

IBM Cloud Service Description: IBM Emptoris Supplier Lifecycle Management on Cloud

The following is the Service Description for your Order:

1. **Cloud Service Description** for the following Cloud Service offerings that you may order. Section A below is the base offering that you must order to use the Cloud Service, however Sections B through G below describe optional services that you may order. The offerings that you have ordered are specified in your Order Document. For the purpose of this Cloud Service, the Order Document will consist of the Quotation that IBM presents to you and the Proof of Entitlement (PoE) that you will receive from IBM confirming that the Cloud Service has been provisioned and setting forth the beginning and end date for the term of the Cloud Service.

A. IBM Emptoris Supplier Lifecycle Management on Cloud

A modular, scalable solution that provides support for supplier management needs. The Emptoris Supplier Lifecycle Management on Cloud consists of the following:

Core Functionality

Master Data – allows maintaining a hierarchical supplier, category, organization and region structure to be used in the business module processes, analysis and reporting.

SLM 360 – presents module information concerning a supplier, category, organization or region.

Persons – allows managing contact information of internal and external participants and stakeholders.

Users & User Groups – allows managing internal and external user accounts and allows clustering user accounts into internal and external user groups.

Permissions – gives the ability to define permissions and restrictions for users or user groups to grant access to data objects, menus and tasks in the application.

Follow-Up Actions – allows starting the process of a module based on another business object of another module and maintaining references of the follow-ups created.

Any combination of the following may also be ordered:

B. IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Qualification

Provides a structured framework for all of the processes required for efficiency and data accuracy in the on-boarding and maintenance of your organization's supplier base. In order to promote both efficiency and data accuracy, suppliers can load and update their data. A variety of functions like flexible supplier profile definitions, together with advanced analytics capabilities, facilitates the task of segmenting and identifying appropriate suppliers.

Supplier Registration – allows creating and managing registrations for new suppliers, a process covering registrations by invitation, anonymously or internal quick registration.

Supplier Clearing – clearing process for new registrations. Gives the user the ability to accept or discard registrations upon acceptance a new supplier record can be generated.

Supplier Assessment – gives the ability to create and manage assessments for suppliers or internal users to provide and update information in questionnaires.

Supplier Master Data Update – transfer of answers to update the suppliers master data

Assessment Series – allows to automatically and periodically generate assessments for an automated assessment process.

Answer Consequences – the system can be configured to mark critical or K.O. answers for special attention and can send notifications or follow-up assessments based on answers.

Requirement based Approval – gives the ability to define requirements and possible result status that are measured for a supplier based on the answer of assessments.

Research and Comparison – gives the ability to search for assessments based on answers to questions and compare suppliers on the answers to questions.

Question Pool – store all chapters and questions (of type text, number, date, multiple-choice, entity select, attachment) used in questionnaires in a central pool.

Questionnaire Design – allows multiple flexible questionnaires with giving the ability to restrict certain chapters or questions to be only viewed or only edited by internal users.

Multi-Lingual – supports questionnaires for an international supplier base in several languages.

Notifications – invitation and reminder E-mail notifications to support the process

Task Lists – personalized task lists with status

Workflow and Type Support – qualification processes are based on a workflow engine. Types give the ability to use multiple kinds of registration and assessment processes with different workflows and notification sets.

- C. **IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Evaluation** gives the ability to assess and control the performance of your suppliers. It allows responding to any weaknesses in a timely manner and to nurture and enhance the supplier's strategic strengths.

Performance Evaluation – allows creating and managing cross-functional supplier performance evaluations by categories and/or organizations on a defined time period based on a scorecard.

Reverse Evaluation – allows creating and managing supplier self-evaluations by categories and/or organizations on a defined time period based on a scorecard.

Single/Multiple Evaluators – criterion evaluated by one or more experts with the possibility of different weightings for each expert

Coordination – gives the initiator the ability to assign coordinators instead of evaluators. Coordinators will receive a task to select evaluators for their assigned criteria.

Role Support – gives the ability to define roles for certain criteria in a scorecard to simplify evaluator assignment to criteria by an initiator of an assessment.

Automatic Answering – answers for criterion can be derived from stored information from external sources (hard facts)

Evaluation Series – allows to automatically and periodically generate evaluations for an automated performance evaluation process.

