

# MASTER AGREEMENT

ENTERED INTO BY AND BETWEEN

SEBATA MUNICIPAL SOLUTIONS (PROPRIETARY) LIMITED

(Registration number 1994/000005/07)  
(Incorporated in the Republic of South Africa)  
(Hereinafter referred to as "**SEBATA**")

AND

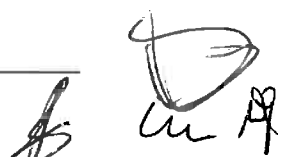
KAREEBERG LOCAL MUNICIPALITY

(successors-in-title or assigns)

(A Local Government institution established in accordance with the laws of South Africa)

(Hereinafter referred to as the "**CUSTOMER**")

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## MASTER AGREEMENT

Incorporating -

Sebata Municipal Solutions – Designated Services and Hardware  
(Set out in APPENDIX 1)

Tariff Structure  
(Set out in APPENDIX 2)

Debit Order  
(Set out in APPENDIX 3)

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## 1. PARTIES

### 1.1 The Parties to this Agreement are:

- 1.1.1 SEBATA MUNICIPAL SOLUTIONS (PROPRIETARY) LIMITED, registration number 1994/000005/07, a private limited liability company incorporated in the Republic of South Africa (hereinafter referred to as SEBATA).
- 1.1.2 KAREEBERG LOCAL MUNICIPALITY, a Local Government Institution established in accordance with the laws of the Republic of South Africa (hereinafter referred to as the CUSTOMER).

## 2. RECORDAL

- 2.1 SEBATA conducts the business of, *inter alia*, developing, owning, licensing, supporting and marketing certain software products, including the Designated Software and Hardware that forms part of the subject matter of this Agreement.
- 2.2 SEBATA is the uncontested owner and/or marketer of the Designated Software.
- 2.3 SEBATA is exclusively responsible for the installation, implementation, training, refinement, upgrading and on-going support of the Designated Software unless SEBATA has agreed otherwise in writing.
- 2.4 SEBATA has the necessary infrastructure and resources to support the Designated Software and computer hardware related thereto.
- 2.5 The CUSTOMER has, under license from SEBATA, purchased the rights to use the Designated Software at the premises of the CUSTOMER.
- 2.6 The Parties have thus resolved to record their respective rights and obligations, and ancillary matters thereto, in writing.

### NOW THEREFORE THE PARTIES AGREE AS FOLLOWS

## 3. INTERPRETATION

- 3.1 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only a definition clause, effect shall be given to it as if it were a substantive provision in the body of this Agreement.
- 3.2 In this Agreement, unless the contrary intention appears from the context:
  - 3.2.1 words signifying one gender shall mean and include all genders;
  - 3.2.2 words signifying the singular shall mean and include the plural and vice versa;
  - 3.2.3 reference to natural persons shall mean and include reference to juristic persons and vice versa;

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- 3.2.4 reference to a period of day shall mean ordinary days in the Republic of South Africa, reckoned exclusively from the first and inclusively of the last day of any specified period; provided that if the last day falls on a Saturday, Sunday or public holiday in the Republic of South Africa, it will be deemed as the next business day;
- 3.2.5 reference to the time of day shall mean the time of day within the Republic of South Africa.
- 3.3 For the purpose of interpretation, this Agreement shall be deemed to have been drafted on behalf of each party hereto.
- 3.4 The use of the words "include" and "including" followed by a specific example or examples shall not be construed as limiting the meaning of the general wording preceding it: the application of the *eiusdem generis* rule is excluded.
- 3.5 The words "other" or "otherwise" shall not be construed as *eiusdem generis* with any preceding words where a wider construction is possible.
- 3.6 Unless specifically otherwise provided, all amounts in this Agreement are exclusive of Value Added Tax (VAT).

#### 4. DEFINITIONS

- 4.1 In this Agreement the following words, expressions or abbreviations shall have the meanings as set out hereto:

"Agent" means any natural or juristic person that may be engaged or appointed by SEBATA to perform specific defined and approved work on any direct or indirect aspect of the Designated Software. Prior to appointment, any agent who requires formal (written) certification or accreditation by SEBATA, and who fails to produce such certification, disqualifies the agent for any appointment.

"This Agreement" means this Master Agreement and all appendices hereto.

"Authorised Use" within the framework and subject to the restrictions set out in this Agreement, means the use of the Designated Software that is expressly and formally authorised by SEBATA and that does not infringe any of SEBATA's intellectual property rights and/or that does not expose SEBATA and/or the CUSTOMER to any undue and/or unwarranted risks. The CUSTOMER's authorised use is limited to the CUSTOMER alone and does not extend to

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third parties.

"Authorised or Accredited  
Agents"

means any agent (natural or juristic person) that is formally and in writing accredited, authorised and/or appointed by SEBATA to perform defined work on the Designated Software. The accreditation and authorisation can only be formally granted and/or withdrawn by SEBATA and SEBATA reserves all rights thereto.

"Confidential Information"

means of information confidential and/ proprietary in nature, including but not limited to, trade, financial, sales, contractual, technology and management secrets, special marketing information, ideas, know-how, technical data, product or process specifications, exclusivity arrangements, designs, formulations, computer programs and concepts originated by the disclosing party, not previously published or otherwise disclosed to the general public, not previously available to the receiving party without restriction, not normally furnished to others without compensation, and which the disclosing party desires to protect against unrestricted disclosure or competitive use, and which is furnished in writing pursuant to this Agreement.

"Designated Hardware"

means the equipment and hardware that falls within the scope of this Agreement, as set out in APPENDIX 1;

"Designated Services"

means the services that fall within the scope of this Agreement, as set out in APPENDIX 1;

"Designated Software"

means any and all and not limited to SebataEMS components, the intellectual property of SEBATA forming the principal subject matter of this Agreement and whose exact trade name, branding and core underlying architecture at all times remain the sole property of SEBATA. This includes SEBATA'S accompanying search and retrieval software, the documentation and any

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accompanying tapes or discs.

"Effective Date" means 1 July 2017, or such other date as agreed to between the parties in writing, whichever is the earlier.

"SeбатаEMS or EMS" means Seбата Enterprise Management Solutions.

"Seбата Connect" Dedicated Network / Connection that allows for support from Seбата, connectivity for lessee's remote sites and/or as internet connection.

"Meterman" meter reading on cell phones, automated meter reading and smart metering with prepaid

"ICT" Information Communications Technology.

"IP" Intellectual Property.

"Intellectual Property Rights" means all current and future intellectual property rights of whatever nature in relation to or attaching to the Designated Software, including, but not limited to, all vested, contingent and future patents, copyrights, data, designs, source codes, inventions, processes, know-how or techniques incorporated and / or embodied in the Designated Software and / or Hardware, trademarks, service marks and other rights of a similar character, whether or not the same are registered or capable of registration.

"License" means the non-transferable rights to use the Designated Software granted to the CUSTOMER by SEBATA in terms of this Agreement. Any rights not expressly granted in the License are reserved for SEBATA.

"Licensee" means the CUSTOMER.

"Licensor" means SEBATA.

"Party" shall mean a party to this Agreement.

"Refinement" With respect to the Designated Software, means any form of improvement, which in the opinion of SEBATA might

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have a positive influence on the performance or functionality of the Designated Software, as well as the resolution of individual CUSTOMER specific problems or preferences.

"System" means the Designated Software.

"Signature Date" means the date of signature of this Agreement by the last party signing.

"Unaccredited or Unauthorised Agents" any agent (natural or juristic person) that does have or cannot produce a formal accreditation or authorisation by SEBATA, or any agent whose accreditation or authorization has for whatever reason been formally (in writing) withdrawn by SEBATA.

## 5. SUBJECT MATTER

5.1 The subject matter of this Agreement is as follows:

5.1.1 Supply, installation and/or management of any components of the Designated Software, Hardware and Solutions defined in this Agreement; and

5.1.2 Rendering the Designated Services as per this Agreement.

5.2 As at the Signature Date, the Designated Services, Designated Software and Designated Hardware to be supplied and/or rendered to the CUSTOMER by SEBATA, are set out in APPENDIX 2, namely:

- SebataEMS;

5.3. Should the CUSTOMER require SEBATA to supply and/or render additional Designated Services, Designated Software and/or Designated Hardware, the Parties shall enter into a separate service level agreement in respect of the provision of the relevant services, hardware and/or software, which agreement shall constitute an annexure to this Agreement.

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## 6. DURATION

- 6.1 This Agreement shall commence on the Effective Date, 01 July 2017 and endure for a period of 3 (three) years unless terminated in accordance with clause 7 "Termination" or clause 28 "Breach".
- 6.2 This Agreement shall automatically be renewed for a further 3-year period, unless terminated by either party by giving the other party 180 days' written notice of termination prior to expiration of the contract period in 6.1 above.

## 7. TERMINATION

This Agreement may be terminated by either party, without cause, on 6 months or One Hundred and Eighty (180) calendar days' written notice of such termination to the other party. The CUSTOMER reserves the right to all data captured on the Designated Software.

## 8. RELATIONSHIP BETWEEN THE PARTIES

- 8.1 Nothing in this Agreement shall be construed as establishing any relationship between the parties other than that of:
- 8.1.1 in respect of the Designated Software, licensor on the one part and licensee on the other;
  - 8.1.2 in respect of the Designated Services, service provider on the one part and customer on the other; and
  - 8.1.3 in respect of Designated Hardware, supplier on the one part and customer on the other.
- 8.2 Neither party may in any manner represent to any third party that the relationship between them is anything other than as set out above.
- 8.3 SEBATA shall, however, be entitled to inform any of its other customers or potential customers that it has been duly awarded the business of supplying and implementing software and providing related professional services to the CUSTOMER.

## 9. PAYMENT

- 9.1 The fees payable by the CUSTOMER to SEBATA in respect of the relevant Designated Software, Designated Hardware, Designated Services and License Fees (as per clause 5.2 above), are set out in APPENDIX 2. All such prices, fees and charges are exclusive of:
- 9.1.1 VAT which shall be charged to the CUSTOMER in addition, at the rate and in the manner for the time being prescribed by law;
  - 9.1.2 any other taxes and duties which are levied or charged by any revenue authority

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(including the South African Revenue Services), all of which shall be for the account of the CUSTOMER. Should the CUSTOMER be obliged to deduct any withholding taxes from any prices, fees or charges due to SEBATA, then:

9.1.2.1 SEBATA shall gross up the amount payable by the CUSTOMER such that after deduction of the withholding tax, SEBATA receives the full price, fee or charge specified in the relevant Designated Software and Designated Services;

9.1.2.2 The CUSTOMER undertakes and warrants that it shall make due and timely payment of such withholding taxes due by it to the appropriate revenue or other government authority whilst SEBATA undertakes to refund the CUSTOMER for such withholding taxes if SEBATA is reimbursed such taxes pursuant to a tax treaty.

9.1.2.3 The CUSTOMER undertakes to pay:

9.1.2.3.1 any other charges, fees and costs (including freight, delivery and insurance), all of which shall be for the account of the CUSTOMER;

9.1.2.3.2 all charges and costs for Services and for all Goods supplied in terms of that Designated Software and Designated Services, all of which shall be for the account of the CUSTOMER, except as otherwise provided to the contrary therein.

9.2 Payment of invoices generated by SEBATA will be payable within 30 days from date of invoice.

9.3 The fees and all other charges and payments shall escalate annually from the first day of July, the higher of 10% or CPI.

