

IBM Omni-Channel Merchandising

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

1. Cloud Service

1.1 IBM Price Management

IBM Price Management enables retailers to implement pricing strategies by determining prices for a given item and maintaining all prices over time through the enforcement of pricing rules. The retailer can use IBM Price Management to set up scenarios, customize pricing rules, have the system rules-price all of their merchandise and also react to data changes, such as vendor costs and competitor prices on a regular basis.

1.2 IBM Price Optimization

IBM Price Optimization enables retailers to create and run simulation and optimization scenarios in which they define strategic objectives such as increased revenues, profits, and sales volume and optimize prices to best achieve these objectives.

1.3 IBM Dynamic Pricing

IBM Dynamic Pricing enables retailers to define and implement pricing strategies for a retailer's online channel. IBM Dynamic Pricing determines prices for a given item and maintains the enforcement of pricing rules. The retailer can use IBM Dynamic Pricing to set up strategies, thresholds, custom pricing rules, and execute pricing on products. Additionally, IBM Dynamic Pricing allows retailers to react to data changes, such as vendor costs and competitor prices (removed on a regular basis). IBM Dynamic Pricing provides exception and trending visualizations, focusing the retailer on only their defined exceptions and trends.

1.4 IBM Promotion Planning

IBM Promotion Planning provides a collaborative, web-based interface for setting-up and managing item and group level promotions, including price, valid dates, performance details, and locations. IBM Promotion Planning enables retailers to establish a single repository of promotional offers improving visibility and accountability, helps to reduce errors, and streamlining execution.

1.5 IBM Promotion Optimization

IBM Promotion Optimization helps Client determine in real-time the optimal promotions that will accomplish their merchandising and marketing objectives. Retailers use IBM Promotion Optimization to evaluate and forecast incoming vendor offers as well as to plan private label and other promotions. IBM Promotion Optimization assists retailers to determine the discounted price for any item or promoted item group; the type of temporary price reduction, such as buy one get one, percent off, and multiples; and the use of merchandising support, such as ads and displays, as well as specific placement within an ad, to maximize the incremental lift and total store impact of every promotion.

1.6 IBM Promotion Execution

IBM Promotion Execution enables retailers to build a single repository for their information and content about promotional offers and events (ads, flyers, mobile, email, display, signage, etc.), including copy and images, and event level details.

1.7 IBM Markdown Optimization

IBM Markdown Optimization enables retailers to plan and optimize pricing, profit and inventory levels for items leaving the assortment. IBM Markdown Optimization supports a wide range of markdown types, including seasonal, short product lifecycle, event and holiday, category reset, cycle refresh, and standard discount markdowns. Retailers can also create, forecast, compare, and evaluate multiple markdown pricing scenarios to fine-tune their markdown strategy.

1.8 IBM Deal Management

IBM Deal Management enables retailers to automate and streamline the presentation, negotiation, and reconciliation of trade promotions they receive from their consumer product manufacturer trading partners in a web-based environment.

1.9 IBM Deal Management: Bill Distribution Module

IBM Deal Management: Bill Distribution Module enables retailers to reduce processing cycle time, account receivable turnover ratio and manual errors through automated generation and secure distribution of PDF invoices to consumer product manufacturer trading partners.

1.10 IBM Basket Insights

IBM Basket Insights enables retailers to analyze transactions through a series of dashboards.

1.11 IBM Shopper Insights

IBM Shopper Insights enables retailers to analyze shopper behavior including trips, purchase frequency, and product purchase through a series of dashboards. Once a particular retailer subscribes to IBM Shopper Insights, IBM makes available IBM Shopper Insights for Manufacturers to that retailer's vendors and trading partners.

1.12 IBM Assortment Optimization

IBM Assortment Optimization enables retailers to determine which items should be stocked, by store cluster and planogram, based on shopper purchase behavior, the competitive environment, and a quantified understanding of whether an item is merely duplicative or provides incremental sales to the product category. Once a retailer subscribes to IBM Assortment Optimization, IBM makes available IBM Assortment Optimization for Manufacturers so that retailer's vendors and trading partners can collaborate with the retailer to enable assortment decisions based on the retailer's sales data.

