

# PPIT ASSIGNMENT 2

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**Q1. What were the mistakes made by the iGate management while terminating Mr. Murthy?**

Based on the case study there were certain areas where the management could have possibly acted differently and did some mistakes:

It can be argued that iGate lacked effective channels for early detection of non-disclosure of relationships, which, if in place, could have mitigated the crisis before it escalated. **Clear Employment Agreements** appear to be another shortcoming; the contracts did not clearly define what "for cause" termination entailed, leaving room for legal disputes regarding severance and lacked **Timely Communication and Planning**. The aftermath of Mr. Murthy's departure saw a significant hit to iGate's financial stability, indicating that the company had not sufficiently planned for potential fallout. Regarding **Handling Post-Termination Promises**, iGate reportedly did not fulfill commitments made to Mr. Murthy concerning his vested stocks and benefits, which led to additional contention. The **Managing External Communication** strategy, or lack thereof, is evident from the defamation claims brought forward by Mr. Murthy, pointing towards a need for more tactful public relations management. Lastly, iGate's **Legal Preparedness** comes into question, especially given the backdrop of previous allegations against Mr. Murthy; a preemptive legal strategy might have been advisable.

**Q2. On what ground did Mr. Murthy go to the court against the acquisition of Breach of Agreement?**

Mr. Murthy went to court against iGate claiming a breach of agreement among other allegations. He was upset that his contract was terminated "for cause" which he believed was an unjust move by iGate to avoid fulfilling contractual obligations concerning his vested shares, severance payments, and retirement benefits. Here are the key points with figures as mentioned in the case study:

1. **Breach of Agreements:** Mr. Murthy argued that iGate violated several agreements such as the employment agreement, stock option agreement, and the agreement of good faith and fair dealing which had been set in place.
2. **False Promises and Withholding Wages:** He accused iGate of making false promises, particularly concerning his vested stocks and other benefits. He was aggrieved that his vested stocks, amounting to over 500,000 shares valued at about \$18.3 million at the time, were withheld alongside termination benefits of \$1.6 million and monthly medical benefits of \$6,000 which he was entitled to receive for 15 years.
3. **Defamation:** Mr. Murthy believed that iGate defamed him to justify the company's actions post-termination. This, he claimed, damaged his reputation, and he sought compensation for this defamation.
4. **Awareness of the Relationship:** He disputed iGate's claims of not knowing about his relationship with a subordinate, asserting that despite knowing about the relationship, iGate "improperly" used the policy for reporting relationships to terminate him.
5. **Legal Entitlement:** Mr. Murthy emphasized that as per the employment agreement, he was eligible for the vested stock, and it represented a significant portion of his life savings which he hadn't sold at the board's request to avoid sending a negative signal.

Through these claims, Mr. Murthy aimed to challenge the grounds of his termination, retrieve what he believed was rightfully his, and seek compensation for the alleged defamation and damage caused to his reputation.

**Q3. 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 Upwork 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 a SLA with SF.

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

For MK Private:

1. **Design Revision Entitlement:** Include a clause allowing MK Private a set number of iterative revisions per project to ensure the final product aligns with their vision, safeguarding against a quick turnover of low-quality designs.
2. **Data Security and Confidentiality:** Stipulate strict data security and confidentiality protocols for SFs to follow, with a particular focus on the protection of user data gathered during user experience testing.
3. **Exclusivity in Service:** Negotiate a term where SFs provides exclusivity in the UI/UX domain to MK Private within certain business sectors or geographical areas, preventing competition within those realms.

For SlowFastians SFs:

1. **Late Payment Penalties:** SFs should protect its cash flow by incorporating late payment penalties to ensure timely compensation from MK Private, which is crucial for a company working with freelancers.
2. **Rights to Portfolio Use:** Ensure the right to showcase the completed work in SFs' portfolio for business development purposes, with necessary anonymizations to maintain MK Private's confidentiality.
3. **Resource Replacement Flexibility:** Insert a clause that provides SFs the right to replace or rotate project team members, as long as the replacements meet MK Private's qualifications, to better manage resource load and retention challenges.

**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 Ensignen case for SLA)**

Initially, MK Private demanded that SFs not engage in any solicitation or hiring of MK's key personnel. This clause was in conflict with SFs' growth and scaling strategy. The compromise amendment, influenced by a similar clause in the Ensign case, permits both parties to hire the other's employees who may respond to public job advertisements or initiate contact independently, without direct solicitation, thus protecting both companies' interests while allowing for natural employee movement in the industry.

*Referred to the following point in the SLA for the above answer:*

20. Non-Solicitation. To the extent permitted by applicable law, during the term of this Agreement and for a period of one (1) year after the termination of this Agreement, each party agrees that it shall not knowingly solicit or attempt to solicit any of the other party's executive employees or employees who are key to such party's performance of its obligations under this Agreement. Notwithstanding the foregoing, nothing herein shall prevent either party from hiring or engaging any person who responds to an advertisement for employment placed in the ordinary course of business by that party and/or who initiates contact with that party without any direct solicitation of that person by that party or any agent of that party.

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

### **5.1 Manner of Providing Services**

Ensign personnel shall be knowledgeable about the products and services of Ensign, the business of the Customer, the systems and technology used by the Customer, and the means by which the Ensign products and services can be best integrated and used by the Customer in connection with Customer's business, systems, and technology. Ensign's engagement of subcontractors shall not in any respect whatsoever relieve Ensign of any of its obligations under this Agreement. All Ensign personnel shall conduct themselves in a professional and courteous manner. To the extent they are provided to Ensign in advance in writing, or are posted at the facilities of Customer, when on the premises of the Customer, Ensign's employees and permitted subcontractors shall be subject to all the rules, regulations, policies, and programs that the Customer may have in effect from time to time regarding vendor,

visitor, employee, and contractor conduct. Enshiten shall be responsible for performing civil and criminal background checks on all of its employees and subcontractors. Enshiten shall be responsible for any and all acts or omissions of its employees and subcontractors. As may be reasonably requested by Customer, Enshiten shall consult and cooperate with, and assist Customer and Customer's agents, suppliers, vendors, contractors, and providers who are providing products or services to Customer that may be used with or affected by any products or services provided by Enshiten.

Here is a similar point from the point provided:

People from MK Private are required to be well-versed in their prototype designs, staying informed about the evolving needs of the SFs, the technology they employ, and the effective application of these designs for swift prototyping. The responsibility for any outsourced designs or services remains firmly with MK Private, regardless of their origin. Professionalism and respect are essential behaviors for all staff at MK Private. They must also adhere to the conduct and operational guidelines set forth by the SFs, whether these are documented or posted on the SFs' property. Comprehensive background investigations are mandatory for all MK Private employees and third-party agents. The company is liable for the conduct, or lack thereof, of its staff and any third-party agents. MK Private is also committed to proactive engagement with the SFs, offering collaboration, discussions, and support as needed for the services the SFs provide.