

## IT SUPPLY AGREEMENTS

### Background

As IT represents a significant business cost, it is desirable to have a supply and service agreement with a supplier to specify exactly what services and levels of support are to be provided and at what cost. The IT contract could provide, for example, particulars of service levels in relation to the following areas:

- service calls
- maintenance
- preventative maintenance
- remote monitoring
- telephone support
- warranties
- software upgrades
- software support
- user training
- manuals

There are many different players in the IT industry. Some provide more general services, while others provide more specific consultancy roles. Retailers may act as agents for hardware manufacturers but may also offer software and a range of IT services and support.

Systems integrators select the appropriate hardware and software and deliver an integrated working system. Specialist suppliers may have experience in one field. Consultants may offer consultancy services with no hardware, software or maintenance services. On-line suppliers may be appropriate if detailed advice and support is not required and the IT system can be serviced remotely.

### **Software acquisition**

Software is usually the intellectual property of a third party. Typically, the package is bought and a licence (i.e. permission to use it) is purchased. The licence specifies the conditions as to what can be done and what cannot be done. A software end user licence is usually deemed to be accepted when the software is installed. It will generally be necessary to buy software licences for each user. The terms and conditions of each licence will be specified.

Hardware will often be purchased outright. Alternatively, it may be leased and the lease will place restrictions on its use.

### **Internet Service Providers**

Internet Service Providers provide connectivity for business computers to the internet. A range of services are provided and issues arise in relation to contracting with a internet service provider. Service levels should be specified at the outset. The service levels should set out the parameters for the standard of service being provided. Connectivity speed is a significant consideration.

There are various options available in terms of pricing and quality of access. "Always On" access is a permanently open line with charges incorporated into the account or line rental charge.

Most ISP providers can host websites or e-commerce sites. More complex websites may have more specialist requirements. A website will generally require a fast connection. This is determined by band width. The ISP should be able to ensure the requisite band width.

Website hosting fees vary from internet provider to internet provider. Many small businesses operate on a shared server basis with the site hosted on a powerful server

along with a large number of other sites. It is also possible to have a dedicated server. Most Internet Service Providers also run e-mail servers that deliver and transport emails on behalf of customers.

E-commerce applications will require a shopping cart and e-catalogue software. It should be determined at the outset that these are available and that they provide the requisite kind of use or interaction required. A secured server is required for payment and processing of credit card details. The ISP provider must be capable of delivering these.

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This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances.

This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken due care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.