

## Service Description

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### IBM Watson Order Optimizer

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 Watson Order Optimizer – Standard Edition

IBM Watson Order Optimizer provides fulfillment optimization functionality. IBM manages the infrastructure (network, storage and compute resources), provides upgrades to the application and maintains the infrastructure and applicable security and privacy controls.

Omni-channel fulfillment practitioners in eCommerce, merchandising, store operations, and supply chain departments can experience the following capabilities:

- Run optimization and choose the best sourcing node in real-time based upon defined factors such as shipping and handling costs.
- Maximize inventory sell through and target slow moving stock to sell SKUs at the most profitable price point.
- Create balance across different business priorities based on time of year (peak, non-peak, credit event, etc.)
- Optimize network capacity and node balancing to meet demands for how, when, and where customers receive orders.
- Optimize the expansion of the fulfillment network by offering ship-from-store and buy online, pickup in store convenience to expand capacity and minimize shipping times.
- Leverage cognitive capabilities to continuously learn and improve outcomes for Omni-channel fulfillment.

The subscription fees for this Cloud Service includes the following resources and services:

- One (1) Production Environment

In this Service Description, the following terms have the following meanings:

"Production Environment" is a computing environment the provides final resting point for all "Run" software in the Cloud Service lifecycle management. Access to this system is restricted to IBM personnel or authorized users only. The Production Environment comprises the Cloud Service application, systems, and supporting systems infrastructure, that the end users and the Clients of an organization access and use on an operational basis to execute its business processes and transactions.

#### 1.2 Additional Services

##### 1.2.1 IBM Watson Order Optimizer – Addon – Test Environment

Test Environment is a computing environment provides a single, functionally equivalent instance of production and the supporting infrastructure used solely for quality assurance, performance and final testing of the Cloud Service application.

##### 1.2.2 IBM Watson Order Optimizer – Addon – Peak Hourly Burst Capability

This option includes additional capacity to enable Client to meet its peak lines per hour processing needs whether on a temporary or permanent basis. This option is offered on a pay-per-use basis, and is sold in increments of 100,000 Order Lines per hour.

For example: A Client who has subscribed to 65 Million Order Line units can have a Peak Order Lines Per Hour of 100,000 lines. Subscription to the "Additional Burst Capability" allows the Client to increase their capacity by one hundred thousand order lines in any hour per Million Order Lines entitlement. Multiple additional units can be purchased to increase the capacity by multiples of 100,000 order lines per hour.

## 1.3 Setup Services

### 1.3.1 IBM Watson Order Optimizer – Standard Edition – One Time Setup

This setup part is required to provision the Production Environment for Watson Order Optimizer.

## 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):

<https://www.ibm.com/software/reports/compatibility/clarity-reports/report/html/softwareReqsForProduct?deliverableId=DB1162201B9711E6B9DB71A15D06730A>

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 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 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. Service Level Credits cannot be combined.

## 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)
< 99.9%	2%
<99.0%	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 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 email, online forums, and 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:

- 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.
- Million Order Lines is a unit of measure by which the Cloud Service can be obtained. An Order means any document type defined in the Cloud Service. Order Lines are the line items on an Order. Sufficient entitlements must be obtained to cover the total number of Order Lines managed or processed by the Cloud Service, rounded up to the nearest one Million, during the measurement period specified in Client's PoE or Transaction Document.
- Hundred Thousand Order Lines is a unit of measure by which the Cloud Service can be obtained. An Order means any document type defined in the Cloud Service. Order Lines are the line items on an Order. Sufficient entitlements must be obtained to cover the total number of Order Lines managed or processed by the Cloud Service, rounded up to the nearest one Hundred Thousand, during the measurement period specified in Client's PoE or Transaction Document.

### 5.2 Set-Up Charges

An on-demand set-up charge, if ordered, will be billed at the rate specified in the Transaction Document for each setup service.

### 5.3 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.

### 5.4 Pay per Use Charges

A pay per use charge will be billed at the rate specified in the Transaction Document in the month following such use.

## 5.5 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.

## 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. Renewals are subject to an annual price increase as specified in a quote. In the event the automatic renewal is after receipt of an IBM notice of a withdrawal of the Cloud Service, the renewal term will end the earlier of the end of the current renewal term or the announced withdrawal date.

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 Offering Standards

This section describes the offering standards that describe certain functional and technical limits and parameters of this Cloud Service ("Offering Standards"). Unless otherwise agreed in writing between IBM and Client, Client's use of the Cloud Service and any implementation or configuration of the Cloud Service are subject to the limits and parameters described in the below Offering Standards. Usage beyond the limits and parameters below requires written agreement of IBM and may result in additional charges for the Cloud Service in addition to any charges for associated implementation or customization services. The peak Order Lines per hour supported by the Cloud Service increases as the number of annual Order Lines purchased increases, as set forth in the below table. If Client requires increasing the peak lines per hour on a temporary or permanent basis, then the "IBM Watson Order Optimizer Service Additional Peak Hourly Burst Capability" part must be ordered. If this number is exceeded the performance of the Cloud Service may degrade and the SLA no longer applies. Additional capacity can be acquired through purchase of the IBM Watson Order Optimizer – Addon – Peak Hourly Burst Capability. This table indicates the peak Order Lines per hour supported for the number of Million Order Line entitlement units subscribed:

Million Order Line Units Subscribed	Peak Order Lines per Hour
1	1,750
2 to 5	6,000
6 to 10	12,500
11 to 17	24,500
18 to 25	35,000
26 to 37	50,000
38 to 50	72,500
51 to 75	100,000

<b>Million Order Line Units Subscribed</b>	<b>Peak Order Lines per Hour</b>
76 to 100	150,000
101 to 125	195,000
126 to 150	240,000
151 to 200	300,000
201 to 250	385,000
251 to 300	475,000
301 to 350	550,000
351 to 400	650,000
401 to 450	740,000
451 to 500	825,000
501 and above	To be determined by IBM based on actual requirements