

Summary of Contents

Volume 1

PART 1. PREPARING FOR THE OUTSOURCING TRANSACTION

- Chapter 1. Introduction to Outsourcing
- Chapter 2. Preparing for and Negotiating the Deal
- Chapter 3. Choosing the Right Service Provider: The Request for Proposal Process
- Chapter 4. Regulatory Guidelines: Outsourcing Risk Management
- Chapter 5. Documenting the Deal

PART 2. THE OUTSOURCING TRANSACTION

- Chapter 6. The Master Agreement
- Chapter 7. Schedules to the Master and Services Agreements: An Analytical Framework
- Chapter 8. Services and the Service Level Agreements
- Chapter 9. Asset Transfer Issues
- Chapter 10. Pricing and Payment
 - Appendix 10A. Sample Clauses
- Chapter 11. Benchmarking and its Alternatives
- Chapter 12. Implementation, Governance and Administration
 - Appendix 12A. Sample Governance Schedule
 - Appendix 12B. Sample Change Control Process Schedule
- Chapter 13. Exit Strategies

PART 3. SPECIAL ISSUES IN AN OUTSOURCING TRANSACTION: SECURITY; EMPLOYMENT AND LABOUR; PENSIONS; TAX

- Chapter 14. Information Security Compliance: Practical Implications for Outsourcing
- Chapter 15. Employment and Labour Issues
- Chapter 16. Pension Considerations
- Chapter 17. Tax Issues
- Appendix 17A. Sample Clauses

Volume 2

PART 4. OUTSOURCING ISSUES IN PARTICULAR JURISDICTIONS

- Chapter 18. Contract Issues in Quebec
- Chapter 19. Special Canadian Issues in Cross-Border Outsourcing
- Chapter 20. Offshore Outsourcing: Challenges and Opportunities
- Chapter 21. Outsourcing in Eastern Europe
- Chapter 22. Outsourcing in the United Kingdom
- Chapter 23. Outsourcing in India

PART 5. OTHER ISSUES IN OUTSOURCING

- Chapter 24. The Only Constant: Pricing for Change in Outsourcing Arrangements
- Chapter 25. Privacy Issues in Outsourcing: A Work in Progress
- Chapter 26. Has IT Outsourcing Become Ordinary Course of Business? *Re Stelco Inc.*
- Chapter 27. The Stay Back Team
- Chapter 28. Bankruptcy and Insolvency Issues in Outsourcing: A Wake-Up Call
- Chapter 29. Ensuring Coverage: Insurance Issues in Outsourcing Arrangements

SUMMARY OF CONTENTS

- Chapter 30. Avoiding Project Mismanagement in Outsourcing Transactions
- Chapter 31. Allocation of Risk: A Cross-Jurisdictional Study
- Chapter 32. Current Trends in Limits of Liability and Indemnification in IT Contracts
- Chapter 33. Corporate Social Responsibility and Sustainability in Outsourcing
- Chapter 34. The Relationship Review: Maintaining and Strengthening Healthy Working Relationships
- Chapter 35. *De Beers U.K. Ltd. v. Atos Origin IT Services U.K. Ltd.*: Lessons from an Outsourcing
- Chapter 36. Overview of Intellectual Property Rights and IP Outsourcing Issues in Canada
- Chapter 37. Managing Multivendor Outsourcing
- Chapter 38. BSkyB Redux? Lessons from County of Orange v. Tata Consultancy Services Ltd. et al.
- Chapter 39. Anti-Spam Legislation and Outsourcing
- Chapter 40. The New ISO 37500 Outsourcing Standard: A Critical Analysis
- Chapter 41. Case Study: CIS General Insurance v IBM UK
More Lessons Learned from Another Failed Agile Project
- Chapter 42. MillerCoors v HCL: Lessons Learned—Again—
From a Failed SAP ERP Implementation Project
- Chapter 43. Understanding the Importance of Force Majeure/
Extraordinary Event Clauses in Outsourcing Agreements
- Chapter 44. Case Study: *Lachman v Revlon* Class Action -
Lessons On When & How to Be Transparent to Shareholders in the Case of a Failed ERP Implementation

Appendices

- Appendix A. Master Outsourcing Agreement
- Appendix B. Technology Services Agreement
- Appendix C. Employee Matters Agreement
- Appendix D. Asset Purchase Agreement

- Appendix E. Basel Committee on Banking Supervision—
Outsourcing in Financial Services
- Appendix F. Office of the Superintendent of Financial
Institutions Canada—Outsourcing of Business
Activities, Functions and Processes Guideline
- Appendix G. Study: Optimizing Value from Outsourcing

Table of Cases

Index

Table of Contents

Volume 1

PART 1. PREPARING FOR THE OUTSOURCING TRANSACTION

CHAPTER 1. INTRODUCTION TO OUTSOURCING

I. INTRODUCTION

§ 1:1 Generally

II. OUTSOURCING: A BRIEF HISTORY

§ 1:2 Outsourcing Yesterday

§ 1:3 IT and BPO Outsourcing

§ 1:4 Offshoring

§ 1:5 Other Developments in Outsourcing

III. OUTSOURCING: A PRIMER

§ 1:6 The Two Elements of an Outsourcing

§ 1:7 Key Elements of Our Approach—Putting the Issues
in Perspective: Understanding the Needs and
Wants of Both Parties

§ 1:8 —The Starting Point: Know Thy Client

§ 1:9 —Outsourcing Does Not End After Execution

§ 1:10 —Building in Flexibility

§ 1:11 —Negotiation Style

§ 1:12 Applying the Approach: Key Issues in Outsourcing
Arrangements

§ 1:13 —Defining Service Levels

§ 1:14 —Pricing

§ 1:15 —Benchmarking

§ 1:16 —Third Party Contract Management

IV. USING THIS BOOK

§ 1:17 Generally

CHAPTER 2. PREPARING FOR AND NEGOTIATING THE DEAL

- § 2:1 Introduction
- § 2:2 Preparation
- § 2:3 Choosing Your Team
- § 2:4 Choosing Legal Counsel
- § 2:5 Choosing the Service Provider: the RFP
- § 2:6 Multi-Party Negotiations—Parallel Negotiations
- § 2:7 —Multi-Vendor Pre-qualification
- § 2:8 Principled Negotiations
- § 2:9 Conclusion

CHAPTER 3. CHOOSING THE RIGHT SERVICE PROVIDER: THE REQUEST FOR PROPOSAL PROCESS

- § 3:1 Introduction
- § 3:2 Making Sense of the Acronyms: RFIs, RFQs and RFPs
- § 3:3 Reasons to Issue an RFP
- § 3:4 RFPs Versus Formal Tenders
- § 3:5 Preparation
- § 3:6 Drafting the RFP
- § 3:7 —General Content of the RFP
- § 3:8 —Drafting to Avoid the Formal Tender Characterization
- § 3:9 —Key Legal Terms
- § 3:10 —Parameters of Communication During the RFP Process
- § 3:11 Disseminating the RFP
- § 3:12 Responding to the RFP
- § 3:13 Choosing the Winning Service Provider and Negotiating
- § 3:14 Conclusion

CHAPTER 4. REGULATORY GUIDELINES: OUTSOURCING RISK MANAGEMENT

- § 4:1 Introduction
- § 4:2 The Basel Guidelines
- § 4:3 The OSFI Guideline
- § 4:4 Accountability and Control
- § 4:5 FRE Board of Directors Responsibilities
- § 4:6 FRE Management Responsibilities
- § 4:7 Chief Agent/Principal Officer Responsibilities

