

STANDARD TERMS AND CONDITIONS FOR DIGITAL PROJECTS

- part of the Supply Agreement
for digital projects

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1. PREAMBLE

These standard terms and conditions for digital projects are an appendix to the Supply Agreement for digital projects. Together with the Supply Agreement and other appendices they form the entire agreement, hereinafter referred to as "the Agreement".

The Parties agree to cooperate in a positive, professional and responsible manner during the entire project. The Parties will make a substantial effort to achieve the best possible result. The Parties will show the flexibility regarded as reasonable and customary for completion of digital projects.

2. THE AGREEMENT

2.1 THE DELIVERY

The Agreement comprises the services, projects, solutions etc. (hereinafter referred to as the "Delivery") described in the Supply Agreement for digital projects or another similar agreement. The Customer's written acceptance is required before work on the Delivery is commenced by the Agency.

3. SUBSUPPLIERS

3.1 USE OF SUBSUPPLIERS

The Agency is entitled to use subsuppliers. The Agency will be liable for any such subsuppliers' services and deliveries in the same way as it is liable for its own services and deliveries under this Agreement.

4. INFORMATION

4.1 LOYAL DUTY OF INFORMATION

The Parties undertake to regularly provide written information to each other regarding any matter that is deemed to be of importance to the expedient performance of the Agreement and in such good time as to allow the other Party to adapt to the future situation.

5. DOCUMENTATION

5.1 INFORMATION MATERIAL FROM MANUFACTURERS/LICENSORS

Unless otherwise explicitly stated, each delivery includes only the documentation of use provided by the respective manufacturers/licensors.

5.2 THE AGENCY'S OWN SERVICES AND PRODUCTS

The development of the Agency's own services and products is documented only by means of inline comments. The development of any further documentation, e.g. user manuals, training material etc. must be agreed specifically and be paid for separately.

6. OBLIGATIONS OF THE AGENCY

6.1 EXECUTIVE TEAM

The Agency undertakes to make available the executive team to the greatest extent possible within the framework of the Delivery, including in the form of project management and project control. If members of the executive team leave the Agency or for some other reason cannot work on the Delivery, the Agency must make sure that new members of the Agency's team have similar competencies and that they are introduced to the Delivery. This introduction will take place at the Agency's expense.

6.2 DUTY OF INFORMATION IN CASE OF CHANGES

- 6.2.1 The Agency undertakes to notify the Customer in case changes or unforeseen circumstances affect the agreed conditions etc.
- 6.2.2 If work is carried out according to estimates/a fixed number of hours, the Agency undertakes to communicate significant changes in estimates to the Customer as soon as possible. Any expected changes must be communicated by the Agency without undue delay.
- 6.2.3 The Agency undertakes to open a dialogue with the Customer about any requests relating to the effect of changes on the time of delivery and the price of the Delivery.

6.3 RIGHTS

The Agency undertakes to ensure that all necessary rights and licences to photographs, software and other proprietary material used in the Delivery by the Agency have been obtained in accordance with the agreed or assumed use.

6.4 TECHNOLOGY AND ADVICE

- 6.4.1 The Agency undertakes to be able to document what coding standards the Agency uses.
- 6.4.2 The Agency undertakes to provide advice on technical standards, hardware and software relevant to the Delivery.
- 6.4.3 The Agency undertakes to act as the Customer's adviser in connection with any purchases of hardware and/or software products as well as in connection with selecting Open Source modules and components. The Agency does not assume any liability whatsoever and does not provide any kind of warranty in relation to such products.

7. OBLIGATIONS OF THE CUSTOMER

7.1 PROJECT PARTICIPANTS

The Customer undertakes to make its own project participants and other relevant parties with the necessary knowledge and competencies available at the agreed times and to the agreed extent. The Customer is responsible for the management and coordination of all the Customer's project participants, including for their communication with the Agency.

7.2 DUTY OF INFORMATION

- 7.2.1 The Customer undertakes, insofar as possible, to keep the Agency updated about future budgets and plans that may affect the Delivery.
- 7.2.2 The Customer undertakes to respond to documents and enquiries received without undue delay so as to ensure that the time schedule can be observed.

7.3 PARTICIPATION IN MEETINGS

The Customer undertakes to participate in the agreed meetings. This applies to the meetings listed in the time schedule as well as ad hoc meetings.

7.4 TESTS AND APPROVAL

The Customer undertakes to collaborate in connection with the testing and approval of the Agency's services.

