

Services Procurement **Playbook**



TABLE OF CONTENTS

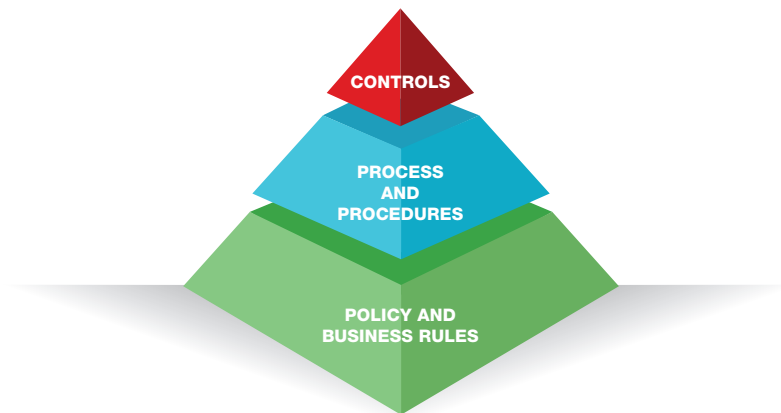
- 3 Objective of Playbook**
- 4 Policies and Business Rules**
 - Key Policies relevant to procurement specialists
 - Key Business rules relevant to procurement specialist
- 9 Foundational Processes (Each module below will include FAQ's and Checklists)**
 - Module A. Strategy Development (Checklists and FAQs to be included)**
 - i. Internal Landscape assessment
 - ii. Market assessment
 - iii. Strategy Development
 - Module B. Supplier Selection (Checklists and FAQs to be included)**
 - i. Create team and identify stakeholders
 - ii. Identify RFP methodology/process (# bids, auctions, sealed bid etc)
 - iii. Create RFP and decision criteria (include MSA, FiVi, MWBD)
 - iv. Negotiations and Award
 - v. Bid worksheets
 - Module C. Contracts (Checklists and FAQs to be included)**
 - i. Contract Creation
 - ii. Contract Execution
 - iii. Contract Management
 - v. EDM
 - Module D. Supplier Management**
 - i. CETRAQ and SIPs
 - ii. Financial Viability
 - iii. ESR and Risk Management
- 14 Internal Controls Checklist**
 - A. The Buyer Checklist**

OBJECTIVE OF PLAYBOOK

This document provides key policies, processes and best practices in the field of professional services procurement at TI. It is intended to serve as a “jump start” for new buyers, as well as a refresher or reference for more seasoned buyers.

The reason for creating this document is to help increase the productivity and proficiency of buyers globally by leveraging key processes and best practices used in the procurement of services. Sharing of this knowledge across the team will also provide uniform understanding of processes and controls.

A bottoms up approach is taken in the document, as shown in the diagram below:



POLICY AND BUSINESS RULES

What are policies and business rules and why are they important?

TI Policies are principles on how TI does business. Business rules are guidelines and regulations to help people do their jobs correctly.

TI expects its employees to understand and comply to the policies and business rules. You can work with your manager if clarification is needed ,or if you have suggestions for changes and further improvement of the business rules.

PROCUREMENT POLICY

It is required that all buyers have read and understand the [Procurement Policy SP&P 08-04-01](#).

Where can I access the policy:

Go to link: [TI Policies](#)

Select the link for [Procurement Policy](#)

What does this policy cover:

Procurement of goods (equipment, materials, supplies) and services for Texas Instruments. Some topics covered by this policy are sourcing restrictions, ethical behavior, law and regulations.

OTHER TI POLICIES

It is recommended the following TI policies are reviewed and understood:

[Procurement Policy](#)

[Ethics](#)

[Conflict of Interest](#)

[Contract Administration Process](#)

[Review and Approval of Contractual and non-Contractual documents](#)

[Corporate Procurement Card Policy](#)

[Delegation of Authority](#)

[Foreign Corrupt Practices Act and Anticorruption policy](#)

[Gifts and Entertainment](#)

[Management of Confidential Information](#)

[Protection of Personal data](#)

[Supplier Payments for Non-PO purchases](#)

[Use of Independent Contractors](#)

[Worldwide Business Travel](#)

WPL BUSINESS RULES

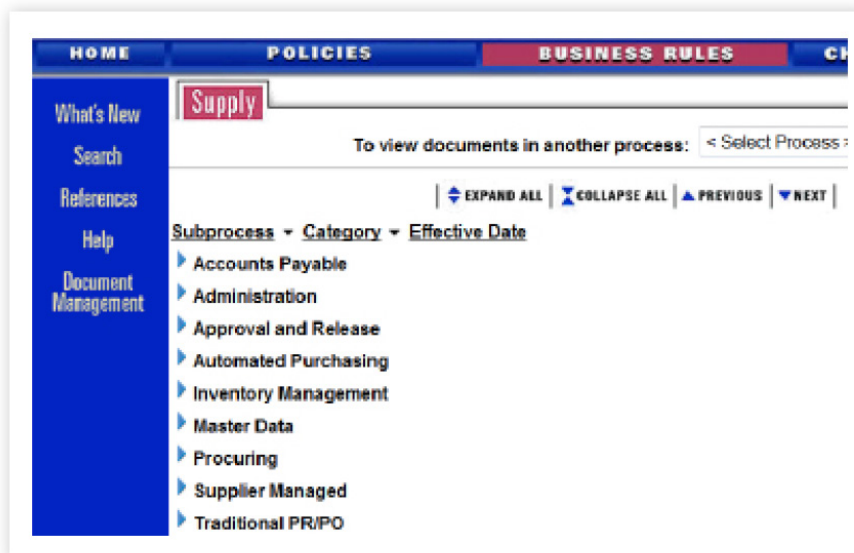
It is recommended that all “Supply” related business rules are reviewed.

