



SOFTWARE AND CLOUD SERVICES TERMS

This document consists of four parts: contents descriptions for the Application Bundles, definitions of software licensing and subscription metrics, additional software licensing and subscription terms, and additional Cloud Services terms. This document forms an integral part of QAD License and Maintenance Agreements, Licensing Provisions, and Cloud Services Agreements. This document is subject to future change by QAD.

► Part 1: Application Bundles

Combined Bundle - QAD Enterprise Applications Standard Edition

Modules: Accounts Payable, Accounts Receivable, Advanced Forecasting, Advanced Repetitive, Cash Management, Client-Server, Configured Products, Cost Management, Capacity Requirements Planning (CRP), Database module (Progress or Oracle), QAD Desktop 2 (must be selected separately when ordering), Enhanced Security, Formula/Process, General Ledger, General Ledger Report Writer, Global Enterprise Foundation (available at no additional charge to customers that license software based on the Named User metric), Global Requisition System, Inventory Control, Master Scheduling, Material Requirement Planning, Multiple Currency, OS Module (UNIX or NT), Physical Inventory, Product Change Control, Product Line Planning, Product Structures, Purchasing, QAD Alerts, Quality Recording (formerly Quality Management), Repetitive, Resource Planning, Results Files, Routings/Work Centers, Sales Analysis, Sales Orders/Invoicing, Sales Quotations, Service/Repair Orders, Shop Floor Control, Work Orders (Shop Floor Control), Customer Relationship Management (CRM) (version 6 or later, only for customers current on Maintenance using QAD Enterprise Applications 2008 SE or later under the Named User metric, may not be available for all versions and must be indicated on order).

Limited Use Modules: QXtend, EDI eCommerce Package.

APIs: Trade Management, Warehousing API.

Tools and Database (Progress Software): Enterprise Server or Oracle Data Server, Query Results, development software: 4GL Development System for 1 user per Server (for use directly related to the Application Bundle only), 1 single Pro Vision (on the client) plus a combination of Client Networking users, WebSpeed Transaction Server agents, and AppServer users.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

Combined Bundle - QAD Enterprise Applications Enterprise Edition

Modules: Advanced Forecasting, Advanced Repetitive, Base Data (includes items, sites, addresses, taxes, and system administration), Configured Products, Cost Management, Capacity Requirements Planning (CRP), Enterprise Financials, Forecasting, Formula/Process, Global Enterprise Foundation (available at no additional charge to customers that license software based on the Named User metric), Global Requisition System, Inventory Control, Master Scheduling, Material Requirement Planning, Physical Inventory, Product Change Control, Product Line Planning, Product Structures, Purchasing, QAD Alerts, Quality Recording (formerly Quality Management), Repetitive, Resource Planning, Routings/Work Centers, Sales Analysis, Sales Orders/Invoicing, Sales Quotations, Service/Repair Orders, Work Orders (Shop Floor Control), Customer Relationship Management (CRM) (version 6 or later, only for customers current on Maintenance using QAD Enterprise Applications 2008 SE or later under the Named User metric, may not be available for all versions and must be indicated on order).

Limited Use Modules: QXtend, EDI eCommerce Package.

Tools and Database (Progress Software): Enterprise Server or Oracle DataServer, Query Results, development software: 4GL Development System for 1 user per Server (for use directly related to the Application Bundle only), 1 single Pro Vision (on the client) plus a combination of Client Networking users, WebSpeed Transaction Server agents, and AppServer users.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

Unified Bundle - QAD Enterprise Applications Standard Edition

Contents: Combined Bundle Standard Edition, Regulatory Attributes (formerly Compliance), Configurator, Consignment Inventory, Customer Relationship Management (CRM), EDI Ecommerce (does not include full process maps or Gentran), Enhanced Controls, Enterprise Asset Management (does not include Active X), Field Service Scheduler, Fixed Assets, Languages/Localizations (only QAD-owned), Lean Manufacturing, Logistics Accounting, Mobile Field Service (v3.1 or later), Production Scheduler (not for new sales - only for existing Production Scheduler customers), Project Realization Management (replaced by EAM in later releases), Pro/Plus, QXtend (Base and Accelerator), Release Management, Service & Support Management (SSM), Supply Chain Planning, and Trade Management.

Note: Licensing of the Unified Bundle does not entitle Customer to receive future additions, features or functionality. A license to the Unified Bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms. Not available via Cloud Services. Customers that license the Unified Bundle for SE may upgrade to the Unified Bundle for EE, but will lose license rights to Trade Management (which is not included in the Unified Bundle for EE).