7.5 ACCESS TO INFORMATION

- 7.5.1 The Customer undertakes to provide access to available product information, necessary systems, user information, website analyses and any existing, strategic documentation that are pertinent and relevant to the performance of the Delivery.
- 7.5.2 The Customer undertakes to supply approved electronic files with logos, product photographs and written content to the Agency.
- 7.5.3 The Customer accepts responsibility for the accuracy of supplied material and the necessary approvals of all content.

7.6 RIGHTS

The Customer undertakes to ensure that it has the necessary rights and licences to material that is supplied to the Agency.

7.7 TECHNOLOGY

The Customer undertakes, in collaboration with the Agency, to communicate in writing information about the development standards, browser requirements or other technical standards with which the Agency is expected to work. When these requirements have been fulfilled, the equipment, systems and documentation delivered by the Agency will be sufficient, together with the Customer's IT environment, to fulfil the requirements of the Agreement. It is a prerequisite for the Agency's performance of the Agreement that the Customer's IT environment does not contain any faults that affect the Agency's fulfilment of the requirements stipulated in the Agreement.

7.8 TRAINING

The Customer undertakes to participate in the requisite training to enable use of the Delivery.

8. DELIVERY

8.1 READY FOR OPERATION

- 8.1.1 The Agency will supply the Delivery to the Customer for the Customer's acceptance test. The Customer must perform the acceptance test as quickly as possible and not later than ten (10) working days after receiving notice from the Agency that the Delivery is ready for the acceptance test. If this deadline is exceeded without a prior agreement between the Customer and the Agency, the Delivery will be deemed to be accepted and reported to be "Ready for operation" by the Customer, following which Clause 20.1 will enter into force.
- 8.1.2 When the Agency has remedied all material defects (as defined in Clause 9.2.1) found in connection with the Customer's acceptance test, the Delivery is "Ready for operation". The Agency must notify the Customer when the Delivery is "Ready for operation".

8.2 TIME OF DELIVERY

- 8.2.1 Delivery will be deemed to be on time when the Delivery is "Ready for operation" (see Clause 8.1.2) at the agreed time and place of delivery. The Agency undertakes to deliver on time, unless failure of due performance by the Customer prevents the Agency from observing the time schedule.
- 8.2.2 The Agency bears the risk for the Delivery until it is "Ready for operation". If the handing-over takes place before the Delivery is "Ready for operation", the risk passes to the Customer on the handing-over date, unless otherwise explicitly agreed.

9. DEFECTS

9.1 DEFECTS

- 9.1.1 If the Delivery is not in conformity with the Agreement, performed correctly according to the rules of the trade or in accordance with any written directions from the Customer accepted by the Agency, a defect exists.
- 9.1.2 In any case, the Delivery must have the properties and features warranted in the Agreement. If a malfunction in the Delivery is owing to conditions

resulting from the Customer's other software or equipment, or conditions that exist because someone other than the Agency has adapted or carried out maintenance on the Delivery, this will not be deemed to be a defect under this Agreement and the Agency will not be liable for such malfunction.

- 9.1.3 If the Agency can prove that a defect is due to matters of which the Agency did not have knowledge at the time of conclusion of the Agreement, the Agency cannot be held liable for such defect. The work deliverable by the Agency is the version of the agreed software applicable at the date on which the Agency commenced development (the time of the agreement). If the delivered service at the time of delivery cannot be integrated with systems that have been modified after the time of the agreement, a defect will not be deemed to exist. Consequently, the Customer bears the risk of modifications of the systems with which the Agency's work will subsequently be integrated.
- 9.1.4 If the Delivery is defective, the Customer must notify the Agency thereabout in writing in accordance with Clause 20.

9.2 MATERIAL DEFECTS

- 9.2.1 A material defect will be deemed to exist when the defect entails irreparable conditions, prevents the Delivery from fulfilling the Customer's business goal as described in the Supply Agreement or in a critical way provides erroneous information to the users, consequently preventing the users from using the Delivery, and whose remedying cannot be postponed without causing considerable inconvenience to the Customer.
- 9.2.2 Defects that can be remedied by using other data input or methods than originally agreed between the Parties will not be deemed to be material defects.

