



**Buy Rite Technologies**

*Your Bottom Line is our Top Priority*



## **Reverse Auction Service**

*Date: 3/18/2012*

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## **1. Executive Summary**

Buy Rite Technologies LLC is excited to offer our E-Sourcing service to LFUCG

By having vendors compete in real-time for your business, we can significantly reduce the cost of capital equipment, services and commodities for LFUCG. In addition to the pricing benefits that direct online vendor competition provides, our platform can reduce the time and expenses involved in the procurement process by approximately 30% to 50%. We provide a forum for quick communication between buyers and sellers, streamlining the entire sourcing process. During the RFI phase of the project we ask the vendors to respond online to your project requirements. Our system then enables you to conduct individual buyer and cross functional team scoring based on the vendors line item responses. During this phase of the process the names of the vendors can be turned off. Each line item has an agreed upon predetermined weighted value. At the end of the scoring process the system will automatically calculate the overall ratings of each vendor. It would be at this time the system administrator would reveal the corresponding vendor names.

This will allow you to even more fairly select which vendors you would like to invite to participate in the live online auction event. During the live auction only the lead vendor will know if they are in the lead position. The other vendors will not know who the lead vendor is or the amount of the current low bid. The bid timing can be set at predetermined interval (typically 5 minutes) and the bidding will continue until there are no further bids or we can extend the bid ourselves. The system tracks and archives every vendors bid. In addition the system allows the vendors to ask questions online during the bidding process and all communications are recorded. At the conclusion we provide a full and complete audit trail that you can access from the system at any time for any reason.

Our team of e-Procurement professionals acts as an “as needed” extension of your purchasing department staff. We work hand in hand with your procurement department to understand what your sourcing goals are, map out the process, build the appropriate bid templates, and conduct your electronic sourcing event.

You will have full access to your system through your current web browser. Buy Rite Technologies negotiation platform streamlines the sourcing process while having a distinct advantage over the traditional sourcing process – it is completely paperless and will provide you with a full and complete audit trail of each vendors bid history. Again, every competing supplier’s pricing proposal, terms & conditions and subsequent negotiations and all of the data is collected electronically. Pricing analysis can then be performed almost instantaneously. Terms and conditions from competing proposals can be compared side by side. The speed and accuracy of the complete proposal analysis enables our LFUCGs to make equitable, fair and quantifiable vendor selection.

Just as importantly, we combine innovative technology with extensive experience in event sourcing. As a result, we are able to handle all technical details of the sourcing event creation process. Unlike software-only companies, Buy Rite Technologies LLC's services are designed to bring significant price benefits *without* placing additional burdens on your staff. We create the Web-based RFI/RFP/RFQ/Reverse Auctions to your specifications, run the event on a secure site, and handle all end user training.

Our industry experts are able to do much more than just translate your information into clear, complete Web-based RFI/RFP/RFQ/Reverse Auctions. We are able to provide strategic advice on how the timing and structure of your sourcing event will maximize your purchasing power. Our industry experience also gives us a unique ability to assist you in gaining departmental buy-in for the benefits of the RFQ/RA process. The result is a smooth and efficient process. It ensures your organization is not only getting the absolute best prices but also provides a full and transparent bid history and audit trail. Moving forward, this will create a best practice trading environment for all future sourcing events.

Since we work strictly on a supplier funded model there is no direct cost to our LFUCGs.

**Mantra:**

Empowering Purchasing Professionals

**Vision:**

To remain a privately owned, profitable company that is free to develop the software our LFUCGs and potential LFUCGs need to solve their supply management hurdles and opportunities. With the rate at which the world is changing daily, it is often difficult to know what financial challenges lay ahead. While this can be of concern to many, with Buy Rite Technologies LLC by your side the current conditions generate endless possibilities for delivering better, faster, risk free sourcing opportunities with sustainable results. We strive to develop our products and service offerings to make our LFUCGs more productive and efficient. Our e-sourcing solutions will have a measurable and positive impact. We accomplish this by making our products and services easy to use without sacrificing functionality. As sourcing practitioners we know how important it is to listen to our LFUCG's needs and challenges. By fostering an energetic culture and continual improvement process we are able to quickly respond to the needs of our LFUCGs and deliver best in class solutions.