Unified Bundle - QAD Enterprise Applications Enterprise Edition

Contents: Combined Bundle Enterprise Edition, Regulatory Attributes (formerly Compliance), Configurator, Consignment Inventory, Customer Relationship Management (CRM), EDI Ecommerce (does not include full process maps or Gentran), Enhanced Controls, Enterprise Asset Management (does not include Active X), Field Service Scheduler, Fixed Assets, Languages/Localizations (only QAD-owned, excludes EE Bank Drivers and EE Country Packages), Lean Manufacturing, Logistics Accounting, Mobile Field Service (v3.1 or later), Production Scheduler (not for new sales - only for existing Production Scheduler customers), Pro/Plus, QXtend (Base and Excelerator), Release Management, Service & Support Management (SSM), and Supply Chain Planning.

Note: Licensing of the Unified Bundle does not entitle Customer to receive future additions, features or functionality. A license to the Unified Bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms. Not available via Cloud Services.

Master Bundle

Contents: Combined Bundle (Standard or Enterprise Edition), Regulatory Attributes (formerly Compliance), Configurator, Consignment Inventory, EDI Ecommerce (standard or EMT, does not include full process maps, Gentran, or Cloud EDI services), Enhanced Controls, Enterprise Asset Management (EAM, does not include Active X), Excelerator, Field Service Scheduler, Fixed Assets, Lean Manufacturing, Logistics Accounting, Production Scheduler, Project Realization Management (PRM), Pro/Plus, QXtend, Release Management, Service & Support Management (SSM), Supply Chain Planning, Transportation Management (the non-subscription modules Base, Freight Management, Global Trade Management, Trade Compliance, and Freight Approval. Subscription offerings such as content and Transportation Tracking are not included), Vertex Sales & Use Tax Interface, and Warehousing (WMS – Base and Wave Planning).

Not available via Cloud Services. Licensing of the Master Bundle does not entitle Customer to receive future additions, features, or functionality. A license to the Master Bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

Cloud BI – Foundation Bundle

Contents: Consists of 10 BI Named Users and the Financials, Order Management and Operations modules.

Cloud ERP Bundle (formerly On Demand Bundle)

Contents: Combined Bundle (Standard or Enterprise Edition), Regulatory Attributes (formerly Compliance), Configurator, Consignment Inventory, EDI Ecommerce (standard or EMT, does not include full process maps, Gentran, or Cloud EDI services), Enhanced Controls, Enterprise Asset Management (EAM, does not include Active X), Excelerator, Field Service Scheduler, Fixed Assets, Lean Manufacturing, Logistics Accounting, Production Scheduler, Pro/Plus, QXtend (additional services fees may apply for design/build of custom interfaces), Release Management, Service & Support Management (SSM), and Supply Chain Planning.

CRM must be purchased separately. The QXtend Excelerator is included, but must be deployed locally, and the license for Microsoft Excel must be purchased separately.

The fact that a module is part of the Cloud ERP Bundle does not guarantee that all modules will be available for all QAD Software releases and in all languages.

Consumer Products Bundle

Contents: Combined Bundle (Standard or Enterprise Edition), Decision Support Engine, Trade Management.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

EMEA Small Business Bundle

Contents: Combined Bundle (Standard or Enterprise Edition), European Accounting, Fixed Assets.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

EMEA Medium Business Bundle

Contents: Combined Bundle (Standard or Enterprise Edition), European Accounting, Consignment Inventory, Pro Plus, Release Management and Regulatory Attributes (formerly Compliance).

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

Enhanced Auto Bundle

Contents: Combined Bundle (Standard or Enterprise Edition), Pro/Plus, Release Management, EDI ECommerce Package.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

Medical Bundle

Contents: Combined Bundle (Standard or Enterprise Edition), Regulatory Attributes (formerly Compliance)

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD APAC New Business Solution

Contents: Combined Bundle (Standard or Enterprise Edition), Enhanced Controls, Pro Plus

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD Automotive Business Solution

Contents: Combined Bundle (Standard or Enterprise Edition), Consignment Inventory, EDI eCommerce Package, Enhanced Controls, Lean Manufacturing, Logistics Accounting, Pro/Plus and Release Management.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD Brazilian Small Business Suite

Contents: Combined Bundle (Standard or Enterprise Edition) and Brazilian Business Practices.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD Consumer Products Business Solution

Contents: Combined Bundle (Standard or Enterprise Edition), Consignment Inventory, EDI eCommerce Package, Enhanced Controls, Lean Manufacturing, Logistics Accounting, Pro/Plus and Trade Management.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD Electronics Business Solution

Contents: Combined Bundle (Standard or Enterprise Edition), Consignment Inventory, Enhanced Controls, Lean Manufacturing, Logistics Accounting, Pro/Plus and Release Management.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD Food and Beverage Business Solution

Contents: Combined Bundle (Standard or Enterprise Edition), Consignment Inventory, EDI eCommerce Package, Enhanced Controls, Logistics Accounting, Pro/Plus, and Trade Management.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD Industrial Products Business Solution

Contents: Combined Bundle (Standard or Enterprise Edition), Consignment Inventory, Enhanced Controls, Lean Manufacturing, Logistics Accounting, Pro/Plus and Release Management.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

QAD Life Sciences Business Solution

Contents: Combined Bundle (Standard or Enterprise Edition), Regulatory Attributes (formerly Compliance), Consignment Inventory, EDI eCommerce Package and Enhanced Controls.

Note: A license to this bundle grants access to the included modules, but does not guarantee that all modules will be available for all QAD Software releases, that modules will be available in all languages, or that modules will run on all technical platforms.

▶ **Part 2: Software Metrics**

Certain Software is licensed on the basis of a licensing metric different from Named User. The definitions of some of these metrics are provided below. The Software to which the metric applies is indicated in italics in parenthesis.

(Demand & Supply Chain Planning Solutions) **Administrator** (one license included with SCP engine) shall mean a Named User that may set up, model, administer the Software and run batches. The Administrator is a Planner; however, an Administrator is not authorized to use the Software for planning purposes in the “production” platform (i.e. an Administrator may not perform planning tasks using the Software).

(QXtend) **Agent** shall mean the means by which messages are transported using QXtend. An Agent has a defined and finite capacity for transporting messages and thus more Agents may be needed for a given implementation depending on message size, complexity, volume, frequency and speed of movement required.

(CSS) **Bundle** shall mean a bundle of five licenses for the Progress Enterprise Database and five licenses for Progress Web Speed Agents.

(Business Intelligence) **Business Module** shall mean a pre-defined mapping for the extraction of data out of a source database.

(Quality Management) **Cloud Limited Concurrent User** shall mean the number of individual users who are concurrently accessing the Cloud Applications. Usage is limited to (1) Customer suppliers viewing/modifying database records and controlled documents; (2) Customer personnel viewing/approving database records, controlled documents and training records; and (3) Customer personnel completing shop floor inspections.

(Demand & Supply Chain Planning Solutions) **Collaborative User** shall mean a Named User authorized to view and modify existing data. The Collaborative User may also add references, make changes to horizons and import or export data.

(Demand & Supply Chain Planning Solutions) **Collaborative Web Concurrent User** shall mean an individual authorized to view and modify existing data, add references, make changes to horizons and import or export data through the web UX-based interface. A Collaborative Web Concurrent User may not be an employee of Customer. The number of Collaborative Web Concurrent Users determines the number of individuals that may concurrently access the listed functionalities through the web UX-based interface.

(General Product) **Concurrent Session** shall mean any database session, including a fax session, a print session, a batch processing session, background session or any other similar type of session. Concurrent Session licenses are only available to Licensees that have already purchased such licenses in the past.

(CSS, Master Bundle Only) **Connection** shall mean a connection to the Production Database opened by the Customer Self Service Add-On Product.

(Eagle) **Data Collection Device** shall mean any device used to read, scan, sense or key data into the data collection application.

(Business Intelligence) **Data Source** shall mean the number of databases and file sources that will be aggregated into the QAD BI data warehouse.

(General Product) **Domain** shall mean a logical partition inside a shared services domain database that can hold the transactional and static data, as well as file settings for a group of Affiliates and/or Locations. With this functionality individual Domains in the same physical database can have different operational parameters.

(Demand Management) **Engine** shall mean the central application used to establish security and configure Demand Management functions. The Engine is also the primary location to transform, monitor and edit forecast calculations.

(General Product) **Infrequent User** shall mean a User that accesses the Software for four (4) hours or less per week on average over a ninety (90) day period. As part of an audit conducted by QAD or as otherwise requested by QAD, Customer shall provide QAD with a list of all system user ID's associated with any Infrequent User. The number of Infrequent Users licensed by a Licensee cannot exceed thirty percent (30%) of the total licensed user count.

