smart data library entries, and one RFX template. IBM

will provide consultative support to Client for software usage, Client validation process, Client business procedure development, and Client end user enablement. The IBM Emptoris Strategic Supply Management Master File Implementation Service Engagement must be purchased and completed concurrently with this service or completed before this service is delivered.

**b. IBM Emptoris Sourcing Administrator Enablement Service Engagement**

IBM will provide enablement services to Client administrators of the Cloud Service. This will include functional reviews of the administrative functions, best practice discussions, hands on experience performing the admin functions on a test site, and responding to specific Client questions during the course of the enablement session. IBM will conduct an enablement workshop for the Cloud Service functions within the IBM Emptoris Strategic Supply Management module. Topics of the workshop include overview of eRFx events, categories, internal organizations, user roles, configuration properties, notifications, templates, reporting, and supplier onboarding relative to sourcing, import/export functions, eRFx evaluation tools, and terms of use functions. The workshop will include a functional overview and Client user hands-on exercises for familiarization of the Cloud Service. The IBM Emptoris Sourcing RFX Implementation Service Engagement must be purchased and completed concurrently with this service or completed before this service is delivered.

**c. IBM Emptoris Sourcing RFX Design & Implementation Service Engagement**

IBM will provide sourcing event design services to support a Client sourcing event project. These services will include sourcing strategy, configuration of the sourcing event in the Cloud Service, event level support during the open time of the sourcing event, evaluation strategy and evaluation of the supplier responses. These services are provided on a per-event basis. Note that one sourcing event may involve use of several of the eRFx types available in the software module, such as RFI, RFP, or eAuction. IBM will conduct an Event requirements workshop to obtain the goals and requirements details from the Client. IBM will develop an event strategy, including configuration of the event, and an evaluation approach. IBM will configure the event in the Cloud Service. IBM will enable the invited suppliers for participation in the bidding activities for the event. IBM will provide evaluation results once the event has closed, based on tools in the software and the evaluation approach. IBM will provide event management services during the open period of the event. The IBM Emptoris Sourcing RFX Implementation Service Engagement must be purchased and completed concurrently with this service or completed before this service is delivered.

**d. IBM Emptoris Sourcing RFX Advanced Sourcing Implementation Service Engagement**

IBM will provide enablement and implementation services to Client for the advanced features of the Cloud Service. This includes use of the decision support functions, use of Client defined item fields and bid fields, and use of bid field formulas. Also included is a review of the eAuction methods available in the system. IBM will conduct a two day enablement workshop for the advanced features of the Cloud Service including Client defined item fields, bid fields, and formula fields, use of multi round function, use of targeted invite to the sourcing event, review and use of decision support analysis and reporting tools. The workshop will include a functional overview and Client user hands-on exercises for familiarization of the Cloud Service. The IBM Emptoris Sourcing RFX Implementation Service Engagement must be purchased and completed concurrently with this service or completed before this service is delivered.

## **2. Security Description**

This Cloud Service follows IBM's data security and privacy principles for IBM SaaS which are available at [www.ibm.com/cloud/data-security](http://www.ibm.com/cloud/data-security) and any additional terms provided in this section. Any change to IBM's data security policies will not degrade the security of the Cloud Service.

The Cloud Service will enable Client to input and manage content containing information which may be considered personal information (PI) under applicable privacy laws including contact information (name, address, email, phone number, staff ID, cost center) and technical identifiers (username, password, IP addresses, MAC addresses). IBM will comply with requests from Client, its employees, or Guest Users to access, update, correct or delete such personal information.

This Cloud Service is not designed to any specific security requirements for sensitive personal information, protected health information, or other regulated content. Client is responsible to determine if this Cloud Service meets Clients needs with regard to the type of content Client uses in connection with the Cloud Service. Under no circumstances may Client use this Cloud Service to collect, process or store protected health information.

The Cloud Service does encrypt content during data transmission between the IBM network and the network access point or end user machine. The Cloud Service does encrypt content when at rest awaiting

data transmission if the Client is using version 10.1.1 or higher of the Cloud Service otherwise, Client is responsible to encrypt content prior to adding to the Cloud Service.

### 3. Service Level Agreement

IBM provides the following availability service level agreement (“SLA”) for the Cloud Service as specified in a PoE. The SLA is not a warranty. The SLA is available only to Client and applies only to use in production environments.

#### 3.1 Availability Credits

A support ticket claim for failure to meet an SLA must be submitted within thirty business days after the event that has impacted the Cloud Service availability. Compensation for a valid SLA claim will be a credit against a future invoice for the Cloud Service based on the duration of time during which production system processing for the Cloud Service is not available (“Downtime”). Downtime is measured from the time Client reports the event until the time the Cloud Service is restored and does not include time related to a scheduled or announced maintenance outage; causes beyond IBM’s control; problems with Client or third party content or technology, designs or instructions; unsupported system configurations and platforms or other Client errors; or Client-caused security incident or Client security testing. IBM will apply the highest applicable compensation based on the cumulative availability of the Cloud Service during each contracted month, as shown in the table below. The total compensation with respect to any contracted month cannot exceed 10 percent of one twelfth (1/12th) of the annual charge for the Cloud Service.

