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| NUS ISS Logo.jpg |
| |  | | --- | | IT Outsourcing Approach | | MITO- Workshop 4 | | **TEAM E1 & E2** | | **2011-11-30** |   TUTOR: MS CHAY CHING |
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# Performance based contracting template

## Helpdesk

| **Desired Outcomes** | **Required Service** | **Performance Standard** | **Acceptable Quality Level(AQL)** | **Monitoring Method** | **Incentives/Disincentives for Meeting or Not Meeting the Performance Standards** |
| --- | --- | --- | --- | --- | --- |
| 1) Customers calling the helpdesk shall be able to contact a support staff member from 8:00am to 5:00pm, Monday to Friday. | The help desk shall be adequately staffed, with a sufficient number of incoming lines to handle potential trouble calls. | 99% of calls are answered on the customer’s first attempt. | 99% of calls are answered on the customer’s first attempt. | Surveys customers and evaluate feedback.  Inspect call logs (Trend analysis). | +0.5% of total monthly price if 99% of all calls are answered within first attempt and resolved within one business day. |
| 2) Customers shall be served by the customer support staff with good service attitude (politeness, empathy). | The help desk staff shall be trained to develop soft skills and a service mindset required to handle customer calls and provide good service. | The monthly average rating for the service appraisal provided by customers is at least 3 out of 4.  (1 being worst and 4 being the best possible rating). | The monthly average rating for the service appraisal provided by customers is at least 2 out of 4. | Post-call survey/feedback collection for all (significant?) calls.  Questionnaire-based appraisal. | +0.3% of total monthly price if >70% of the customers surveyed during the month gives a rating more than 2 out of 4. |

## Availability and Reliability

| **Desired Outcomes** | **Required Service** | **Performance Standard** | **Acceptable Quality Level(AQL)** | **Monitoring Method** | **Incentives/Disincentives for Meeting or Not Meeting the Performance Standards** |
| --- | --- | --- | --- | --- | --- |
| 1) The systems shall have a higher availability, thus reducing the downtime so that staff can be more productive. | The systems shall be maintained in good order to prevent unscheduled downtime to the largest extent possible. | The systems have an availability of at least 99.5% (0.5% more than the stated SLA). | The systems have an availability of at least 99.5% (0.5% more than the stated SLA). | The tools currently being used to monitor the availability against SLA. | +0.5% of total monthly price if monthly availability of all systems exceeds 99.5%. |
| 2) The response time of the systems in processing transactions to be reduced. | The systems are to be designed and maintained in such a way as to optimize processing and fasten the response time. | The systems improve response time to at least under 45 seconds (from the current 1 minute) for transactions. | The systems improve response time to at least under 45 seconds (from the current 1 minute) for transactions. | The tools currently being used to monitor the response time against SLA. | +1% of total monthly price if maximum time taken to process a transaction in the month is in the range of 45s-31s.  +3% of total monthly price if maximum time taken to process a transaction in the month is in range of <30s. |

## Training

| **Desired Outcomes** | **Required Service** | **Performance Standard** | **Acceptable Quality Level(AQL)** | **Monitoring Method** | **Incentives/Disincentives for Meeting or Not Meeting the Performance Standards** |
| --- | --- | --- | --- | --- | --- |
| 1) The training shall be conducted for such that the trainees gain clear understanding and are able to perform the tasks with minimal or no help. | The Training shall be planned well with relevant techniques as necessary such as Hands-on training, Interactive Training, Computer-Based Training. | 90 % of the attendees to the training must gained the good understanding of the subject matter and are able to apply the knowledge effectively. | 90 % of the attendees to the training must gained the good understanding of the subject matter and are able to apply the knowledge effectively. | To measure the effectiveness of the training, the trainees shall be evaluated at the end of the training by means such as quiz, tests to test their ability to apply the knowledge. | +0.25% of total monthly price if 90% of the attendees to the training are well educated at the end of the training and are able to perform the tasks with minimal or no help. |
| 2) The training materials provided shall be of relevant and of good quality. Also the instructors conducting the training shall be highly qualified and experienced. | The relevant training materials shall be reviewed and finalized with the involvement of the client. | The average rating provided by the trainees for the training materials as well as instructors is at least 3 out of 4. | The average rating provided by the trainees for the training materials as well as instructors is at least 3 out of 4. | Post-training feedback collection.  Conduct questionnaire-based appraisal | +0.25% of total monthly price if >70% of the trainees surveyed during the month gives a rating more than 2 out of 4. |

# Missing Clauses

## Termination

* 1. **Complete Performance**

The agreement shall be terminated when both Client and Vendor have delivered on the terms and conditions stated in the contract.