(Supplier Portal, Lean Manufacturing) **Kanban Loop** shall mean a total collection of Kanban signals associated with an item from its original sources to its final destination site. Kanban loops are defined by a unique combination of item, step and destination.

(Enterprise Asset Management) **Kiosk Named User** shall mean a Named User that is permitted only to enter and view service requests. As part of an audit conducted by QAD or as otherwise requested by QAD, Customer shall provide QAD with a list of all system user ID's associated with any Kiosk Named User.

(Decision Support) **Library** shall mean a collection of software files that provide common services used by the Decision Support offering.

(Cloud ERP Bundle / Unified Bundle) **Limited Named User** shall mean a Named User that can only access a limited number of functionalities. These functionalities are: (1) browses, inquiries, reports, & process maps, (2) global requisition creation/approval, (3) shop floor labor reporting, (4) shipment receipts, (5) shipment confirmation, (6) quality control reporting, and (7) RF device access, and (8) EAM functionalities as defined under Limited

Named User for Enterprise Asset Management. As part of an audit conducted by QAD or as otherwise requested by QAD, Customer shall provide QAD with a list of all system user ID's associated with any Limited Named User. The number of Limited Named Users cannot exceed thirty percent (30%) of the total user count.

(Enterprise Asset Management) **Limited Named User** shall mean a Named User that can only access a limited number of modules and functions within Enterprise Asset Management. The functions that are allowed are: requisition (create/approve), service request (create/approve), project approval, work order management (create/approve), work order close maintenance and PO receipt and reporting. As part of an audit conducted by QAD or as otherwise requested by QAD, Customer shall provide QAD with a list of all system user ID's associated with any Limited Named User.

(QXtend, EDI eCommerce Package) **Message** shall mean a single file or other data packet representing a single input to or output from the Software that will be transferred between the Software and another third party application.

(Mobile) **Mobile Integration Session** shall mean a Progress session that is used to initiate an application programming interface (API) to QAD Enterprise Applications.

(General Product) **Named User** shall mean each individual, device, or process that is permitted to perform an operation on a database or have access to an Add-On Product.

(Mobile) **Named User per Device** shall mean each individual that uses one device to access the QAD Mobile Client.

(Demand & Supply Chain Planning Solutions) **Planner** shall mean a Named User that can perform planning activities using the Software. In particular, a planner may perform special calculations (sales forecasts, plan calculations, DRP, etc.), program supplementary calculations or rule bases, add references, make changes to horizons, etc.), program supplementary calculations or rule bases, add references, make changes to horizons, etc.

(Demand & Supply Chain Planning Solutions) **Planning Site** shall mean the physical site, named in a Purchase Order, for which planning is performed supported by the Software. Only products from the named Planning Site can be planned with the Software.

(Supplier Portal) **Poller** shall mean a manufacturing or distribution facility.

(Demand Management) **Portal** shall mean the web-based interface which allows users to review forecasts created in the Engine, make adjustments, and create related reports as required.

(Quality Management) **Process** shall mean one workflow that can be created by the Process Builder within the Software.

(Sterling) **Processor Value Unit (PVU)** shall mean a unit of measure used to differentiate licensing of software on distributed processor technologies (defined by Processor Vendor, Brand, Type and Model Number).

(Demand & Supply Chain Planning Solutions) **Product Division** shall mean a family of the Customer's products, designated in the Purchase Order. Only products from the designated Product Division can be planned with the Software.

(General Product) **Production Database** shall mean the database that is used to manage the business, i.e. contains "live" data.

(Demand & Supply Chain Planning Solutions, Production Planning) **Production Site** shall mean a Planning Site where the Customer physically produces goods, i.e., a manufacturing plant.

(Cloud ERP Bundle) **Purchase Requisition User** shall mean an individual who uses the Cloud Applications for the sole purpose of (1) creating, approving and processing purchase requisitions, with associated browses, or (2) entering or viewing EAM service requests. As part of an audit conducted by QAD or as otherwise requested by QAD, Customer shall provide QAD with a list of all system user ID's associated with any Purchase Requisition

User. The number of Purchase Requisition Users for the Cloud ERP Bundle cannot exceed thirty percent (30%) of the total user count.

(QXtend) **QXtend Node** shall mean either a) if the shared services domain functionality is not used; each production database that transfers inbound or outbound data to any destination, or b) if the shared services domain functionality of the QAD Software is used; each domain that is used to transfer information to or from i) another domain, ii) another production database, or iii) another third party application.

