

PPIT MID 2 NOTES

Financing A Startup

Why capital is needed?

- To buy the things you need to make the product or to provide the service, and to live while you are making or doing it.
- Clients and customers usually do not pay before getting the services or product.
- For any business there must be a certain amount of capital in hand.

Examples: Mobiles and mobile company, a burger shop, painting of houses, computer services, software developments and software companies.

Factors involving capital

If you intend to develop a package, the sum of money needed is likely to be even larger. While the package is being developed, there will be no revenue coming into the company. For this period cash will be needed for:

- salaries, however small, for the founders and for any other staff they may need to employ;
- rent, rates, heating and lighting of the premises used;
- equipment and consumables;
- costs of advertising and marketing the products;
- miscellaneous expenses, ranging from company stationery to travelling expenses for any trips that may be necessary;
- interest on any money borrowed.

The Business Plan

Firstly, to start any business work

- We plan it.
- We have some ideas what to do, (focusing business)
- What will we achieve (benefits, profit, status, etc.)?
- what are the targets ...we create a business plan? What is it?

We need to document our plan. What is this document????

It is a document which explains our plans to the funders and tries to convince them that these plans are well thought out and realistic and would work successfully.

Business plan Document.

It should contain:

- a description of what the company will be doing, together with information to show that it is technically feasible and that the founders of the company have the necessary expertise;
- a description of the market the company is aiming at, an estimate of its size, and an assessment of the competition.
- a prediction of the financial performance of the company. This will include budgets, cash flow predictions, and projected balance sheets and profit and loss accounts.

Why the plan is needed?

- Every person wants to gain profit by safe means
- If you have the business plan, you are in a position to approach people who might be willing to lend you money, invest money in your company, or even give you money.

Business plans are not predictions

- It is a mistake to think of a business plan as a prediction of what will happen when and if you succeed in starting your company.
- It should be seen much more as a scenario that demonstrates that your company has a reasonable chance of success.

- The attempt to produce a business plan will often show that what a new company is trying to do has very little chance of succeeding.

Sources of Finances

➤ Grants

- A grant is a sum of money given to the company;
- the company is obliged to demonstrate that it has been used for the purposes for which it was given
- it is not intended that the grant should ever be paid back to the organization which gave it.
- grants are only available from government (local or national) and union sources or, very occasionally, from charities.

These grants are usually:

- intended to assist with capital investment, typically investment in premises and equipment;
- subject to a number of conditions, in particular the raising of capital from other sources;
- limited to a certain proportion of the capital investment that the company can prove it has made.

➤ Loans

- A loan is a sum of money lent to the company;
- interest is payable on it, at a rate that may be fixed or variable
- the loan is usually for a fixed period
- The company has to pay back the loan eventually
- if it goes into liquidation, the lender is entitled to recover the loan from the sale of the assets of the company
- In most cases, security is required for the loan

In other words, the company agrees that if it fails to make repayments, the lender is entitled to sell some of the company's assets in order to make up for the shortfall, rather in the same way that, if you borrow money to buy a house and then fail to keep up the repayments, the lender can sell the house to recover the loan.

➤ Equity capital

- Equity capital is money paid to the company in exchange for a share in the ownership of the company
- Business angels or venture capitalist: Business angels are wealthy individuals who provide equity capital for start-up companies and small firms that are seeking to grow rapidly.

The founders of a new company often find the initial capital from their own resources or from friends and family, but few are able to continue raising capital in this way. If a company looks to have good prospects but needs to raise more capital, it will usually need to resort to business angels or venture capitalists.

➤ Gearing

- The relationship between loan capital and equity capital in a company is important. It is known as gearing or leverage.
- Shareholders are at a much greater risk of getting a poor return on their capital or even losing it completely than are lenders, but, in compensation for this, they stand to make a greater profit than lenders if all goes well.
- Gearing is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.
- The term "gearing" also refers to the ratio between a company's stock price and the price of its warrants.

Human Resources



Human Resource Management (HRM) is the term used to describe formal systems devised for the management of people within an organization.

Aim of HRM

- The term 'human resources' emphasizes the fact that the people who work for an organization are an indispensable part of the organization's resources and the most important one.
- For this reason, the organization will try to ensure that it always has appropriately skilled, qualified & experienced staff that it needs.
- This must be done without wasteful over-staffing and within the constraints of what is lawful.
- The cost of recruiting new staff is high and the loss of continuity when staff leave can also be very expensive.
- Accordingly, the organization will want to keep staff turnover low.
- Many organizations want to behave as a 'good' employer and will therefore try to follow the best of current employment practice.
- Any organization that employs staff will be faced with the need to handle administrative issues relating to their employment.
- As the number of employees grow, a full-time personnel officer or human resources manager will be required.
- However, managers cannot hand over all responsibility for personnel matters to specialists.
- This is true specially in the IT industry, where staff have high expectations and staff turnover is particularly high.

➤ Organizational effectiveness

HRM strategies aim to support programs for Improving organizational effectiveness by developing policies in such areas as knowledge management, talent management and generally creating 'a great place to work'.

➤ Human capital

HRM aims to ensure that organization obtains and retains the skilled committed well motivated workforce needs.

➤ Knowledge management

HRM aims to support the development of firm- specific knowledge and skills that are the result of organizational learning processes.

➤ Employee Relations

The aim is to create climate in which productive and harmonious relationship can be maintained through partnerships between management and employees and their trade unions.

➤ Reward Management

HRM aim to enhance motivation, job engagement and commitment by introducing policies and process that ensure that people are valued and rewarded for what they do and achieve and for the level of skill and competence they reach.

➤ Meet Diverse Needs

Aims to develop and implement policies that balance and adapt to need its stakeholders and provide for management of a diverse workforce, taking into account individual and group differences in employment, personal needs, workstyle and aspirations, and the provision of equal opportunities.

Recruitment and Selection

- Recruitment is the process of soliciting applications for jobs. It is often handled partly or entirely by consultants.
- Selection is the process of selecting from the available applicants.

Personnel Planning & Recruitment

- Decide what positions you'll have to fill through personnel planning and forecasting.
- Build a pool of candidates for these jobs by recruiting internal or external candidates.
- Have candidates' complete application forms and perhaps undergo an initial screening interview.
- Use selection techniques like tests, background investigations, and physical exams to identify viable candidates.
- Decide who to make an offer to, by having the supervisor and perhaps others on the team interview the candidates.

