

## Service Description

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### IBM Incentive Compensation Management on Cloud

This Service Description describes the Cloud Service IBM provides to Client. Client means the contracting party 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 Incentive Compensation Management on Cloud

This base Cloud Service automates the process of calculating, reporting and administering variable-based pay such as sales commissions and bonus programs. Each base Cloud Service includes one production instance, one non-production instance, and up to three years of data history. A "Production" instance provides full productive use of the offering in the Cloud environment. The Cloud Service includes an administrative client that is used to build compensation plan logic, construct reports, and configure aspects of the Cloud Service. It also includes a web portal through which sales representatives, operations staff and managers can view dashboards and perform certain functions through a web interface (for example, approving a compensation plan document before it is sent to an employee).

This Cloud Service also includes the following disaster recovery and content backup services:

- In the event that a catastrophic condition arises, catastrophic being defined as "Force Majeure" meaning acts of God, terrorism, labor action, fire, flood, earthquake, riot, war, governmental acts, orders or restrictions, viruses, denial of service attacks and other malicious conduct, utility and network connectivity failures, or any other cause of Cloud Service unavailability that was outside IBM's reasonable control, IBM will work to restore your access to the Cloud Service by utilizing the hardware, software and network infrastructure in IBM's data center network, with a return to operation within 14 days.
- The environment will be restored using the most recent content backup, as described below, with no more than 24 hours of content loss of the restored content data set.
- Content Backup: Backups are taken daily and copied to an off-site location in the event of a Force Majeure episode in the primary location. IBM retains backups on a rolling basis: every 7 days, a full database backup is taken and each subsequent day within the week a comparative differential backup is taken. IBM will retain the last 7 days of daily differential backups and the previous 4 full backups (covering a span of 28 days of activity). As a new full backup is created, the oldest version is discarded. Backups are encrypted at rest on a disk-based backup system and during transmission to the offsite location.

##### 1.2 IBM Incentive Compensation Management for Transaction Based Payees on Cloud

This option provides a Client with an entitlement for a single Transaction Based Payee to use the Cloud Service. A Transaction Based Payee is an Eligible Participant (as defined in the Charge Metrics section below) currently engaged, directly or indirectly, with the Client and is managed or tracked by the Cloud Service for the purposes of receiving compensation from a transaction.

##### 1.3 IBM Incentive Compensation Management for Non-Transaction Based Payees on Cloud

This option provides a Client with an entitlement for a single Non-Transaction Based Payee to use the Cloud Service. A Non-Transaction Based Payee is an Eligible Participant currently engaged, directly or indirectly, with the Client and is managed or tracked by the Cloud Service for the purposes of receiving non-transaction based compensation, including but not limited to, bonuses and managed business objectives.

##### 1.4 IBM Incentive Compensation Management for Inactive Payees on Cloud

This option provides a Client with an entitlement for a single Inactive Payee in the Cloud Service. An Inactive Payee is an Eligible Participant not currently engaged, directly or indirectly, with the Client, however which continues to be managed or tracked by the Cloud Service.

## **1.5 IBM Incentive Compensation Management for Administrative Users on Cloud**

This option provides a Client with an entitlement for a single Administrative User to use the Cloud Service. An Administrative User is an individual who partakes in the creation and/or ongoing administration of incentive compensation plans.

## **1.6 IBM Incentive Compensation Management Data Volume on Cloud**

A Client must obtain sufficient IBM Incentive Compensation Management Data Volume entitlements to cover the amount of Client data processed by the Cloud Service each month. IBM Incentive Compensation Management Data Volume entitlements are sold on a Million Record Lines metric, as defined in the Charge Metrics section of this document. Data volumes are monitored through the Cloud Service and may be subject to audit.

## **1.7 IBM Incentive Compensation Management Single Tenant Premium on Cloud**

This option provides a Client with a dedicated physical database server instead of physically sharing a server with other parties' databases if entitled through a completed order.