(QXtend) **Receiver** shall mean an endpoint to which data are moved by QXtend via QXtend Agents.

(General Product) **RF Device User** shall mean a person that uses a radio frequency (RF) terminal device to access the software. Such access shall be limited to functions of entering RF data.

(General Product) **Server** shall mean a hardware platform running QAD Software applications.

(Transportation Management or TMS) **Ship from Country** shall mean a country from which shipments will be made utilizing the TMS product suite.

(Global Trade Management) **Site** shall mean a location that uses Global Trade Management and that files export declarations to a Customs Agency.

(Lean Manufacturing, JIT/S) **Site** shall mean a place identified by a single record in the site master table of the QAD Software that is planned, replenished and measured as a single unit.

(Warehousing, formerly known as AIM) **Site** shall mean a physical Location that is using Warehousing. If a Location has multiple warehouses, only one Warehousing license will be required. Location shall mean the physical location of any Licensee where the Software is used.

(Supplier Portal, Lean Manufacturing) **Stock Keeping Unit (SKU)** shall mean an item at a particular geographic location. For example, one product stocked at the plant and at six different distribution centers would represent seven SKUs.

(Supply Chain Planning) **Supply Chain Node or SCN** shall mean a single address or location defined as a site in the production database that will be used as either the source or destination site for planning or executing inventory transfers. A single address or location will be counted as one SCN even if it is divided into two or more logical sites within the QAD Software (e.g., for accounting and reporting reasons).

(Transportation Management or TMS) **Transaction** shall mean an individual transaction stored and counted in the software system. Examples include unique references used for shipping or tracking such as a package tracking number, a PRO number, a waybill number, a trade compliance screening run number and a unique reference used for customs declarations/document production. Transactions are counted over a rolling twelve-month period.

(T-Link) **T-Link Device User** shall mean each device that has the potential to connect to T-Link, not the number of devices actually connected to T-Link (such as, but not limited to cordless radio frequency devices, wireless terminal devices, bar code scanners, printers, etc).

(Demand & Supply Chain Planning Solutions) **Viewer** shall mean a Named User who is only authorized to view existing data.

(Demand & Supply Chain Planning Solutions) **Viewer Web Concurrent User** shall mean an individual authorized to view existing data through the web UX-based interface. A Viewer Web Concurrent User may not be an employee of Customer. The number of Viewer Web Concurrent Users determines the number of individuals that may concurrently view existing data through the web UX-based interface.

(Quality Management) **View-Only Named User** shall mean a Named User whose use of the Software is limited to viewing documents and updating the "Trained" validation field.

(Warehousing, formerly known as AIM) **Warehouse** shall mean a physical location where inventory is received, stored, picked to production or picked for shipment. If a Location has multiple Warehouses, each Warehouse will require its own license. For example a raw materials warehouse and finished goods warehouse in the same building but different areas would require two Warehousing licenses.

▶ **Part 3: Additional Software Terms**

Business or Regional Bundles. A regional business bundle may only be installed and used in the referenced region. The EMEA Small and Medium Business Bundle may only be installed and used in Europe, the Middle East and Africa. An Asia Small Business Edition Bundle may only be installed and used in China (PRC), Hong Kong (including Macau), Taiwan, Singapore, Malaysia, Indonesia, Philippines, Vietnam, and South Korea and licenses to the Asia Small Business Edition Bundle may only be transferred between Locations in the country where the licenses have been purchased. Licenses limited to the Indian subcontinent are only available to Customers operating in the Indian subcontinent (India, Pakistan, Bangladesh, Nepal and Sri Lanka), provided that these Customers are not named accounts of QAD. The licenses may only be transferred between Locations in the listed countries. Remote access to such licenses from outside of the Indian subcontinent shall be limited to a maximum of five percent (5%) of the user count and shall only be for the business purposes of Licensee (i.e. not for the business purposes of the party remotely accessing the licenses). The following functionalities, features or modules are not available for licenses limited to the Indian subcontinent: Shared Services Domain, Enhanced Controls, Data Synchronization, languages other than US English, localization products and JIT/S. A Licensee may not mix business bundles (i.e. all Software licenses licensed to a Licensee should be for the same bundle). The maximum number of Users is 200 (two hundred) for the EMEA Small Business Bundle, 400 (four hundred) for the EMEA Medium Business Bundle and 20 (twenty) for the ASIA Small Business Edition Bundle. The minimum number of Users is 50 (fifty) for the EMEA Small Business Bundle and 100 (one hundred) for the EMEA Medium Business Bundle. No minimum applies for the Asia Small Business Edition Bundle. There are no maximums or minimums linked to licenses limited to the Indian subcontinent.