9.3 REMEDIATION OF DEFECTS

If any defects are ascertained, they must be prioritised in a written agreement indicating separate handing-over dates between the Agency and the Customer not later than five (5) weekdays after the expiry of the deadline for complaints, see Clause 20.2. Remediation of the defects must take place as soon as possible pursuant to the written agreement and handing-over dates approved by the Customer.

10. MODIFICATIONS MADE BY THE CUSTOMER OR A THIRD PARTY

The Agency excludes any liability for the Delivery if it is modified by the Customer or a third party prior to delivery, after delivery or after handing-over to the Customer, see Clause 8.2.2, without the Agency's prior, written approval of such modification.

11. PRICE

11.1 PRICE MODEL

The price may be either fixed or flexible, depending on how the project is carried out, see Appendix 1: Price models.

11.2 WORK NOT INCLUDED IN PRICE AND TIME SCHEDULE

The prices and time schedules specified in the Agreement do not include the work required to remedy any faults caused by the Customer. If the Customer replaces any of its project participants, the Agency may demand separate payment for the extra time spent introducing new participants to the Delivery.

12. AMENDMENTS AND CHANGES

12.1 AMENDMENT OF THE AGREEMENT

This Agreement can only be amended through written notice accepted by the other Party in writing.

12.2 SUBSTANTIAL DEVIATIONS FROM BUDGET

If the Agency becomes aware of any substantial deviations from the agreed budget, the Agency must notify the Customer thereabout in writing before proceeding with its work on the Delivery.

12.3 CHANGES IN HOURLY RATES

The Agency's hourly rates may be changed once a year and the new hourly rates must be notified in writing to the Customer with a prior notice of three (3) months.

12.4 CHANGES IN THIRD-PARTY SOFTWARE

Third-party software, including browsers etc., is often changed without warning. Such changes may result in faults and failure of software developed by the Agency. To the extent the Delivery includes particular software solutions or integration with particular software suppliers, the Agreement will only include the version of the agreed software that is "live" on the date on which the Agency's development commences. Changes in software not controlled by the Agency are not included in the quotation. Necessary adaptations of the Delivery will be invoiced separately as agreed.

13. INVOICING

13.1 INVOICING

- 13.1.1 Payment must be made according to the agreed payment plan. In case of late payment, the Agency is entitled to charge a reminder fee to the Customer plus default interest from the due date according to the rules of the Danish Interest on Overdue Payments Act (*Renteloven*) in force from time to time.
- 13.1.2 The Customer is entitled to request a detailed specification of time spent on the Delivery as well as the basis for invoicing.
- 13.1.3 Purchases made by the Agency on the Customer's behalf for use for the Delivery (external costs) may be invoiced immediately.
- 13.1.4 The total or remaining contract price falls due for payment on the handing-over date at the latest, unless otherwise agreed in the payment plan.
- 13.1.5 All prices are in Danish kroner (DKK), unless otherwise stated in the Agreement.

13.2 EXTERNAL COSTS

- 13.2.1 The Agency is entitled to separate payment of external costs, including necessary services, licences, products etc. from external suppliers.
- 13.2.2 Insofar as travelling activities (e.g. train, ferry, airplane, hotel, meals and refreshments) are concerned, such activities will be paid for in accordance with the actual costs or according to the applicable rates from time to time defined by the Danish state. Travelling time exceeding one hour each way will be invoiced at 70 percent of the applicable hourly rates.

- 13.2.3 In addition, the Customer must pay all other public taxes imposed on the purchases after conclusion of the Agreement.

14. CANCELLATION

14.1 PART DELIVERIES

Cancellation of part deliveries must take place in writing and will mean that the Agency stops the ongoing work on the part of the Delivery concerned and insofar as possible mitigates the costs for the Customer in this regard. The Customer pays for costs already paid and time spent as well as the Agency's time due to the cancellation according to the Agency's applicable hourly rates.

14.2 COMPENSATION

Furthermore, the Agency may charge a reasonable compensation, but not more than 15 percent of the remaining, unpaid contract price. Cancellation of the entire Delivery must be regarded as a termination of the Agreement and is therefore governed by Clause 26.

15. THE CUSTOMER'S RIGHTS

15.1 THE CUSTOMER'S RIGHTS

All customer data registered in the systems comprised by the Delivery belong to the Customer.

15.2 SOFTWARE

- 15.2.1 The rights holder's (manufacturer's) licence conditions applicable from time to time apply to software of any kind, unless otherwise explicitly stated.
- 15.2.2 Insofar as software developed or adapted (further developed) by the Agency in connection with the Delivery is concerned, the Customer will acquire an unrestricted right to use the delivery itself, without any restrictions in terms of time or geography. The Customer is free to process and develop the Delivery, including with the help from a third party.

16. THE AGENCY'S RIGHTS

16.1 SOFTWARE

- 16.1.1 Insofar as software is concerned that is developed or adapted in connection with this Agreement, the Customer will acquire an unrestricted right to use the Delivery itself. The Agreement does not prevent the Agency from performing similar services and deliveries for other customers. Subject to the Customer's rights, business secrets and confidential information, the Agency is entitled to freely further develop, use and exploit the general knowledge and know-how, tools, codes, techniques, ideas and other information etc. used, developed or acquired by the Agency in connection with the Delivery.
- 16.1.2 To the extent confidential information and/or business secrets are included in the software, they must be removed before the Agency may exploit the software in other commercial connections.

16.2 OPEN SOURCE SOFTWARE

- 16.2.1 Insofar as Open Source software is concerned, the Parties may agree in writing to make developed software available to the general public.
- 16.2.2 If Open Source software is included in the Agency's Delivery, the Customer will obtain the rights to such software as appear from the licence conditions in force from time to time for the relevant Open Source software. The Agency is not responsible for faults in Open Source software or other matters which mean that the Agency must carry out corrections or additional work as regards the specific Open Source software.

16.3 RIGHTS UPON TERMINATION OF THE AGREEMENT

If the Agreement is terminated wholly or partly, all rights acquired by the Customer will revert to the Agency without any restriction for that part of the Agreement that is terminated. The same applies if delivery does not take place due to force majeure.

16.4 THIRD-PARTY RIGHTS

- 16.4.1 The Agency warrants that the Delivery does not infringe any third-party rights, including patents or copyrights. This does, however, not apply if the Customer uses the Delivery, or elements thereof, in other ways or to a wider extent than agreed.

- 16.4.2 It is a condition for this warranty that the Customer immediately notifies the Agency in writing if the Customer becomes aware of any infringement of rights, and that the Customer assists the Agency to the required extent in this regard.
- 16.4.3 To the extent the Customer supplies copyrighted material, software etc. for use in the development of the Delivery, the Agency cannot be held liable in damages for any infringement of third-party rights.
- 16.4.4 If, as a result of the Delivery, the Customer will be exploiting third-party software, the Customer must conclude and maintain licence agreements or otherwise secure the rights holder's consent to such exploitation, unless otherwise explicitly appears from the Agreement. Upon the Customer's request, the Agency must assist the Customer with advice and purchase of licence agreements, if relevant, to a necessary and reasonable extent.

17. RESPONSIBILITY FOR LEGISLATION ETC.

The Agency works in accordance with the Danish Marketing Practices Act (*Markedsføringsloven*) (sections 1-12). The Customer will ensure that the legislation and trade customs in the Customer's field are observed. The Customer will notify the Agency in writing, and before the work is commenced, about any special statutory and product requirements etc. the Agency is required to take into account.

18. PRODUCT LIABILITY

The Agency assumes product liability in pursuance of the mandatory provisions of the Danish Product Liability Act (*Produktansvarsloven*). The Agency excludes any other product liability.

19. CONFIDENTIALITY

- 19.1.1 The Parties undertake not to disclose information to third parties which they receive from each other within the framework of this Agreement, unless such information is already in the public domain or for some other reason can naturally be passed on to a third party. Also the respective Parties' employees and other people working with the performance of the

Agreement, both during and after development of the Delivery, are subject to the duty of confidentiality.

19.1.2 Irrespective of the above, the Agency is entitled to state that the Customer is a customer of the Agency for marketing purposes as well as in connection with competitions and award ceremonies.

19.1.3 If the Agency's other customers include customers that carry on activities that are in competition with the Customer's activities, the Agency must establish and maintain information barriers if so specifically requested by the Customer. Such barriers must ensure that none of the Agency's employees work on projects for both the Customer and the competitor.

20. DUTY TO GIVE NOTICE OF DEFECTS

20.1 DEFECTS THAT SHOULD HAVE BEEN DISCOVERED DURING THE ACCEPTANCE TEST

Claims on account of defects which the Customer discovered or should have discovered during the acceptance test cannot subsequently be made as against the Agency.

