***PPIT NOTES MID 02***

**IGate :**

**Background:**

* Introduction to the case study, the legal dispute between iGATE Corporation and its former CEO, Phaneesh Murthy.
* Mention of the lawsuit filed by iGATE against Phaneesh Murthy and the allegations of breach of agreement.

**iGATE Corporation:**

* Establishment and history of iGATE Corporation as a U.S.based IT services company.
* Overview of the services provided by iGATE, including IT solutions, application maintenance outsourcing, data warehousing, and more.

**Murthy’s Journey with iGATE:**

* Description of Phaneesh Murthy's role as a transformational CEO in reinvigorating iGATE.
* Introduction of the iTOPS framework and outcomes based pricing model implemented by Murthy.
* Significant financial improvements and transformation of iGATE under Murthy's leadership.

**Acquisition of Patni Computer Systems:**

* Highlighting the acquisition of Patni Computer Systems by iGATE, making it a billion dollar entity.
* Murthy's vision for deriving synergies and improving service delivery post acquisition.
* Firing Murthy: Infosys Technologies Redux:
* Mention of Murthy's termination due to allegations of violating iGATE's policy and employment agreement.
* Reference to his past termination from Infosys Technologies under similar allegations.
* Impact of Murthy's firing on iGATE's employees and the company's stock value.

**Murthy’s Immediate Response:**

* Phaneesh Murthy's immediate response to his termination, including a teleconference with journalists.
* Acknowledgment of his personal relationship with a subordinate employee and denial of sexual harassment allegations.
* Murthy's claim of extortion and his intent to fight the case in court.

**Murthy V. iGATE:**

* Description of the lawsuit filed by Phaneesh Murthy against iGATE, accusing them of breach of agreements, false promises, and defamation.
* Disputed claims regarding iGATE's knowledge of Murthy's relationship with the subordinate employee.

**iGATE V. MURTHY:**

* Mention of iGATE's countersuit against Murthy, seeking compensation for damages resulting from his actions and irresponsible behavior.
* Emphasis on the indemnification clause in Murthy's employment agreement and the requirement for him to indemnify the company.

**WAS IT FOR CAUSE?:**

* Questioning whether Murthy was terminated "for cause" as claimed by iGATE and the implications for his severance payments.
* The broader implications for companies in drafting employment agreements, especially with chief executives, to avoid post termination lawsuits.

**Conclusion:**

* Summarizing the key points of the case study and the legal dispute between iGATE and Phaneesh Murthy.
* Highlighting the importance of understanding the implications of terminating employment contracts with senior executives "for cause."

**1 Was Murthy terminated "for cause", as claimed by iGate, and if so, what were the**

**implications for his severance payments?**

Murthy was terminated "for cause" as claimed by iGATE, and the implications for his

severance payments. after being terminated, Murthy organized a teleconference with

journalists in India and stated that his termination came as a complete surprise and that he

had not been informed of it until after office hours. He also claimed that the charges of

sexual harassment against him were completely false and that he was entitled to the vested

stocks and medical benefits.

**2 How could companies draft employment agreements, especially with chief executives, to**

**avoid post termination lawsuits?**

companies could draft their employment agreements, especially with chief executives, to

avoid post termination lawsuits. Murthy's dispute with iGATE serves as a cautionary tale for

other companies, highlighting the importance of carefully drafting employment agreements,

especially with chief executives, to avoid post termination lawsuits. Companies should

ensure that their employment agreements clearly define the circumstances under which an

executive can be terminated "for cause," and that they should seek legal advice to ensure

their agreements are legally sound.

**Ensighten**

**1. Introduction:**

* Introduction of Josh Manion, CEO of Ensighten, and the company's background.
* Ensighten's focus on addressing the challenges of managing web tracking tags for large enterprises.

**2. Web Analytics and Tag Management:**

* Description of the problem in tracking customer behavior on websites.
* Evolution of solutions, such as weblogs and page tagging.
* The complexity and volume of tags faced by large companies, creating an opportunity for Ensighten.

