STATEMENT OF WORK (SOW)

This Statement of Work ("SOW") is entered into as of October 26, 2023 ("Effective Date"), by and between InnovateTech Solutions Inc. ("InnovateTech" or "Provider") and Global Dynamics Corp. ("Customer"), under the terms of the Master Services Agreement (MSA) dated January 15, 2022.

# 1.0 PROJECT SCOPE AND DELIVERABLES

InnovateTech will provide its proprietary AI-powered logistics management platform, "Logi-AI Suite," along with associated hardware, professional services, and ongoing support to integrate the platform into the Customer's existing supply chain systems.

The deliverables for this project are as follows:

## 1.1 Logi-AI Suite SaaS License

A 36-month subscription license to the Logi-AI Suite, granting access for up to 500 users. The service includes the Core Platform and Customer's choice of ONE support tier (see Section 1.4). The platform provides real-time inventory tracking, predictive logistics optimization, and automated route planning. Monthly feature updates and security patches are included with all support tiers.

## 1.2 Hardware Provisioning

InnovateTech will provide 200 proprietary "OptiScan-7" handheld scanners at a fixed price. These scanners are specifically designed for use with the Logi-AI Suite and enable real-time inventory synchronization. While the Logi-AI Suite can operate with third-party scanners, the OptiScan-7 devices provide enhanced functionality including automated barcode recognition and offline data caching. Title and risk of loss for the scanners transfer to the Customer upon delivery.

## 1.3 Professional Services

The Professional Services engagement consists of the following components:

1.3.1 System Integration Services: Custom integration of the Logi-AI Suite with Customer's existing SAP ERP system, including bi-directional data synchronization for inventory, orders, and shipments. This integration is essential for the platform to access Customer's transactional data and provide meaningful optimization recommendations. Without this integration, the platform operates in standalone mode with manual data imports. These services are performed on-site at Customer's facilities and are considered complete upon Customer's written acceptance of the integrated system.

1.3.2 Configuration and Setup: Initial platform configuration, including user role setup, workflow customization, and dashboard configuration based on Customer's specific business processes. This work is performed remotely and is complete upon Customer deployment to production environment.

1.3.3 User Training: On-site training for up to 50 users, delivered over 5 business days. Training includes platform navigation, advanced features utilization, and best practices. Customer may access standard online training materials for any users beyond the initial 50. Training is complete upon delivery of all scheduled sessions.

1.3.4 Data Migration Services: One-time migration of historical inventory and shipping data from Customer's legacy systems (up to 5 years of data). This service is separately priced and optional. Data migration is complete upon Customer's written acceptance of data accuracy validation report.

## 1.4 Support Services (Customer Selects ONE Tier)

Customer must select one of the following support tiers for the duration of the contract:

Standard Support (included): Business hours (8am-6pm ET, M-F) email and phone support with 8-hour response time for critical issues. Quarterly business reviews.

Premium Support (additional fee): 24/7 phone and email support with 2-hour response time for critical issues, 4-hour for high-priority issues. Dedicated support engineer assigned. Monthly business reviews and proactive system health monitoring.

Enterprise Support (additional fee): All Premium Support features plus: 1-hour response time for critical issues, dedicated technical account manager, quarterly on-site optimization reviews, priority feature request consideration, and custom reporting development (up to 40 hours per year).

## 1.5 Optional Add-On Modules (Available During Contract Term)

Customer may purchase the following optional modules at any time during the contract term. Each module is licensed on a per-user basis and requires a minimum 12-month commitment from date of activation:

Advanced Analytics Module: Provides predictive analytics, demand forecasting, and custom KPI dashboards. Requires a minimum of 30 days post-purchase for configuration and setup.

Mobile Warehouse Management: Native mobile apps for iOS and Android enabling warehouse operations from mobile devices. Includes offline capability and automated synchronization.

API Integration Pack: Enhanced API access with higher rate limits (10,000 calls/hour vs. standard 1,000), webhooks for real-time event notifications, and technical support for custom integrations.

