www.flexiblecontract

FLEXIBLE CONTRACT  
Flexlite 0.1 (US)

# An open-source, outcome-based contract



This contract is licensed under the Creative Commons Attribution 3.0 Unported License

Please attribute it to:

Copyright © 2013 by Susan Atkinson and Gabrielle Benefield

US Version – localized by Tom Arbogast

To view a copy of this license please visit:

<http://creativecommons.org/licenses>by/3.0/

**OVERVIEW**

**WHAT IS A FLEXIBLE CONTRACT?**

A ‘flexible contract’ is an adaptive, outcome-based contract, which is intended to maximize the delivery of customer value. It achieves this in several ways:

* The contract focuses on outcomes (that is, business objectives), which are less susceptible to change than output (such as features). By focusing on outcomes the contract also creates shared goals between the customer and supplier, which helps to align their interests and motivation.
* The supplier is given the freedom to achieve the target outcomes in any way it deems effective as long as it honors the terms of the contract and stays within any constraints specified by the customer.
* The fees (or at least part of the fees) should be payable on the achievement of target outcomes. The supplier is incentivized to achieve the target outcomes in the most cost-effective way, which is also of benefit to the customer.
* The contract is structured as a master services agreement for the full version, or the ‘lite’ version using the Terms and Conditions, under which short-term statements of target outcomes (SOTOs) are called off. SOTOs work in the same way as a Statement of Work, but instead of ‘work’ in the form of outputs and activities, we measure outcomes achieved. The parties can respond to acquired knowledge and changes in the environment in subsequent SOTOs.
* In respect of each SOTO the supplier addresses each target outcome by means of short feedback cycles. So the parties can learn rapidly what works and what doesn’t by measuring outcomes achieved progressively.
* The contract adopts lightweight contractual provisions. This is made possible because the parties only commit to one SOTO at a time, so the financial exposure of the customer to the supplier is minimized. This in turn means that the contract is easier to understand and requires less administrative cost, both to create and to manage.The contract is deliberately NOT focused on the activities of the supplier or the technical processes by which this value is delivered.

**WHY HAVE A FLEXIBLE CONTRACT?**

Many traditional contracts fail to focus on the main reason why the customer engages the supplier – to create value by achieving business results. Many traditional contracts focus on the activities of the supplier, or the delivery of features, with little attempt to link these to the delivery of real value. Far too often, despite the fact that the supplier is diligent and the resulting system is feature-rich, the system is already out of date by the time that it is delivered and it doesn’t actually do what the customer needs it to do. We have developed the flexible contract model to minimize the risk of this happening.   
  
**THE FLEXIBLE CONTRACT IS A *‘MINIMUM VIABLE CONTRACT’***

We have tried to draft the flexible contract in plain English and in as short a form as possible to give effect to its provisions. There may be other issues which you also wish to cover in the contract that can be added to it.

**HOW TO USE THE FLEXIBLE CONTRACT MODEL**

The initial SOTOs can be used as an exploratory mechanism. They can set out target outcomes with a view to identifying problems and potential paths to solve them. These are known as ‘options’ as they are optional rather than required. This is useful if the supplier has significant domain expertise which it can apply to help define the target outcomes. Subsequent SOTOs can be commissioned to achieve specific target outcomes.

**Creative Commons Attribution 3.0 Unported License**

*The flexible contract is intended to be freely available. You may use, share and adapt it to your needs.*

*To prevent abuse we ask that you honor the terms of the Creative Commons Attribution 3.0 Unported License (the “****License****”) under which it is made available.*

*The main terms of the License are summarised below:*

*1. The licensor grants to you a worldwide, royalty-free non-exclusive, perpetual license free of charge to reproduce and distribute the work, and to create and reproduce adaptations (provided that you take reasonable steps to clearly identify that changes were made to the original work), all subject to the following restrictions:*

*(a) You may only distribute the work and adaptations under the terms of the License, and you must not impose any more restrictive terms than as set out in the License.*