**3. Ensighten's Solution:**

* Development of a cloud based tag management system by Ensighten.
* The scalability and efficiency of the system in managing web tracking tags.
* Ensighten's pricing model based on the number of websites and traffic.

**4. Developing a Template Contract:**

* Manion's early use of a template software licensing agreement.
* The need to customize agreements based on the client's specific requirements.
* Ensighten's strategy of not raising venture capital and bootstrapping the business.

**5. Involvement of Jim Quinn:**

* Manion's decision to involve Jim Quinn, an intellectual property specialist, in contract negotiations.
* Quinn's expertise in addressing legal complexities and intellectual property concerns.
* Quinn's role in helping complete a deal with a major apparel company.

**6. GMI:**

* Introduction of Global Media, Incorporated (GMI), as a Fortune 50 company.
* Initiation of negotiations with GMI and their use of outside counsel.
* The significance of the GMI deal for Ensighten.

**7. Legal Complexities in the GMI Deal:**

* Challenges in the GMI deal related to data security, intellectual property, and contractual terms.
* The need to find a balanced approach to negotiations without compromising Ensighten's interests.
* Manion's intent to secure the GMI deal while safeguarding the company's core principles.

**8. Jim Quinn's Role and Approach:**

* Quinn's role as an external legal advisor, providing guidance to Ensighten.
* Quinn's perspective on the changing dynamics of cloud based software agreements.
* Quinn's willingness to assist in specific sections of the agreement to manage legal costs.

**9. Conclusion:**

* Key takeaways from the case study, emphasizing the importance of legal expertise in complex negotiations.
* The significance of data security, intellectual property protection, and trust in Ensighten's business model.
* The strategic approach to securing important deals while accommodating client needs.

**1 How can we rewrite the agreement of Ensighten and GMI to have an equally beneficial**

**contract among them?**

To create a more mutually beneficial contract between Ensighten and GMI, the following steps

can be considered:

**Balance of Control:** Redefine the terms granting GMI more autonomy and control over its data

while ensuring Ensighten's software protection and ownership [6].

**Flexibility and Usage:** Allow more flexibility for GMI in utilizing Ensighten's software, enabling

GMI to harness the software to its fullest potential without unreasonable restrictions [6].

**Equitable Terms:** Revise the agreement terms to ensure a more balanced and fair relationship,

addressing concerns raised by GMI while safeguarding Ensighten's interests [6].

**Clear Termination Protocols:** Clearly define how either party can terminate the agreement,

including adequate notice periods and transparent procedures for termination [4].

**Intellectual Property Ownership:** Ensure clarity in intellectual property rights to safeguard both

parties' interests, specifying ownership of software, patents, trademarks, and copyrights [4][6].

**Collaborative Problem Resolution:** Include clauses that encourage cooperative conflict

resolution to avoid legal escalation, and maintain a healthy partnership [6].

By revising the agreement to incorporate these elements, Ensighten and GMI can create a more

equitable and mutually beneficial contract, fostering a stronger, sustainable partnership.

**2 What are the key elements to consider when negotiating software license agreements?**

Key elements include the scope of use, pricing, payment terms, intellectual property ownership,

and termination clauses [1][6].

**3 Why is it important for both parties to project beyond their short term expectations**

**during software agreement negotiations?**

Both the licensor and licensee need to consider long term implications and outcomes beyond

immediate benefits or gains to ensure a sustainable and equitable agreement [2].

**4 What tips can aid in negotiating a software contract effectively?**

Tips include not assuming an inability to negotiate, understanding pricing and usage, and

ensuring comprehensiveness in contracts, among others [6][4].

**5 How do software agreements impact an organization's bottom line?**

Carefully negotiated software license agreements can significantly impact an organization's

financial health and overall performance [5].

**6 Why is it essential to not assume the inability to negotiate in software license**

**agreements?**

Assumptions about fixed terms can limit the potential for a more favorable and balanced

agreement, often negotiation can lead to beneficial terms for both parties [6].