For bundled Cloud Services (individual Cloud Service offerings packaged and sold together as a single offering for a single combined price), the compensation will be calculated based on the single combined monthly price for the bundled Cloud Service, and not the monthly subscription fee for each individual Cloud Service. Client may only submit claims relating to one individual Cloud Service in a bundle at a given time.

#### 3.2 Service Levels

Availability of the Cloud Service during a contracted month

Availability during a contracted month	Compensation (% of monthly subscription fee* for contracted month that is the subject of a claim)
<99.7% for Clients that purchase Premium Support	2%
<99.0 if Premium Support is not purchased	2%
<97.0	5%
<95.0	10%

\* If the Cloud Service was acquired from an IBM Business Partner, the monthly subscription fee will be calculated on the then-current list price for the Cloud Service in effect for the contracted month which is the subject of a claim, discounted at a rate of 50%.

Availability, expressed as a percentage, is calculated as the total number of minutes in a contracted month minus the total number of minutes of Downtime in a contracted month divided by the total number of minutes in the contracted month.

Example: 500 minutes total Downtime during contracted month

43,200 total minutes in a 30 day Contracted Month -- 500 minutes Downtime = 42,700 minutes <hr/> 43,200 total minutes	= 2% Availability Credit for 98.8% availability during the contracted month
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## 4. Technical Support

IBM will make available the IBM Software as a Service Support Handbook which provides technical support contact information and other information and processes. Technical support is offered with the Cloud Service and is not available as a separate offering.

Severity	Severity Definition	Response Time Objectives	Response Time Coverage
1	Critical business impact/service down: Business critical functionality is inoperable or critical interface has failed. This usually applies to a production environment and indicates an inability to access services resulting in a critical impact on operations. This condition requires an immediate solution. Note: We will work with you 24X7 to resolve critical problems providing you have a technical resource available to work during those hours.	Within 1 hour	24X7
2	Significant business impact: A service business feature or function of the service is severely restricted in its use or you are in jeopardy of missing business deadlines.	Within 2 business hours	M-F business hours
3	Minor business impact: Indicates the service or functionality is usable and it is not a critical impact on operations.	Within 4 business hours	M-F business hours
4	Minimal business impact: An inquiry or non-technical request	Within 1 business day	M-F business hours

## 5. Entitlement and Billing Information

### 5.1 Charge Metrics

The Cloud Service offerings are sold in accordance with the following metric(s):

- a. **Authorized User** is a unit of measure by which the Cloud Service can be obtained. Client must obtain separate, dedicated entitlements for each unique Authorized User given access to the Cloud Service in any manner directly or indirectly (for example: via a multiplexing program, device, or application server) through any means. Sufficient entitlements must be obtained to cover the number of Authorized Users given access to the Cloud Service during the measurement period specified in Client's Proof of Entitlement (PoE) or Transaction Document.
- b. **Engagement** is a unit of measure by which the services can be obtained. An Engagement consists of professional and/or training services related to the Cloud Service. Sufficient entitlements must be obtained to cover each Engagement.
- c. **Event** is a unit of measure by which the Cloud Service can be obtained. Event entitlements are based on the number of occurrences of a specific event related to the use of the Cloud Service. Event entitlements are specific to the Cloud Service and the type of event may not be exchanged, interchanged, or aggregated with other Event entitlements of another Cloud Service or type of event. Sufficient entitlements must be obtained to cover every event that occurs during the measurement period specified in a Proof of Entitlement (PoE) or Transaction Document.  
For purposes of this Cloud Service, an Event is a unique report generated from the processing of an email, email list, html code, domain or IP address by the Cloud Service.
- d. **Instance** is a unit of measure by which the Cloud Service can be obtained. An Instance is access to a specific configuration of the Cloud Service. Sufficient entitlements must be obtained for each Instance of the Cloud Service made available to access and use during the measurement period specified in Client's PoE or Transaction Document.

### 5.2 Partial Month Charges

A partial month charge as specified in the Transaction Document may be assessed on a pro-rated basis.

### **5.3 On Demand Charges**

On-Demand options will be invoiced in the month the on-demand option is ordered by Client at the rate set forth in the Transaction Document.

### **5.4 Remote Service Charges**

Remote Services and Maintenance Subscriptions are delivered either remotely or at an IBM location. Project plans, and project documentation are delivered as IBM owned documents with unlimited right for the Client to copy and re-use for its business activities. IBM will assign delivery resources within 20 business days of order receipt and will provide weekly project status reports. Remotely Delivered Service Engagements are expected to be complete within 150 days of start of the service activity.

### **5.5 Verification**

Client will i) maintain, and provide upon request, records, system tools output, and access to Client's premises, as reasonably necessary for IBM and its independent auditor to verify Client's compliance with the Agreement, and ii) promptly order and pay for required entitlements at IBM's then current rates and for other charges and liabilities determined as a result of such verification, as IBM specifies in an invoice. These compliance verification obligations remain in effect during the term of the Cloud Service and for two years thereafter.