1.13 IBM Omni-Channel Merchandising Preview

IBM Omni-Channel Merchandising Preview allows Client to preview upcoming releases to help them prepare for new or updated capabilities.

2. Security Description

This Cloud Service follows IBM's data security and privacy principles for IBM SaaS which are available at <https://www.ibm.com/cloud/resourcecenter/content/80> and any additional terms provided in this section. Any change to IBM's data security and privacy principals will not degrade the security of the Cloud Service.

3. Service Level Agreement

IBM provides the following availability service level agreement ("SLA") for the Cloud Service as specified in the 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

Client must log a Severity 1 support ticket with the IBM technical support help desk within 48 hours of first becoming aware of an event that has impacted the Cloud Service availability. Client must reasonably assist IBM with any problem diagnosis and resolution.

A support ticket claim for failure to meet an SLA must be submitted within three (3) business days after the end of the contracted month. 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 twelve percent (12%) 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)
97.00% - 99.00%	2%
95.00% – 96.99%	5%
Less than 95.00%	12%

* 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%. IBM will make a rebate directly available to Client.

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 a 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 style="width: 50%; margin: 10px auto;"/> 43,200 total minutes	= 2% Availability credit for 98.8% availability during the contracted month
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4. Technical Support

Technical support for the Cloud Service is provided via email, online forums, and an online problem reporting system. 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 during Support Hours	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.	Within 1 hour	24x7
2	Significant business impact: A service feature or function is severely restricted in its use or Client is 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 presenting 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 Definitions

The following terms shall have the meanings set forth below:

Consumer Products or CP — means any article or component thereof produced or distributed for direct sale to a consumer. By way of example, “Consumer Products” include apparel and footwear, food and beverage, home and personal care, consumer durables & home appliances, consumer non-durables, specialty, and pet care, but do not include automobiles, airplanes, financial instruments, services or houses.

Included Business — means the division, business unit or channel (for example, physical stores versus on-line ecommerce) in connection with which Client subscribes to use the Cloud Service.

Included Geography — means the geography in which Client subscribes to use the Cloud Service.

Retailer — means a Client engaged in the sale of Consumer Products in small or individual lots for direct consumption by the consumer.

Total Sales — means gross sales excluding applicable sales tax, of the legal entity subscribing to the Cloud Service that are derived from the sale of products sold by the Included Business based on the last reported full twelve month period prior to the initial term or renewal of the term. IBM may recalculate Total Sales if there is non-organic business growth to the Included Business as a result of a merger or acquisition. Client will promptly notify IBM of mergers or acquisitions that affect Total Sales of the Included Business.

Capitalized terms not defined herein are defined in the Cloud Service Agreement.

5.2 Charge Metrics

The Cloud Service is available under the charge metric specified in the Transaction Document:

- a. Million Revenue Conversion Unit (MRCU) is a unit of measure by which the Cloud Service can be obtained. A Revenue Conversion Unit is a currency-independent measure of a Revenue amount relevant to the Cloud Service. Currency-specific Revenue amounts must be converted into RCUs in accordance with the table located at Conversion unit table (http://www-01.ibm.com/software/passportadvantage/conversion_unit_table.html). Each MRCU entitlement represents one Million RCUs. Sufficient MRCU entitlements must be obtained to cover the amount of Revenue as defined below.
- 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.

Note: The definition/scope of Revenue differs by the particular Cloud Service offering as outlined below:

Cloud Service	Revenue Definition
IBM Price Management IBM Dynamic Pricing IBM Basket Insights IBM Shopper Insights IBM Assortment Optimization IBM Deal Management IBM Deal Management: Bill Distribution Module	Revenue is Total Sales of the Included Business that the Client intends to use with the Cloud Service (a subscription could be limited to specific product categories of the Included Business)
IBM Price Optimization	Revenue is the Total Sales that Client intends to optimize (a subscription could be limited to a portion of the Included Business)
IBM Promotion Optimization IBM Promotion Planning IBM Promotion Execution	Revenue is the Total Sales of the Included Business that are generated by sales of Promoted Items. For purposes of this Cloud Service, Promoted Items are products that are temporarily featured and/or discounted or sold on any form of promotion, including without limitation, a temporary price reduction (TPR), mention in an advertisement or circular, display in a secondary location of physical stores or on the main page of a website and coupons. Promoted Items do not include Markdown