Evaluation Release – gives a defined set of users the option to review the result of an evaluation, sending it back for corrections or releasing it for analysis and reporting.

Dependent Scorecards – gives the ability to link scorecards and therefore use the results of performance evaluations based on one scorecard to answer criteria of performance evaluations based on another scorecard.

Strategic Importance – allows creating and managing strategic importance evaluations, which allow evaluating the future importance of the supplier based on a simplified evaluation process and scorecard.

Analysis and Reporting – allows to view and search for released performance evaluations and strategic importance evaluations. Gives the user the ability to create reports of detailed views or comparisons of performance evaluations.

Criterion Pool – store all chapters and criteria (of type text, number, and multiple-choice) used in scorecards in a central pool.

Scorecard Design – allows defining multiple flexible scorecards with giving the ability to define weights on chapter and criterion level.

Multi-Lingual – supports scorecards for an international user base in several languages.

Notifications – Invitation and reminder E-mail notifications to support the process

Task Lists – personalized task lists with status

Workflow and Type Support – evaluation processes are based on a workflow engine. Types give the ability to use multiple kinds of performance evaluation and strategic importance processes with different workflows and notification sets.

- D. **IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Classification** structures and classifies both existing and potential suppliers into service classes based on essential indicators such as supplier evaluation results and the strategic value rating. This classification can then be used as the basis for the active development and advancement of the supplier portfolio.

Supplier Segmentation – allows creating and managing supplier classifications to determine the class of a supplier specific for a scope of categories and/or organizations.

Current Results – active supplier classifications show the current classification given to the supplier in the defined scope.

Analysis and Reporting – allows to view and search for active supplier classifications. Gives the user the ability to create reports on classification results.

Standardized Strategies – define for each class strategies on further actions for this supplier.

Multi-Lingual – supports scorecards for an international user base in several languages.

Task Lists – personalized task lists with status

Workflow and Type Support – classification processes are based on a workflow engine. Types give the ability to use multiple kinds of classification processes with different workflows.

- E. **IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Development** includes planning, implementation, and control of actions and activities in optimization projects. It gives the ability to determine the development goals for the suppliers, define dates and responsibilities and control the advancement using a sustainable strictness degree system.

Development Actions – allows creating and managing actions specific scope and focus (suppliers, categories, organizations and/or regions) and the planned and actual time they are scheduled.

Tasks Support – gives the ability to define break down an action into smaller task assignable to internal and external users for execution.

Task Execution – gives internal and external users the ability to execute tasks assigned to them.

Projects and Work Packages – allows grouping actions into projects and work packages to provide a better overview of all actions concerning a specific area.

Analysis and Reporting – allows to view and search for released projects and actions. Gives the user the ability to create reports of detailed views of projects.

Standard Actions – gives the ability to create predefined actions and tasks that can be used as template upon creation of new actions.

Notifications – Invitation and reminder E-mail notifications to support the process

Task Lists - personalized task lists with status

Workflow and Type Support – development processes are based on a workflow engine. Types give the ability to use multiple kinds of action processes with different workflows and notification sets.

- F. IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Risk Management** facilitates a structured and holistic process to recognize, control, and assess supplier-related risks in the procurement process. Comprehensive reporting and analysis functions, coupled with an automatic early warning system can track and recognize potential risks and proactively trigger appropriate measures to help avoid and mitigate risk.

Risk Assessment – allows creating and managing risk assessments scoped by suppliers, categories, organizations and/or regions based on a risk scorecard.

Automatic Answering – answers for indicators can be automatically updated based on stored information from external sources (hard facts)

Risk Indicators – gives the ability to view the result of a risk assessment summarized in the indices “risk index”, “likelihood” and “impact”.

Formula Support – gives the ability to calculate indices from indicators in a risk assessment by using formulas.

Current Results – active supplier classifications show the current classification given to the supplier in the defined scope.

Thresholds and Highlighting – gives the ability to define target and tolerance upper and/or lower thresholds for indicators and indices. Based on these thresholds results are highlighted.

Analysis and Reporting – allows to view and search for active risk assessments. Gives the user the ability to create reports on risk assessment results.

Indicator Pool – store all indicators (of type number and multiple-choice) used in risk scorecards in a central pool.