## **1.8 IBM Incentive Compensation Management Additional Production Instance on Cloud**

One (1) Production and one (1) Non-Production instance are provided with the initial order of payees. If entitled through a completed order, this option is an additional Production instance of the Cloud Service.

## **1.9 IBM Incentive Compensation Management Additional Non-Production Instance on Cloud**

One (1) Production and one (1) Non-Production instance are provided with the initial order of payees. If entitled through a completed order, this is an additional non-production instance of the Cloud Service. This may be used only as part of the Client's non-production activities.

## **1.10 IBM Incentive Compensation Management Data History Premium on Cloud**

If Client purchases the Data History Premium on Cloud option, the Cloud Service will include up to seven years of data history, rather than the three years that are included with the base Cloud Service.

## **1.11 IBM Incentive Compensation Management Disaster Recovery Premium on Cloud**

If Client purchases the Disaster Recovery Premium on Cloud option, IBM will return the Cloud Service to operation within 5 days of a Force Majeure event (described in Section 1.1 above) causing a disruption to IBM's ability to operate the Cloud Service.

## **1.12 IBM Incentive Compensation Management Premium Performance on Cloud**

This option provides a Client with increased performance for a single production, QA, or development instance of IBM Incentive Compensation Management on Cloud that the Client has already purchased. IBM provides this increased performance by delivering the Cloud Service using a PureData Systems Mako Ultralite (or similarly compatible) appliance that IBM optimizes to the Client's model.

## **1.13 IBM Incentive Compensation Management Premium Performance Plus on Cloud**

This option provides a Client with increased performance for a single production, QA, or development instance of IBM Incentive Compensation Management on Cloud that the Client has already purchased. This option provides greater performance than the IBM Incentive Compensation Management Premium Performance on Cloud by delivering the Cloud Service using a PureData Systems Mako 6 (or similarly compatible) appliance that IBM optimizes to the Client's model.

## **1.14 IBM Incentive Compensation Management with Watson Analytics on Cloud**

This Cloud Service option delivers a unified analytics experience on the cloud and helps users focus on the drivers that impact their business through the capabilities of IBM Watson Analytics. By automating the steps of data access and predictive analysis, the Cloud Service identifies and explains hidden patterns and relationships to accelerate understanding of why things happened. The IBM Watson Analytics functionality is only provided for use with data stored in the IBM SaaS offering.

This Cloud Service option includes the following capabilities:

- Engaging User Experience – presentation of data and insights in a format which allows users to understand and interact with their data.

- Data Discovery – visually explore and interact with data to find patterns and derive insights.
- Guided Analytic Discovery – embedded predictive analytics that automatically performs statistical correlations and key driver analysis.
- Natural Language Dialogue – Interact with data through a keyword-driven English language interface using familiar business terms.
- Data Access – automatically accesses and then uniquely scores the readiness of Client's data for analysis, highlighting potential data issues that could compromise results.
- Load .xls, xlsx or csv files containing no more than 10,000,000 rows and 500 columns.
- Total storage of 100 GB where data storage includes source files loaded into the cloud environment and content created within the application.
- Export to PPT file format.
- Infographics
- Connections to: DropBox, Box, and Microsoft OneDrive

## 2. Content and Data Protection

The Data Processing and Protection data sheet (Data Sheet) provides information specific to the Cloud Service regarding the type of Content enabled to be processed, the processing activities involved, the data protection features, and specifics on retention and return of Content. Any details or clarifications and terms, including Client responsibilities, around use of the Cloud Service and data protection features, if any, are set forth in this section. There may be more than one Data Sheet applicable to Client's use of the Cloud Service based upon options selected by Client. The Data Sheet may only be available in English and not available in local language. Despite any practices of local law or custom, the parties agree that they understand English and it is an appropriate language regarding acquisition and use of the Cloud Services. The following Data Sheet(s) apply to the Cloud Service and its available options. Client acknowledges that i) IBM may modify Data Sheet(s) from time to time at IBM's sole discretion and ii) such modifications will supersede prior versions. The intent of any modification to Data Sheet(s) will be to i) improve or clarify existing commitments, ii) maintain alignment to current adopted standards and applicable laws, or iii) provide additional commitments. No modification to Data Sheet(s) will materially degrade the data protection of a Cloud Service.