*(b) You must include the copyright notice and Licence notice as set out on the front page.*

*2. There is no warranty provided with the work and the licensor cannot accept any liability for its use, reproduction, adaptation and distribution. If you wish to use the work it is up to you to obtain professional advice to ensure that its use is appropriate in the precise circumstances known to you.*

*We also encourage feedback to the community and welcome any questions or suggestions. For additional help in building a flexible contract, please contact us via the website at* [*www.flexiblecontracts.com*](http://www.flexiblecontracts.com)*.*

[HEADED PAPER OF THE SUPPLIER]

***[Date]***

***[Name of the Customer]***

***[Address of the Customer]***

Dear \_\_\_\_\_\_\_\_\_\_\_\_\_

**PROPOSAL**

**Summary**

*[Please insert your summary]*

**Your business objectives and target outcomes**

*[Please insert your objectives and target outcomes]*

**The contract**

We attach to this proposal our terms of service and a template statement of target outcomes (SOTO). If you would like to engage us, we will work with you to complete each SOTO. Each SOTO incorporates our terms of service, and following the signature by both of us of a SOTO a contract is automatically created which comprises the SOTO and our terms of service.

We hope that we will have the opportunity to work with you.

With kind regards.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Encs.

***[NAME OF SUPPLIER]***

**TERMS OF SERVICE**

1. these terms of service
   1. These Terms of Service govern the overall relationship between the Customer and the Supplier with respect to the Services.
   2. The Customer is not obliged to purchase any Services from the Supplier, but if it wishes to do so then the Customer and the Supplier shall enter into a Statement of Target Outcomes (SOTO), which shall be substantially in the form set out in the schedule to the Proposal. Neither party shall have any rights or obligations in respect of any SOTO, including the provision of the Services, unless and until each of the parties has signed the SOTO.
   3. Following the signature by both parties of a SOTO, a contract shall be automatically created which comprises the SOTO and these Terms of Service.
2. THE services
   1. In respect of each SOTO the Supplier shall use reasonable endeavours to deliver the Target Outcomes within the Constraints to achieve the Business Objectives.
   2. For each Target Outcome the Supplier shall create Options that have the potential to achieve the Target Outcome. In respect of each Option the Supplier shall provide a forecast in terms of the estimated value, costs, risks and expiry date (if any) for that Option and shall inform the Customer of any requirements for execution of the Option and any circumstances in which the Option may expire.
   3. The Supplier shall be entitled to use any design, strategy, method or process to create the Outcome Delivery, provided that: (a) the Outcome Delivery is within the parameters of the Constraints and has the objective of achieving the Target Outcomes; and (b) if the Outcome Delivery is abandoned pursuant to clause 2.5, this will not adversely affect any Outcome Delivery that has been accepted by the Customer pursuant to clause 2.6 prior to that date.
   4. Following the creation of each Outcome Delivery the Supplier shall invite the Customer to inspect the Outcome Delivery and shall report to the Customer on the following (such report to be made accessible to the Customer at all times during the SOTO): (a) an assessment of the impact (negative or positive) of the Outcome Delivery on the Target Outcomes, based upon the measurement of the Outcome Delivery against the Target Outcomes; (b) the updated Outcome Tracker; (c) any risks and learning arising from the Outcome Delivery which may impact on the Target Outcomes; (d) the remaining resources allocated for the current SOTO against the progress of the Target Outcomes to date.
   5. On the basis of the report pursuant to clause 2.4, the Supplier shall, in consultation with the Customer, decide: (a) whether to adopt or abandon the Outcome Delivery; (b) which Target Outcome(s) to focus on next.
   6. If the Supplier, in consultation with the Customer, decides to accept the Outcome Delivery, the Customer shall be deemed to have accepted the Outcome Delivery, and the Supplier shall give the Customer access to all work products related to the on-going operation and maintenance of the Outcome Delivery.
   7. The Customer may require the Supplier to abandon any Outcome Delivery if: (a) it is outside the scope of the Constraints; or (b) It has a negative impact on other Target Outcomes or on other systems of the Customer;
3. FEES AND PAYMENT ARRANGEMENTS
   1. In consideration of the provision of the Services by the Supplier, the Customer shall pay the fees in the amount and on the dates or with the frequency as set out in each SOTO. Payment is due within thirty (30) days from the date of each invoice.
   2. All sums payable under the Contract are exclusive of any taxes, charges or duties to which the supply of goods or services may be subject or give rise.
4. CUSTOMER RESPONSIBILITIES
   1. The Customer shall co-operate with the Supplier in its performance of the Services and shall provide such support, facilities and information, including any requirements for execution of the Options, as set out in the SOTO.
   2. The Customer shall ensure that the Supplier has access to a representative of the Customer as identified in the SOTO who: (a) can fully articulate the business objectives, expectations and constraints of all stakeholders who have an active interest in the success of the Target Outcomes, are actively involved in the Outcome Delivery, or may exert influence over the Outcome Delivery, including the end users, purchasers, managers and executives responsible for the funding of the Target Outcomes; (b) is fully authorised to make decisions on behalf of all of such persons; (c) provides feedback in a timely manner as set out in the SOTO to all requests from members of the Supplier and in relation to the Outcome Delivery and the progress towards the Target Outcomes; and (d) identifies any changes in external factors that will impact on the Target Outcomes.