Scorecard Design – allows to define multiple flexible risk scorecards

Multi-Lingual – supports scorecards for an international user base in several languages

Task Lists – personalized task lists with status

Workflow and Type Support – risk processes are based on a workflow engine. Types give the ability to use multiple kinds of risk processes with different workflows.

- G. IBM Emptoris Supplier Lifecycle Management on Cloud Read Only**

Clients are permitted to access and search repositories, view reports, receive notifications and risk alerts.

- H.** If any of the above offerings are designated as “**Non-Production**” on the Order Document, then the applicable Cloud Service offering can only 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.

2. Security Description. IBM implements and maintains the practices and procedures described in this section.

A. Security Policies

IBM maintains privacy and security policies that are communicated to IBM employees. IBM requires privacy and security education training to individuals worldwide who support IBM data centers and we maintain a security team that is uniquely focused on information security. IBM security policies and standards are reviewed and re-evaluated annually. IBM security incidents are handled in accordance with a comprehensive incident response procedure.

B. Access Control

Access to client data is allowed only by authorized IBM support representatives according to principles of segregation of duties. IBM support staff use two-factor authentication to an intermediate "gateway" management host. All connections are encrypted channels when accessing client data. All access to client data and transfer of data into or out of the hosting environment is logged. There is no usage of WIFI within IBM Emptoris data centers. Access control logs are audited regularly. Termination and employment change procedures are in place and include return of assets and access right removal.

C. Service Integrity & Availability

Modifications to operating system resources and application software are governed by IBM's change management process. Changes to firewall rules are also governed by the change management process and are separately reviewed by the IBM security staff before implementation. IBM data center resources are monitored 24x7 by IBM staff. Internal and external vulnerability scanning is regularly conducted by authorized administrators and third party vendors to help detect and resolve potential system security exposures. Malware detection (antivirus, intrusion detection, vulnerability scanning, and intrusion prevention) systems are in place throughout all IBM data centers. IBM's data center services support a variety of information delivery protocols for transmission of data over public networks. Examples include HTTPS/SFTP/FTPS/S/MIME and site-to-site VPN. Backup data intended for off-site storage is encrypted prior to transport.

D. Activity logging

Where technically available, for systems, applications, data repositories, middleware and network infrastructure devices, IBM's team maintains logs of its activity. To minimize the possibility of tampering and to enable central analysis, alerting and reporting, activity logging is done in real-time to central log repositories. Data is signed to prevent tampering. Logs are analyzed in real-time and via periodic analysis reports to look for anomalous behavior. Operations staff is alerted to anomalies and contacts a 24x7 on-call security specialist when needed.

E. Physical Security

IBM maintains physical security standards designed to restrict unauthorized physical access to data center resources. Only limited access points exist into the IBM data centers, which are controlled by two-factor authentication and monitored by surveillance cameras. Access is allowed only to authorized staff who have approved access. Operations staff verifies the approval and issues an access badge granting the necessary access. Employees issued such badges must surrender other access badges and can only possess the data center access badge for the duration of their activity. Usage of badges is logged. Non-IBM visitors are registered upon entering on premises and are escorted when they are on the premises. Physical protection measures against damage from fire, flood, earthquake, explosion, civil unrest, and other forms of natural or man-made disaster are applied. Delivery areas and loading docks and other points where unauthorized persons may enter the premises are controlled and isolated. Entry and removal of equipment is logged.

F. Compliance

Industry standard audit SAS 70 Type II now SSAE 16, or equivalent is performed annually in our production data centers. IBM's team reviews security and privacy-related activities for compliance with IBM's business activities. Assessments and audits are conducted regularly by IBM's team to confirm compliance with its information security policies. Workforce security education and awareness training is completed by IBM's employees and vendor employees on an annual basis. Personnel are reminded of their job objectives and their responsibility to meet ethical business conduct, confidentiality, and IBM's security obligations on an annual basis.

