

Table of Contents

<i>Dedication</i>	iii
<i>About the Author</i>	v
<i>Acknowledgements</i>	ix
<i>Preface — 3rd Edition</i>	xi
INTRODUCTION	xxxvii
CHAPTER ONE	
THE CORPORATE GOVERNANCE CONTEXT TO INFORMATION TECHNOLOGY TRANSACTIONS	1
1.1 Information Technology, Compliance and Risk Management	4
1.2 Assessing the Risks	4
1.3 Business Interruption	5
1.4 Regulatory Obligations	6
1.4.1 Record Maintenance	6
1.4.2 Tax Records	7
1.4.3 Customs Records	11
1.4.4 Export Controls	11
1.4.5 Privacy and Data Protection — The Bane of a CIO’s Existence	12
1.4.6 Electronic Commerce	13
1.4.7 Maintenance of Electronic Records as Evidence	14
1.4.8 Audit Requirements and Financial Management	18
1.4.9 IT and Governance Professional Associations	20

Information Technology Transactions

1.4.10 Disclosure Obligations and Reporting Requirements24
 1.4.10.1 OSFI25
 1.4.10.2 Publicly Traded Companies27
 1.4.10.3 Personal Information Security Breach ...29
1.5 Third Party Harm31
1.6 IT Infrastructure Governance Assessment31
1.7 Overall IT Governance Awareness33
1.8 IT Governance Concerns and Direction35

CHAPTER TWO

**IT TRANSACTION ANATOMY: STRUCTURE AND
PROCESS37**
2.1 The Business Case37
 2.1.1 External Advisors39
 2.1.2 Needs Assessment39
 2.1.3 Business Vision40
 2.1.3.1 Objective40
 2.1.3.2 Specific Requirements40
 2.1.3.3 Not a Project Plan40
 2.1.4 Not an IT Comparative Evaluation41
 2.1.5 The Ship’s Compass41
2.2 IT Transaction Structure42
 2.2.1 Only the Contract Stipulates the Deal.....42
 2.2.2 All Prior Documents Evaporate into the
 Contract.....43
 2.2.3 Definitive Contract Anatomy44
 2.2.3.1 Main Body44
 2.2.3.2 Schedules or Exhibits45
 2.2.3.3 Collateral Agreements47
 2.2.3.4 Addendum Contract — Termination
 Transition Services48
 2.2.3.5 Further Assurances48
 2.2.3.6 Statements of Work; Purchase Orders ...49

Table of Contents

2.2.3.7 Contract Structure Warning: Terms and
Conditions Incorporated by Digital Refer-
ence50
2.2.3.8 Administrative Documents51

CHAPTER THREE

THE PREPARATION AND PLANNING PHASE53

Checklist I: “Preparing for the Transaction”56
3.1 Define the IT Good or Service Deliverable.....59
 3.1.1 The IT Definition59
 3.1.2 Definitional Threshold59
 3.1.3 The Most Common Cause of IT Project Failure
 and Dispute60
 3.1.4 Separate “Design” From “Build”61
 3.1.5 Agile Software Projects: Proceed with Caution ...63
 3.1.6 Best Practice Tips for IT Goods or Services
 Definitional Sources64
3.2 Assembling the Right Team65
 3.2.1 Internal Resources66
 3.2.1.1 Managers/ Executives66
 3.2.1.2 Employees67
 3.2.1.3 Affiliated Company67
 3.2.1.4 Internal Team Composition67
 3.2.2 External Resources70
 3.2.2.1 IT Consultants71
 3.2.2.2 Financial Consultants71
 3.2.2.3 Legal Services72
 3.2.2.4 Incumbent IT Providers72
 3.2.2.5 Public Relations73
3.3 Identify Knowledge Assets73
 3.3.1 Knowledge Asset Management74
 3.3.2 Knowledge Asset Valuation75

