



Deal Registration Program for Channel Partners

Komodo Systems
info@komodosystems.com
www.komodosystems.com

Topics

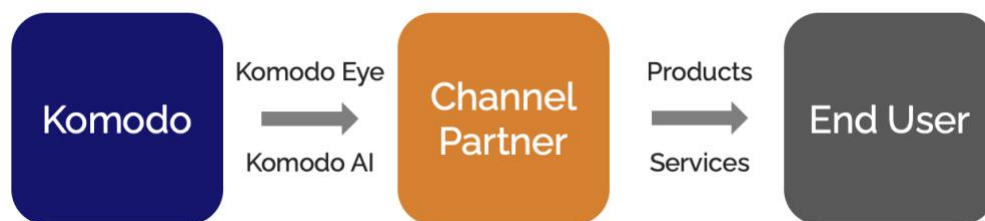
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Objective

The Deal Registration Program is a benefit for all Komodo Systems Channel Partners (CPs) worldwide. The objective of this program is to establish the rules and criteria governing how Komodo Systems CPs can coexist across various markets. This is done to maximize profitability, respect the work done by CPs, and comply with national and international laws.

Komodo Systems Business Model

Komodo Systems is committed to its growth strategy through its CPs. Rather than selling directly to end customers, Komodo Systems has established its business model around CPs, sometimes called authorized dealers, retailers, or resellers. In addition, Komodo Systems does not offer testing services in any market; that business is reserved for CPs. Essentially, our intention is not to compete with its CPs.



An exception would occur if, for a federal government or multinational, Komodo Systems is requested to work with a CP to directly invoice the entity and provide commission or other remuneration to the CP.

Komodo Systems has CPs in various countries. Each CP has signed a distribution agreement. Komodo Systems does not share confidential information about any of its CPs with other CPs.

Deal Registration

Given Komodo Systems' growth, it is essential to establish the rules and criteria under which CPs can participate and coexist in their respective markets worldwide.

1. Komodo Systems does not assign accounts to CPs. End customers decide with which CP they will work and from whom they will purchase.
2. Komodo Systems assigns territories in the CP agreement to establish a primary Komodo Systems sales contact in that territory.
3. All CPs can sell to any customer worldwide if the deal is registered. If the CP wishes to register an opportunity outside of the established territory, the CP must contact the Komodo Systems sales representative in that territory.
4. The website for deal registration is <https://www.komodosystems.com/deal-registration/>
5. Komodo Systems does not assign exclusive territories.
6. Komodo Systems does not assign vertical markets or federal government agencies.
7. Komodo Systems registers opportunities. An "opportunity" is equivalent to a project in which the CP has carried out pre-sales activities, such as on-site visits, presentations, demos, pilots, and price quotes, etc. There can be various unique opportunities within the same end customer over time.
8. Opportunity registration is temporary, as long as the opportunity remains active.
9. Registration of an opportunity does not guarantee compensation if that opportunity closes.

To keep an opportunity "active," the CP should maintain a log of pre-sale activities to document progress. If an opportunity does not show progress for 6 months or more, the opportunity is closed, and registration is lost.

The CP should request a monthly meeting with a Komodo Systems sales representative to review the list of "active" prospects.

Benefits of Deal Registration

By registering an opportunity with Komodo Systems, the CP will have various benefits, such as:

1. Preferential Pricing
 - a. Bid. If the end customer takes the project to a public or private bid requesting pricing, the CP that has registered an opportunity may obtain additional discounts beyond those specified in the published price list or other special conditions.
 - b. Discounts. Discounts will be given on a case-by-case basis after the opportunity registration is obtained and the CP is actively working with the customer.

- c. Deal Exclusivity. Any price discounts will be given only to the CP who registered the opportunity.
- d. Retail Prices. Any CP who has not registered a deal should use suggested retail pricing if asked to provide a quote.

Preferential price discounts are intended to help the CP working on the project to have a competitive pricing advantage. When the Purchasing department of an end customer publishes a request for quote, any CPs not registered for the project will not be given preferential pricing.

- 2. Komodo Systems Sales Support. At the explicit request of the CP who has registered an opportunity, Komodo Systems can offer the following support, where available:
 - a. Joint sales calls
 - b. Remote presentations or discussions
 - c. Technical demos
 - d. Pilots or Test Drives
 - e. Other sales-related activities
- 3. Deal Exclusivity. Komodo Systems support is provided exclusively to the CP of record for the registered deal.
- 4. Letters of Recommendation or Authorization. Komodo Systems will provide written recommendations or authorization letters for CPs under the following guidelines:
 - a. Letter Format. Komodo Systems has a predefined letter format for its CPs. See Exhibit A.
 - b. Special Clauses. Letters will not include clauses such as: account exclusivity; project or territory assignment; special support (outside the guidelines of this program); government or vertical market “assignment”; or any other concept suggesting preferential treatment.
 - c. Special Letters. Apart from the predefined letter mentioned in this section, Komodo Systems does not normally provide special letters, unless the end customer process requires it.
 - d. Letters of Authorization. Komodo Systems reserves the right to provide letters of authorization.
- 5. Professional Services Support. Komodo Systems may offer special conditions to CPs who have an opportunity registered.
 - a. Special Assistance. CPs who have an opportunity registered will receive special assistance from Komodo Systems, including reduced-cost professional services.
 - b. Retail Pricing. CPs that do not have an opportunity registered should use suggested retail pricing for Professional Services for things such as training and test writing.

Disadvantages of Not Registering Opportunities

CPs may choose not to register opportunities. By failing to register an opportunity with Komodo Systems, the CP may experience the following:

- 1. Loss of Opportunity. If a CP works on an opportunity and does not register it or regularly review it with a Komodo Systems sales representative, Komodo Systems will likely be unaware of any pre-sales work done by the CP and, as a consequence, may provide support to a CP working on the same end customer account.

2. Loss of Program Benefits. If a CP does not register a new opportunity, it won't enjoy the benefits of this program.

Deal Registration Process

To register an opportunity, a CP must have done prior pre-sales work. The criteria for evaluating pre-sales work before granting registration of an opportunity are detailed below.

1. Definition of Opportunity. An opportunity should meet the following conditions:
 - a. Budget – sufficient funds have been allocated to pay for the project
 - b. Authority – the decision maker is known and identified
 - c. Need – a need has been defined for which Komodo Systems products match
 - d. Time frame – a time frame for the project has been established

If these conditions are not met, this implies there is no viable opportunity, and it cannot be registered.

A multi-regional customer may have multiple opportunities across different locations, divisions, and time frames. Each independent opportunity must be registered. This implies that various CPs can be involved with a single customer across different opportunities.

An opportunity could also include the following situation: a current customer using Komodo Eye previously provided by a CP is approached by another CP about Komodo AI. These are two opportunities.

2. Definition of Lead. Leads are not the same as opportunities. The following are examples:
 - a) A list of companies in a specific region or industry.
 - b) An inquiry from a web page.
 - c) A business card obtained at a trade show.
 - d) A friend or contact who works at a potential customer.
3. How to Register an Opportunity. The interested CP must register the opportunity at <https://www.komodosystems.com/deal-registration/>. Komodo Systems will confirm receipt of that online registration by email or during the monthly customer review.
4. Actively Work the Opportunity. To register an opportunity with Komodo Systems, pre-sales work is required, such as an appointment, demo, pilot, or presentation. It is a good idea to keep documentation, including logs of pre-sales activities, emails, reports, and other sales interactions with the end customer. This is to provide formal evidence of the work done.
5. Personal Contact with the End Customer. To be positioned for an opportunity, it is commonly required to have a good contact person (influencer or decision-maker) within the end-customer account. It would be preferable that be the decision maker, although it is understood that it is not always possible.

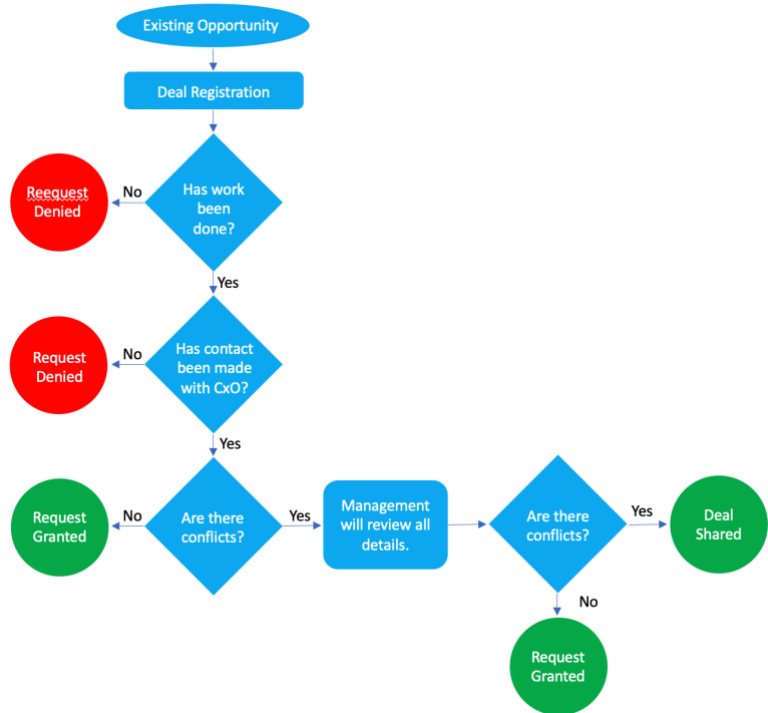
Questions to ask: Who makes the decision? Can you make an appointment with that person? Where in the org chart is this contact person? Is it at the CEO level, the CxO level, or equivalent? Is the contact from Purchasing only?