# 2.0 FEES AND PAYMENT SCHEDULE

## 2.1 Logi-AI Suite SaaS License (Core Platform)

Base subscription fee: $240,000 per year for up to 500 users. Payment schedule: Year 1 fee ($240,000) due Net 30 from Effective Date; Year 2 fee ($252,000) due at beginning of Year 2; Year 3 fee ($264,600) due at beginning of Year 3. Annual fees increase by 5% per year to account for platform enhancements and expanded features. Fees are non-refundable once paid.

## 2.2 Support Service Fees (Select ONE)

Standard Support: Included in base license fee (no additional charge)

Premium Support: Additional $48,000 per year, payable annually in advance (Net 30 from Effective Date for Year 1, then at the beginning of each subsequent year, with same 5% annual increase)

Enterprise Support: Additional $96,000 per year, payable annually in advance (same payment schedule and annual increase as Premium Support)

## 2.3 Hardware (OptiScan-7 Scanners)

One-time fixed fee of $50,000 for 200 units. Payment due Net 30 from Effective Date. Additional scanners may be purchased during the contract term at $275 per unit (minimum order 10 units).

## 2.4 Professional Services Fees

System Integration Services: $45,000 (due upon completion and acceptance)

Configuration and Setup: $18,000 (due upon completion and acceptance)

User Training: $22,000 (due upon completion of training sessions)

Data Migration Services (Optional): $35,000 if Customer elects this service. Due 50% upon project start, 50% upon completion and acceptance.

## 2.5 Optional Add-On Module Pricing (If Purchased)

Advanced Analytics Module: $15,000 per year (annual license, due upon activation, then annually on anniversary date)

Mobile Warehouse Management: $12,000 per year (annual license, same payment schedule)

API Integration Pack: $8,000 per year (annual license, same payment schedule)

## 2.6 Variable Consideration and Performance-Based Fees

2.6.1 Performance Bonus: InnovateTech is eligible for a one-time $40,000 performance bonus if Customer achieves a documented 15% reduction in total shipping costs within the first 12 months of platform use, as measured by Customer's internal cost accounting systems. InnovateTech has achieved this metric with approximately 75% of similar-sized customers in similar industries. Bonus is payable within 30 days of Customer's written confirmation of achievement.

2.6.2 Usage-Based Fees: If Customer's active user count exceeds 500 users in any month, Customer will be charged $40 per additional user per month. Usage is measured on the last day of each month and invoiced in the following month (Net 30 payment terms).

2.6.3 Volume Discount (Prospective): If Customer purchases more than 100 additional OptiScan-7 scanners during the contract term, Customer will receive a retroactive 10% refund on all scanner purchases made during that contract year.

2.6.4 Service Level Credits: If InnovateTech fails to meet the committed uptime SLA of 99.5% in any calendar month (applicable to Premium and Enterprise Support tiers only), Customer will receive a service credit equal to 10% of that month's SaaS license fee (pro-rated). If uptime falls below 98.5%, the credit increases to 25% of that month's fee. Credits are applied to the following month's invoice. See Section 5.2 for detailed SLA terms.

## 2.7 Package Discounts and Bundled Pricing

The fees outlined above for Core Platform, Hardware, and Professional Services reflect a bundled package discount. The total contract value of $599,000 (assuming Standard Support and no optional modules) represents a 12% discount from the combined standalone list prices of these items, which would total $680,000 if purchased separately.

Standalone Reference Pricing: Logi-AI Suite (3-year license): $750,000 standalone | OptiScan-7 Hardware (200 units): $60,000 standalone | Professional Services (without hardware/software): $95,000 standalone

# 3.0 TERM, RENEWAL, AND TERMINATION

## 3.1 Initial Term

The initial term for the SaaS License is 36 months, commencing on the Effective Date and ending on October 25, 2026 ("Initial Term").