IBM Markdown Optimization	<p>Items.</p> <p>Revenue is the Total Sales of the Included Business that are generated by sales of Markdown Items. For purpose of this Cloud Service, Markdown Items are products sold on a permanent price reduction, generally aimed at clearing out excess supply, which includes clearance sales.</p>
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5.3 Platform Enablement Services

For the purposes of the Platform Enablement Services, Revenue is the Total Sales of the Included Business.

To determine the appropriate Platform Enablement Service level to purchase, Client must first determine the appropriate Billion Revenue Conversion Units (BRCU) that applies to their company. A BRCU is a currency-independent measure of a Revenue amount relevant to the Cloud Service. Currency-specific Revenue amounts must be converted into BRCUs in accordance with the table located at http://www.ibm.com/software/licensing/conversion_unit_table. Each BRCU entitlement represents one Billion (10 to the 9th power) RCUs. The BRCUs calculated must cover the amount of Revenue processed or managed by the Cloud Service during the measurement period.

Level 1 = up to 3 BRCU

Level 2 = up to 8 BRCU

Level 3 = up to 15 BRCU

Level 4 = above 15 BRCU

5.4 Set-Up Charges

Set-up charges will be specified in a Transaction Document. A set-up fee will be charged for initial or additional as appropriate.

- a. IBM Omni-Channel Merchandising One-Time Setup -- IBM shall charge a one-time setup fee upon initial provisioning of the Cloud Service. The rate and billing term will be specified in the Transaction Document and billed accordingly.
- b. IBM Omni-Channel Merchandising Additional Application Setup Fee-- IBM shall charge a setup fee for each Additional Application Setup Fee ordered. The rate and billing term will be specified in the Transaction Document and billed accordingly.

5.5 Partial Month Charges

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

6. Remote Services

The following remote services may be acquired by Clients of the Cloud Services:

- IBM Price Management – Platform Enablement Services
- IBM Promotion Planning – Platform Enablement Services
- IBM Price Optimization – Platform Enablement Services
- IBM Price and Promotion Optimization – Platform Enablement Services
- IBM Promotion Optimization – Platform Enablement Services
- IBM Markdown Optimization – Platform Enablement Services
- IBM Basket Insights – Platform Enablement Services

6.1 IBM Price Management – Platform Enablement Services, IBM Promotion Planning – Platform Enablement Services, IBM Basket Insights – Platform Enablement Services

IBM will:

- a. Work with Client to obtain all required data fields as outlined in the relevant IBM Import Data Specification Document for the applicable Cloud Service offering (“Client Data”).
- b. Receive and load Client Data on a weekly or daily cadence and maintain the data translation interfaces (inbound and outbound) using standard tools. Additional fees could be required if Client

modifies the format of Client Data following initial implementation, requests transmission of files back to Client in a different format or requests that IBM modify data maps and automation scripts to take advantage of new data.

- c. Provide standard on-going account management services which ensure Client is supported after the implementation team rolls off. This account management service will be provided remotely and will not exceed 4 hours per week.

6.2 IBM Price Optimization – Platform Enablement Services, IBM Promotion Optimization – Platform Enablement Services, IBM Markdown Optimization – Platform Enablement Services, IBM Price and Promotion Optimization – Platform Enablement Services

IBM will:

- a. Work with Client to obtain all required data fields as outlined in the relevant IBM Import Data Specification Document for the applicable Cloud Service offering (“Client Data”).
- b. Receive and load Client Data on a weekly or daily cadence and maintain the data translation interfaces (inbound and outbound) using standard tools. Additional fees could be required if Client modifies the format of Client Data following initial implementation, requests transmission of files back to Client in a different format or requests that IBM modify data maps and automation scripts to take advantage of new data.
- c. Perform its standard data validation for modeled product categories. Data validation consists of automated jobs running and checking Client Data for potential errors and anomalies.
- d. Provide its standard econometric modeling services for each product category in accordance with the Project Plan, which services include creating modeling datasets, estimating models, assessing model quality, and troubleshooting models as needed. This includes initial modeling for each included product category and ongoing remodels on a reasonable cadence based on the dynamics of the category as reasonably assessed by IBM. In the case of a data restatement by Client, IBM will work with Client to determine whether a reload of the restated historical data and a remodel of the affected product categories is warranted, which may require additional fees to be agreed upon at that time.
- e. Provide standard on-going account management services which ensure Client is supported after the implementation team rolls off. This account management service will be provided remotely and will not exceed 6 hours per week.

6.3 Client Responsibilities for Platform Enablement Services

Client is responsible for providing the following:

- a. Direct access for IBM resources as necessary to complete assigned Platform Enablement Services activities
- b. Appropriate level and number of Client’s resources to work on the project including:
 - IT programmer(s) to work with IBM’s data integration team to create and maintain the appropriate data interfaces
 - Representatives from the business to ensure application requirements are properly translated into the contents of the data extracts
 - Strong project team for performing the following technical and business process work required:
 - Relevant data mapping documentation
 - Transmission of Client Data in accordance with agreed timelines
 - Client Data that matches IBM’s format as specified in the current IBM Import Data Specification Document
 - Resources to address any issues in a timely manner
 - Client’s support for ensuring the information provided is correct

Client acknowledges that Client’s failure to perform the above obligations may affect IBM’s ability to provide the Platform Enablement Services. If Platform Enablement Services are delayed or if IBM’s cost of providing Platform Enablement Services is increased as a result of Client’s failure to perform the above tasks or because of any other circumstances outside of IBM’s control, additional fees may be required.

Additional fees and billing terms for such services will be ordered separately and specified in a Statement of Work.

7. 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.

8. Additional Information

8.1 Data and Minimum Equipment Requirements

In order to use the Cloud Services, Client will have to provide IBM with the product, financial and other data described in the IBM Import Data Specification Document in effect on the date on which the data is provided ("Import Data"). A copy of the current IBM Import Data Specification Document will be provided upon signed agreement and is subject to modification by IBM from time to time, in its sole discretion. Further, each Cloud Service has minimum equipment requirements to access the service, which are described in the service specifications and available upon request.

8.2 Use of Import Data By Retailer's Trading Partners

If Client subscribed to IBM Deal Management, IBM Deal Management: Bill Distribution Module, IBM Shopper Insights, or IBM Assortment Optimization, during the subscription period, Client authorizes IBM to use your Import Data to provide Cloud Services to Client's consumer product trading partners who have also subscribed to a Cloud Service and require access to your Import Data.

8.3 Use of Client Data By IBM

Client data may be utilized by IBM for internal research, testing, and development in a non-production environment provided IBM first removes all characteristics which may reveal Client's identity or proprietary business processes. Client may elect for their data not to be used for such non-production purposes by contacting Technical Support.

8.4 Privacy Notice

Client is aware and agrees that IBM may, as part of the normal operation and support of the Cloud Service, collect information from Client (your employees and contractors) related to the use of the Cloud Service, through tracking and other technologies. IBM does so for the purpose of improving user experience and/or tailoring interactions with Client. Client confirms that Client will obtain or have obtained consent to allow IBM to process the collected information for the above purpose within IBM, other IBM companies and their subcontractors, wherever we and our subcontractors do business, in compliance with applicable law. IBM will comply with requests from Client's employees and contractors to access, update, correct or delete their collected information.

8.5 Preview Limitation

If the Cloud Service is designated as "Preview", the Cloud Service can be used by Client only for internal non-production or preview activities, including testing, performance tuning, fault diagnosis, internal benchmarking, staging, quality assurance activity and/or developing internally-used additions or extensions to the Cloud Service using published application programming interfaces. Client is not authorized to use any part of the Cloud Service for any other purpose without acquiring the appropriate production entitlements.