Information Technology Transactions

	3.3.2.1	Market Valuation	77
	3.3.2.2	The Whole Problem Solution	78
	3.3.2.3	Work in Progress	78
	3.3.2.4	Clear Chain of Title	78
	3.3.2.5	Protection of Knowledge Assets	79
3.4		Participant Selection	80
	3.4.1	Know the Participant(s)	80
	3.4.1.1	Financial Information	80
	3.4.1.2	Corporate Information	82
	3.4.1.3	Human Resources	82
	3.4.1.4	Customer Relations	84
	3.4.1.5	Supplier Information	84
	3.4.1.6	Ambit of Operations	85
	3.4.1.7	Governance and Management	85
	3.4.1.8	General Market Intelligence	86
	3.4.2	The Selection Process	87
	3.4.2.1	Multi-Source Selection	87
	3.4.2.2	Sole-Source Selection	90
	3.4.3	Technology Requirements	91
	3.4.4	Operational/ Business Requirements	92
	3.4.5	Financial Impact	92
	3.4.6	Human Resource Impact	92
	3.4.7	Industry Norms and Competitive Analysis	93
	3.4.8	Solution Alternatives	94
	3.4.9	Business Case Relevance	94
3.5		Transaction Due Diligence	94
	3.5.1	Governance	96
	3.5.1.1	Governance Oversight	96
	3.5.1.2	Corporate Authority	96
	3.5.1.3	Corporate Approvals	97
	3.5.1.4	Management Authority	97
	3.5.2	Third Party Obligations	98
	3.5.2.1	Shareholder Agreements	98
	3.5.2.2	Financial Documents	99

Table of Contents

3.5.2.3	Commercial Arrangements	99
3.5.2.4	Confidentiality Obligations	99
3.5.2.5	Miscellaneous Obligations	100
3.5.3	Intellectual Property Rights	100
3.5.3.1	Identifying the Intellectual Property	100
3.5.3.2	Three Key Issues	101
3.5.3.3	IP Creation and Ownership	101
3.5.3.4	Ownership — Registration Searches	107
3.5.3.5	IP Commercial Rights	108
3.5.4	Regulatory Issues	110
3.5.4.1	Industry Regulation	110
3.5.4.2	Capital Market Regulation	111
3.5.4.3	Commercial Regulation	113
3.5.4.4	Trade Associations	118
3.5.5	Technology Standards and Performance	118
3.5.5.1	Operational/Technical Specifications	119
3.5.5.2	New or Proven Technology	119
3.5.5.3	Performance Record	119
3.5.5.4	Business Environment Demonstrations	120
3.5.5.5	Standards Compliance	120
3.5.5.6	Income Tax	120
3.5.6	Participant References	122
3.5.6.1	Supplier References	122
3.5.6.2	Financial References	123
3.5.6.3	Customer References	123
3.5.6.4	Strategic Alliance References	124
3.5.6.5	Competitive References	124
3.5.7	Dispute History	125
3.5.7.1	Labour Disputes	125
3.5.7.2	Commercial ADR	126
3.5.7.3	Claims & Demands	126
3.5.7.4	Litigation	127
3.5.7.5	Judgments & Orders	127

Information Technology Transactions

CHAPTER FOUR

THE PRELIMINARY STEPS OF ENGAGEMENT129

Checklist II. “Beginning the Transaction”131

4.1 Collecting the Promises133

 4.1.1 Sales Materials133

 4.1.2 Meetings and Presentations134

 4.1.3 RFP and RFI Responses136

 4.1.4 Commercial Intelligence136

4.2 Relationship Management137

 4.2.1 Relationship Strategies137

 4.2.1.1 Teaming137

 4.2.1.2 Seminars138

 4.2.1.3 Relationship Investment138

 4.2.2 Cross Culture Awareness138

 4.2.3 Good Cop — Bad Cop139

4.3 Negotiation Conditions140

 4.3.1 Standstill Arrangements141

 4.3.2 Rules of Engagement141

 4.3.3 Exclusivity142

 4.3.4 Restrictive Covenants142

 4.3.5 Non-Solicitation of Employees143

 4.3.6 Remedies144

 4.3.7 Dispute Resolution144

 4.3.8 Good Faith144

 4.3.9 Miscellaneous Provisions146

 4.3.9.1 Accuracy of Information146

 4.3.9.2 Return of Information147

 4.3.9.3 Press Releases147

 4.3.9.4 Confidential Information148

 4.3.10 20 Essential Technology Negotiation
 Tips: Before Getting to “Yes”, Start with
 the “Knows”148