20.2 Defects that could not be discovered until after the acceptance test

If the Customer wishes to make a claim on account of a defect that was not discovered and should not have been discovered during the acceptance test, the Customer must notify the Agency thereabout within ten (10) working days after delivery, see Clause 8.2.1. If the Customer fails to do so, the Customer will be deemed to have forfeited its right to make any claims on account of such defect.

20.3 MATERIAL DEFECTS

20.3.1 The rule in Clause 20.2 does, however, not apply in case of material defects:

- 1) which it was not possible for the Customer to discover during the acceptance test or within ten (10) days after delivery, see Clause 8.2.1 and
- 2) which the Customer can prove existed at the time of delivery.

- 20.3.2 If the Customer makes a claim on account of a defect and such defect subsequently proves not to be due to the Agency's Delivery, the Agency will be entitled to compensation for the time spent on examining such defect.
- 20.3.3 If it is not possible to unambiguously place the responsibility for the defect with either of the Parties, the compensation for time spent on examining the defect will only be 50 percent of such time.

20.4 One-year duty to give notice of defects

- 20.4.1 If the Customer has not one (1) year after delivery, see Clause 8.2.1, given notice of its intention to make a claim on account of a defect, the Customer cannot subsequently make such claim, unless the Agency has accepted to warrant the object in question for a longer period or has acted against good morals.
- 20.4.2 If the Customer gives notice of a defect and such defect subsequently proves not to be attributable to the Agency's Delivery, the Agency will be entitled to compensation for the time spent on examining such defect.
- 20.4.3 If it is not possible to unambiguously place the responsibility for the defect with either of the Parties, the compensation for time spent on examining the defect will only be 50 percent of such time.
- 20.4.4 Remediation of defects after the end of the deadline for complaints will be treated as support tasks.

21. ANOTHER TECHNICAL SUPPLIER

If the Delivery is not implemented by the Agency, a handing-over meeting will be held with the Customer's technical implementation partner. If further dialogue is required with the technical implementation partner, other than the handing-over meeting, such assistance will be provided on a time basis in accordance with the Agency's hourly rates.

22. BREACH

- 22.1.1 The general rules of Danish law regulate breach with the exceptions specified in the Agreement. Notice of a breach must be given immediately and within one (1) week from the Customer has become or should have

become aware of the breach. The Agency must be notified about the breach in writing.

- 22.1.2 If the Customer is in breach of its obligations under Clause 4 or 7 hereof, the Agency will be entitled to invoice the additional expenses incurred as a consequence of the Customer's breach to the Customer.
- 22.1.3 If a Party materially breaches its obligations, the other Party must give such Party a written notice of fifteen (15) days to remedy the breach. If the Party in breach does not remedy the breach within this period, the other Party is subsequently entitled to cancel the Agreement wholly or partly.
- 22.1.4 Either of the Parties may cancel the Agreement without notice if the other Party suspends its payments, opens negotiations for an arrangement with its creditors or if liquidation proceedings are begun against it, if the estate in bankruptcy does not upon a written request from the other Party without undue delay notify such Party that the estate in bankruptcy will affirm the Agreement.

23. LIABILITY IN DAMAGES

23.1 LIMITATION OF LIABILITY

- 23.1.1 The Agency's liability in damages is limited to the Customer's direct loss as a consequence of the Agency's breach.
- 23.1.2 The Agency's liability in damages does not cover consequential losses, operating losses, losses due to defects in third-party supplies, nor does it cover indirect losses, including loss of earnings, profit, reduced sales, prevention of third-party delivery and losses associated with any unfulfilled expected use of the Delivery. The Agency's liability relating to subsuppliers is described in Clause 3 "Subsuppliers".
- 23.1.3 The Agency's total liability cannot exceed 100 percent of the invoiced amount (less external costs) for Deliveries throughout the past six (6) months prior to notice of the breach. The Agency is entitled to remedy the breach and repeat delivery.

23.2 DAMAGES IN CASE OF DELAYS

If failure of due performance by the Customer means that the Agency cannot perform its work as agreed and planned, the Agency is entitled to demand payment of the fees for the Agency employee(s) and subsupplier(s) who cannot immediately be used on other projects for a period of up to four (4) weeks. This does, however, not apply in case of cancellation, see Clause 14 or termination, see Clause 26. It is a condition for the Agency's right to a fee under this provision that the Agency has actively and loyally endeavoured to use such employee(s) and subsupplier(s) on other projects.