Recruitment and Selection Process

Step 1 Planning for Recruitment & Selection	Step 2 Recruitment: Locating Prospective Candidates	Step 3 Selection: Evaluation and Hiring
<ul style="list-style-type: none"> • Job Analysis • Job Qualifications • Job Description • Recruitment & Selection Objective • Recruitment & Selection Strategy 	<ul style="list-style-type: none"> • Internal Sources • External Sources 	<ul style="list-style-type: none"> • Screening Resumes and Applications • Initial Interview • Intensive Interview • Testing • Assessment Centers • Background Invest. • Physical Exam • Selection Decision and Job Offer

Rules of Recruitment and Selection

Commonality, Openness, Competitiveness, Legality, Non-discrimination, Constancy of criteria, Neutrality, Objectivism, Transparency, Personal data security, Acting without delay

RECRUITMENT PROCESS

The steps in the recruitment process are to:

- Identify the job vacancy
- Carry out a job analysis
- Prepare a Job Description
- Prepare a Person Specification
- Advertise the job
- Sent out application forms

JOB ANALYSIS

Job analysis involves finding out everything about what a job involves by identifying the following:

- Tasks to be completed in the job
- Responsibilities of the job
- Technology that is used in the job
- Knowledge needed to carry out the job
- Skills needed to carry out the job
- Level of initiative needed from staff

Advertising: In Direct method

Advertising

• The Media: selection of the best medium depends on the positions for which the firm is recruiting.

- Newspapers (local and specific labor markets)
- Trade and professional journals
- Internet job sites
- Marketing programs

Advertisement: The most popular method
Blind ad (no identification of company)
AIDA (attention, interest, desire, action)

Constructing (Writing) Effective Ads

- Create attention, interest, desire, and action (AIDA).
- Create a positive impression (image) of the firm.

Content of Job Advertisement

- i) job content
- ii) location of job
- iii) working conditions
- iv) compensation
- v) job specification
- vi) to whom apply

Effective Ad.

SOFTWARE DEVELOPERS REQUIRED

Shifa International Hospitals Ltd, a 500 bedded hospital and an ISO 9001:2008 accredited tertiary care institution is seeking applications for the position of software developers.

Minimum Qualification

- BS (CS)

Experience

- Two years or more

Technical skills required

- Oracle Forms & Reports 10g/11g

Candidates having hands-on development experience under OLTP would be preferred.

Please send your CVs along with relevant documents and a recent photograph to **Head HR Division, Human Resources & Development Department** latest by **22nd June 2013**.

Interested candidates can also apply through our website (www.shifa.com.pk)

We offer a conducive environment for growth coupled with competitive compensation and benefits.

Shifa International Hospitals Ltd.
Sector H-8/4, Islamabad
Ph: 051-8463085 / 051-8463711

Staff Training and Development

- Staff training and development are of particular importance in high technology companies, where failure in this respect can threaten the company's reputation.
- It is unfortunate that, when money is tight, it is often the first thing to be cut.
- Companies identify training & development needs during appraisals/reviews. They give staff a guarantee of at least 10 days training a year.
 - This training in specific skills is only useful if they can be exercised straightaway
 - Development/education has long term impact
 - Can be a good way of keeping staff

Remuneration

- One of the major sources of staff dissatisfaction in organizations is perceived disparities in remuneration, (Remuneration means salaries + Benefits).
- A good remuneration policy aims are:
 - Staff retention (or controlled loss!)
 - Consistency of treatment within the company, to avoid discontent
 - Comparability with conditions outside the company

Appraisal Schemes

- It is astonishing that people working for years in a professional job without anyone, colleague or superior, giving them any indication of how well they are doing the job or how they might improve.
- Appraisal schemes usually involve an appraiser and an appraisee meeting regularly (every six months, every year, even every two years) to discuss the employee's performance and career development under a number of headings.
- Appraisal schemes are the usual formal way of doing this. They derive from the idea of Management by Objectives (MBO).
- A good appraisal process provides an effective way of fulfilling the requirements of a professional body and It must:
 - Set agreed objectives
 - Monitor and review performance against objectives
 - Set new or modified objectives
 - Assess training needs
 - Discuss career ambitions

Failure of Appraisal Schemes

Appraisal schemes usually fail due to the following reasons:

- There's always something more urgent than the appraisal interview.
- Seen as ineffective – good appraisal reports don't lead to anything; no one takes any notice of what was agreed.
- Appraisers who don't know anything about the appraisee's work.
- More emphasis on the measurable.

Redundancy and Dismissal

- Redundancy occurs when staff are fired because there is insufficient work for them. They may be eligible for compensation.
- Dismissal means firing staff because their work is unsatisfactory.

Dismissal Procedures

Following are the dismissal procedures:

- employer must give employee a written statement of why dismissal is being considered;
- employer must arrange a meeting at which both sides can state their case;
- employer must inform employee of decision, in writing;
- employee must have right to appeal to a more senior manager, where this is practicable.

Contracts of Employment

- According to Law, every employee must have a contract of employment.
- What this means is that the agreement between an employee and their employer can be enforced in a court of law.
- A good contract of employment should be written in terms that are easily understood and should avoid legal jargon.
- Prospective employees should not need to consult a lawyer in order to understand it. They should, however, read it carefully before signing it.

Human Resource Planning

- If the human resources department wants to ensure that the organization always has the staff available it needs, it must be able to forecast the needs some time ahead.
- This is extremely difficult, particularly in software companies.

- From software houses through banking, manufacturing and retailing the uncertainty is always present, but it can be reduced to possibly predict staff needs much more precisely.
- In a software house, there are three inputs to the human resource planning process:
 - Human resource plans from existing projects, showing how many staff of each grade and with which specialized skills will be required in each of the following months.
 - Sales forecasts: These are subject both to the unexpected behavior of potential clients and the judgement, good or otherwise, of the sales staff.
 - Forecasts of the likely staff losses in the coming months: In the software business this depends very much on the buoyancy of the market for software developers.
- From these inputs, it can be predicted as to how many staff will be required each month, and how many will be available.
- In practice, human resource prediction in project-based companies never works very well and there are good statistical reasons why it never will.
- If we are summing 1,000 weighted predictions, the uncertainty in the sum will be quite small, even though the uncertainty in each prediction may be quite large; this is called the Law of Large Numbers.