TABLE OF CONTENTS

§ 4:8	Materiality Assessment
§ 4:9	Risk Management Program for Material Outsourcing Arrangements
§ 4:10	Due Diligence Processes
§ 4:11	Policies and Procedures to Manage Risks Associated with Material Outsourcing Arrangements—Contract for Services
§ 4:12	—Location of Records
§ 4:13	—Business Continuity Plan
§ 4:14	—Outsourcing in Foreign Jurisdictions
§ 4:15	The Memorandum on New Technology-Based Outsourcing Arrangements
§ 4:16	—Cloud Computing: Special Considerations
§ 4:17	—Confidentiality, Security, and Separation of Property
§ 4:18	—Cloud Computing and the Location of Records
§ 4:19	—Conclusion
§ 4:20	Monitoring and Oversight of Material Outsourcing Arrangements
§ 4:21	—Centralized List of all Material Outsourcing Arrangements
§ 4:22	—Monitoring the Outsourcing Arrangement
§ 4:23	—Monitoring the Service Providers
§ 4:24	Data Processing in Foreign Jurisdictions
§ 4:25	Conclusion

CHAPTER 5. DOCUMENTING THE DEAL

§ 5:1	Introduction
§ 5:2	The Agreement Framework—Every Outsourcing Deal is Unique
§ 5:3	—Preparing the Documentation
§ 5:4	The Main Agreement—The Master/Framework Agreement
§ 5:5	—Services Agreement
§ 5:6	—Asset Purchase Agreement
§ 5:7	—Employment Agreement
§ 5:8	—Real Estate Agreement
§ 5:9	Conclusion

PART 2. THE OUTSOURCING TRANSACTION

CHAPTER 6. THE MASTER AGREEMENT

I. INTRODUCTION

§ 6:1 Generally

II. THE MASTER AGREEMENT

§ 6:2 Statement re Objectives of the Outsourcing

§ 6:3 Base Assumptions

§ 6:4 Scope

§ 6:5 Approval of Changes

§ 6:6 Pricing

§ 6:7 Outsourcing Overview

§ 6:8 Confidentiality

§ 6:9 Intellectual Property Ownership

§ 6:10 Representations and Warranties

§ 6:11 Limitation of
Liability/Disclaimer/Indemnity/Insurance

§ 6:12 —Limitation of Liability

§ 6:13 —The Role of Insurance and Performance
Guarantees

§ 6:14 —Exclusion of Indirect Damages

§ 6:15 —Indemnity

§ 6:16 Dispute Resolution

§ 6:17 Term and Termination

§ 6:18 Transition/Orderly Termination

CHAPTER 7. SCHEDULES TO THE MASTER AND SERVICES AGREEMENTS: AN ANALYTICAL FRAMEWORK

I. INTRODUCTION

§ 7:1 Generally

II. DIFFERING PERSPECTIVES GENERALLY

§ 7:2 Introduction

§ 7:3 The Customer

§ 7:4 The Service Provider

III. AGREEMENT AND SCHEDULE STRUCTURE

- § 7:5 Layout
- § 7:6 Internal Referencing
- § 7:7 The Role of Counsel

IV. CONCLUSION

- § 7:8 Concluding Comments

CHAPTER 8. SERVICES AND THE SERVICE LEVEL AGREEMENTS

I. INTRODUCTION

- § 8:1 Generally

II. THE SERVICES AGREEMENT

- § 8:2 Scope of Services
- § 8:3 Service Management
- § 8:4 Service Standards
 - § 8:5 —Service Standards Generally
 - § 8:6 —Compliance with Applicable Law
 - § 8:7 —Service Levels
 - § 8:8 —Service Level Measurement and Reporting
 - § 8:9 —Root Cause Analysis and Resolution
 - § 8:10 —Service Level Credits
 - § 8:11 —Service Level Incentives/Credit Earn-Backs
 - § 8:12 —Operational Auditing
- § 8:13 Achieving Savings and Gainsharing: Incentive or Distraction?
- § 8:14 Managing and Improving Technology through the Term
- § 8:15 Deliverables: Delivery, Installation, Acceptance and Warranty
- § 8:16 Compliance with Customer Policies: Data and Security Requirements
 - § 8:17 —Access to Premises and Equipment
 - § 8:18 —Access to Data
 - § 8:19 —Compliance with Other Customer Policies
- § 8:20 Personnel Issues
 - § 8:21 —Non-solicitation
 - § 8:22 —Subcontractors
- § 8:23 Pricing and Payment
- § 8:24 Representations, Warranties and Covenants

§ 8:25 Specific Regulatory Requirements

III. THE SERVICE LEVEL AGREEMENT

§ 8:26 What is a Service Level?

§ 8:27 What is a Service Level Credit?

§ 8:28 Developing the Service Levels—Setting the Baseline
Service Levels

§ 8:29 —Prioritizing the Service Levels

§ 8:30 Describing the Service Levels

§ 8:31 Service Levels during the Transition-In Phase

§ 8:32 Calculating Service Level Credits: Examples

CHAPTER 9. ASSET TRANSFER ISSUES

I. INTRODUCTION

§ 9:1 Generally

II. CUSTOMER'S PERSPECTIVE

§ 9:2 Pre-Contract Considerations

§ 9:3 Post-Contract Considerations

III. SERVICE PROVIDER'S PERSPECTIVE

§ 9:4 Pre-Contract Considerations

§ 9:5 Post-Contract Considerations

IV. DUE DILIGENCE

§ 9:6 Introduction

§ 9:7 Inspection and Review

§ 9:8 Searches

§ 9:9 Third Party Contracts

V. CONTRACTS AND CONTRACTUAL RIGHTS

§ 9:10 Introduction

§ 9:11 Assignment/Novation of Contracts

§ 9:12 Managed Contracts

§ 9:13 Adjustments

§ 9:14 Assignment-Back

VI. AGREEMENT OF PURCHASE AND SALE

§ 9:15 Introduction

§ 9:16 Description of Assets

TABLE OF CONTENTS

§ 9:17	Pricing—Valuation
§ 9:18	—Allocation of Purchase Price
§ 9:19	Delivery
§ 9:20	Representations and Warranties
§ 9:21	—Power and Authority
§ 9:22	—Condition of Assets
§ 9:23	—Completeness
§ 9:24	—Title/Encumbrances
§ 9:25	—Contracts
§ 9:26	—Knowledge Qualifier
§ 9:27	—Disclaimer
§ 9:28	—Survival
§ 9:29	—Update
§ 9:30	—Non-Waiver
§ 9:31	Indemnities
§ 9:32	Governing Law

VII. BULK SALES ACT

§ 9:33	Generally
--------	-----------

VIII. TAXES

§ 9:34	Generally
--------	-----------

IX. REGULATORY CONCERNS

§ 9:35	Generally
--------	-----------

X. CONCLUSION

§ 9:36	Concluding Comments
--------	---------------------

CHAPTER 10. PRICING AND PAYMENT

§ 10:1	Introduction
§ 10:2	Customer's Perspective
§ 10:3	Service Provider's Perspective
§ 10:4	The Base Case
§ 10:5	Pricing Models
§ 10:6	—Fixed Price Models
§ 10:7	—Rate Based Models
§ 10:8	—Combinations
§ 10:9	—Cost-Plus Models
§ 10:10	—Percentage-of-Asset-Cost/Value Models
§ 10:11	—Time and Materials Models
§ 10:12	—Customer Representations

- § 10:13 Pricing Changes
- § 10:14 —Volume
- § 10:15 —Service Scope
- § 10:16 —Discontinued Services
- § 10:17 —Additional Services
- § 10:18 —Regulatory Changes
- § 10:19 —Inflation
- § 10:20 —Adjustments Based on Actual Costs
- § 10:21 —Pricing Reviews
- § 10:22 Development Projects
- § 10:23 Benchmarking and Service Level Price
Adjustments
- § 10:24 Gainsharing
- § 10:25 Taxes, Insurance, Travel, Pass-Through Charges
and Foreign Exchange—Taxes Applicable to the
Services
- § 10:26 —Other Tax Considerations
- § 10:27 —Insurance Costs
- § 10:28 —Travel Expenses
- § 10:29 —Pass-Through Charges
- § 10:30 —Supplementary Documents
- § 10:31 —Currency Issues
- § 10:32 —Internal Costs
- § 10:33 Transfer Costs
- § 10:34 Most Favoured Customer Provisions
- § 10:35 Payments—Payment Terms
- § 10:36 —Invoices
- § 10:37 —Credits
- § 10:38 —Fees Calculated Monthly
- § 10:39 —Interest
- § 10:40 —Supporting Certificate
- § 10:41 Record Retention—Customer Records
- § 10:42 —Service Provider Records
- § 10:43 —Other Records Issues
- § 10:44 —OSFI Guideline
- § 10:45 Financial Audits
- § 10:46 —OSFI Guideline, Regulatory Audits and
Inspections
- § 10:47 —Other Audits
- § 10:48 —Service Provider’s Internal Audit Function and
3416/5970 Audits
- § 10:49 —Officers’ Certificates
- § 10:50 Payment Disputes
- § 10:51 —Notice of Dispute
- § 10:52 —Suspension or Continuation of Service

