

[When Your Most Valuable Asset is Information]



Services provided by National Software Escrow, Inc. protect the interests of both Technology Vendors and their clients who license their products. Licensees rely on vendors for technical support and maintenance. This dependency, especially if it involves software related to mission-critical business operations, exposes them to certain risks. If, for instance, a technology vendor went out of business or stopped supporting the license software for other reasons, the licensee would likely suffer considerable losses in revenue and productivity. A technology escrow agreement gives licensees the ability, under specific and controlled circumstances, to gain access to the source code needed to maintain the technology.

NSE appreciates the fact that when selecting a 'Service', you are infact, selecting a 'Promise'... a 'Promise' that something will be completed in a manner that meets/exceeds your expectations. NSE promises you and your organization the following:

- Experience—Since 1986, NSE's sole line of business has been that of providing Technology Escrow Services
- Unparalleled Service—Immediate, professional attention to your needs
- The Protection of the Escrowed Materials
- A complete line of Insurance Coverage will be maintained
- Simple, no-nonsense Price Schedule

NSE offers the following Escrow Arrangements:

- [Single Beneficiary Escrow Arrangement](#)
- [Multi-Beneficiary Escrow Arrangement](#)
- [Multi-Vendor Escrow Arrangement](#)



### The Beneficiary's Philosophy

In many of today's technology license agreements, companies licensing technology, Beneficiaries, are requesting that along with the program(s), a copy of the Technology Vendor's proprietary source code also be included. Source code, is of course, the human-readable version of the software program, including directions and documentation of how the program is put together.

Source Codes are generally requested by Beneficiaries simply for their own protection. With access to the source code, they can maintain and enhance the software in the event that an unanticipated and/or catastrophic occurrence does not permit the Technology Vendor to continue its operations.

### The Technology Vendor's Philosophy

Many Technology Vendors' business plans do not support providing a copy of their source code to their clients. If source code was provided, a great deal of maintenance revenue would be lost, due to third parties maintaining their own software.

More importantly, if their source code is provided upon purchase, Technology Vendors fear that a competent programmer or independent contractor at the Beneficiary's location could modify the existing program and/or develop a competing program.

### The Escrow Compromise

Many Technology Vendors are now compromising with their clients by establishing source code escrow accounts. Establishing an escrow account satisfies the source code dilemma. It provides the Beneficiary with access to the source code and documentation in the event that an unanticipated and/or catastrophic occurrence does not permit the Technology Vendor to continue its operations. For the Technology Vendor, establishing an escrow account protects their interests and increases the value of their product to their prospective clients.



NSE offers a Single Beneficiary Escrow Arrangement to Technology Vendors who desire to enter into an Escrow Agreement with a single, unique Beneficiary.

The majority of NSE's clients use NSE's 'draft' as written; however, we have no objections, upon review, should the parties desire to make revisions to the 'draft' to satisfy their requirements. NSE's Single Beneficiary Escrow Agreement contains various triggering events that the parties may elect to utilize within their Escrow Arrangement with NSE. The parties may elect to use any/all of the triggering events, or may elect to draft triggering events that satisfy their requirements.

The steps required for the parties to establish their Single Beneficiary Escrow Arrangement are as follow:

1. Review NSE's Single Beneficiary Escrow Agreement. If acceptable, please inform us of this fact as we will be happy to prepare the Agreements using the terms and conditions set forth in the draft Agreement. Should you wish to make revisions to the draft, please feel free to either send/fax/email the revisions to our office, as we will be happy to make the changes for you.
2. NSE will prepare three (3) copies of the Escrow Agreement and send them to the parties to initiate the signature process. Once signed by both parties, NSE will request to have the Agreements returned to our office. Upon our receipt, the Agreements will be counter-signed and one fully signed copy of the Escrow Agreement will be returned to each party for their respective records.
3. Upon receipt of the fully signed Agreement, NSE will request to have the Materials that are to be deposited into escrow, sent to NSE. Upon our receipt, the Materials will be deposited into escrow and documentation will be forwarded to the parties confirming this fact.

