
Memorandum of Understanding

Between

**Kenya Union of Savings & Credit
Cooperatives Limited
KUSCCO Centre,
Kilimanjaro Avenue
P. O. Box 28403, Nairobi**

And

**Lanbase System Technologies
Simpson Properties, Lower Kabete /Peponi
Road Junction
P. O. Box 13645, 00100 GPO Nairobi**

This Memorandum of Understanding is made in duplicate on this _____ Day of _____ 2003:

A. BETWEEN:

Lanbase System Technology, hereinafter referred to as (“Lanbase”) of P.O Box 13645, 00100 GPO, Nairobi, on one part;
and

Kenya Union of Savings & Credit Co-operatives Limited, hereinafter referred to as (“KUSCCO”) of P. O. Box 28403,
00200 City Square, Nairobi on the other part.

B. DEFINITIONS:

In this Memorandum of Understanding, the following words and phrases shall have the following respective meanings, unless the context otherwise requires:

“**MoU**” - shall refer to this Memorandum of Understanding

“**Sacco**”- shall refer to Savings & Credit Cooperative Societies

“**Product**” - shall refer to the TechSac Software and all related documentation

“**Related Services**” - shall refer to the Knowledge Transfer including Training in Product Development, Implementation, Support and Maintenance of the Product;

“**Additional Service Offerings**” – shall refer to additional value-added services offered by Lanbase that are available on request and to be billed separately. These will include:

Infrastructure Support - Design, Implementation and Maintenance of Local Area Networks and Wide Area Networks

Web-based Solutions - Design, Development and Maintenance of Internet, intranet, extranet, websites

Document Management

Helpdesk Management

Network Management, Consultancy, Security, Audit,

Systems Integration

Multi-vendor Management (HP / Microsoft / other)

C. WHEREAS:

KUSCCO has expressed its intention to co-own the rights of the Product and Related Services and;

Lanbase agrees to the co-ownership of the Product and Related services and is willing to co-own with KUSCCO all the rights related to the Product.

D. RECITALS:

NOW THEREFORE in consideration of the mutual covenants and understandings hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

IT IS AGREED:

Lanbase agrees to offer 50% of the Product ownership to KUSCCO and KUSCCO accepts the offer to own 50% of the Product

Both parties will share 50% of the Product sales and 50% of the net Related Services revenues generated from this joint efforts

Lanbase or KUSCCO will not develop, sale or market any other SACCO Software other than Techsac

KUSCCO will be the lead Project Contractor in all transactions with Sacco's. All contracts negotiations will be channeled through KUSCCO

KUSCCO will draw on Lanbase's Sales & Technical resources to assist in the execution of implementations.

Lanbase will provide through KUSCCO:

Sales & Pre-Sales Support
Product, Related Services & Value-Added Services
Methodology
Implementation Skills
Software Support & Training Skills
Research & Development Skills
Development of Operations of the Software Department
Business Strategy
Project Management
Additional Service Offerings

D. OBLIGATIONS OF THE PARTIES:

The parties are committed to support each other through continuous differentiation to develop and maintain a reputable client base.

KUSCCO will predominantly carry out the business of Client Relationship Management in the Sacco sector. Upon request, Lanbase will provide Additional Service Offerings. The two parties will collaborate on projects with KUSCCO and Lanbase jointly.

Infrastructure:

Lanbase will maintain the Software Laboratory. The Laboratory will include development servers and workstations, CD-Writers for Media Generation. All Research and Development and Production activities will be originated from this Laboratory. The Costs of maintaining this Laboratory will be equitably shared by both parties.

Sales Process

The Sales Process will be spearheaded by KUSCCO with the support of Lanbase and will include:

- (a) Prospect Qualification: The Identification and Qualification of Prospects
- (b) Site Preparation: Ensuring that the site is ready for implementation
- (c) Proposal Presentation
- (d) Contract Negotiation
- (e) Client Relationship Management (Customer Care) and
- (f) Research on additionally required functionality to be incorporated into the Product.
- (g) The Sacco's will have KUSCCO as their single-point-of-reference, and Lanbase will back KUSCCO initiatives in this process but not deal directly with the Sacco's.

Implementation Process

Lanbase will be responsible for the Product delivery including:

- Installation
- Data Preparation
- Testing
- Data Migration
- Training
- Documentation
- Acceptance
- Post Implementation Audit
- Support
- Research & Development

The Project Documentation including Status Reports, Minutes, Issue Logs and Activity Time Sheets will be filed by client and available to either party for referencing.

Product Packaging & Pricing Strategy

Both KUSCCO and Lanbase will jointly formulate a Product Packaging and Pricing Strategy that favors their best interests. The strategy will be subject to reviews as and when both parties deemed necessary. The primary objective will be to saturate the sector with the Product and ensure leadership and good returns on the investment.

Payment Processing

- i) All payments from the Sacco's will be made payable to KUSCCO.
- ii) Both KUSCCO and Lanbase jointly agree:
 - (a) To share 50% of earnings realized from the sale of the Software Licenses and Maintenance
 - (b) To share 50% of the Nett Earnings realized from the Services Delivery (including Training and Implementation).
 - (c) The deductions will include operational expenses borne by the Implementation and Support engineers.

- iii) For implementations out of the City of Nairobi, Transport, Accommodation and Subsistence Costs shall be borne by the respective Saccos.

Taxation:

Lanbase is a Value Added Tax (VAT) registered company and will invoice KUSCCO all amounts inclusive of VAT.

Distribution of Profits

The distribution of profits will be executed periodically.

Lanbase and KUSCCO will provide either party with the summary of projects and their status against which the sums accrued are made available to Lanbase.

Lanbase will present a commercial invoice for each installment.

Payment Schedule:

The payments to Lanbase will be project-based and pro-rated against the various payment stages as reflected herebelow:

(a) Software License:

- 50% upon Contract signing
- 25% upon Training
- Balance 25% upon Acceptance

(b) Maintenance Fees:

- Within 30days of Acceptance
- Maintenance Fees to be charged at 20% of the Software License Fees

E. Terms of the MOU

This MoU shall commence on the date herein before indicated ("Commencement Date").

Either party shall use its best endeavors to ensure that the other party has access to the best resources and service.

F. Exclusion and Limitation of Liability

NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY STATED OR IMPLIED HEREIN, NEITHER PARTY SHALL HAVE ANY LIABILITY TO THE OTHER PARTY OR ANY THIRD PARTY, INCLUDING CLIENTS, WHATSOEVER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, INCLUDING BUT WITHOUT LIMITATION, LOSS OF PROFIT, LOSS OF REVENUE, OR LOSS OF BUSINESS SUFFERED BY THE OTHER OR BY ANY ASSIGNEE OR OTHER TRANSFEREE OF THE OTHER, OR ANY THIRD PARTY EVEN IF INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES, EXCEPT IN CONNECTION WITH THE INDEMNIFICATION PROVISIONS CONTAINED IN THIS AGREEMENT.

G. Assignment

This agreement is personal to the parties hereto and may not be assigned or transferred by either party without the written consent of the other party, except that either party may assign this agreement without the written consent to any associated or affiliated entity.

H. Publicity

The terms of this Agreement shall be held confidential by both parties including, without limitation, the prices, except as required or appropriate to be disclosed to a party's legal, financial, accounting advisers or any judicial, governmental or regulatory body. Other than identifying Lanbase to the KUSCCO's clients as a partner and vice versa, neither party shall publicize the existence of this Agreement without the consent of the other, except as may be required by any applicable law or regulation. All press release materials shall be reviewed and approved by both parties.

I. Termination upon notice

Either Party may terminate this agreement upon 90-days prior written notification to the other. This agreement shall automatically terminate upon the expiry of such notice.

J. Governing Law; Arbitration

This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the Republic of Kenya.

All disputes arising out of or in connection with this Agreement will be referred to and finally resolved by arbitration.

The arbitration proceedings will be conducted in Nairobi.

The language of the arbitration proceedings shall be English.

All arbitrations will be conducted before a three-person panel, consisting of one arbitrator selected by the KUSCCO, one arbitrator selected by Lanbase and one arbitrator selected by the foregoing two arbitrators.

Each arbitrator will be experienced in conducting international arbitrations in the communications industry.

The decision resulting from the arbitration will be final and binding on the parties.

KUSCCO and Lanbase each agree that, except as required by applicable law or regulation, it will keep confidential the

existence and outcome of any arbitration proceeding, as well as the contents thereof, and will require the arbitrators to adhere to the same obligation of confidentiality.

Each party shall bear its own fees and costs of arbitration.

K. Waiver

No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by law.

L. Representations

This contract represented by this agreement and the Contract Documents supersedes all previous representations, understandings or agreements and shall prevail notwithstanding any variance with terms and conditions of any order submitted.

M. Headings

Headings are for convenience only and shall not affect its interpretation.

Any references to sections or sub-sections in this agreement (unless the context requires otherwise) shall be to sections of this agreement.

IN WITNESS WHEREOF both parties have hereunto affixed their common seals on the day herein above written

Sealed with the Common Seal of)

Kenya Union of Savings & Credit Cooperatives Limited)

in the presence of:)

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Director)

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Director / Secretary)

Sealed with the Common Seal of)

Lanbase System Technologies)

in the presence of:)

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Director)

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Director / Secretary)