TABLE OF CONTENTS

- § 10:53 —Set-Off
- § 10:54 —Guarantees and Indemnities
- § 10:55 Conclusion

Appendix 10A. Sample Clauses

CHAPTER 11. BENCHMARKING AND ITS ALTERNATIVES

- § 11:1 Introduction
- § 11:2 Differing Perspectives—The Customer
- § 11:3 —The Supplier
- § 11:4 —Third Party Consultants
- § 11:5 Developing a Benchmarking Process—The Theory of Benchmarking
- § 11:6 —When to Benchmark
- § 11:7 —The Benchmarker
- § 11:8 —The Peer Group
- § 11:9 —The Data
- § 11:10 —Costs
- § 11:11 —Benchmarking Procedure
- § 11:12 —Remedies: Adjusting Fees and/or Service Levels, or Termination
- § 11:13 Alternatives
- § 11:14 Conclusion

CHAPTER 12. IMPLEMENTATION, GOVERNANCE AND ADMINISTRATION

- § 12:1 Introduction
- § 12:2 Transition
- § 12:3 —Customer Concerns
- § 12:4 —Service Provider Concerns
- § 12:5 —The Transition Plan
- § 12:6 —Changes, Delays and Termination
- § 12:7 Governance—Goals of the Governance Model
- § 12:8 —Elements of the Governance Model
- § 12:9 —Key Positions
- § 12:10 —Committees
- § 12:11 Change Management
- § 12:12 —Scope of the Change Management Process
- § 12:13 —Elements of the Change Request Procedure
- § 12:14 Plans and Planning—Examples of Plans
- § 12:15 —Contract Terms Applicable to Plans
- § 12:16 Reports—Examples of Reports
- § 12:17 —Contract Terms Applicable to Reports

- § 12:18 —OSFI Guideline
- § 12:19 Service Audits
- § 12:20 —OSFI Guideline
- § 12:21 —Other Audits
- § 12:22 Dispute Resolution
- § 12:23 —Management of Disagreements
- § 12:24 —General Obligation
- § 12:25 —Internal Dispute Resolution Procedure
- § 12:26 —Arbitration
- § 12:27 —Expedited Disputes
- § 12:28 —Continuation of Services During a Dispute
- § 12:29 Termination of Services and Reprocurement

Appendix 12A. Sample Governance Schedule

Appendix 12B. Sample Change Control Process Schedule

CHAPTER 13. EXIT STRATEGIES

- § 13:1 Introduction
- § 13:2 Exit Strategies Generally—What is an Exit Strategy?
- § 13:3 —General Principles
- § 13:4 The Transition Plan
- § 13:5 Transition Issues
- § 13:6 —Fees
- § 13:7 —Transfer of Assets
- § 13:8 —Transfer of Employees
- § 13:9 —Consents, Approvals and Other Issues
- § 13:10 —Costs Incidental to Termination
- § 13:11 Reasons for Termination
- § 13:12 —Termination for Convenience
- § 13:13 —Termination for Breach
- § 13:14 —Termination for Insolvency
- § 13:15 —Partial Termination
- § 13:16 Covenants
- § 13:17 Expiration—Expiration of Term
- § 13:18 Conclusion

PART 3. SPECIAL ISSUES IN AN OUTSOURCING TRANSACTION: SECURITY; EMPLOYMENT AND LABOUR; PENSIONS; TAX

CHAPTER 14. INFORMATION SECURITY COMPLIANCE: PRACTICAL IMPLICATIONS FOR OUTSOURCING

I. INTRODUCTION

§ 14:1 Generally

II. TYPES OF DATA TO BE SECURED: CONFIDENTIAL AND PERSONAL INFORMATION

§ 14:2 Generally

§ 14:3 Confidential Information

§ 14:4 Personal Information

§ 14:5 Personal Information in the Private Sector

§ 14:6 Personal Information in the Public Sector

§ 14:7 Duty to Notify for Breach of Security

III. TORT LIABILITY AND INFORMATION SECURITY

§ 14:8 Generally

§ 14:9 United States

§ 14:10 Canada

IV. MANAGING COMPLIANCE

§ 14:11 Overview

§ 14:12 Reasonableness

§ 14:13 Physical Measures

§ 14:14 Organizational Measures

§ 14:15 Technological Measures

§ 14:16 Information Technology Standards

§ 14:17 Audit

§ 14:18 The Outsourcing Contract

CHAPTER 15. EMPLOYMENT AND LABOUR ISSUES

§ 15:1 Overview

- § 15:2 Due Diligence Steps for Employment Issues
- § 15:3 Unionized Employees
- § 15:4 Non-Unionized Employees
- § 15:5 General Considerations

CHAPTER 16. PENSION CONSIDERATIONS

I. INTRODUCTION

- § 16:1 Generally

II. OPTIONS FOR STRUCTURING THE OUTSOURCING TRANSACTION

- § 16:2 Introduction
- § 16:3 Service Provider Does Not Provide Pension Plan
 - § 16:4 —Group Registered Retirement Savings Plan
 - § 16:5 —Unvested Pension Benefits
- § 16:6 Service Provider Provides Pension Plan
 - § 16:7 Pension Plan for Future Service
 - § 16:8 Transfer of Assets to Service Provider's Pension Plan
- § 16:9 Wrap-Around Arrangement
- § 16:10 Assumption of Customer's Pension Plan

CHAPTER 17. TAX ISSUES

I. INTRODUCTION

- § 17:1 Generally

II. CUSTOMER'S PERSPECTIVE

- § 17:2 Commodity Tax Issues
 - § 17:3 —Canadian Value-Added Taxes—GST/HST and QST
 - § 17:4 —Sales and Use Taxes
 - § 17:5 —Foreign Sales Taxes
- § 17:6 Income Tax Issues

III. SUPPLIER'S PERSPECTIVE

- § 17:7 Commodity Tax Issues
 - § 17:8 —Registration Requirements
 - § 17:9 —Application of Commodity Taxes to Inputs to Outsourced Function

TABLE OF CONTENTS

§ 17:10 Income Tax Issues

IV. KEY FRICTION POINTS

§ 17:11 Introduction

§ 17:12 Withholding Taxes

§ 17:13 Section 167 Elections

§ 17:14 RST Clearance Certificates

§ 17:15 How is the Purchase Price Allocated Between and Among Any Assets Being Purchased by the Supplier from the Customer?