**Case Study 03 :**

**IP Stolen case Bomba**

**IP theft at Suintha Nath Boutiques (Cluade summary)**

The case focuses on Sunitha Nath, founder of Sunitha Nath Fashions & Boutiques Pvt. Ltd. (SNB), a fashion design company based in Bengaluru, India.

**Background:**

* Sunitha was passionate about fashion design from a young age. She pursued formal education and training in fashion design, working under renowned Indian designers.
* In 2000, she started her own fashion boutique in Bengaluru, which grew into a successful business with multiple locations. She rebranded as SNB.
* SNB designed high end fashion and jewelry. Sunitha gained recognition in India and internationally.

**The Problem:**

* As SNB grew, Sunitha struggled to manage operations while also focusing on design work. She decided to hire and mentor young talent.
* She recruited Raghu as an intern in 2011 and mentored him. He was promoted to studio manager, overseeing SNB's operations.
* In 2015, SNB signed a big contract with a film studio SSP to design costumes for a major movie production. Due to the large scope, Sunitha delegated coordination of the project to Raghu.
* While Sunitha was away, Raghu suddenly resigned without notice. He started his own competing design firm, aided by SSP's production manager Zakir.
* SSP also abruptly terminated their contract with SNB. It appeared Raghu stole SNB's work and clients.

**Impact:**

* Sunitha was shocked at Raghu's betrayal after she had groomed him. SNB suffered financially and reputationally.
* There were concerns Raghu stole SNB's processes, designs and trade secrets to start his competing firm.
* SNB's contract termination by SSP would tarnish their reputation in the industry.

**Response:**

* Sunitha consulted her legal advisor Rajashri to determine steps to contain the damage.
* They reviewed SNB's financial records, contracts, vendor relationships to identify any other issues.
* Rajashri advised sending notices to vendors/clients affirming Raghu no longer worked for SNB.
* There were open questions around protecting SNB's intellectual property, recouping losses from SSP contract termination, and rebuilding SNB's reputation.

In summary, the case highlights challenges of delegating authority and trusting employees as a business scales up. It presents complex dilemmas around protecting intellectual property, enforcing contracts, and safeguarding reputation.

**MORE**

Here are some additional key details and analysis from the case study:

**Sunitha's background and SNB's growth:**

* Sunitha had strong artistic talents since childhood. She complemented this with formal training at top institutions like NIFT and experience under renowned designers.
* She started small with a boutique in 2000, but aggressively grew SNB into a recognized brand in high end Indian fashion with multiple boutiques.
* SNB also expanded into jewelry design through the successful 'Arka' jewelry line. Sunitha achieved fame in India and internationally within 15 years.

**Raghu's recruitment and promotion:**

* As SNB grew, Sunitha needed help managing operations and hired interns, including Raghu in 2011.
* Raghu showed promise and Sunitha mentored him, promoting Raghu to managerial roles with significant responsibility by 2015.
* However, there was no formal contract outlining Raghu's expanded scope of work in later roles. Lack of structured accountability measures may have enabled his misconduct.

**Dealing with SSP contract termination:**

* SNB could potentially claim repayment for deliverables provided before termination and damages for illegal termination without notice per the contract terms.
* However, SSP cited unsatisfactory work as grounds for termination. The contract required SNB's work to satisfy SSP/director, making a legal claim difficult.
* SNB's reputation was more at risk. The abrupt termination on grounds of poor quality work could damage SNB's standing in the competitive industry.

**Protecting SNB's intellectual property:**

* Raghu potentially stole SNB's processes, designs and trade secrets to start his competing business.
* SNB likely did not take sufficient IP protections like patents, copyrights, trademarks early on while focused on growth.
* Tough to prosecute theft of such proprietary knowledge and intangible assets not formally protected by IP laws.

In summary, while Sunitha achieved remarkable success with SNB, the case underscores common pitfalls like inadequate IP protection, lax accountability structures and reputation management as companies scale rapidly. It prompts thinking on balancing growth with legal safeguards.

**Q1. Should Prime release the IP for its vehicle control unit?**

This is a complex question that depends on several factors. Releasing the IP could potentially open up a significant market for Prime And secure a strong partnership with Blue Sky. However, it also carries the risk of IP theft and potential misuse by Blue Sky. If Blue Sky gains the knowledge to produce the vehicle control unit on its own, it might not need Prime's services any longer. It's a strategic decision that should be made after carefully assessing the risks and benefits.

**Q2. What risks does Prime face by releasing or not releasing the IP to Blue Sky?** By releasing the IP Prime risks losing control of its proprietary technology. There's a possibility that Blue Sky could replicate the technology and start producing it independently, which could harm Prime's business.On the other hand, refusing to release the IP could potentially jeopardize the partnership with BlueSky, which could seek other suppliers willing to provide both the components and the IP. This could result in lost business opportunities for Prime.

**Q3. What alternatives does Prime have other than releasing or not releasing the IP?**

Prime could consider a few different alternatives. They could negotiate terms for licensing the IP to Blue Sky, maintaining control while allowing Blue Sky to use the technology. They could also propose a joint venture with Blue Sky to share ownership and control of the IP. Another option would be to provide the vehicle control unit as a black box, without revealing the internal workings of the IP, though this might not be acceptable to Blue Sky. Each of these options carries its own set of potential benefits and risks, and they should be carefully considered.

**WILL OUR PARTNER STEAL OUR IP (check if ok or not)**

Here is a summary of the key points in the case study:

* Prime ElektroTek is a Taipeibased company that has developed hybrid electric vehicle powertrain technology.
* They secure a deal to supply components to Blue Sky Vehicles, a Chinese stateowned automaker. This is Prime's first major foothold in the electric vehicle market.
* Wang, the engineer who developed Prime's powertrain technology, is worried that Blue Sky will copy and steal their intellectual property once they get access to Prime's components.
* Lin, the VP and GM of the auto electronics unit, is more optimistic and believes Blue Sky doesn't have the expertise to copy Prime's sophisticated technology.
* During a visit, Blue Sky engineers ask basic questions that confirm Lin's view that they lack systems engineering skills.
* Prime agrees to provide specs so Blue Sky can build its own vehicle control unit. But later, Blue Sky reveals they are struggling to build the unit.

* Prime offers to provide a prototype control unit they had previously built for Blue Sky. But Blue Sky demands ownership of the IP for the unit as a condition of accepting it.
* This surprises Lin, as he didn't think Blue Sky was capable of using Prime's IP. Now Prime must decide whether to hand over the IP and risk having their technology stolen and copied.

In summary, Prime sees the Blue Sky deal as key to entering the electric vehicle market, but they are concerned about protecting their proprietary technology from theft in China. They must weigh the risks and benefits of giving Blue Sky the IP for the vehicle control unit in order to move forward with the partnership.

**Based on the details in the case study, here are some potential actions Prime could take to address this situation:**

* Renegotiate the deal to license the vehicle control unit IP to Blue Sky for a limited period rather than transfer full ownership. This would allow Blue Sky to use it for prototypes while protecting Prime's longterm interests.
* Offer to provide maintenance, updates, and support for the vehicle control unit as a service. This would make it harder for Blue Sky to copy if they don't fully understand how it works.
* Provide the unit in a "black box" form that conceals the internal design. Black box solutions are harder to reverse engineer.
* Watermark key software components to detect unauthorized copying.
* Share only select portions of code needed for integration rather than the whole code base.
* Require Blue Sky engineers to work onsite at Prime for training/integration, limiting exposure to IP.
* Negotiate a larger share of Blue Sky's future business to offset the IP risk, making the deal more valuable to Prime.
* Partner with Blue Sky on codevelopment of future vehicle control unit generations, maintaining tighter control.
* Threaten to walk away and lose the deal if demands are nonnegotiable. Though risky, this shows Prime will defend its IP.
* File patents to protect proprietary technologies and algorithms.

Overall, Prime will likely need to take steps to protect critical IP while providing enough technology transfer to satisfy Blue Sky and keep the partnership intact. A compromise that balances these objectives may be the best solution.

**HR Slides**

Here are detailed explanations for the key points in the lecture notes:

**A)**

1. A resource is anything that can be used to help achieve an objective or complete a task. For example, financial resources like money, physical resources like equipment, or human resources like employees.

2. Human resource refers to the people who make up the workforce of an organization. It is the human capital that contributes to achieving organizational goals. For example, the software developers, managers, HR specialists etc in a software company.

3. We need human resources in organizations for several reasons:

* To perform the actual work and operations of the organization. For example, software developers can code and build software products and services.
* To provide skills, expertise and innovation. For example, experienced managers who can lead teams and projects.
* To implement organizational strategies. The workforce executes the plans and ideas of management.

**B)**

**1. There are three main ways that job design is performed:**

* Job rotation: Rotating employees through different jobs and roles. For example, having a software developer work on the user interface, then backend database, then testing.
* Job enlargement: Expanding the scope of an existing job. For example, giving a developer additional responsibilities in gathering user requirements.
* Job enrichment: Adding more meaningful and challenging responsibilities to a job. For example, allowing developers to lead the design of a new feature.

**Financing a Startup Company**

Here are the key points from the lecture notes on financing a startup company:

**Introduction**

Many people want to start their own business or company instead of working for others. New graduates in computing often aim to set up their own company.

**Why Capital is Needed**

* To purchase necessary items to make the product or provide the service.
* Customers usually don't pay before receiving the product/service.
* Every business requires some capital to start. Examples include mobile companies, restaurants, painting services, computer services, software companies.

**Factors Involving Capital**

* Developing a software package requires a large sum of money. While developing, there is no revenue. Cash is needed for:
* Salaries for founders and staff
* Rent, utilities for premises
* Equipment and supplies
* Marketing and advertising costs
* Miscellaneous expenses like stationery and travel
* Interest on borrowed money

**The Business Plan**

* Needed to plan the business, ideas, goals, targets.
* A document that convinces funders the plans are realistic and will succeed.
* Includes company description, market analysis, financial projections, budgets, cash flow, balance sheets.

**Why the Plan is Needed**

* Investors want to profit safely. The plan helps get funding through loans, investments, grants.

**Business Plans Are Not Predictions**

* A plan shows the company has a reasonable chance of success. Making one can reveal if the idea won't work.

**Sources of Finance**

* Grants Sums given for specific purposes, not to be paid back. From government, unions, and charities. For capital investments.
* Loans Sums lent and repaid with interest. Require security.
* Equity Capital Money for share of ownership. From business angels or venture capitalists.

**Gearing**

* Ratio of loan capital to equity capital. Important for company finance.

**Here are some additional key points about financing a startup company from the lecture notes:**

**The Business Plan Document**

* Describes what the company will do, shows technical feasibility, founders' expertise.
* Describes target market, size, competition.
* Predicts financial performance budgets, cash flow, balance sheets, profit/loss.

**Grants**

* For capital investments like premises, equipment.
* Have conditions like raising additional capital.
* Limited to a percentage of proven capital investment.

**Loans**

* Sum lent at fixed or variable interest rate.
* For a fixed period.
* Company must repay eventually.
* Lenders can recover from assets if the company liquidates.

**Equity Capital**

* Money for share of ownership.
* From business angels wealthy individuals who invest in startups.
* From venture capitalists who provide equity funding for rapid growth companies.

**Gearing**

* Ratio of loan capital to equity capital.
* Affects company finance and obligations to lenders and shareholders.

**Moral of the Story**

* Don't make unrealistic plans like castles in the air. Assess ideas objectively.

In summary, the lecture covers the capital required to start a business, creating a convincing business plan, sources of financing, and the importance of gearing for company finance and obligations. The key message is to make realistic plans that demonstrate feasibility.