Table of Contents

4.4	Confidentiality Protection	152
4.4.1	Definition of Confidential Information	153
4.4.2	Information Quality Warranty or Disclaimer	154
4.4.3	Non-Disclosure Standard of Care	155
4.4.4	Protection of Confidential Information	156
4.4.5	Exceptions to Confidentiality Obligations	156
4.4.5.1	Permitted Disclosure	156
4.4.5.2	Disclosure Compelled By Law	158
4.4.6	Duration of Protection	159
4.4.7	Rights of Controlled Disclosure	159
4.5	Remedial Considerations	160
4.5.1	Duty to Disclose Breach	160
4.5.2	Cooperation	160
4.5.3	Rights to Injunction	161
4.5.4	Return or Destruction of Information	162
4.5.5	Venue and Choice of Law	163
4.5.6	Third Party Guarantees	164
4.5.7	No Reliance	164
4.6	The Step Approach to Engagement	165
4.6.1	Participant Proposal	166
4.6.2	Performance Statement	166
4.6.3	Letter of Intent	167
4.6.4	Memorandum of Understanding	168
4.6.5	Drafting the Contract	169
4.6.5.1	Standard Form Agreement	169
4.6.5.2	Drafting Control	171
4.6.5.3	Revision Process	172
4.7	Decision Making Authority	174
4.7.1	Business Decision Process	175
4.7.2	Who Will Participate	176
4.7.3	Participation by Professional Advisors	177
4.8	Meetings and Communications Process	178
4.8.1	In Person	179
4.8.2	By Video Conference	179

Information Technology Transactions

4.8.3	By Telephone	180
4.8.4	Meeting Location	180
4.8.5	Discursive Process	181
4.9	Public Sector Transactions	182
4.9.1	Transaction Governance Reflections	183
4.9.2	Business and Commercial Best Practice Principles Apply To The Public Sector	190
4.9.3	Public Interest	191
4.9.4	Regulatory and Political Context	192
4.9.5	Joint Venture Structures: ICT P3's	193
4.9.6	Pro Forma Contracts	195
4.9.7	Balance Rewards and Risks	196
4.9.8	Reasonable Risk Management Practices	196
4.9.9	Transactional Impact of Fairness	198

CHAPTER FIVE

STRATEGIES AND NEGOTIATION OF KEY BUSINESS AND LEGAL ISSUES IN THE CONTRACT203

Checklist III: The Transaction's Commercial & Legal Contract Terms		204
5.1	Interpretation	210
5.1.1	Recitals and Statements of Objective	210
5.1.2	Definitions	212
5.1.3	Gender	213
5.1.4	Plurality	213
5.1.5	Statute References	214
5.1.6	Division of Agreement	214
5.1.7	Language of Contract	214
5.1.8	Currency	215
5.1.9	Sophisticated Party	215
5.1.10	Severability	216
5.1.11	Calculation of Days	217
5.1.12	Avoid "Loaded" Relationship Terms	217

Table of Contents

5.1.13	Incorporation of Schedules	218
5.1.14	Agreement Structure	218
5.2	Performance Obligations	219
5.2.1	Description	220
5.2.2	Deliverable vs. Consultative	220
5.2.3	Service Levels and Beyond	221
5.2.3.1	Service Levels	221
5.2.3.2	Beyond Service Levels	222
5.2.4	Implementation Issues	223
5.2.5	Governance Process	224
5.2.6	Performance Standards	224
5.2.7	Quality Control and Continuous Improvement Measures	225
5.2.8	Cooperation and Assistance	226
5.2.9	Good Faith	226
5.2.10	Performance Benchmarking	226
5.2.11	Performance Milestones	227
5.2.12	Customer Obligations	228
5.2.13	Time Requirements	229
5.2.14	Excusable Delays	230
5.2.15	Performance Audits	231
5.2.16	Participant Satisfaction Reporting	232
5.2.17	Collateral Services	232
5.2.18	Future Goods and Services	233
5.2.19	Security Obligations	234
5.2.20	Change Management	234
5.2.21	Performance Warranty	235
5.2.21.1	Risk Allocation	236
5.2.21.2	Scope of Warranty	236
5.2.21.3	Remedial Rights	236
5.2.21.4	Financial Benefit of Warranty	237
5.2.22	Business Continuity; Disaster Recovery	237
5.3	Subcontractors	238
5.3.1	Subcontractor Approval	238