## 3.2 Renewal Terms

This Agreement will automatically renew for successive 12-month periods ("Renewal Terms") unless either party provides written notice of non-renewal at least 90 days prior to the end of the then-current term. Pricing for the first Renewal Term will be Year 3 pricing plus 5% ($277,830 for base license). Subsequent Renewal Terms will increase by 5% annually or the percentage increase in the Consumer Price Index (CPI), whichever is greater, but not to exceed 8% in any given year.

## 3.3 Early Termination

Customer may terminate this Agreement for convenience with 60 days' written notice, subject to payment of an early termination fee equal to 50% of the remaining SaaS license fees through the end of the then-current term. Hardware fees and completed Professional Services fees are non-refundable. InnovateTech may terminate immediately for Customer's material breach if not cured within 30 days of notice.

# 4.0 IMPLEMENTATION TIMELINE AND MILESTONES

The implementation will proceed according to the following schedule:

Milestone 1 - Hardware Delivery: InnovateTech will deliver all 200 OptiScan-7 scanners to Customer's designated facility within 14 calendar days of the Effective Date. Delivery is complete upon Customer's signed receipt acknowledging delivery of all units in good condition.

Milestone 2 - System Integration (Weeks 2-8): System Integration Services will commence within 5 business days following hardware delivery and will be completed within 6 weeks. Integration is complete upon Customer's Project Manager's written acceptance of successful bi-directional data flow testing between Logi-AI Suite and Customer's SAP ERP system.

Milestone 3 - Configuration and Setup (Weeks 4-10): Platform configuration will begin in Week 4 (parallel to integration work) and be completed within 6 weeks. Configuration is complete upon Customer's written approval of User Acceptance Testing (UAT) results.

Milestone 4 - User Training (Weeks 9-11): On-site training will be delivered during weeks 9-11, contingent upon completion of Milestones 2 and 3. Training is complete upon delivery of all 5 scheduled training days and distribution of training materials to participants.

Milestone 5 - Data Migration (Optional, Weeks 6-12): If Customer elects Data Migration Services, migration work will occur in parallel with other implementation activities during weeks 6-12. Migration is complete upon Customer's written acceptance of the data accuracy validation report showing at least 99.5% data accuracy.

Milestone 6 - Go-Live: Full production deployment targeted for Week 12 from Effective Date, contingent upon completion of all preceding milestones.

# 5.0 SERVICE LEVEL AGREEMENT (SLA)

## 5.1 Platform Availability

InnovateTech commits to the following platform availability standards during the term:

Standard Support: 99.0% uptime (measured monthly, excluding scheduled maintenance windows) | Premium Support: 99.5% uptime | Enterprise Support: 99.9% uptime

Scheduled maintenance windows: Up to 4 hours per month during non-business hours (Saturday 12am-6am ET) with 48 hours advance notice. Emergency maintenance may occur without notice but will be minimized.

## 5.2 Support Response Times

Response times vary by support tier and issue severity:

Critical Issues (system down/unusable): Standard 8hrs | Premium 2hrs | Enterprise 1hr

High Priority (major functionality impaired): Standard 16hrs | Premium 4hrs | Enterprise 2hrs

Medium Priority (minor functionality issues): Standard 24hrs | Premium 8hrs | Enterprise 4hrs

Low Priority (questions/enhancement requests): Standard 48hrs | Premium 16hrs | Enterprise 8hrs

## 5.3 SLA Failure Remedies

Service Level Credits as specified in Section 2.6.4 are Customer's sole and exclusive remedy for InnovateTech's failure to meet the SLA commitments. Credits do not apply during Force Majeure events or outages caused by Customer's infrastructure or actions.

# 6.0 ACCEPTANCE CRITERIA AND DELIVERABLE SIGN-OFF

The following acceptance criteria apply to each deliverable:

6.1 Hardware: Successful delivery of all 200 OptiScan-7 scanners to Customer's designated facility. Customer has 5 business days to inspect and test units. Any defective units will be replaced by InnovateTech within 10 business days of notification.

6.2 System Integration Services: Written sign-off from Customer's Project Manager confirming: (a) successful bi-directional data synchronization between Logi-AI Suite and SAP ERP, (b) data accuracy validated at 99%+ across all integrated data types, and (c) successful completion of integration testing scenarios as mutually agreed in integration test plan.

6.3 Configuration and Setup: Written approval from Customer confirming: (a) successful User Acceptance Testing with no critical defects, (b) user roles and permissions configured per Customer's requirements, and (c) dashboard and workflow configurations match approved specifications.

6.4 User Training: Completion requires: (a) delivery of all 5 scheduled training days, (b) attendance by at least 80% of invited participants (or rescheduling at no additional charge), and (c) distribution of all training materials and access credentials to participants.

6.5 Data Migration (if applicable): Written acceptance of data accuracy validation report showing: (a) 99.5%+ accuracy across all migrated data sets, (b) successful validation of at least 100 randomly selected records by Customer, and (c) no critical data integrity issues identified.

6.6 Deemed Acceptance: If Customer does not provide written rejection of any deliverable within 10 business days of InnovateTech's delivery notice (with specific deficiencies identified), the deliverable will be deemed accepted. Rejection must be in good faith and based on deliverable not meeting the documented acceptance criteria.

# 7.0 CONTRACT MODIFICATIONS AND CHANGE ORDERS

7.1 Change Order Process: Any changes to the scope, deliverables, or fees under this SOW must be documented in a written Change Order signed by authorized representatives of both parties. Change Orders will specify: (a) description of change, (b) impact on timeline, (c) impact on fees, and (d) revised acceptance criteria if applicable.

7.2 Additional Services: Customer may request additional professional services beyond the scope of this SOW at InnovateTech's then-current hourly rates: Senior Consultant $250/hr | Consultant $175/hr | Technical Specialist $200/hr. Minimum engagement of 8 hours. Estimates will be provided for any engagement exceeding 40 hours.

7.3 Scope Creep Protection: InnovateTech will notify Customer in writing if any requested work is outside the defined scope and requires a Change Order. Customer may choose to: (a) proceed with Change Order, (b) defer the request, or (c) cancel the request. Work will not proceed without Customer approval of associated costs.

# 8.0 PAYMENT TERMS AND CONDITIONS

8.1 Invoicing: InnovateTech will invoice Customer according to the payment schedule outlined in Section 2. All invoices are due Net 30 from invoice date unless otherwise specified.

8.2 Late Payment: Invoices not paid within 30 days of due date will accrue interest at 1.5% per month (18% annually) or the maximum rate permitted by law, whichever is less. InnovateTech reserves the right to suspend services (including SaaS access) if payment is more than 60 days overdue, with 10 days' written notice.

8.3 Taxes: All fees are exclusive of taxes. Customer is responsible for all sales, use, excise, VAT, and other taxes (excluding InnovateTech's income taxes). If InnovateTech is required to collect or pay such taxes, they will be invoiced to Customer.

8.4 Purchase Orders: If Customer requires a purchase order, Customer will provide PO number within 5 business days of SOW execution. Delay in providing PO does not extend payment due dates.

# 9.0 MISCELLANEOUS PROVISIONS

9.1 Governing Law: This SOW is governed by the laws of the State of Delaware, without regard to conflicts of law principles.

9.2 Entire Agreement: This SOW, together with the MSA dated January 15, 2022, constitutes the entire agreement between the parties regarding the subject matter herein and supersedes all prior agreements and understandings, whether written or oral.

9.3 Survival: Sections 2.0 (payment obligations), 8.0 (payment terms), and 9.1 (governing law) will survive termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Statement of Work as of the Effective Date.

|  |  |
| --- | --- |
| InnovateTech Solutions Inc. | Global Dynamics Corp. |
| By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Name: Sarah Chen | Name: Michael Rodriguez |
| Title: Chief Revenue Officer | Title: VP of Operations |
| Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |