SOFTWARE & CLOUD SERVICES TERMS

This document consists of four parts: content 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.

This document outlines the current QAD offerings. For purchases made prior to the date of this document please refer to the legacy version of the Software and Cloud Services Terms available at this link https://www.qad.com/documents/legal/legacy-software-and-cloud-services-terms.pdf.

► **Part 1: Application Bundles**

The software entitlements for the Core ERP Bundle - Business/Professional/Enterprise are determined by release. Please refer to the Adaptive ERP/Enterprise Edition/Standard Edition sections below.

QAD Adaptive ERP

Sales: CRM for Manufacturers, Discrete Sales Orders and Quotations, Configurator, Customer Schedules, Pricing, Promotions and Contracts, Shipping and Invoicing, Shipment Performance

Field Service: Installed Base, Service Contracts and Warranty, Returns and Replacements, Incident Management, In-House Repair, Field Service, Service Billing.

Planning and Scheduling: Forecasting, Master Scheduling, Material Requirements Planning, Distribution Requirements Planning, Capacity Requirements Planning, Planning and Scheduling Workbenches, Production Scheduling Automation.

Production: Production Orders, Production Activity Reporting, Subcontracting, Quality Orders, Lean Manufacturing.

Inventory: Inventory Control, Lot and Serial Traceability, Packaged Inventory, Item and Lot Attributes, Consignment Inventory, Inter-site Requests and Distribution Orders.

Purchasing: Requisitions, Discrete Purchase Orders, Supplier Schedules, Supplier Pricing, Approved Vendor Lists, Receiving, Supplier Performance.

EAM (Enterprise Asset Management): Asset Maintenance, Projects, Indirect Inventory, MRO Purchasing

Financials: Budgeting, General Ledger, Accounts Receivable, Accounts Payable, Banking and Cash Management, Fixed Assets, Global Tax Management, Financial Shared Services, Management and Statutory Reporting.

International Extensions: Algeria, Austria, Belgium, Bulgaria, China, Croatia, Czech, Finland, France, Germany, Indonesia, Israel, Latvia, Lithuania, Macedonia, Moldova, Morocco, Norway, Philippines, Romania, Russia, Serbia, Slovakia, Slovenia, Sweden, Thailand, Tunisia, Turkey, Vietnam.

Platform: Enterprise Platform, Analytics and Reporting, Process, Integration, Security.

Note: For on-premises customers, some aspects of the platform may be limited, Customers must be current on maintenance to receive certain products and there will be an additional charge for the embedded analytics. For on-premises and cloud customers, there may be additional charges for APIs, documents, system resources, and third-party applications. For details on what is included with Adaptive UX by release, please refer to the QAD Adaptive ERP with Adaptive UX Release Notes.

QAD Enterprise Applications - Enterprise Edition

Same as QAD Adaptive ERP except: CRM for Manufacturers, Promotions and Contracts, Production Scheduling Automation, Approved Vendor Lists, Enterprise Platform and Embedded Analytics (part of Analytics and Reporting) which are not included.

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 Enterprise Applications - Standard Edition
Same as QAD Adaptive ERP except: CRM for Manufacturers, Promotions and Contracts, Production orders, Production Scheduling Automation, Packaged Inventory, Item and Lot Attributes, Approved Vendor Lists, EAM, Budgeting, banking and Cash Management, Fixed Assets, Financial Shared Services, Statutory Reporting, Enterprise Platform and Embedded Analytics (part of Analytics and Reporting) which are not included. *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 Digital Commerce (3 Editions)
Digital Commerce Essential Edition: Digital Commerce Core with 5 admin users[1], 2 multi-store licenses, 50,000 email credits[2] in a standard SaaS environment. Digital Commerce Power Edition: Digital Commerce Core with 10 admin users, 5 multi-store licenses, 100,000 email credits in a dedicated SaaS environment with read-only database access and API access Digital Commerce Power+ Edition: Digital Commerce Core with 20 admin users, 10 multi-store licenses, 200,000 email credits in a dedicated SaaS environment with read-only database access and API access, a load balancer environment and a replicated read-only database.

► **Part 2: Software Metrics**

Certain Software is licensed based on 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.

(*Digital Supply Chain Planning - DSCP*) **Administrator** 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 as a Planner (i.e. an Administrator may not perform planning tasks using the Software).

(*QXtend*) **Agent** means 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.

(*EQMS - Enterprise Quality Management System*) **Cloud Limited Concurrent User** means 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.

(*Digital Supply Chain Planning - DSCP*) **Collaborator User** means a Named User authorized to view, modify and import/export existing data. An **External Collaborator User** is different from a regular Collaborative User in that when assessing the number of External Collaborative Users, the total number of concurrently logged on external users is verified. The total number of concurrently logged on external users should not exceed the total number of External Collaborative Users purchased.

(Trade Compliance Standard Screening) **Contact** means a contact record, representing a natural person or a legal entity, that is stored in the database and that is subject to daily screening through use of the Trade Compliance Standard Screening solution.

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[1] An admin user is a user that has access privileges that allow the user to make changes in the environment and/or have access to the dashboard functionality (e.g., a sales rep or an affiliate user).
[2] One email credit represents the right to send one email message via the built-in CRM email marketing functionality. Order confirmations and other system generated email messages do not count towards the credits.

(Production Execution) **Instance** means a single copy of a running application for up to 150 concurrent users and for total usage up to 400 Gb for the Production Execution database.

(Demand and Delivery, Lean Manufacturing) **Kanban Loop** means 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.

(ERP) **Limited Named User** means a Named User that can only access a limited number of functionalities. These functionalities are: (1) browses, inquiries, reports, and 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.

(EAM - Enterprise Asset Management) **Limited Named User** means a Named User that can only access a limited number of modules and functions within EAM. The functions that are allowed are: requisition (create/approve), stores 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.

(Process Intelligence) **Log** means each entry in a log file that contains the following information: 1) an identification number, 2) a timestamp, 3) a description of an event.

(QXtend, EDI eCommerce Package) **Message** means 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.

(General Product) **Named User** means each individual, device, or process that has access to the software.

(Digital Supply Chain Planning - DSCP) **Planner** means a Named User that can perform planning activities using the Software. 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.),

(Digital Supply Chain Planning - DSCP) **Planning Site** means the physical site, named in an Order Document, for which planning is performed and supported by the Software. Only products from the named Production Site can be planned with the Software.

(Process Intelligence) **Process Card** means a process defined in the Process Intelligence solution through the use of a process map.

(Digital Supply Chain Planning - DSCP) **Product Division** shall mean a product family, business unit or geography, designated in the Order Document, for which Customer can perform the supply chain planning activities.

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

(QAD Production Scheduling powered by Phenix) **Production Line** means a set of sequential operations established in a factory whereby materials are put through a refining process or components are assembled to make an intermediate or finished article. The "QAD Production Scheduling powered by Phenix" solution distinguishes between (1) Complex (unlimited changeover attributes), Normal (less than 7 changeover attributes) and Simple (less than 2 changeover attributes) Production Lines, (2) Large (unlimited SKUs) and Small (less than 2,000 SKUs) Production Lines, and (3) Production Lines that either use or don't use an optimizer functionality. The purchased solution is indicated in the Order Document.

(Cloud ERP Bundle) **Purchase Requisition User** means 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.

(QXtend) **QXtend Node** means 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** means an endpoint to which data are moved by QXtend via QXtend Agents.

(General Product) **RF Device User** means 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** means a hardware platform running QAD Software applications.

(Global Trade and Transportation Execution - GTTE (formerly known as Transportation Management or TMS)) **Ship from Country** means a country from which shipments will be made utilizing the GTTE product suite.

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

(QAD Demand and Delivery, Lean Manufacturing) **Stock Keeping Unit** (SKU) means 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** means 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).

(eDocument Compliance) **Transaction** means the submission, processing and, when legally required, archiving for the duration of the legal retention period, of one fiscal document, with or without attachments, using the Cloud Services. Files that exceed 150kb will be considered additional Transactions for each increment of 150kb.

(QAD Global Trade and Transportation Execution - GTTE) **Transaction** means 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 waybill number, a PRO number (for LTL or less-than-truckload), a trade compliance screening run number, or a unique reference used for customs declarations/document production. Transactions are counted over a rolling twelve-month period.

(EQMS - Enterprise Quality Management System) **View/Acknowledgement Named User** (formerly known as View-Only Named User) means a Named User whose use of the Software is limited to viewing documents and updating the "Trained" validation field.

(QAD Digital Supply Chain Planning - DSCP) **Viewer User** means a Named User who is only authorized to view and export existing data. An **External Viewer User** is different from a regular Viewer User in that when assessing the number of External Viewer Users, the total number of concurrently logged on external users is verified. The total number of concurrently logged on external users should not exceed the total number of External Viewer Users purchased.

► **Part 3: Additional Software Terms**

Automation Solutions. If Customer has purchased Automation Solutions subscription for all Named Users using the primary Application Bundle at a given Site, then no additional Automation Solutions subscription shall be required for any additional individuals using Automation Solutions for the benefit of such Site.

Boomi AtomSphere Service (the "Boomi Service") is defined as the business integration solution described in the Service Description posted at the website http://www.boomi.com/legal/service (plus the related websites referenced therein, as such websites may be amended from time to time). Vendor is an authorized reseller of the Boomi Service. The standard terms posted at www.boomi.com/msa shall apply.

The Boomi AtomSphere Bundle consists of the following:

2 Production Standard Connections	Parallel Processing
	Visual Designer
2 Test Standard Connections	Advanced Workflow
1 Production E-mail Connection	Advanced User Security
Unlimited processes	Integration Pack
Unlimited users	SOA Framework
Boomi Suggest	

Customer acknowledges that (i) the Boomi technology and the related documentation are the exclusive property of Boomi and its licensors and (ii) Customer has no right to transfer, sublicense or lease the Boomi technology. Customer shall not modify, distribute, prepare derivative works of, reverse engineer, reverse assemble, disassemble, or decompile the Boomi technology, any object code generated by the Boomi technology or any part thereof, or otherwise attempt to discover any source code, modifying the Boomi technology in any manner or form, or using unauthorized or modified versions of the Boomi technology. Customer shall not access the Boomi technology for primary purposes of monitoring its availability, performance or functionality, or for any other benchmarking or competitive purposes. The Boomi technology is not warranted to be error-free, and it may be subject to limitations, delays, and other problems inherent in the use of the Internet and electronic communications.

QAD Digital Supply Chain Planning (DSCP). 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 QAD Digital Supply Chain Planning (DSCP). 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.

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.

QAD Global Trade and Transportation Execution (GTTE) (formerly known as 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.
- Site-to-Site Managed IP VPN Service — 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 — Vendor delivers preconfigured 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 C+loud 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. 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 — Support for customer's dedicated Access Services such as DSL, T-1, MPLS — These are custom services for Customer's private data link.

Qualified Environment for Life Sciences 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 Cloud 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 Cloud Program Document shall not apply.

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