NSE has retained the services of one of the country's leading law firms whose specialists in computer related contracts understand completely the technical objectives of these sophisticated transactions. NSE's Single Beneficiary Escrow Agreement is a carefully researched, sophisticated legal instrument that protects the rights, interests and investments of both parties.



NSE offers a Multi-Beneficiary Escrow Arrangement to Technology Vendors who wish to enroll multiple Beneficiaries under one, universal Escrow Agreement.

The majority of NSE's clients use NSE's 'draft' as written; however, we have no objections, upon review, should the Technology Vendor desire to make revisions to the 'draft' to satisfy their requirements. NSE's Multi-Beneficiary Escrow Agreement contains various triggering events that the Technology Vendor may elect to utilize within their Escrow Arrangement with NSE. The Technology Vendor may elect to use any/all of the triggering events, or may elect to draft triggering events that satisfy their requirements.

The steps required to establish your Multi-Beneficiary Escrow Account are as follow:

1. Please review NSE's Escrow Agreement. If acceptable, please inform us of this fact and we will be happy to prepare the Agreements for signature using the terms and conditions set forth in the draft Agreement. Should you wish to make revisions to the draft, please feel free to either send/fax/email the revisions to our office, as we will be happy to make the changes for you.
2. NSE will prepare two copies of the Escrow Agreement and send them to the Technology Vendor for signature. Once signed by the parties, NSE will request to have the Materials that will be deposited into escrow, sent to NSE. Upon our receipt, the Materials will be deposited into escrow and documentation will be forwarded to the Technology Vendor confirming this fact.
3. Whenever the Technology Vendor desires to enroll a Beneficiary to their Multi-Beneficiary Escrow Account, the Technology Vendor will be required to complete & submit NSE's Form 2.2 titled, "Additional Beneficiary Registration". Upon NSE's receipt of the completed form, the Technology Vendor's client will be officially enrolled and documentation will be forwarded to the Technology Vendor's client confirming this fact.

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NSE offers a Multi-Vendor Arrangement to Beneficiaries who wish to enroll multiple Technology Vendors under one, universal Escrow Agreement.

The majority of NSE's clients use NSE's 'draft' as written; however, we have no objections, upon review, should the Beneficiary desire to make revisions to the 'draft' in order to satisfy their requirements. NSE's Multi-Vendor Escrow Agreement contains various triggering events that the Beneficiary may elect to utilize within their Escrow Arrangement with NSE. The Beneficiary may elect to use any/all of the triggering events, or may elect to draft triggering events that satisfy their requirements.

The steps required to establish your Multi-Vendor Escrow Account are as follow:

1. Please review NSE's Multi-Vendor Agreement. If the terms and conditions of NSE's draft are acceptable, please inform us of this fact as we will be happy to prepare the Agreements for signature using the terms and conditions set forth in the draft Agreement. Should you wish to make revisions to the draft, please feel free to either send/fax/email the revisions to our office as we will be happy to make the changes for you.
2. NSE will prepare two copies of the Escrow Agreement and send them to the Beneficiary for signature. Once signed by the parties, one fully signed copy of the Escrow Agreement will be returned to the Beneficiary for their records.
3. Whenever the Beneficiary desires to enroll a Technology Vendor to their Multi-Vendor Agreement, the Beneficiary will be required to complete & sign NSE's Form 2.2 titled, "Additional Technology Vendor Registration" and send it to the Technology Vendor for signature purposes. Upon NSE's receipt of the form and Technology Vendor's Escrow Materials, the Technology Vendor will be officially enrolled as a 'Vendor' and documentation will be forwarded to them confirming this fact.

NSE has retained the services of one of the country's leading law firms whose specialists in computer related contracts understand completely the technical objectives of these sophisticated transactions. NSE's Multi-Vendor Escrow Agreement is a carefully researched, sophisticated legal instrument that protects the rights, interests and investments of both parties.