Where can I access the business rules:

Go to link: [Business Rules](#)

Which business rules are most pertinent to my buyer role in Professional Services:

The “Procuring” and “Traditional PR/PO” business rules below are a good starting point.



AN OVERVIEW OF SERVICES PROCUREMENT

How is Sourcing Services Different?

There are several differences between sourcing services and sourcing direct material or equipment.
The below table lists some of these differences:

Direct Materials , Equipment		Services
<ul style="list-style-type: none">✓ Specification✓ Easy to charge quantity✓ Typically use WW contracts✓ High Predictability✓ High Spend✓ Supply disruptions – Business stops✓ # of suppliers – Medium✓ # of categories – Lesser✓ Lower # of transactions✓ Consumer – Customer	➡	<ul style="list-style-type: none">✓ Statement of Work✓ No so easy to charge scope✓ Suppliers tend to be regional✓ Low Predictability✓ Relatively Low spend✓ Supplier disruptions – Business continues (Less efficiently)✓ # of suppliers – High✓ # of Categories – High✓ Higher # of transactions✓ Consumer-Internal Stakeholder

Managing Indirect Spend WPL Asia Development Day

3 CATEGORIES OF SERVICE

There are 3 key categories for services. The table below describes some of the differences Between these service types:

Supplemental Labor (SL)	Consulting Services (CS)	Managed/Outsourced Services
<p>TI provides <u>ongoing direction</u> regarding tasks contractor is to perform</p> <p>Payment based on amount of <u>time worked</u> by contractors. Deliverables defined in either a job description or an SOW</p> <p>Services provided for a discrete <u>duration of time</u> (i.e. < 18 months)</p> <p>Contractors work <u>on-site</u> generally, but in the case of some ODC work may be off-site.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Design Eng Staff Augmentation • IT Staff Augmentation • Admin Staff Augmentation 	<p>Supplier manages the overall project, including direction provided to consultants. TI involvement generally limited to periodic project reviews.</p> <p>Payment based on <u>completion of deliverables</u> or <u>time and materials</u>. Clear deliverables defined in an SOW.</p> <p>Services are <u>one time</u> projects.</p> <p>Consultants work off-site generally, but may visit TI facilities on occasion to provide updates.</p> <p>Examples:</p> <ul style="list-style-type: none"> • 1-time design engineering project • 1-time analysis of water filtration system • 1-time SAP upgrade project 	<p><u>Supplier manages</u> the services provided to TI. TI involvement generally limited to periodic project reviews.</p> <p>Payment based on metrics defined in a <u>service level agreement</u>.</p> <p>Service deliverables are <u>repeatedly</u> provided over an extended period of time.</p> <p>Services are provided <u>on-site or off-site</u>.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Run/maintain SAP services • Cafeteria services • HR benefits services • Copy center support

Examples of services TI frequently buys:

- IT Services
 - Help Desk Support
 - Telecom
- Engineering Services:
 - Chip Design
 - Test
 - Layout
 - Software Design
- MarCom Services
 - Event Support
 - Print
 - Advertising Agencies
 - Media Buy
 - Internet Marketing
- Software Support
- Logistics
 - Overnight Shipping
 - Air/Ocean Cargo
 - Freight Forwarding
 - PDC Labor
- Finance
 - Audits
 - Special Projects
 - Mergers & Acquisitions
- HR Services
 - Medical Benefits Administration
 - Compensation Consulting
 - Staffing / Recruitment
 - Training
- Supplemental Labor

Common services definitions

- **Overriding Contract /MSA** – Covers all the legal terms and conditions that will govern the relationship between TI and the supplier.
 - Structure: TI prefers to have an Overriding Contract with SOW(s) that detail the services to be performed attached.
 - They are both legal documents.
- **Managed Services** – Outsourcing of day-to-day management of specialty services to suppliers with core competency in those areas of need. Examples: IT – Helpdesk operations, Logistics – air cargo shipping, Marcom – PR services
- **Firm, Fixed Deliverable SOW** – This type of SOW is for a clearly defined project that has milestones identified, related acceptance criteria and applicable payment for each milestone. This type of Project is typically managed by the Supplier, with little TI guidance.
- **Time & Materials SOW** – This is for a Project where either scope can vary during the project or TI wants to manage the overall program but also project elements, basis is an estimated number of hours/man-month effort and a clearly defined rate.
- **Supplemental Labor (SL)** – Typically does not have hard deliverables, milestones, acceptance criteria. The supplier's personnel qualifications and pay rate are determined, but when they arrive at TI's location they are under the daily guidance of the TI manager

