

Blue Valleys Software Ltd.
Channel Partner
Distribution Agreement
for

BVxL for _____

Hereinafter Referred to as the CP (Channel Partner)

Terms

1. DEFINITIONS

(i) 'Standard Software Licence Agreement' shall mean the Standard Software Licence Agreement of the Company as amended from time to time, a copy of which is contained in Schedule 1

(ii) 'Standard Software Product(s)' shall mean any program or sets of programs as specified in Schedule 2

(iii) 'Term' shall mean the period of this agreement as specified in The Restriction section

(iv) 'Initial Period' shall be thirty six (36) months following the start of the Term.

(v) 'Territory' shall mean the geographical, market(s) or other area(s) into which the Software Distributor can resell the Standard Software Product(s)' to another Reseller or End User as specified in the Restrictions section.

(vi) 'Location' shall mean the single address of the Software Distributor to which all correspondence and Standard Software Products shall be delivered.

(vii) 'End User' shall mean any organisation within the Territory that shall use the Standard Software Product(s) for the purpose and effect of their normal business activities.

(viii) 'Reseller' shall mean any reseller appointed by the software distributor under the terms of this licence.

(ix) 'Delivery' shall mean the date on which the Standard Software Product(s) are delivered to the Software Distributor.

(x) 'Documentation' shall mean the documentation associated with the Standard Software Product(s) supplied by the Company.

(xi) 'Licence' shall mean this document and and Schedule 1 and Schedule 2 annexed hereto.

(xii) 'Licence Charges' shall mean the charges specified as the United Kingdom Licence Charges given in Pounds Sterling in Schedule 3

(xiii) 'List Price' shall mean the full United Kingdom Licence Charges for the Standard Software Product(s) as defined in Schedule 3.

(xiv) 'Media' shall mean the media on which the Standard Software Product(s) are recorded as provided by the Company pursuant to this Licence.

2. LICENCE

The Company hereby grants to the Software Distributor a non-transferable Licence for the Term and Territory to resell to end users and resellers in return for the payment to the Company of Licence Charges and other charges the Standard Software Product(s) on the terms and conditions contained herein and on the Company's Standard Software Licence Agreement.

3. LIMITATION OF LICENCE

3.1 The Company limits the resale of Standard Software Product(s) to End Users of the Software Distributor located in the Territory.

4. SUITABILITY

The Software Distributor shall be solely responsible for satisfying itself as to the suitability of the Standard Software Product(s) for End Users and Resellers and for their purpose and their compliance with any legal requirements for the purposes for which the Software Distributor is permitted to use the Standard Software Product(s) under this Agreement.

5. ENTITLEMENT OF SOFTWARE DISTRIBUTOR

5.1 The Software Distributor shall be entitled to use the Standard Software Product(s) for the sole purpose of demonstration to resellers and End Users.

5.2 The Software Distributor shall follow all reasonable instructions given by the Company from time to time with regard to the use of the Standard Software Product(s).

5.3 The Software Distributor shall permit the Company, at all reasonable time and at the Company's expense, to verify that the use of the Standard Software Product(s) by the Software Distributor is within the terms of the licence.

6 APPOINTMENT OF RESELLERS

The software distributor may appoint resellers to sub licence the software under the terms of this agreement subject to notification to and the written confirmation of The Company such appointment to be governed by the terms of The Company's standard reseller agreement.

7. SUPPLY OF STANDARD SOFTWARE PRODUCTS

7.1 The Standard Software Product(s) shall be licenced by the Company to the End User under the Company's Standard Software Licence Agreement.

7.2 The Software Distributor shall instruct the End User to sign and return to the Company two copies of the Standard Software Licence Agreement for authorisation by the Company

7.3 The Standard Software Product(s) shall be physically provided to the Software Distributor following authorisation by the Company of the Standard Software Licence Agreement.

