A close up of a stone building

Description automatically generated

CUSTOMERNAME  
exit strategy

As part of CUSTOMERNAME development plans in force at any given time, an ***exit strategy is maintained.***

This is to document the effort and costs associated with a possible move away from the existing Microsoft Azure platform.

To search/replace: CUSTOMERNAME=long name, CUSTOMER=short name

# Background

A crucial part of CUSTOMERNAME's (CUSTOMER) decision on the choice of a cloud platform - in CUSTOMER's case based on the Microsoft Azure platform - is to have a risk profile. This risk profile is used as a basis for a detailed exit strategy***,*** should a situation arise where the CUSTOMER sees a purpose in - fully or partially - switching from the current Microsoft Azure platform.

The purpose of the exit strategy is to ensure that the technical, operational and financial consequences are known and can be minimized as much as possible.

The exit strategy describes the consequences of a switch to either another Cloud provider or of a takeover of the platform (on-premise). The starting point is that there must be a significant change in the overall strategy before the CUSTOMER will consider a new platform and establish an **exit plan**.

This document is a combination of the strategic and tactical elements that will be considered.

The exit strategy includes topics such as the impact on CUSTOMER's employees as well as ongoing projects, new project plans, costs of early termination and access to a new provider. The background for this approach is that these questions will only be definitively uncovered in detail when the exit strategy is used to make the actual **exit plan**.

Note - The exit plan is one or more separate documents that are first published when the exit strategy is to be executed.

# Basis for assessment

CLIENT will use the following elements to continuously maintain an exit strategy.

A number of these elements will typically change over time, which may affect the CLIENT's overall strategy, which may necessitate a withdrawal from the contract either before expiry or at the end of a period.

The CUSTOMER will take the following elements into account in the ongoing considerations:

* **Technology** – Changes to the technologies provided by Microsoft on the Azure platform that either no longer fit CUSTOMER's strategy, are no longer cost-effective for CUSTOMER, or have exposed vulnerabilities that pose a material security risk.
* **Financial terms** – changes in the CUSTOMER's financial circumstances that make it impossible to continue using the Microsoft Azure platform.
* **Business requirements** – the likelihood is very high that today's needs will not be the same in 7, 5 or even 3 years. In addition, the scope of use of the Microsoft Azure platform may change in such a way that other services would be more appropriate.
* **Regulatory requirements** – New regulations are issued periodically by government agencies and the European Union, and Microsoft Azure must be able to comply with these requirements, if applicable.
* **Microsoft Azure RoadMap** – Microsoft may change their forward strategy regarding Azure in a way that will result in the CUSTOMER being in a situation where a new approach needs to be considered.
* **Own strategy** – a change in the CUSTOMER's own business model or a change in the strategy the CUSTOMER wants to pursue can change the need for the Microsoft Azure platform.
* **Pricing** – general price increases, new business models, unexpected increases, or decreases in transaction volume can change the basis for using the Microsoft Azure platform and make it less cost-effective.

# Documentation

It is extremely important that any problems with the Microsoft Azure platform or services on it are well documented. The CUSTOMER wants to have an approach to this where the CUSTOMER collects detailed information about possible problems, so that you can protect yourself against any unwanted problems/disputes in connection with a possible exit.

CLIENT will be based on the following elements in connection with CLIENT's exit strategy.

* **Risk management**.

All risks should be identified per service. In this connection, the CUSTOMER will take the following into consideration:

* 1. **Operational risk**: will an exit and transition cause business disruption? It is important to identify possible points of failure and ensure that there is a control in place to maximize resilience and minimize operational disruptions. Whether the CUSTOMER takes over a service or moves it to another cloud provider, the infrastructure must be able to handle capacity, peak periods, backup, and recovery to meet the initial operational and recovery goals.
  2. **Reputational risk**: the transition to a new service upon takeover or to a different cloud provider may cause disruption to CUSTOMER's customers and affect the quality and availability of CUSTOMER's service.
  3. **Technology risk**: It is important to ensure compatibility between systems and software when changing service providers. In this context, to understand the age of the infrastructure and software versions currently in use, to ensure that these are also established at takeover or with a new cloud provider. The risk lies in the fact that a technology update can turn out to be a problem and thus could represent an unexpected cost for the CUSTOMER in addition to causing operational disruptions. Scalability is another factor and important, as a service must be able to be expanded if necessary, so that the CUSTOMER is not limited by this.
  4. **Legal risk:** When planning to redesign a service, intellectual property (IP) issues such as proprietary processes, patent and copyright issues, data ownership, and data storage and destruction should be considered. An overview of IP should be created prior to the conversion. These conditions should then be incorporated into a new contract. After establishing an exit plan, this should be reviewed from a legal perspective to ensure that a new contract can be established.
  5. **Compliance Risk:** whether the service is brought in-house or has been transferred to another cloud provider, the CLIENT must ensure that all regulatory requirements are met.
  6. **Financial risk:** A transition may prove to be a financial risk, therefore the following will be taken into account:

1. **Microsoft as a customer:** While a switch from the Microsoft Azure platform may be a normal course of business, there are some important relationships that the CUSTOMER may want not to jeopardize.
2. **Roles and responsibilities**: within CUSTOMER, all stakeholders should be consulted before contacting Microsoft to discuss the reasons for exit, timeline, and other relevant issues. This is to answer any questions these stakeholders may have. This will ensure that the CLIENT's position is well understood by everyone internally and can thus be communicated correctly.

* **The**process that the CUSTOMER will follow to determine how a replacement can be made will be as follows.  
  + First, it is determined how critical the Microsoft Azure platform is in relation to the CUSTOMER's business strategy. This analysis will help to understand the requirements for a return to normal operations in the event of an exit. In addition, the time it takes to establish CUSTOMER's current Azure setup will be estimated. While the CUSTOMER may be able to wait 2 days or even a whole week to return to operation, it is of paramount importance that no data is lost during a move.
  + The following criteria will be used in this analysis:
    1. Is the individual Azure service Missions Critical for everyone using the CUSTOMER's platform or Business Critical for a specific organization?
    2. Is there sensitive data involved (process, store, destroy, manage, view/add/change/delete, transport, transfer)?
    3. Is the CLIENT's intellectual property part of the service? If so, ownership may need to be dealt with within a new contract.
    4. Is the technology complex, and are there many system interdependencies?
    5. Will there be special parties/Microsoft Azure interdependencies involved, and if so, how will these relationships be managed?
    6. Are there many providers of the service, is there a limited number, or is it a single source? While it can be a critical service, there can be many other vendors that can provide it.
    7. How long would it take to set up the service in-house or with another cloud provider? Less than 3 months, 3-6 months, 6-12 months, more than 12 months? What would be the impact on the CLIENT's staff if the CLIENT bring it in-house?
    8. What would be the impact on CUSTOMER's customers (e.g. can cause bad publicity) if brought in-house or switched to another cloud provider?
    9. What would the impact on other areas of business be?
    10. What would be the impact on other projects? Will they be put on hold? Is there enough staff to manage them?

# Process for new contract

Before considering another supplier, CUSTOMER will document the reasons for termination.

The contract questions below should be taken into account when planning the CLIENT's exit plan.