**Mission:**

To provide technology solutions that are comprehensive, flexible, and easy-to-use that facilitate the tasks and activities performed by sourcing professionals whether they be for sourcing materials and services or finished goods from overseas markets. We will be easy to do business with and will maintain our understanding that each LFUCG's ROI defines our success.

## **Personnel:**

Our personnel are our strength. We deploy highly-educated and skilled individuals to provide our LFUCGs with the utmost attention, devotion, and dedication. We care for and about our workforce and train them monthly to keep them apprised of all advancements in the industry. We empower each individual to make decisions with minimal administration oversight.

## **Honesty:**

We practice a relatively transparent business model, keeping our LFUCGs fully informed of the entire situation and ensure that they comprehend all aspects of the association before we solidify any commitment. We strive for long-term relationships and LFUCGs who are willing to attain their objectives with our help.

## **Reliability:**

We meet or exceed each of our goals and promises; otherwise, we do not make them. We do not take lightly our commitments. Adhering to our statements and promises is not a point to be pondered at Buy Rite Technologies LLC; it is an automatic reaction.

## **Quality**

Quality of service is the foundation of our practice. We use advanced tools and techniques to track all of our projects to ensure that we deliver a strong solution.

### **1.1 Goals of the Buy Rite Technologies LLC/LFUCG**

- Reduce cost of capital equipment, supplies, services and commodities for LFUCG
- Reduce time and expenses of the negotiation process for LFUCG
- Improve the transparency of the bid and scoring process for LFUCG

## **2. Overview**

### **2.1 LFUCG**

Lexington, Kentucky, United States, known as the "Horse Capital of the World," is located in the heart of the Bluegrass region. It is the second-largest city in Kentucky, after Louisville, Kentucky, and the 69th largest in the United States. On January 1, 1974 Lexington became the first municipality in the Commonwealth of Kentucky to form a consolidated city-county government by merging with Fayette County. In 2005, the population estimate given by the U.S. Census Bureau was 268,080. Lexington is home to the Kentucky Horse Park, Keeneland race course, the Red Mile race course, Transylvania University and the University of

Kentucky. The area code spells out UKY. UK's basketball program is immensely popular in the city and throughout the state.

## **2.2 Buy Rite Technologies LLC**

Buy Rite Technologies LLC uses the power of the internet to dramatically lower the price of capital equipment, commodities and services. Buy Rite Technologies LLC platform coupled with our e-Procurement specialist provides organizations with full service solution that maximizes your purchasing power.

The Buy Rite Technologies LLC sourcing event platform will significantly reduce purchasing costs, streamline the sourcing process, and provide a full audit history of sourcing activities. It enables Requests for Quotes, competitive bidding, bid ranking and analysis, Reverse Auction/Web-RFQs, online negotiation, supplier performance ratings, and other automated sourcing features over the web.

## **3. Statement of Work**

### **3.1 Deliverables**

Buy Rite Technologies LLC will create a private LFUCG . e-Sourcing Area where your personnel will be able to view all LFUCG sourcing events (current and past), communicate with vendors, compare bids, rate vendors, and select winning bids. Buy Rite Technologies LLC will create all RFQ's and Reverse Auctions based on specs supplied by LFUCG. Buy Rite Technologies LLC will handle all end-user training for LFUCG personnel, purchasing staff and vendors. Buy Rite Technologies LLC will run all sourcing events and be available for technical assistance throughout the sourcing event. Buy Rite Technologies LLC will work with LFUCG in reviewing sourcing event details and selecting vendors.