Information Technology Transactions

5.3.2	Confidentiality	239
5.3.3	IP Transfer	239
5.3.4	Dispute Resolution Participation	240
5.3.5	Dovetail Obligations	240
5.3.6	Replacement Rights	241
5.3.7	Multi-Channel Communications	241
5.4	License Provisions	242
5.4.1	Scope	243
5.4.2	Restrictions	243
5.4.3	Time	244
5.4.4	Audit Rights	244
5.4.5	Right to Copy	244
5.4.6	Right to Modify	245
5.5	Delivery	246
5.5.1	Shipping and Delivery	246
5.5.2	Customs Clearance	246
5.5.3	Inspection	247
5.5.4	Installation	247
5.5.5	Configuration	248
5.5.6	Title and Risk	248
5.5.7	Trade Treaty Compliance	250
5.6	Acceptance Testing	250
5.6.1	Test Protocol	251
5.6.2	Scope of Test	251
5.6.3	Participant Cooperation	252
5.6.4	Independent Third Party	252
5.6.5	Compliance Threshold	253
5.6.6	Non-Compliance Determination	253
5.6.7	Reasonable Time Periods	254
5.6.8	Repeated Non-Compliance Implications	255
5.7	Restrictive Covenants	255
5.7.1	Exclusivity	257
5.7.2	Transaction Specific	258
5.7.3	Activity Restrictions	258

Table of Contents

5.7.4	Scope of Covenant	258
5.7.5	Personnel Non-Solicitation	259
5.7.6	No Subcontractors	260
5.7.7	No Third Party Benefit	260
5.7.8	No-Restriction Clarification	261
5.7.9	Export Restrictions	261
5.8	Human Resources	262
5.8.1	Key Persons	263
5.8.2	Team Composition	263
5.8.3	Turnover Controls	264
5.8.4	Qualifications	264
5.8.5	Security Clearance	265
5.8.6	Confidentiality and Intellectual Property	265
5.8.7	Rules of Conduct	266
5.9	Financial Arrangements	266
5.9.1	Price Discrimination	267
5.9.2	Pricing and Fees	267
5.9.3	Price Escalation	268
5.9.4	Penalty/ Price Rebates	270
5.9.5	Bonuses/Price Premiums	271
5.9.6	Payment Terms	271
5.9.7	Payment Milestones	272
5.9.8	Currency	274
5.9.9	Tax	274
5.9.9.1	Transaction Structure	274
5.9.9.2	G.S.T. and P.S.T. Payments	275
5.9.9.3	Inclusive/Exclusive Price	276
5.9.9.4	Invoice Disclosure	276
5.9.9.5	Minimize Tax	276
5.9.9.6	Payments Exclude Tax	277
5.9.9.7	Tax Audit	277
5.9.9.8	Records and Retention	277
5.9.9.9	Performance Audit	278
5.9.10	“Favoured Nation” Pricing	279

Information Technology Transactions

5.9.11	Fair Market Value Benchmarking	280
5.9.12	Volume Discounts	281
5.9.13	Right of Set-off	282
5.9.14	Benefit Participation Remuneration	282
5.9.15	Payment Security	284
5.9.16	Financial Metrics Review	284
5.9.17	Loan Interest Rate Prohibition	285
5.10	Documents and Records	285
5.10.1	Regulatory Standards	286
5.10.2	Audit Access	286
5.10.3	General Record Requirements	287
5.11	Term	288
5.11.1	Length	288
5.11.2	Renewal Rights	289
5.11.3	Termination	289
5.11.3.1	Breach	290
5.11.3.2	Remedial Period	290
5.11.3.3	Specified Events	291
5.11.3.4	For Convenience — The Off Ramp	291
5.11.3.5	Automatic vs. Discretionary	292
5.11.3.6	Force Majeure	293
5.11.4	Transition Assistance	293
5.12	Intellectual Property	294
5.12.1	Background Technology Ownership	294
5.12.2	New Technology Ownership	297
5.12.3	Rights to Use Third Party IP	298
5.12.4	Joint Ownership	299
5.12.4.1	Tenants in Common	300
5.12.4.2	Joint Tenants	301
5.12.5	Written Assignment	301
5.12.6	Employee Contributions	302
5.12.7	License-Back Provisions	303
5.12.8	Right to Create Derivative Works	303
5.12.9	Creation Reporting Requirements	305

Table of Contents

5.12.10	Residual Knowledge	305
5.12.11	Assistance with IP Protection	306
5.13	Brand Association	307
5.13.1	Association Benefits	307
5.13.2	Brand Association Continuum	307
5.13.3	Brand Licensing	309
5.13.4	Brand Management	310
5.14	Representations and Warranties	310
5.14.1	Authority to Transact	311
5.14.1.1	Corporate Existence	311
5.14.1.2	Authority	312
5.14.1.3	Approval	312
5.14.2	Regulatory and Legal Compliance	312
5.14.2.1	Regulatory Compliance	312
5.14.2.2	Legal Compliance	313
5.14.3	Transaction Not Encumbered	313
5.14.3.1	IP Asset Ownership	314
5.14.3.2	Non-Infringement	314
5.14.3.3	Third Party Obligations	314
5.14.3.4	No Document Restriction	314
5.14.3.5	No Asset Encumbrance	315
5.14.3.6	No Judicial Interference	315
5.14.4	Performance Requirements	315
5.14.4.1	Technology Disclosure	315
5.14.4.2	Necessary Skills and Qualifications	315
5.14.4.3	Control	316
5.14.4.4	Technology Operations	316
5.14.4.5	Key Person/Employee Performance	316
5.14.4.6	Environmental Issues	317
5.15	Public Sector Provisions	317
5.15.1	Documents Incorporated by Reference	318
5.15.2	Termination for Convenience	318
5.15.3	Intellectual Property Ownership	318
5.15.4	Freedom of Information Requirements	321

Information Technology Transactions

5.15.5	Regulatory Requirements	322
5.15.6	Risk Management Approach	323
5.16	Miscellaneous Provisions	323
5.16.1	Further Assurances	323
5.16.2	Relationship of Participants	324
5.16.3	Waiver	324
5.16.4	Amendments	325
5.16.5	Governing Law	325
5.16.5.1	Other Laws	326
5.16.5.2	Avoid Multiple Choices	326
5.16.5.3	Governing Law Exclusions	327
5.16.6	Venue and Attornment	328
5.16.7	Publicity	328
5.16.8	Gifts and Gratuities	329
5.16.9	Assignment Restrictions	329
5.16.10	Change of Control	330
5.16.11	Successors	331
5.16.12	Compliance with Applicable Laws	331
5.16.13	Contract Execution and Delivery	331
5.16.14	Notice	332
5.16.15	Survival	333

CHAPTER SIX

TECHNOLOGY TRANSACTIONS IN FOCUS: OUTSOURCING AND SHARED SERVICES335

6.1	Introduction	335
6.2	Structure of IT Outsourcing Transactions	337
6.3	Business Case	343
6.3.1	Financial	343
6.3.2	Devotion to Core Competencies and Driving Competitive Advantage	344
6.3.3	Continuous Improvement of Operations	345
6.3.4	Business Risk Mitigation	345

Table of Contents

6.3.5 Flexible Business Strategy and Change Management345

6.3.6 Transform Business Operations346

6.4 Separating Design from Build347

6.5 Regulatory Requirements348

6.6 Service Levels and the Myth of Benchmarking350

6.7 Transition into the Transaction352

6.8 Performance Verification353

6.9 Relationship Management355

6.10 Change Management356

6.11 Compensation: Base Case to Gain Sharing358

6.12 Confidentiality and Data Protection360

6.13 Management of Third Party Obligations362

6.14 Public Sector: Public Private Partnership (P3) Outsourcing363

6.15 Outsourcing Risk Management367

6.15.1 “Know Thy Self”367

6.15.2 Define the Services368

6.15.3 Performance Verification368

6.15.4 Contingency Plan369

6.16 Offshore Outsourcing371

6.16.1 Prevalence of IT Offshoring371

Checklist IV: Offshore Outsourcing373

6.17 Get It in the Contract377

CHAPTER SEVEN

RISK MANAGEMENT STRATEGIES379

Checklist V: Reasonably Managing Risk380

7.1 Risk Deconstruction381

7.1.1 High IT Transaction Failure Rates382

7.1.2 IT Transaction Risk Deconstruction384

7.1.3 Best Practice Risk Management:385

7.2 Relationship Management387

Information Technology Transactions

7.2.1	Project Management Committee	387
7.2.2	Performance Information Reporting	388
7.2.3	Choosing Battles	388
7.2.4	Controlling Project Personnel Turnover	389
7.2.5	Project Morale	390
7.3	Proactive Risk Management Strategies	391
7.3.1	Performance Requirements	391
7.3.2	Breach Reporting	392
7.3.3	Record Keeping	392
7.3.4	Monitor Participant Performance	393
7.3.4.1	Verification/ Audit	393
7.3.4.2	Participant Records	394
7.3.4.3	Self-Reporting Breaches	394
7.3.4.4	Follow-up	395
7.4	Exclusions of Liability	395
7.5	Limitation of Liability	396
7.5.1	Exemplary Damages	397
7.5.2	Economic Expectations	397
7.5.3	Indirect, Incidental and Consequential Damages	398
7.5.4	Third Party Damages	399
7.5.4.1	Third Party Damages	399
7.5.4.2	Third Party Beneficiaries	400
7.6	Performance Disclaimers	401
7.7	Indemnification of Liability	402
7.8	Access to Specified Remedies	403
7.8.1	Repair and Replace	403
7.8.2	Performance Adjustment	404
7.8.3	Price Credits	404
7.8.4	Price Adjustments	404
7.8.5	Liquidated Damages	405
7.8.5.1	Enforceability Issues	406
7.8.5.2	Not Penalty	406
7.8.5.3	Quantum	408

Table of Contents

	7.8.5.4 Fair and Reasonable	408
7.8.6	Access to Alternative Services/ Products	409
7.8.7	Equitable Relief	409
7.8.8	Time Requirements	410
7.8.9	Enforceability Enhancements	411
7.8.10	Contingency Planning	412
	7.8.10.1 Contingency and Emergency Response Plan	413
	7.8.10.2 Disaster Recovery and Back-Up Systems	414
	7.8.10.3 Redundancy	414
	7.8.10.4 Contract Provisions	415
	7.8.10.5 Supplier Arrangements	416
	7.8.10.6 Source Code Escrow	416
	7.8.10.7 Government Agencies	417
	7.8.10.8 Succession Planning	418
	7.8.10.9 Contingency Audits	418
7.9	Dispute Resolution	418
	7.9.1 Internal Escalation	418
	7.9.2 Alternative Dispute Resolution	420
	7.9.2.1 Expert Consultation	420
	7.9.2.2 Mediation	421
	7.9.2.3 Arbitration	422
	7.9.3 Litigation Issues	424
7.10	Third Party Risk Deferral Strategies	424
	7.10.1 Additional Parties	424
	7.10.2 Risk Assumption	425
	7.10.3 Insurance	425
	7.10.4 Letters of Credit	427
	7.10.5 Performance Bond	429
	7.10.6 Professional Opinions	430
	7.10.7 Trusted Third Parties	431
7.11	Financial Arrangements	432
	7.11.1 Payment Adjustments	432
	7.11.1.1 Payment Advances	432

	Information Technology Transactions	
	7.11.1.2 Payment Hold-back	433
	7.11.1.3 Payment Milestones	433
	7.11.1.4 Remuneration Rates and Adjustments	434
	7.11.2 Payments in Escrow	434
	7.11.3 Security Interests	435
7.12	Planning for Termination, Extrication and Transition	436
	7.12.1 Document the Reliance	436
	7.12.2 Transition Plan	436
	7.12.3 Transition Service Agreement	437
	7.12.4 Competitor Assistance	439
	7.12.5 Separate Contract	439
	7.12.6 Joint Management Committee	440

CHAPTER EIGHT

WHY TECHNOLOGY PROJECTS FAIL: LESSONS LEARNED443

8.1	The Risks of it Project Failure	443
8.2	The Leading Causes of IT Project Failure	446
	8.2.1 Report of the Toronto Computer Leasing Inquiry ("Bellamy Report")	447
	8.2.2 Auditor General of Ontario Report on the Integrated Justice Project	451
	8.2.3 Report of Ontario's Special Task Force on the Man- agement of Large-Scal Information & Information Technology Projects	453
	8.2.4 IT Project Failure in Europe	457
	8.2.5 Australia's AS 8015 IT Governance Standard	459
	8.2.6 U.K. Cabinet Office: Report of the Comptroller and Auditor General — Investigation into Verify	460