* + 1. Does the contract contain provisions on the right to terminate in the event of a merger or acquisition?
    2. Does the contract contain provisions on the right to terminate in the event of a significant increase in costs?
    3. Does the contract provide for the right to terminate for failure to meet service standards?
    4. Does the contract provide for the right to terminate for non-provision of critical services?
    5. Does the contract provide for dispute resolution before termination? If so, is there a waiting period prior to termination?
    6. Does the contract provide for the right to terminate for non-compliance with law or unreasonable, deceptive and abusive acts and practices?
    7. Does the contract give the right to terminate in the event of closure of businesses?
    8. Does the contract give the right to terminate in the event of insolvency?
    9. Is the contract state termination and notification requirements with timeframes?
    10. Does the contract give the right to employ the supplier's employees? Critical skills may be required that would otherwise be difficult to find.
    11. Does the contract specify how the CUSTOMER will extract the CUSTOMER's data (can the CUSTOMER do it themselves or is special staff needed to do it?)
    12. Does the contract specify the file format in which the CUSTOMER receives the CUSTOMER's data?
    13. Does the contract specify the time that is expected to extract and transfer the data to the CUSTOMER?
    14. Does the contract specify the cost of extracting the data?
    15. Does the contract state the cost of customizing anything beyond "standard"? This must be stated in a schedule of interest rates. R. Does the contract specify who owns data?
    16. Does the contract specify who owns any intellectual property rights?
    17. Does the contract specify how the data will be archived, maintained, or destroyed, and any costs associated with doing so?
    18. Does the contract specify who owns assets (infrastructure and/or software licenses that may be used on Microsoft Azure)?
    19. Does the contract include a continuation of the services if the exit/transition has not been completed by the end of the agreed period?