7. LICENCE CHARGES

7.1 The Company shall provide the Software Distributor with one (1) copy of the Standard Software Product(s) to the terms of the Company's Standard Software Licence Agreement in machine readable form at zero licence charge for the sole purpose of demonstrating the Standard Software Product(s) to End Users and Resellers.

7.2 The Licence Charge shall be fixed for the Initial Period.

7.3 The Company shall have the right to vary the Licence Charge by giving the Software Distributor ninety (90) days written notice in advance of such variation effective at the end of the Initial Period specified in Appendix 1 or any time thereafter.

8. TERMS OF PAYMENT

8.1 If the Company is required to install the Standard Software Product(s) at the End User then the Company shall render to the Software Distributor upon installation an invoice for the Licence Charges and Installation Charges as specified in the Standard Software Licence Agreement and the Software Distributor hereby agrees to pay such charges not later than 30 days from the date of the aforesaid invoice.

8.2 If no installation by the Company then the Company shall render to the Software Distributor an invoice for the Licence Charges as specified in the Standard Software Licence Agreement on Delivery to the Location and the Software Distributor hereby agrees to pay such charges not later than 30 days from the date of the aforesaid invoice.

Terms

9. DOCUMENTATION

9.1 The Company shall supply to the Software Distributor the Documentation. The documentation shall be sufficient for the reseller to market and support the Standard Software Product(s).

9.2 The Software Distributor may not make copies of the Documentation without the Company's prior written consent.

9.3 At the request of the Software Distributor the Company shall provide such additional copies of the Documentation as the Software Distributor may reasonably require, at the Company's then current scale of charges for Documentation.

10. WARRANTY

10.1 The Company warrants to the Software Distributor that the Standard Software Products are original to the Company or that the Company are entitled to licence the Standard Software Products to the Software Distributor for supply to End Users and that neither possession nor supply of the Standard Software Products will subject the Software Distributor to any valid claim by a third party.

10.2 The Company warrants that the Standard Software Products will possess at least the functionality set out in its Documentation.

10.3 The Company does not warrant that the execution of the Standard Software Product(s) shall be uninterrupted or error free.

10.4 The Software Distributor hereby acknowledges that to the extent permitted by law, no representation or statement not expressly set out in this Agreement or incorporated by reference herein shall be binding upon the Company whether as warranty or otherwise.

11. MODIFYING

11.1 The Software Distributor may not without prior written consent of the Company modify, interface with, add to, or de-compile the Standard Software Product(s) or incorporate parts of the Standard Software Product(s) in any products or programs not provided by the Company.

11.2 Unless otherwise agreed in writing the Company shall not be liable in any form for any failure of the modified Standard Software Product(s).

12. SOURCE LICENCE

12.1 The Company shall not provide to the Software Distributor the Standard Software Product(s) in source code format under this Agreement.

12.2 The Company may at its own discretion make available to the Software Distributor the Standard Software Product(s) in source code to the terms of the Company's Source Licence Agreement.

13. SOFTWARE SERVICES

The Software Distributor hereby undertakes to enter into a Software Support Services Agreement with the Company in respect of the Standard Software Product(s) on Delivery to the first End User of the Software Distributor or if the Company is installing on completion of installation of the Standard Software Product(s) to the first End User of the Software Distributor.

14. SINGLE RELEASE

This licence entitles the Software Distributor to use only a single release of the Standard Software Product(s).

15. REPRESENTATION

15.1 The Software Distributor shall be the sales agent of the Company and shall limit representation of the Company to that of sales agent.

15.2 The Company shall accept no liability whatsoever for any representation in any form at any time made by the Software Distributor in respect of the Company and Standard Software Product (s).

16. LIMITATION OF LIABILITY

The Company shall limit its liability to the terms of the Standard Software Licence Agreement.