9.4 The fees payable can either be paid by direct bank electronic transfer or by debit order. If paid by debit order, the CUSTOMER shall also sign the Debit Order / Automatic Payment Authority attached hereto as APPENDIX 3, or any appropriate automatic payment authority, which authorises SEBATA to deduct the fees payable directly from the bank account of the CUSTOMER.

9.5 Interest, monthly in arrears, at the prevailing prime interest rate plus 4 (four) percent, shall be levied on accounts owing by the CUSTOMER for any period longer than 30 (thirty) days.

9.6 Any failure by the CUSTOMER to make any payment on due date shall entitle SEBATA, inter alia, to refuse to execute any of the Designated Services and/or delivery and execution of any Designated Software and Designated Hardware with the CUSTOMER, to refuse to make further deliveries of the Designated Hardware, to immediately suspend the provision of any and/or all Designated Software and Designated Services until such time as all arrears have

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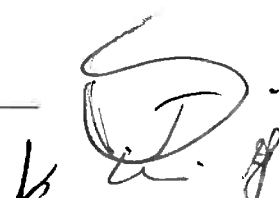
been paid in full, including any interest due. SEBATA shall further be entitled to require the CUSTOMER to make payments in advance thereafter for any further goods to be delivered and/or Services to be performed.

- 9.7 The CUSTOMER may not set off any amount(s) owing by SEBATA and/or SEBATA's duly authorised agent from any amount due by the CUSTOMER to SEBATA and/or SEBATA's authorised agent(s).
- 9.8 The CUSTOMER shall pay all undisputed prices, fees and charges when they become payable and shall not withhold payment under any circumstances. In the event the CUSTOMER disputes a portion of an invoice, the CUSTOMER shall pay the undisputed invoices and provide SEBATA with details on the disputed amount/invoice within 5 (five) Work Days from date of invoice. SEBATA reserves the right to credit and re-invoice undisputed amounts which will become payable. In the event that the CUSTOMER disputes part/whole of an invoice, the Parties shall thereafter resolve the dispute within 5 (five) Business Days, failing which, either Party may refer a dispute in terms of clause 29. The prices, fees and charges shall be payable to SEBATA by the CUSTOMER at SEBATA's bankers, free of exchange, set-off and any other deduction, and payment shall not be effected until the funds have been cleared to and received by SEBATA's bankers whose details are as follows:

**BANK:** FNB  
**NAME:** Sebata Municipal Solutions(Pty) Ltd  
**ACCOUNT NUMBER:** 62045934842  
**CODE:** 260-950  
**SWIFT CODE:** FIRNSAJJ

- 9.9 Should the CUSTOMER commit a material breach, with reference to clause 27 of this Agreement or breach any other terms of this Agreement and fail to remedy same timeously, all amounts due by the CUSTOMER to SEBATA in terms of this Agreement shall become immediately due, owing and payable to SEBATA whether or not the due date for same has arrived, and the CUSTOMER shall make payment of those amounts.
- 9.10 The prices/fees and charges for Designated Services, Designated Software and Designated Hardware, set out in APPENDIX 2, are valid for a period of 30 (thirty) days from the date of presentation of this Agreement to the CUSTOMER. SEBATA shall be entitled to amend the prices, fees and charges, in its sole discretion, on 30 days' notice to the CUSTOMER.

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## 10 GRANT OF LICENSE

- 10.1 SEBATA hereby grants to the CUSTOMER non-exclusive, non-transferable License for the full or entire duration of this Agreement to use the Designated Software for its own use at the CUSTOMER'S premises on the terms and conditions set out in this Agreement.
- 10.2 Whilst the Designated Software is licensed as a single integrated product, its use may be extended to the CUSTOMER'S additional facilities (branches, remote offices and/or delivery points), in accordance with SEBATA's user and License fee conditions at the time of the implementation and acceptance of the Designated Software. The modules, components and/or constituent parts of the Designated Software may not be separated for use by any party other than SEBATA.
- 10.3 It is recorded that the CUSTOMER has no proprietary right in the Designated Software or any part thereof and/or any of the enhancements, fixes and changes or parts thereof, irrespective of the origin of the said enhancements, fixes and/or changes. It is further recorded that all documentation related to the Designated Software provided to the CUSTOMER by SEBATA will remain the property of SEBATA.
- 10.4 If this Agreement is cancelled or terminated, refer to clause 7 of this Agreement, for whatever reason, SEBATA will no longer support the Designated Software after the termination date, and the CUSTOMER will no longer use the Designated Software, unless a specific written arrangement is made and agreed to between the Parties.
- 10.5 The License and use of the Designated Software by the CUSTOMER shall be subject to the payment of the annual License fees payable in terms of this Agreement.
- 10.6 SEBATA agrees to be bound by the terms of this Agreement by fully or partially installing, implementing and supporting the functioning of the Designated Software, Designated Hardware and/or Designated Services, as instructed by the CUSTOMER.
- 10.7 The CUSTOMER agrees to be bound by the terms of this Agreement by procuring and agreeing to the full or partial installation and implementation of the Designated Software, and utilising it and/or deriving benefit from it during and after installation and implementation.
- 10.8 There are technological measures in the Designated Software that are designed to prevent the unauthorised and/or unlicensed use of the Designated Software. SEBATA reserves the right to use those measures to confirm the existence of legally licensed Software and/or to restrict or terminate any unauthorised use of the Designated Software. Some of the instances in which these drastic technological measures would be used include, but are not limited to, SEBATA taking appropriate action when the License fees are overdue and/or have not been duly paid by the CUSTOMER as per clause 9.7 of this Agreement.

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## **11. SEBATA EMS COMPOSITION**

- 11.1 The System is licensed as a single product. Its component parts may not be separated for use by third parties.
- 11.2 The System is Microsoft Windows based.
- 11.3 The System may include associated media, printed materials, online or electronic documentation, and internet based services.
- 11.4 Notwithstanding the above, any software, documentation, or web services that are Included in the System, or are accessible via the System, or as defined in an associated activation proposal, and are accompanied by their own License Agreements, or terms of use, are governed by such agreements.
- 11.5 Core modules included in the SebataEMS:
  - 11.5.1 IDP/service delivery and budget implementation plans (SDBIP)/performance management systems(PMS)/projects
  - 11.5.2 Human resources (HR)
  - 11.5.3 Payroll
  - 11.5.4 Billing
  - 11.5.5 General ledger
  - 11.5.6 Supply chain management
  - 11.5.7 Asset management
  - 11.5.8 Inventory
  - 11.5.9 Full mSCOA capabilities (Planning, transacting and reporting)
  - 11.5.10 Electronic Document Management System (EDMS)
- 11.6 SEBATA reserves the right to add/remove modules to the Designated Software. The CUSTOMER reserves the right to be informed of any changes to the modules indicated as per clause 11.5, either party may refer a dispute in terms of clause 29.

## **12. LICENSE FEES**

- 12.1 SebataEMS license fees are calculated on a formula that incorporates, but is not limited to, the number of users and employees in the municipality. SebataEMS reserves the right to reassess the license fee costs, at any point in time. Provisional license fees are set out in APPENDIX 2, attached hereto. User categories consist of high, medium and low-end license fees defined below:
  - 12.1.1 High-end user:

Capturer of any type of information on SebataEMS. User has more than five permissions, active, which enables the user to "add" or "edit" on SebataEMS workflow.

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**12.2.2 Medium-end user:**

Viewer or approver on SebataEMS. Users permission levels are setup as "approver "or has permission levels assigned to the user to view reports or data on SebataEMS. User has five or less permissions, active, which enables the user to "add" or "edit" on SebataEMS workflow.

**12.2.3 Low-end user:**

User has five or less permissions, active, which enables the user to "add" or "edit" on SebataEMS workflow, irrespective of ICT availability provided by the municipal ICT infrastructure. This user/beneficiary will have limited viewing permissions and cannot approve any process on SebataEMS. The principle for calculation is that transactional complexity levels increase in direct correlation to the number of employees employed by the municipality and therefore the discounted rate is applicable irrespective of whether they are in fact a user of the SebataEMS or not.

**13. SUSPENSION AND TERMINATION**

- 13.1. The License granted to the CUSTOMER for the use of the Designated Software may be suspended in the event of, but not limited to, a material and un-remedied breach of the terms and conditions of this Agreement, and/or a violation or infringement of any of SEBATA'S intellectual property rights, and/or overdue and/or non-payment of any Sebata services.
- 13.2 Should the CUSTOMER's License be suspended for any reason whatsoever, the CUSTOMER acknowledges that it will forfeit its access to and/or use of any aspect of and/or the full Designated Software, however, the CUSTOMER shall still be liable for the payment, inclusive of all monies in arrears during such suspension.
- 13.3 In the event of termination of this Agreement, for any reason whatsoever, the CUSTOMER's License shall be deemed to be terminated. However, in the event that the CUSTOMER successfully logs-on to the Designated Software following a termination, the terms and conditions of this Agreement shall apply to the CUSTOMER and the CUSTOMER shall be liable to pay the full License fee to SEBATA for the minimum of a full month's License fee and/or the full period of the logon or access to the Designated Software beyond the minimum of one month. The applicable License fees shall be due and payable on presentation of invoice by SEBATA.

**14 INSTALLATION AND IMPLEMENTATION**

- 14.1 Where applicable, SEBATA shall install the Hardware and Designated Software at the CUSTOMER's premises or offices on the CUSTOMER'S computer hardware and operating system, which computer hardware and operating system must, prior to the installation and implementation of the Designated Software, be physically assessed and approved by SEBATA.

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- 14.2 Should the CUSTOMER at any point after the initial installation, testing and implementation of the Designated Software, wish or decide to change or upgrade its computer hardware and/or operating systems, it is the responsibility of the CUSTOMER to ensure that the Designated Software will function on the new computer hardware and/or operating systems by corroborating with SEBATA, before purchasing the new computer hardware and/or operating systems. If the CUSTOMER changes the computer hardware and/or operating systems without consulting with SEBATA, SEBATA will no longer guarantee the correct functioning of the Designated Software.
- 14.3 Should the CUSTOMER, for whatever reason, wish to purchase new computer hardware and/or operating systems, the CUSTOMER must first formally request SEBATA to assist with specifications, and on delivery, assess and test the new computer hardware and/or operating system or network software to ensure that the Designated Software functions well on the new computer hardware and/or operating system.
- 14.4 If the Designated Software does not work on any new computer hardware and/or operating system purchased by the CUSTOMER without consulting SEBATA, SEBATA will on request by the CUSTOMER and after running the necessary tests, attempt to reconfigure the computer hardware and make the required changes to either the computer hardware, operating system and/or Designated Software. If changes are made by SEBATA, the CUSTOMER will pay SEBATA all costs and expenses relating to the changes, including but not limited to, development and implementation of additional software or patches, or the purchase of new hardware.

## 15. TRAINING

- 15.1 SEBATA shall provide training in the navigation, use and functionality of the Designated Hardware and/or Software to designated employees of the CUSTOMER. The scope and duration of training, cost and venue thereof, and the number of employees to be designated for such training shall be agreed upon between the Parties in writing.
- 15.2 The employees of the CUSTOMER who shall be designated for training on the Designated Software, whose names and details shall be recorded in writing prior to the commencement of the training, shall be obliged to undergo the said training.
- 15.3 The initial training to be provided to designated employees of THE CUSTOMER shall be as per SEBATA's initial plan for the installation and implementation of the Designated Hardware or Software which refers to the Memorandum of Understanding and subsequently the Project Charter. This initial training framework has been approved by the CUSTOMER, together with the approval of the procurement of the Designated Hardware or Software from SEBATA.