FOUNDATIONAL PROCESS

Module A



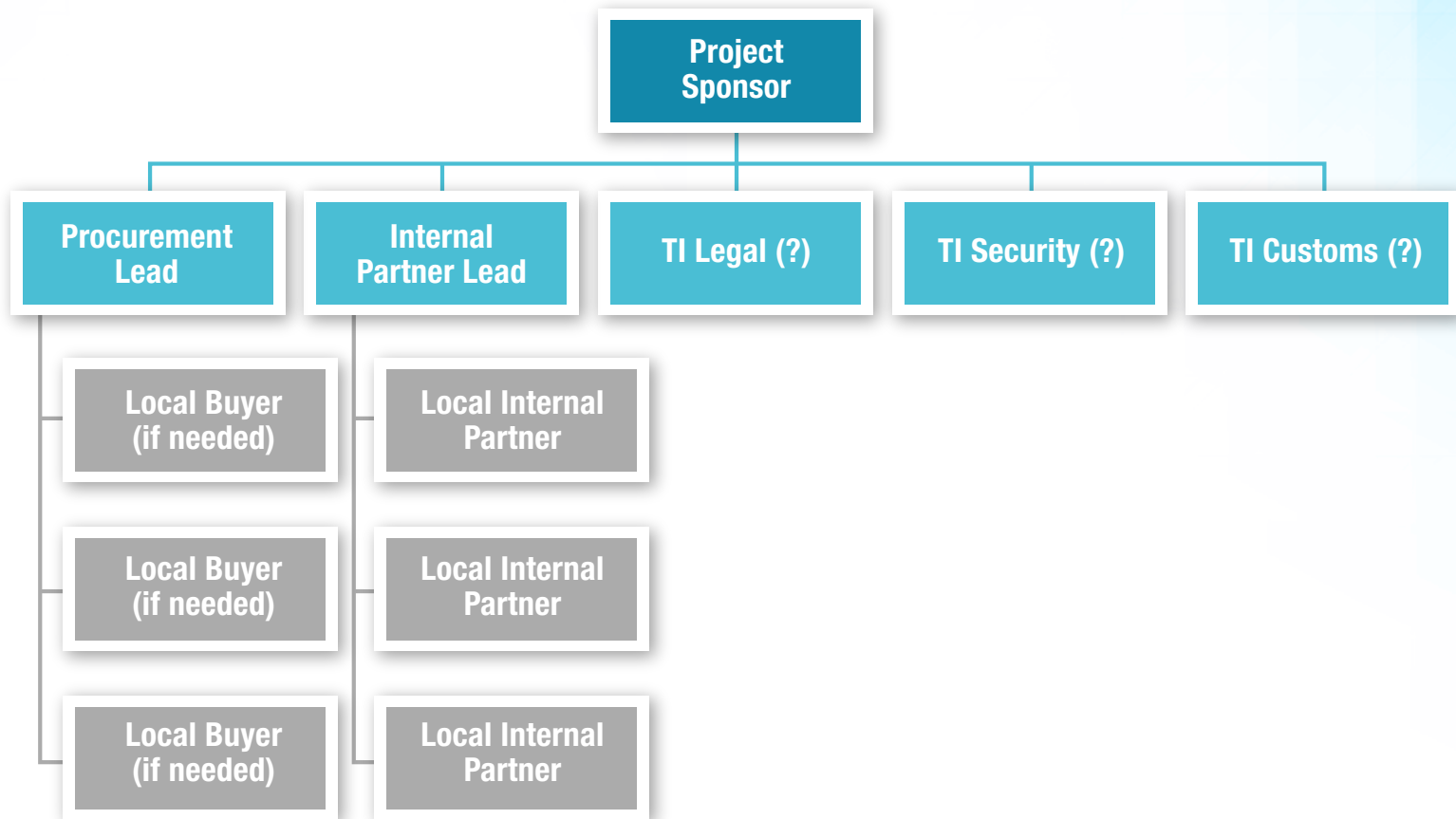
“ WPL’s objective is to provide a Sustained Competitive Advantage to Internal Partner in procurement. Be a ‘catalyst’...and not a ‘bottleneck’. ”

Keep in mind...

- TI needs and depends on our suppliers in order to meet the needs of our internal and external customers.
- We hold our suppliers to the highest standard and make sure they are offering us the most cost competitive solutions.
- Keeping our suppliers open and honest is a team activity that requires everyone to play their part.
- Remember, no matter what you think your personal relationship is with the supplier, what you communicate to suppliers, however casually, is used to their advantage EVERY time.
- Plan Early.