24. FORCE MAJEURE

24.1.1 A Party is not liable for damage, defects or delays relating to the performance of the Agreement if the Party is prevented from performing its obligations due to matters over which such Party has no control and which such Party could not reasonably be expected to foresee at the time of conclusion of the Agreement and whose consequences the Party could not either be expected to have avoided or overcome (force majeure).

24.1.2 Force majeure can only be claimed if the Party in question has given the other Party written notice thereabout within three (3) working days after the force majeure situation occurred.

25. ASSIGNMENT

The Customer and the Agency are entitled to assign their rights and obligations to another company within their respective groups. Other than that, neither of the Parties will be entitled to assign rights and obligations to a third party without the other Party's written consent.

26. TERMINATION

26.1.1 This Agreement may be terminated in writing by either Party with three (3) months' notice, always provided that the Agency is entitled to payment for services rendered until the time of termination, costs already paid as well as costs in connection with the termination. The Agency's work in connection with the termination will be invoiced to the Customer on a time basis in accordance with the Agency's hourly rates from time to time.

26.1.2 When the Agreement is terminated, the Parties must each return or destroy material and documents belonging to the other Party upon such Party's written request.

- 26.1.3 Provisions which in their nature extend beyond the term of the Agreement will continue to apply after the end of the Agreement.

27. DISPUTES

- 27.1.1 Disputes must be settled in accordance with Danish law. The Parties must attempt to solve any conflict through direct negotiation. If the Parties cannot solve a conflict through direct negotiation, the conflict may either be solved by an expert or through mediation if the Parties agree thereon.
- 27.1.2 If the Parties choose to submit the conflict to an expert, either of the Parties may request that either ADDA (the Association of Danish Digital Agencies) and Dansk Annoncørforening (the Association of Danish Advertisers) or Kreativitet & Kommunikation (Creativity & Communication) and Danish Erhverv (the Danish Chamber of Commerce) jointly propose an expert. The expert must be a member of minimum one (1) of the aforesaid organisations. In such case the Parties agree that the dispute will be solved in accordance with the expert's opinion of the case as presented in a jointly prepared list of questions on which the expert's opinion will be based.
- 27.1.3 If the Parties choose to submit the conflict to mediation, and the Parties have not within fourteen (14) days agreed on a mediator, either of the Parties may request Danske Mediatoradvokater (Danish Mediation Lawyers) to propose a mediator, possible by referring such Party to Mediationsinstituttet (the Institute of Mediators).
- 27.1.4 The mediator must be a member of Danske Mediatoradvokater, and the mediation must be conducted in accordance with the ethical rules of Danske Mediatoradvokater.
- 27.1.5 If not otherwise agreed in connection with the expert/mediation procedure, the costs for the expert/mediator must be shared by the Parties in equal portions. The Parties will each pay their own costs for their own advisers in connection with the expert/mediation procedure.
- 27.1.6 If the conflict has not been solved through mediation within eight (8) weeks after mediation was agreed, the Parties will no longer be bound by the agreement to solve the dispute through mediation.

- 27.1.7 An agreement regarding an expert/mediation procedure will not prevent the Parties from filing a writ, a letter of complaint etc. in Denmark concurrently with the expert/mediation procedure if this is necessary to avoid forfeiting their rights due to limitation issues or the like. An agreement for an expert/mediation procedure does not mean that the Parties forfeit their right to apply for interim remedies such as attachment or injunction.
- 27.1.8 All discussions in connection with an expert/mediation procedure are confidential for all participants.
- 27.1.9 If the Parties are unable to reach another solution, the dispute must be settled by the Danish courts of justice, unless the Parties agree to submit the dispute to Danish arbitration.

APPENDIX 1: PRICE MODELS

This Appendix describes the various price models often used for digital projects.

INTRODUCTION

A project is defined by three variables: delivery, deadline and price¹. You may choose to let all three variables be flexible, let all three be fixed – or any combination in between.

This produces the following three primary price models. It applies to all three models that details are specified in the Supply Agreement or in a separate appendix.



1. FIXED PRICE, FIXED DELIVERY (THE "FIXED-PRICE MODEL")

In this model the main purpose, price and delivery are fixed from the start. The deadline may be agreed as a fixed date or as a variable.

All projects for which the price is a fixed price for a fixed delivery must necessarily include a detailed and complete description of the solution. All deviations from the description, even minor adjustments, must be agreed in writing.