Business Intelligence. If ReportNet products from Cognos Corporation are used with Business Intelligence, then the total number of licensed ReportNet Users cannot be more than the number of licensed QAD BI data warehouse Users. Each ReportNet User must be a Software User (i.e. a ReportNet User requires a license for the Software). If Licensee receives Support Advantage discounts for Maintenance (or any other discounts for Maintenance), the ReportNet products are not subject to such discounts.

CRM. Licenses for CRM that are provided as part of the Application Bundle may be accessed only by Users already licensed for the Application Bundle. Full-use licenses must be purchased for Users that are not licensed for the an Application Bundle containing CRM.

Customer Self Service. The Customer Self Service (“CSS”) modules require their own separate production database plus access to the Progress Software Corporation production database for the Software. The additional Application Bundle User(s) required by the QAD CSS modules are included with the license to the QAD CSS modules and are for use solely with the QAD CSS modules.

Demand & Supply Chain Planning Solutions. Each Licensee shall appoint a Super User. Super User shall mean a member of the Customer’s personnel who participates or has participated actively with QAD in the implementation of the Software. The Super User must have expertise on the Customer’s business processes and shall form the link between QAD and Customer for maintenance and other issues in relation to the Demand & Supply Chain Planning Solutions. The Super User is required to have completed all required training modules (Super User cycle) and to have all required knowledge of the Customer’s information systems. A Licensee may appoint a replacement Super User for situations in which the Super User is not available.

Distributed Order Management. Limited Use Modules included: EDI eCommerce Package.

General Product. A Licensee that has been granted a license based on the Concurrent Session licensing metric is not permitted to use the so-called shared services domain functionality of the Software. The shared services domain functionality provides Licensee’s the ability to support multiple discrete "domains" within a single physical database.

Just in Time Sequencing (JIT/S). Licensee shall only use those modules of JIT/S for which Licensee has paid a license fee to QAD. The additional Application Bundle User(s) required by the JIT/S modules are included with the license to the JIT/S modules and are for use solely with the JIT/S modules. Limited Use Modules included: QXtend, QLinQ, Data Synchronization and EDI Gateway.

Managed Automation Solutions (Managed AS). The Managed AS subscription offering is governed by the following terms:

- **Managed AS service description.** The Managed AS service consists of managed services whereby Vendor will provide subscription access to one or more of the Managed AS programs (the “QMA Programs”) and the additional services described below. The QMA Programs may be used only in conjunction with the Vendor Automation Solutions software product which Customer must license separately. Customer’s use of the Managed AS service and the QMA Programs shall be limited to Customer’s own business purposes and shall not be used for timesharing, rental or service bureau purposes. Vendor shall provide managed services for the QMA Programs as follows:
 - Installation of the QMA Programs in Customer’s development, test and production environments.
 - Assistance to repair or correct errors in, and provide tuning and testing for, the QMA Programs.
 - Provide patches and releases related to the QMA Programs when and as made generally available by Vendor to its customers.
- **Metrics.**
 - AS Label Format is a unique layout of a label. Examples include shipping labels and inventory labels. Each label can have multiple formats. For example, shipping label formats may vary depending on a customer's individual packaging requirements. AS Label Format subscription is calculated as a sum of all Label Formats by Domain. For example, if Domain A requires 5 AS Label Formats and Domain B requires 7 AS Label Formats then Customer shall purchase subscription for 12 AS Label Formats.
 - Site means a physical location that is using a QMA Program. If a location has multiple warehouses, only one Warehousing Extension subscription will be required.
 - AS Transaction is a business process transaction type that is executed using a scanner device. Examples include purchase order receipt and purchase order shipper maintenance. AS Transaction subscription is calculated as a sum of all AS Transactions by Domain. For example, if Domain A requires 10 AS Transactions and Domain B requires 15 AS Transactions then Customer shall purchase subscription for 25 AS Transactions.
- **Exclusions.** The following items are excluded from the scope of the Managed AS service and will require the initiation of a separate, chargeable services project as agreed by the parties.
 - Project related activities.
 - Training and consulting.
 - Implementation of enhancements/customizations to the QMA Programs.
 - Third party or home grown application customization, support or upgrades/migrations.
 - Data cleansing or fixing of data integrity issues.