5. OWNERSHIP AND LICENSING
   1. All right, title and interest in the Customized Software shall, on the date of the Contract or (if later) on creation of such Intellectual Property Rights, vest in the Customer. The Supplier hereby assigns with full title guarantee by way of present and future assignment to the Customer all right, title and interest in the Customized Software.
   2. The Customer hereby grants to the Supplier a non-exclusive, non-transferable, royalty-free, perpetual licence to use the Customized Software to fulfil any on-going obligations of the Supplier under the Contract.
   3. Subject to the licence in clause 5.4, all Intellectual Property Rights in the Supplier Software, any associated Documentation and the Deliverables shall remain in the Supplier or its licensors. However, ownership of the media on which the Documentation and Deliverables are supplied by the Supplier shall vest in the Customer upon acceptance thereof.
   4. The Supplier hereby grants (or shall procure that the owner of the Intellectual Property Rights therein shall grant) to the Customer a non-exclusive, non-transferable, royalty free, perpetual licence to use the Supplier Software, any associated Documentation and the Deliverables as necessary to enable the use of the Customized Software.
   5. In respect of: (a) any Third Party Software, the Customer shall, at its own expense, enter into a licence directly with the owner or authorised licensor of such Third Party Software; and (b) any Open Source Software, the Customer shall comply with the terms and conditions of the specific licence under which such Open Source Software is made available; in each case regardless of whether the Supplier has sourced or made such software available to the Customer or the Customer has procured such software itself.
   6. Nothing in the Contract shall be construed so as to prevent the Supplier from using any techniques, methods, ideas and other know-how gained during the performance of the Contract in the further of its own business to the extent that such use does not result in a disclosure of confidential information in breach of clause 9 or any infringement of any Intellectual Property Rights of the Customer (or its licensors), and provided that the Supplier shall not use any know-how which is specific to the business of the Customer or has been developed specifically for use in or for the business of the Customer.
6. REPRESENTATIONS AND WARRANTIES
   1. Each party represents and warrants to the other party in respect of each SOTO that it shall perform its obligations in good faith and in a timely and professional manner by using at all times appropriately experienced, knowledgeable, qualified and trained staff exercising reasonable care and skill.
   2. The Supplier represents and warrants to the Customer in respect of each SOTO that: (a) the performance of the Services and the Outcome Delivery will not in any way constitute an infringement or other violation of any Intellectual Property Right of any third party; and (b) the Supplier owns or has obtained valid licences of all Intellectual Property Rights which are necessary to the performance of any of its obligations hereunder.
   3. Any unauthorised modifications or use of the Software or any installation of the Software otherwise than in accordance with the Supplier’s instructions (provided that such instructions are sufficiently detailed to enable any person reasonably skilled in the relevant programming language to follow them) by, or on behalf of, the Customer shall render the Supplier's warranties in clause 6.2 null and void.
   4. Any Third Party Software and any Open Source Software which is sourced, or made available, by the Supplier may be used according to the terms and conditions of the specific licence under which the relevant software is made available, but is provided "as is" and expressly subject to the disclaimer in clause 6.5.
   5. Except as expressly stated in these Terms of Service, all other warranties and conditions, whether expressed or implied by statute, common law or otherwise, are hereby excluded.
7. LIMITATION OF LIABILITY
   1. Nothing in the Contract excludes or limits the liability of either party (including their employees, agents and subcontractors) for: (a) death or personal injury caused by its negligence; (b) breach of any obligation as to title implied under the Uniform Commercial Code (UCC) ***[OR [INSERT other relevant legislation specifically relating to title as applicable]]***; or (c) fraud or fraudulent misrepresentation.
   2. Subject to clause 7.1: (a) the aggregate liability of each party to the other party under or in connection with the Contract, whether arising from tort (including negligence), breach of contract or otherwise, shall in no event exceed the aggregate amount of the fees paid and payable by the Customer to the Supplier under the Contract; and (c) neither party shall be liable for any loss of profits, loss of business or goodwill, interruption of business or any type of special, indirect or consequential loss, even if such loss was reasonably foreseeable or such party has been advised of the possibility of incurring the same.
8. data protection