Job Design

- Setting up an organizational structure implies designing jobs. As soon as a one-person organization becomes a two-person organization, it has to decide who does what; in other words, it has to design jobs.
- In project-based organizations, jobs get designed when the project team is set up and when the project plan is produced.
- The jobs are temporary – they last only as long as the project – and the technical nature of the project determines exactly what tasks the jobs have to cover.
- The job design in IT companies is done within an established framework:
 - a project-based organization will have procedures in which project teams are to be structured
- Such procedures may mandate the use of chief programmer teams in certain circumstances, or specify the maximum span of control and the responsibilities of team leaders, and project quality assurance (QA) staff in a hierarchically organized project.
- The tasks to be carried out will be defined by the development methodology that the company uses.
- In many large organizations structured along bureaucratic lines, job specialization leads to very narrow and tightly defined jobs.
- As a result, the people carrying out those jobs find them dull and unsatisfying. This in turn leads to poor performance and high turnover.
- In an effort to alleviate this problem, companies have tried three different ways to provide more interesting and satisfying jobs: job rotation, job enlargement, and job enrichment.

Job Rotation

- Job rotation is rotating staff through series of jobs, is the most obvious way of preventing employees from becoming bored with a very narrow and specialized task.
- It gives staff a greater variety.
- It gives department greater resilience or elasticity in the case of sickness, holiday or resignation.

Job enlargement

- Job enlargement means each of the members does tasks 1 to 4 for a particular group of invoices (e.g. particular suppliers or particular divisions).
- It adds variety and interest, and may increase pride in job.
- It may not be consistent with separation of responsibilities in financial matters.

Job Enrichment

- Job enrichment means adding more responsibilities.
- It is very effective for some staff members.
- Others may not want too much responsibility.

Intellectual Property Rights

Property that is intangible is known as intellectual property. It is governed by a different set of laws, concerned with intellectual property rights, that is, rights to use, copy, or reveal information about intellectual property.

Types of Intellectual Property Rights

Copyright, patents, confidential information, trademarks, design rights, moral rights.

Copyright

Copyright protects:

- original literary, dramatic, musical and artistic works;
- sound recordings, films, broadcasts and cable transmissions;
- the typographical arrangement of published editions.

Things protected by Copyright are called "works".

Owner's Rights

Copyright gives five exclusive rights to the owner of the copyright:

- the right to copy the work;
- the right to issue copies to the public;
- the right to perform, play or show the work to the public;
- the right to broadcast the work or transmit it on a cable service;
- the right to make an adaptation of the work.

Who owns the copyright?

Copyright is owned by the author(s) of the work except that:

- If the author is an employee and the work is an original literary, dramatic, musical or artistic work created in the course of employment, then the copyright belongs to the employer.
- An independent contractor is not an employee and so will own the copyright in work he does unless agreed otherwise.
- Copyright can only be transferred in writing.
- Copyright does not need to be registered. It comes into existence at the moment the work is recorded, in writing or otherwise.

Infringement of Copyright

- Anyone who, without consent, does any of the five things that are the exclusive right of the owner of the copyright has committed primary infringement of copyright.
- Secondary infringement occurs when an infringement is performed knowingly and in the course of business.
- Primary infringement is purely a civil matter. Secondary infringement can be a criminal offence.

When is a copy a "copy"?

- Copyright is breached by copying 'the whole or a substantial part of the work'.
- 'Substantial' can also mean just a key part, which could be quite small.
- Non-literal copying, e.g. using the same design to produce a similar system written in a different language.

Licensing

- A license allows (the licensee), to use a work for some or all purposes but the owner retains ownership.
- Licenses can be exclusive or non-exclusive.
- The license may be for a fixed period or it may be in perpetuity.
- In an assignment, the copyright owner transfers some or all of the rights of ownership to someone else (the assignee).

Open Source Licences / Free Software

- An open source license allows the source code to be used, modified or shared, subject to certain conditions. It is not necessarily free.
- Free software can be used without payment, but the source code may not be necessarily available, and modifying it may not be permitted.

Difference between Exclusive and Non Exclusive License

An exclusive license and a non-exclusive license are two different types of agreements that grant permission to use or license certain rights to a particular party.

- Exclusive License:
 - An exclusive license grants the licensee exclusive rights to use, produce, or distribute the licensed property or rights within a specified scope and territory.
 - The licensor (the party granting the license) agrees not to grant similar rights to others or themselves during the term of the exclusive license. In other words, only the exclusive licensee has the right to use or exploit the licensed rights in the defined manner.
 - Exclusive licenses are often used when the licensor wants to give one party significant control over the licensed property or rights, and they may receive a higher royalty or fee in return.
- Non-Exclusive License:
 - A non-exclusive license grants the licensee the right to use the licensed property or rights, but it does not prevent the licensor from granting similar rights to others or using the rights themselves.
 - Non-exclusive licenses are typically used when the licensor wants to maximize the distribution or use of their property and may offer it to multiple parties simultaneously.
 - Non-exclusive licenses are often more permissive and may result in lower fees or royalties for the licensor.

Assignment

- Copyright may be assigned for a limited or unlimited period. It may be assigned for future works as well.
- Assignments must be in writing and signed by the copyright owner.

What you can do?

- fair dealing, copying for:
 - private study or research;
 - criticism or review
 - reporting current events
- making back-up copies
- error correction.

How can copyright owners enforce their rights?

- Search and Seizure;
- Injunctions – court orders restraining people from infringing copyright;
- Claim damages;
- Claim for profits.
- Large Companies who own copyright, often prevent illegal publication of copies by threatening action or suing, that a small publisher cannot afford to defend.

Patents

- A patent is a temporary right, granted by the state, enabling an inventor to prevent other people from exploiting his invention without his permission.
- Unlike copyright, it does not come into existence automatically; the inventor must apply for the patent to be granted.
- However, the protection it gives is much stronger than copyright, because the grant of a patent allows the person owning it (the patentee) to prevent anyone else from exploiting the invention, even if they have discovered it for themselves.
- Patents were originally intended to encourage new inventions, and in particular to encourage the disclosure of those new inventions.
- Inventors are often hesitant to reveal the details of their invention, for fear that someone else might copy it.
- A government-granted temporary monopoly on the commercial use of their invention provides a remedy for this fear, and so acts as an incentive to disclose the details of the invention.

- After the monopoly period expires, everyone else is free to practice the invention. And because of the disclosure made by the inventor, it is very easy to do so.

Patent may only be granted if:

- The invention is new
- It involves an inventive step
- It is capable of industrial application
- The subject matter of the invention does not fall within an excluded class

Excluded Class

- A scientific theory e.g. law of physics cannot be patented.
- A mathematical method e.g. method of calculating a square root.
- A literary work, dramatic, musical or artistic work.

Parts of the Patent

- INID Codes (Internationally agreed Numbers for the Identification): international system that allows elements on the patent cover page to be identified in all languages
- Claims - phrases that precisely define the invention and outline the boundaries of the claimed invention (prevents infringement)

Patents...