Unless otherwise appears from an appendix (budget), all prices are fixed and are consequently not subject to adjustment.

This model is typically used for small deliveries.

¹ In compliance with the "Project Triangle" or "Triple Constraint" model consisting of Cost, Scope and Schedule (from Project Management Body of Knowledge, PMBOK.)

2. FIXED PRICE, VARIABLE DELIVERY (THE "TIMEBOXING MODEL")

In this model the main purpose and the price are fixed, while the individual functionalities and priorities of the delivery are defined as the project progresses. The deadline may be agreed as a fixed date or as a variable.

The description of the solution only includes a general description of the solution, while the details are decided as the project progresses in an agile development process within the agreed time frame. The parties prioritise the tasks on an ongoing basis, several times, while the work is being performed. Therefore, the final delivery is not known until the agreed number of hours has been spent on the project. That is also the reason why this method is called "Timeboxing" – you allocate a certain number of working hours and when they have been used, the project is completed.

Unless otherwise appears from an appendix (budget), all prices are fixed and are consequently not subject to adjustment.

This model is typically used for large deliveries.

3. VARIABLE PRICE, VARIABLE DELIVERY (THE "ESTIMATE MODEL")

In this model the main purpose is fixed, while both price and delivery are flexible, allowing ongoing and agreed adjustments. The deadline may be agreed as a fixed date or as a variable.

The description of the solution only includes a general description of the solution, while the details are decided as the project progresses in an agile development process. The final price can be estimated before the project is launched, but the exact price is not known until the delivery has been completed.

The project is invoiced on a time basis and the price is in accordance with the Agency's applicable hourly rates from time to time for the consultants in question.

This model is typically used for large deliveries.

The Estimate Model may be extended by either of the two forms described below where the risk is shared by the parties in order to fulfil the customer's need to balance security and economy in the delivery:

3.1 SHARED RISK (THE "TARGET COST MODEL")

This model builds on the Estimate Model where the main purpose is fixed, while both price and delivery are flexible.

Here a realistic estimate is made of the delivery based on an assessment of risk and complexity. A high risk may be due to the technology being unknown, the organisational complexity being high or other factors that make it difficult to assess the scope of the delivery.

The complexity of the project is a function of the business needs that must be supported and the requirements in terms of quality, device and browser support etc.

Against this background a Target Cost is fixed, which is used as an indicator for the delivery by both customer and agency.

If the Target Cost is exceeded, the customer will only be invoiced 50 percent of the hours by which the estimate is exceeded until the delivery has been completed or the customer chooses to stop the project.

The Target Cost Model ensures that both the customer and the agency retain focus on the value throughout the project, while still respecting that it may be difficult to predict the overall scope and that it is not always profitable to try to fix all details in advance.

Example: A delivery that is estimated at 100 hours is invoiced at the full hourly rate for the first 100 hours, any subsequent hours being invoiced at 50 percent of the agreed hourly rate. If it only takes 70 hours to complete the delivery, only 70 hours are invoiced.

3.2 SHARED RISK (THE "MAX PRICE MODEL")

Like the Target Cost Model, the Max Price Model is based on a realistic estimate based on risk and complexity. If the target cost is exceeded, the full hourly rate will be invoiced to the customer up to a percentage agreed by the parties. The percentage is in the interval 40-60 percent, unless special conditions apply.

If the estimate is exceeded by more than the agreed percentage, the agency will cover this additional cost until the delivery has been completed or the customer chooses to stop the project.

The Max Price Model ensures that both the customer and the agency retain focus on the value throughout the project, while still respecting the customer's need of financial

security and recognising that it is not always profitable to try to fix all details in advance in such projects.

In situations where the need for special financial security is particularly important in relation to the allocated budgets, this model may be preferable.

Example: At a percentage of 50, a delivery estimated at 100 hours is invoiced at the full hourly rate for the first 150 hours and any additional hours will not be invoiced. If it only takes 70 hours to complete the delivery, only 70 hours are invoiced.

3.3 EXCEEDING THE ESTIMATE

The estimate is exceeded when the number of hours used by the agency in addition to the estimate cannot be attributed to the customer's extension of the scope of the delivery or failure of delivery.

3.4 CHANGING THE ESTIMATE

If the customer extends the scope of the delivery beyond what must be considered to be a natural part of solving the task within the agreed framework, or if failure of delivery from the customer repeatedly prevents progress, the agency will re-estimate the delivery.