Module B.1: Establish a Team



Module B.1: Establish a Team

Buyer Roles/Responsibilities:

- Guide projects to follow TI Procurement Policy
- Understand business needs
- Internal Assessment
- Market Assessment
- RFI vs. RFP vs. RFQ decision
- Determine “Who To Invite” in RFx
- Establish Bid Plan (Timeline)
- Provide Bid package (what included in a bid?)
- Drive the bid process
- Quotations Collection & Analysis
- Communication with suppliers
- Negotiation
- Contracts
- Change Management

Internal Partner Roles/Responsibilities:

- Develop and communicate business needs
- Provide historical data
- Establish bid specifications
- Provide SOW (??)
- Determine KPI, SLA, etc
- Provide Questionnaires for RFx
- Jointly establish supplier selection matrix
- Provide candidates list

Module B.1: Establish a Project Plan

RFQ Schedule

RFQ Setup	Date	Action Item
RFQ Setup	9/8/2014 - 9/15/2014	Reclaim service providers/bidders will be setup in TI e-procurement Zycus System; Bidders conprovider participation.
RFQ Released	9/15/2014	
Bidders Question Due	9/19/2014	All questions and comments regarding this RFQ should be sent through Zycus.
Reclaim RFQ: Clarification Answers Document Released	9/26/2014	The RFQ team will compile and release a Q&A document to answer all specific questions through Zycus.
RFQ Due	10/3/2014	Please complete the written response to the RFQ by midnight, Ocotober 3, 2014 and submit through Zycus.
Proposals & Quotations Evaluation and service provider recommendation by RFQ team	10/3 - 10/17	The RFQ team will review information submitted in the overall RFQ process and make recommendations to the project's executive sponsors.
Bidders Conference	10/3 - 10/24	During the optional Bidders Conference, Providers would have opportunities to present the capability to perform and purchase scrap materials globally.
Provider Selection and Award	10/24/2014	Contracting and specific next steps will be communicated to selected service provider beyond these dates.
Service Transition	10/24/2014 - 1/1/2015	The RFQ team and selected service provider's team will review and develop all aspects of contracting, working with respective legal departments.