* 1. **Mutual Agreement**

The agreement shall be terminated when both Client and Vendor have mutually agreed of the termination in writing.

* 1. **Frustration**

The contract shall be terminated when there is an unavoidable circumstance caused by external events defined in the Force Majeure Clause1.3.1.

* + 1. Force Majeure Clause: Neither party shall be liable for failure to perform their obligations if such failure is as a result of Acts of God (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, act of foreign enemies, hostilities, civil war, rebellion, revolution, military or usurped power or confiscation, terrorist activities, nationalisation, government sanction, blockage, embargo, labour dispute or strike.
    2. If a party asserts Force Majeure as an excuse for failure to perform their obligation, then the nonperforming party must prove that
       1. Reasonable steps were taken to minimize delay and damages caused by foreseeable events

1.3.2.2. All non-excused obligations are fulfilled.

1.1.2.3. The other party was timely notified of the likelihood or actual occurrence of an event described in this clause.

* 1. **Repudiatory Breach**
     1. If a party to a contract commits a repudiatory breach, the innocent party shall have the

choice of terminating the agreement by issuing a written notice to the other party.

* + 1. The Vendor shall issue a written notice to the Client after the Client has failed to the payment for 2 months from the date of the payment date stated in the contract.
    2. The Vendor has the right to terminate the contract after 1 month from the date of the notice issued.
    3. If the contract is being terminated before the completion (e.g.: in case of novation), there is a termination penalty (5% of the total outstanding value of the contract) imposed.

* + 1. Effect of the Notice
       1. Cease all further works.
       2. Be paid the following:

1. The total contract value of all the work carried out prior to termination of his

contract, and

1. The cost of the goods ordered for the works provided after the payment has

been made.

* 1. **Bankruptcy or Insolvency**

This Agreement may be terminated by the innocent party in the event that the other party ceases business operations or is in any bankruptcy, state law insolvency or receivership proceeding, or other equivalent proceeding that is not dismissed within sixty (60) days or assigns its assets for the benefit of creditors and the effect of termination shall apply immediately as of notice and all outstanding payment to be cleared for items as in 1.4.5.2.

* 1. **Effect of Termination**

The following will survive termination:

* + 1. Intellectual Property
    2. Exclusivity
    3. Confidentiality
    4. Warranty (if applicable)
    5. Warranty Disclaimer and Limitations of Liability
    6. Intellectual Property Warranty
    7. Indemnification
    8. Effect of Termination
    9. Non-Solicitation of Staff

together with accrued obligations and any provisions that recite they survive or by their terms apply after termination.

## Turn Back Services

* 1. Vendor shall transfer all the hardware and software ownership pertaining to the support of the systems stated in the contract.
  2. Vendor shall provide all relevant training to the parties instructed by the client for purpose of handling over of the services stated in the contract.
  3. Vendor shall provide all the relevant documents to the parties instructed by the client for the purpose of handling over of the services stated in the contract.
  4. If client needs access to the licenses acquired by the vendor during the course of the project, client shall buy over the licenses from the vendor. Also, client can choose to buy back hardware from the vendor at market price.
  5. The Vendor shall provide support of the systems and services for a maximum of 3 months from the date of contract termination. The client shall pay of this service as stated in the “Turn back plan”. Client has the flexibility to choose not to exercise the option to have the vendor support. The client needs to inform the vendor in writing regarding the need or lack of need for support at least a month in advance.
  6. Vendor shall perform turn back service 6 months before contract termination. Vendor shall provide feasibility study, turn back plan, education of the new provider or the Client and manpower assistance pertaining to the Turn Back Service.
  7. The price of the turn back plan including cost of people, time and material shall be borne by the customer as defined in the contract.
  8. The ownership of the employees hired under this project shall be at the discretion of the Vendor as defined in the contract and Employment Act.
  9. The client has the right to withhold the security deposit of the contract in case the turn back services are not provided as stated in the clauses above. The Vendor shall provide assistance stated in clause 2.4 for 3 months after the termination of the contract.

## Backup and Disaster Recovery

* 1. The Vendor shall come up with a Disaster Recovery (DR) Plan that shall be reviewed and approved by the client.
  2. Vendor shall conduct DR exercise once every six months to test the effectiveness and relevance of the DR Plan. Vendor shall submit reports to the client after each DR exercise and DR plan shall be modified accordingly.
  3. DR plan prepared by the Vendor shall address the following aspects:
     1. Data and source code back up frequency and mode of back up.
     2. Critical systems that would have a hot standby.
     3. Stand by or back up plan for other systems.
     4. Maximum data loss that can be tolerated
     5. Maximum time that can be taken for the systems to be up and running in the event of a disaster.