Table of Contents

8.2.7 Canada’s Phoenix: Transformation of Pay Administration462

8.3 Review of Lessons Learned464

8.3.1 Lesson #1465

8.3.2 Lesson #2465

8.3.3 Lesson #3466

8.3.4 Lesson #4466

8.3.5 Lesson #5467

8.3.6 Lesson #6467

8.3.7 Lesson #7469

8.3.8 Lesson #8470

8.4 The 30 Most Common IT Transaction and Contracting Mistakes and Pitfalls472

Checklist VI: Lessons Learned — Contract Strategies to Promote IT Transaction Success479

CHAPTER NINE

DEAR IT EXECUTIVE: LET’S PUT THESE IT PROJECT SUCCESS PRESCRIPTIONS AND LESSONS LEARNED INTO PRACTICE483

9.1 Introduction483

9.2 Cloud Computing Transactions484

9.2.1 Cloud History and Overview484

9.2.2 IT Executive Cloud Risk Management Preparation487

9.2.2.1 Type of Cloud487

9.2.2.2 Legal and Regulatory Compliance487

9.2.2.3 Cloud Service Contract487

9.2.2.4 Data Integrity and Service Quality488

9.2.2.5 Customer Contribution488

9.2.3 Commercial and Contracting Issues489

9.2.3.1 IT Infrastructure Outsourcing490

9.2.3.2 Don’t be Blinded by the Price490

Information Technology Transactions

- 9.2.3.3 The Governing Cloud Service Contract490
- 9.2.3.4 Outsourcing for Services vs. Internally Controlled Goods490
- 9.2.3.5 24 Questions for Cloud Computing Projects: Commercial, Risk, Legal and Contract Considerations492
- 9.3 Cybersecurity and Transactional Risk498
 - 9.3.1 General Cybersecurity Risk498
 - 9.3.2 Transactional Context of Cyber Risk500
 - 9.3.3 Internal IT Project Cyber Risk Management501
 - 9.3.4 External IT Project Cyber Risk Management504
 - 9.3.5 Contractual Management of IT Project Cyber Risk514
- 9.4 Offshore IT Transactions in Focus517
 - 9.4.1 Commercial Context of IT Offshoring518
 - 9.4.1.1 Inadvertent Offshoring518
 - 9.4.1.2 Better, Faster, Cheaper519
 - 9.4.1.3 Innovation519
 - 9.4.1.4 The Commodity Service Advantage520
 - 9.4.1.5 Market Proximity520
 - 9.4.1.6 Tax Incentives520
 - 9.4.1.7 Safe Haven521
 - 9.4.1.8 Economies of Scale521
 - 9.4.2 Offshoring Contract Issues: Commercial & Legal522
 - 9.4.2.1 IT Project on Steroids522
 - 9.4.2.2 Related Party Outsourcing523
 - 9.4.2.3 Location, Location, Location524
 - 9.4.2.4 Critical Cultural Differences525
 - 9.4.2.5 Management Presence526
 - 9.4.2.6 Dispute Resolution Venue527
 - 9.4.2.7 Local Legal Compliance528
 - 9.4.2.8 Local Subcontractor Risk529
 - 9.4.2.9 Local IP Protection530

Table of Contents

9.4.2.10 Four Additional Tips531

9.5 Enterprise Transformation (Modernization)
Projects.....531

9.5.1 Modernization is Highly Complex531

9.5.2 Modernization is Highly Innovative534

9.5.3 Transformational Jigsaw Puzzles534

9.5.4 Holistic Approach is Essential536

9.5.5 Alignment Prescription537

9.5.6 Office Towers Are Now Computers with
Elevators and Windows538

9.5.6.1 IT Vendors are the New Construction
Prime Contractors540

9.5.6.2 Different Commercial Risks541

9.5.6.3 Highly Complex Blueprints541

9.5.6.4 Ongoing Operational Requirements542

9.5.6.5 Interoperability Demands542

9.5.6.6 Testing is Essential542

9.5.6.7 Critical Infrastructure Security543

CHAPTER TEN

TRANSACTION BALANCE AND JUDGMENT545

INDEX553