

Frequently Asked Questions about Partnership

Contents

What are the Partnership Objectives?	2
What are the business modalities?	2
What if we want to have exclusivity?	2
What are typical exclusivity conditions?	3
What does mean the franchise deposit?	3
Are there any other benefits for exclusive partners?	4
What is the franchise procedure for a Focal Point?	4
Duration of the Partnership Agreement?	5
Why we receive invoice for 2 packages at the beginning of the partnership establishment?	5
How we can obtain the software?	5
What happens is our customer contacts you directly in Austria to obtain the software?	5
Do we pay for each client that buys the software? How much does it cost?	6
Who receives the payment for the training we provide? Should each person we train pay to EPIC in Austria?	6
Who runs certification (trainees, enterprises, etc)?	6
How we can formulate the right approach toward definition of the customer prices? ..	7
What are the necessary activities and the most effective strategies for partner business development?	7
What are the relations between UNIDO and EPIC?	7
What is ASIDEES?	9
How I can use ASIDEES for my implementation of my business ideas?	10

What are the Partnership Objectives?

The partnership activities aimed at the following:

- Improving industrial competitiveness, productivity, overall sustainability as well as capacity to manage investments and innovations by Small and Medium Enterprises (SMEs) in the country (or region) of the partner residence.
- Presenting innovative approaches and support services to policy makers in the administration, investment and banking institutions, associations and chambers at the regional and national levels.
- Developing effective revenue flow for the services and products ensuring high quality of services and continuous improvement.

What are the business modalities?

The partnership modalities could be as follows:

- Running training programmes for target customer groups like banks, entrepreneurs, enterprise management and specialists of regional/national administration
- Preparing and implementing large industrial modernization programmes at the regional or national scale in collaboration with national and international agencies
- Diagnostics, Benchmarking and Certification of enterprises and specialists
- Running training in policy making support for specialists of regional and national administration, investment and banking organizations and associations
- Participating in the multinational collaboration projects aimed at introducing advanced business support services for national policy makers and SMEs

One may identify and add various additional modalities having local insight and knowledge of national industrial and economic development priorities.

What if we want to have exclusivity?

The exclusivity in this partnership is understood as support of an EPIC partner in developing the leadership position to achieve the Partnership Objectives. It requires dedication and undertaking of some obligations by both partners.

The EPIC acknowledge the right of the Partner to ensure return of his investments made into preparation and implementation of the business content including training or trainers, preparing package of services, its marketing and sales. The acknowledgement is realized in providing special conditions and privileges to become the sole partner for the duration of the Agreement.

The Partner acknowledges the privileges accordingly to mutually agreed conditions for the exclusivity period. Its implementation of the activities meeting the Partnership Objectives is measured by the performance indicators identified in the Agreement between both parties.

What are typical exclusivity conditions?

The partner identifies the planned business results and relevant milestones in purchasing of the EPIC services. If agreed the plan becomes the performance reference providing time-frame for exclusivity period.

Example:

Partner: Identifies business plan and relevant purchase volumes from EPIC and sends the proposal for review.

EPIC: Reviews balance between proposed business results and its obligations to keep exclusivity, relevant costs, identifies exclusivity duration by milestones. The resulting formulation may look as follows:

The exclusivity is provided to the PARTNER for a minimum period of 12 months for start-up phase of business development after signing the Agreement and allocating the Franchise fee deposit. The deposit amount covers the supply of the packages to the partner accordingly to the business plan for the first year.

The exclusivity is automatically extended for another 12 months upon achievement of 100% sales for the first year (already covered by the initial franchise deposit) and payment of the deposit covering at least 25% of target purchase plan for the second year.

It is automatically extended for another 24 months upon achievement of 100% of the target purchases for the second year.

It becomes valid for the next 36 months upon the receipt any orders in quantities of at least of 1000 items purchased per annum.

What does mean the franchise deposit?

It is prepaid amount covering the costs of future shipments of the software products and provision of services. It secures the sales to the country (territory under exclusivity) and validates the seriousness of Partner intentions on one side. On another side it allows immediate shipment of the Partner orders after the receipt

of the request by email. The other non-exclusive partners have first to make payments and have shipments only after its receipt.

The Franchise fee allows the Partner obtaining additional some benefits and cost savings decreasing overall costs of business.

Are there any other benefits for exclusive partners?

Yes, the exclusive partners are supported by the following:

- Exclusivity automatic extension based on business results,
- Free shipments of software packages within 3 days upon the request by e-mail without any additional
- Free participation and certification in the Pharos training workshop at UNIDO (accommodation in Vienna and flight costs are not included)
- Up to 10 hour of distance training / consulting for the Partner trainers over the Internet
- Certificate of Official Authorized Training and Consulting Representative in the countries (after the training course)
- Complete set of training and reference materials which can be used by Partner in its business developments
- Right to receive UNIDO certificates of "Enterprises Business Performance Management Excellence" for the Partner customers on priority basis (upon presentation of customer benchmarks)
- Public reference as official partner and UNIDO Focal Point at UNIDO Pharos support web site www.win2biz.com
- Support in preparing Proposals for international funding to implement national and regional programmes for industrial development, entrepreneurship, productivity, quality, competitiveness, capacity building in trade, exports, innovations and investments in a country.

What is the franchise procedure for a Focal Point?

- (1) The Franchise Partnership Agreement is signed (MoA),
- (2) The Franchise Fee is received in full within agreed time accordingly to Agreement
- (3) The software order for in-house training and first customer is shipped
- (4) The prompt shipments of packages within 3 days accordingly to e-mail orders is in place
- (5) The distance training of the trainers and relevant reference materials are provided.

Duration of the Partnership Agreement?

The duration and extension of collaboration are identified in the Partnership Agreement in the modality acceptable for both parties. In case of exclusivity of the duration is linked to the exclusivity terms and conditions.

Why we receive invoice for 2 packages at the beginning of the partnership establishment?

In order to meet the Partnership Objectives the partner needs to develop the relevant in-house knowledge of UNIDO methodology and software tools and do it promptly. One package is required for this implementation providing support for at least 2 users.

The second package ensures possibility of the Partner for quick start of its customer relations as well as sales. It is provided under very special discount for new business partners.

The acquisition of the packages is a part of the Partnerships Agreement and considered as prove of the Partner commitment toward achievement of the Partnership Objectives.

How we can obtain the software?

Your company receives the CDs with the software having special unique code identifying you as the Partner. The CD can be printed locally and distributed to your customers as promotional demo. When customer needs activation key our system receives his/her e-mail request with your activation code. You will be requested to confirm the customer and compliance to the activation conditions (i.e. you acknowledge receiving the customer payment or some other special conditions) and authorize us sending the keys to your customer.

What happens is our customer contacts you directly in Austria to obtain the software?

All requests from customers from countries where there is an exclusive partner are forwarded to this partner. Accordingly to the Partnership Agreement the Partner is responsible for the achievement of the Partnership Objectives and shall promptly respond to such requests.

In addition one need to keep in mind that the majority of customers do not need software by itself but the package of services which includes training, consulting, support, implementation of best practices and benchmarking of results on enterprise sites. This package of value added services is the actual product to be offered to the national industries.

Do we pay for each client that buys the software? How much does it cost?

You pay fee for particular number of packages accordingly to the predefined business plan. It includes special discounts for business partners. Then you are free to resell the packages to your customers including added value services like training, consulting, etc. The actual price is identified in your company accordingly to your considerations and each particular customer. The personalized flexible approach to running sales allows you formulate right approach to making revenue flows. There are no standard unifies prices for such package of services especially when training, on-site consulting and end user license fees for the software are included.

Who receives the payment for the training we provide? Should each person we train pay to EPIC in Austria?

Your customers such as trainees, enterprises, regional administration to whom you may provide training, consulting and benchmarking services and others e.g. Associations of Entrepreneurs, etc. should normally pay to you directly. In case there are special programmes or projects which may require collaborative implementation and different financial arrangements it is discussed and fixed by additional prior agreements. It may have other options such as ASIDEES (below).

Who runs certification (trainees, enterprises, etc)?

After your staff members took part in the training and become qualified and certified to provide the services, your organization may issue the certificates. There are no costs or payments to EPIC except the following cases:

1. Issuing joint certificates (EPIC+Partner) to your customers.
2. EPIC coaches participate in the training courses as partner organization providing full or partial content of services as well as image making. The costs depend on the particular setup and need to be discussed in advance.
3. Running the business as our associate. Our fee may vary from 10% to 50% of the overall business results depending on the project content and the need to ensure quality support. It may have various modalities including joint programmes, projects, workshops, studies, etc. ASIDEES option is applicable as well if necessary (see ASIDEES below).

How we can formulate the right approach toward definition of the customer prices?

The Partner may identify the price of the package considering all its costs and accordingly to concrete market perception, customer enterprise turnover, and various personal factors related to the particular customer (e.g. having the need of preparing reference case study on enterprise site or presenting the solution to local office of strong multinational company which requires monitoring and benchmarking of its suppliers, etc). Officially there are no public fees and the software shall be provided as a part of the service package for upgrading / capacity building, continuous improvement, improvement of competitiveness, etc. Local partners decide by themselves based on purchase fees, relations with each customer and the content of the upgrading/consulting package.

What are the necessary activities and the most effective strategies for partner business development?

There are two main ways to develop the business (accordingly to our opinion, you may have some others!):

1. Formulate services and promote them to each enterprise individually
2. Attract and involve key prospective national partners such as Regional Administration, Chambers of Commerce, Associations of Entrepreneurs, Productivity Centers, etc. and develop business environment in which customers start demanding for these services by themselves.

Each approach has its own pro- and –cons, costs and amount of overall promotional efforts required.

The second one may lead to gradual establishment of regular regional and national modernization services which are partly or fully covered (budgeted) by the national or international donors or sponsors. If effectively implemented it allows for elaborating of long term and strong business results.

What are the relations between UNIDO and EPIC?

Enterprise Performance Improvement Centre (EPIC) is the division in Austrian company GOLEM IMS GMBH established in 1991. The company has long term partnership with UNIDO (United National Industrial Development Organization) under the ongoing Special Service Contract (as of 1998) to support training, development, maintenance, marketing and implementation of UNIDO business performance software Pharos, Best, FIT and MCCT. The contract stipulates the terms of the partnership on independent legal and financial basis. It is aimed at providing the

relevant training and distribution services to identified and interested National Focal Points. EPIC shall cover its support costs while implementing the services for its partners and does not have financial support from UNIDO. The UNIDO software license fees received from the users are subject to split between UNIDO and GOLEM. The details are available in the dedicated portal www.win2biz.com supporting implementation of UNIDO business performance software and run accordingly to the Contract.

Under the terms of the Contract GOLEM work includes as follows:

[Quote begins]

1. *Development of network of local Focal Points to provide training for the UNIDO software products as well as optional education in products and its applications,*
2. *Identification and establishment of Focal Points Distributor business partners to provide value-added services, distribution and local support channels for the products to achieve the aims of the Contract,*
3. *Marketing of products and other related services including training and support in cooperation with Focal Points and other partners in countries,*
4. *Analysis of marketing results and formulation of proposals for product distribution condition modifications,*
5. *Support of Focal Points and partners in customization of products and their integration into local customer management information systems by supplying additional information, expertise and utilities corresponding to local requirements, legislation and standards,*
6. *Train Focal Point staff, provide consulting support to Focal Points and End Users,*
7. *Monitoring the partner's performance in order ensure efficient implementation of the Contact aims,*
8. *Developing solutions to provide end users worldwide with additional opportunities to obtain and use UNIDO products and supporting Focal Points in controlled product distribution by using new Internet-based media.*

[End of quote]

Under this mandate EPIC by GOLEM IMS GMBH assists its business partners in developing relevant services and upgrading programmes in countries providing required technical support,

guidance and quality assurance. The partnership shall be based on self-sufficient financial basis covering all costs involved.

What is ASIDEES?

The GOLEM specialists involved in implementing upgrading and industrial modernization programmes in countries for the last 10 years learned about certain restrictions regarding access to appropriate funds by profit-oriented companies. With growing number of such cases and requests by the national partners they established non-profit NGO (Non-Governmental Organization or “Verein” in German) which can prepare and implement such projects formally independently from GOLEM IMS GMBH.

The Association for Sustainable Innovative Development in Economics, Environment and Society (AIDEES) was established by the end of 2008 in Vienna, Austria under registration number 248971408. ASIDEES act as non-profit organization and its members include the same specialists and international consultants which took part in the implementation of UNIDO and EC industrial modernization programmes for SMEs after 1999. The key managers work at GOLEM as well. The ASIDEES activities include as follows:

- Initiating and preparing project proposals for funding of industrial modernization programmes in countries
- Including both national organizations as partners and specialists as private persons into collaborative work implementing such projects as ASIDEES members
- Running relevant training, consulting and development activities

The establishment provides additional flexibility in addressing the funding issues including as follows:

- Subcontracting the national NGOs and companies to provide the services locally
- Delivering the services by trainers and consultants as ASIDEES members

The payments covering these services are made directly from Austria accordingly to Contracts between ASIDEES and legal entities (associations, companies or private persons) working in countries. It provides additional options for business partners in countries to identify, develop and establish funding for relevant upgrading, training and consulting projects and programmes. The ASIDEES web site link: www.iseeidea.org

How I can use ASIDEES for my implementation of my business ideas?

You can apply for membership at ASIDEES when you have particular business idea, then promote and implement it as ASIDEES member. The fees for your work are paid upon the availability of the funds which are received for the project you propose or promote. The modality of payment is monthly salary and coverage of some additional costs accordingly to the approved project content and legal framework.

The total amount which you plan to receive for making particular project is divided by the number of months required for the implementation. It helps to satisfy some restrictions for maximum monthly salary payments (approximately 15,000 Euro per month).

The payments are made by bank transfers or cash in Austria accordingly to formal contract signed between you and ASIDEES. The payments can cover all components of the projects including salaries, equipment, training materials, transportation costs, etc. accordingly the general regulations of such activities existing in the European Union.

ASIDEES may act as substitute organization instead of GOLEM IMS GMBH in providing the same range of services and the same qualified specialists. It does not have official contract with UNIDO however and may need to purchase the UNIDO business software from UNIDO or its official distributors if required.

Disclaimer: The collaboration activities discussed above are fully independent from any UNIDO or other third parties and run under bilateral agreement between GOLEM IMS GMBH and the Partner Company. UNIDO name and personnel are not involved in any activity and implementation unless specifically discussed, documented and approved by UNIDO in particular project implementation. Any reference obtained from this document to a specific commercial product, process, or service does not constitute or imply an endorsement from any organization mentioned in the presented documents.

These documents are provided for informational purposes only. The information contained in this document represents the current view of GOLEM IMS GMBH on the issues discussed as of the date of publication. Because GOLEM IMS GMBH must respond to changes in market conditions, it should not be interpreted to be a commitment on the part of GOLEM and GOLEM cannot guarantee the accuracy of any information presented after the date of publication.