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- 15.4 Any additional training and/or continuing user development to be carried out by SEBATA, shall be agreed upon in writing between SEBATA and the CUSTOMER, which will include the cost of such training, refer to APPENDIX 2.
- 15.5 If the CUSTOMER decides not to or omits to nominate a sufficient number of employees or none at all for the training, SEBATA cannot guarantee the proper utilization and/or functioning of the Designated Hardware or Software. SEBATA will also not be able to assist any employee of the CUSTOMER on the Call Centre without the specific employee of the CUSTOMER requiring assistance, having undergone the necessary training provided by SEBATA.
- 15.6 SEBATA does not grant any individual and/or company, other than SEBATA's formally authorized and accredited agents, the right to perform the training and/or support on the Designated Hardware or Software.
- 15.7 SEBATA will take no responsibility for the proper functioning of the Designated Hardware or Software, including any consequential loss or damage emanating therefrom, if the provisions set out in this clause 15 are not strictly adhered to by the CUSTOMER.
- 15.8 If the Designated Software does not function correctly as a result of any unauthorised action taken by the CUSTOMER, the CUSTOMER will be responsible for all costs and expenses (at the cost of the training, support and software development at that specific time) in the event that SEBATA is required to rectify any problems. SEBATA does not guarantee that it will be able to rectify any such problems and does not accept responsibility for the correct functioning of the Designated Software if any other person or company, other than SEBATA, has made rectifications to the Designated Software.

## 16. USERS AND SECURITY

- 16.1 The CUSTOMER shall be fully responsible for developing, maintaining and enforcing user account management policies and procedures. These include, but are not limited to, policies and procedures relating to the issue of passwords to employees or users, the preservation of confidentiality thereof, and termination of passwords when employees leave the employee of THE CUSTOMER or are barred from accessing the Designated Software.
- 16.2 In order to help protect the Designated Software and the CUSTOMER against breaches of security and malicious software and/or computer viruses, where applicable, the CUSTOMER shall regularly and periodically back-up its data and information, and use security features such as firewalls, anti-virus software, and install and use security updates.
- 16.3 Should the CUSTOMER not be able effect any security and/or backup of the data, SEBATA can, upon formal request by the CUSTOMER, effect and maintain procedures relating to security and backup of data. The cost and expenses relating to the effecting of such security and

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backup shall be for the account of the CUSTOMER.

- 16.4 In the event that the Designated Software, and/or a component and/or module thereof is lost as a result of an act or omission by the CUSTOMER to such an extent that a re-installation of the Designated Software or any part thereof is necessary, the full cost of the re-installation shall be borne by the CUSTOMER. If the loss is as a result of a negligent act or omission by SEBATA, SEBATA shall bear the cost of re-installation.

## **17. USER GROUP**

- 17.1 As a licensee and user of the Designated Software, the CUSTOMER shall be entitled to join and become an active member of the SEBATA User-Group. The User-Group is intended as a vehicle and platform for knowledge and experience sharing, and cross learning between all users of the Designated Software. National and/or Regional User-Group meetings, seminars and workshops shall be held annually at the discretion of SEBATA and at various locations and territories.
- 17.2 SEBATA shall principally co-ordinate and provide Secretariat and event management services to the User-Group.
- 17.3 Schedules, venue details, maximum number of delegates allowed to join the User Group, programmes, agenda and minutes of all User-Group meetings shall be distributed to all relevant User-Group members.
- 17.4 The CUSTOMER undertakes to formally advise SEBATA who its standing and ad hoc representatives at all relevant User-Group meetings, seminars and workshops shall be, and SEBATA shall ensure that these representatives are formally advised and invited to attend and participate at all relevant User-Group meetings, workshops and seminars.

## **18. EXCLUSIONS AND RESTRICTIONS**

- 18.1 The CUSTOMER may not resell, lease or rent out, loan or otherwise distribute the Designated Software, nor may the CUSTOMER sell the License, or transfer the License to anyone, including the Designated Software, copies of the Designated Software and/or the documentation of the Designated Software.
- 18.2 The CUSTOMER and/or any agents appointed by The CUSTOMER may under no circumstances copy, de-compile, reverse engineer, dis-assemble and/or decode the Designated Software and/or any part thereof.
- 18.3 The CUSTOMER may not modify, or create derivative works upon the Designated Software in whole or in part, nor may the CUSTOMER directly or indirectly allow or permit any third party to do so.
- 18.4 The CUSTOMER may not copy or change any database structure, nor may the database

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structures be made known to any third party without the written consent of SEBATA.

- 18.5 The CUSTOMER may not permit any third party(ies) from using the Designated Software via timesharing, service bureau or any other arrangement.
- 18.6 In the event that the CUSTOMER requires any non-employee to make use of the Designated Software on behalf of, or for the assistance to the CUSTOMER, such requirement / intention needs to be communicated to SEBATA in writing and only when both Parties agree, the license fees as stipulated in clause 12 will become applicable.

## **19. COPIES OF DESIGNATED SOFTWARE AND MATERIALS**

- 19.1 The CUSTOMER undertakes not to copy the Designated Software, and understands that the copying of the Designated Software by any employee and/or any agent appointed by the CUSTOMER constitutes a material breach of this Agreement.
- 19.2 SEBATA shall at any time and at its absolute discretion be entitled to inspect the premises of the CUSTOMER and may destroy any unauthorized copies of the Designated Software.

## **20. REFINEMENTS AND UPGRADES**

- 20.1 For the purpose of this Agreement, Refinement shall mean any form of change, or amendment, or enhancement of the existing Designated Software and/or the development of any new software, which will, in the opinion of SEBATA, have a positive influence on the functionality, performance, stability and/or the marketing of the Designated Software. The resolution of the CUSTOMER problems and individual preferences shall not constitute Refinement.
- 20.2 The procedure to be followed with respect to Refinements shall be as follows:
- 20.2.1 All Refinement requests or proposals shall be furnished to SEBATA in writing.
- 20.2.2 On receipt of Refinement proposals, SEBATA shall at its sole discretion decide whether such proposal(s) can be implemented as a Refinement. If not, SEBATA shall inform the CUSTOMER accordingly.
- 20.2.3 If a proposal qualifies as a Refinement, such Refinement shall, with or without the comments of SEBATA, be communicated directly to the CUSTOMER and/or to other customers during a User-Group meeting.
- 20.2.4 For the purpose of this Agreement, an Upgrade shall mean a minor or major logical change or improvement of the entire Designated Software or part thereof, either in light of or in accordance with changes in technology, legislation, policies, business processes and/or best practice. Upgrades shall be logically differentiated, structured, developed and implemented at the instance of SEBATA, in line with SEBATA's system development life cycle (SDLC) and commitment to innovation and

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continuous improvement. Upgrades shall be differentiated as either minor or major, and shall be indicated with identifiable version numbers. Upgrades are principally intended to be for the benefit of the CUSTOMER.

20.2.5 Upgrades which are developed at SEBATA's instance shall be implemented with the concurrence of the CUSTOMER and SEBATA undertakes to adhere to the CUSTOMERS change and access control procedures. Any training required prior to and/or following the implementation of the Upgrade shall be undertaken in concurrence with the CUSTOMER. The cost of any training and/or implementation relating to a minor or major Upgrade shall be for the account of the CUSTOMER.

20.2.6 Upgrades shall replace, modify, enhance and/or supplement, and may disable, earlier versions of the Designated Software and/or a component or module of the Designated Software.

20.2.7 The CUSTOMER shall at all times be responsible for the preservation of the whole Designated Software as originally licensed in the first instance, and as from time to time adapted and upgraded through continued support as generally prescribed.

## 21. SUPPORT

21.1 Post-implementation support of the Designated Software and Designated Hardware shall be provided by SEBATA, either directly or through formally (in writing) accredited, certified and approved agents or partners.

21.2 The CUSTOMER shall not for any reason whatsoever, unless SEBATA agreed to it in writing, permit any unauthorised natural or juristic person to work on the Designated Software. The engagement or appointment of any authorised natural and/or juristic person to perform any work on the Designated Software shall constitute a material breach of this Agreement and an infringement of SEBATA's intellectual property rights, which exposes the CUSTOMER to inordinate risks and legal action by SEBATA. In the event that the CUSTOMER does request and obtain approval in writing from SEBATA in order to allow any 3<sup>rd</sup> parties to assist or make use of the Designated Software, SEBATA will take no responsibility for any defect, incorrect use or subsequent data and operational issue of the System and all corrective action thereafter will be done at an agreed upon cost.

21.3 Support to the CUSTOMER in the use of the Designated Software shall broadly be along the following lines:

21.3.1 Centre of Excellence

21.3.1.1 First Line Support - Telephonic support to be provided to designated users and/or employees of the CUSTOMER who contact SEBATA's Call Centre for specific and

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general telephonic assistance. The telephonic support is provided by SEBATA employees or authorised agents who are employed for that purpose. First line telephonic support will be limited to a maximum of fifteen (15) minutes. SEBATA shall log all calls and provide feedback and periodically report on these to the CUSTOMER.

21.3.1.2 Second Line Support - A Subject Matter Expert (SME) will attend to the matters raised by the CUSTOMER. An estimation on time, rate per hour as indicated in APPENDIX 2 will determine the total cost. A quotation based on the resources to complete the request will be sent to the CUSTOMER for review and acceptance. A written approval/order is required before the request will be actioned. A report will accompany the work performed and invoiced. This includes, but is not limited to support performed telephonically, through a IT Network and/or on-site.

21.3.1.3 The Centre of Excellence can be reached by any user and/or employee of the CUSTOMER by dialling the following numbers:

Toll-free / ShareCall: 0861 73 22 82 (South Africa only)

Toll-free / ShareCall: 0861 SEBATA (South Africa only)

Telephone: +27 011 218 8080

## 21.3.2 On-site Support

21.3.2.1 Third Line Support - On-site support will involve the deployment of SEBATA personnel and/or authorised agents to the premises of the CUSTOMER to perform defined and agreed upon work on the Designated Software. The level and duration of any on-site support will vary from customer-to-customer and the minimum monthly support hours is specified in APPENDIX 2. Additional required hours to the specified hours must be agreed to between SEBATA and the CUSTOMER.

21.3.2.2 Any additional and specific support arrangement, entered between SEBATA and the CUSTOMER, which may be at any point during the duration of this Agreement, may be annexed as an appendix or annexure to this Agreement.

21.3.2.3 SEBATA has included the cost for support on the SebataEMS (APPENDIX 2), focusing on all high-impact areas of the Software and/or financial operations of the CUSTOMER, including but not limited to Billing, Payroll, Cashbook, Reporting (statutory, National Treasury, monthly, quarterly, annual, ad hoc, etc.), Creditor Payment and Financial Year-end. Additional ongoing support can be structured on the basis of fixed and/or variable days per month for the whole or part of the financial year which will be annexed as an Appendix or Annexure to this agreement.

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21.4 SebataConnect

- 21.4.1 Support will be provided on SebataConnect to all customers that have subscribed to such services. Where specifically required and paid for by the CUSTOMER, this support may include the execution and maintenance of regular and/or periodic critical data backups.
- 21.4.2 The implementation and subscription to the SebataConnect, by the CUSTOMER may also enable the provision of other services to the CUSTOMER by SEBATA. Full details on the SebataConnect may be annexed to this Agreement and/or supplied separately to the CUSTOMER by SEBATA.
- 21.4.3 Due to the complexity, specific technical detail and operational ramifications, subscription to the SebataConnect shall be set in a specific and separate Agreement, which is to be annexed to this Agreement.