## **6. Term and Renewal Options**

The term of the Cloud Service begins on the date IBM notifies Client of their access to the Cloud Service, as documented in the PoE. The PoE will specify whether the Cloud Service renews automatically, proceeds on a continuous use basis, or terminates at the end of the term.

For automatic renewal, unless Client provides written notice not to renew at least 90 days prior to the term expiration date, the Cloud Service will automatically renew for the term specified in the PoE.

For continuous use, the Cloud Service will continue to be available on a month to month basis until Client provides 90 days written notice of termination. The Cloud Service will remain available to the end of the calendar month after such 90 day period.

## **7. Enabling Software**

This Cloud Service includes enabling software, which may be used only in connection with Client's use of the Cloud Service and only for the Cloud Service term.

## **8. Additional Terms**

### **8.1 General**

Client agrees IBM may publicly refer to Client as a subscriber to the Cloud Services in a publicity or marketing communication.

### **8.2 Backup**

Backups are performed daily for production Instances and weekly for non-production Instances. IBM will retain a backup copy of Client's data for a maximum period of 90 days for production Instances and up to seven days for non-production Instances. Client is responsible for configuring the Cloud Service security to prohibit individual users from deleting data, and once the data is deleted Client acknowledges and agrees IBM is not obligated to recover the deleted data and, if available, may charge for such effort.

### **8.3 Cloud Service Expiration**

Before expiration or termination of the Cloud Service Client can use any of the provided reporting or export features of the Cloud Service to extract data. Custom data extraction services are available under a separate agreement. Upon receiving a support request from Client within 30 days of the Cloud Service expiration or termination date, IBM will return to Client an electronic copy of Client's content in the native application format.

### **8.4 Cloud Service Upgrades**

IBM will install and configure software upgrades to the production or non-production environments at a mutually agreed time, subject to scheduling availability during business hours in the Client's time zone. Clients that subscribe to Essential or Premier Premium Support can request scheduling during weekends based on scheduling availability. Premier Premium Support Clients receive priority for scheduling during weekend upgrade scheduling.

IBM will provide notice 12 months prior to the termination of support for the version of the IBM software provided as part of the Cloud Service. IBM will work with Client to migrate each of Client's Instances of the Cloud Service to a supported version of the software prior to the termination of support date. Client will be responsible for the migration costs. If the migration to a supported version of the software is not completed within the notice period, other than as a result of delays caused solely by IBM or its subcontractors, IBM may terminate this agreement upon 30 days written notice to Client.

## **8.5 Database Refreshes**

IBM will replicate production database contents to Client's non-production environment once per quarter (or up to four times per quarter for Premium Support), for each non-production system purchased. Refresh services will be performed at a mutually agreed time, subject to scheduling availability

## **8.6 Client Provided Certificates**

The Cloud Service will be configured to use an IBM provided internet uniform resource unless Client requests specifically to use Client's own internet uniform resource locator. If Client chooses to use its own internet uniform resource locator for the Cloud Service then Client will bear all responsibility, maintenance and costs for the renewal of the uniform resource locator and any required certificates. Client must deliver the required certificates and setup information to IBM before the provisioning of Client's Cloud Service is completed.

## **8.7 Disaster Recovery**

To the extent Client is running on a current, supported version of the Cloud Service, if Client has purchased at least one non production environment, in the event of a major system disruption caused by a natural disaster (e.g. fire, earthquake, flood, etc.), disaster recovery will be accomplished by using commercially reasonable efforts to restore Client's production data to one of Client's non-production environments with a recovery objective of 72 hours. This is not a warranty and no service level agreement is available.

## **8.8 Cumulative Entitlements Requirement**

Clients must obtain an Instance entitlement, as well as sufficient Authorized User entitlements to cover the Cloud Service Users of IBM Emptoris Sourcing on Cloud and IBM Emptoris Sourcing Premium on Cloud.

## **8.9 Entitlements Not Required**

Administrative users are included in the Cloud Service offering. Client is not required to obtain Authorized User entitlements for administrative users of the Cloud Service.

An administrative user is authorized to create the following: internal or external users, internal or external organizations, currency tables, system level templates, categories, data sources, groups, roles and workflows. An administrative user may also manage the following: notifications, system level configurations, categories and master supplier records.

Any external user (users associated with external third parties with whom Client is engaged) may be provided access to the Cloud Service and are considered Guest Users. Client is not required to obtain Authorized User entitlements for Guest Users of the Cloud Service. Guest Users are Client's responsibility, including but not limited to a) any claims made by the Guest Users relating to the Cloud Service; b) charges incurred by the Guest User; or c) any misuses of the Cloud Service by these Guest Users. Guest Users are provided support for the following items only:

- Password and login issues
- Navigation
- Browser issues
- Product functional questions

Please contact IBM for support in languages other than English.

## **8.10 OJEU Requirements**

If a Client utilizes the OJEU feature where the sourcing system transmits data to the Tenders Electronic Daily (TED) site, the Client is responsible for applying to the OJEU and passing the GAMMA testing. The data transmission is solely between the Client and this third party site. IBM makes no warranties or representations about such third party sites or services and shall have no liability for such third party sites or services.