

# VISUAL ELECTRONICS LTD

## STRATEGIC ALLIANCE AND PARTNER AGREEMENT

This agreement contains general provisions for a Strategic Alliance and partner Agreement (hereinafter "SAPA"). This SAPA is designed for the teaming of capabilities, or out-sourcing of services, or for lead generation between parties. This SAPA agreement is between (Name) (hereinafter Independent Alliance Associate or "IAA") located at (Address) and Corporation, (hereinafter "VEL"), a privately held company located at 8200 E. Pacific Place, Suite 103, Denver, Colorado 80231

### **1. Purpose**

The parameters of this agreement are based upon a teaming arrangement not limited to but may include:

- ▽ Cooperative Communications
- ▽ Data Integration
- ▽ Digital Signage
- ▽ Center Services
- ▽ Professional services

The teaming of both parties is for the purpose of pursuing business in selected segments of the public and private sectors. Each party possesses complimentary capabilities for developing, designing and delivering Information technology solutions.

### **2. Relationship and Principles**

The above stated parties agree to develop a joint and collaborative relationship based upon honesty, trust, integrity, and respect for each other's clients/customers, materials, and staff members. Each party agrees to commit to delivering the highest level of:

- ▽ Performance
- ▽ Quality of service
- ▽ Communication of project status
- ▽ Completion of all responsibilities and tasks

### **3. Roles/Responsibilities**

The roles and responsibilities of IAA and VEL regarding sales/marketing, products/services, and contract/project management, including the resources that will be invested by both parties, will be determined prior to the initiation of any joint effort and included in a Task Description to be attached to this SAPA that specifically outlines the particular project. The Task Description will address which party is the primary contractor and which is the secondary contractor, the nature and scope of the work to be performed or project to be completed.

Each party will agree prior to accepting any project, lead or opportunity to their responsibilities, assignments, deliverables, cost, fees, resources, and other requirements needed to complete the task.

**Primary contractor** (party with client) will be responsible for the following, but not limited to this list:

- ∇ Sales, Account management, and client relationship
- ∇ Final Proposal development
- ∇ Invoicing/Collections
- ∇ Presentations
- ∇ Financial and credit checks
- ∇ Materials
- ∇ Reporting
- ∇ Project management
- ∇ Professional services

**Secondary contractor** will be responsible for the following, but not limited to this list:

- ∇ Project management
- ∇ Design/Development and Delivery of solution
- ∇ Assessment
- ∇ Training, customer support
- ∇ Technical Assistance on sales calls
- ∇ Technical Assistance on presentations
- ∇ Delivery of supporting documentation for proposal creation
- ∇ Reporting

Each assignment may vary and the above responsibilities may change due to the nature of each project or switch between parties.

#### **4. *Client/Customer Ownership***

Primary contractor reserves all rights of ownership for their clients and customers. Each party agrees that the secondary contractor cannot contact primary contractor's clients or customers without permission. In the event that secondary contractor identifies a new business opportunity with client, the primary contractor would hold all rights and secondary must submit all leads to primary. Once project commences, secondary contractor will not, under any circumstances, contact primary's clients or customers to sell their own products and services without permission from primary. This includes any independent consultants or third party vendors that secondary contractor may bring in for specific projects. The secondary contractor is responsible for: ensuring other parties that they utilize will act in accordance with this SAPA, providing a list of any other parties involved, and securing signatures of third-party vendors on the Acceptance Attachment to this agreement. Secondary contractor will act as a member of primary contractor's team and will not discuss their company or any affiliations they have with other companies unless otherwise agreed beforehand with primary contractor.

Each party agrees that all information, documents and things (including, but not limited to printouts, disks, tapes, programs, documentation, reports, records, notes, supplies, equipment, designs, drawings, and all business, product, marketing, sales, and training materials or information) which come into its possession or control by reason of this agreement are the property of the original party. Each party agrees not to use them in any way except in the regular course of business and will return them promptly upon any termination of this SAPA. Each party agrees not to deliver, reproduce, or in any way allow any information, documents, or things to be delivered or used by any person without specific direction or consent from the appropriate party. Each party agrees not to take or retain originals or copies of any information, documents, or things of either party. All materials prepared or originated by each party in the performance of services under this SAPA that contain or were produced from the use of any confidential information, other information, documents, or things of either party, shall be deemed the original party's materials and shall remain the sole property of that party.