Appendix 17A. Sample Clauses

Volume 2

PART 4. OUTSOURCING ISSUES IN PARTICULAR JURISDICTIONS

CHAPTER 18. CONTRACT ISSUES IN QUEBEC

I. INTRODUCTION

§ 18:1 Generally

II. GENERAL PRINCIPLES

§ 18:2 Introduction

§ 18:3 Limitation of Actions

§ 18:4 Good Faith

§ 18:5 Consideration

§ 18:6 Frustration and Force Majeure

§ 18:7 Stipulations of Inalienability

§ 18:8 Unconscionability and the Contract of Adhesion

§ 18:9 Public Order and Illegality

III. TERMS AND CONDITIONS OF A CONTRACT

§ 18:10 Misrepresentation or Fraud

§ 18:11 Exclusion Clauses and Limitation Clauses

§ 18:12 Penalty Clauses

§ 18:13 Implied Terms

IV. BREACH AND REMEDIES

§ 18:14 Breach

- § 18:15 Putting a Party in Default (“Mise en Demeure”)
- § 18:16 Remedies
- § 18:17 —Specific Performance
- § 18:18 —Resolution or Resiliation of Contracts and
Reduction of Obligations
- § 18:19 —Damages
- § 18:20 —Restitution
- § 18:21 —Nullity

V. CERTAIN NOMINATE CONTRACTS

- § 18:22 Introduction
- § 18:23 Sale—Contract of Sale
- § 18:24 —Warranties of the Seller
- § 18:25 Contract of Enterprise or for Services—Nature and
Scope
- § 18:26 —Rights and Obligations of the Parties
- § 18:27 —Warranties
- § 18:28 —Resiliation of the Contract of Enterprise or For
Services

VI. LICENCE AGREEMENT

- § 18:29 Generally

VII. CONCLUSION

- § 18:30 Concluding Comments

CHAPTER 19. SPECIAL CANADIAN ISSUES IN CROSS-BORDER OUTSOURCING

I. INTRODUCTION

- § 19:1 Generally

II. REGULATORY PATCHWORK

- § 19:2 Generally

III. THE OSFI GUIDELINE FOR OUTSOURCING

- § 19:3 Generally

IV. DATA MANAGEMENT AND PRIVACY ISSUES

- § 19:4 The Canadian Privacy Patchwork

TABLE OF CONTENTS

- § 19:5 The Patriot Act and Restrictions on Outsourcing to U.S.-Linked Service Providers: New British Columbia Laws are Only the Beginning—New Restrictions on British Columbia Public Sector Entities Outsourcing to U.S.-Linked Service Providers
- § 19:6 —Pending Restrictions on Federal Public Sector Entities Outsourcing to Foreign Service Providers
- § 19:7 —Future Restrictions on Private Sector Entities Outsourcing to Foreign Service Providers?

V. HUMAN RESOURCES ISSUES

- § 19:8 Employment and Labour
- § 19:9 Pensions
- § 19:10 Immigration
- § 19:11 Moral Rights

VI. OTHER ISSUES

- § 19:12 Tax
- § 19:13 Quebec

VII. CONCLUSION

- § 19:14 Concluding Comments

CHAPTER 20. OFFSHORE OUTSOURCING: CHALLENGES AND OPPORTUNITIES

I. INTRODUCTION

- § 20:1 Generally

II. WHY CONSIDER OFFSHORING?

- § 20:2 Generally

III. POSSIBLE SCENARIOS FOR OFFSHORING

- § 20:3 Introduction
- § 20:4 Outsourcing Directly to a Third Party Vendor Overseas
- § 20:5 —Contractual Issues
- § 20:6 —Regulatory Issues
- § 20:7 —Privacy Issues
- § 20:8 —Intellectual Property Issues

- § 20:9 —Cultural Differences
- § 20:10 —Disruption to Domestic Employees
- § 20:11 —Other Issues
- § 20:12 Outsourcing a Service to the Domestic Office of a
Global Vendor
- § 20:13 Establishing a Wholly Owned Subsidiary Overseas
- § 20:14 Planning for a Successful Offshoring Project
- § 20:15 —Choosing Counsel
- § 20:16 —Due Diligence
- § 20:17 —Drafting the Agreement
- § 20:18 —Enforcing the Agreement
- § 20:19 —Coping with Domestic Employees
- § 20:20 —Tax Issues

IV. CONCLUSION

- § 20:21 Concluding Comments

CHAPTER 21. OUTSOURCING IN EASTERN EUROPE

I. INTRODUCTION

- § 21:1 Generally

II. CASE STUDY

- § 21:2 Generally

III. OVERVIEW OF POLITICAL AND ECONOMIC ENVIRONMENTS

- § 21:3 The Czech Republic
- § 21:4 Bulgaria
- § 21:5 Hungary
- § 21:6 Russia

IV. QUESTIONS AND ANSWERS

- § 21:7 HR—Staff Augmentation Phase—Transfer of
employees to Canada
- § 21:8 HR—Outsourcing Phase—Transfer of customer
employees to service provider
- § 21:9 HR—Enforceability of Non-Competition Clauses
- § 21:10 IP Development in Host Country
- § 21:11 Privacy
- § 21:12 Bankruptcy—Escrow

TABLE OF CONTENTS

- § 21:13 Bankruptcy—Enforceability of Licence
- § 21:14 Disputes—Liquidated damages provisions
- § 21:15 Dispute Resolution
- § 21:16 Other
- § 21:17 Final question

V. CONCLUSION

- § 21:18 Concluding Comments

CHAPTER 22. OUTSOURCING IN THE UNITED KINGDOM

I. INTRODUCTION

- § 22:1 The History of Outsourcing in the UK
- § 22:2 The Laws of the UK
- § 22:3 Choice of Law

II. EMPLOYMENT AND PENSIONS

- § 22:4 TUPE Overview
- § 22:5 —Application of TUPE to Outsourcing
- § 22:6 —Public Sector and Not-for-Profit Transfers
- § 22:7 —Transfers Within Public Administration
- § 22:8 —The Territorial Application of TUPE to Outsourcing Situations
- § 22:9 The Effects of TUPE—Automatic Transfer of Employment Under TUPE
- § 22:10 —Opt Out
- § 22:11 —Who Transfers?
- § 22:12 Duty to Inform and Consult Employee Representatives
- § 22:13 —Election of Employee Representatives
- § 22:14 —Information to be Provided to Affected Employees
- § 22:15 Penalties for Non-Compliance
- § 22:16 Notification of Employee Liability Information
- § 22:17 —Remedy for Failure to Notify Employee Liability Information
- § 22:18 Data Protection Issues
- § 22:19 Special Protection for Employees Against Dismissal in Connection with a TUPE Transfer
- § 22:20 Changing Terms and Conditions of Employment
- § 22:21 Clauses to be Considered for Inclusion in Outsourcing Contracts

- § 22:22 Pension Considerations
- § 22:23 Immigration Considerations—Introduction
- § 22:24 —Immigration and TUPE
- § 22:25 —European Economic Area
- § 22:26 —The Points Based System (“PBS”)
- § 22:27 —Business Visitor

III. LIMITATION OF LIABILITY

- § 22:28 Introduction
- § 22:29 Appropriateness
- § 22:30 Types of Limitation
- § 22:31 Enforceability
- § 22:32 Unfair Contract Terms Act 1977
- § 22:33 Consumer Rights Act 2015 (“CRA”)
- § 22:34 Construction
- § 22:35 Severance
- § 22:36 Insurance

IV. EVIDENCE

- § 22:37 Generally

V. FINANCIAL SERVICES

- § 22:38 Introduction
- § 22:39 Outsourcing by “Common Platform Firms”
- § 22:40 SYSC 8
- § 22:41 MiFID Connect Guidance
- § 22:42 International Guidance
- § 22:43 Outsourcing by “Insurers”

VI. CORPORATE GOVERNANCE

- § 22:44 UK Corporate Governance Code and Others
- § 22:45 Overlap between the Code and the Disclosure and Transparency Rules

VII. DATA PRIVACY: INTRODUCTION

- § 22:46 Introduction
- § 22:47 Data Protection Act—Scope of Application
- § 22:48 Obligations under the DPA
- § 22:49 Outsourcing Arrangements
- § 22:50 Transfers of Personal Data Outside the EEA
- § 22:51 Adoption of Policies Relating to Data Management and Privacy

TABLE OF CONTENTS

- § 22:52 Consequences of Breach of the DPA
- § 22:53 Reform of the Data Privacy Regime
- § 22:54 Human Rights Act
- § 22:55 Regulation of Investigatory Powers Act
- § 22:56 Freedom of Information Act