**22. VIS MAJOR (FORCE MAJEURE)**

The CUSTOMER shall not have any claim of any nature whatever against SEBATA for failure to carry out any of its obligations under this Agreement as a result of vis major, including, but without being limited to, any strike, lock-out, shortage of labour or materials, delays in transport, accidents of any kind, riot, political or civil disturbances, the elements, any act of any State or Government or any other authority or any other cause whatever beyond the control of the party in question.

**23. CONFIDENTIALITY AND NON-DISCLOSURE**

- 23.1 Neither party shall use or divulge to any person or office, any Confidential Information disclosed to it by the other Party in connection with the performance of this Agreement, in any form or manner whatsoever, other than appropriate representatives, officials or employees of the Parties to which proposals or reports must be submitted in connection with the subject matter of this Agreement.
- 23.2 Neither Party shall purport to do anything or assist any other person in doing anything which may or could impair, prejudice or interfere with the Parties' vested rights, title and interest in and pertaining to the Confidential Information.
- 23.3 The Parties undertake to obtain confidentiality undertakings from their associated entity(ies), subsidiary(ies), holding company(ies), employees, officers, agents, directors, Councillors, representatives, associates, advisors and consultants who have a reasonable "need to know" and will come into contact with any Confidential Information, on the same terms as contained in this Agreement.

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- 23.4 The standard of care for protecting such Confidential Information, imposed on the Party receiving such information, will be that degree or standard of care the receiving Party uses to prevent disclosure, publication or dissemination of its own Confidential Information.
- 23.5 The obligations of non-disclosure and non-use of Confidential Information imposed in the preceding paragraphs shall terminate 5 (five) years after the termination of this Agreement.
- 23.6 The provisions of this clause 23 are not applicable to:
- 23.6.1 information which is or becomes lawfully known or available to the receiving party from a source other than the disclosing party, or which is or becomes in the public domain, and without breach of this Agreement by the recipient;
- 23.6.2 information developed independently by the receiving party without use of or reference to confidential information disclosed to it in connection with this Agreement or the contemplated transaction.
- 23.7 Nothing contained in this clause 23 shall restrict either party from disclosing any portion of such information on a restricted basis pursuant to or in compliance with a judicial or lawful injunction, or court order, but only to the extent of such order.
- 23.8 Each undertaking and acknowledgement made or given by the Parties in respect of the Confidential Information is separate from each other and is made separately in respect of each proprietary right of the disclosing party, and is severable from every other such undertaking and acknowledgement, and is in no manner limited or restricted by reference to or inference from any other separate undertaking and acknowledgement.

## **24. INTELLECTUAL PROPERTY RIGHTS**

- 24.1 The CUSTOMER acknowledges that the Designated Software or any part thereof, and/or module of same, and/or any enhancement thereto, and/or any customization and/or upgrade thereto that may be deployed, is the property of SEBATA and nothing in this Agreement shall constitute the transfer of any Intellectual Property Rights to the CUSTOMER. The CUSTOMER shall only use the Designated Software and/or any enhancement thereto, under the terms and conditions of this Agreement.
- 24.2 The CUSTOMER acknowledges that any and all of the trademarks, trade names, copyrights, patents and all other intellectual property and intellectual property rights used and/or embodied in and/or existing in connection with the Designated Software and/or resulting there from, and/or which may come about due to any update of the Designated Software, as well as any documentation, will be and shall solely remain the property of SEBATA. The CUSTOMER will not during, and/or at any time after the expiry and/or termination of this License in any way question or dispute the ownership and right of SEBATA.

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- 24.3 The CUSTOMER acknowledges that SEBATA, as part of its FMS/EMS User-Group methodology and regular customer interactions, from time to time, invited its customers of users of the Designated Software to submit requests or information concerning new and/or improved functionality needed in respect of the Designated Software, which SEBATA may incorporate and generally provide to other customers. The CUSTOMER grants SEBATA, a non-exclusive, perpetual, irrevocably, royalty-free License to use, modify, display, transfer, License, sub-License, distribute in any manner, and otherwise commercially exploit the information in any way and/or on any medium currently available, presently or in the future.
- 24.4 The CUSTOMER shall not, directly or indirectly, for the duration of the Agreement or at any time thereafter:
- 24.4.1 claim ownership of the Intellectual Property Rights of SEBATA;
  - 24.4.2 use the Intellectual Property or any confusingly similar trademark or other intellectual or industrial property in any manner not expressly authorised in writing by SEBATA;
  - 24.4.3 submit any application to register the Intellectual Property or any other trademark or service mark, copyright, design right or invention of SEBATA, without SEBATA'S prior written consent.

## **25. WARRANTIES BY SEBATA**

- 25.1 SEBATA warrants that it owns the Designated Hardware and Software and/or has the necessary authority and/or Licenses to grant The CUSTOMER the rights and License contemplated in this Agreement, and that, in the execution of SEBATA's obligations in terms of this Agreement and/or use by The CUSTOMER of the Designated Software, no intellectual property rights of any third party will be infringed.
- 25.2 Save for what is set out above, SEBATA neither makes nor gives any warranties or representations, whether express or implied, relating to the Designated Hardware or Software and/or related documentation as to the performance of the Designated Software, or as to the enhancements and/or support to be rendered in terms of the CUSTOMER support agreement, to the CUSTOMER or any other person, except as forth in this Agreement.

## **26. WARRANTIES BY THE CUSTOMER**

- 26.1 The CUSTOMER undertakes to protect the Designated Hardware and Software and/or documentation related thereto against unauthorized use, tampering and/or reproduction.
- 26.2 The CUSTOMER undertakes to ensure at all times that the Designated Hardware or Software and/or enhancements thereto are properly used and in accordance with instructions of use.
- 26.3 The CUSTOMER undertakes to ensure that no alterations, modifications and/or additions are

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made to the Designated Software by the CUSTOMER and/or any employee of the CUSTOMER and/or any third party appointed by the CUSTOMER.

- 26.4 The CUSTOMER undertakes not to remove or destroy any proprietary marking or proprietary legends appearing on or contained within the licensed Designated Software or materials, and the CUSTOMER warrants that such proprietary marking or legends will appear on all copies or partial copies of any aspect of the Designated Software and/or documents related thereto.
- 26.5 The CUSTOMER undertakes not to engage or appoint any unauthorised and/or unaccredited agent to do any work on the Designated Software.

## 27. BREACH

27.1 Should either party ("defaulting party"):

- 27.1.1 breach any essential provision of this Agreement (irrespective of the materiality of such breach or provision) and fail to remedy such breach within 7 (seven) days after receiving written notice requiring such remedy from the other party; or
- 27.1.2 being a trust, be revoked, discharged or varied in any manner whatever or suffer any change in its beneficiaries after the signature date; or
- 27.1.3 being a natural person, publish notice of the voluntary surrender of his estate, or die; or
- 27.1.4 not being a natural person, be wound-up, liquidated, deregistered or placed under judicial management, in any such event whether provisionally or finally and whether voluntarily or compulsorily, or pass a resolution providing for any such event; or
- 27.1.5 have any application or other proceedings brought against or in respect of it in terms of which it is sought to be sequestered or placed under curatorship if a natural person, or, if not a natural person, deregistered, wound-up, liquidated or placed under judicial management, in any such event whether provisionally or finally; or
- 27.1.6 be or become insolvent or commit any act which is or, if it were a natural person, would be an act of insolvency as defined in the Insolvency Act No 24 of 1936; or
- 27.1.7 being a company, be deemed to be unable to pay its debts in terms of the Companies Act No 61 of 1973; or
- 27.1.8 compromise or attempt to compromise with, or defer or attempt to defer payment of debts owing by it to, its creditors generally; or
- 27.1.9 alienate or encumber the whole or a major portion of its assets,

27.2 then the other party shall be entitled, without prejudice to its other rights in law including the right to claim damages, to cancel this Agreement or to claim immediate specific performance of all of the defaulting party's obligations, whether or not otherwise then due for

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performance.

## **28. CO-OPERATION AND GOOD FAITH**

- 28.1 The parties record that they have entered this Agreement in the utmost good faith to develop, promote and protect their mutual interests and, accordingly, shall use their best endeavours to do so.
- 28.2 The parties undertake to co-operate fully and consult one another regarding all matters related to the subject matter of this Agreement.
- 28.3 The parties undertake to, at all times, to do such things, perform all such actions and take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for the putting into effect or maintenance of the terms and conditions of this Agreement.

## **29. DISPUTES**

- 29.1 Should any dispute of whatsoever nature arise between the parties out of or pursuant to this Agreement, or should a deadlock occur, either party shall be entitled, by written notice to the other party, to refer the dispute to a committee comprising 2 (two) members appointed by each party who will resolve the dispute within 14 (fourteen) days of receipt of the referral.
- 29.2 If the committee is unable to resolve the dispute, the committee shall refer the dispute to arbitration to be resolved in accordance with the Rules of the Arbitration Foundation of Southern Africa (AFSA) or its successors in title by an arbitrator or arbitrators appointed by AFSA. The arbitration referred to in this clause shall be held in English in Johannesburg, South Africa, in accordance with AFSA Rules and Regulations, with a view to it being completed within 21 (twenty-one) days of it being referred to arbitration. The parties hereto agree that any decision made by the arbitrators in accordance with the provisions of this clause shall be final and binding on the parties and may be made an order of court of competent jurisdiction.
- 29.3 Nothing herein contained shall be deemed to prevent or prohibit a party to the arbitration from applying to the appropriate court for urgent relief.

## **30. COSTS**

In the event of SEBATA/CUSTOMER and/or its duly authorised agents having to enforce any of its rights in terms of this Agreement due to the CUSTOMER/SEBATA's breach, the CUSTOMER/SEBATA shall be liable for the costs incurred by SEBATA/CUSTOMER and/or its duly authorised agents as on the scale between attorney and own client including collection commission and tracing costs.

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### 31. LIMITATION

- 31.1 Notwithstanding any other provision of this Agreement and irrespective of any fault or negligence, neither SEBATA, SEBATA's duly authorised agents, or any of SEBATA's employees, shall be liable to the CUSTOMER for any indirect, incidental, consequential, reliance, special or punitive damages (including without limitation damages for harm to business, loss of sales, loss of savings, loss of profits (anticipated or actual), loss of use, downtime, injury to persons or damage to property and/or claims of third parties), regardless of the form of action whether in contract, warranty, strict liability, vicarious liability and/or in delict (including without limitation, negligence of any kind, whether active or passive) or any other legal equitable theory.
- 31.2 In all events, the liability of SEBATA, SEBATA employees, and/or its duly authorised agents to the CUSTOMER, to the maximum extent permitted by law, in connection with any item of the Designated Software and/or enhancement thereto, shall not exceed the sum received by SEBATA and/or its duly authorised agent under this Agreement for such item of the Designated Software and/or any enhancement thereto. The CUSTOMER agrees that the provisions of this paragraph represent a reasonable allocation of the risk under this Agreement and that the willingness of SEBATA and/or its duly authorised agent to grant to the CUSTOMER the rights specified herein reflects the allocation of this and the limitations of liabilities specified herein.
- 31.3 Any rights not expressly granted in this Agreement are reserved to SEBATA.

### 32. DOMICILIUM AND NOTICES

- 32.1 The parties hereto choose *domicilia citandi et executandi* for all purposes of and in connection with this Agreement as follows:

32.1.1 SEBATA:

66 Park Lane

Sandton

2146

Telephone: (011) 218 8080

Facsimile: (086) 274 3900

E-mail: [info@sebata.co.za](mailto:info@sebata.co.za)

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32.1.2 The CUSTOMER:

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

Telephone: (       )

Facsimile: (       )

E-mail:

32.2 Either Party hereto shall be entitled to change its *domicilium* from time to time, provided that any new *domicilium* selected by it shall be an address other than a box number in the Republic of South Africa, and any such change shall only be effective upon receipt of the notice in writing by the other party of such change.