#### **5. *Feasibility Studies***

The parties agree to meet to discuss each project in detail and may conduct independent feasibility studies on each project. The parties further agree to prepare written commitments detailing their willingness to participate in a project along with a detailed scope of work declaration.

## **6. Compensation/Commission**

Each party agrees that each project or lead will be looked upon separately on a case-by-case basis. Prices, fees, and all other details may vary depending upon the scope of the project or lead. Each party may receive the following, depending upon the situation as described in Task Description:

- ▽ Commission for selling
- ▽ Referral lead commission
- ▽ Percentage of daily consulting fees
- ▽ Flat daily rate per person
- ▽ Flat project cost
- ▽ Commission on programs or materials
- ▽ Percentage of solution
- ▽ Recurring monthly revenue sharing

Referral compensation in terms of a finder's fee may be paid if the referral results in obtaining a contract and the party making the referral will not participate in the project. Commission and referral fees range from 5% - 20%. Sales of partners' products and services range from 22%-35%. Recurring monthly service revenue will pay 25%-30% of monthly total. Consulting fees have a wide range, depending upon the program or project, Parties will agree on rates and mark ups prior to engagement.

Primary contractor will receive secondary contractor's bid and have the right to adjust pricing in proposal to client. An amendment with pricing and terms will accompany this agreement for each joint agreement.

## **7. Payment**

Primary contractor will pay secondary contractor within 10 days of receiving payment from client. All commissions and product/service fees will be on a net revenue basis. Any fees associated with materials, other third party service companies or independent contractors will not be included in net.

## **8. Invoicing**

Depending upon the project, the terms of payment may vary. Both parties will agree in the Task Description to a fee payment schedule, which may include a deposit of the total contract, a series of equal payments, or payment in full at the completion of the project. All fees are paid to each party after payment from the client. Secondary contractor will provide an invoice to the primary contractor.

## **9. Conflict of Interest**

As of the date of this SAPA, IAA and VEL affirm that they are familiar with each other's clients and that no conflict of interest exists now or will exist as a result of the joint and collaborative relationship being established as a result of this SAA. The parties hereto agree to notify each other of any potential conflicts of interest that may arise during the duration of this SAA.

## **10. Nondisclosure of Proprietary information**

IAA and VEL anticipate that access to information of a proprietary nature will occur during the course of this collaborative SAPA. The receiving party agrees that it will treat any such verbal or written information in the same manner as if it were its own and protect its disclosure to third parties. How any such information will be utilized in joint marketing or proposal preparation efforts will be determined as part of the responsibilities as previously determined. Written approval to use or disclose proprietary information must be obtained in advance of divulging said information to any third party. A separate non-disclosure statement will be included as part of any subcontracting agreement concluded under this agreement.

## **11. Scope of Agreement**

This SAA relates only to efforts mutually determined by IAA and VEL to be within the scope of the collaborative effort. It will not constitute, create, give effect to or otherwise imply a joint venture, polling arrangement, partnership or formal business organization of any kind. Accordingly, neither party will be liable for the acts or omissions of the employees or agents for the other and each party will identify and hold the other free and harmless from any liability, claim, damages, cost and other expenses, including attorney's fees arising out of injuries to persons or properties attributable to acts or omissions of the agents and employees of the respective parties.

## **12. Duration of Agreement/Termination**

This SAA may be terminated by either party hereto by giving written notice sixty (60) days prior to the termination effective date. Any existing subcontracting agreements will remain in effect for projects in progress. Compensation for referrals made before the termination date of the SAA which result in a contract award will be made under the provisions in the section entitled "Feasibility Studies".

**13. General Provisions**

- A. It will be the responsibility of primary contractor's client to provide the necessary offices, meeting space, and other requirements for the project.
- B. All travel and subsistence expenses for IAA and VEL consultants associated with any project will be paid by primary contractor's client. Travel times to and from client's locations and training facilities will not be charged with the exception of international travel which would determine.
- C. IAA and VEL personnel are to be available for sales calls as required. Any calls needing air, train, or hotel expenses will be agreed upon prior to the event.
- D. The laws of the State of Colorado shall govern all questions relative to the interpretation and construction of this SAPA, and to the performance hereof. This SAPA represents the entire understanding of the parties with respect to the business described herein, and no further amendment or modification shall be effective unless in writing and signed by parties hereto.

ACCEPTED AND AGREED

THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2011

**VISUAL ELECTRONICS LTD**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Andrew R.Candrea Ph.D.

Name: \_\_\_\_\_

Title: President and COO

Title: \_\_\_\_\_