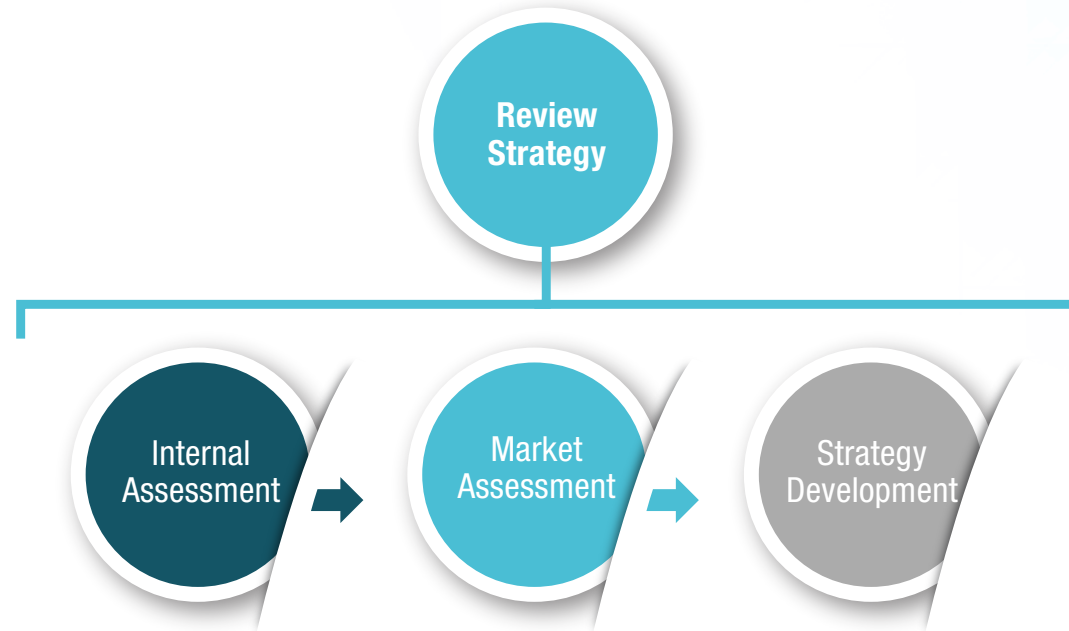
Module B.1: Establish a Project Plan

VAT Project RFQ Process Timeline/Schedule

Activity	Duration	When	Owner	3	4	7	8	9	#	#	#	#	#	#	#	#	#	#	#	#	1	4	5	6	7	8	#	#	#	#	#	#		
Source candidates/initial contact	1 wk	July 3-11	Joe	x		x	x	x	x	x																								
Generate SOW/service specification	2 wks	July 3-18	Charlene/Sophie	x		x	x	x	x	x		x	x	x	x	x																		
Internal kickoff meeting/discussion	1 day	July 21	Tax/WPL													x																		
Project RFQ General info sessions - Project review/RFQ process	1 wk	July 22-25	Tax/WPL/Suppliers													x	x	x	x															
Develop RFQ required documents/ response templates	2 wks	July 14-25	Tax									x	x	x	x	x	x	x	x	x														
Adjust/modify RFQ required documents/ responses templates after the info session	1 wk	July 28-Aug 1	Tax																	x	x	x	x	x										
Develop scoring/selection metrics	2 wks	July 28-Aug 8	Tax																	x	x	x	x	x	x	x	x							
Notify candidates of bid event	1 day	Aug 11	Frank																									x						
Set up suppliers (PwC, KPMG, Deloitte, Ryan) on Zycus - RFQ sourcing tool	4 days	Aug 12-15	Frank																										x	x	x	x	x	
Finalize SOW/RFQ	1 day	Aug 18	Frank																															
Final review before publish	1 wk	Aug 18-22	Joe																															
Participation T&C acceptance	1 wk	Aug 18-22	Suppliers/Frank																															
Release RFQ	1 day	Aug 25	Frank																															
Supplier generates proposal	3 wks	Aug 26-Sep 15	Suppliers																															
Generate/consolidate questions and answers through Zycus	3 wks	Aug 26-Sep 15	Tax/WPL																															
Supplier responses due	1 day	Sep 16	Suppliers																															
Responses collection/analysis	3 days	Sep 17-19	Frank																															
Analysis/evaluation/follow up on missing info	1 wk	Sep 22-26	Tax/WPL																															
Supplier presentations (if applicable)	1 day	Sep 26	Suppliers																															
Follow up negotiations & clarifications (commercial, T's & C's)	2 wks	Sep 29-Oct 10	Tax/WPL																															
Update management team (if needed)	1day	Oct 13	Joe																															
Scoring on suppliers	5 days	Oct 13-17	Tax																															



Module B.2: Establish a Team



Internal Assessment



To assess TI's internal landscape below are questions to consider:

- ☐ Do I have sufficient understanding of the service?
 - ☐ What does this service provide to TI (key value to internal partner)
 - ☐ What are the critical success factors for this service
 - ☐ Is the service “specialized” for TI, or a standard offering from the supplier
- ☐ Who are key stakeholders (i.e. Internal Partners, Procurement, Logistics, Site teams)
- ☐ What have past strategies been in this area?
- ☐ What is TI's total global spend in this area over the last 4 yrs?
- ☐ What is the spend breakdown by site and by region, over the last 4 yrs?
- ☐ Who are the major suppliers at TI, and what % of TI market share do they have?
- ☐ What is the spend breakdown by supplier?
- ☐ What is the price trend over the last 5 years?
- ☐ What % of the suppliers revenue comes from TI? (red flag if over 50%)
- ☐ What would the cost of changing suppliers for TI? (limited supply base)
- ☐ What is the business impact of this service
- ☐ Is TI's spend likely to increase/decrease/remain flat in the future?

Market Assessment



To assess the market , consider the questions below:

- ☐ What is the total available market share?
 - ☐ In the U.S.
 - ☐ In other regions
- ☐ Who are the key suppliers in the market (both globally and regionally)?
- ☐ What % of market share do they have?
- ☐ What are the emerging trends in this service sector?
- ☐ Do you know enough about the key suppliers in this space:
 - ☐ Total revenue
 - ☐ Revenue by region
 - ☐ Headquarters
 - ☐ Revenue by service sector
 - ☐ Any red flags? (financial instability, recent acquisition, etc)
- ☐ What is the 5year price trend for this service sector?
- ☐ Are there any other commodity pricing trends that could impact this service sector?
 - ☐ Fuel
 - ☐ Metals
 - ☐ Rate of exchange
 - ☐ Law changes

Market Assessment



Some useful subscriptions / sites that can provide me with market information:

CPT	Commodity pricing for...	Paid subscription?	Resource
Consulting/Supplemental Services	Labor Rates	No	http://www.bls.gov/bls/blswage.htm#Metropolitan
Consulting/Supplemental Services	Labor Rates	No	http://www.flcdatcenter.com/OESQuick.aspx
Consulting/Supplemental Services	Labor Rates	No	http://www.roberthalf.com/salary-guides
Consulting/Supplemental Services	Labor Rates	No	https://rateiq.com/wicket/bookmarkable/com.ignavigator.marketrate.login.Login.jsessionid=76CF621699E-3FA916FC16FDA85796B7E?Q
Professional Services	Professional Services	Yes	http://www.isuppli.com/Pages/Home.aspx
Professional Services	Professional Services	No	http://www.salary.com/
Professional Services	Professional Services	No	http://www.salaryexpert.com/
Professional Services	Communications	No	http://www.bls.gov/home.htm
Professional Services	Communications	No	http://www.census.gov/econ/census07/
Professional Services	Communications	Yes	http://www.gartner.com/technology/home.jsp
Professional Services	Communications	No	http://www.roberthalf.com/workplace-trends
Professional Services	Communications	Yes	http://www.strategyanalytics.com/
Professional Services	HR - Benefits	No	http://kff.org/report-section/2013-summary-of-findings/
Professional Services	HR - Benefits	No	http://www.bls.gov/ncs/ocs/sp/nctb1489.pdf
Professional Services	HR - Benefits	Yes	http://www.holmesmurphy.com/
Professional Services	HR - Benefits	Yes	http://www.mercer.us/home
Professional Services	HR - Benefits	Yes	http://www.supremesoft.net/Innovations/HCMS.aspx
Professional Services	Travel	Yes	http://www.businesstravelnews.com/
Professional Services	Travel	Yes	http://www.gbta.org/Pages/default.aspx