- Patent holders receive exclusive rights to make, use, or sell a utility, design, or plant.
- The patentee must file a detailed description of the invention which is published by the government.
- Public disclosure provides a reservoir of technical information.
- Some companies prefer to protect their inventions called Trade Secrets kept private to maintain a company's competitive advantage.

Types of Patents

- Utility patents which may be granted to anyone who invents a machine, vital process, composition of matter, article of manufacture or any useful improvement thereof.
- Design patents may be granted to anyone who creates a new, original design for an article of manufacture
- Plant patents may also be granted to anyone who creates or discovers or reproduce any distinct and new variety of plant (Genetic Modification).

Trademarks and Tradenames

- A trademark is a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and distinguishes the source of the goods of one party from those of others.
- Examples – Reebok, Mc Donald's, Nike, Levis etc.
- Trademarks must be clear and distinct from each other
- Trademark may also be three-dimensional (e.g. neck of bottle)
- Comparative advertising is allowed
- To register a trade mark, the mark must be: -
 - distinctive, and, not deceptive, or contrary to law or morality, and,
 - It must not be identical or similar to any earlier marks for the same or similar goods.

Trademarks can be

Words, Phrases, Symbols, Sounds

Selecting a Mark!

- Generic terms: common name of the article or services to which they are applied.
 - They are not protectable as standalone trademarks. (Examples: computer, automobile, shuttle.)

- **Suggestive Marks:** suggest, rather than describe, the goods or services or some characteristic thereof. Consumer must use imagination or hindsight to understand the connection.
 - Although suggestive marks are self-advertisers and, thus, easier to promote than arbitrary marks, they are subject to more conflict and may be afforded a narrower scope of protection.
 - Thus, while KODAK has no competition from any mark anywhere close to it, BURGER KING must coexist with WHATABURGER and other restaurants that use the word BURGER.
- **Arbitrary Marks:** created from existing words, but have no meaning in relation to the goods or services with which they are used.
 - Fanciful and arbitrary marks are easier to protect but can be more expensive to promote.
 - (Examples: APPLE for computers and TIDE for detergent).
- **Fanciful Marks:** created from words that are coined or made up, and have no meaning in relation to the goods or services.
 - (Examples: KODAK for film and EXXON for petroleum products).

Difference between Trademark & Service mark

- A trademark is the brand name of the goods
- A service mark, just as the name implies, identifies the name, logo, device or a combination of these to differentiate the service provided by one business to that of the others.
- The main difference between service mark and trademark is that trademark is applicable for use only to identify products or goods produced by a business. On the other hand, a service mark is used to exclusively identify a service.

Domain Names

- **ICANN [Internet Corporation for Assigned Names and Numbers]** is an internationally organized, non-profit making corporation. Its main responsibility is ensuring the ‘universal resolvability’ of internet addresses.
- That is, ensuring that the same domain name will always lead to the same internet location wherever it is used from and whatever the circumstances.
- In practice, ICANN delegates the responsibility for assigning individual domain names to other bodies, subject to strict rules.
- Domain names were originally meant to be used just as a means of simplifying the process of connecting one computer to another over the internet.
- However, because they are easy to remember, they have come to be used as a way of identifying businesses. Indeed, they are frequently used in advertising.
- Conversely, it is not surprising that companies would want to use their trademarks or their company names as their internet domain names.
- The **potential for conflict** between trademarks and domain names is inherent in the two systems. Trademarks are registered with public authorities on a national or regional basis.
- The owner of the trade mark acquires rights over the use of the trade mark in a specific country or region. Identical trademarks may be owned by different persons in respect of different categories of product.
- Domain names are usually allocated by a private organization and are globally unique; they are normally allocated on a first come, first served basis.
- This means that if different companies own identical trade marks for different categories of product or for different geographical areas, only one of them can have the trade mark as domain name, and that will be the one who has applied first.
- **The inconsistencies between two different systems of registration** has made it possible for people to register, with their own domain names, for the trademarks belonging to some other company.
- This is sometimes known as cybersquatting. They then offer to sell these domain names to the owner of the trade mark at an inflated price.
- It is usually cheaper and quicker for the trade mark owner to pay up than to pursue legal remedies, even when these are available.

BUSINESS PLAN NON-DISCLOSURE AGREEMENT

This BUSINESS PLAN NON-DISCLOSURE AGREEMENT (hereinafter known as the “Agreement”) between _____ (hereinafter known as the “Company”) and _____ (hereinafter known as the “Recipient”) becomes effective as of this ____ day of _____, 20____ (hereinafter known as the “Effective Date”).

Article I: Recitals

The Company wishes to share their business plan (hereinafter known as the “Business Plan”) with the Recipient for the purposes of review, examination, inspection or contribution, while maintaining confidentiality. The Company and the Recipient, collectively known as the “Parties”, understand and agree that dissemination of information or materials within or related to the Business Plan would be detrimental to the integrity of the Company. For the purposes of this Agreement, all information, strategies, plans, trade secrets, objectives and materials will be referred to as “Confidential Information”, and the Company may share Confidential Information with the Recipient subject to the terms and covenants set forth below.

Article II: Recipient Obligations

A. Non-Disclosure. The Recipient understands and agrees to not use or disclose the Business Plan or Confidential Information for personal benefit or the benefit of any other person, corporation, association, company or entity, and shall take all steps necessary to protect Confidential Information from disclosure. The Recipient further agrees not to disclose the fact that the Business Plan has been made available, that discussions or negotiations are taking place or have taken place, or any of the terms, conditions or other facts with respect to the transaction. Methods of disclosure include, but are not limited to, written, oral, electronic or any other form of recording.

B. Disclosure. The Recipient shall only disclose the Business Plan and Confidential Information to persons within their organization on a need-to-know basis. Each person who becomes privy to the Confidential Information shall be bound by the provisions within this Agreement. This Agreement shall survive and continue after any expiration or termination of this Agreement and shall bind Recipient, its employees, agents, representatives, successors, heirs and assigns.

C. Exceptions. The Recipient is not prohibited from using or disclosing the Business Plan or Confidential Information if

- i. it was publicly known;
- ii. it was in the Recipient’s possession before the Effective Date;
- iii. it was used in response to any legal obligation; or
- iv. it was approved for release in writing by the Company.