17. AUDIT

During the Term the Company and/or its designated representatives shall have access to such of the Software Distributor's sales ledgers and sales records as reasonably necessary to verify the sales figures supplied by the Software Distributor to the Company and shall have the right to make authorised copies of such materials (at its own cost) as is reasonably necessary to verify the Software Reseller's compliance with this Agreement.

18. TERM

The term of this agreement is specified in the restriction section.

19. TERMINATION

19.1 The Company may terminate the Agreement by notice on writing forthwith in any of the following events:-

19.1.1 The Software Distributor commits a material breach of the Agreement which is incapable of remedy, or

19.1.2 The Software Distributor fails to perform its obligations under the Agreement or commits a material breach which is capable of remedy but which the Software Distributor fails to remedy within 28 days of written notice by the Company specifying the event of default and requiring its remedy.

19.2 Each of the Company and the Software Distributor may by notice in writing to the other terminate the Agreement if the other shall have a receiver or liquidator appointed or shall pass a resolution for winding up (otherwise than for the purpose of amalgamation or reconstruction) or a Court shall make an order to that effect or if the other party shall enter into composition or arrangement with its creditor(s) or shall become insolvent.

20. ESCROW

A copy of the source code will be deposited under escrow with The National Computing Centre Limited ("NCC") upon the Software Distributor's request. The registered office of NCC is at Oxford House, Oxford Road, Manchester M1 7ED (CRN: 881195).

Restrictions

Territory

Vertical Market

Agreement Term

This Agreement commences on ___/___/_____ for a period of ___ Months

Signatures

Software Distributor

Address

Primary Contact

Alternative Contact

For & On Behalf of the Software Distributor

Signed

Printed

Dated

For & On Behalf of Blue Valleys Software Ltd.

Signed

Printed

Dated

Schedule 1

End User Software License Agreement

This End User Software License Agreement (the "Agreement") is a legal agreement between you and Blue Valleys Software Ltd. (hereinafter referred to as "BVSL."), a body governed under English Law.

Please read this "AGREEMENT" carefully before installing or using the software distributed together with this AGREEMENT" (the "BVSL SOFTWARE"). By installing or using the BVSL SOFTWARE, you agree to be bound by the terms of this "AGREEMENT". You may use the BVSL SOFTWARE only on a single computer. BVSL SOFTWARE is licensed not sold.

If you do not agree to the terms of this "AGREEMENT", please return the BVSL SOFTWARE to the place where you obtained it.

1. License. This BVSL SOFTWARE and the related documentation are licensed to you by BVSL. This "AGREEMENT" allows you to use the BVSL SOFTWARE for your personal use for a single Computer outside a network and only to make one copy of the BVSL SOFTWARE in machine-readable form for back-up purposes only.
2. Restrictions. The BVSL SOFTWARE contains copyrighted material and other proprietary material. In order to protect them, and except as permitted by applicable law, you may not decompile, reverse engineer or disassemble the BVSL SOFTWARE in whole or in part. Except for the transfer of the BVSL SOFTWARE together with the BVSL HARDWARE and prior agreement of the recipient to be bound by the terms and conditions of this "AGREEMENT", you may not sell or rent the BVSL SOFTWARE and its copy to any third party.
3. Limited Warranty. BVSL warrants the media on which the BVSL SOFTWARE is recorded to be free from physical defects for a period of ninety (90) days from the date of purchase as evidenced by a copy of the receipt. During the applicable warranty period, BVSL will replace free of charge such media that proved to be defective; provided they are returned properly packaged to the place where you obtained it, together with your name, address, and proof of date of purchase. BVSL will have no responsibility to replace media damaged by accident, abuse, or misapplication. The above limited warranty replaces all other representations, conditions and warranties, whether express or implied, by statute or otherwise and BVSL expressly disclaims all other warranties and all conditions including, but not limited to, the implied warranties and/or conditions of satisfactory quality and fitness for a particular purpose. The terms of this limited warranty do not affect or prejudice your statutory rights as an ultimate consumer, neither do they limit or exclude any liability for death or personal injury caused by the negligence of BVSL.
4. Termination. This "AGREEMENT" is effective until terminated. You may terminate this "AGREEMENT" at any time by destroying the BVSL SOFTWARE, related documentation, and all copies thereof. This "AGREEMENT" will terminate immediately without notice from BVSL, if you fail to comply with any provision of this "AGREEMENT". Upon termination you must destroy the BVSL SOFTWARE, related documentation, and all copies thereof.
5. Governing Law. This "AGREEMENT" shall be governed by and construed in accordance with the laws of England.