VIII. DISPUTE RESOLUTION

- § 22:57 Generally

IX. LATE PAYMENT

- § 22:58 Generally

X. COMPETITION LAW

- § 22:59 Introduction
- § 22:60 European System—Institutions
- § 22:61 —Legislation
- § 22:62 —Competition Law System
- § 22:63 —Anti-Competitive Agreements
- § 22:64 —Block Exemption Regulations
- § 22:65 —Vertical Agreements
- § 22:66 —Technology Transfer Agreements
- § 22:67 —R&D Agreements
- § 22:68 —Specialization Agreements
- § 22:69 —Horizontal Agreements
- § 22:70 —Notice on Subcontracting
- § 22:71 —Abuses of a Dominant Position
- § 22:72 —Penalties
- § 22:73 —Mergers
- § 22:74 UK System
- § 22:75 —Legislation
- § 22:76 —Public Procurement

XI. CONTRACT ISSUES IN ENGLAND AND WALES

- § 22:77 Introduction
- § 22:78 Common and Civil Law
- § 22:79 Consideration
- § 22:80 Good Faith
- § 22:81 EU Harmonized Contract Law
- § 22:82 Making the Contract
- § 22:83 Offer and Acceptance
- § 22:84 Completeness and Certainty

- § 22:85 Consideration
- § 22:86 Intention to Create Legal Relations
- § 22:87 Substance of the Contract
- § 22:88 Negotiation Statements
- § 22:89 Implied Terms
- § 22:90 Types of Contractual Provisions
- § 22:91 Conditions
- § 22:92 Warranties
- § 22:93 Intermediate Terms
- § 22:94 Indemnities
- § 22:95 Breach
- § 22:96 Damages
- § 22:97 Force Majeure

XII. UK INSOLVENCY

- § 22:98 Introduction
- § 22:99 Administration
- § 22:100 Liquidation
- § 22:101 —Voluntary Liquidation
- § 22:102 —Compulsory Liquidation
- § 22:103 Anti-Avoidance Provisions in the Insolvency
Legislation
- § 22:104 Issues for Company Directors in Insolvency
Situations

XIII. TAXATION

- § 22:105 Generally

XIV. CONCLUSION

- § 22:106 Concluding Comments

CHAPTER 23. OUTSOURCING IN INDIA

I. HISTORY OF OUTSOURCING IN INDIA

- § 23:1 Generally

II. INTRODUCTION TO THE INDIAN LEGAL AND LEGISLATIVE SYSTEM

- § 23:2 Generally

III. CONTRACT LAW PRINCIPLES IN INDIA

- § 23:3 Introduction

TABLE OF CONTENTS

§ 23:4	Offer
§ 23:5	Acceptance
§ 23:6	Capacity
§ 23:7	Consideration
§ 23:8	Free Consent
§ 23:9	Representations and Warranties
§ 23:10	Performance
§ 23:11	Breach and Compensation
§ 23:12	Indemnity
§ 23:13	Limitations on Liability

IV. CHOICE OF LAW AND DISPUTE RESOLUTION

§ 23:14	Choice of Law
§ 23:15	Dispute Resolution

V. EMPLOYMENT ISSUES IN OUTSOURCING

§ 23:16	Introduction
§ 23:17	Contract Labour Issues in Outsourcing
§ 23:18	Redundancy in Cases of Outsourcing
§ 23:19	Immigration and Social Security Considerations in Outsourcing Arrangements

VI. TAXATION ISSUES IN OUTSOURCING TO INDIA

§ 23:20	Introduction
§ 23:21	Evolution of Tax Laws in Respect of Outsourcing by Foreign Entities
§ 23:22	Permanent Establishments
§ 23:23	Exceptions to the Rule of Permanent Establishment
§ 23:24	The Morgan Stanley Case—Taxation of Captive Outsourcing Entities
§ 23:25	Service Tax Implications in Outsourcing Arrangements

VII. COMPETITION LAW ISSUES

§ 23:26	Introduction
§ 23:27	Anti-Competitive Agreements
§ 23:28	Horizontal Agreements
§ 23:29	Vertical Agreements

VIII. PRIVACY AND DATA PROTECTION CONSIDERATIONS

- § 23:30 Introduction
- § 23:31 Information Technology Act, 2000
- § 23:32 Data Protection Rules
- § 23:33 Clarification Issued on the Applicability of the IT Rules

IX. OUTSOURCING BY SPECIFIED FINANCIAL INSTITUTIONS

- § 23:34 Introduction
- § 23:35 Banks
- § 23:36 Securities Market Intermediaries
- § 23:37 Insurers

X. CONCLUSION

- § 23:38 Concluding Comments

PART 5. OTHER ISSUES IN OUTSOURCING

CHAPTER 24. THE ONLY CONSTANT: PRICING FOR CHANGE IN OUTSOURCING ARRANGEMENTS

- § 24:1 Introduction
- § 24:2 Pricing During Development and Implementation—Changes in Business Requirements
- § 24:3 —Extraordinary Changes in Costs
- § 24:4 Pricing During the Services Phase
- § 24:5 —Changes in Service Demand: Volume-Based Pricing
- § 24:6 —Changes in Scope of Services
- § 24:7 —Changes in Costs as Services Mature
- § 24:8 —Changes in Regulatory Framework
- § 24:9 —Changes in Assumptions: Extraordinary Events
- § 24:10 Conclusion

CHAPTER 25. PRIVACY ISSUES IN OUTSOURCING: A WORK IN PROGRESS

I. INTRODUCTION

§ 25:1 Generally

II. PRIVACY ISSUES IN OUTSOURCING GENERALLY

§ 25:2 The Canadian Privacy Patchwork

§ 25:3 General Privacy Issues re Processing by a Service
Provider

III. CANADIAN MODELS FOR EXTRA- JURISDICTIONAL PROCESSING AND STORAGE

§ 25:4 Introduction

§ 25:5 Regulatory Approaches to Extra-Jurisdictional
Processing: An Analytical Framework

§ 25:6 Public Sector: Restrictions on Extra-Jurisdictional
Processing

§ 25:7 Private Sector: Restrictions on Extra-Jurisdictional
Processing

IV. PRIVACY BREACH NOTIFICATION

§ 25:8 Towards a Notification Model

§ 25:9 The Introduction of Federal and Alberta Notification
Models

V. ASSESSING THE OPTIMAL REGIME

§ 25:10 Introduction

§ 25:11 Prohibition Approach

§ 25:12 Qualified States Approach

§ 25:13 Notification/Consent Approach

§ 25:14 Contractual Approach: The Optimal Approach?

VI. RECENT CHANGES TO CANADIAN PRIVACY LAW

§ 25:15 2015 Additional Key Amendments to PIPEDA

VII. CLASS ACTIONS & PRIVACY LITIGATION

§ 25:16 Generally

VIII. FEDERAL COMMISSIONER DECISION ON CREDIT-BASED INSURANCE SCORES

- § 25:17 Introduction
- § 25:18 Summary of PIPEDA Report of Findings #2012-005
- § 25:19 Analysis

IX. CONCLUSION

- § 25:20 Concluding Comments

CHAPTER 26. HAS IT OUTSOURCING BECOME ORDINARY COURSE OF BUSINESS? *RE STELCO INC.*

I. INTRODUCTION

- § 26:1 Generally

II. CASE COMMENT

- § 26:2 Introduction
- § 26:3 Facts
- § 26:4 Superior Court of Justice
- § 26:5 Court of Appeal
- § 26:6 Conclusion

CHAPTER 27. THE STAY BACK TEAM

- § 27:1 Introduction
- § 27:2 What Does the Stay Back Team Do?
- § 27:3 Stay Back Team Size and Budget
- § 27:4 Stay Back Team Composition
- § 27:5 When Do You Get the Stay Back Team Assigned and Involved?
- § 27:6 Success and the Stay Back Team
- § 27:7 Conclusion