D. Legal Obligation. The Recipient is permitted to disclose Confidential Information if compelled to do so by legal request, deposition, subpoena, civil investigative demand or similar process. In such an event, the Recipient agrees, if legally permissible, to NonDisclosureAgreement.com promptly notify the Company of such request, to consult with the Company on the advisability of taking legally available steps to resist or narrow such request and to assist the Company in seeking an injunctive or other protective remedy. Both Parties understand and agree that the Recipient shall execute the aforementioned predisclosure measures only if the action does not violate any applicable laws. Should the Company fail to obtain a protective order or waive compliance with the provisions hereof, the Company shall not hold the Recipient liable for disclosure of Confidential Information.

Article III: Term

- The Recipient’s obligations of non-use and non-disclosure with respect to Confidential Information will remain in effect in perpetuity.
- The Recipient’s obligations of non-use and non-disclosure with respect to Confidential Information will remain in effect for a period of ____ years from the Effective Date.

Article IV: Return or Destruction of Confidential Information

The Recipient shall, upon termination of this Agreement or as per the Company’s request, immediately return or destroy any and all notes, records, and written, printed or other tangible materials in its possession pertaining to the confidential Information, and shall continue to comply with all other terms and conditions of confidentiality within the Agreement.

Article V: No Additional Agreements

Neither the holding of discussions nor the exchange of material or information shall be construed as an obligation of the Company to enter into any other agreement with Recipient or prohibit the Company from providing the same or similar information to other parties and entering into agreements with other parties. The Company reserves the right, in its sole discretion, to reject any and all proposals made by Recipient or its Representatives with regard to a transaction between Recipient and Company and to terminate discussions and negotiations with Recipient at any time. The Recipient agrees not to use the Business Plan or Confidential Information as a basis upon which to develop or have a third party develop a competing or similar plan or undertaking.

Article VI: Indemnify

Recipient understands and acknowledges that any breach of this Agreement could result in damages, losses, costs or expenses to the Company and agrees to keep the Company indemnified in respect to any and all claims which arise out of or in connection with a violation. Recipient understands and acknowledges that any use or disclosure regarding the Business Plan or Confidential Information could cause the Company irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that the Company shall have the right to apply to a court of competent jurisdiction for specific performance or order restraining and enjoining any such further disclosure or breach and for such other relief as Company deems appropriate, in addition to the remedies otherwise available at law or in equity.

Article VII: Successors and Assigns

This Agreement and each party's obligations hereunder shall be binding on the representatives, assigns and successors of such party and shall inure to the benefit of the assigns and NonDisclosureAgreement.com successors of such party; provided, however, that the rights and obligations of Recipient hereunder are not assignable.

Article VIII: Governing Law

This Agreement shall be governed in accordance with the laws of the State of _____, without regard to conflict of law principles.

Article IX: Prevailing Party

In a dispute arising out of or related to this Agreement, the prevailing party shall have the right to collect reasonable attorney fees, costs and other legal expenditures from the other party.

Article X: Entire Agreement

This Agreement sets forth the entire Agreement and understanding between the Parties and supersedes all prior agreements between them relating to the subject matter of this Agreement. This Agreement may not be altered, amended, modified, discharged, assigned or otherwise transferred by either party except by an agreement in writing signed by both Parties.

Article XI: Validity

This Agreement shall maintain its integrity should a provision (or any part thereof) be claimed unenforceable by a court of competent jurisdiction due to invalidity or conflict with any relevant law, and the unenforceable provision shall be construed in such a way as to preserve the intent for which it was created.

Article XII: Notices

Any notice required by or given in connection with this Agreement shall be in writing and shall be given to the appropriate party by personal delivery or by certified mail, postage prepaid or recognized overnight delivery services to the following addresses:

Company's Address

Recipient's Address

IN WITNESS WHEREOF, the Parties hereto agree to the terms and conditions of this Agreement as of the date set forth below.

Company

Representative Signature: _____ Date: _____
Representative Printed Name: _____ Representative Title: _____

Recipient

Recipient Signature: _____ Date: _____
Recipient Printed Name: _____

An Example of a Mutual Non-Disclosure Agreement

Date: 201[]

Parties:

[NAME OF INDIVIDUAL] of [address of individual]

OR

[NAME OF COMPANY], a company registered in [England] under company number [number on Register of Companies] whose registered office is at [address of office on the Register of Companies]

and

[NAME OF INDIVIDUAL] of [address of individual]

OR

[NAME OF COMPANY], a company registered in [England] under company number [number on Register of Companies] whose registered office is at [address of office on the Register of Companies]

1. Each of the parties to this Agreement intends to disclose information (the Confidential Information) to the other party for the purpose of [insert details e.g. discussing the possibility of the parties entering into a joint venture] (the Purpose).
2. Each party to this Agreement is referred to as 'the Recipient' when it receives or uses the Confidential Information disclosed by the other party.
3. The Recipient undertakes not to use the Confidential Information disclosed by the other party for any purpose except the Purpose, without first obtaining the written agreement of the other party.
4. The Recipient undertakes to keep the Confidential Information disclosed by the other party secure and not to disclose it to any third party [except to its employees [and professional advisers] who need to know the same for the Purpose, who know they owe a duty of confidence to the other party and who are bound by obligations equivalent to those in clause 3 above and this clause 4.
5. The undertakings in clauses 3 and 4 above apply to all of the information disclosed by each of the parties to the other, regardless of the way or form in which it is disclosed or recorded but they do not apply to:
 - a) any information which is or in future comes into the public domain (unless as a result of the breach of this Agreement); or
 - b) any information which is already known to the Recipient and which was not subject to any obligation of confidence before it was disclosed to the Recipient by the other party.
6. Nothing in this Agreement will prevent the Recipient from making any disclosure of the Confidential Information required by law or by any competent authority.
7. The Recipient will, on request from the other party, return all copies and records of the Confidential Information disclosed by the other party to the Recipient and will not retain any copies or records of the Confidential Information disclosed by the other party.
8. Neither this Agreement nor the supply of any information grants the Recipient any licence, interest or right in respect of any intellectual property rights of the other party except the right to copy the Confidential Information disclosed by the other party solely for the Purpose.
9. The undertakings in clauses 3 and 4 will continue in force [indefinitely][for [insert number] years from the date of this Agreement].
10. This Agreement is governed by, and is to be construed in accordance with, English law. The English Courts will have non-exclusive jurisdiction to deal with any dispute which has arisen or may arise out of, or in connection with, this Agreement.