3. Service Level Commitment. IBM provides the following service level commitment ("SLA") for this Cloud Service offering:

A. Definitions

- i. "Availability Credit" means the remedy IBM will provide for a validated Claim. The Availability Credit will be applied in the form of a credit or discount against a future invoice of subscription charges for the Service.
- ii. "Claim" means a claim submitted by you to IBM pursuant to the SLA that a Service Level has not been met during a Contracted Month.
- iii. "Contracted Month" means each full month during the term of the Service measured from 12:00 a.m. Eastern US time on the first day of the month through 11:59 p.m. Eastern US time on the last day of the month.
- iv. "Downtime" means a period of time during which production system processing for the Service has stopped and all of your users are unable to use all aspects of the Service for which they have appropriate permissions. Downtime does not include the period of time when the Service is not available as a result of:

- A scheduled outage for the purpose of service maintenance.
 - Events or causes beyond IBM's control (eg., natural disaster, internet outages, etc.).
 - Problems with Client or third party applications, equipment or data.
 - Failure to adhere to required system configurations and supported platforms for accessing the Service.
 - IBM's compliance with any designs, specifications, or instructions provided by Client or a third party on Client's behalf.
- v. "Event" means a circumstance or set of circumstances taken together, resulting in a failure to meet a Service Level.
- vi. "Service" means the IBM Emptoris service(s) to which the SLA applies. The SLA applies to each Service individually and not in combination.
- vii. "Service Level" means the standard set forth below by which IBM measures the level of service it provides in this SLA.

B. Availability Credits

- i. In order to submit a Claim, you must log a Severity 1 support ticket for each Event with the IBM customer support help desk, within twenty-four (24) hours of your first becoming aware that the Event has impacted your use of the Service. You must provide all necessary detailed information about the Event and reasonably assist IBM with the diagnosis and resolution of the Event.
- ii. You must submit your Claim for an Availability Credit no later than three (3) business days after the end of the Contracted Month that is the subject of the Claim.
- iii. Availability Credits will be based on the duration of the Downtime measured from the time you report that you were first impacted by the Downtime. For each valid Claim, IBM will apply the highest applicable Availability Credit based on the achieved Service Level during each Contracted Month, as shown in the table below. IBM will not be liable for multiple Availability Credits for the same Event in the same Contracted Month.
- iv. For Bundled Services (individual Services packaged and sold together for a single combined price), the Availability Credit will be calculated based on the single combined monthly price for the Bundled Service, and not the monthly subscription fee for each individual Service. You may only submit Claims relating to one individual Service in a bundle in any Contracted Month, and IBM will not be liable for Availability Credits with respect to more than one Service in a bundle in any Contracted Month.
- v. The total Availability Credits awarded with respect to any Contracted Month shall not, under any circumstance, exceed 10 percent (10%) of one twelfth (1/12th) of the annual charge paid by you to IBM for the Service.

C. Service Levels – Availability of Service during a Contracted Month

Availability during a Contracted Month	Availability Credit (% of Monthly Subscription Fee for Contracted Month that is the subject of a Claim)
<99.0%	2%
<97.0%	5%
<95.0%	10%

Availability is calculated as: (a) the total number of minutes in a Contracted Month (minus the minutes of Planned System Downtime), minus (b) the total number of minutes of non-scheduled Downtime in a Contracted Month, divided by (c) the total number of minutes in a Contracted Month (minus the minutes of Planned System Downtime), with the resulting fraction expressed as a percentage.

Example: 500 minutes total non-scheduled Downtime during Contracted Month

43,200 total minutes in a 30 day Contracted Month - 200 minutes of Planned System Downtime

– 500 minutes Downtime = 42,500 minutes	= 2% Availability Credit for 98.8% Achieved Service Level
<hr/> 43,200 total minutes (-200 minutes of Planned System Downtime) in a 30 day Contracted Month =43,000 minutes	

D. Other information about this SLA. This SLA is made available only to IBM's clients and does not apply to claims made by your users, guests, and participants of the Service or to any beta or trial services that IBM provides. The SLA only applies to the production Services, so it does not apply to Non-production environments, including but not limited to test, disaster recovery, Q&A, or development. If you have breached any material obligations under your contract for the Service, including without limitation, breach of any payment obligations, you may not make a Claim under this SLA.

4. Entitlement, Billing, Term and Support Information

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

- i. **Authorized User** is a unit of measure by which the Cloud Service may be obtained. An Authorized User is a unique person who is given access to Cloud Service. You must obtain separate, dedicated entitlements for each Authorized User accessing the Cloud Service offering in any manner directly or indirectly (for example: via a multiplexing program, device, or application server) through any means during the measurement period specified in the Order Document. An entitlement for an Authorized User is unique to that Authorized User and may not be shared, nor may it be reassigned other than for the permanent transfer of the Authorized User entitlement to another person.
- ii. **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 the Order Document.