Link(s) to the applicable Data Sheet(s):

### **IBM Incentive Compensation Management on Cloud version 10**

<https://www.ibm.com/software/reports/compatibility/clarity-reports/report/html/softwareReqsForProduct?deliverableId=1413346322980>

### **IBM Incentive Compensation Management on Cloud version 8.1 to 9.0.2**

<https://www.ibm.com/software/reports/compatibility/clarity-reports/report/html/softwareReqsForProduct?deliverableId=70900270FD4B11E78A3D89071F4CC7B0>

Client is responsible to take necessary actions to order, enable, or use available data protection features for a Cloud Service and accepts responsibility for use of the Cloud Services if Client fails to take such actions, including meeting any data protection or other legal requirements regarding Content.

IBM's Data Processing Addendum at <http://ibm.com/dpa> (DPA) and DPA Exhibit(s) apply and are referenced in as part of the Agreement, if and to the extent the European General Data Protection Regulation (EU/2016/679) (GDPR) applies to personal data contained in Content. The applicable Data Sheet(s) for this Cloud Service will serve as the DPA Exhibit(s). If the DPA applies, IBM's obligation to provide notice of changes to Subprocessors and Client's right to object to such changes will apply as set out in DPA.

## 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

Client must log a Severity 1 support ticket with the IBM technical support help desk within 24 hours of first becoming aware that there is a critical business impact and the Cloud Service is not available. 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 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 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)
Less than 99.9%	2%
Less than 99%	5%
Less than 95%	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 a contracted month divided by the total number of minutes in the contracted month.

## 4. Technical Support

Technical support for the Cloud Service is provided via an online problem reporting system. IBM's software as a service support guide available at [https://www-01.ibm.com/software/support/saas\\_support\\_guide.html](https://www-01.ibm.com/software/support/saas_support_guide.html) provides technical support contact and other information and processes. Technical support is offered with the Cloud Service and is not available as a separate offering.

## 5. Entitlement and Billing Information

### 5.1 Charge Metrics

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

- 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, through 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 PoE or Transaction Document.

- 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.
- Access is a unit of measure by which the Cloud Service may be obtained. An Access is the right to use the Cloud Service. Client must obtain a single Access entitlement in order to use the Cloud Service during the measurement period specified in Client's PoE or Transaction Document.
- Eligible Participant is a unit of measure by which the Cloud Service can be obtained. Each individual or entity eligible to participate in any service delivery program managed or tracked by the Cloud Service is an Eligible Participant. Sufficient entitlements must be obtained to cover all Eligible Participants managed or tracked within the Cloud Service during the measurement period specified in Client's PoE or Transaction Document.
- Million Record Lines is a unit of measure by which the Cloud Service can be obtained. A Record is the data that represent any physical or electronic document managed by the Cloud Service, including but not limited to call detail records, invoices, plans, purchase orders, quotes, receipts, returns, sales orders, schedules, and shipments. Record Lines are the line items within the Record processed using the Cloud Service. Each Million Record Line entitlement represents one Million Record Lines. Sufficient Million Record Line entitlements must be obtained to cover the total number of Record Lines processed by the Cloud Service during the measurement period specified in Client's PoE or Transaction Document.
- Legacy Payee, Legacy Store, and Legacy Contract are units of measure by which the Cloud Service can be entitled. Legacy charge metric types are no longer actively marketed by IBM. IBM may, however, at its sole and exclusive discretion, agree to increase Client's existing entitlements to use certain versions of Cloud Services ("Legacy SaaS") under a Legacy entitlement type. Cloud Service offerings acquired under a Legacy charge metric type are indicated by the notation "Legacy", in the Cloud Service name on a PoE. Client's use of all Legacy SaaS is subject to the charge metric terms specified in the agreement pursuant to which Client originally acquired the ability to use the Legacy SaaS ("Legacy Agreement"). Under no circumstances will the terms of the Legacy Agreement be interpreted to expand Client's right to use the Legacy SaaS beyond the amount specified in a PoE nor shall the terms other than the specified Legacy SaaS charge metric terms be deemed as governing the use of the Cloud Service offering.