Signed [by [insert name]] OR [on behalf of][insert name] by its duly authorized representative]:

Signature

Name

Position

Signed [by [insert name]] OR [on behalf of] [insert name] by its duly authorized representative]:

Signature

Name

Position

MOU

[Your Name]
[Your Title]
[ABC Security Company]
[Company Address]
[City, State, Zip Code]
[Date]

[Recipient's Name]
[Recipient's Title]
[FAST University]
[University Address]
[City, State, Zip Code]

Subject: Memorandum of Understanding (MOU) for Developer's Day Event Security Services

Dear [Recipient's Name],

This Memorandum of Understanding (MOU) outlines the terms and conditions of the agreement between ABC Security and FAST University for the provision of security services at the upcoming "Developer's Day" event, hereinafter referred to as the "Event." This MOU is effective from the date of signing and shall remain in force until the completion of the Event on [Event Date].

1. Services Provided by ABC Security:

ABC Security agrees to provide security services for the Developer's Day Event, including but not limited to:

- Access control and crowd management
- Perimeter security
- Asset protection
- Emergency response and evacuation support
- Any additional security services deemed necessary for the safety of the event attendees and assets.

2. Duration of Services:

ABC Security shall provide security services for the entire duration of the Developer's Day Event, starting from [Start Time] to [End Time] on [Event Date].

3. Compensation:

FAST University agrees to compensate ABC Security for the services provided at the mutually agreed rate of [Agreed Rate] per hour. Payment shall be made within [Payment Terms] of the completion of the Event.

4. Point of Contact:

FAST University will designate a point of contact responsible for coordinating with ABC Security. Any changes to this designated point of contact shall be communicated in writing.

5. Liability:

ABC Security will maintain adequate insurance coverage for its employees and operations during the Event. FAST University shall not be liable for any injuries, damages, or losses resulting from the provision of security services.

6. Termination:

Either party may terminate this MOU with written notice if the other party breaches any of its obligations herein.

7. Confidentiality:

Both parties agree to keep all information and details regarding this MOU and the Event confidential.

8. Governing Law:

This MOU shall be governed by and construed in accordance with the laws of [Jurisdiction].

9. Entire Agreement:

This MOU constitutes the entire agreement between ABC Security and FAST University concerning the provision of security services for the Developer's Day Event and supersedes all previous agreements, whether written or oral.

This MOU is executed on the date first above written.

ABC Security:

FAST University:

[Your Signature]

[Recipient's Signature]

[Your Printed Name]

[Recipient's Printed Name]

[Date]

[Date]

Please ensure that both parties understand and agree to the terms and conditions of this MOU before signing.

SLA

Creating a Service Level Agreement (SLA) for the security services provided by ABC Security at FAST University's "Developer's Day" event:

Service Level Agreement (SLA) for Security Services

1. Service Provider:

- ABC Security
- [Company Address]
- [City, State, Zip Code]

2. Service Recipient:

- FAST University
- [University Address]
- [City, State, Zip Code]

3. Service Description:

ABC Security shall provide security services for the "Developer's Day" event, including access control, crowd management, perimeter security, asset protection, emergency response, and additional security services as needed for the safety of event attendees and assets.

4. Duration of Service:

The security services will be provided for the entire duration of the "Developer's Day" event, starting from [Start Time] to [End Time] on [Event Date].

5. Service Levels:

a. Response Time:

- ABC Security shall respond to security incidents within [Response Time] minutes of notification by FAST University.

b. Availability:

- ABC Security personnel shall be present on-site throughout the event.

c. Quality of Service:

- Security services provided by ABC Security shall meet or exceed industry standards for crowd management, access control, and asset protection.

d. Communication:

- ABC Security shall maintain clear and constant communication with FAST University's designated point of contact for coordination and updates during the event.

6. Compensation:

- FAST University agrees to compensate ABC Security at the agreed rate of [Agreed Rate] per hour. Payment shall be made within [Payment Terms] of the completion of the event.

7. Reporting:

- ABC Security shall provide daily incident reports to FAST University during the event and a final event report within [Report Submission Timeframe] days after the event's conclusion.

8. Review and Modification:

- This SLA will be reviewed annually or as needed by both parties and may be modified by mutual agreement.

9. Termination:

- Either party may terminate this SLA with written notice if the other party breaches any of its obligations herein.

10. Confidentiality:

- Both parties agree to keep all information and details regarding this SLA and the security services provided confidential.

11. Governing Law:

- This SLA shall be governed by and construed in accordance with the laws of [Jurisdiction].

12. Entire Agreement:

- This SLA constitutes the entire agreement between ABC Security and FAST University regarding security services for the "Developer's Day" event and supersedes all previous agreements, whether written or oral.

This SLA is executed on the date first above written.

ABC Security:

FAST University:

[Your Signature]

[Your Printed Name]

[Date]

[Recipient's Signature]

[Recipient's Printed Name]

[Date]

Please ensure that both parties understand and agree to the terms and conditions of this SLA before signing.

Comprehensive Policy for SNB Pvt Ltd - Employee Recruitment, Design Rights, Business Transactions, and Future Guidelines

1. Introduction

1.1 Purpose

This policy outlines guidelines for employee recruitment, design rights, business transactions, and the company's future operations in light of the recent issues caused by Raghu's actions.

1.2 Scope

This policy applies to all employees, partners, and stakeholders of SNB Pvt Ltd.

2. Employee Recruitment

2.1 Recruitment Criteria

We will implement stringent recruitment criteria to ensure that all new hires possess the qualifications, skills, and ethical values required for their roles.

2.2 Background Checks

All potential employees will undergo comprehensive background checks, including reference verifications, to prevent hiring individuals with a history of misconduct.

2.3 Ethics Training

Mandatory ethics training will be provided to all employees to foster a culture of integrity and responsibility within the organization.

2.4 Diversity and Inclusion

We are committed to promoting diversity and inclusion in our workforce and will actively seek candidates from varied backgrounds.

3. Design Rights

3.1 Intellectual Property (IP)

All design rights and intellectual property developed during employment at SNB Pvt Ltd will be the sole property of the company.

3.2 Non-disclosure Agreement (NDA)

All employees will be required to sign a non-disclosure agreement to protect sensitive company information.

3.3 Copyright and Patents

Employees will be encouraged to innovate and create, and any copyright or patent developed during their employment will be jointly owned by the company and the employee.

4. Business Transactions

4.1 Due Diligence

Before entering into any significant business transaction, the company will conduct thorough due diligence to assess the risks and potential consequences.

4.2 Risk Mitigation

We will develop a risk mitigation strategy for all business transactions to minimize potential financial and reputational harm.

4.3 Contractual Clauses

All contracts and agreements will include specific clauses to address the responsibilities and liabilities of all parties involved in the transaction.