1. **Knowledge base:** Once the move is complete, the CLIENT's staff will most likely need to be trained to maintain an appropriate level of skills and knowledge of the new services. Before the move, the CUSTOMER creates an overview of the following:
   1. **Processes**
   2. **Procedures**
   3. **Data touchpoints,** including systems, storage, and integrations
   4. **Skills** required to perform the function, including technical and business knowledge
   5. **Technological** requirements, including hardware, software, bandwidth requirements for handling transaction volume during peak periods, and data encryption requirements
   6. **Backup requirements** , acceptable downtime, and equally important recovery point objectives, as this will dictate the backup and replication schedule.
2. **Model for Total Cost of Ownership (TCO):** in order to document a total cost for the service(s) that are brought in-house or that are transferred to another cloud provider, the CUSTOMER will estimate this in advance. This is to get a realistic idea of the hard and soft costs over a certain period of time. Factors considered will include:
   1. **Cost-Benefit Model:** If this has not already been done in connection with the initial planning for the move, a cost comparison should be present.
   2. **Technology Update:**  How long will the existing technology be supported in the new setup and what will be the cost of a technology update to be able to maintain the individual service.
   3. **Support costs:** the cost of hardware and software maintenance for all components
   4. **Personnel costs**: Fully charged costs should be defined (salary + benefits) based on the number of full-time employees needed to operate the service, including any expected overtime costs.
   5. **Disaster/Recovery**: if the service is brought in-premise, what requirements/wishes may the CUSTOMER have in connection with unplanned downtime
      * 1. Costs will vary based on the availability desired for backup/restore (e.g. hot/cold storage)
        2. The CUSTOMER can choose to have access to an external supplier who handles the backup/restore infrastructure itself. And in this connection, the cost associated with this.
   6. **Cost centres**: If each of CUSTOMER's customers is invoiced separately, CUSTOMER can choose to price each customer's consumption together with a part of the total common costs for hardware, software and personnel.
   7. **Control**: If the CUSTOMER chooses to bring the setup in-house, what are the costs of implementing, testing, maintaining, and monitoring any physical, technical, and administrative controls needed to protect systems and data?
3. **Project planning and management:** The CLIENT will ensure that the right resources with the right skills are available in connection with a move. In parallel with the move, CUSTOMER continues to manage the existing Microsoft Azure platform. This means that the CUSTOMER retains the current production in parallel with the tests that will be carried out before final migration. The organization in this regard will be as follows:
   1. **Exit Team:** an exit team will be assembled with it covering the required roles.
      1. **Steering committee**: In connection with the importance of a success in a move, the CLIENT will ensure managerial sponsorship. The Board will be made aware of the strategic objectives (better, faster, cheaper, more competitive, opportunities for new opportunities for value creation, etc.) and help monitor the implementation of the exit plan.
      2. **Project manager:** the overall responsibility for the implementation of the exit plan.
      3. **Exit-Microsoft Azure Relationship Manager**: This person should be someone other than the project manager. This role will ensure as smooth an exit from the Microsoft Azure platform as possible.
      4. **New vendor manager**: This person can be the same or someone different from the person it handles the relationship with Microsoft. The role is to ensure a smooth transition to the new supplier.
      5. **Resources**: The CLIENT will create a list of employees required based on the roles required in connection with the move – these include profiles such as DBA and architects, network technician, information security specialist, business analyst, governance analyst, LOB interface, support technician and more.
      6. **Personnel allocation**: The project plan itself determines how many resources are required and at what point these should be included in moving the project. This will also help the CLIENT determine the cost of the move as well as visualize where bottlenecks may arise in the project that may affect the schedule and the total cost of the move.
      7. **Project plan with milestones**: This is usually established when a final decision has been made on the move. While a detailed project plan is typically not part of an initial exit strategy, it should be part of the exit plan.
      8. **Additional stakeholders**: The CLIENT will create a list of other resources/stakeholders who otherwise either need to be directly involved or simply need to be notified in connection with the move.
      9. **Communication plan:** CUSTOMER will ensure full transparency in connection with the move, which is why CUSTOMER will plan the following in connection with communication:
      10. **Who** needs specific information?
      11. **When** to inform (timeline)
      12. **What** information must be provided?
      13. **How** information should be communicated (email, conference call, in-person, written)
4. **Transition time:** The CLIENT estimates the time for the completion of the move. A project plan is created that lists all tasks, milestones, interdependencies, and staffing needs.
5. **Demand:**
   1. **Business requirements**: The CUSTOMER investigates if there are any new requirements. A ***Business Impact Analysis*** will be conducted prior to the move to ensure that critical requirements are understood and documented.
   2. **Technology requirements**: The CLIENT will document - if the solution is brought in-house - the required investment in new hardware, software and infrastructure?
   3. **Capacity planning**: The CUSTOMER defines the peak load profile to ensure that there is sufficient processing power and bandwidth available to handle this.
   4. **Control:** The CLIENT will ensure that the necessary physical, technical and administrative controls are in place to have the necessary governance structure. The CLIENT will also document the costs of implementing, testing, maintaining and monitoring these controls, if these are brought in-house. If the solution is transferred to a new cloud provider, CUSTOMER will ensure that the necessary controls are in place and that the types of audits, assessments, test reports that CUSTOMER requires are also present.
   5. **Staff Requirements**:
      1. If the service is brought back in-house, the CLIENT will document the skills required to handle this setup, including to what level those skills may already exist.
      2. If the necessary skills are not available in-house, the CLIENT will investigate how easily these can be found and at what cost, including the cost of a re-qualification of own employees.
6. **Resilience:** The CLIENT will maintain a list containing the minimum requirements – technical as well as business – the CLIENT has for the individual services. This list will help the CUSTOMER minimize any disruptions to the individual service that may occur. This list will include the following items:
   1. **Concentration risk:** A concentration risk can arise when there is consolidation in the industry through mergers and acquisitions, and there may potentially be fewer resources available to service the same number of customers. The CUSTOMER will take this into account when choosing a new supplier.
   2. **Capacity**: Before switching a service to another cloud provider, CUSTOMER will ensure that the provider is able to restore that service to all of CUSTOMER's clients if an outage occurs.
   3. **Power Requirements**: If the service is brought in-house, the CUSTOMER will document which UPS units or generators may be required.
   4. **Failover**: If the service is brought in-house, the CUSTOMER will document whether a secondary setup is required if the primary one fails.
7. **Physical space:** The CUSTOMER will document the necessary physical space requirements that must be available to accommodate equipment and staff, if the CUSTOMER chooses to use the solution in-house.

# Documentation of CUSTOMER's solution

In the accompanying Excel spreadsheet there is a list of the services CUSTOMER's solution uses.

The list shows the services that are included in the exit strategy, ownership, Microsoft Azure affiliation, risk profile, etc.

Please refer to this spreadsheet for further documentation.

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