

11/19/2015

Elaine Roberts – Executive Director South Dakota Parent Connection

Elaine,

We have reviewed the proposed contract changes. The attached document has incorporated many of the proposed changes. There were several changes that Senscio could not accept as proposed. These are listed below:

1. **SW Ownership, Intellectual Property Joint Ownership, and Assignment:** The first page of the contract, exhibit A page 28 on the SW License agreement, Exhibit B on Product Enhancements and section 6.1 on Intellectual Property Rights proposes joint ownership of the SW. Page 12 section 11.10 and page 31 section 3.8 proposes a change affecting assignment of rights that derives from the proposal for joint ownership of the SW. Senscio cannot accept a joint SW ownership; however, we are open as discussed previously to working out a royalty separate from this contract for the Document Repository functionality developed in collaboration with SDPC.
2. **Licensee Definition:** SDPC proposes expanding the definition of “Licensee” under page 2 section 2.1 Licenses to provide “employees, consultants, contractors and member families a worldwide license and right to use.” This is too broad a definition as the license agreement is with SDPC as currently stated in the contract.
3. **Equipment Maintenance:** Section 2.5 on page 3 for Maintenance of Equipment proposes saying “Licensor will make every effort to replace a defective unit within two (2) business days” instead of “within a reasonable time as described in Appendix A.” Appendix A provides the specifics referred to by section 2.5. Therefore the original statement should stay as stated.
4. **Liability Limit:** Section 5.2 on page 4 proposes removing a maximum liability of 10% of annual payments. Senscio feels that 10% maximum is reasonable in the contract.
5. **Population Data:** SDPC proposes on Page 7 section 8.1.3 prior written consent of SDPC to use de-identified population data and in section 9.3 the termination of any population data usage if the agreement terminates. Overall de-identified population level data outcomes are very important to Senscio to be able to use for long term analytics and to demonstrate a successful product solution.
6. **Arbitration:** In section 10, SDPC proposes an alternative Dispute Resolution approach instead of Arbitration. Arbitration is a standard approach that needs to be used for this contract.
7. **Governing Law:** Massachusetts rather than South Dakota. Senscio prefers Massachusetts. Can accept South Dakota however.
8. **Problem Resolution:** Page 16 Appendix A. SDPC proposes changing the resolution time for Low priority items to a week rather than “may be in a future SW or documentation release.” Senscio cannot make a resolution commitment on low priority items.
9. **Limitation on Obligations:** Page 32 Exhibit A SDPC proposed adding a section 4.2 along with several changes related to the proposed joint ownership of software. This is not needed given the answer to #1 above.

I appreciate your patience and diligence with resolving the contact items and look forward to a long business relationship with SDPC. Please call me if you would like to discuss further.



Paul H. Floyd - COO / CFO
Senscio Systems, Inc.