Mobile. The additional Application Bundle User(s) required by the QAD Mobile Field Service module are included with the license to the QAD Mobile Field Service module and are for use solely with the QAD Mobile Field Service module. Maintenance for QAD Mobile Field Service does include updates to the OneBridge Mobile Data Suite product from iAnywhere Solutions Inc. However, it does not include upgrades which are new releases which contains significant new functionality. Upgrades for the OneBridge Mobile Data Suite may be purchased for an additional fee. Limited Use Modules included: QXtend and Service and Support Management.

Package Exception Management. Limited Use Modules included: TMS Base.

Production Scheduler. Each User of the QAD Production Scheduler module is also counted as a User of the Software. Limited Use Modules included: QXtend.

QXtend. QXtend is licensed based on either 1) a maximum number of QXtend Nodes, 2) a maximum range of number of total Messages processed through QXtend annually, including the sum total of either inbound and/or outbound Messages, or 3) a combination of Agents and Receivers. Licensee shall license a sufficient number of Application Bundle Users required for Licensee’s use of QXtend (licenses to the Application Bundle are not included with QXtend). QXtend Inbound utilizes Java-based technology and QXtend Outbound is based on Progress Software Corporation’s Open Edge software. Both products require the installation and maintenance of third party

applications including a Java Runtime environment and a Web Server application. QAD does not provide such required third party products (other than the Progress Software Corporation products bundled with QXtend) and licensing such products is the responsibility of Licensee, at Licensee's expense. QXtend is provided with a number of QDocs. QDoc shall mean an XML based, application interface specification, containing inbound or outbound business data for the Software. QAD owns all intellectual property rights to the QDocs provided by QAD. A Licensee owns any QDocs created by Licensee that do not incorporate or use QDocs provided by or owned by QAD.

Source Code. Customer or Licensee may obtain a license to any generally, commercially available source code upon payment of the source code license fee in effect at the time of being granted a license for such source code. Source code licenses are granted per Server (i.e. for installation on a single Server). A Maintenance fee for the source code is charged per Server on which the source code is installed. A Licensee may use source code on a separate Server from the Server where the production environment of the Software is installed for non-production development purposes and shall inform QAD of such Server's location. Source code for Software modified by QAD may be licensed for an additional fee under the terms of a separate services agreement.

T-Link. The additional Application Bundle User(s) required by the T-Link module are included with the license to the T-Link module and are for use solely with the T-Link module; the limited use license permits the T-Link Device User to use the Software via T-Link, but in no other way. Software Users supporting the T-Link interface will not be counted against a User license of the Software. Messages from T-Link will not be counted against the (separate) license for a product in the QXtend family (if any). Limited Use Modules included: QXtend.

Transportation Management or TMS. QAD may provide with the Software (but not as part of the Software) trade content, including compliance content. QAD is not the author of such content and merely conveys the information to Licensee. QAD does not take any responsibility or make any warranties or representations, expressed or implied, as to the accuracy, reliability or prevailing status of the content, nor does QAD approve, sanction, promote, recommend or endorse the content. Licensee acknowledges that content provided with the Software is not intended as a substitute for reading the actual statutes, regulations, and other documents that apply. In no event does QAD accept liability of any description resulting from use or inability to use the content. QAD accepts no responsibility for keeping the information up to date or liability for any failure to do so.

► **Part 4: Additional Cloud Services Terms**

Network Connectivity

- **Site-to-Site Basic IP VPN Service** — With this service, Customer uses networking equipment that they own to connect to the Vendor endpoint via a two phase IPSEC VPN Tunnel. Customer's device must be able to setup this specific type of VPN tunnel. Vendor assumes responsibility only for configuration of the data center's network equipment. Customer must provide network hardware at their location. Vendor manages the configuration only at the Vendor data center and Customer manages the connection at their location. Includes up to 4Mbps.
- **Site-to-Site Managed IP VPN Service** — With this service, Vendor assumes responsibility for deployment and configuration of Customer's on premise network equipment and the data center's network equipment. Vendor delivers preconfigured network hardware to Customer's IT personnel for installation on the customer's site. Vendor manages the configuration, monitors and manages both ends of the network connection, and provides outage notification of the ISP connection to Customer and Vendor Cloud Operations team. In addition, Vendor can initiate a service request with the customer's ISP in the event of a network outage. A letter of authorization must be on file with the customer's ISP. Includes up to 4Mbps.
- **Site-to-Site Enhanced IP VPN Service** — With this service, Vendor assumes responsibility for deployment and configuration of both Customer's network equipment and the data center's network equipment. Vendor delivers pre-configured network hardware for the customer to install on-site. Vendor manages the configuration and both ends of the network connection, monitors the connection and provides outage notification to the ISP, Customer and the Vendor Cloud Operations team. If Customer authorizes it, Vendor can initiate a service request with Customer's ISP in the event of a network outage. A letter of authorization must be on file with Customer's ISP. For the enhanced service, the network connects Customer site and the nearest global Vendor Cloud Center. Customer benefits from Vendor's WAN acceleration services speeding the data throughput of the link. Vendor monitors the health of the network hardware, the data transferred over the MPLS network, and Customer-provided Internet connection (LOA required). Vendor