5. Future Operations

5.1 Reputation Management

The company will invest in reputation management strategies to rebuild its brand and re-establish trust with stakeholders.

5.2 Compliance and Ethics

We will uphold the highest ethical standards in all our operations, and compliance with legal and regulatory requirements is non-negotiable.

5.3 Continual Improvement

Regular assessments and reviews will be conducted to identify areas for improvement in the organization's policies and practices.

5.4 Sustainability

We are committed to environmentally sustainable practices and will take steps to minimize our carbon footprint.

6. Conclusion

This comprehensive policy for employee recruitment, design rights, business transactions, and future operations is essential for the recovery and sustained success of SNB Pvt Ltd. It reflects our commitment to ethical conduct, responsible business practices, and ongoing improvement to safeguard the company's reputation and financial stability. All employees, partners, and stakeholders are expected to adhere to these guidelines and contribute to the organization's positive growth and development.

CASE STUDIES

Will our Partner steal our IP?

Key points from the case study include:

- Prime ElektroTek has secured a deal with Blue Sky Vehicles, a Chinese automaker, to use their hybrid-car components in their vehicles.
- Wang, the engineer who developed Prime's power train technology, is concerned that Blue Sky will steal their intellectual property (IP) and start producing their own components.
- Lin, the VP and general manager, believes that Blue Sky poses little IP risk, as they are not strong in systems engineering and lack the understanding of Prime's technology.
- The dilemma faced by Prime ElektroTek is whether to release their IP to Blue Sky or protect it and potentially lose the business opportunity in China.
- Lin argues that Prime cannot be afraid to engage with a big Chinese customer like Blue Sky and that the deal is crucial for their presence in the electric vehicle market.
- Lin reassures Wang by pointing out that Blue Sky is only buying select components and lacks the necessary knowledge to replicate Prime's technology accurately.
- Lin's assessment is further supported during a visit to Blue Sky's factory, where he observes that their engineers are skilled in narrow design tasks but struggle with understanding complex systems.
- The key question for Prime ElektroTek is whether Blue Sky's limited understanding of their technology and lack of expertise in systems engineering will protect Prime's IP adequately.
- The case study does not provide a definitive solution but prompts readers to consider the risks and benefits of sharing IP with a partner in a rapidly evolving market like China.

Key takeaways from the case study include:

- Companies should carefully assess the IP risks when entering into partnerships or collaborations with other organizations.
- Understanding the technical capabilities and expertise of the partner is crucial in evaluating the likelihood of IP theft.
- Embedding tacit knowledge and complexity into the IP can discourage replication and protect the company's competitive advantage.
- Balancing the potential benefits of a partnership, such as market access and growth opportunities, with the risks of IP theft is a strategic decision that leaders must make.
- Companies operating in markets with high IP risks should consider implementing robust IP protection strategies and agreements.
- The case study highlights the challenges and dilemmas faced by companies operating in global markets and the importance of managing and protecting valuable intellectual property.

ASSIGNMENT # 02

What were the mistakes made by the iGATE management made while terminating Mr. Murthy?

Referencing Page 4 of iGATE, 'Murthy's Immediate Response', the mistakes made by the iGATE management while terminating Mr. Murthy were that, Murthy was informed of his termination, without any prior notice, after office hours. And that they did not grant Murthy a chance to defend his case. They did not wait for any evidence and just fired Murthy on hearsay.

On what ground Mr. Murthy go to the court against the acquisition of Breach of Agreement?

- Referencing Pages 4 & 5 of iGATE, 'Murthy V. iGATE', Mr. Murthy went to the court accusing iGATE of breach of agreements, seven months after being fired. The breach of agreements including employment agreement, stock option agreement, agreement of good faith and fair dealing, making false promises, withholding wages and defamation.
- He claimed that iGATE had indeed known his relationship with Roiz and for evidence, he claimed to own a signed letter from an independent director, that the board knew about the relationship since January 2012.
- Regarding employment agreement, he charged iGATE for withholding 500,000 vested stocks of 18.3 million dollars value, \$1.6 million termination benefits and \$6000 monthly medical benefits, which were to be lasted for 15 years. He claimed he was eligible for those vested stocks, according to the employment agreement. Furthermore, Murthy claimed compensation against the damage caused to his image and reputation because of repeated defamation due to iGATE.

You established a company SlowFastians SFs got a SLA signed with a US based client named MK Private. You have to provide them UI and UX design for rapid prototyping jobs. The MK private shares the prototype design and gets the screens developed by UI/UX developers from all around the world. The MK does not offer higher rates than work available on Up work like freelancers' sites, however, they tend to offer high number of projects to SFs. The retention of human resources is getting tough and therefore your company SFs tend to work with freelancers, early career starters, and new bees. Now the customer care department of MK is reporting a few complains about the quality of the work mentioning particularly the UX part. The SF owns have a few challenges including retention, introducing diversity in their skill set and scaling their team size. Recently MK signed an SLA with SF.

A. Write down three points from each side, specifically safeguarding their interest.

Safeguarding of SlowFastians SFs' interests:

1. Scalability & Flexibility: SFs require the SLA to define terms and conditions for scaling their team size, working hours, and compensation to accommodate MK Private's variable project load. This flexibility allows them to adapt to fluctuations in workload and ensures efficient project execution.
2. Quality Assurance & Performance Metrics: SFs aim to ensure that the quality of work meets or exceeds MK Private's expectations. The SLA should incorporate performance metrics, quality standards, and procedures for continuous improvement to guarantee the delivery of high-quality UX design and rapid prototyping services.
3. Retention & Workforce Diversity: SFs prioritize addressing the challenges related to retaining skilled UI/UX developers. They need the SLA to include provisions that encourage the development of their in-house team's skills while also allowing collaboration with freelancers and early career starters. This would enable them to retain their workforce and introduce diversity in their skill set to meet MK Private's project demands effectively.

Safeguarding of MK Private's interests:

1. Conflict Resolution and Dispute Handling: MK Private requires the SLA to establish a well-defined mechanism for resolving disputes or conflicts that may arise during project execution or related to deliverables. This ensures that any issues are addressed promptly, minimizing potential disruptions to the project and protecting MK's interests.
2. Intellectual Property Protection: MK wants to protect its intellectual property rights by including robust clauses in the SLA that emphasize the exclusive ownership of design work and prototypes. This safeguards MK Private's proprietary assets and maintains the confidentiality of their work.
3. Quality Assurance and Deliverable Standards: MK Private is concerned about the quality of work, particularly in the UX part. They seek to include clear, measurable performance standards within the SLA to ensure that SFs consistently provide high-quality UI and UX design for rapid prototyping jobs. This safeguards MK's interest in receiving top-notch work.