32.3 All notices, demands, communication or payments intended for either party shall be made or given at the other Party's *domicilium* for the time being.

32.4 A notice sent by one party to the other party shall be deemed to be received:

32.4.1 on the same day, if delivered by hand;

32.4.2 on the same day, if sent by fax;

32.4.3 on the same day, if sent by email;

32.4.4 on the seventh (7<sup>th</sup>) day after posting, if sent by pre-paid registered mail.

32.5 Notwithstanding anything to the contrary contained herein, a written notice or communication received by a party shall be adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

### 33. GOVERNING LAW AND JURISDICTION

This Agreement shall in all respects be governed by and be construed in accordance with the laws of the Republic of South Africa and the parties hereby consent and submit to the non-exclusive jurisdiction of the High Court of South Africa, Gauteng Local Division, Johannesburg.

### 34. GENERAL

34.1 Prior Agreement:

34.1.1 This Agreement replaces any prior License agreement that may have been in place and/or negotiated between the Parties. Where no signed Agreement was and/or is in place, this Agreement represents the understanding and agreement between the Parties.

34.1.2 Notwithstanding the fact that this Agreement replaces any prior written and/or unwritten License agreement and/or arrangement in respect of this and/or any

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other of SEBATA's Designated Software and/or a component thereof between the CUSTOMER and any entity taken over by SEBATA and/or whose assets, rights and obligations SEBATA took over, the rights and obligations of SEBATA and those of the CUSTOMER remain valid and unaffected.

**34.2 Entire Agreement:**

This document constitutes the sole record of the agreement between the parties. No party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein. Financial Transactions on any Sebata Products will be detailed in APPENDIX 2.

**34.3 Amendments:**

No addition to, variation or consensual cancellation of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of the Parties.

**34.4 Waiver:**

No indulgence which either of the Parties ("the grantor") may grant to the other ("the grantee") shall constitute a waiver of any of the rights of the grantor, who shall not thereby be precluded from exercising any rights against the grantee which might have arisen in the past or which might arise in the future.

**34.5 Survival:**

Notwithstanding the termination of this Agreement for any reason whatsoever, the provisions of paragraphs 10, 11, 12, 13 and 19 shall survive the termination of this Agreement.

**34.6 Assignment:**

SEBATA may cede, assign, delegate or in any other way alienate or dispose of its rights and obligations under this Agreement with or without the prior consent of the CUSTOMER. Any consent or approval required by SEBATA in terms of this Agreement will not be unreasonably withheld.

**34.7 Binding on successors:**

This Agreement shall endure to the benefit of and shall be binding upon the successors-in-title and permitted assigns of either party.

**34.8 Notices:**

Any notices or communication in respect of this Agreement shall be in writing and shall be deemed to have been duly given by either party to the other on the date hand-delivered, or properly sent by registered mail or courier, or properly sent by facsimile, or successfully transmitted by e-mail.

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THUS, DONE AT Sandton ON THIS THE 8 DAY OF August 2018

For and on behalf of:

SEBATA MUNICIPAL SOLUTIONS (PROPRIETARY) LIMITED

NAME: Carl Stroud

Who warrants his/her authority hereto

CAPACITY: Managing Director

AUTHORITY: \_\_\_\_\_

AS WITNESSES:

[Signature]  
\_\_\_\_\_

THUS, DONE AT CARNARVON ON THIS THE 19 DAY OF OCTOBER 2017

For and on behalf of:

KAREEBERG LOCAL MUNICIPALITY

NAME: WILLEM DE BRUIJN

Who warrants his/her authority hereto

CAPACITY: MUNICIPAL MANAGER

AUTHORITY: ACCOUNTING OFFICER

AS WITNESSES:

[Signature]  
\_\_\_\_\_

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[Signature]

## APPENDIX 1 - SEBATA MUNICIPAL SOLUTIONS – DESIGNATED SERVICES AND DESIGNATED HARDWARE

### 1. ACCOUNTING AND PROFESSIONAL SERVICES

MICROOmega Accounting and Professional Services [MAPS] is a public sector driven service provider that aims to render transparent, innovative and developmental professional services to assist Municipalities to improve their accountability, reporting, improves their readiness for the financial year-end procedures and ultimately their audit outcomes. MAPS have its own accredited training facility for SAIPA (South African Institute of Professional Accountants) and SAICA (South African Institute Chartered Accountants) trainee accountants. SEBATA shall appoint MAPS as a sub-contractor to render the below mentioned accounting and professional services to the CUSTOMER.

The CUSTOMER is aware of and undertakes to comply with the requirements of Municipal Regulations on Chart of Accounts (mSCOA). The CUSTOMER undertakes to provide SEBATA with all supporting documentation as prescribed in Section 6 (Minimum Business Process Requirements) of the said regulations as and when required to implement the Designated Software (EMS). SEBATA will endeavour to ensure that at all-times the Designated Software (SebataEMS) complies with Section 7 (Minimum Systems Requirements) of the said regulations. SEBATA provides the Extended Support Services listed below as to enable the CUSTOMER to comply with Section 6 of the said regulations.

SebataEMS is developed to meet the requirements and deliver the outcome of the 15 business processes as foreseen by National Treasury. To ensure the effective functioning of SebataEMS it is dependent on inputs from the municipality. MAPS have the capacity, expertise and knowledge to assist municipalities with these inputs and outcomes:

- **Corporate Governance**
  - Implementation of internal control measures, risk management and compilation of risks register, financial risk management and compliance to legislation;
  - preparing corrective measures to address issues raised by internal and external audit, establish;
  - implement and manage a performance management system;
  - implement reporting mechanisms to enhance accountability;
  - compilation of new and amendments to existing Standard Operating Procedures, policies and By-Laws, etc.
- **Municipal Budgeting, Planning and Financial Modelling**
  - Assist with strategy formulation, integrated development planning, prioritisation, revenue generation and resource allocation;
  - as well as long term forecasting and modelling of key financial dimensions such as the statement of financial position, cash flow forecasting, funding compliance, asset management and basic service delivery, etc.
- **Financial Accounting**
  - Includes a host of policies, processes and procedures in order to operationalise the effective and efficient recording and accounting of daily financial transactions as well as month and year end closure procedures and transactions;
  - meeting prescription of norms and standards such as the Standards of Generally Recognised Accounting Practices (GRAP);

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- accounting for VAT and other SARS requirements;
  - operationalise daily business processes and procedures that incorporate at the very least regular reconciliations;
  - correct and accurate allocation and classification of transactions based on the SCOA classification framework;
  - implementation of processes and procedures that give rise to monthly performance represented by among others, the Statement of Financial Performance, Capital and Grant Performance, Statement of Financial Position, movement in net assets and cash flow in the Section 71 in-year reporting formats and mid-year (Section 72) reports;
  - compilation of Annual Financial Statements and Audit File;
  - assisting with external audit (submission of information, replying to exemptions raised, reply to Audit Management Report and Audit Report)
- **Costing and Reporting**
    - Assisting with implementation of costing / management accounting;
    - forward looking planning and budget processes by applying forecasting and prediction models;
    - determining full cost of tariff services in order to achieve cost reflective tariffs and reporting thereon;
    - measuring performance of services based on financial and non-financial information.
- **Project Accounting**
    - Implementing procedures to provide project management capabilities.
- **Treasury and Cash Management**
    - Investing activities that include the acquisition, disposal and management of tangible assets, including land, buildings, plant and machinery, motor vehicles, furniture and equipment, computer hardware, software and communication networks;
    - Also included are acquisition, disposal and management of intangible assets such as research and development expenditure, patents and trademarks, scientific and technical know-how, intellectual property rights such as copyrights and licences;
    - Assistance in introducing accounting policies for depreciation, impairment, revaluation, asset retirement;
    - Financing activities that deals funding - form of funds obtained from borrowing (external loans) or transfers and subsidies, finance and operating leases, related transactions such as security and guarantees granted to a lender, accounts receivables pledged to a discount house, interest charges, finance charges on leases, foreign exchange gains and losses, hedging gains and losses and commitments for capital expenditure;
    - Investment activities that deals with fixed interest, long-term or short-term debt, investments or loans; secured or un-secured;
    - Implement procedures to control the purchase and sale of investments, the movement of scrip or recording of dematerialised securities and the resulting cash received and paid including income from investments;
    - Cash and bank activities that deals with transactions occurring daily represented by a high volume of transactions in payments and receipts, procedures that provide for expenses and reimbursements of "accounts and floats" including regular surprise counts; cash handling procedures for unbanked receipts and money in transit;
    - control over the opening of bank accounts and obtaining access to electronic banking signatures, regular reconciliations of bank accounts and timely follow-up of reconciling items by management.

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- **Procurement Cycle – Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable.**
  - Supply chain management – establish business processes for the provision of goods and services required that integrates the management of supply, demand, acquisition, logistics and disposal by implementing a supply chain management policy in compliance with the MFMA in a fair, equitable, transparent, competitive and cost effective way;
- **Expenditure management**
  - establish business processes that would ensure an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds that could be monitored against the approved budget, and reasons for variances must be explained and corrective action must be implemented to keep expenditure in line with budget estimates;
- **Accounts payable**
  - deals with any monies owed in respect of goods and services purchased that must be settled within thirty days of date of invoice or statement unless it is prescribed otherwise and the monthly reconciliation of creditors or accounts payable according to the statements received from service providers;
- **Material and inventory management**
  - deals with the maintenance of inventory catalogues classified according to the high-level categories provided for in the Standard Chart of Accounts, business processes that incorporate minimum, ordering; issuing and management of inventory levels; preferred suppliers linked to inventory categories; flagging of stock levels with limited movements for substantial periods; regular physical counts and reconciliation to system stock records; exception reporting and enhanced controls on stock items susceptible to misuse such as illegal stock-pilling; and all sub stores to be activated on the system;
- **Contract management**
  - entails the management of contracts through the entire Contract Life Cycle so as to maximise value for money that includes procedures for planning; contract creation; collaboration; execution; administration; and closeout, compilation of a contract register that inform and dependant on the nature of the work, the type of contract, the legal aspects and delivery timeframes and entails the activities carried out to determine whether the service provider and the client are performing adequately to meet the requirements in listed contracts that had been awarded through the procurement process and the prescriptions in the MFMA; and
- **Vendor management**
  - entails managing a supplier database in support of various strategic procurement objectives and meet requirements of Central Supplier Database.
- **Grant Management**
  - Assistance with activities, processes and procedures to register and reconcile all the grants allocated, received and spent according to the conditions in the annual Division of Revenue Act.

