

Service Description

IBM Emptoris Strategic Supply Management 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

1.1 IBM Emptoris Strategic Supply Management Enterprise on Cloud

An IBM Emptoris Strategic Supply Management Enterprise on Cloud user will have access to Cloud Services which Client has entitlements as specified on a PoE and will have rights to use those offerings based on the user types purchased and described in the applicable Service Descriptions. Use of this Cloud Service in conjunction with the below listed offerings must comply with the terms outlined in the Transaction Document and in accordance with the Service Description associated with that offering.

- IBM Emptoris Supplier Lifecycle Management on Cloud
- IBM Emptoris Supplier Lifecycle Management on Cloud Read Only
- IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Evaluation
- IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Classification
- IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Development
- IBM Emptoris Supplier Lifecycle Management on Cloud Supplier Risk Management
- IBM Emptoris Contract Management on Cloud
- IBM Emptoris Contract Management on Cloud Read Only
- IBM Emptoris Contract Management Buy Side on Cloud
- IBM Emptoris Contract Management Buy Side Premium on Cloud
- IBM Emptoris Contract Management Buy Side on Cloud Read Only
- IBM Emptoris Contract Management Sell Side on Cloud
- IBM Emptoris Contract Management Sell Side Premium on Cloud
- IBM Emptoris Contract Management Sell Side on Cloud Read Only
- IBM Emptoris Contract Management for Commercial Banking Agreements on Cloud
- IBM Emptoris Contract Management for Commercial Banking Agreements Read Only
- IBM Emptoris Sourcing on Cloud
- IBM Emptoris Sourcing Premium on Cloud
- IBM Emptoris Sourcing on Cloud Read Only
- IBM Emptoris Program Management on Cloud
- IBM Emptoris Program Management on Cloud Read Only
- IBM Emptoris Spend Analysis on Cloud
- IBM Emptoris Spend Analysis Premium on Cloud
- IBM Emptoris Spend Analysis on Cloud Read Only

1.2 IBM Emptoris Edge Delivery Web Application Accelerator

IBM Emptoris Edge Delivery Web Application Accelerator provides the following functionality using the Akamai Technologies Content Delivery Network:

- dynamic mapping system directs user requests for secure application content to an optimal server;
- route optimization technology identifies the optimal path back to the origin infrastructure to retrieve dynamic application content;
- a transport protocol transparently optimizes communications between the server and the point of origin; and

- the server retrieves the requested application content and returns it to the user over secure optimized connections.

1.3 IBM Emptoris Virtual Private Network Connection on Cloud

IBM Emptoris Virtual Private Network Connection on Cloud provides an encrypted site to site connection between Client's network end point and Emptoris Cloud Service hosting end point. All traffic flowing between these two devices is encrypted in a secure manner. Data is encrypted from the sending end and decrypted at the receiving end using industry standard encryption keys and methods. An additional subscription is required if a virtual private network (VPN) connection is required for non-production Instances.

1.4 IBM Emptoris Strategic Supply Management Encrypted Database on Cloud

IBM Emptoris Strategic Supply Management Encrypted Database on Cloud provides encryption of Client's data stored in a dedicated database instance using an encryption key for the following Cloud Service version 10.1 and below if they are specified on Client's Transaction Document:

- IBM Emptoris Contract Management on Cloud
- IBM Emptoris Contract Management Sell Side on Cloud
- IBM Emptoris Contract Management Buy Side on Cloud
- IBM Emptoris Contract Management for Commercial Banking Agreements on Cloud
- IBM Emptoris Sourcing Managed on Cloud

Encryption keys are keys that are stored in a key safe and each database instance requires dedicated unique keys. No keys are shared even though the database instances are contained on shared hardware. IBM Emptoris Contract Management on Cloud, IBM Emptoris Contract Management Buy Side on Cloud, IBM Emptoris Contract Management Sell Side on Cloud, and IBM Emptoris Contract Management for Commercial Banking Agreements on Cloud do not store attachments in the database and therefore attachment data is not encrypted.

Client must purchase an Instance of IBM Emptoris Strategic Supply Management Encrypted Database on Cloud for each production and non-production Instance for which Client wants Client's data encrypted.

