

## FUNCTIONAL SPECIFICATIONS DEVELOPMENT AGREEMENT

THIS AGREEMENT made effective the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**BETWEEN:**

**DEVELOPER**  
(the "Developer")

**OF THE FIRST PART**

- and -

**CUSTOMER**  
(the "Customer")

**OF THE SECOND PART**

**WHEREAS:**

- A. Customer requires a computerized system (the "System") which will satisfy the inventory management, accounting and administrative needs of Customer's business;
- B. Developer has prepared and submitted, and Customer has accepted, a proposal (the "Proposal") which is attached hereto as Schedule "\_\_\_";
- C. Customer now requires a set of functional specifications which will consolidate and expand on the Proposal so as to provide a detailed description of the proposed System at a business rather than a technical level which will form the basis for the development and implementation of the System;
- D. Developer has represented that it has the capacity and professional ability to produce such functional specifications and, on the basis of that representation, Customer wishes to contract for, and Developer wishes to supply its services on the terms and conditions set out herein.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### **1. Definitions**

1.1 Unless otherwise expressly defined herein, all information processing industry terms in this Agreement shall have the meaning applied to them by the [source of definitions].

1.2 As used in this Agreement, any schedule hereto and any amendment hereof, and any documents to be executed and delivered pursuant to this Agreement and in any documents executed and delivered in connection with the completion of the transactions contemplated herein, the following words and phrases shall have the following meanings:

- (a) "Development Plan" means the activities and functions set out in Schedule "\_\_\_" attached hereto for the development and delivery of the Functional Specifications;
- (b) "Development Schedule" means the operative dates for the Development Plan as set forth in Schedule "\_\_\_" attached hereto;
- (c) "Functional Specifications" means the specifications to be prepared by Developer in conjunction with Customer which will be based on the Proposal and which will conform in content but not necessarily rigid structure to the requirements specified in the Functional Specifications Content Requirements and which, when completed, will fully describe the required System at a business rather than a technical level;

- (d) "Functional Specifications Content Requirements" means the requirements set out in Schedule "\_\_\_\_" attached hereto;
- (e) "Payment Schedule" means the terms and conditions of payment of the Price hereunder, which are attached hereto as Schedule "\_\_\_\_"; and
- (f) "Price" means the total fees and expenses payable by Customer to Developer for the Functional Specifications as set out in Schedule "\_\_\_\_" attached hereto.

1.3 The following are the schedules attached to and incorporated into this Agreement by reference and deemed to be a part hereof:

- [Proposal]
- [Development Plan]
- [Development Schedule]
- Functional Specifications Content Requirements]
- [Payment Schedule]
- [Price]

**2. Terms of Agreement**

Subject to the terms and conditions hereof Developer agrees to develop and supply to Customer and Customer agrees to accept from Developer the Functional Specifications.

**3. Price**