BPO Service Level Agreement

adam
HUMAN CAPITAL MANAGEMENT

Versión / Version:	2.3
Código Documento / Document Code:	AVSP-BPO-OD-001-SLA
Fecha Emisión / Distribution Date:	November 30, 2014

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Change Control			
Version	**Emission Date**	**Responsible / Title**	**Change Description**
2.1	07/28/2014	Stephane Mathieu / CTO	Draft Release
2.2	11/30/2014	Brian Beneke / CEO	Updated formatting; Removed "Continuous Improvement"; various minor changes.
2.3	20/06/2016	Jonathan Domínguez / Operations & Processes	Updated Appendix A BPO Service Level (percent at risk included), changed name of document.

Contents

1   Introduction

1.1   Purpose

Subject to any other agreements between ADAM Human Capital Management ("ADAM") and its Customers, this document specifies the acceptable Levels of Service to be provided by ADAM and the responsibilities of Customers to ADAM if ADAM is to meet the Levels of Service specified. As well, this document specifies service objectives and how those objectives will be measured. The intent of this Service Level Agreement ("SLA") is to ensure the proper understanding and commitments are in place for effective support, measurement and resource planning for the provision of the Payroll BPO Services.

1.2   Objectives of Service Level Agreements

1. To create an environment which is conducive to a cooperative relationship between Customers and ADAM to ensure the effective support of end users;
2. To document the responsibilities of all parties participating in the service, both Customers and ADAM;
3. To define the service to be delivered by ADAM and the Level of Service which can be expected by Customers in detail, to reduce the risk of misunderstandings;
4. To detail the information the Customer requires ADAM to extract from end users prior to Customer involvement;
5. To institute a formal system of objective Service Level monitoring ensuring that reviews of the agreement are based on clear data;
6. To provide a common understanding of service requirements/capabilities and of the principals involved in the measurement of Service Levels;
7. To define how this document will be reviewed over time; and
8. To provide a single, easily referenced document for objectives listed here.

2   Scope

The service to be provided is the provision of Payroll BPO Service for a Customer in accordance with a Customer's BPO Services Design Document**.**

2.1   In-scope Services

In order to ensure timely service, the following processes, and all other processes that need to occur, should be defined by Customers in collaboration with ADAM during the BPO blueprinting phase in a BPO Service Design Document. Any processes not defined, must be defined and implemented through the change control mechanism outlined below.

2.2   ADAM Products Covered (v.5.3.2.1 and later)

ADAM Core Server	ADAM Compensation & Benefits
Analytics	Tax & Regulatory Compliance
Audit Trails	Standard Payroll
Authentication Management	Special Payroll
Workflow	Time & Attendance
Integration Bus	Benefits
Data Migration & Processing	Vacations
Notifications	Loans & Credits
Organizational Structure	Savings & Funds
Personnel Inventory	Electronic Paystub Stamping
ADAM Human Talent	**ADAM Access & Usability**
Talent Acquisition	ADAM Navigator (Web Access)
Performance Management	Mobile Apps
Skills & Profiles	ADAM Operator
Wages & Salaries	ADAM Administrator
eLearning & Training	
ADAM Human Talent	
Talent Acquisition	
Performance Management	
Skills & Profiles	

2.3   ADAM's Service Does Not Include

- Requests by personnel not included on the authorized list of Customer's employees who may make requests;
- Administration of Customer's IT infrastructure (networks, devices, servers, workstations, operating systems, and/or applications);
- Payroll operations not listed in a Customer's BPO Services Design Document;
- Access Management or other security-related process, whose responsibility shall be retained by Customers, if requested;
- Incidents or requests from facilities not listed in the above-mentioned document; and

- All additional services detailed in the table below:

Special Services		Fee Structure
System Maintenance	System Catalog Additions, Deletions and Changes	Time and Materials
	Positions, Departments, CCO, etc.	
Services for Social Security Auditors	Special Services	Time and Materials
Production of Tax IDs for Social Security Auditors	Special Services	Time and Materials
After-hours Services	Special Services	Time and Materials

3 Expected Service Requirements

3.1 Service Hours

ADAM BPO Services are available from 9:00 AM to 6:00 PM, Monday through Friday, except when the Customer facilities are closed due to holidays, administrative closings, or inclement weather. A service can be requested or an incident reported by telephone during working hours or by Web Service Portal at any time. Incidents reported or services requested outside the working hours will be served at the next scheduled working day, unless a special procedure for Major Incident is invoked (see 3.4 section).

3.2 Service Availability

For the provision of the Service covered by this SLA, availability is determined by the percentage of the time components of the Service available to users.

ADAM will seek 100% availability during working hours for all the interfaces combined (telephone, e-mail or Web) to report or request, that means Customer will always have at least one means available to report an Incident or request a service during business hours. Availability of each interface alone is provided below:

Interface	Availability	Hours to Measure
Telephone	95%	During Work Hours
Web Portal	99%	At All Times

The method of measurement is provided for in Appendix A - BPO Service Level.

3.3 Scheduled Processing

The processes involved in the service will run according to the schedule specified by the Customer in the Customer's BPO Services Design Document. There should be a schedule of processes for each legal entity in which the frequency of execution of each process for each month during the year indicated.

The method of measurement is provided for in <u>Appendix A - BPO Service Level</u>.

3.4 Service Accuracy

The method of measurement is provided for in <u>Appendix A - BPO Service Level</u>.

3.5 Report/Media Delivery Requirements

Once payroll processes have been completed, ADAM will provide the Customer with a report detailing the outcome of the process. The report will be available through an online repository provided by ADAM.
The method of measurement is included in the indicators in <u>Appendix A - BPO Service Level</u>.

3.6 Data Retention and Back-Up

ADAM will provide a retention period for payroll and human talent data generated by the ADAM application for the duration of the services in accordance with the Master Service Agreement between the Customer and ADAM.

4 Service Assumptions

The ADAM BPO Services and metrics are based on the assumptions below. Changes to assumptions will be handled in accordance with the Service Change Control Procedure described in this Agreement.

The service assumptions included with this Agreement are:

a) Customer will deliver a Global Process Schedule before the service initiation;
b) Customer will use agreed system to deliver necessary data entry;
c) Customer will perform all necessary approval tasks on time;
d) Customer will deliver all necessary payroll and human resource data in the flat file format and via the integration system specified by ADAM; and
e) Customer will comply with technical requirements detailed in the On Demand Service Level Agreement.

5 Service Exclusions

ADAM shall not be liable for any non-compliance with any Level of Service, provided that this failure is attributable directly to any of the following situations:

a) Any non-compliance by the Customer;
b) Reductions in Services or resources requested or authorized by the Customer and agreed by the Parties through the Service Contract New Requests,

c) The services are provided during the execution of the disaster recovery plan, the execution of which is due to a disaster declared by the Customer or by ADAM.

d) Service downtime due to planned maintenance.

e) Interruptions due to causes beyond the direct control of ADAM, including but not limited to: internal Customer's connectivity/network issues, Internet or phone disasters, ISP and hosting site disruptions.

f) ADAM shall maintain a business continuity plan (BCP) to respond to disasters that are beyond the direct control of ADAM. When the BCP becomes operational, ADAM will adhere to deliver the services as currently defined in the BCP.

g) Force Majeure: ADAM shall not be liable for any performance non-compliance or delay due to reasons beyond its reasonable control, including acts of war, natural disasters, social unrest, such as a revolution, riots/mutinies, seizure, sabotage or government action.

6 Contract Maintenance

6.1 Service Change Control Procedure

The following provides a detailed process to follow if a change to this Agreement is required:

- A Request for Change ("RFC") will be the exclusive vehicle for communicating any changes. The RFC must describe the change, the reason for the change and the effect the change will have on the services.

- The designated contact of the requesting party will review the proposed change and determine whether to submit the request to the other party.

- The designated contact of receiving party will review the proposed change and approve it for further investigation or reject it within three (3) business days. The investigation will determine the effect that the implementation of the RFC will have on service targets, service changes and service assumptions related to this Agreement.

- Notwithstanding the foregoing, ADAM shall have the right to modify the terms and conditions herein, subject to Section 6.2.

6.2 Terms for Renegotiation

The service levels defined herein shall not apply for the duration of the stabilization period, 3 months following "Go Live" of a new implementation. ADAM shall notify Customers at least (60) days prior to the date of a proposed change to the service levels, provided that ADAM will only propose a change to the service levels no more than once a quarter. These changes may include the following: (1) additions or deletions in the Levels of Service (including Critical Levels of Service and Key Performance Measurements); (2) movement of Critical Levels of Service toward Key Performance Measurements as designated in Appendix A – On Demand Service Levels Grid or (3) changes to the Service Level percentage designations.