B. Mention one point that was initially included by the MK and then amended by the SF. Highlight conflict of interest along with the amendments (use Ensign case for SLA)

The point initially included by MK is the Non-compete Clause, which is:

MK Private initially included a non-compete clause in the SLA to prevent SFs from directly or indirectly competing in the UI and UX design and rapid prototyping domain. This clause was designed to protect MK's interests and market position.

Following is the amendment by SFs:

SFs sought an amendment to the non-compete clause, emphasizing the need for a reasonable geographical and temporal limitation. They argued that an indefinite non-compete restriction could hinder their ability to diversify their business. After negotiations, both parties agreed to amend the clause to include a specific radius and a defined time limit (e.g., 2 years) after the termination of the SLA. This compromise addressed the conflict of interest and ensured a fair balance between the parties.

C. The following point extracted from Ensignten. Prepare a similar point for the MK company on their behalf.

Following is the SLA Point for MK Private:

"Intellectual Property and Confidentiality: In the interest of safeguarding MK Private's valuable intellectual property and ensuring the highest standards of confidentiality, it is stipulated that all design work, prototypes, and deliverables produced by SlowFastians SFs under the terms of this Service Level Agreement (SLA) shall remain the sole and exclusive property of

MK Private. Furthermore, MK Private shall retain full rights to these design assets, including any User Experience (UX) elements.

It is imperative that SlowFastians SFs, in their capacity as service providers, adhere to stringent confidentiality standards. They are bound by a strict obligation not to share, distribute, or disclose any aspect of the design, including UX components, to any third party without obtaining prior written consent from MK Private. This provision aims to uphold the privacy and exclusivity of MK Private's intellectual property.

To fortify this commitment to safeguarding MK Private's assets, SlowFastians SFs are mandated to implement comprehensive security measures. These measures are designed to shield MK Private's intellectual property from unauthorized access, breaches, or data leaks. In the event of any suspected or confirmed breaches of confidentiality, SlowFastians SFs are obligated to take swift action in resolving the matter and promptly report it to MK Private.

It is paramount to underscore that any violation of these stringent terms and conditions may result in legal action and the imposition of financial penalties. This provision underscores the gravity with which MK Private views the protection of its intellectual property and addresses the concerns related to quality and security that have been raised by MK Private's customer care department."

By including this point in the SLA, MK Private can ensure that their design assets remain confidential and exclusive, thereby mitigating the risks associated with unauthorized access and data breaches. This not only safeguards their intellectual property but also maintains the highest standards of quality and security in the collaboration with SlowFastians SFs.

PPIT FALL MID 2

D&G is nowadays going through a huge employee turnover, to deal with it the HR department has already initiated the hiring process. However, the senior management prefers to retain the employees instead of massive hiring.

a) State two ideas how the company can stop this huge turnover.

b) What can be the two main reasons why D&G favors employee retention over hiring new employees? (4+4 Marks)

Ans: 02(a)

- A good Remuneration policy (salaries + Benefits)
- Appreciation and promotions.

Ans: 02(b)

- Hiring is an expensive and time-consuming task.
- Newbies lack the domain knowledge as compared to the trained and experienced workers already employed there.

The HR department finally hires three new employees: Alice, Bob and Charlie. Alice receives the incoming invoice and matches the purchase order. Bob confirms price calculations and dispatches to the receiving Department for confirmation that goods or services have been received. Charlie receives confirmation from the department, passes it further and produces payment. CEO Mr. Alfonso Dolce suggests the HR department to include job rotation, job enlargement and job enrichment while designing the job roles of these employees.

a) What could be the possible reason? How including job rotation, job enlargement and job enrichment could benefit the company as well as the employees.

b) Mention one disadvantage for each of the above job designs.

Ans: 3(a)

The CEO wanted the new hires to be aware of all the work instead of just working in their own department and limited scope, to remove the dependency of the company on any employee.

Job design	Benefit to company	Benefit to employee
Job rotation	training employees, reduced dependency over employees.	accelerates professional development, exposure to different areas of interest, preventing job boredom or burnout.
Job enlargement	Reduced new hiring burden. Financially economical.	1. Reduced Monotony: Job enlargement if planned carefully can help reduce boredom and make it more satisfying and fulfilling for the employees.2. Increased Work Flexibility: There is an addition to the number of tasks an individual performs. There is thus an increased scope of carrying out tasks that are versatile and yet very similar in certain aspects.
Job enrichment	Job enrichment gives you a chance to test and see your employees' strengths and weaknesses.	1. Through job enrichment an employee finds satisfaction and contentment in his job and through job enlargement the employee feels more responsible and worthwhile in the organization.

Ans: 3(b)

Job rotation:

- Senior employee not willing for job rotation can result in disgruntled employees
- Can be costly and time-consuming

Job enlargement:

- Lower efficiency
- Lower quality

Job enrichment:

- Heavier workload: Job enrichment increases the employee's overall workload

Define what is meant by outsourcing in a business context and identify three advantages for using outsourcing with relevant examples for each advantage.

Outsourcing is a common practice of contracting out business functions and processes to third-party providers. The benefits of outsourcing can be substantial - from cost savings and efficiency gains to greater competitive advantage.

- Improved focus on core business activities
Outsourcing can free up your business to focus on its strengths, allowing your staff to concentrate on their main tasks and on future strategy.
- Increased efficiency
Choosing an outsourcing company that specializes in the process or service you want them to carry out for you can help you achieve a more productive, efficient service, often of greater quality.
- Controlled costs
Cost savings achieved by outsourcing can help you release capital for investment in other areas of your business

It is important that the contract should also state what legal rights are being passed by the software house to the client under the contract in terms of Ownership.

a) Identify the nature of interoperability ownership agreement done in Ensignten.

b) Discuss how this might have an impact on professional behavior in practice.

(4+4 Marks)

A: It is important for the contract to state precisely who is to own the rights.

- Software is potentially protectable by a number of intellectual property rights, such as copyright, design rights, confidentiality and trademarks.
- Ownership in copyright is passed only by written assignment or transfer. If ownership is passed to the client it is known as a sale or assignment and a written agreement is necessary.
- As GMI being a client kept the ownership of interoperability so the license will be considered a sale assignment.

B: As GMI took the complete ownership Rights of data as well as all software resources of Ensignten. According to the professional conduct now it's the responsibility of Ensignten to give due regards to this agreement but somehow had a negative impact regarding the privacy and confidentiality of the organization. It would have been wise to go for joint copyright ownership.