## 5.2 Overage Charges

If actual usage of the Cloud Service during the measurement period exceeds the entitlement specified in the PoE, an overage charge will be billed at the rate specified in the Transaction Document in the month following such overage.

## 5.3 Remote Services Charges

A remote service charge will be billed at the rate specified in the Transaction Document for such remote service and will expire 90 days from purchase regardless of whether the remote service has been used.

An on-demand remote service charge, if ordered, will be billed at the rate specified in the Transaction Document.

## 5.4 Billing Frequency

Based on selected billing frequency, IBM will invoice Client the charges due at the beginning of the billing frequency term, except for overage and usage type of charges which will be invoiced in arrears.

## 5.5 Verification

Client will i) maintain, and provide upon request, records, and system tools output, 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.

Client may not use Cloud Services, alone or in combination with other services or products, in support of any of the following high risk activities: design, construction, control, or maintenance of nuclear facilities, mass transit systems, air traffic control systems, automotive control systems, weapons systems, or aircraft navigation or communications, or any other activity where failure of the Cloud Service could give rise to a material threat of death or serious personal injury.

### **7.2 Destruction of Content**

IBM will destroy Client's data or content upon the expiration or cancellation of the Cloud Service, or earlier upon Client's request.

### **7.3 Non-Production Limitation**

If the Cloud Service is designated as "Non-Production", the Cloud Service 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.

### **7.4 Compliance Management Programs**

Cloud Service can be used to help Client meet compliance obligations, which may be based on laws, regulations, standards or practices. Any directions, suggested usage, or guidance provided by Cloud Service does not constitute legal, accounting, or other professional advice, and Client is cautioned to obtain its own legal or other expert counsel. Client is solely responsible for ensuring that Client and Client's activities, applications and systems comply with all applicable laws, regulations, standards and practices. Use of Cloud Service does not guarantee compliance with any law, regulation, standard or practice.

### **7.5 Users Outside Client's Enterprise**

For the purposes of the Cloud Service, Client may provide access to users outside of Client's Enterprise. Such users shall be deemed to be Cloud Service Users and be entitled appropriately. Client remains responsible for ensuring the compliance of these terms by the Cloud Service Users.

### **7.6 Third Party Site and Services**

If Client or a Cloud Service User transmits content to a third party website or other service that is linked to or made accessible by the Cloud Service, Client and the Cloud Service User provide IBM with the consent to enable any such transmission of content, but such interaction is solely between Client and the third party website or service. 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.

### **7.7 Prohibited Uses**

The following uses are prohibited by Microsoft:

**No High Risk Use:** Client may not use the Cloud Service in any application or situation where the Cloud Service failure could lead to death or serious bodily injury of any person, or to severe physical or

environmental damage ("High Risk Use"). Examples of High Risk Use include, but are not limited to: aircraft or other modes of human mass transportation, nuclear or chemical facilities, life support systems, implantable medical equipment, motor vehicles, or weaponry systems. High Risk Use does not include utilization of Cloud Service for administrative purposes, to store configuration data, engineering and/or configuration tools, or other non-control applications, the failure of which would not result in death, personal injury, or severe physical or environmental damage. These non-controlling applications may communicate with the applications that perform the control, but must not be directly or indirectly responsible for the control function.