On the happening of an event of default documented within the Escrow Agreement, the Beneficiary shall give written Notice to NSE of that default. The Notice of Default shall be labeled a Notice of Default, shall identify the License Agreement and the Escrow Agreement, shall specify the nature of default, shall identify the Escrow Materials with reasonable specificity, and shall demand the delivery of a complete copy of the Escrow Materials to the Beneficiary. Upon receipt of the Notice of Default, NSE shall send a copy of the Notice of Default to the Technology Vendor by certified or registered mail, return receipt requested. If the Technology Vendor desires to dispute the Notice of Default, the Technology Vendor shall, within ten days after receipt thereof, deliver to NSE, a sworn statement stating that in the Technology Vendor's view, no default has occurred.

If NSE does not receive a sworn statement from the Technology Vendor stating that the Technology Vendor does not believe there has been a Default, then NSE will be authorized and directed to deliver the Escrow Materials to the Beneficiary. NSE shall deliver the Escrow Materials to the Beneficiary in the same media as delivered to NSE by the Technology Vendor. NSE's responsibility for the Escrow Materials will cease upon release of the Escrow Materials to the Beneficiary, and NSE will not be responsible for any inability by the Beneficiary to successfully utilize the Escrow Materials after release.

Unless otherwise provided in the License Agreement, upon release of the Escrow Materials to the Beneficiary, the Beneficiary shall have the right to use the Escrow Materials for the sole purpose of continuing the benefits afforded to them by the License Agreement. The Beneficiary shall be obligated to maintain the confidentiality of the released Escrow Materials.

If the Technology Vendor files a sworn statement in response to the Notice of Default disputing the existence of any default, NSE will not release the Escrow Materials until it receives joint instructions from the Technology Vendor and the Beneficiary, a final non-appealable court order, or binding arbitration award requiring or authorizing such release.



NSE supports both Physical and Electronic Storage of Escrow Materials.

If Physical Storage is required, the Escrow Materials shall be stored, maintained, secured and preserved in a 16,400 foot "Firelock" vault that features:

- Certified Halon fire suppression system
- Computer-controlled humidity and temperature levels
- Vault and building monitored by 24-hour surveillance and security system
- Key punch access restricting entry
- Air filtration system

If Electronic Storage is required, the Escrow Materials will be stored, maintained and preserved having, at a minimum, the following:

- File Encryption using applicable and appropriate standards. Encryption for storage is applied after files are uploaded
- Data storage over several large-scale data centers throughout the world.
- Protection against network security issues, e.g., Distribute Denial of Service (DDoS) attacks, Man in the Middle (MITM) attacks, and packet sniffing
- Redundant backups for data over multiple locations

National Software Escrow, Inc. offers a secure file upload service for clients' electronic material storage. NSE's website is secure and protected using a verified Secure Socket Layer (SSL).





## WHY CHOOSE NSE?

### **NSE's Escrow Agreements**

NSE's Escrow Agreements are carefully researched, sophisticated legal instruments that protect the rights, interests and investments of both parties. Although it is not mandatory to use NSE's Escrow Agreements, NSE provides the following services in relation:

- NSE's Agreements can be reviewed at no charge
- Modifications can be made to the Agreements at no charge
- NSE will prepare and send copies of the selected Escrow Agreement to the parties once they are satisfied with the terms and conditions set forth.

### **NSE's Price Schedule**

NSE's Escrow Arrangements reflect the following benefits:

- No Hidden Fees
- No Set Up Fees
- No Media Storage Fees
- Simple, no-nonsense price schedule

### **Service**

When considering the selection of a Software Escrow Provider, it is important to consider the level of service that both parties expect to receive. NSE understands that 'Service' is first and foremost when considering the selection of a Technology Escrow Service. 'Service' is what differentiates NSE from other escrow providers. NSE's unparalleled Service includes:

- Immediate professional attention to needs
- Prompt reply for information requests
- Precise and efficient preparation of Escrow Agreements
- Reliable and immediate notification to the parties upon receipt of Escrow Materials
- An appreciation of the value that both parties place on the Escrow Materials.





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