**Software Contracts and Liability**

Here are the key points from the lecture notes on software contracts and liability:

* A contract is an agreement between two or more parties that is enforceable by law. Essentials for a valid contract include intention to make a contract, competence of the parties, and consideration (each party provides something of value).
* Fixed price contracts are common for bespoke software systems. The contract specifies what is to be produced, delivery terms, intellectual property rights, confidentiality, payment terms, penalty clauses, client obligations, standards, project management, acceptance procedures, warranty, maintenance, inflation adjustments, indemnity, termination, arbitration, and applicable law.
* Consultancy contracts involve providing expertise and advice. Key aspects are confidentiality, terms of reference, liability limitations, and control over the final report. Fees are typically daily or fixed price.
* Contract hire involves providing staff who work under the client's direction. Payment is based on time worked. Intellectual property rights may need addressing.
* Time and materials contracts are a hybrid of fixed price and contract hire. The supplier undertakes development but is paid based on costs incurred rather than a fixed price.
* Outsourcing involves contracting out IT functions like planning, management and operations. Key points in an outsourcing contract include performance monitoring, asset transfers, staff transfers, audit rights, contingency planning, intellectual property rights, and termination provisions.
* The Health and Safety at Work Act places duties on employers to ensure the workplace and equipment are safe, provide training and supervision, and maintain a safe working environment. Failure to comply is a criminal offense. Software engineers must be aware of health and safety requirements applicable to their work.
* Let me know if you need any part of the software contracts and liability content explained in more detail!

**More**

here are some additional details on key aspects of software contracts and liability:

**Intellectual Property Rights**

* The contract should specify who owns the intellectual property rights to anything created during the contract. This includes source code, documents, training materials, etc.
* Ownership usually passes from the software company to the client for physical items like documents. But for intangible items like source code, the rights may stay with the software company or be transferred to the client. This needs explicit agreement.
* The software company will want to protect any preexisting intellectual property it contributes to the project. The client will want ownership and/or rights to use anything newly created.

**Confidentiality**

* Both parties will want to protect any confidential business information that is shared during the project.
* The contract should require both parties to keep each other's confidential information secret and not disclose it without permission.
* This is especially important for consultants who gain inside knowledge of client organizations.

**Acceptance Procedures**

* Acceptance procedures define the process for the client to accept the delivered software.
* The client provides a set of acceptance tests and results in advance. Successful completion of the tests indicates acceptance.
* This locks down the acceptance criteria. The client can't keep adding more tests to delay acceptance.
* The contract should specify who must be present for testing and what happens if there are faults.

**Termination**

* It's advisable to allow termination under certain conditions, e.g. change of client requirements or takeover.
* The supplier gets paid for all work done plus compensation for transitioning staff to other work.
* The contract should determine ownership of any incomplete work.

Let me know if you need any other aspects covered in more detail!

**IP SLIDES**

**Here is a summarized version of the key points from the intellectual property slides in heading and bullet point form:**

**Types of Intellectual Property Rights**

**- Copyright**

**- Protects original literary, artistic, software works**

**- Gives exclusive rights to copy, distribute, display/perform, make derivatives**

**- Arises automatically when work recorded, no registration needed**

**- Patents**

**- Granted by government to protect inventions**

**- Give exclusive rights to make, use, sell invention for limited time**

**- Require application showing novelty, inventiveness, industrial use**

**- Not all inventions like software can be patented**

**- Trademarks**

**- Protect names, logos, designs identifying source of goods/services**

**- Must register and be distinct from existing marks**

**- Prevent confusingly similar marks**

**- Domain Names**

**- Globally unique website identifiers**

**- Often based on company or product names**

**- Allocated first-come, first-served**

**- Conflicts with trademarks common**

**Copyright and Software**

**- Protects code as literary work**

**- Non-literal copying can infringe**

**Licenses allow specific uses**

**Patents controversial for software**

**Trademarks prevent brand confusion**

**Domain conflicts with trademarks**

**Overall mix of rights used to protect software, but limitations exist.**