### **3.2 Functionality**

- Surveys with team based score carding
- Sealed Bids
- Forward/Reverse Auctions
- Soft Auction™ technology
- Configurable Dashboard reporting
- Side-by-side comparison
- Multi-round bids supported (with optional bid feedback)
- User defined bid formulas to perform TCO sourcing
- Excel friendly – upload and download from/to excel
- Q&A communications & Project Management
- Pre-populated analytical reports to streamline reviews
- 4 user interface languages

reporting

- Status Reports (on-line and delivered to your inbox)

(Spanish, French, Portuguese & English)

- Pre-project NDA management (or other terms documents)

**Interaction:**

Buy Rite Technologies LLC's business model stresses fluid interaction between LFUCG and Buy Rite Technologies LLC's staff. Our goal is to minimize the effort and expense needed by LFUCG staff to realize the benefits of Web-RFQ/Reverse Auction technology.

**3.3 Implementation Schedule (Tentative)**

Date	Work plan
<b>Week 1</b>	<ul style="list-style-type: none"> <li>• Establishment of private LFUCG Sourcing event Area</li> <li>• Accounts/Passwords created for LFUCG personnel</li> </ul>
<b>Week 2 - 3</b>	<ul style="list-style-type: none"> <li>• Initial Program and sourcing event details discussed</li> <li>• Training for LFUCG personnel</li> <li>• Creation and review of initial LFUCG Web-RFQ/Reverse Auction</li> <li>• Vendor training for initial RFQ</li> </ul>
<b>Week 4</b>	<ul style="list-style-type: none"> <li>• Conduct e-sourcing event</li> </ul>

**4. Pricing and Savings**

**4.1 Pricing Overview**

There will be no direct cost to LFUCG. Buy Rite Technologies LLC collects a transaction fee for services of (2%) for the first \$0 - \$1mm of a contract. The amount over and between \$1mm and \$5mm will be at a 1.5% of the contract value and \$5mm and over will then be calculated at the rate of 1% for the first year of the winning bid from the winning vendor for all RFPs; unless a contract is voided and/or there is a change in the commodity or service that makes it not consistent with original RFQ commodity or service (i.e. technology change). Tiered not back to dollar one:

BID AWARD AMOUNT	% COMMISSION
\$ 0 - \$ 50,000	2%
\$ 50,001 - \$ 100,000	2%
\$ 100,001 - \$ 500,000	2%
\$ 500,001 - \$ 1,000,000	2%
\$ 1,000,001 - \$ 5,000,000	1.5%
\$ 5,000,001 - and up	1%

This fee covers the establishment of a private LFUCG Online RFP Portal, RFQ creation and support services from Buy Rite Technologies LLC staff throughout the length of the contract, weekly support and presence at LFUCG RFP's, vendor training sessions for all vendors involved in LFUCG RFP's throughout the length of the contract, post-RFP summaries and assistance with final negotiations as needed.

**4.2 Pricing Table**

<b>Deliverable</b>	<b>Cost to LFUCG</b>
Establishment of private LFUCG RFQ/Auction Area <ul style="list-style-type: none"> <li>• Accounts/Passwords created for LFUCG personnel</li> <li>• Training for LFUCG personnel</li> <li>• Creation and review of initial LFUCG Reverse Auction/RFP</li> <li>• Training/Demonstrations for Initial Program vendors</li> <li>• Reverse Auctions/RFP's for LFUCG Initial Program</li> <li>• Training and demonstrations for LFUCG personnel and vendors</li> <li>• Ongoing Reverse Auction/RFP creation and review for LFUCG</li> </ul>	\$0

**5. Terms & Signatures**

**5.1 Terms**

If the terms of this Proposal are acceptable to LFUCG, as evidenced by LFUCG signature below, then this Proposal shall constitute the Agreement between Buy Rite Technologies LLC and LFUCG under which Buy Rite Technologies LLC shall be LFUCG exclusive provider for Reverse Auction/Online RFQ Services for a period of (1) year, with the option to renew for four (4) additional one (1) year periods at the LFUCG's discretion.

**5.1 Warranties, Disclaimers, and Exclusive Remedies for breach of Warranty**

Buy Rite Technologies LLC warrants that its support and consulting services will be performed consistent with generally accepted industry standards. BUY RITE TECHNOLOGIES LLC does not warrant that the Software will generate savings during each event or that the operation of the Software will be uninterrupted or error-free, or that all Software errors will be corrected. For any breach of the



warranties above, LFUCG's exclusive remedy, and BUY RITE TECHNOLOGIES LLC's entire liability, shall be: (a) for Software, the correction of Software errors that cause breach of the warranty, and (b) for services, the performance of the services, or if BUY RITE TECHNOLOGIES LLC is unable to perform the services as warranted, LFUCG shall be entitled to recover the fees paid to BUY RITE TECHNOLOGIES LLC for the unsatisfactory services.

## **5.2 Limitation of Liability**

To the maximum extent permitted under applicable laws, under no circumstances, except for fraud or willful misconduct, shall BUY RITE TECHNOLOGIES LLC and its directors, officers, employees, or agents be liable for any incidental, special or consequential damages (including damages for loss of business profits, business interruption, loss of business information and the like) arising out of the use of or inability to use the Software or its Documentation, even if BUY RITE TECHNOLOGIES LLC has been advised of the possibility of such damages. In no event shall BUY RITE TECHNOLOGIES LLC's liability for actual damages to LFUCG under any causes of action excluding fraud or willful misconduct exceed the amount paid by LFUCG during the last year under this Agreement.

## **5.3 Source Code Restrictions**

LFUCG shall not have the right to copy or modify the Software's source code. BUY RITE TECHNOLOGIES LLC shall have title to any applications and/or any translation, part or derivative works ("**Developments**") of the Software that are developed by BUY RITE TECHNOLOGIES LLC; provided however, that LFUCG shall retain a royalty-free, non-exclusive right to the use of the Developments on the same terms and conditions as set forth in this agreement.

## **5.4 Termination**

LFUCG may terminate this Agreement upon written notice if BUY RITE TECHNOLOGIES LLC breaches this Agreement and fails to correct the breach within 30 days following written notice specifying the breach.

BUY RITE TECHNOLOGIES LLC may terminate this Agreement upon written notice if LFUCG breaches this Agreement and fails to correct the breach within 30 days following written notice specifying the breach.

Termination of this Agreement shall not limit BUY RITE TECHNOLOGIES LLC and / or LFUCG from pursuing any other remedies available to it, including injunctive relief. The parties' rights and obligations intended by their terms to survive the expiration or termination of this Agreement shall survive termination of this Agreement.

BUY RITE TECHNOLOGIES LLC agrees that all data on the site is the property of LFUCG and that LFUCG has the right to download or remove such data from the website in the event that this agreement is terminated. BUY RITE TECHNOLOGIES LLC agrees that the website will be available for such downloads for up to 90 days after termination.

## **5.5 General Provisions**

This Agreement may not be assigned or otherwise transferred by the LFUCG, by operation of law or otherwise, without BUY RITE TECHNOLOGIES LLC's prior written consent.

The laws of the Commonwealth of Kentucky, United States shall govern this Agreement, and all matters arising out of or relating to this Agreement. Any legal action or proceeding relating to this Agreement shall be instituted in any state or federal court in New Jersey, and the parties agree to submit to the jurisdiction of, and agree that venue is proper in, the aforesaid courts in any such legal action or proceeding.

Neither party shall be deemed to have breached this Agreement by reason of any delay or failure in its performance, arising from events beyond its control. Such events shall include by way of example, but not limitation, acts of God, acts of war, riot, epidemic, fire, flood, earthquake or other disaster, or acts of government.

All notices, including notices of address change, required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed by first class mail or personal delivery (including overnight mail by private carrier).

In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force.

The waiver by either party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach.

This Agreement may be executed (by original or facsimile) by the Parties in one or more counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party.

This Agreement constitutes the complete agreement between the parties and supersedes all prior or contemporaneous agreements or representations or warranties, written or oral, concerning the subject matter of this Agreement. This Agreement may not be modified or amended except in a writing signed by a duly authorized representative of each party; no other act, document, usage or custom shall be deemed to amend or modify this Agreement.

**5.6 Incorporated Documents**

The following documents are incorporated by reference as part of this Agreement:

1. Exhibit A – RFP #10-2012 Reverse Auction Services(LFUCG proposal request document including required risk management provisions and general provisions)
2. Exhibit B – Certificate of Insurance(Buy Rite Technologies, LLC)
3. Exhibit C – Proposal of Buy Rite Technologies, LLC submitted in response to LFUCG’s RFP #10-2012 Reverse Auction Services

To the extent of any conflict among the provisions of these documents the terms of this Agreement shall prevail followed by the RFP and the Proposal.

**5.7 Signatures**

Please indicate the acceptance of the above proposal by signing below.

	<u>Buy Rite Technologies LLC</u>	<u>LFUCG</u>
<b>Signature</b>	_____	_____
<b>Name</b>	<b>Managing Partner</b>	
<b>(print)</b>	<b>Jay Hardingham</b>	
<b>Date</b>	<u>5/7/2012</u>	_____

## 6. Confidentiality Agreement

### LFUCG AND BUY RITE TECHNOLOGIES LLC CONFIDENTIALITY AGREEMENT

Buy Rite Technologies LLC (“VENDOR”) has expressed interest in receiving information from LFUCG in which LFUCG claims a proprietary interest relating to its business, or includes confidential individually identifiable patient information in order to evaluate a possible agreement for the provision of goods and services to LFUCG. Likewise, LFUCG may express interest in receiving information from VENDOR relating to VENDOR’s business that VENDOR considers confidential. Each party has indicated it is willing to disclose such information for purposes of the evaluation provided the other party agrees to hold its proprietary information in confidence. In consideration of the above and intending to be legally bound, each party agrees as follows:

1. Information to be Disclosed. It is specifically contemplated that LFUCG will disclose to VENDOR details regarding purchases used at all sites, including which vendors supply these products and pricing information. This information and other confidential or proprietary information relating to either party’s information systems, technology, data, computer programs, processes, methods, operational procedures, plans or results, will be referred to in this Agreement as “Confidential Information.” Confidential Information may be disclosed orally, in writing, by samples, by inspections, or in tangible medium.
2. Time Period for Disclosures. This Agreement shall govern disclosures made to either party which occur beginning on \_4/15/2012.
3. Restrictions. Both parties agree to keep Confidential Information secret and confidential and agree not to disclose it to third parties outside its organization without the other party’s prior, written permission. Both parties further agree that they will not disclose Confidential Information to anyone within its company other than those employees with a need to know it and who have been informed of the obligations under this Agreement. Neither party will use any Confidential Information for any purpose, other than discussions or business dealings with each other, without the other party’s prior, written permission.
4. Exceptions. The restrictions of paragraph three (3) of this Agreement do not apply to information that (a) was in party’s possession prior to receiving Confidential Information from the other party; or (b) is or later becomes generally available to the public through no fault of the receiving party; or (c) either VENDOR or LFUCG develops the information internally, without reference to Confidential Information; or (d) a party receives from a third party that it believes had the right to disclose information to it; or (e) is required to be disclosed pursuant to the applicable open records laws.

5. Return of Materials. Any party that has received Confidential Information shall return all copies of Confidential Information to the other party within thirty (30) days after request for it by the other party.
  
6. Unauthorized Use. Unauthorized use of Confidential Information is a materials breach of this Agreement resulting in irreparable harm for which the payment of money damages is inadequate. It is agreed that the non-breaching party, upon adequate proof of unauthorized use, may immediately obtain injunctive relief in any court of competent jurisdiction enjoining any continuing or further breaches and may obtain entry of judgment for injunctive relief. The breaching party agrees to indemnify and hold harmless the non-breaching party with respect to any claims and any damages caused by breach of this Agreement.
  
7. Amendments. This Agreement states the entire agreement of the parties regarding Confidential Information, and it cannot be altered or amended without a writing signed by both parties.

**Buy Rite Technologies LLC**

**LFUCG**

**Signature**

  
 \_\_\_\_\_  
**Managing Partner**

\_\_\_\_\_

**Name**

**(print)**

**Jay Hardingham**

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\_\_\_\_\_

**Date**

**5/7/2012**

\_\_\_\_\_

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**Signing Date**

**Signing Date**