Within the 30 days following the receipt of Customer's request for an addition or modification, ADAM shall propose a commercially reasonable tool or methodology to measure the Level of Service and to

evaluate any impact of that Level of Service on the ability of ADAM to provide the Services. In the event an addition or modification in a Level of Service requires implementing a new tool, methodology or additional resources to measure that Level of Service, ADAM shall implement such addition or modification pursuant to the Service Level Agreement new requests at Customer's expense. When adding a new Level of Service, if ADAM previously implemented this new tool or methodology for another Customer, Customer shall only pay the incremental costs associated with the tool or methodology.

6.3   Credits / Rewards

In order to have a mutual understanding with respect to key elements of the business, Key Performance Indicators have been defined for On Demand features, which, under a system of weighting factors (the Customer defines the weighting for each them), has defined the reference baseline for evaluating the performance of service.

In the event of non-compliance with a Critical Service Level, ADAM shall grant Level of Service Credits as defined below:

Appendix A – On Demand Service Levels Grid establishes the information required to calculate the Service Level Credit in the event of non-compliance with a Critical Service Level. For each non-compliance with a Critical Service Level, ADAM shall grant the Customer a Level of Service Credit, upon Customer request, within 3 days of verification by ADAM, to be calculated using the following formula:

Service Level Credit = A x B

Where:
A =   Monthly Billing Amount
B =   Percentage Customer Amount at Risk

For example:

If ADAM fails to comply with the Minimum Level of Service for a Critical Service Level, and the invoice amount for the month in which the Level of Service Non-compliance occurred is $1,000.00 and the percentage of the Amount at Risk is 3%, the Performance Credit due to the Customer for said Critical Service Level Non-compliance, shall be calculated as follows:

A = $1,000.00 (Monthly Billing Amount)

Multiplied by

B =   3% (Percentage Customer Amount at Risk)
= $30.00 (Service Level Credit Amount)

If there has been more than one Critical Service Level Non-compliance within a month, the corresponding sum of Level of Service Credits will be credited to the Customer up to 6%.

IMPORTANT

The sum of all Weighting Factors for all Service Level not met in a month not to exceed the Weighting Factor Limited specified on Appendix A – On Demand Service Levels Grid**.**

The Customer shall notify ADAM in writing within 3 business days of the end of the calendar month in which Customer believes it is entitled to receive a Service Level Credit. ADAM shall have the right to review the notification and determine, in its sole, reasonable discretion, if a Service Level Credit is due to Customer.

6.4   Service Level Reporting Responsibilities

Reports, available monthly upon request, will incorporate details of performance against all SLA targets, together with details of any trends or specific actions being undertaken to improve service quality. Optionally, they can be drilled down at the level of components, especially if a target is reported breached. A Service Level analyst will distribute these periodic reports to all participants two days before a Service Level Review meeting. The Service Level Reviews will be held every month and will be led by a Service Level Manager.

6.5   Service Problem Resolution Responsibilities

All Incidents will be managed according the Incident Management Process that was designed along with the design of the Service itself. For details like workflows, roles and responsibilities, work products, escalation and control procedures, see the referenced document ADAM Support Center.

The first-line support is the entry point defined for both process. Users can request service or report an Incident by using one of the following:

- Using the Web Portal (preferred) located at http://support.adamhcm.com
- Calling the Support Center at: + 52.55.1500.8600

All service requests will be served in accordance with the provisions of ADAM Support Policy (On Demand Support Policy) and the appropriate licensing agreement between ADAM and the customer.

6.6   Responsibilities of ADAM

ADAM will provide IT Service Management to control the services described in this Agreement. ADAM will appoint a Team Leader who will have responsibility for:

- Coordinating Support Center activities and responsibilities to address any service request that may arise.
- Interfacing with the Customer for service issues and requests for changes.
- With the Customer Service Contact, administer the Service Change Control Procedure described in this Agreement.
- Delivering service reports to the Customer Service Contact.
- Maintain service communications and reviewing any service improvement actions and progress with the customer Service Contact during execution of this Agreement on a regular basis.

- ADAM shall not be responsible for any Government Tax Agency fines, Government Social Security Agencies Penalties and Local and State Tax Regulatory Forfeitures whatsoever.
- ADAM shall not be responsible for labor disputes or any type of legal issue related to Customers and/or related or unrelated to services described in this document.