CHAPTER 28. BANKRUPTCY AND INSOLVENCY ISSUES IN OUTSOURCING: A WAKE-UP CALL

I. INTRODUCTION

- § 28:1 Generally

II. INSOLVENCY BASICS

- § 28:2 General Structure of the Canadian Insolvency Regime
- § 28:3 —Bankruptcy and Insolvency Act
- § 28:4 —Companies' Creditors Arrangement Act
- § 28:5 —Receiverships
- § 28:6 Canadian Insolvency Law
- § 28:7 —Disclaimers and Assignments: Trustee Rights as a Sword
- § 28:8 —Trustee Rights as a Shield: The Role of Stays
- § 28:9 United States Law
- § 28:10 —US Law as a Sword
- § 28:11 —US Law as a Shield
- § 28:12 Summary

III. IMPACT OF INSOLVENCY EVENTS ON ELEMENTS OF AN OUTSOURCING TRANSACTION

- § 28:13 Introduction
- § 28:14 Avoiding the Stay: Early Warning Mechanisms
- § 28:15 Avoiding the Assignment: Making the Agreement More "Personal"
- § 28:16 Avoiding the Disclaimer: Provision of and Payment for Transition Services
- § 28:17 Limitations of the IP Licence Carve-Out from the Right to Disclaim
- § 28:18 Limitations of Source Code Escrow Agreements
- § 28:19 Employee, Asset and Real Estate Issues—
Employee Matters: Non-Solicitation and Confidentiality Provisions
- § 28:20 —Asset Matters: Return of Assets to Customer
- § 28:21 —Real Estate Matters: Return of Real Estate to Customer
- § 28:22 Special Issues: Dealing with Likely Service Provider Insolvency

IV. DEVELOPING AN INSOLVENCY CRITICAL RESPONSE PLAN

- § 28:23 Generally

V. CONCLUSIONS

- § 28:24 Concluding Comments

CHAPTER 29. ENSURING COVERAGE: INSURANCE ISSUES IN OUTSOURCING ARRANGEMENTS

I. INTRODUCTION

§ 29:1 Generally

II. THE ROLE OF INSURANCE IN OUTSOURCING ARRANGEMENTS

§ 29:2 Generally

III. COVERAGE ISSUES: INCLUSIONS AND EXCLUSIONS

§ 29:3 Generally

§ 29:4 First Party—Inclusions

§ 29:5 —Exclusions

§ 29:6 Third Party—Inclusions

§ 29:7 —Exclusions

§ 29:8 Certificate Rights vs. Additional (Named) Insureds
and Loss Payees

§ 29:9 —Certificate Holder

§ 29:10 —Additional Insured

§ 29:11 —Additional Named Insured

§ 29:12 —Loss Payee Provisions

§ 29:13 Creating Controls Before the Claim

IV. KEY ISSUES: DOVETAILING THE CONTRACTS, CERTIFICATES OF INSURANCE, WAIVERS OF SUBROGATION AND MULTI-JURISDICTIONAL INSURANCE ISSUES

§ 29:14 Dovetailing Insurance Contracts and Commercial
Contracts

§ 29:15 The Insurance Certificate—A False Reliance

§ 29:16 Waivers of Subrogation

§ 29:17 Multi-Jurisdictional Outsourcing Issues

§ 29:18 —Excise Taxes

V. SPECIAL ISSUES: IP INFRINGEMENT INSURANCE AND PERFORMANCE BONDS

§ 29:19 Patent Enforcement and Infringement

TABLE OF CONTENTS

§ 29:20 Performance Bonds

§ 29:21 Political Risks

VI. CONCLUSION

§ 29:22 Concluding Comments

CHAPTER 30. AVOIDING PROJECT MISMANAGEMENT IN OUTSOURCING TRANSACTIONS

§ 30:1 Introduction

§ 30:2 Mistake 1: Unclear Roles and Accountabilities

§ 30:3 Mistake 2: Poor Communication Between Executives and Project Management

§ 30:4 Mistake 3: No Clear Direction for the Project Team

§ 30:5 Mistake 4: No Clear Vision of the Future Organization

§ 30:6 Mistake 5: Poor Risk Management

§ 30:7 Conclusion

CHAPTER 31. ALLOCATION OF RISK: A CROSS-JURISDICTIONAL STUDY

I. INTRODUCTION

§ 31:1 Generally

II. ALLOCATING RISK GENERALLY

§ 31:2 Introduction

§ 31:3 Canada

§ 31:4 —Common Law Provinces

§ 31:5 —Quebec

§ 31:6 United States

§ 31:7 France

§ 31:8 India

§ 31:9 United Kingdom

III. LIABILITY CAPS

§ 31:10 Introduction

§ 31:11 Canada—Common Law Provinces

§ 31:12 —Quebec

§ 31:13 United States

§ 31:14 France

- § 31:15 India—In the Case of Fundamental Breach
- § 31:16 —Exclusion Clauses
- § 31:17 —Indian Practice
- § 31:18 United Kingdom—In the Case of Fundamental Breach
- § 31:19 —Exclusion Clauses
- § 31:20 —The Approach of English Courts
- § 31:21 —English Practice

IV. DAMAGE DISCLAIMERS

- § 31:22 Introduction
- § 31:23 Canada
- § 31:24 —Common Law Provinces
- § 31:25 United States
- § 31:26 France
- § 31:27 India
- § 31:28 United Kingdom

V. PENALTIES VS. LIQUIDATED DAMAGES

- § 31:29 Introduction
- § 31:30 Canada—Common Law Provinces
- § 31:31 —Quebec
- § 31:32 United States
- § 31:33 France
- § 31:34 India
- § 31:35 United Kingdom

VI. CONTRACTUALLY REDUCING LIMITATION PERIODS

- § 31:36 Introduction
- § 31:37 Canada
- § 31:38 United States
- § 31:39 France
- § 31:40 India
- § 31:41 United Kingdom

VII. INDEMNITIES

- § 31:42 Introduction
- § 31:43 Canada
- § 31:44 United States
- § 31:45 France
- § 31:46 India

TABLE OF CONTENTS

§ 31:47 United Kingdom

VIII. BEST VS. REASONABLE EFFORTS

§ 31:48 Introduction

§ 31:49 Canada

§ 31:50 —Best Efforts

§ 31:51 —Reasonable Best Efforts

§ 31:52 —Reasonable Efforts

§ 31:53 —Commercially Reasonable Efforts

§ 31:54 United States

§ 31:55 France

§ 31:56 India

§ 31:57 United Kingdom

IX. CONCLUSION

§ 31:58 Concluding Comments

CHAPTER 32. CURRENT TRENDS IN LIMITS OF LIABILITY AND INDEMNIFICATION IN IT CONTRACTS

I. INTRODUCTION

§ 32:1 Generally

II. SOME NEW TRENDS

§ 32:2 Generally

III. LIMITATION OF LIABILITY CLAUSES

§ 32:3 Making them Mutual

§ 32:4 Differentiating between Different Types of Liability

§ 32:5 Seeking to Exclude Breach of Privacy Claims from
the Limit on Liability

IV. INDEMNIFICATION CLAUSES

§ 32:6 Making them Apply to Breach of Contract Claims

§ 32:7 Making them Apply to Breach of Privacy Claims

§ 32:8 Limiting the Geographic Scope of IP Claims

§ 32:9 Seeking to Exclude Infringement of Patent Claims
Entirely

§ 32:10 Making the Optional Actions Clause Mandatory

V. CONCLUSION

§ 32:11 Introduction

- § 32:12 Sample Limitation of Liability Clause
- § 32:13 Sample Indemnification Clause

CHAPTER 33. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY IN OUTSOURCING

- § 33:1 Introduction
- § 33:2 What Is CSR?
- § 33:3 What Is Sustainability?
- § 33:4 Why Are CSR and Sustainability Important in Outsourcing?
- § 33:5 —Challenge #1: Environmental Issues
- § 33:6 —Challenge #2: Social Issues
- § 33:7 Key CSR and Sustainability Issues in Outsourcing—Global Standards
- § 33:8 —ISO 26000
- § 33:9 —Carbon Disclosure Project
- § 33:10 —United Nations Global Compact
- § 33:11 Guidance to Customers, Providers and Advisors—Customers
- § 33:12 —Providers
- § 33:13 —Advisors
- § 33:14 Conclusion

CHAPTER 34. THE RELATIONSHIP REVIEW: MAINTAINING AND STRENGTHENING HEALTHY WORKING RELATIONSHIPS

I. THE IMPORTANCE OF RELATIONSHIP HEALTH

- § 34:1 Generally

II. AN EVOLVING RELATIONSHIP

- § 34:2 Generally

III. THE RELATIONSHIP REVIEW

- § 34:3 Introduction
- § 34:4 Vendor Performance
- § 34:5 —Service Performance
- § 34:6 —Customer Satisfaction with Service Quality

TABLE OF CONTENTS

- § 34:7 —Access to Required Capability and Best Practices
- § 34:8 Business Outcomes
- § 34:9 Governance
- § 34:10 —Contract Management Issues
- § 34:11 —The Importance of Managing Change—Cultural and Operational
- § 34:12 Relationship

IV. SUMMARY

- § 34:13 Generally

CHAPTER 35. *DE BEERS U.K. LTD. V. ATOS ORIGIN IT SERVICES U.K. LTD.*: LESSONS FROM AN OUTSOURCING

- § 35:1 Introduction
- § 35:2 The Case—Background—a Supply Chain Management System
- § 35:3 —Repudiation of Contract
- § 35:4 —High Court Verdict
- § 35:5 —IAP
- § 35:6 —Failure to Pay
- § 35:7 —Suspension of Work
- § 35:8 —Change in Scope vs. Scope Creep
- § 35:9 Comment
- § 35:10 Application to other Projects Generally

CHAPTER 36. OVERVIEW OF INTELLECTUAL PROPERTY RIGHTS AND IP OUTSOURCING ISSUES IN CANADA

I. INTRODUCTION

- § 36:1 Generally

II. OVERVIEW OF IP RIGHTS IN CANADA

- § 36:2 Registrable IP Rights—Patents
- § 36:3 —Registered Trade-marks
- § 36:4 —Registered Copyright
- § 36:5 —Industrial Designs
- § 36:6 —Domain Name Registrations
- § 36:7 Unregistered IP Rights
- § 36:8 —Confidential Information

III. OWNERSHIP OF IP

- § 36:9 Introduction
- § 36:10 Patent and Industrial Design Rights
- § 36:11 Copyright

IV. IP TRANSFERS—ASSIGNMENTS AND LICENCES

- § 36:12 Generally
- § 36:13 Patents—Assignment
- § 36:14 —Voluntary Licence
- § 36:15 Copyright—Assignment
- § 36:16 —Licence
- § 36:17 Trade-Marks—Assignment
- § 36:18 —Licence
- § 36:19 Confidential Information

V. IP AUDIT

- § 36:20 Generally

VI. IP REPRESENTATIONS AND WARRANTIES

- § 36:21 Generally
- § 36:22 Defining the IP
- § 36:23 Ownership
- § 36:24 —Corporate Families
- § 36:25 —Employee Inventions and Ownership
- § 36:26 Waiver of Moral Rights
- § 36:27 Validity
- § 36:28 Infringement—Generally
- § 36:29 —Open Source Code/Software

CHAPTER 37. MANAGING MULTIVENDOR OUTSOURCING

I. INTRODUCTION

- § 37:1 Generally

II. DEVELOPMENT TOWARDS MULTISOURCING

- § 37:2 Generally

III. SOME KEY CHALLENGES OF MULTISOURCING MODELS

- § 37:3 Customer Organizational Challenges

TABLE OF CONTENTS

- § 37:4 Lack of Proper Service Integration and Governance
- § 37:5 Challenge of Monopolistic Behaviour by Service Providers

IV. CONTRACT SOLUTIONS

- § 37:6 Overview
- § 37:7 Service Integration—Introduction
- § 37:8 —The Creation of an “Ecosystem”
- § 37:9 —Common Governance Regime
- § 37:10 —Co-operation Model
- § 37:11 —Service Definitions
- § 37:12 —Mechanisms Fostering Collaboration

V. IMPLEMENTING THE MULTISOURCED ECOSYSTEM

- § 37:13 Generally

VI. CONCLUSION

- § 37:14 Concluding Comments

CHAPTER 38. BSKYB REDUX? LESSONS FROM COUNTY OF ORANGE V. TATA CONSULTANCY SERVICES LTD. ET AL.

I. INTRODUCTION

- § 38:1 BSKyB v. HP (2010)
- § 38:2 Changes in Practices post-BSkyB?
- § 38:3 Introduction to County of Orange v. Tata Consultancy Services Ltd. et al.

II. BACKGROUND

- § 38:4 General Background—Preparation
- § 38:5 —Negotiations
- § 38:6 —Development
- § 38:7 —Amendments
- § 38:8 —Termination
- § 38:9 The Orange County “Story”
- § 38:10 The TCS Counterclaim
- § 38:11 The TCS “Story”
- § 38:12 Summary of the Case

III. SUMMARY OF THE COUNTY’S CLAIMS

- § 38:13 Introduction

- § 38:14 Misrepresentations—Performance
Misrepresentation
- § 38:15 —Timeline Misrepresentation
- § 38:16 —Cost Misrepresentation
- § 38:17 —Amendment Misrepresentations
- § 38:18 —Quality Misrepresentation
- § 38:19 —Personnel Misrepresentation
- § 38:20 —Experts Misrepresentation
- § 38:21 Breach of Contract
- § 38:22 Fraudulent Concealment

IV. DAMAGES

- § 38:23 Generally

V. STRATEGIES OF THE CASE

- § 38:24 Generally

VI. LESSONS LEARNED

- § 38:25 Introduction
- § 38:26 Customer Counsel
- § 38:27 Provider Counsel

VII. CONCLUSION

- § 38:28 Generally

VIII. POSTSCRIPT

- § 38:29 Generally

CHAPTER 39. ANTI-SPAM LEGISLATION AND OUTSOURCING

- § 39:1 Introduction
- § 39:2 Comparison of Canadian, U.S. and U.K.
Legislation Generally—Canada: CASL
- § 39:3 —U.S.: CAN-SPAM
- § 39:4 —U.K.: Privacy and Electronic Communications
(EC Directive) Regulations 2003
- § 39:5 Definition of “Electronic Message”
- § 39:6 —Canada: CASL
- § 39:7 —U.S.: CAN-SPAM
- § 39:8 —U.K.: Privacy and Electronic Communications
(EC Directive) Regulations 2003
- § 39:9 Consent

TABLE OF CONTENTS

§ 39:10	—“Opt-In” Versus “Opt-Out” Provisions
§ 39:11	—“Natural Persons” Versus “Legal Persons”
§ 39:12	—Additional Exemptions
§ 39:13	Content
§ 39:14	—Canada: CASL
§ 39:15	—U.S.: CAN-SPAM
§ 39:16	—U.K.: Privacy and Electronic Communications (EC Directive) Regulations 2003
§ 39:17	Enforcement—Canada: CASL
§ 39:18	—U.S.: CAN-SPAM
§ 39:19	—U.K.: Privacy and Electronic Communications (EC Directive) Regulations 2003
§ 39:20	Jurisdiction—Canada: CASL
§ 39:21	—U.S.: CAN-SPAM
§ 39:22	—U.K.: Privacy and Electronic Communications (EC Directive) Regulations 2003
§ 39:23	Compliance Challenges
§ 39:24	—Low Threshold for Application
§ 39:25	—More Than Just E-mail—Electronic Messages
§ 39:26	— —Software Installation
§ 39:27	— —“Periods of Validity” of Contact Information
§ 39:28	— —Importance of Relationship with Recipient
§ 39:29	— —Limited Utility of Recognition of other Jurisdiction Anti-Spam Laws
§ 39:30	— —Express Consent Must be Opt-In; Consent Must be Unbundled
§ 39:31	— —Multilayered Enforcement Mechanisms
§ 39:32	— —Personal Liability