   1. The parties acknowledge and agree that in relation to personal data, the Customer is acting as a data controller, and, to the extent that the Supplier processes such personal data on behalf of the Customer, the Supplier shall: (a) only process personal data in accordance with the instructions and directions that are received from the Customer in relation to that processing and to the extent necessary to comply with its obligations under the Contract; (b) have in place, appropriate technical and organisational measures which ensure an appropriate level of security for the processing of personal data and protect personal data against accidental or unlawful destruction or accidental loss or alteration or unauthorised disclosure access or processing as necessary to comply with ***[INSERT the relevant legislation which sets out the data protection principles]***; (c) not transmit or otherwise process personal data outside the proscribed area except in compliance with ***[INSERT the relevant legislation which sets out the protection principles]***.
9. confidentiality
   1. Neither party shall disclose or allow to be disclosed any confidential information relating to the business or affairs of the other party other than to the extent necessary for the performance of its obligations under the Contract and only to its employees, officers, directors, agents, legal advisors, auditors and sub-contractors who have signed an appropriate undertaking of confidentiality.
   2. The obligations under clause 9.1 shall not apply to any confidential information which: (a) must be disclosed by law; or (b) was known to the recipient before its receipt from the disclosing party; or (c) is lawfully in the public domain or in the possession of a third party other than by reason of breach of the Contract; or (d) is independently developed without access to the other party’s confidential information; or (e) is authorised for release by the written consent of the disclosing party.
10. TERMINATION
    1. Either party may terminate the Contract at any time with immediate effect by written notice to the other party if: (a) the other party commits a material breach of any term of the Contract (other than failure to pay any amounts due under the Contract) and, if such breach is capable of remedy, fails to remedy that breach within a period of thirty (30) days of being notified in writing to do so; or (b) an Insolvency Event of the other party occurs; or (c) the other party ceases or threatens to cease to carry on the whole or any material part of its business.
    2. Upon the expiry or termination of the Contract for any reason: (a) the Supplier shall give the Customer up to date digital copies of all the Supplier Software, Customized Software and Deliverables that have been delivered to the Customer and digital copies of all test data and test plans, to the extent that the Customer does not already have such copies in its possession; (b) the Customer shall pay the fees to the Supplier for all Services provided until the date of expiry or termination (as applicable) of the Contract; and (c) any and all amounts outstanding and any unpaid amounts due and owed under the Contract shall become immediately due and payable.
    3. If the Customer terminates the Contract or ceases to comply with its obligations under clause 4 in respect of any Target Outcomes, in each case for any reason outside the control of the Supplier, the Supplier shall be entitled to the early termination payment set out in the SOTO.
11. general
    1. All notices required to be given under the Contract shall be in writing and sent by email to the address of the other party as set out in the SOTO, or as otherwise notified in accordance with this clause.
    2. No amendment or variation to these Terms of Service shall be effective unless it is made by a written instrument which expressly purports to amend these Terms of Service and is executed by or on behalf of each party.
    3. A failure or delay by a party at any time or for any period to enforce any of its rights under the Contract shall not constitute a waiver of such rights or the right at any time subsequently to enforce any provisions of the Contract.
    4. If any provision of these Terms of Service is found to be invalid, unenforceable or illegal, then such provision shall be severed and the remainder of the Contract shall continue with full force and effect.
    5. The Contract is personal to the parties, and neither party shall assign, transfer, mortgage, charge, subcontract or deal in any other manner with any or all of its rights and obligations under the Contract without the prior written consent of the other party (such consent not to be unreasonably withheld or delayed).
    6. Nothing contained in the Contract is intended to, shall be deemed to, or shall create any agency relationship, partnership or joint venture between the parties. Neither party shall have authority to act in the name nor on behalf of nor otherwise to bind the other party in any way, save as specifically provided in these Terms of Service.
    7. Neither party shall be liable for delay or failure to perform any of its obligations under the Contract to the extent that such delay or failure is caused by circumstances beyond its reasonable control, including a national emergency or war.
    8. No third party shall have any rights under, or be able to enforce, all or any part of the Contract.
    9. The Contract constitutes the whole agreement between the parties and supersedes all previous agreements between the parties relating to its subject matter. Each party acknowledges that it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in the Contract. Nothing in this clause 11.9 shall limit or exclude any liability for fraud.
    10. The Contract shall be governed by ***[INSERT jurisdiction]*** law in every respect including its formation. The parties irrevocably submit to the exclusive jurisdiction of the courts of ***[INSERT jurisdiction]*** regarding any dispute or claim arising out of or in connection with the Contract or its subject matter or formation (including non-contractual disputes or claims).
12. DEFINITIIONS
    1. In these Terms of Service:

