

Performance-Based Integrated Services Plan

IndeServe has had a number of ideas around packaging services into a comprehensive service plan and began researching the topic several years ago. Our research led us to select performance-based contracts as the most attractive form of relationship for two parties wanting to work together for a period of time rather than on a job-by-job basis. The outcome was that we signed our first performance-based service contract with TelstraClear. The outstanding success of this contract has confirmed the benefits to both parties of payments-for-services based on performance instead of fixed prices.

In summary, the performance-based contract set prices for the services provided and performance targets or thresholds for those services, eg, response times, confirmation of jobs completed by a certain time and maintenance reports being submitted after a set number of days. The price actual paid for those services is either say 10% higher if the upper threshold is achieved by the service provider or 10% to 15% lower if performance is below the lower threshold. The incentive is for the service provider to perform at the highest possible level over the long term, the ideal outcome for the customer.

At the end of this paper, we have attached a sample Performance-Based Integrated Services Agreement. We think it provides a platform for customers and IndeServe to formalise a long-term relationship based on IndeServe's performance, customer's satisfaction and sound contracting principles.

We have detailed below other features of the performance-based arrangement, which we think are important to consider in making any decision on this matter.

Controlling Service Costs

Total cost of ownership is just not synonymous with personal computers and workstations it also applies equally to all assets used in the business;

- Servers, routers, hubs, switches
- Telephones, modems and PABXs
- Printers and facsimiles
- Copiers
- Heaters and air conditioning equipment
- Lighting
- Fire alarms
- Security hardware and software
- In fact, every asset the organisation owns, rents, leases or uses

Overseas studies have shown that the after sales cost of servicing an asset is increasing in percentage terms in relation to the original purchase price of the asset. In the broadest sense the "cost of servicing" an asset means, the money spent on:

- Upgrading the asset
- Servicing the asset
- Repairing faults
- Routine maintenance
- Down time waiting for repairs
- Asset tracking administration time

These costs can total 15% or more of the original costs of the asset and the 15% is paid out every year not just the first year. As the asset gets older and comes out of warranty the costs can jump considerably. In the case of some printers, we have seen the annual service cost increase to 50% or more of the purchase price after only a few years of heavy use.

It is complicated to manage effectively every piece of equipment used in a normal business and it is likely to get harder not easier, for these reasons;

- We no longer buy from one equipment supplier, almost all products have become commodities allowing us to buy on price – implying we have a wider range of brands in the office than previously
- We are using more computers, electronic devices and high tech items to carry out business – meaning more equipment than ever will need to be serviced
- Staff are less willing to accept poor working conditions and expect to have the tools needed to do the job supplied by the company and for them to be in working order
- Government regulations, eg, OSH and Health and Safety, are becoming more onerous and the penalties meaningful
- Directors and managers are increasingly being held personally responsible for problems in the workplace

There are many Facility Management consultants, Asset Management software packages, project monitoring programmes and web-based E Service portals (IndeServe has one) purporting to solve these problems. But, history has proven that it is not just the planning and procedures that make for successful servicing it is the doing of the work on-site and the quality of the technician performing it that makes the difference. This is the competitive edge IndeServe has over its competition; we do the work ourselves across more services than any other company in New Zealand. Yes, we do subcontract out some tasks, but far less than any other company. We have 400+ staff around the country, most are crossed trained between electrical and security or telecommunications and computers.

IndeServe provides Customers with the advantage of one point of contact for nationwide work, best practice implementation from 20 years of experience, tracking and measurement of facility performance indicators, accounting consolidation and the expertise than comes with a large staff of trained technicians and engineers.

Performance-Based Integrated Service Agreement

The trend is away from service level agreements where the Customer takes all the risk for cost increases. In the past the Customer would have specified the equipment, determined the service schedule, written the service procedures and detailed the report format expected. Today with a Performance-Based Integrated Service Plan the Customer doesn't have to specify the material, personnel or practices only the outcomes expected, eg, 24/7 service availability, computers and printers repaired within 2 hours, all lights working, the correct room temperature, a telephone connected within 24 hours, UPSs to work when required, fire alarms checked as specified and all building access cards to be accounted for. The Performance-Based Integrated Service Agreement covers all of these services for; a single office building, a large campus of buildings, a national portfolio of facilities or a Government department or organisation.

In simple terms, a Performance-Based Integrated Services Plan covers;

1. Fixing things that break
2. Keeping the workplace environmentally correct
3. Keeping things from breaking

Key Concepts

- Performance-based plans are based on outcomes and don't focus on the process
- The Customer develops measurable performance standards or key performance indicators (KPIs)
- The Agreement includes negative incentives for the service provider for under-performance and positive incentives for above threshold performance
- Pricing can be fixed price or unit rates or hourly rates
- The Agreement encourages innovation in service delivery
- The Agreement allows both the Customer and Service Provider to share the risks but shifts more of the risk to the Service Provider

Services include:

- Computer networks and equipment
- Back-up power supply – UPS and batteries
- Product warranty management
- National on-site service
- Project roll-out support and management
- Electrical and emergency lighting
- Air conditioning and mechanical services
- Air quality control
- General building and handyman services
- Maintenance management
- Asset allocation and tracking
- Fire alarms
- Plumbing
- Cleaning and waste disposal
- Care of grounds
- Pest control

Features include:

- Audit and analysis of operational and procedural structures
- Audit and analysis of risk management issues including statutory compliance
- Site surveys

- Provision of effective maintenance procedures reflecting the equipment manufacturer's requirements
- Management and administration of services delivery
- Checking of all subcontracted service provider invoices
- Documentation control in accordance with ISO 9002
- Financial analysis and reporting of services against Budget
- Provision of a 24 hour emergency service for all services
- Performance reporting against benchmarks and service standards
- Provision of training and support services
- Project management of services/tenancy fitouts/special projects

How the Performance-Based Integrated Services Agreement Works

The Agreement is all-inclusive; it applies to all common services used in a normal business office or environment anywhere in the country. You are able to book jobs on the Internet using IndeServe's E Serve and then track the job until its completion. Documentation of the service performed is posted online and regular reports on completed jobs are available if requested. There is a National Service Centre to call for urgent work or if you need to explain a problem more fully. If the problem has a technical component you can call IndeServe's Technical Helpdesk and speak to a qualified technician. You can have any response time your business requires; IndeServe has locations in 14 cities around the country. The service is carried out on your premise and to your satisfaction, you sign the completed job card when the technician finishes the job.

No other company in New Zealand offers as comprehensive a range of services as IndeServe. We are an organisation's "service arm or department"; easy to deal with via the web or over the telephone, conveniently located, technically competent and professionally operated.

Performance-Based Service Agreements Pilot Project Report

A 1998 USA Government report on Performance-Based Service Agreements stated that "Performance-Based Service Agreements save money and bring about Service Provider performance that better supports mission attainment". On average the price of services fell 15% after the introduction of a Performance-Based Service Agreement for both non-technical and technical services. At the same time Customer satisfaction increased 18%. There was no measurable downside from the move to a performance-based agreement. As a result of the report the USA Government has instructed all Departments to adopt as a priority objective the use of Performance-Based Service Agreements for all non-technical and technical services.

We hope the above general description of the concept is clear and conveys the benefits we see in it for both parties. If this is of interest to customers, we would propose that we sit down and agree the details of the;

- services to be covered
- key performance indicators
- thresholds for the incentive rebates and bonuses
- preventive maintenance requirements
- report formats and time frames

SAMPLE

PERFORMANCE-BASED INTEGRATED SERVICES AGREEMENT

Dated _____

Between _____ the "Customer"

and _____ the "Service Provider"

PREAMBLE

The intent of the Agreement is to obtain equipment and facility repair and preventive maintenance services for the Customer. The Service Provider shall provide the services shown in Schedule A within the service levels and lead times in Schedule B at the charges shown in Schedule C and report in accordance with Schedule D of the Agreement.

DEFINITIONS

Agreement - Means this Agreement including all attached Schedules.

Agreement Officer - The Customer's employee responsible for executing/administrating the Agreement and providing direction to the Service Provider.

Change Request - means a request by either party in writing to the other party for any changes to the Services as set out in Schedule A.

Commencement Date - means the date Services will commence.

Facilities – means the buildings, premises, offices and other sites used by the Customer in the process of carrying out business.

Key Performance Indicators - A Key Performance Indicator (KPI) is prepared for each Agreement requirement or group of Agreement requirements shown in the performance requirement summary. The KPI's primary focus is on the service, or end result to be achieved by the Service Provider, rather than on the details of how the work is to be accomplished.

Original Equipment Manufacturer (OEM) - The actual manufacturer and point of origin of the equipment. The OEM provides schematics and standards for maintenance and repair of the equipment, and equipment shall be maintained in accordance with these practices.

Preventive Maintenance (PM) - Services that are periodic in nature and are required to maintain the equipment in such condition that it may be operated in accordance with its intended design and functional capacity with minimal incidence of malfunction or inoperative conditions.

Response Time - means the time taken by the Service Provider during the hours of coverage to commence rectifying a reported service problem. The Service Provider shall be deemed to have responded to a service problem reported upon:

1. Provision of advice to the Customer that action has commenced to provide the Service, or
2. A site visit is required; and a Technician has been dispatched.

Service Lead Time - means the time specified to complete a Service as agreed by both parties and detailed in Schedule B.

Service Levels - means the standards and measures for the Services as agreed by both parties and detailed in Schedule B.

Service Representative - An individual assigned by the Service Provider who shall have full authority to act for the Service Provider on all Agreement matters that relate to the daily operations of the Agreement.

Service Restoration - means the equipment or facilities is serviced sufficiently to enable the Customer to resume use of the equipment or facilities. In some cases a temporary repair may be performed to enable service to commence before a permanent repair is effected.

Services - means the repair and preventive maintenance services to be provided by the Service Provider as set out in Schedule A or subsequently agreed to between both parties;

Technician - A person who is authorised by the Service Provider to perform corrective and/or preventive services on equipment or at a facility.

GENERAL REQUIREMENTS

The Service Provider agrees to provide and the Customer agrees to pay for the Services specified in Schedule A on the terms and conditions as set out in this Agreement. The Service Provider shall meet the Service Levels, Response and Lead Times for the provision of Services as set out in Schedule B.

The Service Provider shall provide all labour, supervision, tools, materials (including manuals and schematics) and transportation necessary to maintain the Customer's equipment and facilities listed in Schedule A, including manning a service desk in business hours.

a. The Service Provider shall provide the Services (labour only) at the prices shown in Section C, to keep the equipment and facilities in operating condition, consistent with the OEM requirements and KPIs. Service shall not include electrical work external to the equipment, the furnishing of consumables and adding or removing accessories, attachments, or other devices. Service shall not include repair of damage resulting from accident, transportation between Customer sites, neglect, misuse and failure of electrical power, air-conditioning, humidity control, or causes other than ordinary use.

b. The Service Provider shall provide personnel experienced and qualified to perform the required Services in accordance with industry practices and OEM standards.

c. Under certain conditions, equipment malfunctions can occur and the exact cause of the malfunction is difficult to determine. In these situations the Service Provider shall be responsible for determining and implementing an appropriate solution in consultation with the Customer.

CHANGE REQUEST PROCEDURE

Both parties may request in writing to the other party any Change Request to the Services as set out in Schedule A. A Change Request may be made at any time during the term of this Agreement. The Service Provider will assess and document the impact of any Change Request and set out for the Customer any changes to the Service prices. All Change Requests shall take effect when signed by both parties and the signed Change Requests shall be deemed to be part of this Agreement.

TERM

The Agreement shall commence on the Commencement Date and shall continue for an initial period of 12 months from this date unless otherwise terminated by either party. If not terminated, the Agreement will automatically rollover for a further 12 month period.

CHARGES AND PAYMENTS

The charges that apply for the Services delivered by the Service Provider under this Agreement are set out in Schedule C to this Agreement. GST will be payable by the Customer, at the rate applicable at the time of Service provision. Any new tax or duty, other than income tax, shall be paid by the Customer. Any other services required from, or offered by the Service Provider that are not included in Schedule C will be provided at the Service Provider's usual rates and charges for such services.

The Service Provider shall invoice the Customer for the Services supplied in accordance with Schedule C. Payment will become due 14 days following receipt of invoice. The dates of review and criteria for reviewing the Service prices and payments during the term of the Agreement will be as set out in Schedule C.

SERVICE LEVELS, RESPONSE AND LEAD TIMES

The Service Provider shall begin the provision of Services at the designated Facilities within the Response Time specified in Schedule B as soon as the Agreement Officer or his/her authorised representative notifies the Service Provider that Service is

required. The Service is to be completed within the Service Lead Time specified in Schedule B. In the aggregate, the Service Provider is required to perform the Services within the agreed Service Levels. The Agreement Officer reserves the right to contact another service provider for the Service, should the Service Provider fail to be on-site within the Response Time or to complete the Service within the Service Lead Time. The Service Provider will be responsible for all charges incurred for such services provided by another party.

The Service Provider shall appoint a Service Representative as the designated point of contact for the Customer for all matters related to the Agreement.

PREVENTIVE MAINTENANCE OPTIONS

Additional Equipment or Facilities

During the term of this Agreement, the Customer may at its option, add equipment or facilities to this Agreement. Service charges for the added equipment or facilities are:

- a. For the same type of equipment and facilities, the charges specified in the Agreement; or
- b. For equipment or facilities not specified in the Agreement, a mutually agreed upon charge no greater than the OEM's schedule of charges or the Service Provider's usual charges for similar services shall apply.

Features

During the term of this Agreement, the Customer may add new features to its equipment or facilities base. When features are added to equipment or facilities, the Service Provider must accept Service responsibility for these features under the terms, conditions, and prices stated in the Agreement. If a similar feature is not in the Agreement, the service charge will be mutually agreed upon.

Preventive Maintenance

The Service Provider shall specify in writing the frequency and duration of the preventive maintenance required for the equipment and facilities listed in Section A. The Customer must approve the preventive maintenance requirements in writing prior to the work being performed. Preventive maintenance shall be scheduled to be performed so as not to interfere with the Customer.

EQUIPMENT AND FACILITY MONITORING REQUIREMENTS

Standard Reports

At the Customer determined intervals specified in Schedule D, the Service Provider shall submit written status reports that include, as a minimum, the following:

- Overall status of all equipment and facilities covered under this Agreement
- Details of any failures and/or repairs performed during the intervals
- Any other items relevant to maintaining the equipment or facilities

SERVICE PROVIDER QUALITY CONTROL

The Service Provider shall establish and maintain a quality control program in accordance with ISO 9002. The Service Provider is required to perform all inspections to verify compliance with the quality standards at its own cost.

SERVICE WARRANTY

The Service Provider will provide a 30 days warranty for all service and preventive maintenance work completed. Should any service failure be reported within 30 days of the work being completed and that failure was identified as a result of the work completed, then Service Restoration will be at the Service Provider's cost.

The Service Provider warrants that:

- it will carry out its obligations with care, skill and diligence and shall employ techniques, methods and procedures of a quality and standard in accordance with currently accepted industry practice;

- it has the full power and authority to enter into and perform this Agreement in accordance with its terms and that performance of its obligations will not conflict with any obligation or duty owed to any third party or infringe the rights of any third party.

RESPONSIBILITIES OF THE CUSTOMER

1. Customer personnel shall not perform service, maintenance or attempt repairs to equipment or facilities while such equipment or facilities are under the purview of this Agreement, unless agreed to by the Service Provider.
2. The Customer shall provide service manuals and service diagnostic software to the Service Provider if available. The Service Provider shall obtain, have on file, and make available to its technicians all operational and technical documentation, eg, operational and service manuals, schematics, and parts list, which are necessary to meet the performance requirements of this Agreement.

SERVICE PROVIDER RESONSIBILITY

The trade tools and materials necessary to perform Service as required or ordered under this Agreement shall be furnished, maintained, and operated by the Service Provider.

The Service Provider shall maintain access to readily available spare and repair parts and such items and instruments as necessary to maintain the equipment for the life of the Agreement. Only new standard parts or parts equivalent to new in performance and that meet OEM specifications shall be used to effect repairs. If a part is not new, it shall be identified as used or reconditioned and warranted as new. All spare parts supplied or used in performing the Service shall be invoiced to the Customer in addition to the charges in Schedule C.

TERMINATION

Immediate Termination

Either party may terminate this Agreement forthwith if the other party:

- is declared bankrupt, goes into liquidation, or
- a receiver or a receiver and manager or statutory receiver is appointed in respect of it.

Termination by Either Party on Notice

Either party may terminate the Agreement, if one party defaults in the performance of any of its obligations and the default is capable of being remedied, and, within ten (10) working days of notice by the non-defaulting party specifying the default, is not remedied.

Termination by the Customer

In addition to any other remedy, the Customer may terminate this Agreement upon written notice if the Services do not meet the terms of the Agreement. If the Customer gives notice to the Service Provider to terminate this Agreement, the Customer may:

- recover any sums paid to the Service Provider on any account or for Services which have not been performed;
- request the Service Provider, at its own expense, to return all property belonging to the Customer;
- pursue any additional or alternative remedies provided by law.

On termination of this Agreement for any reason, the Service Provider will return to the Customer the following:

- all of the Customer's data;
- all documentation;
- all security and access keys or codes that apply to the Service;
- any third party service agreement provided in relation to the Service.

The Service Provider will within 4 days of termination, certify in writing to the Customer that it has erased or returned any copies of the Customer's data held off-site.

Each party agrees to return to the other party any other property belonging to the other party acquired during the period of this Agreement.

DISPUTES AND REMEDIES

The parties agree to use their best efforts to resolve any dispute, which may arise under the Agreement through good faith negotiations.

Any dispute arising under this Agreement which cannot be settled by negotiation between the parties or their respective representatives shall be submitted to mediation before commencing any litigation. Either party may initiate mediation by giving written notice to the other party.

If the parties can not agree a mediator within two working days of the notice, then the mediator will be selected by the President for the time being of LEADR (Lawyers Engaged in Alternative Dispute Resolution) or its successor. The parties shall continue to perform their obligations under the Agreement as far as possible as if no dispute had arisen pending the final settlement of any matter referred to mediation.

Nothing in this clause shall preclude either party from taking immediate steps to seek urgent equitable relief before a New Zealand Court.

CONFIDENTIALITY

Both parties agree that, unless they have the prior written consent of the other, they will not use or disclose to any third party (other than for the purpose of performing this Agreement) the terms and conditions of this Agreement or any information confidential to the other party. The obligations shall survive termination or cancellation of this Agreement.

INTELLECTUAL PROPERTY RIGHTS INDEMNITY

Each party agrees to indemnify the other party from and against any claim, suit, action or proceeding (collectively called "Action") brought against the other party to the extent that such Action is based on a claim that any products or services provided by the other party infringe any patent, copyright, trade secret or other proprietary right provided that:

- the party claiming an indemnity fully co-operates with the indemnifying party in defending or settling the Action and makes its employees available to give statements, advice and evidence as the indemnifying party may reasonably request;
- the indemnifying party is notified promptly in writing of any Action by the party claiming the indemnity and is given complete authority and information required for the conduct of the defence or settlement of the Action;
- the indemnifying party shall have the sole control of the conduct of any Action and all negotiations for its settlement, compromise or resolution.

LIMITATION OF LIABILITY

The warranties replace all other representations or warranties (statutory, express or implied) and all such representations and warranties (save any that may not lawfully be excluded) are expressly excluded, including, without limitation, the implied warranties of merchantability and fitness for any particular purpose. The Service Provider will under no circumstances be liable under the law of tort, contract or otherwise for any loss of profits or savings or for any indirect or consequential loss or damage, however caused, arising out of or in connection with the performance or non-performance of this Agreement.

The Service Provider's liability to the Customer arising out of any claim for damages for any cause whatsoever will under no circumstances exceed in aggregate the greater of:

- the total amount of the sums actually paid to the Service Provider for the Services for the 12 month period prior to the date of the claim.
- No action arising out of this Agreement, regardless of form, may be brought by either party more than two years after the party bringing the action became aware, or reasonably ought to have been aware, of the circumstances giving rise to the action.

FORCE MAJEURE

Neither party will be liable for any act, omission, or failure to fulfil its obligations under this Agreement if such act, omission or failure arises from any cause reasonably beyond its control including acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental action after the date of this Agreement, fire, communication line failures, power failures, earthquakes or other disasters (called "Force Majeure").

The party unable to fulfil its obligations due to Force Majeure will immediately:

- notify the other in writing of the reasons for its failure to fulfil its obligations and the effect of such failure;
- use all responsible endeavours to avoid or remove the cause and perform its obligations.

WAIVER

No delay, neglect or forbearance by either party in enforcing against the other any provision of this Agreement will be a waiver, or in any way prejudice any right, of that party.

SEVERABILITY

If any provision of this Agreement is held to be invalid, illegal or unenforceable, such provision will be severed and the remainder of the Agreement will remain in full force and effect.

NOTICES

Any notice given pursuant to this Agreement will be sufficiently given if it is in writing and delivered, or sent by prepaid post or facsimile to the other party at the address as shown below:

- The Customer's contact name and address:
- The Facilities Manager's contact name and address:

ASSIGNMENT

Neither party may assign, transfer or subcontract its rights or obligations under this Agreement without the prior written consent of the other party, which may not be unreasonably withheld.

AMENDMENTS

Any modification to or variation of this Agreement must be in writing and signed by authorised representatives of the Service Provider and the Customer.

SIGNED on behalf of:

SIGNED on behalf of:

Customer

Service Provider

By:

By:

Signature

Signature

Name/ Title

Name/Title

Date

Date

SCHEDULE A

EQUIPMENT AND FACILITIES SERVICE REQUIREMENTS

This Schedule lists the equipment and facilities to be serviced and maintained by the Service Provider under this Agreement. Overall the service provided shall be in accordance with the parameters set out in Service Levels, Response and Lead Times in Section B.

Service Requirements

The following is a list of the Services to be supplied by the Service Provider:

Services

- (Actual list to be supplied by ACC)

Examples are:

- Site audits
- Building cabling
- PABX programming
- Computer networks and equipment
- Back-up power supply – UPS and batteries
- Product warranty management
- Electrical and emergency lighting
- Air conditioning and mechanical services
- Air quality control
- General building and handyman services
- Maintenance management
- Asset allocation and tracking
- Fire alarms
- Plumbing
- Cleaning and waste disposal
- Care of grounds
- Pest control

Preventive Maintenance Requirements

- (Actual list to be supplied by ACC)

Examples are:

- Patch panel checks
- UPS battery checks
- IQP warrants
- Emergency lighting checks
- Fire extinguisher checks
- Air conditioner filter checks

Equipment Covered by the Agreement

- (Actual list to be supplied by ACC)

Examples are:

- Servers, routers, hubs, switches
- Telephones, modems and PABXs
- Printers and facsimiles
- Copiers
- Heaters and air conditioning equipment

- Lighting
- Fire alarms
- Security hardware and software

Facilities Covered by the Agreement

- (Actual list to be supplied by ACC)

Examples are:

- all ACC offices nationwide

SCHEDULE B

SPECIFIED SERVICE LEVELS, RESPONSE AND LEAD TIMES

Service Level Requirements

Overall service level performance targets are to achieve:

- 95% of service orders confirmed as received and assigned by close of business on the day the order is received by the Service Provider
- 85% of services orders to be completed by the end of the next business day
- 90% of site audits to be completed within 5 days of the scheduled start date

Preventive maintenance performance target is to achieve:

- 95% of preventive maintenance schedules performed in accordance with OEM and Customer requirements

Service Response Times

Response time performance targets are to achieve:

- A Technician on-site within 1 hour in an emergency situation in the main cities and 4 hours anywhere outside of the main cities after being notified of the emergency.
- A Technician on-site no later than the next business day to perform non-urgent service.

Service Lead Times

The following are the standard lead time targets for services to be completed at all facilities:

Service Provider Activity	Service Lead Time Targets
Advise when service has been scheduled and who will be performing service	By end of business day service order is received
Service is completed	By end of next business day
Advise that service has been completed	Same day work is completed
Site audit completed	5 working days
Building cabling moves, adds and changes completed	3 working days
PABX moves, adds and changes completed	3 working days
Site audit(s) or test sheet(s) delivered to customer	5 working days after work completion

SCHEDULE C

STANDARD PRICES

Service Prices

Service Provider Activity	Service Charge	Work Unit
Site visit fee in major centres, covers vehicle and parking charges (Auckland, Wellington, Christchurch, Dunedin, New Plymouth, Tauranga, Whangarei, Nelson, Palmerston North, Napier, Gisborne and Hamilton)	TBD	Per Visit
Site visit fee non-major centres, covers vehicle and parking charges	TBD	Per Visit
Standard labour of a qualified technician	TBD	Per Hour
After hours labour of a qualified technician	TBD	Per-Hour
All parts provided at recommended OEM prices	N/A	N/A
All materials provided at recommended trade prices	N/A	N/A

All prices in Schedule C are fixed for a period of 12 months. By each annual renewal date the Service Provider and Customer must agree the standard prices for the next 12 months.

SCHEDULE D

MONTHLY PERFORMANCE REPORT REQUIREMENTS

Service Provider's Monthly Report Requirements

The Service Provider will provide a Monthly Report within 5 working days following the end of the month as specified below.

Executive Overview:

Brief assessment of the performance against objectives, major achievements and issues for the month.

Month's Service Performance:

The Service Provider will provide a Monthly Service Performance Report as in the sample table below, with comments on significant performance variation against target. The aggregate of the performance achieved is to be graphed against previous months.

<i>Service Provider Activity</i>	<i>Service Level Target</i>	<i>Service Lead Time Target</i>	<i>Actual Performance</i>	<i>Variation</i>
Advise when service has been scheduled and who will be performing service	95%	By end of business day received		
Service is completed	85%	By end of next business day		
Advise that service has been completed	95%	Same day work is completed		
Site audits completed	90%	5 working days		
Building cabling MACs completed	85%	3 working days		
PABX MACs completed	85%	3 working days		
Site audit(s) or test sheet(s) to be delivered to customer	90%	5 working days after work completion		

Note: The above Service Level and Service Lead Time Targets are examples only.

Safety, Health and Environment:

- Accident/ Incidents this month
- Hazards identified this month 1 Lost Time Incidents to date

Commercials:

- Invoice for month
- Statement

Service Procedures:

Comment on performance of job procedures, requirements and issues.

Technical Support:

Comment on performance of technical support requirements and issues.

Outstanding Action Items:

Details of actions taken or referenced to previous correspondence or attached documentation.

Monthly Review:

Agenda items to be raised at the next review meeting.

Monthly Performance Review Process

The monthly review process will be conducted jointly with the Customer and the Service Provider by the 10th working day of the month to review performance and action points, discuss issues and achievements, formulate business improvement opportunities and action plans.

The Monthly Performance Review will follow the agenda below.

1. Review of minutes

2. Outstanding action items
3. Service Provider's Monthly Report
4. New agenda items
5. Business improvement opportunities

QUARTERLY PERFORMANCE REPORT REQUIREMENTS

The Customer will provide to the Service Provider a Quarterly Performance Report within 10 working days following the end of the quarter similar to the sample below.

<i>Quarterly Objectives</i>	<i>Service Levels</i>	<i>Staff Survey</i>
Benchmark Average Performance Level	90%	75%
Upper Performance Margin	>95%	>85%
Lower Performance Margin	<85%	<65%
High Performance Bonus	+10%	+5%
Low Performance Rebate	-10%	-5%

Quarterly Service Level Performance

This sample table summarises the results of the service level performance in the quarter.

<i>Service Level Criteria</i>	<i>Performance Target</i>	<i>Number of Service Jobs in Quarter</i>	<i>Number of Service Jobs Achieving Service Level</i>	<i>Percentage Service Jobs Achieved Service Level</i>
Advise when service has been scheduled and who will be performing service	95%			
Service is completed	85%			
Advise that service has been completed	95%			
Site Audit completed	90%			
Building Cabling MACs	85%			
PABX MACs	85%			
Site Audit(s) or Test Sheet(s) delivered to Customer	90%			
Installations that don't require revisit work within the first 30 days.	95%			

Note: The above Performance Targets are examples only.

Quarterly Staff Survey Performance

This sample table summarises the results of the staff surveys carried out in the quarter.

<i>Quarter Staff Survey Criteria</i>	<i>Performance Target</i>	<i>Number of Staff Surveys in Quarter</i>	<i>Number of Surveys Achieved Favourable Response</i>	<i>Percentage of Surveys Achieved Favourable Response</i>
Arrive as expected	75% favourable			
Complete the service on time	75% favourable			
Inform the Customer of completion	75% favourable			
Follow the repair procedure	75% favourable			
Fix fault first time	75% favourable			

Note: The above Performance Targets are examples only.

Quarter's Aggregate Service Level Performance

The sample table below determines the bonus or rebate resulting from the Service Provider's aggregate performance in the meeting the service levels in the previous quarter.

Total number of service jobs	
Number of service jobs achieved Service Level	
Percentage service jobs achieved Service Level	
Service Benchmark Performance Level	
Performance margin achieved	
Bonus/Penalty percentage	
Quarter invoicing	
Bonus/Penalty amount	

Quarter's Aggregate Staff Survey Performance

The sample table below determines the bonus or rebate resulting from the Service Provider's aggregate performance in the staff surveys carried out in the previous quarter.

Total number of staff surveys	
Number of staff surveys favourable	
Percentage staff surveys favourable	
Staff survey Benchmark Performance Level	
Performance margin achieved	
Bonus/Penalty percentage	
Quarter invoicing	
Bonus/Penalty amount	

Quarterly Performance Review Process

The quarterly review process will be conducted jointly with the Customer and the Service Provider by the 10th working day of the of the month to review performance and action points, discuss issues and achievements, formulate business improvement opportunities and action plans.

1. Review of Quarterly Performance Report
2. Agreement of Performance Margin and Bonus/ Penalty
3. Review of Customer's and Service Provider's vision/goals
4. Discuss individual and team roles and appropriate measures
5. Agreement of next Quarter Service Levels
6. Agreement of next Quarter Staff Survey Requirements
7. Development proposals (training, process improvement or team building)