will take action with Customer's network provider if necessary, or reconfigure or replace the hardware to resolve issues. Includes up to 4Mbps.

- Dedicated Access Services such as DSL, T-1, MPLS — These are custom services for Customer's private data link.

FDA Environment Qualification This service consists of Vendor providing a "Qualified Environment" as that term is defined under the regulations of the United States Food and Drug Administration. This service is limited to one production environment and one test environment, and does not include validation services. Backup for the test environment shall follow a retention schedule of seven (7) days.

Hosting for Third-Party Application This service consists of Vendor providing hosting services for a Third-Party Application that Customer has licensed directly from a Third-Party Supplier. The following terms apply:

1. Vendor shall provide hardware infrastructure hosting services for the Third-Party Application within the Vendor production Environment and up to two non-production Environments. These hosting services consist of (A) providing a hardware environment of two CPU's, 10 Gb memory and 50 Gb disk space; and (B) relaying to Customer such alerts as are generated by Vendor system monitoring.
2. In exchange for the one-time Setup fee payable by Customer, Vendor shall provide up to eight (8) person/hours professional services for the following tasks:
 - Support Customer with the installation of the Third-Party Application in the production Environment and up to two non-production Environments.
 - Identify the system services (if any) that are required to be monitored to measure runtime availability, and establish associated monitoring and alerts.
 - Modify existing startup and shutdown script integration.
3. Customer represents and warrants that at all times it shall hold a valid license from Third-Party Supplier to use the Third-Party Application and to outsource the hosting of the Third-Party Application to Vendor as provided herein. Customer shall be responsible for all fees charged by Third-Party Supplier in connection with these hosting services.
4. Customer shall continue to obtain normal product support directly from Third-Party Supplier.
5. Vendor's obligation to provide the hosting services is conditioned on the following:
 - Third-Party Supplier will be responsible for installing the initial version and subsequent updates of the Third-Party Application in the Vendor Environments in accordance with Vendor's standard operating procedures.
 - Third-Party Supplier will provide technical support directly to Vendor as may be requested by Vendor for the ongoing hosting of the Third-Party Application, including code recompilation support when required to support Vendor software release changes or interface code changes. Customer acknowledges that, except for the express services set forth in Sections 1 and 2, Vendor makes no warranty regarding the availability or performance of Third-Party Application.
 - Third-Party Supplier will facilitate the preferred Vendor standard integration technology (ODBC; FTP; SAMBA; Qxtend / Boomi) where applicable unless otherwise agreed by Vendor.
 - The Third-Party Application will be compatible with current versions of Linux or Windows.
 - If training is required for Vendor personnel then training shall be provided by Third-Party Supplier at Customer's expense, unless otherwise agreed by Vendor.

In the event any of the foregoing conditions are not met Vendor may cease providing the hosting services for the Third-Party Application upon giving notice to Customer.

6. Vendor shall not be responsible for any failure or change in the Cloud Services provided by Vendor to Customer under the Cloud Services Agreement if such failure or change is caused by the design or performance of the Third-Party Application or any act or omission of Customer or Third-Party Supplier.

Additional Environment This service consists of Vendor providing a single Cloud environment consisting of virtual server only, two CPU's, 16 Gb of RAM and 250 Gb disk space. The service levels outlined in the Program Document shall not apply.

Standalone Historical Environment This service consists of Vendor providing a single Cloud environment consisting of virtual server only, two CPU's, 16 Gb of RAM and 250 Gb disk space. The environment shall be limited to non-production use and shall be read-only. The environment shall contain only such data that Customer elects to include with the initial conversion and no additional data may be entered into the environment. Usage shall be limited to ten or fewer individuals. The service levels outlined in the Program Document shall not apply.

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