Schedule 2 - Annual Support & Maintenance

1. DEFINITIONS

- (i) "Standard Service" shall mean the Services specified in Clause 6.
- (ii) "Priority Services" shall mean the Standard Service together with additional services defined in Clause 7
- (iii) "Standard Software Products" shall mean any program or sets of programs for which Software Support Services are to be provided pursuant to this Agreement.

(iv) "Software Support Services" shall mean the Services specified in Clauses 6 and 7 of this Agreement.

(v) "Service Charges" shall mean the annual maintenance charges specified on the order form.

(vi) "Start Date" shall mean the start date specified in Appendix 1.

(viii) "Error Reporting" shall mean the then prevailing formal procedures for reporting by the Customer to the Company errors discovered in the Standard Software Products during normal operational use..

2. TERM

2.1 This agreement shall commence on the Start Date specified in Appendix 1 and shall continue in force for an initial term of one year and thereafter from year to year until terminated by either party giving the other 90 days written notice.

2.2 After an initial term of one year, the Company may withdraw Software Support Services in respect of such Standard Software Products which in the Company's sole opinion can no longer be properly maintained.

Service charges paid in advance for any Standard Software Products withdrawn aforesaid, shall be refunded on a pro rata monthly basis with effect from the month in which such withdrawal takes effect.

3. ELIGIBILITY

3.1 The Standard Software Products shall be eligible for the Software Support Services specified hereunder only if the following conditions are satisfied:

3.1.1 Each Software Product must be properly licensed.

3.1.2 Each Product must be the unaltered release level currently supported by the Company.

3.1.3 If the Standard Software Products is not at the unaltered release level currently supported by the Company, the Company will submit a quotation for the work necessary to bring the Standard Software Products up to such level prior to this Agreement.

3.1.4 The Customer nominates a limited number of adequately trained personnel so that there can be a prompt and effective exchange of information between the Customer and the Company.

3.1.5 The Customer does not allow any person other than its employees acting on advice or instructions from the Company to carry out any modification, alteration or other maintenance on the Standard Software Products.

3.2 Where the Company does not provide services for the maintenance of the operating system applicable to the Standard Software Products the Customer must ensure that the said operating system software is maintained at the level and version required by the currently installed release of the Standard Software Products.

3.3 The Customer warrants that is its under no contractual commitment that will prevent the Company from meeting its commitments under this Agreement.

4. SERVICES CHARGES

4.1 The Customer shall pay to the Company during the currency of this Agreement, the Service Charges which are payable in advance, the first payment to be made forthwith on the Start Date and subsequent payments to be paid on the anniversary date in each succeeding year.

4.2 The Company shall have the right to vary the Service Charges for any year commencing on or after the anniversary of this Agreement with increase not to exceed RPI.

4.3 Expenses including travelling costs and subsistence and overnight accommodation necessarily incurred by the Company's personnel pursuant to the provision of on-site remedial services shall be invoiced to the Customer on completion of the work and shall be payable within 30 days of the date of invoice aforesaid.

4.4 Support will be suspended if the Customer is in breach of their payment terms until such time as the breach is remedied

5. HOURS

Unless otherwise specified in Appendix 1, the basic hours for the provision of Software Support Services pursuant to this Agreement shall be Monday to Friday 9.00am to 5:30pm inclusive (excluding public holidays in England). Calls will not be logged before 9.30 am or after 5.00 pm.