6.7 Customer Responsibilities for SLA compliance

This section identifies the Customer responsibilities associated with this Agreement. Payroll BPO Service, performance is predicated upon the responsibilities identified below. Prior to the start of this Agreement, Customer will designate a person, called the Customer Executive, to whom all ADAM communications will be addressed and who has the authority to act for the Customer in all aspects of this Agreement.

The responsibilities of the Customer Executive include:

- For any Service Request, create a Ticket into ADAM's Service Request Tool (http://support.adamhcm.com)
- For any Service Request of type "Incident" or "Problem", provide detailed information about the incident/problem.
- Serving as the interface between ADAM and all Customer departments participating included in the scope of this Agreement.
- With the Support Center Manager, administering the Service Change Control Procedure as described in Section 6.1 of this Agreement.
- Attending service status meetings, if necessary.
- Resolving deviations from service assumptions which may be caused by Customer.
- Helping resolve service issues and escalating issues within Customer's organization, as necessary.

7 References

No	Name	Key	Description
1	ADAM Support Center Presentation		ADAM Support Center
2	Service Improvement Plan	AVSP-ITSM-CSI-SIP	Plan de Mejora de Servicios
3	ADAM SLA		ADAM On Demand SLA
4	ADAM Support Policy		On Demand and On Premise Póliza de Soporte

8   Definitions, Acronyms, and Abbreviations

Term	Definition
Access Management	The process responsible for allowing users to make use of IT services, data or other assets.
Agreement	A document that describes a formal understanding between two or more parties.
Availability	Ability of an IT service or other configuration item to perform its agreed function when required.
Escalation	An activity that obtains additional resources when these are needed to meet Service Level targets or Customer expectations.
Event Management	The process responsible for managing events throughout their lifecycle.
Failure	Loss of ability to operate to specification, or to deliver the required output.
First-Line Support	The first level in a hierarchy of support groups involved in the resolution of incidents.
Functional Escalation	Transferring an incident, problem or change to a technical team with a higher level of expertise.
Hierarchic Escalation	Informing or involving more senior levels of management to assist in an escalation.
Impact	A measure of the effect of an incident, problem or change on business processes.
Incident	An unplanned interruption to an IT service or reduction in the quality of an IT service.
Priority	A category used to identify the relative importance of an incident, problem or change.
Process	A structured set of activities designed to accomplish a specific objective.
Role	A set of responsibilities, activities and authorities assigned to a person or team.
Service Hours	An agreed time period when a particular IT service should be available.
Service Level	Measured and reported achievement against one or more service level targets.
Service Level Agreement (SLA)	An agreement between an IT service ADAM and a customer.
Service Level Requirement (SLR)	A customer requirement for an aspect of an IT service.
Service Level Target	A commitment that is documented in a service level agreement.
Service Request	A formal request from a user for something to be provided

Payroll Service Levels and Key Performance Measurements

Maximum Amount at Risk, Expressed as a % of the Monthly Cost
Percentage available to be assigned - Expressed as a % of the Monthly Cost amount "At Risk"

Service to Commit to Provide	Indicator Type	Service Start Date + "X" Months	Expected Level of Service	Minimum Level of Service	Percent At Risk	Measurement Coverage	Window of Measurement
BPO Service Performance							
Data Entry Timeliness (Data Entry was uploaded according to the opportunity window)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Data Entry Validation Timeliness (Data was validated according to the opportunity window)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Payroll Processing Timeliness (Payroll was calculated according to the opportunity window)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Payroll Validation Timeliness (Payroll was validated according to the opportunity window)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Fiscal Audit Timeliness (Payroll Taxes was validated according to the opportunity window)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly

Payroll Outcomes Timeliness (Payroll Outcomes was Produced according to the opportunity window)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Data Entry Accuracy (Data Entry with no errors)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Payroll Processing Accuracy (Payroll calculation with no errors)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Fiscal Audit Accuracy (Payroll Taxes with no errors)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Payroll Outcomes Accuracy (Payroll Outcomes produced with no errors)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Government Delivery Timeliness (Products delivered on time according to government timeframes)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Government Delivery Accuracy (Products delivered with no errors)	Key Measurement	3	99.00%	98.00%	2%	Local	Monthly
Service Request and Change Management							
Service Request (8 biz hrs. to provide estimation completion date)	Key Measurement	3	98.00%	97.00%	2%	Local	Monthly
Request for Change (5 biz days to provide estimation completion date)	Key Measurement	3	98.00%	97.00%	2%	Local	Monthly