Conflict between CPs

In some cases, there may be more than one CP working the same opportunity. In such cases, Komodo Systems' sales management will conduct an internal analysis to determine which CP will receive the deal registration.

The following will be evaluated:

1. Opportunity Defined. See the previous section.
2. Best Work. Komodo Systems may approve the deal registration to the CP with the best position and the most significant pre-sales work done.
3. Shared Assignment. Komodo Systems may decide to grant deal registration to one or more CPs working together and well-positioned for an opportunity.
4. Shared Pricing. In cases where the deal registration is shared between CPs, they will be given the same preferential price, and both will have a competitive advantage in the market.
5. Competition. The CPs with a shared registration will have to compete for the business.



Program Limitations

Komodo Systems will establish the criteria and rules for the Deal Registration program, subject to the agreements signed with the CPs and applicable national and international free trade laws.

1. Signed Agreement. Komodo Systems has signed distribution agreements with all CPs. Each has an assigned Territory. There is no territorial limitation on which accounts or vertical markets can be sold.
2. Governing Conditions. Komodo Systems and its CPs are governed by the clauses of the current agreement.

Free Markets

As a U.S. company, Komodo Systems must comply with U.S. free-market laws.

1. Price Fixing. Komodo Systems cannot engage in price-fixing because it is illegal in the U.S. As such, Komodo Systems does not specify prices for end customers. Komodo Systems limits itself to providing pricing to CPs, who must consider their costs and margins and make pricing proposals to their clients and prospects.
2. Customer Choice. End customers decide whom they will purchase from. Komodo Systems gladly supports its CPs and end customers with requests for information (other than confidential information) for their evaluation and decision-making. Even when a CP has a deal registered, the end user can decide to buy through another CP and is fully entitled to do so, as it is their decision. Komodo Systems does not make the final purchasing decision.
3. Retail Pricing. Komodo Systems cannot prevent a CP from quoting a price for an opportunity. If an end customer requests a quote from a CP that has not registered an opportunity, the latter has the right to quote, under the following guidelines:
 - a. If the CP has the registered opportunity, it will have preferential pricing and the other benefits of this program.
 - b. If the CP is not the one on record for the registered opportunity, it should provide pricing in line with standard pricing.

Business Integrity

All CPs are invited to respect the work of other CPs and to expect reciprocal treatment in their respective markets. Some criteria of fair play:

1. Fair Play. Do not proactively search for end customers who are already working with another CP.
2. Price War. If a CP hasn't worked on an opportunity and learns of a registered opportunity, please be respectful and don't start an unnecessary price war. No CP will win in a price war.
3. Request for Quotes. If a CP receives a request for a quote from an end customer's Purchasing department, it is likely that the end customer is already working with another CP. Ask for confirmation.

Participation

Any CP desiring to participate in this Deal Registration Program must comply with the terms and conditions defined herein and give written notice of approval to Komodo Systems.

If a CP has not agreed to the terms and conditions of this program, the CP will not participate.

Summary

Komodo Systems will operate legally in all markets and requests the same from its CPs. Komodo Systems respectfully requests that its CPs comply with free-market laws.

At the same time, Komodo Systems wants its CPs to be profitable and successful, which implies they avoid unnecessary price wars in specific markets.

Komodo Systems continues to offer its CPs free training, pre- and post-sales technical support, marketing resources, access to the development team, and other tools.

We look forward to working together in the industry for the long term.

Exhibit A - CP Letter of Authorization

Date

NAME
TITLE
ORGANIZATION
LOCATION

To Whom It May Concern:

Komodo Systems, Inc. hereby confirms that the company listed below is an authorized Komodo Systems Service Provider and has our authorization to market and support solutions with Komodo Systems products in COUNTRY.

COMPANY
LOCATION
CONTACT PERSON
TITLE
EMAIL

ABC has personnel trained and certified in Komodo Systems products. They have the technical knowledge required to implement and support projects with Komodo Systems products.

Please let me know if you have any questions or concerns.

Kind regards,

Russ Warner
President & Chief Operating Officer
Komodo Systems, Inc.