6. STANDARD SUPPORT SERVICES

The Company hereby agrees to provide the Customer with the following Software Support Services for the Standard Software Products as specified in Appendix 1 for the Service Charges therein specified:

6.1 Telephone assistance in diagnosing problems with the Standard Software Products.

6.2 Investigate promptly any problem in the Standard Software Products which is notified by the Customer in accordance with the Company's Error Reporting Procedure as specified in Appendix 1.

6.3 Respond to any notification of error(s) and/or defect(s) with 4 hours from receipt.

6.4 From time to time at its sole discretion, shall deliver to the Customer updates in respect of the current release of the Standard Software Products specified in Appendix 1, consisting solely to fixes to problems and changes providing for easier use of the Standard Software Products.

6.5 From time to time at its sole discretion, the Company shall deliver to the Customer a new release of the Standard Software Products, as specified under New Release Procedure in Appendix 1.

6.6 From time to time at its sole discretion, the Company shall make available to the Customer technical instructions, software conversion and other routines as may be necessary to enable the Customer to upgrade its Standard Software Products to the new release.

7. PRIORITY SUPPORT SERVICES

The Company hereby agrees to provide the Customer with the Standard Support Services specified in Clause 6 together with the following Software Support Services for the Standard Software Products as specified in Appendix 1 for the Service Charges therein specified:

7.1 Respond to any telephone notification of error(s) and/or defect(s) to the procedure detailed in Appendix 1.

7.2 Having commenced work to remedy the error(s) and/or defect(s) the Company shall continue with such remedy with all due despatch.

7.3 Make all reasonable efforts to correct any recurring problem which the Company determines to be a defect in the Standard Software Products.

7.4 Where such problem aforesaid renders the Standard Software Products inoperable and which the Company has been unable to resolve completely the Company shall provide on-site remedial services to further investigate the problem with the aim of providing a resolution or emergency by-pass.

7.5 Where such problem is found to be due to incorrect use of the Standard Software Products by the Customer, so inform the Customer and if requested, advise upon its correction or elimination and the Customer shall in such circumstances pay all reasonable additional charges for investigation and advice in respect thereof.

8. LIMITATIONS

The Agreement does not include services which are required by the Customer as a result of:

8.1 Unauthorised attempts to modify, alter or otherwise maintain the Standard Software Products covered by this Agreement.

8.2 Corruption of data by the Customer resulting from the use of the Standard Software Products covered by this Agreement to directly update and in consequence corrupt the said Standard Software Products files and/or any other files.

9. EXCLUSIONS

The Agreement shall not any of cover the following services.

9.1 Training in respect of the Standard Software Products.

9.2 Advice and guidance in respect of additions and/or modifications to the Standard Software Products.

9.3 Support for any hardware or software product(s) not specified in Appendix 1.

9.4 Support for new releases of the Standard Software Product on which an additional payment or licence is required by the Company.

Schedule 2 - Annual Support & Maintenance

CUSTOMER OBLIGATIONS

The Customer shall, where the Company's or Supplier's employees attend the Customer's site(s) for the purposes of this Agreement provide free of charge reasonable usage of machine time, communications, stationery, media, suitable working accommodation and access, deemed necessary by the Company for the purpose of providing the Software Support Services at the Customer's site(s).

SUPPORT MEDIA

Unless otherwise agreed in writing between the parties the support media shall be as specified in Appendix 1.