**Business Objectives** means the business objectives for each SOTO as set out in the SOTO.

**Constraints** means the constraints which impose restrictions on a SOTO as set out in the SOTO;

**Contract** means the contract comprising a SOTO and these Terms of Service;

**Customized Software** means any new computer programs and any enhancements to existing computer programs which are to be developed by the Supplier under the Contract;

**Deliverable** means a tangible object that is to be delivered to the Customer as part of the Outcome Delivery and which may take the form of a report, a document or any other material;

**Documentation** means all documents and other written material describing, explaining or assisting in the use of the Software, including user manuals relating to the Software;

**Insolvency Event** occurs with respect to a party if (a) the party is unable to pay its debts; (b) a proposal is made with (or for the benefit of) the creditors of the party to reschedule any of its debts or to enter into any compromise or scheme of arrangement with its creditors (except for the purpose of a bona fide scheme for a solvent amalgamation or reconstruction); (c) a petition is filed, a notice is given, a resolution is passed, or an order is made, for or in connection with the winding up of the party (except for the purpose of a bona fide scheme for a solvent amalgamation or reconstruction); (d) a court application or order is made or a notice of intention is given, for the appointment of an administrator, an administrative receiver or a receiver over the party; or an administrator, an administrative receiver or a receiver is appointed over the party; (e) a creditor or encumbrancer of the party attaches or takes possession of, or a distress, execution, sequestration or other such process is levied or enforced on or sued against, any part of the party's assets and such attachment or process is not discharged within fourteen (14) days; or (f) any event occurs which is the equivalent of or similar to (a) to (e) in any jurisdiction to which the party is subject;