Strategy Development



1. Analyze the results from the internal and market assessments
2. Identify sourcing strategy options
3. Review risks associated with the different sourcing strategy options
4. Select sourcing strategy

The following factors can be considered when developing a sourcing strategy:

- **Suppliers:** Number of suppliers to source from
- **Term:** Length of contract and contract type (T&M, Fixed cost, Cost Plus, Activity based)
- **Allocation of spend :** by supplier, site, region, business, product
- **Relationship:** competitive, collaborative
- **Scope:** Global vs regional

Frequently Asked Questions

Supplier Selection

Question: **What is the difference between RFI vs. RFP vs. RFQ?**

Answer: ✓ A **Request for Information (RFI)** is used when you think you know what you want but need more information from the vendors. It will typically be followed by an RFQ or RFP.

✓ A **Request for Quote (RFQ)** is commonly used when you know what you want but need information on how vendors would meet your requirements and/or how much it will cost.

✓ A **Request for Proposal (RFP)** is used when you know you have a problem but don't know how you want to solve it. This is the most formal of the "Request for" processes and has strict procurement rules for content, timeline and vendor responses

Question: **What if my bid proposal/quotation from supplier is late?**

Answer: Any late bids shall not be taken into consideration during the evaluation process.

Question: **What bidding documents should I include in iSource bidding events?**

Answer: A typical bidding event should include quotation sheet, bidding instructions, bidding Ts/Cs, MSA template, and tentative SOW of the project/service.

Question: **Are bidder's conferences always mandatory?**

Answer: The bidder's conference is designed to give interested and eligible vendors the chance to ask questions regarding the project/service. This will give vendors a better understanding if their business is interested in seeking out the project and also if their company is qualified to complete the work. Bidder's conference is suggested to any RFP event.

Question: **Should negotiation happen before or after supplier selection decision made?**

Answer: TBD

Frequently Asked Questions (continued)

Supplier Selection

Question: **Who should be responsible for selection decision criteria development? Buyer or Internal Partner?**

Answer: TBD

Question: **What if supplier redlined MSA as part of the bid submission?**

Answer: TBD

Question: **What is the difference between single source vs. sole source?**

- Answer:
- ✓ **Sole Sourcing** - Specific products or services available from only one source which has exclusive rights (i.e. copy right, patent, secret processes, etc.)
 - ✓ **Single Sourcing** - A single source is a source specifically selected amongst others, if any, due to specific reasons, (i.e. replacement parts, compatibility, quality, service, support, etc.)
 - ✓ **Sole Brand Sourcing** - Products or services from a specific manufacturer, whether available from one or more than one source or distributor.

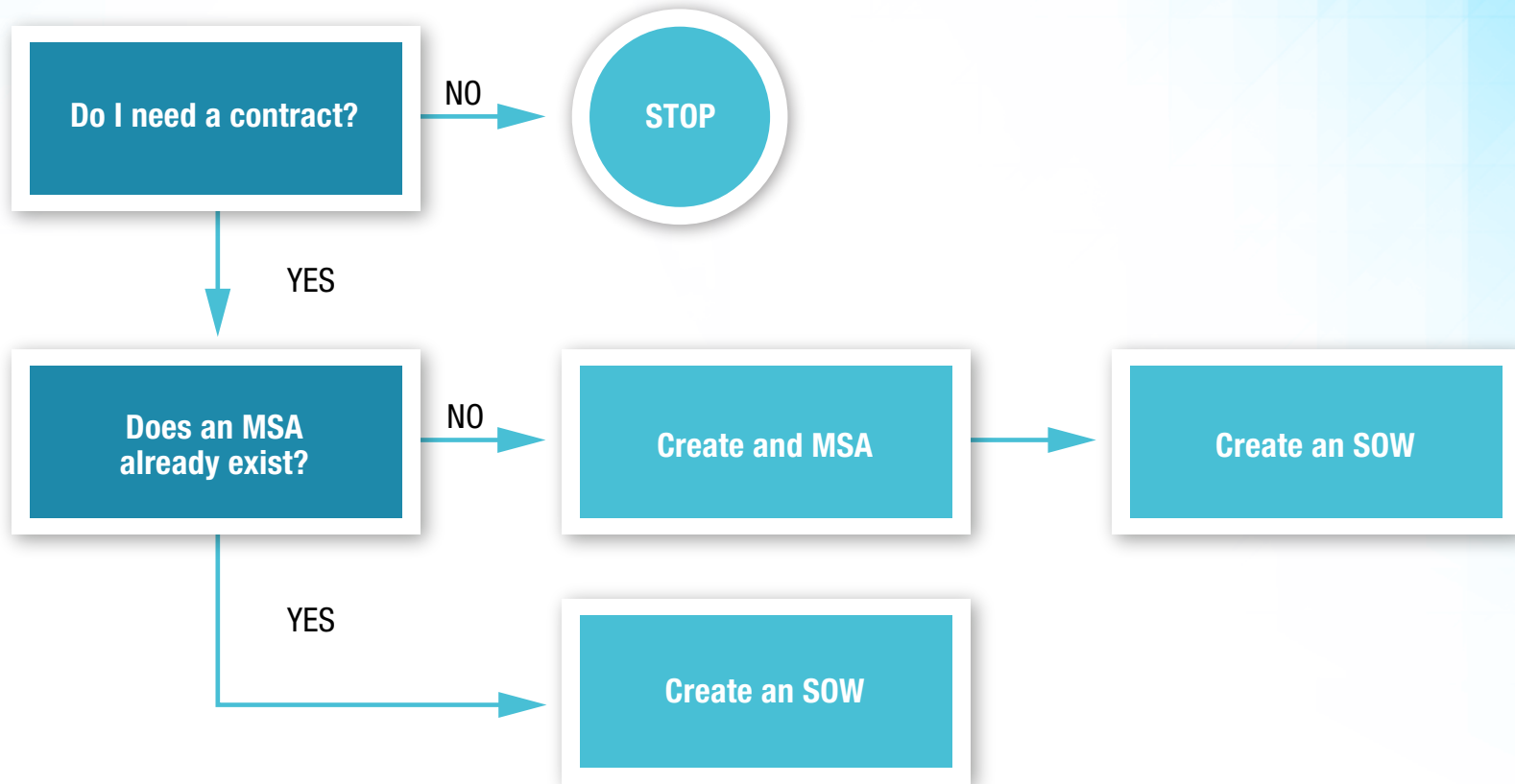
Module B

Contracts



Module B

Create Contracts

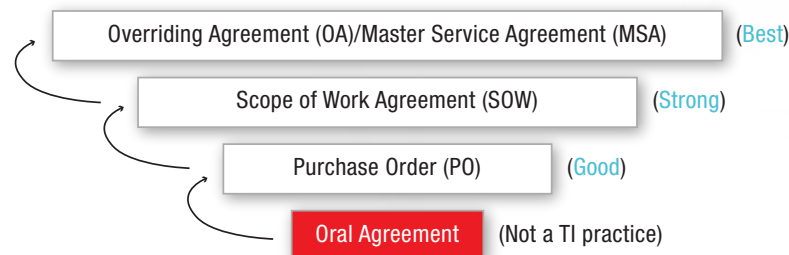


Module B

Structure of Contracts



- **Overriding Contracts / Master Service Agreement:** We prefer to have “Overriding Contracts” to manage the overall relationship with a supplier.



- **“SOWs” are used to :**
 - Articulating the expectations of the parties to the services. What has to be done
 - Providing a mechanism for governance and issue resolution.
 - Acting as a scorecard against which to examine performance and results.



Overriding contracts can have multiple SOW's under it . When a SOW is complete, then only that agreement terminates. The overriding contract and other active SOWS continue on.

Do I need a contract?

Gauge the Risk Level:

Contract Decision Tool [\(add link here\)](#)

- Use this tool to determine the risk level

Contract is Must if:

- On-site deployment of resources at TI site
- IP and confidentiality risk
- Sharing (Access) to Tier's Personal data

Other Key aspects to consider:

- Regular Repeat High spend
- Designated as "Critical" supplier

Acceptable Situations

TI Contract – TI SOW

- To manage high risk situations

Supplier Contract & SOW

- This is an OK solution;
- Ensure there are no terms we can't agree with – Run through legal when in doubt !!

PO & SOW

- Great for Low Risk situations



Contract Decision Tool ("Contract" is defined as a fully executed legal document (in EDM, ECTS, WWCT))		
This tool contains questions that should be considered to determine whether to use a Standard T's & Cs or if a Contract is necessary.		
1. This tool is to be used before supplier engagement with TI (does supplier agree to standard T's & Cs or are additional terms/clauses required)?		
2. Answer the questions in the below form (orange cells). Each section will recommend whether a contract or a PO should be used.		
3. After all the questions are answered, a final decision will be given below.		
1. Supplier Categorization: This supplier is categorized as :		Y/N Decision
a. Is this a Critical Supplier or Important/ Key Supplier as defined by CPT teams or international sites ? (See list of Critical Suppliers https://wpl.sc.ti.com/cetrag/Lists/Critical%20Supplier%20List/ty%20Supplier%20%20Critical.aspx)		y
b. Is this is sole source/single source supplier ? Confer with Buyer as needed Sole Source: only source capable of providing product and/or service) Single Source: one source selected for product and/or service where other supplier options exist		N
		Y Contract
2. Requirements		
a. Is this for Engineering Services or Site Services/Facilities/Real Estate Lease?		y
b. Is this request for Business software (non-client), Software as a Service, or Infrastructure Software ?		
c. Is this for Real Estate or Equipment Lease ?		
d. Does the service being provided require the supplier to interact with any government official on behalf of TI?"		
		Y Contract
3. Site Access		
a. Does this require unescorted personnel to be on a TI site ?		
b. Could the work of the escorted personnel create a serious liability for TI and/or Contracting agency ? (Confer with buyer/legal if necessary)		
		N PO
4. Purchasing Document Valuation :relates to the value for the entire duration of the Purchasing Document		
a. Is the value above the bid threshold limit for your site ? https://wpl.sc.ti.com/bids/default.aspx		
		N PO
5. Access to TI information, Intellectual Property (IP), Software, Personal Data Access		
a. Does this involve Intellectual Property (IP) risk to TI? Please review the TI SP&P for more info : https://giant.sc.ti.com/OBIS/wwpr.nsf/b3e76d26afb1519862567610007b6ed1a246d0a1b0dd6786257a5a00186b31?OpenDocument		
b. Does this involve handling Individual Personal and Private data? Please review the TI SP&P for more info : https://giant.sc.ti.com/OBIS/wwpr.nsf/b3e76d26afb1519862567610007b6ed1a246d0a1b0dd6786257a5a00186b31?OpenDocument		
c. Does this require personnel have access to TI information/infrastructure/databases ? (Confer with buyer)		
		N PO
Final Decision:		Contract

Creating an MSA

Where do I start? Pick one of the options below to get started:



Option 1

Start by using the appropriate MSA template which is available on EDM (Contracts Database):

1. Log-in to EDM: <http://tid-us.itg.ti.com/edm>
2. Under the “view” drop down, select “master templates” and pick the appropriate template based on your sourcing need. Examples of template are below:

Master Services Coaching Agreement October 2012	IT & SP
Master Staffing Agency Agreement 031511	IT & SP
Master Technology Evaluation Agreement	
Master Training Course Agreement September 2012	IT & SP
Master Transportation Service Agreement	IT & SP
NDA Law Dept Links	
Professional Service Agreement Final 2-8-13	IT & SP

Option 2

If the appropriate contract template does not exist, look for an existing MSA in EDM that was used to fulfill a similar need:

1. Log-in to EDM: <http://tid-us.itg.ti.com/edm>
2. Search for existing contracts with other suppliers that may perform a similar function
3. Note: Need to compare old contracts with the current TI template to review standard language. Think through if existing agreement provides the ideal starting point for all clauses

Option 3

If supplier refuses to work with a TI contract template, and you need to use the supplier’s contract template:

1. Compare the supplier’s contract clauses with TI’s template clauses to identify gaps

Creating an MSA



Once you have a starting point, it is time to negotiate the contract:

Below are some areas of high risk for services procurement. It is recommended to solicit legal council to identify best possible solutions in these areas:

- (i) Indemnification
- (ii) Limitation of Liability
- (iii) Non-solicitation or Non-hire
- (iv) Work Product (ownership and assignment of)
- (v) Confidentiality
- (vi) Insurance (Risk Management team is primary resource for this provision)
- (vii) Compliance with Laws
- (viii) Personal Data (Involve legal early in the process if Personal Data can be an issue)
- (ix) Application Law (Texas, Delaware and NewYork accepted by TI)

Termination rights:

Termination for convenience: Always try to negotiate TI's ability to terminate the contract for convenience, with minimum liability to TI.

Audit Rights:

Suppliers may want to limit audit rights (frequency or scope). Need to be careful with these. Need to be able to audit compliance to terms of agreement.

Signing a contract?

Self checklist

- ✓ Did I review EDM to check whether current and valid MSA in place with the supplier?
- ✓ If MSA is needed, determine what is the right template to use.
- ✓ Did I check if Personal Data Protection provision is included in MSA, if supplier would have access?
- ✓ Did I check with IT Security and Legal on the tentative contract provision, if supplier will access TI system?
- ✓ Consulting with legal on separate NDA letter vs. Confidentiality clause in MSA
- ✓ Was the SOW written by the supplier or by TI?
- ✓ Does SOW include terms and conditions, besides commercial content? Are those Ts/Cs conflict with MSA Ts/Cs?
- ✓ Does the SOW contain terms which
 - ✓ Modify the terms in the Master Service Agreement (Indemnity, Termination, Payment terms etc..)
 - ✓ Impose any penalties on TI (late payment)?
 - ✓ Commit TI to minimum level of spend or amount of work?
- ✓ How are payments to be made in MSA?
 - Avoid advanced payments.
 - Try and back load payments to the end of a project.
 - Net 30 days
- ✓ The MSA/SOW should contain Service Levels.

This is a very important item and one that should not be overlooked. A service level agreement (“SLA”) can take the form of a separate schedule attached to the license agreement. Alternatively and depending on the complexity of the requirements of the customer, a separate SLA may be more appropriate.

Signing a contract?

Self checklist (continued)

- ✓ Did I check Term and Termination

Does the MSA allow TI to terminate the MSA or SOW in convenience? What is prior notice period?

Does the MSA allow Supplier to terminate the agreement as well?

- ✓ Does the MSA or SOW allow automatic renewal? If so, negotiate a provision that requires renewal to be upon the written consent of both parties.

This is a very important item and one that should not be overlooked. A service level agreement (“SLA”) can take the form of a separate schedule attached to the license agreement. Alternatively and depending on the complexity of the requirements of the customer, a separate SLA may be more appropriate.

#SSZ0079