B. Cumulative Entitlements-IBM Emptoris Supplier Lifecycle Management on Cloud

Customers must obtain an Instance entitlement, as well as sufficient Authorized User entitlements to cover the Cloud Service Users of IBM Emptoris Supplier Lifecycle Management on Cloud.

C. Entitlements Not Required. Administrative, anonymous, and external users are included in the Cloud Service offering without requiring separate Authorized User entitlements. An administrative user is someone who is responsible for maintaining/updating administration functions of the Cloud Service. This can include creating/updating templates, questionnaires, scorecards, types, notification templates, configuring user permissions, organizations, data sources, groups, roles, workflows, categories, and master supplier records. If an administrative user does non-administrative activities, they will require an entitlement as an Authorized User. An anonymous user is an account that cannot login and is only used to define permissions for anonymous tasks in workflows. An external user (users associated with external third parties with whom Client is engaged and for whom you are responsible) may be provided access to the Cloud Service and can use product functions like viewing/updating assessments, viewing/performing evaluations or viewing/participating in development actions, and you are not required to obtain Authorized User entitlements for such external users.

D. Charges and Billing

- i. **Billing Options.** The amount payable for this Cloud Service offering is specified in an Order Document as follows:
 - a)Entire commitment amount upfront
 - b)Monthly (in arrears)
 - c)Quarterly (upfront)
 - d)Annually (upfront)

The selected billing option will be valid for the length of the term as specified in the Order Document. The amount payable per billing cycle will be based on the monthly or annual subscription fee and number of billing cycles in a year plus any overage charges.

- i. **Partial Month Charges.** The Partial Month charge is a pro-rated daily rate that will be charged to you. The Partial Month Charges are calculated based on the remaining days of the partial month starting on the date you are notified by IBM that your access to the Cloud Service offering is available.

- ii. **Overages.** If your actual usage of the Cloud Service during the measurement period exceeds the entitlement stated on the POE portion of the Order Document, then you will be invoiced for the overage, as set forth in the Order Document.
- iii. **On-Demand** options will be invoiced in the month the on-demand option is ordered by you at the rate set forth in the Order Document.
- iv. **Set-up** charges will be specified in an Order Document.

E. Term and Renewal Options

- i. **Term.** The term of the Cloud Service will begin on the date that IBM notifies you that you have access to the portions of the Cloud Service that are described in the Order Document. The PoE portion of the Order Document will confirm the exact date of the start and end of the term, as well as how or whether the term will renew. You are permitted to increase your level of use of the Cloud Service during the term by contacting IBM or an IBM Business Partner. We will include that change in an Order Document.
- ii. **Cloud Services Term Renewal Options** Your Order Document will set forth whether the Cloud Service will renew at the end of the term, by designating the term as one of the following:
 - a. **Automatic Renewal.** If your Order Document states that your renewal is automatic, you may terminate the expiring Cloud Service term by written request, at least ninety (90) days prior to the expiration date of the term that is set forth in the Order Document. If IBM or an IBM Business Partner does not receive such termination notice by the expiration date, the expiring term will be automatically renewed for either a one year term or the same duration as the original term as set forth in the PoE portion of the Order Document.
 - b. **Continuous Billing.** When the Order Document notes that your billing is continuous, you will continue to have access to the Cloud Service and will be billed for the usage of the Cloud Service on a continuous billing basis. To discontinue use of the Cloud Service and stop the continuous billing process, you will need to provide IBM or an IBM Business Partner with ninety (90) days written notice requesting that your Cloud Service be cancelled. Upon cancellation of your access, you will be billed for any outstanding access charges through the month in which the cancellation took effect.
 - c. **Renewal Required.** When the Order Document notes that your renewal type is “terminate”, the Cloud Service will terminate at the end of the term and your access to the Cloud Service will be removed. To continue to use the Cloud Service beyond the end date, you will need to place an order with your IBM sales representative or IBM Business Partner to purchase a new subscription term.

F. Technical Support

Technical support is provided during the subscription period.