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- **Full Asset Life Cycle Management including Maintenance Management**
  - This includes safeguarding of assets, e.g. asset tracking, numbering and locations, maintaining assets, planned and unplanned, including renewals, maintenance costing into asset replacement plans, establishing and maintaining a management, accounting; and
  - information system that accounts for all assets, GRAP compliant asset valuation principles, internal controls over assets, establish and maintain a comprehensive asset register; clarifying responsibilities and accountabilities for asset management process and insurance of assets.
- **Real Estate and Resource Management**
  - Assistance with Real estate management that includes the management of land and fixtures that are both lease-in and lease-out grouped into categories base on its use e.g. residential, commercial and industrial;
  - Compilation of property register inclusive of owned and leasehold properties, tenant and occupant information, lease contract administration and management, occupational health and safety requirements, insurance, etc.
  - As well as other resources management among others include fleet (vehicle) management, plant and equipment, etc. including the hiring thereof.
- **Human Resource and Payroll Management**
  - Assistance with the organisational function that deals with issues related to employees such as compensation, hiring, performance management, organisational development, safety, wellness, leave management, benefits, employee motivation, communication, administration, and training in line with the prescriptions of the Labour Relations Act;
  - Staff establishment, human resources development and expenditures on staff benefits according to the processes and procedures set out in the MSA and MFMA;
  - Payroll management that entails the administration of the financial record of employees' salaries, wages, bonuses, net pay, and deductions within the limits of the approved budget and the prescriptions of the South African Revenue Services;
  - Budgeted remuneration and benefits that are directly aligned to the approved staff establishment with provision for vacancies shown separately and all staff payments reconciled monthly;
  - Productivity or performance management addressed by using the latest available technologies such as bio metrics devices
- **Land use and Building Control Management**
  - Deals with managing the use and development of land, include spatial; urban policy usage, and economic considerations, all processes, methods and tools used for organising, operating and supervising the urban environment;
  - Planning practices, decision making processes, procedures, implementation, monitoring mechanisms, methods and tools that are all elements of an integrated system;
  - Building management that incorporates all activities relating to township management such as building plan approvals, rezoning applications, illegal land usage and by-laws management.

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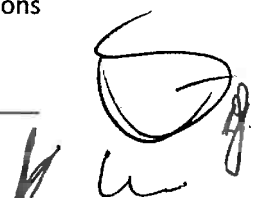


- **Valuation Roll Management**
  - Assist with valuation rolls that forms the basis for the levying of assessment rates and all processes and procedures as governed by the Municipal Property Rates Act;
  - Recording all categories of properties in the municipal boundary and maintain in a municipal register of properties including the value of land and improvements as described in the MPRA;
  - Also, assist with interim valuations to ensure the roll is constantly maintained and updated;
  - Business processes that ensure integration with the revenue value chain and the billing processes and procedures.
- **Revenue Cycle – Meter Reading, Billing, Accounts Receivable and Revenue Receipting**
  - Implementing efficient and effective systems of revenue management to enable the client to collect all monies due;
  - review business processes to ensure an efficient and effective utility, property, real estate and sundry billing and revenue collection function;
  - ensure data integrity for metered services and assessment rates to ensure the accuracy of the statement or account;
  - ensure water and electricity meters are read monthly;
  - ensure monthly statement of payables are distributed accurately and on-time to customers and payment facilities in terms of location of pay points and the payment options are available to the customers;
  - implement processes and procedures to ensure sufficient internal control over the collection and receipting of revenue and daily reconciliation thereof.
- **Customer Care, Credit Control and Debt Collection**
  - Assist with establishment of a sound customer management system as prescribed in the MSA;
  - implementation of credit control and debt collection processes, procedures and mechanisms in line with the policy as adopted by the Council as prescribed in the MSA;
  - Other miscellaneous business processes that might be required not detailed in the high-level business processes above.

On a high level our services include but is not limited to the following:

- Ad-hoc accounting work
- Asset register compilation
- Compliance assessment
- Draft of Quarterly/Mid-year financial Statements
- Preparation of annual financial statement
- SebataEMS and FMS support
- Predetermined objective review
- PAYE and IRP5 reconciliations and support
- National treasury and statutory reporting requirements
- Reporting and risk management
- Supply chain implementation and control
- VAT reconciliation and review
- Hands on training on any municipal and accounting related activities
- Reconciliation of creditors, debtors, cashbook, salaries, stores and various ad-hoc control accounts
- Valuation roll management including valuations and supplementary valuations

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## 2. REVENUE ENHANCEMENT

Sebata Municipal Solutions, is the leading provider of Revenue Management Services, which includes meter reading, water meters and meter boxes, prepaid solutions, credit control solutions, bureau and customer account management services and revenue enhancement and protection, Meter and Consumer Auditing and Financial Management Systems to Local Government in South Africa. We provide these services individually or collectively, depending on the needs expressed by our clients.

We are proud to boast an impressive client portfolio, which we have been servicing successfully over the past 40 years. We additionally pioneered electronic meter reading and are proud to add to our list of innovative market solutions our latest endeavour: Android phone meter reading, Auditing and Credit Control.

MICROmega Holdings Limited enhanced their service delivery and market footprint in the Local Government environment since October 2010 by incorporating SEBATA Enterprise Management System (ERP), Micro Mega Revenue Management Services, Amanzi meters and Utility Systems to ensure an end-to-end solution to Local Authorities. Recent acquisitions and incorporation to the Sebata suite of services includes Mubesko (Accounting Services), Freshmark (Local Markets) and most recently RData (Promun) and Utility Management Services (UMS).

Sebata is therefore confident that with our in-depth experience with Local Authorities and our suite of solutions we are in a very good position to holistically assist the municipalities in achieving increased revenue collection as well as improving customer experience.

Sebata is a one-stop service provider with all the products mentioned in this response owned, supplied, installed and supported by Sebata.

As part of your strategy to drive the growth of our small, micro and medium enterprises, Sebata, enters a long term sub-contractor partnership with the local owned enterprise.

The suggested solutions Sebata can offer can be summarised as follows:

- 2.1) **Meter and Stand audit**
- 2.2) **Meter Reading Management System**
- 2.3) **Revenue Management**
- 2.4) **Support and Operational Management (WMMU)**
- 2.5) **Supply and installing of water meters**

### 2.1 Meter and Stand Audit (iAudit)

Auditing every meter and stand within the municipal boundaries. Once at the required meter or stand the auditor will collect/obtain the following information:

- Stand (erf) Number
- Indicate connection or No connection
- Location of the meter on the property
- Meter Number
- Meter Reading
- Visible damage to meter
- Take image of meter where required
- Register GPS Coordinates
- Register time and Date of audit

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In addition to the above Sebata shall identify the following:

- Multiple meters (seemingly all functional) on single service points is technically incorrect and causes havoc on the billing side;
- Poor maintenance and vandalised meters place the integrity of consumption data in doubt and does not boost consumer confidence in respect of water services billing;
- Undetected and unattended water leaks in the system constitute a cost to the municipality without the revenue to counter the expenditure.

Upon completion of this above phase, the data will be verified and compiled in an Audit Project Report that will be supplied to the municipality, this will also give a clear indication what has to be budgeted going forward for water meter replacement/new installation as well as where there are water losses to be repaired.

Sebata, shall after the approval of the Financial Officer and Council, update the newly acquired field data directly into the Sebata Financial Management Billing System once deployed, or the information can be prepared for another financial system if so required.

It is also important to mention that during the audit we make use of local resources to assist our auditors as they move from ward to ward. This gets pre-arranged with the Councillors. The important fact is that they get exposed to the methodology and solution we use to do the audit. We include this in our "project sign off register" to show how we report this at the end of the intervention which enables THE MUNICIPALITY to report on local investment.

## 2.2 Meter Reading Software (iRead)

The **Meterman™ System** facilitates the reading and recording of meter data by the client's meter readers. The system's two main function, which forms a powerful solution:

**iRead™** - Enabling the real-time collection of data from the field to a performance monitoring system or in cases where there is limited or no cellphone signal; the mobile devices can accommodate offline readings, mimicking a normal hand held device. Readers keep the mobile devices with them at all times as there is no need for them to collect recording devices, upload reading routes at a physical office.

Features include:

- Reading collection
- First line usage verification test
- Taking of pictures
- Reporting of reason reading cannot be taken
- Registering GPS coordinate
- Operational Notes to Office admin staff

**Meterman Web** - The web application is configurable with any Financial System specifications and the required route or multiple routes, can be loaded into the system with ease. The application allows the client to monitor and manage the meter reading process effectively and efficiently, if so required.

The Web system requires a secure username and password. The server is hosted by Sebata and all data is protected by firewalls and antivirus software.

System features include:

- Dashboard views

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- Route Management Console
- Data verification
- Image viewing
- Google Earth integration to view GPS coordinates
- Works Order Module
- Stock Control Module
- Performance Reports
- Reader KPI Reports
- SMS communication functionality

#### **Meter Reading Solution (Reading Services)**

Sebata will take over responsibility for the monthly reading of Water and/or Electricity meters. Sebata using the Meterman & iRead software to analyse each town and identify the number of meter readers required per town to ensure meter readings happen within the required meter cycle.

- The meter readers currently employed to be seconded to Sebata and/or Sebata to appoint a new team of meter readers on behalf of THE MUNICIPALITY. We have found the latter more effective, but this can be discussed.
- Sebata to furnish vehicles and equipment required for the reading of the meters, where required.
- Full implementation at each area, including training of meter readers and admin staff.
- Sebata to ensure field verification indicated by Billing Department prior to final billing run
- Delivery of monthly consumer accounts, if required
- Supply Uniforms, caps, ID cards, safety boots, tools and safety Bibs, branded with Municipality Logo

### **2.3 Revenue Management**

Sebata using the meterman system Reports, in conjunction with the Work Order module will:

- Identify problematic meters that needs replacement.
- Leaks, straight pipes, etc. will be replaced or repaired.
- Installation of water meters where connection to main line has been establish
- Monthly reports for DWS submission will be provided.
- Supply Uniforms, caps, ID cards, safety boots, tools and safety Bibs

#### **Prepaid Water – STS vending**

- Sebata confirm that our Billing system can do STS vending and is one of the main reasons for activating the Sebata Billing System.
- This will ensure that consumer data is on the financial system as and when prepaid water tokens are purchased.
- We confirm that our prepaid water solution is not proprietary when it comes to STS vending.
- Vending transaction fee is catered for under “Monthly Revenue Management fee” if SebataEMS billing module is implemented
- A transaction fee of 4% will be invoiced monthly if Sebata UtiliPay module is used to vend STS tokens (Not reflected in proposed budget)

### **2.4 Support and Operational Management**

The Meter Management can be defined as the overall management of the infrastructure and Meter reading processes and staff.

Over and above the management of the repairs and maintenance on meters installed by Sebata,

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actual readings through our iRead software, the following action will take place and reported on;

- Install, repair and maintain plumbing systems and components of meters we install.
- Identify required tools and special equipment.
- Select the type and size of pipe required and report accordingly.
- Locate and mark positions for connection and fixtures.
- Assemble and install valves and fittings where we install meters.
- Install, repair and maintain plumbing fixtures, appliances and trim where we install meters.
- Test pipe systems and fixtures for leaking where we install meters.
- Ensure all installations, repair and maintenance are properly sized, aligned, supported and graded.
- Ensure all installations, repair and maintenance meet environmental protection requirements.

## 2.5 Supply and installing of water meters (Designated Hardware)

*Sebata will supply and install water meters, meter boxes, pre-paid water meters/restrictors to improve Revenue stream:*

- Sebata to supply the required water meter, meter box, pre-paid water solutions – proudly South African products, manufactured in South Africa and owned by Sebata.
- Sebata to install the required meter and meter boxes required to ensure accurate readings and reduce water losses.
- Sebata to supply and install pre-paid water solutions to enhance revenue collection, or restrictors for credit control purposes.
- Proudly South Africa products with local content.

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### 3. SEBATA BIOMETRICS

The Sebata Biometrics product range provides solutions for both Access Control security measures as well as Time and Attendance for employee and payroll management.

The Biometric authentication technology which acts as the foundation for the solution may vary but generally makes use of fingerprint recognition. Other biometric technologies used may include Iris, Retina or finger vein recognition among others.

The Access Control technologies generally make use of Biometric authentication however pin-codes, RFID cards, push buttons or no-touch sensors are also available.

The solution architecture used leverages off a hosted environment. The solution software resides in a Tier 3 data centre hosted in the Republic of South Africa. The biometric devices make use of the two largest local Telco's mobile data infrastructure to communicate with the hosted environment.

Mobile biometric devices as well as smartphone application based clocking options are available making use of the devices inbuilt GPS to geo locate the devices at the time of clocking.

The software package includes all the functionality required for Time and Attendance as well as Access Control needs. The server is multi-tenanted and allows for multiple loggings from multiple users as once, each with their unique login credentials to only access the biometric devices and settings that are relevant to each client. Access to the software interface is done via a web browser with internet access.

The software features the following functionality:

- Web Management portal – Anywhere access, employee management, user management, SMS/email alerts, reporting, device management, power management
- Time and Attendance – Advanced shift management, scheduling shifts, Time and Attendance reports, leave management, overtime, clock management, export to payroll
- Access Control – Web based configuration, Access control management, time zones, temporary access rights
- Job costing – web access, export to payroll
- Payroll bureau – web access, employee personal details, automated notifications

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## 4. SEBATA ICT

### 4.1 Standard Services

The following services are offered under Sebata ICT. Sebata will provide a proactive means to monitor the customer's servers and services. This will ensure that support staff is notified of system failure prior to users noticing the systems are down, thus ensuring professionalism for the customer.

#### 4.1.1 Cloud Services Solutions

#### 4.1.2 Equipment

#### 4.1.3 IT Governance

#### 4.1.4 Managed IT Services

#### 4.1.5 Network Cabling

#### 4.1.6 Network Design Services

#### 4.1.7 SebataConnect

#### 4.1.1 Cloud Services Solutions

- Office 365 Implementations
- Office 365 Management Services
- Hosting of Applications (Cloudware)
- Hybrid Cloud services
- Cloud DR Services
- EMS Hosted

#### 4.1.2 Equipment (Designated Hardware)

- Server Room
- Server Hardware
- Network Equipment
- Desktop Computing

#### 4.1.3 IT Governance

- Master System Plan (MSP)
- ICT Policies and Procedures
- Disaster Recovery Plan
- Business Continuity

#### 4.1.4 Managed IT Services

- Onsite Assistance (Call out)
- Data / Information Protection and Maintenance
- Desktop and Server Support
- Remote Management Services
- Onsite Support SLA
- Virtual Environment Support and Maintenance SLA
- Firewall Monitoring and Management SLA

#### 4.1.5 Network Cabling

- Network Infrastructure Installations
- Upgrade Network Infrastructure
- Maintenance of Network Infrastructure
- Server Room Environment Installation and Management

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**4.1.6 Network Design Services**

- Network Assessments and Analysis
- Network Design and Planning
- Server Room Design and Planning

**4.1.7 SebataConnect**

- Enterprise Connectivity
- Internet Services
- Hosted Exchange and Archiving
- Online Data Storage and Backups
- Hosted Infrastructure
- Hosted DR Solutions
- Hosted PBX Services

**4.1.1 Cloud Services Solutions**

As part of Cloud services the CUSTOMER will have access to the active services selected from the above-mentioned list. Activated services will reflect in the appropriate SLA, will be included as an annexure to this agreement.

Office 365 is the brand name Microsoft uses for a group of software and services subscriptions, which together provide productivity software and related services to subscribers. Sebata can assist in the Implementation of Office365 as well as the Management thereof. Hosting of Application (Cloudware) is application virtualization and application delivery services.

Reporting can be generated on a monthly basis for Cloud Services. Access to the portal will be provided, the account privileges will be determined by the access level for the CUSTOMER, either read access for services rendered by Sebata, or principal access that will allow the CUSTOMER to maintain and manage the CUSTOMER's Office 365 implementation and Management services.

**Goals and Objectives for the SebataEMS Hosted Environment**

The Goal and Objectives of this service is to ensure the *SebataEMS Hosted Environment* is available, accessible and in a working condition, and that the *Customer* can Access *Sebata EMS* – {client URL Link – [http://www.sebataemshosted.co.za/EMS\\_{ClientName}6\\_1/](http://www.sebataemshosted.co.za/EMS_{ClientName}6_1/)}

**Scope of work for the SebataEMS Hosted Environment**

Sebata will provide the platform for the customer to access the SebataEMS system. Customer will be able to gain access to the SebataEMS System by means of internet connection and browsing to the specified URL for Sebata EMS - [http://www.sebataemshosted.co.za/EMS\\_{ClientName}6\\_1/](http://www.sebataemshosted.co.za/EMS_{ClientName}6_1/)

**Roles and Responsibilities for the SebataEMS Hosted Environment**

Customer will be responsible for the connectivity to allow connections to the SebataEMS Hosted environment, in the case where the customer does not make use of SebataConnect.

Sebata will be responsible for:

- 1) Availability of Sebata EMS platform
- 2) Access to the URL - [http://www.sebataemshosted.co.za/EMS\\_{ClientName}6\\_1/](http://www.sebataemshosted.co.za/EMS_{ClientName}6_1/)
- 3) Backup of Environment

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**4.1.2 Equipment (Designated Hardware)**

Sebata can assist with the purchased (on a quote order basis) and or lease of Equipment (separate Lease agreement will be entered into between the client and Sebata) that falls within Server Room Equipment (Cabinets, Environmental Monitoring System, Cooling, UPS, Generator), Server Hardware (Servers for virtualization, storage, backup equipment), Network Equipment (Firewalls, switched and cabling, printers) as well as to Desktop computing (Desktop computers, desktop printers and mobile computing). Necessary software that might be needed will be included in the option for outright purchase.

**4.1.3 IT Governance**

As part of IT Governance services the CUSTOMER will have access to the documents and plans developed for the CUSTOMER. The activated services will reflect in the appropriate SLA.

IT Governance services include the co-operational work with the CUSTOMER to plan for and document the relevant frameworks needed to complete governance documents needed to submit within the guidelines and projection of the CUSTOMER and regulators.

**4.1.4 Managed IT Services**

As part of Managed IT Services the CUSTOMER will have access to the services selected from the above-mentioned list. Activated services will reflect in the appropriate SLA and will be included as an annexure to this agreement.

Support from desktop to server, backup and restore of data. ICT assistance at the desktop and or server as well as remote management there-off. Service Level agreements can be negotiated to the CUSTOMERS need for services that includes Onsite assistance, Virtual Environment Support and Maintenance and Firewall Monitoring and Management.

**4.1.5 Network Cabling**

As part of Network Cabling services, the CUSTOMER will have access to the services selected from the above-mentioned list. The service rendered as part of Network installations, upgrade of network and network equipment including the maintenance of the network infrastructure, will form part of a time and material basis, and will be quoted to the CUSTOMER beforehand. Authorized approval will be needed. Server room Environment Installations will also be part of time and material, Management of the Server room and Environment can be managed under the appropriate SLA.

**4.1.6 Network Design Services**

As part of Network Design Services the CUSTOMER will have access to the services selected from the above-mentioned list. Network Assessments and Analysis, Design and Planning as well as Server Room Design and Planning will be quoted on time and material basis, with the Authorization of the CUSTOMER by means of an official order before such projects commence.

**4.1.7 SebataConnect**

As part of Network Design Services the CUSTOMER will have access to the active services selected from the above-mentioned list. Activated services will reflect in the appropriate SLA, will be included as an annexure to this agreement.

As part of enabling remote troubleshooting, ensuring shorter turnarounds in the event of problems and/or logical or illogical errors within the Designated Software, SEBATA may install a dedicated connection between the offices of SEBATA and those of the CUSTOMER. This

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means that access to the CUSTOMER's servers and/or computer network can be gained directly from the offices of SEBATA by way of a dedicated connection.

The advantages of such a connection are in short, the following:

- Proactive remote troubleshooting.
- Prompt delivery of support services such as the remote rectification of problems or deployment of software, executables, fixes, upgrades or adaptations because such rectifications, or amendments and/or adaptations are effected remotely without any travelling and/or accommodation expenses being incurred by SEBATA personnel.
- Prompt resolution of problems and thus shorter or a more immediate turnaround time, thus eliminating protracted downtime at the premises of the CUSTOMER.

Access to the SebataConnect Network shall be procured, implemented, used and maintained on a subscription basis.

The application, installation and implementation of the SebataConnect shall be in conjunction with the CUSTOMER. Subscription to the SebataConnect may be implemented simultaneously with the initial implementation of the Designated Software and/or at any point during the currency of this Agreement, and may be in place for the entire duration of this Agreement.

The CUSTOMER shall be responsible for all direct and indirect costs and expenses related to the procurement, line and/or equipment rental, implementation and maintenance of its segment of the SebataConnect.

The dedicated connection line implemented to give effect to the CUSTOMER's subscription and access to the SebataConnect shall be for the exclusive use of the CUSTOMER.

#### Service Level Targets: Definitions and Principles

Service levels are measured using key performance indicators (KPIs).

*Availability KPIs* measure the up-time of services.

*Incident response time KPIs* measure how long it takes SEBATA to take action towards resolving a reported incident or service request. Where a fault or problem has been reported, the first response occurs when Sebata begins troubleshooting the problem, typically during a telephone call to the IT helpdesk.

*Incident resolution time KPIs* measure how long it takes to resolve a reported incident or complete a service request.

#### Availability KPIs

Availability is measured seven (7) days a week, twenty-four (24) hours a day and reported on monthly.

The measurement includes:

- Downtime for emergency maintenance
- Unpredicted downtime due to failures

The measurement excludes downtime that occurs during:

- The scheduled monthly maintenance windows agreed to by the CUSTOMER and SEBATA
- The agreed maintenance windows required for major projects, such as system upgrades and financial year-end processes

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- All availability is defined in terms of the service provided. For a service to be deemed to be available, the following must be operating correctly: the servers and software that provide critical functionality, as well as other key services on which these depend.

Incident response and resolution time KPIs:

- These KPIs are not 100% guaranteed, but rather realistic and reasonable service level commitments. It must be understood that they cannot be met 100% of the time; a more reasonable achievement is 90% (if SEBATA were required to meet KPIs 100% of the time, they would have to be set at level which would neither be desirable to the CUSTOMER, nor reflective of the service level being achieved most of the time).
- These KPIs are normally stated in terms of working days – 08h00 to 17h00 on a regular working day, excluding weekends and public holidays. For example, an incident reported at 16h00 on a Friday should be attended to by 16h00 the following Monday if the KPI states it will be responded to within one (1) working day.
- These KPIs are measured from the time at which the incident is first reported with the appropriate SEBATA service point (typically a call logged with the ICT helpdesk) or system.
- Resolution time KPIs are used for service requests and for incidents that are known and predictable. In other cases, where it is difficult to predict how long it will take to resolve an unknown problem, response time targets are set instead of resolution time targets.
- In general, longer resolution times are set for activities which can be scheduled or planned in advance so that SEBATA's efforts can be focused on failures and crises.
- These KPIs are set according to priority levels. The overarching principle is to prioritise incidents on the basis of their impact on the business of the CUSTOMER.

These priorities can be categorised as follows:

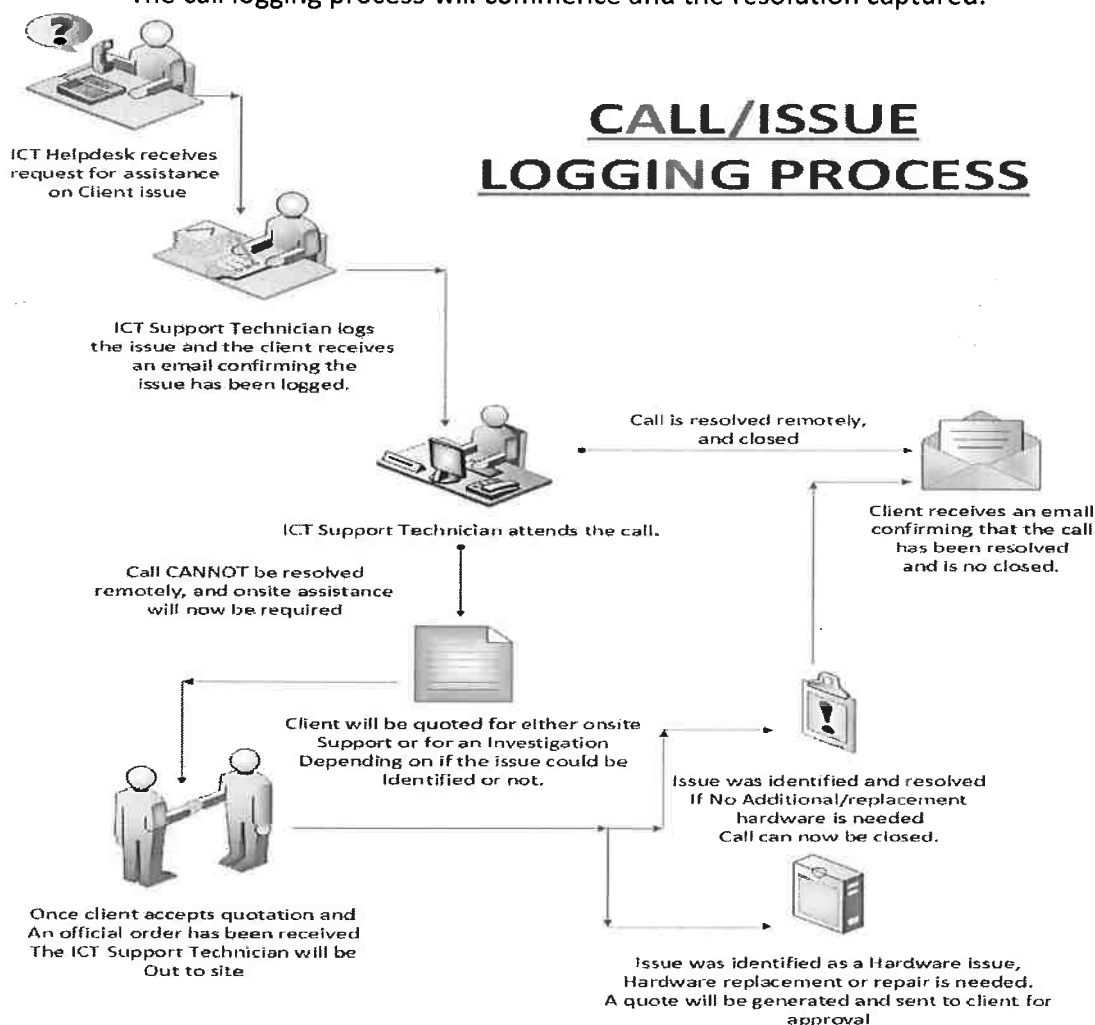
PRIORITY 1	<ul style="list-style-type: none"> <li>• Work in the entire premises of the CUSTOMER is stopped or interrupted</li> <li>• A core/critical service is completely unavailable</li> <li>• A critical business process is stopped or interrupted for the CUSTOMER as a whole</li> </ul>
PRIORITY 2	<ul style="list-style-type: none"> <li>• Work in a department is stopped or interrupted</li> <li>• A core/critical service is partially unavailable</li> </ul>
PRIORITY 3	<ul style="list-style-type: none"> <li>• Work for an individual is stopped or interrupted</li> </ul>

Incidents to be reported to Sebata for assistance and support, the CUSTOMER have means by to contact support either via phone – 011 218 8080 alternatively [techsupport@sebata.co.za](mailto:techsupport@sebata.co.za)

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The call logging process will commence and the resolution captured.



### Locations of Service Delivery

Locations covered under this agreement for the delivery of the service are:

- Specify areas
  - Changes to Services
- Neither party to this agreement may affect any change of whatsoever nature to the service/scope of work outlined in this agreement without the prior written consent and approval of the other party. Should the scope and parameters of work change materially after the signing of this agreement, the parties shall draw up and sign a new agreement, which agreement shall cancel and revoke the terms and provisions of this agreement.
  - Customer Delays
  - Delays and/or interference by employees of the CUSTOMER that may result in the inadequate rendering of the services covered under this agreement will be quantified in a time and cost basis using the tariffs set out in APPENDIX 2, and will be for the CUSTOMER's account.
  - Fundamental External Constraints
  - Constraints are those things that would prevent SEBATA from meeting its KPIs, and over which SEBATA has little control. These include:
    - Power outages
    - Physical damage, including but not limited to fires, floods and third-party contractors

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- Products and services from vendors to which SEBATA is effectively tied in the short term (MWEB, Telecom Namibia, etc.), notwithstanding SEBATA's best efforts to manage these relationships and enter into SLAs and contracts
- Unpredictable and significant changes in activity levels (e.g., ICT helpdesk calls, number of e-mail messages sent, number of users for a system, etc.), as agreed by SEBATA and the CUSTOMER.

#### Fundamental Non-Sebata Responsibilities

##### End-users must:

- Report incidents or log service requests by logging calls with the ICT helpdesk, unless another process is specifically stated for a particular service.
- Abide by the applicable policies listed for each service
- Have the prerequisite software and hardware
- Make reasonable effort to co-operate with SEBATA to resolve incidents including providing information, performing troubleshooting steps, and ensuring SEBATA's physical access to space
- Where services attract a fee, provide fund and cost-centre information
- Departments must:
- Appoint effective and appropriate representatives to serve on the Steering Committee
- Training on Specialised Equipment and/or Tasks
- SEBATA will undertake to train employees of the CUSTOMER when and where necessary, and possibly on the resolution of specific and general issues that may arise from time to time, issues which may or may not be covered under this agreement. SEBATA will endeavour to limit this to minor issues that may not affect normal operations of the CUSTOMER.

#### Approvals and Information

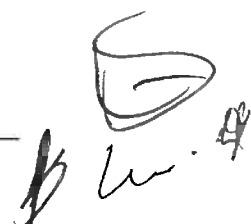
The person(s) stipulated in this agreement will be responsible for:

- The approval of any amendments, alterations, changes and the enforcement of this agreement,
- The issuance of any information that may be required by SEBATA for the effective delivery of services in terms of this agreement,
- Any other form of assistance, within reason, that may be required for the effective delivery of services in terms of this agreement.

#### Duties of SEBATA

- SEBATA shall ensure that all work to be done in terms of this agreement shall be performed and/or supervised by competent and qualified personnel.

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## APPENDIX 2 – TARIFF STRUCTURE

No.	Item	Description								Amount 2017/18 Excluding Vat			
1.1	SebataEMS	Provisional annual EMS license Fee								R 136 438.60			
1.2	SebataEMS Onsite Support - Rate Per Hour												
Hours Per Month	Consultant Rate (1 <sup>st</sup> )	Applicable	Consultant Rate (2 <sup>nd</sup> )	Applicable	Consultant Rate (3 <sup>rd</sup> )	Applicable	Senior Consultant Rate (1 <sup>st</sup> )	Applicable	Senior Consultant Rate (2 <sup>nd</sup> )	Applicable	Senior Consultant Rate (3 <sup>rd</sup> )	Applicable	
40	R 700.00		R 650.00		R 600.00		R 900.00	X	R 850.00		R 800.00		
80	R 650.00		R 600.00		R 550.00		R 850.00		R 800.00		R 750.00		
120	R 600.00		R 550.00		R 500.00		R 800.00		R 750.00		R 700.00		
160	R 550.00		R 500.00	X	R 450.00		R 750.00		R 700.00		R 650.00		
1.3	SebataEMS Onsite Support - Summary of Cost 2017/18												
Hours Per Month	Consultant Rate (1 <sup>st</sup> )	Applicable	Consultant Rate (2 <sup>nd</sup> )	Applicable	Consultant Rate (3 <sup>rd</sup> )	Applicable	Senior Consultant Rate (1 <sup>st</sup> )	Applicable	Senior Consultant Rate (2 <sup>nd</sup> )	Applicable	Senior Consultant Rate (3 <sup>rd</sup> )	Applicable	
40	R		R		R		R432 000.00		R		R		
80	R		R		R		R		R		R		
120	R		R		R		R		R		R		
160	R		R960 000.00		R		R		R		R		
Fixed Support 2017/18											R 1 392 000.00		
Additional Support 2017/18											R		
Total Support 2017/18											R		
No.	Item	Description								Amount 2017/18 Excluding Vat			
2.1	Sebata Travel and Subsistence Tariffs	Travel Rates:											
		Travel Time 40% of hourly rate											
		Travel per km								R 5.45 p/km			
		Accommodation:											
		Hotels								R 1 270.00 p/n			
		Bed and Breakfast								R 845.00 p/n			
		Meal Allowance:											
		Breakfast								R 125.00 p/d			
		Lunch								R 125.00 p/d			
Dinner								R 160.00 p/d					
Toll fees, Parking and Airfares								Actual					

Support tariffs exclude VAT and will increase on 1 July every year per management tariffs, the higher of 10% or CPI

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### APPENDIX 3 - DEBIT ORDER / AUTOMATIC PAYMENT AUTHORITY

GRANTED BY: \_\_\_\_\_  
(“CUSTOMER”)

TO: SEBATA MUNICIPAL SOLUTIONS (PROPRIETARY) LIMITED  
(Registration number 1994/000005/07) (“SEBATA”)

IN RESPECT OF: SOFTWARE LICENSE FEES, SUPPORT

We hereby authorize you to draw against our account with the above-mentioned bank (or any other bank or branch to which we may transfer our account) the sum of: R \_\_\_\_\_

Plus, Value Added Tax (VAT) on the \_\_\_\_\_ day of each month commencing on \_\_\_\_\_ and continuing for the duration of this Agreement. This amount will escalate annually in the month of July of every year by approximately ten (10) percent, and will fluctuate in accordance with the Tariff Structure set out in the Master Agreement.

The details of our bank account are as follows:

ACCOUNT NAME: \_\_\_\_\_

BANK: \_\_\_\_\_

ACCOUNT NO.: \_\_\_\_\_

BRANCH CODE: \_\_\_\_\_

BRANCH NAME: \_\_\_\_\_

TYPE OF ACCOUNT: \_\_\_\_\_

We understand that the withdrawals hereby authorized will be processed electronically and we also understand that details of each debit / payment / withdrawal from our account by you shall be printed on our bank statement. We agree to pay any bank charges relating to this debit order instruction.

This authority may be cancelled by us by giving you thirty (30) days’ notice in writing, which notice shall be sent either by facsimile or registered post. We understand that we shall not be entitled to any refund of amounts which you have debited / withdrawn while this authority was in force if such amounts were legally owing to SEBATA.

Signed \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE AS USED FOR SIGNING CHEQUES

\_\_\_\_\_  
CAPACITY

\_\_\_\_\_  
SIGNATURE AS USED FOR SIGNING CHEQUES

\_\_\_\_\_  
CAPACITY

Note: A Cancelled cheque should be attached for bank identification purposes.

Initials: \_\_\_\_\_