1.5 IBM Emptoris Strategic Supply Management Reporting Add-On

IBM Emptoris Strategic Supply Management Reporting Add-On provides the necessary infrastructure to install IBM Cognos for use with the IBM Emptoris Program Management on Cloud, IBM Emptoris Spend Analysis on Cloud, IBM Emptoris Sourcing on Cloud, and IBM Emptoris Supplier Lifecycle Management on Cloud. Only data generated or stored in these services may be used with the IBM Cognos functionality. Configuration and data model creation services are available under a separate agreement. This offering is not required when the Client has purchased IBM Emptoris Contract Management on Cloud or IBM Emptoris Services Procurement on Cloud.

1.6 Remotely Delivered Services

In order for IBM to deliver the Service Engagement and Maintenance Services, 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 and Maintenance services purchased;
- be responsible for the development and implementation of test plans, corresponding test scripts, and associated data;

- 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.

1.6.1 Service Engagements

a. IBM Emptoris Strategic Supply Management Client Requirements Assessment

IBM will provide services to review and confirm Client requirements for deployment of the IBM Strategic Supply Management Cloud Services. This requirements assessment will include technical sizing of IT assets for effective operation of the production system, technical assessment of end user workshop capabilities relative to software minimum requirements, high level function fit assessment of the software modules relative to Client requirements, and discussion of Client desired project approach, project resources, and project timing. IBM will then provide a proposed project approach, with recommendation for appropriate services, IBM budgetary estimate, estimate of project timeline, and resource estimate for Client project team. IBM will also provide proposed sizing of IT assets and evaluation of Client workstation capabilities.

b. IBM Emptoris Strategic Supply Management Master File Implementation Service

IBM services to implement the Virtual Supplier Master file functions in support of implementation of any of the IBM Emptoris Strategic Supply Management Cloud Services. IBM will conduct two design workshops for master files within VSM including organizations, users, suppliers, categories, and other reference fields as appropriate for the software modules. IBM will provide up to 16 hours of enablement for configuration of VSM elements, such as batch templates, branding, user security, SAML 2.0 SSO, and other operational elements of VSM. IBM to provide consultative support to Client for software usage, Client validation process, Client business procedure development, and customer end user enablement.

c. IBM Emptoris Strategic Supply Management SSO SAML 2.0 Implementation Service

IBM services to provide functional and technical guidance for configuration set of Client SSO solution using SAML 2.0. IBM will conduct a design workshop to review configuration details for SSO within the VSM including a review of VSM functions to update user records with user name to match SSO authentication approach. IBM will provide an example of an IdP file to be configured by Client and uploaded into VSM. IBM will support Client testing activities for SSO configuration, on non-production environments and production sites. The IBM Emptoris Strategic Supply Management Master File Implementation Remote Service must be purchased and completed concurrently with this service or completed before this service is delivered.

d. IBM Emptoris Strategic Supply Management 5 Day Application Consulting Add-On Service

IBM services to provide additional subject matter expertise for any of the IBM Emptoris Strategic Supply Management Cloud Services in the areas for design, configuration, best practices, administrator enablement, build support, quality assurance support, as part of any other remotely delivered service engagement.

e. IBM Emptoris Strategic Supply Management 5 Day Technical Consulting Add-On Service

IBM technical consulting services on usage and best practices, as well as standard additional subject matter expertise for any of the IBM Emptoris Strategic Supply Management Cloud Services web-services. IBM will assist with Client questions on technical product documentation, provide example code and best practices for use of standard IBM Emptoris product web-services, review Client-produced design documentation and provide feedback. Client is responsible for troubleshooting Client created code.

f. IBM Emptoris Strategic Supply Management Cross Suite Reporting Implementation Service

IBM will configure and deploy the standard cross suite dashboard reporting function. This will include extracts from suite modules and development of up to three dashboard report presentation of suite level data using standard out of box suite data fields. IBM to conduct a design workshop to review the data elements to be included, and the process for extracting the data from each of the suite modules for use with the reporting function. IBM will deploy the extract software on the non-production environment first, and then production per Client agreement. IBM will use the extract data to feed into a Suite level reporting IBM InfoSphere DataStage database for access as a data package for the IBM Cognos reporting software. IBM will deliver the initial extracts and data model

on test site for Client testing. Upon Client agreement, IBM will deliver the initial extracts, data model, and initial dashboard reports to the Cloud Service.

g. IBM Emptoris Strategic Supply Management Health Check Service Engagement

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 based on overall best practices for use of the Cloud Service. As part of this service IBM will review original documentation for Client's implementation, review all open Problem Maintenance Reports (PMR), interview end users, review Client's configuration of the Cloud Service, provide an assessment of IBM Innovation and Integration Services (IIS) integrations and customs for each module, and deliver a health check analysis report, with findings, observations and recommendations for improvement. The IBM Emptoris Strategic Supply Management Master File Implementation Remote Service must be purchased and completed concurrently with this service or completed before this service is delivered.

h. IBM Emptoris Strategic Supply Management Administrator Enablement Service Engagement

IBM will provide enablement services to Client administrators for 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. The reviews will include administration of suppliers, internal organizations, users, categories, and other reference data in the VSM. Functions included in the enablement include batch importing for master file data, branding of the site, user authentication parameter configurations, notification configuration for SSM notifications, and user interface functions for changing the display lists and exporting data out of the SSM module. The IBM Emptoris Strategic Supply Management Master File Implementation Remote Service must be purchased and completed concurrently with this service or completed before this service is delivered.

1.6.2 Maintenance Services

a. IBM Emptoris Strategic Supply Management Cross Suite Reporting Monthly Data Refresh Service

IBM will extract the standard data from the SSM suite modules on a monthly basis and refresh the suite data package with the new monthly extracts. This service will be provided 12 times over a 12 month period. The IBM Emptoris Strategic Supply Management Cross Suite Reporting Implementation Remote Service must be purchased and completed concurrently with this service or completed before this service is delivered.

b. IBM Emptoris Strategic Supply Management Cross Suite Reporting Quarterly Data Refresh Service

IBM will extract the standard data from the SSM suite modules on a quarterly basis and refresh the suite data package with the new quarterly extracts. This service will be provided 4 times over a 12 month period. The IBM Emptoris Strategic Supply Management Cross Suite Reporting Implementation Remote Service 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 <http://www.ibm.com/cloud/data-security> 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.

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 or has purchased the IBM Emptoris Strategic Supply Management Encrypted Database on Cloud offering; 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 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%. 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 the contracted month, divided by the total number of minutes in the contracted month.

Example: 500 minutes total Downtime during contracted month

<p>43,200 total minutes in a 30 day contracted month - 500 minutes Downtime = 42,700 minutes</p> <hr style="width: 30%; margin-left: 0;"/> <p>43,200 total minutes</p>	<p>= 2% Availability credit for 98.8% availability during the contracted month</p>
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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	<p>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 Client 24x7 to resolve critical problems providing Client has a technical resource available to work during those hours.</p>	Within 1 hour	24X7
2	<p>Significant business impact: A service business feature or function of the service is severely restricted in its use or Client is in jeopardy of missing business deadlines.</p>	Within 2 business hours	M-F business hours
3	<p>Minor business impact: Indicates the service or functionality is usable and it is not a critical impact on operations.</p>	Within 4 business hours	M-F business hours
4	<p>Minimal business impact: An inquiry or non-technical request.</p>	Within 1 business day	M-F business hours

5. Entitlement and Billing Information

5.1 Charge Metrics

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

- a. **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. Client 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 Transaction 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.
- b. **Connection** – is a unit of measure by which the Cloud Service can be obtained. A Connection is a link or association of a database, application, server, or any other type of device to the Cloud Service. Sufficient entitlements must be obtained to cover the total number of Connections which have been or are made to the Cloud Service during the measurement period specified in Client's Proof of Entitlement (PoE) or Transaction Document.
- c. **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.
- 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 the Order 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 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.

5.4 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. Additional Terms

7.1 General

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

7.2 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.

7.3 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.

7.4 Cloud Service Upgrades

IBM will install and configure software upgrades to the production or non-production Cloud Service Instances at a mutually agreed time, subject to scheduling availability during business hours in the Client's time zone. Client may request scheduling during weekends based on scheduling availability for subscriptions to Essential or Premier Premium Support. Premier Premium Support subscribers 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 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 delays caused solely by IBM or its subcontractors, IBM may terminate this agreement upon 30 days written notice to Client.

7.5 Database Refreshes

IBM will replicate production database contents to Client's non-production Instance 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.

7.6 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 Client's 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.

7.7 Disaster Recovery

To the extent Client is running on a current, supported version of the Cloud Service, 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.