**Intellectual Property Rights** means all patents, trade marks, service marks, copyright and related rights, domain names, rights in get-up, design rights, database rights, topography rights, and all other similar proprietary rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;

**Open Source Software** means any software licensed under any form of open source licence meeting the Open Source Initiative's Open Source Definition (http://www.opensource.org/docs/definition.php) or any libraries or code licensed from time to time under the General Public Licence (as described by the Free Software Foundation and set out at http://www.gnu.org/licenses/gpl.html), or anything similar, included or used in, or in the development of, the Software, or with which the Software is compiled or to which it is linked;

**Option** means an approach which may be used by the Supplier to achieve a Target Outcome;

**Outcome Delivery** means what the Supplier actually delivers, and such delivery may include Software, Deliverables and/or Documentation;

**Outcome Measure** means the quantification and/or qualification of how the Outcome Delivery will be measured;

**Outcome Tracker** means a visual, numeric or text indicator to track how the Outcome Delivery is progressing towards the Target Outcomes as measured against the Outcome Measure;

**Outcome Value** means the forecasted positive impact on the Customer of meeting the Target Outcomes;

**Services** means the services to be performed by the Supplier under the Contract;

**Software** means the computer programs to be supplied by the Supplier in the course of the performance of the Services, and shall comprise the Supplier Software, the Customized Software, the Third Party Software, the Open Source Software and the Tools;

**SOTO** means a statement of target outcomes as agreed by the parties in accordance with clause 1.1;

**Supplier Software** means the computer programs which are to be supplied by the Supplier under the Contract, and in which the Intellectual Property Rights are owned by the Supplier;

**Target Outcome** means the outcome-based business results, aligned with the Business Objectives, that the Customer wishes to achieve and which, if achieved, will deliver the Outcome Value;

**Terms of Service** means these terms of service;

**Third Party Software** means the computer programs, which are to be supplied by the Supplier under the Contract, and in which the Intellectual Property Rights are owned by third parties;

* 1. In interpreting the obligations under the Contract, they should be construed such that the Customer is responsible for the domain expertise and the Supplier is responsible for the technical expertise.
  2. The following expressions shall be construed as follows: (a) the terms "**data controller**", "**personal data**", "**process**" and "**processing**" have the meaning given to those terms in the ***[Relevant Act]***, or where any Act is silent as to such terms, as generally and readily understood and accepted within the software community; (b) any phrase introduced by the term "**including**" shall be construed as illustrative and shall not limit the sense of the words proceeding such term.
  3. In interpreting the Contract (unless the context requires otherwise) any reference to any statute or statutory provision including any subordinate legislation includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted.

# THE SCHEDULE Pro-forma for SOTO

|  |  |
| --- | --- |
| SOTO Reference No. |  |
| Date of SOTO |  |
| The Customer representative |  |
| The Supplier representative |  |
| Email address of the Supplier for service of notices under the Contract |  |
| Email address of the Customer for service of notices under the Contract |  |

This statement of target outcomes (“**SOTO**”) incorporates the Terms of Service of ***[name of the Supplier]*** (the **Supplier**) as set out in the proposal dated \_\_\_\_\_\_\_\_\_\_ from the Supplier to ***[name of the Customer]*** (the **Customer**).

Terms defined in the Terms of Service will have the same meaning in this SOTO unless otherwise defined in this SOTO.