CHAPTER 40. THE NEW ISO 37500 OUTSOURCING STANDARD: A CRITICAL ANALYSIS

§ 40:1	Introduction
§ 40:2	Background to the Outsourcing Standard
§ 40:3	Risks of Outsourcing
§ 40:4	Overview of the Outsourcing Standard—Objectives and Model
§ 40:5	—Outsourcing Governance Framework
§ 40:6	—Phase 1: Outsourcing Strategy Analysis
§ 40:7	—Phase 2: Initiation and Selection
§ 40:8	—Phase 3: Transition
§ 40:9	—Phase 3: Deliver Value
§ 40:10	Critical Analysis of the Outsourcing Standard— Strengths of the Outsourcing Standard

- § 40:11 —Limitations of the Outsourcing Standard
- § 40:12 — —Excessive Management Speak
- § 40:13 — —Misunderstanding the Role of the Business
Case Baseline
- § 40:14 — —Lack of Realism re Exit Options
- § 40:15 — —Idealistic View of Role of Providers
- § 40:16 — —Understating the Role of the Agreement
- § 40:17 — —Absence of Key Concepts
- § 40:18 Conclusions

CHAPTER 41. CASE STUDY: CIS GENERAL INSURANCE V IBM UK MORE LESSONS LEARNED FROM ANOTHER FAILED AGILE PROJECT

I. INTRODUCTION

- § 41:1 Generally

II. BACKGROUND

- § 41:2 Business Transformation Project
- § 41:3 Three Phases, Three Agreements

III. ISSUES

- § 41:4 Who caused the Delays in Deployment?
- § 41:5 —Example: Release 1
- § 41:6 —Example: Release 2
- § 41:7 Did IBM breach any MSA Representation and
Warranty?
- § 41:8 —Due Diligence: Was it Sufficient?
- § 41:9 —Did the Solution meet the twin requirements of
being “Out of the Box” and UK Compatible?
- § 41:10 The Invoice
- § 41:11 —IBM’s Rights of Termination
- § 41:12 —The Additional Invoicing Steps: When can a
Governance Committee come to an agreement
which is binding on the Parties?
- § 41:13 —Did the IBM Invoice fail to meet the Formality
Requirements?
- § 41:14 —Was the amount on the Invoice in Dispute?
- § 41:15 —Did IBM Meet the Requirements of the
Milestone Document Sign Off Process?
- § 41:16 —Was IBM required to Exercise their Right of

TABLE OF CONTENTS

- Termination Literally “Immediately” or have it Expire?
- § 41:17 —Did improperly issuing an Invoice constitute Wilful Default and Recklessness?

IV. LESSONS LEARNED

- § 41:18 Introduction
- § 41:19 Governance Lesson #1: When is a Committee decision intended to bind the Parties?
- § 41:20 Governance Lesson #2: When is a Dispute a Formal “Dispute”?
- § 41:21 Ambiguities re Milestone Payments
- § 41:22 Ironclad Provisions for Termination for Non-Payment: Not so Ironclad.
- § 41:23 Yet another failed agile project: How to get clients to understand what agile projects demand of them?
- § 41:24 What does “out of the box” Software Really Mean?
- § 41:25 Does the Right to Terminate Need to be Immediately Exercised or it Expires?

CHAPTER 42. MILLERCOORS V HCL: LESSONS LEARNED—AGAIN—FROM A FAILED SAP ERP IMPLEMENTATION PROJECT

I. INTRODUCTION

- § 42:1 Generally

II. BACKGROUND

- § 42:2 The Project
- § 42:3 The Agreements

III. ISSUES

- § 42:4 Issue: MillerCoors Claim of HCL Inadequate Staffing
- § 42:5 Issue: MillerCoors Claim of HCL Inadequate Leadership
- § 42:6 Issue: Whose Responsibility is it to Learn the Business?
- § 42:7 —Failed Delta Blueprint Process
- § 42:8 —Failure of MillerCoors to Understand Their Own Business

- § 42:9 —Failure of Knowledge Transfer as a Recurring Theme: De Beers vs. Atos Origin
- § 42:10 Issue: Defects
- § 42:11 Issue: Scope Creep
- § 42:12 Issue: Negligence and Wilful Misconduct (According to the Customer)
- § 42:13 Issue: Was MillerCoors' Termination Wrongful?— MillerCoors Rights to Terminate
- § 42:14 —HCL's Argument for Wrongful Termination

IV. LESSONS LEARNED

- § 42:15 Introduction
- § 42:16 Importance of Key Personnel Provisions
- § 42:17 Defining "Leadership"
- § 42:18 Defining an KT Process which has an Exit
- § 42:19 SLAs for Defects
- § 42:20 Change Requests and Scope Creep
- § 42:21 Specifically define material breach

V. CONCLUSION

- § 42:22 Concluding Comments

CHAPTER 43. UNDERSTANDING THE IMPORTANCE OF FORCE MAJEURE/ EXTRAORDINARY EVENT CLAUSES IN OUTSOURCING AGREEMENTS

I. INTRODUCTION

- § 43:1 Generally

II. BACKGROUND

- § 43:2 Generally

III. FORCE MAJEURE EVENTS

- § 43:3 Definition of Force Majeure Event—Definition
- § 43:4 —Carve Outs from the Definition
- § 43:5 Reciprocity
- § 43:6 —Obligation to Purchase
- § 43:7 —Obligation to Pay
- § 43:8 —Customer Obligations (e.g. in RACI charts)
- § 43:9 Process for Asserting Force Majeure

TABLE OF CONTENTS

- § 43:10 Process for Ending the Force Majeure Period
- § 43:11 Scope of Obligation to Continue to Try to Perform
- § 43:12 Right to Terminate

IV. EXTRAORDINARY EVENTS: THE FLIP SIDE OF FORCE MAJEURE EVENTS

- § 43:13 Generally
- § 43:14 Process for Asserting an Extraordinary Event
- § 43:15 Measures Triggered by an Extraordinary Event
- § 43:16 Extraordinary Event Period
- § 43:17 Extraordinary Event Fees

V. CONCLUSION

- § 43:18 Generally

CHAPTER 44. CASE STUDY: *LACHMAN V REVLON* CLASS ACTION - LESSONS ON WHEN & HOW TO BE TRANSPARENT TO SHAREHOLDERS IN THE CASE OF A FAILED ERP IMPLEMENTATION

- § 44:1 Introduction
- § 44:2 The Customer Shareholder Perspective
- § 44:3 Overview of Legal Proceeding in *Lachman v. Revlon*
- § 44:4 The ERP Implementation
- § 44:5 The SEC Filings
- § 44:6 —First Three Filings — Form 10-K For 2014, 2015 And 2016
- § 44:7 —Shift To “Actual” Risk – 2017 Form 10-K
- § 44:8 —It Hits The Fan – 2018 Form 10-K
- § 44:9 The Class Action
- § 44:10 The Lessons Learned—Lesson: Disclosing The Risks In Advance
- § 44:11 —Lesson: Economic Harms Caused By The Erp Implementation
- § 44:12 —Lesson: Why Did The ERP Implementation Fail?
- § 44:13 Conclusion

APPENDICES

Appendix A. Master Outsourcing Agreement

Appendix B. Technology Services Agreement

- Appendix C. Employee Matters Agreement
- Appendix D. Asset Purchase Agreement
- Appendix E. Basel Committee on Banking Supervision—
Outsourcing in Financial Services
- Appendix F. Office of the Superintendent of Financial
Institutions Canada—Outsourcing of
Business Activities, Functions and
Processes Guideline
- Appendix G. Study: Optimizing Value from Outsourcing

Table of Cases

Index