WARRANTY

The Company grants no warranties express or implied including but without limitation implied warranties of merchantability or fitness for a particular purpose of any service rendered hereunder. The Company under no circumstances warrants or represents that all or any defects can or will be corrected. §

Appendix 1

Product: BVxl for Pegasus Operations					
Period of Agreement	Start Date		Annual Renew-able		
ESCALATION LEVELS FOR PRIORITY SERVICE					
Priority	1	2	3	4	5
1-Hour	Notification				
4-Hours	First Update	Notification			
1 Day	Second Update		Notification		
2 Days	Third Update			Notification	
3 Days		First Update			
4 Days		Second Update	First Update		
5 Days		Third Update	Second Update		Notification
2 Weeks			Third Update	First Update	
4 Weeks				Second Update	First Update
GUIDELINE PRIORITY DEFINITIONS					
Priority 1 Emergency 1-hour response; 1-day fix	Priority 2 Urgent 4-hour response; 3-day fix	Priority 3 Important 8-hour response; 8-day fix	Priority 4 Normal 24-hour response; 60-day fix	Priority 5 Inconvenient 40-hour response; 90-day fix	
<i>Major Update Crash</i>	<i>Module Inoperative</i>	<i>Warning Errors</i>	<i>Training</i>	<i>General Advice</i>	
	<i>Update Program Failure</i>	<i>Corrupt Data</i>	<i>Test Database Faults</i>	<i>Non Support-Team Issues</i>	
		<i>Programme Errors</i>		<i>Minor Inconvenience</i>	
ESCALATION PERSONNEL					
Initial Notification	First Update	Second Update	Third Update		
ERROR REPORTING PROCEDURES			NEW RELEASE PROCEDURES		
<p>The Company shall log all support or service calls from the Customer. The Company shall issue the Customer with a Call Reference Number (CRN). The CRN is used to track all support and service activities. The CRN shall be cancelled by the Customer on completion of support and service activity by the Company. The Company shall issue the Customer by e-mail with a monthly report containing all outstanding and completed CRNs.</p>			<p>New versions of those Standard Software Products developed by the Company shall normally be released every six months. In case of urgency, such as where errors within the Standard Software Products developed by the Company are causing workflow problems, then temporary or intermediate releases may be issued. The normal quarterly release shall be subject to the following general release procedure. The Company shall load a copy of the upgrade, releases and associated source code onto the Customer-defined area of the Company server. The Company shall then notify the Customer by e-mail. The Customer shall then be responsible for any software download and installation.</p>		
SIGNED ON BEHALF OF THE COMPANY			SIGNED ON BEHALF OF THE CUSTOMER		
Signature		Signature			
Name		Name			
Title		Title			
Date		Date			

Schedule 3 - Price List & Royalty Payments

Reporting Modules			Data Warehouse			Viewer		
Licences	Unit Price	Value	Licences	Unit Price	Value	Licences	Unit Price	Value
1	£400	£400	1	£100	£100	5	£40	£200
2	£385	£769	2	£96	£192	10	£38	£381
3	£370	£1,109	3	£92	£277	15	£36	£544
4	£356	£1,422	4	£89	£356	20	£35	£691
5	£342	£1,710	5	£85	£427	25	£33	£823
6	£329	£1,973	6	£82	£493	30	£31	£940
7	£316	£2,213	7	£79	£553	35	£30	£1,045
8	£304	£2,432	8	£76	£608	40	£28	£1,137
9	£292	£2,630	9	£73	£658	45	£27	£1,218
10	£281	£2,810	10	£70	£703	50	£26	£1,289
11	£270	£2,972	11	£68	£743			
12	£260	£3,118	12	£65	£779			
13	£250	£3,248	13	£62	£812			
14	£240	£3,363	14	£60	£841			
15	£231	£3,465	15	£58	£866			

ROYALTY PAYMENTS

Annual Support and Maintenance is chargeable AT 20% of Retail Price.

The Software Distributor will pay 50% of all income received from the licensing, sub licensing and annual support and maintenance of BVxL (The Royalty Payment) to The Company.

Royalty payments will be invoiced upon issue of licence key reference. Invoices will become due 14 days from invoice date.

The above prices exclude VAT which will be chargeable at 17.5%.

Annual support and maintenance charges may be subject to adjustment in accordance with the RPI.