1. **FEES**

*NOTES: If Option A for the fees is selected, the fees are only payable to the extent to which the Target Outcomes have been delivered. In other words, the Supplier is only paid if it delivers measurable value.*

*If Option B for the fees is selected, the fees comprise two elements: the Service Fees which are the fees for the performance of the services, and the Outcome Fees which are only payable to the extent to which the Target Outcomes have been delivered.*

**Option A – Pure Outcome-based fees**

[INSERT MATRIX OF FEES PAYABLE TO THE EXTENT TO WHICH THE TARGET OUTCOMES HAVE BEEN DELIVERED. THERE ARE A NUMBER OF DIFFERENT APPROACHES FOR STRUCTURING THE FEES. OPTIONS COULD, FOR EXAMPLE, INCLUDE A SET FEE OR A PERCENTAGE OF ANTICIPATED SAVINGS / PROFITS / VALUE CREATED]

1.1 The fees shall be determined in accordance with the table set out above.

1.2 The fees are payable ***[frequency] [in advance / arrears]***.

**Option B – Hybrid Outcome-based fees**

[INSERT:

(1) SERVICE FEES. THERE ARE A NUMBER OF DIFFERENT APPROACHES FOR STRUCTURING THE SERVICE FEES. OPTIONS COULD, FOR EXAMPLE, INCLUDE TIME & MATERIALS, FIXED PRICE, COST PLUS, AND TARGET PRICE. THE SUPPLIER’S NOMINAL PROFIT MARGIN COULD BE LINKED TO THE OUTCOME FEES RATHER THAN BEING INCLUDED IN THE SERVICE FEES. THERE COULD ALSO BE A PENALTY IF THE SUPPLIER DOESN’T DELIVER.

(2) OUTCOME FEES PAYABLE TO THE EXTENT TO WHICH THE TARGET OUTCOMES HAVE BEEN DELIVERED. THERE ARE A NUMBER OF DIFFERENT APPROACHES FOR STRUCTURING THE OUTCOME FEES. OPTIONS COULD, FOR EXAMPLE, INCLUDE A SET FEE OR A PERCENTAGE OF ANTICIPATED SAVINGS / PROFITS / VALUE CREATED]

1.1 The fees shall comprise the following elements:

(a) the fees payable for the provision of the Services (the “**Service Fees**”); and

(b) the fees payable for the delivery of the Target Outcomes (the “**Outcome Fees**”).

1.2 The Service Fees are payable ***[frequency]*** ***[in advance / arrears]***.

1.3 The Outcome Fees are payable as and when, and to the extent to which, the Target Outcomes have been delivered.

2. **SOTO SPECIFICS**

|  |  |
| --- | --- |
| SOTO Completion Date | *NOTE: Please state not applicable if this is not being used.* |
| The problem or opportunity to be addressed |  |
| The Business Objectives |  |
| The Target Outcomes | *NOTE: These should be in line with the Business Objectives. They should be bullet points only and listed in order of priority.* |
| The Constraints | *NOTE: Examples include design constraints, minimum quality constraints, budget constraints, schedule constraints, resource constraints.* |
| Customer responsibilities | *NOTE: This should include any support, facilities and information, including any requirements for execution of the Options, which are to be provided by the Customer.* |
| Time frame for provision of feedback by the Customer |  |
| Early termination payment |  |

**Target Outcomes**

[COMPLETE THE FOLLOWING TABLE FOR EACH TARGET OUTCOME]

|  |  |
| --- | --- |
| Name of Target Outcome: | In the form Action Verb + Noun Phrase |
| Outcome Value: | Time or money over a defined period |
| Outcome Measure: |  |
| |  |  | | --- | --- | | * Unit of measure: | i.e. the metric used to measure e.g. time, percentage or number | | * party responsible for conducting measurement: | i.e. a named person or group responsible for conducting the measurement e.g. the Customer | | * Method for measurement: | i.e. the systems used to collect data or the tests that will be run e.g. data analytics report or usability tests for target users | | * Frequency of measurement: | i.e. The period of time when measurements will be taken e.g. every ***[2 weeks]*** with their end-users | | * Baseline (starting point): | i.e. the baseline that will be used as the starting point against which to compare results | | |

Signed for and on behalf of

|  |  |
| --- | --- |
| ***[THE CUSTOMER]*** | ***[THE SUPPLIER]*** |
| By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |