

Managed Services Terms and Conditions

These Managed Services Terms and Conditions (“Managed Services Terms”) set forth the terms and conditions pursuant to which PTC provides Managed Services to paid subscribers (each a “Customer”), as specified in a quote from PTC to Customer that references these Managed Services Terms (the “Quote”). “Managed Services” means the provision by PTC for the Customer of hosting services so that Customer may access the Hosted Software via the internet, along with certain IT administration and application administration support, as specified below. One variant of “Managed Services” is PTC’s “On Demand” services, as specified in the applicable Quote.

These Managed Services Terms are also governed by the terms and conditions of the applicable PTC license agreement for the Hosted Software (the “License Agreement”). The terms and conditions of these Managed Services Terms shall prevail over any conflicting or inconsistent terms or conditions contained in the License Agreement. Capitalized terms used and not otherwise defined herein shall have the respective meaning set forth in the License Agreement.

1. Definitions

“Excused Downtime” means any and all of the following:

- (i) Force majeure events as set forth in Section 14 of these Managed Services Terms.
- (ii) Data transmission failures outside the control of PTC not caused by PTC’s negligence or willful misconduct.
- (iii) Maintenance outages are generally conducted between the hours of 8:00 P.M. Saturday to 8:00 A.M. Sunday, U.S. Eastern Time. Maintenance outages include, but are not limited to, the installation of software updates, service packs and routine server and application configuration changes. PTC reserves the right to plan a scheduled outage outside the regular weekly maintenance window and will endeavor to provide Customer with forty-eight (48) hours advance notice and limit these occurrences to emergency updates and maintenance.

“Hosted Data” means the data Customer loads into, or stores in, the Hosted Software or on the Servers.

“Hosted Software” means the PTC Licensed Products for which PTC is providing the Managed Services, as specified in the Quote, and any New Releases.

“New Release” means updates and/or new releases to the Hosted Software that PTC elects, in its discretion, to apply to the Hosted Software.

“PTC” means, as applicable, PTC Inc. or the local PTC subsidiary that issues the invoice(s) to Customer.

“Servers” means the PTC computer equipment on which the Hosted Software is installed and on which the Hosted Data is stored.

2. Managed Services; Service Levels

(a) PTC will provide Customer with the Managed Services in accordance with the terms of these Managed Service Terms subject to Customer paying the Managed Services fees specified in the Quote. The scope of the Customer’s authorized usage shall be as specified in the Quote. The scope of the Managed Services does not include any Customer security requirements beyond those set forth in these Managed Services Terms.

(b) PTC will use commercially reasonable efforts to achieve at least 99.5% availability of the Managed Services, not including the “Excused Downtime” and PTC shall monitor the availability of the system 24/7.

3. Exclusions

(a) PTC will have no responsibility with regard to the quality, completeness or integrity of any Hosted Data.

(b) Customer shall be solely responsible for any software and networking tools that are not provided by PTC. Customer’s responsibility includes all administrator activities, monitoring of any Customer tools, and financial concerns. Customer shall be solely responsible, at its expense, for establishing, maintaining, and operating Customer’s connection to the internet (the speed of which may have a significant impact on the responsiveness of the Hosted Software), including all computer hardware and software, properly configured web browsers, modems and access lines.

(c) Managed Services are provided for only the then-current and immediately prior release of the Hosted Software. Managed Services do not include any implementation, integration, custom code development, training or consulting services. All such services are considered out of the scope of Managed Services.

(d) During such times as PTC is providing Managed Services for licenses owned by Customer, Customer’s use

of such licenses shall be exclusively through the Managed Services, and Customer shall not be authorized to access or use such licenses on its own computer systems (other than through the Managed Services).

4. Data Center Audits. PTC's data center for Managed Services issues annual SSAE-16 (SOC 1 Type 2) reports. Publicly-traded companies in the United States commonly use SSAE SOC 1 reports for security assurance in relation to their Internal Controls over Financial Reporting. This extensive and costly audit process is designed to ensure that the data center follows policies, procedures, and business processes, including the following: organization and administration, physical security, environmental security, logical security, and change management. Additional audits are not within the scope of Managed Services.

5. Server Configuration. PTC will provide a server of sufficient capacity to provide a productive operating environment for the scope of the Managed Services specified in the Quote. The server will be configured in a redundant disk configuration to help ensure data security and recovery. The operating system will be appropriate to the hardware selected for production and test use. Industry standard security patches, service packs and anti-virus software will be installed at initial implementation, and updated on a monthly or on an as needed basis, as applicable.

6. Network Configuration. PTC will provide Customer shared network bandwidth. Inbound and outbound traffic will be routed and monitored through PTC-provided firewall(s), switches, routers and load balancers.

7. Physical Security and Environmental Control. PTC uses reasonable industry measures designed to protect the operating environment of the Hosted Software against unauthorized physical access and the threats of fire, power, temperature, humidity and other physical forces with the following capability:

(a) Co-location in a secure data center with physical access limited to authorized personnel and protected by multi-level security systems. Other persons are admitted only on an as-needed and supervised basis (such as to maintain hardware components).

(b) Continuous, conditioned power supplied by a redundant power infrastructure, including battery backup systems and diesel-powered generators, with regular system testing for continuous availability.

(c) Redundant HVAC climate control, fire suppression systems and locked cabinets.

8. Hosted Data

PTC maintains controls consistent with the ISO 27002 framework. Without limiting the foregoing, PTC takes the following measures to protect the Hosted Data:

(a) The Hosted Data is maintained in secure directories that require access authentication.

(b) PTC performs daily backups. Full system backups and server image backups will be performed on a monthly basis. Monthly system images and the Hosted Data will be securely uploaded and stored off-site at a data management facility. Daily backups will be retained for 30 days. Monthly backups will be retained for at least three months.

(c) PTC maintains antivirus protection software on all hosted systems. In the event viruses, worms or similar problems are determined to have infected the PTC-hosted system, PTC will use commercially reasonable efforts to restore the system as quickly as reasonably possible.

(d) PTC shall take commercially reasonable steps, or cause such commercially reasonable steps to be taken, designed to prevent security breaches. It is impossible to maintain flawless security, and PTC does not make any representation or warranty in this regard. Accordingly, Customer agrees that it will not include in the Hosted Data: (i) any information, or documents or technical data that are classified, ITAR controlled or otherwise have been determined by the United States Government or by a foreign government to require protection against unauthorized disclosure for reasons of national security and/or (ii) any data that is "protected health information, including any medical, demographic, visual or descriptive information that can be used to identify a particular patient/individual" subject to the U.S. "Health Insurance Portability & Accountability Act of 1996" and regulations promulgated under that Act (collectively "HIPAA"). Except with respect to PTC's express obligations in this Section 8, Customer is solely responsible for any damage or losses caused by unauthorized destruction, loss, interception, or alteration of the Hosted Data by unauthorized persons.

(e) PTC shall treat all Hosted Data as confidential and shall only use the Hosted Data to (i) provide the Managed Services (including reporting to Customer on their use of the Managed Services), (ii) aggregate information relating to transactions for statistical analysis and business measures of the performance of the Managed Services, (iii) monitor Customer's use of the Managed Services for security and technical support purposes and for purposes of otherwise complying with PTC's obligations to Customer, (iv) enforce the terms of Managed Services Terms and the License Agreement, and (v) share with any PTC subcontractors who need to know such information in order to provide the Managed Services, provided that they are bound by similar confidentiality obligations. For purposes of clarity, PTC's obligation to keep such Hosted Data confidential shall not apply to information that (1) PTC learns of from another source or independently develops without reference to the Hosted Data or (2) PTC is required to disclose by law (but only to the extent of such required disclosure).

9. Use of the Internet. Customer acknowledges and agrees that the internet, and communications over it, may not be absolutely secure and that connecting to it provides the opportunity for unauthorized access to computer

systems, networks, and all data stored therein. Data transmitted through the internet or stored on any equipment through which data is transmitted may not remain confidential and PTC does not make any representation or warranty regarding privacy, security, authenticity, or non-corruption or destruction of any such data. Use of the internet is at Customer's risk.

10. Technical Support for Managed Services. This Section 10 shall only apply if and for so long as Customer's underlying licenses of the Hosted Software are current on PTC Support. If such licenses cease to be on PTC Support during the term of the Managed Services, Customer shall not be entitled to technical support and the Hosted Software will not be upgraded or updated to New Releases of the Hosted Software. This Section 10 shall apply only to issues arising from the Managed Services; issues with the underlying Hosted Software are addressed by PTC's technical support organization under the terms and conditions in the License Agreement.

(a) Managed Services Support Hours. PTC's technical Managed Services staff are available for support and troubleshooting by phone 24x7 for Priority 1 issues and from 8:00 A.M. to 5:00 P.M. local time, Monday through Friday, excluding public holidays and other PTC-observed holidays for non-Priority 1 issues. E-mail inquiries and cases are accepted 24x7.

(b) Managed Services Support Process. The support process begins when Customer notifies PTC's technical Managed Services staff of an issue with which Customer requires assistance and opens a case. Customer will provide the following information in order to ensure the issue may be correctly and efficiently assessed and resolved: without limitation, the Customer name, case number and a detailed description of the issue. PTC shall determine, at its discretion, based on availability of staff and experience, whether to allocate Customer's case to a named individual. In order to ensure continuity of service and professional call handling, PTC shall use reasonable efforts not to reassign technical Managed Services staff members once they have been assigned to resolving a particular problem.

(c) Prioritization and Escalation. PTC shall use commercially reasonable efforts to resolve each significant issue by providing a Workaround (as defined below), an object code patch or a specific action plan for how PTC will address the issue, and an estimate of how long it will take for the issue to be resolved. PTC shall assign a priority level to an issue upon initiation of the case based on the defined priority levels in Exhibit A. Target resolution times are set forth in the Quote. "Workaround" means a change in the procedures followed or that Customer supplies to avoid a problem in the hosted environment without substantially impairing Customer's use of the Hosted Software. A Workaround may be either temporary or permanent in nature.

(d) Exclusions. Managed Services support does not include:

- (i) Support on Customer's site;
- (ii) Support for the Hosted Software (which is covered under the License Agreement, if Customer is current on a support plan for the Hosted Software);
- (iii) Modifications or customizations made to the Hosted Software or integrations to third party systems;
- (iv) Third party software included in the Managed Services;
- (v) Issues caused by material changes to the configuration of the Hosted Software by Customer;
- (vi) Errors caused by Customer's negligence or fault;
- (vii) Consulting or training services;
- (viii) Responsibility for changes to or replacement of any Customer hardware that may be necessary to use the Hosted Software due to a Workaround, fix or Hosted Software New Release.

11. Customer Responsibilities

(a) Customer shall assist PTC in PTC's efforts to resolve problems and confirmed hosting problems reported by Customer.

(b) Prior to reporting a hosting problem to PTC, Customer shall use commercially reasonable efforts to resolve the end user's problem by utilizing all available on-line and information and resources.

(c) Customer shall ensure that any communications or documentation distributed by it to its end users clearly and conspicuously states that end users should call Customer for technical hosting problems related to the hosting environment or the Hosted Software. PTC will have no obligation to furnish any assistance, information or documentation directly to end users.

(d) In certain situations, PTC may require detailed information regarding Customer's system environment to affect a timely resolution. In these situations, and other integration/gateway related issues, PTC may require the involvement of Customer's information technology staff to provide the information necessary to assist in problem resolution. Customer shall make such staff available to PTC in a timely manner.

(e) Customer is responsible for properly maintaining the functional operation of its information technology equipment and interfaces, including connectivity to the internet. Consulting, implementation, integration and support for Customer interfaces, or training services that may be needed for the Customer to take advantage of Hosted Software revisions or Hosted Software New Releases are not within the scope of Managed Services.

(f) Prior to logging any connectivity problems, Customer shall verify that it is able to reach other popular internet sites such as Google (<http://www.google.com>) or Yahoo (<http://www.yahoo.com>).

(g) Customer is responsible for virus protection for Customer workstations and all of Customer's host systems that are networked to those workstations.

(h) Customer must use an internet browser that meets the requirements as published by PTC in the hosted system.

(i) Customer is responsible for configuration of its corporate internet firewall to allow all necessary ports to be used.

(j) All Managed Services are provided in English.

(k) In order to enhance data security:

(i) Customer shall use utmost discretion in granting administrator privileges.

(ii) Customer's end users shall not share their login identifier or password.

(iii) Customer shall be responsible for designing, authoring, validating, and approving all custom reports.

(iv) Customer acknowledges that the information Customer enters may be transferred outside the European Economic Area for the purposes of data processing by PTC, its subsidiaries, and its affiliated companies. Any transfer of personal information outside of the European Economic Area is done in circumstances designed to ensure that the information is processed only in accordance with applicable data protection laws. By submitting personal information, Customer consents to the use of that information as set out in this subsection and represents to PTC that Customer has received express consent from the individual persons (including Customer's employees) whose data is being used/transferred prior to providing this personal data in the Hosted System. Where the personal information is that of a third party, Customer certifies that it has obtained that information pursuant to applicable data protection laws and has obtained all necessary authorizations and consents with respect to such information. With respect to the receipt and processing of personal data from individuals that originates in the European Union (EU) or Switzerland, PTC Inc. has certified to the Safe Harbor Framework between the United States and the European Union, and to the Safe Harbor Framework between the United States and Switzerland. Accordingly, PTC Inc. adheres to the Safe Harbor Privacy Principles, as agreed separately by the U.S. Department of Commerce with the European Commission and the Federal Data Protection and Information Commissioner of Switzerland (the "Safe Harbor Principles").

12. Term and Termination

(a) The initial term of the Managed Services shall be as specified in the Quote. Thereafter, Managed Services shall renew by mutual agreement of the parties.

(b) Either party may terminate the Managed Services if the other party breaches the terms set forth in the Quote or herein and fails to remedy such breach within thirty (30) days after written notice thereof from the non-breaching party; provided, however, that the cure period for non-payment of amounts owed shall be ten (10) days.

(c) Customer may upon 3-months written notice terminate the Managed Services and these Managed Services Terms. Upon such termination, and subject to Customer's rights under the License Agreement, PTC will promptly provide Customer a copy of the Hosted Software and Customer may host the Hosted Software themselves without penalty.

13. Warranty/Disclaimer of Warranty/Limitations of Liability

(A) PTC warrants that PTC will perform the Managed Services substantially in a good and workmanlike manner and generally in accordance with industry-standard practices.

(B) EXCEPT AS EXPLICITLY STATED HEREIN, PTC DISCLAIMS (AND CUSTOMER WAIVES) ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING ANY WARRANTY OF SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE, AND/OR NON-INFRINGEMENT, AND/OR ANY WARRANTY THAT CUSTOMER WILL ACHIEVE ANY PARTICULAR RETURN ON INVESTMENT OR WARRANTY ARISING BY STATUTE OR FROM A COURSE OF DEALING OR USE OF TRADE, AND/OR ANY WARRANTY WITH RESPECT TO THE SECURITY OF THE MANAGED SERVICES OR THAT HOSTED DATA WILL NOT BE DESTROYED, LOST, INTERCEPTED, OR ALTERED BY UNAUTHORIZED PERSONS. PTC DOES NOT WARRANT THAT THE OPERATION OR OTHER USE OF THE HOSTED SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE OR WILL NOT CAUSE DAMAGE OR DISRUPTION TO HOSTED DATA.

(C) PTC'S MAXIMUM LIABILITY ARISING OUT OF, OR RELATING TO, THE CREATION, LICENSE, SUPPLY, FAILURE TO SUPPLY OR USE OF THE MANAGED SERVICES OR OTHERWISE RELATING TO THESE MANAGED SERVICES TERMS, WHETHER BASED UPON WARRANTY, CONTRACT, TORT, OR OTHERWISE, SHALL NOT EXCEED THE MANAGED SERVICES FEES PAID TO PTC DURING THE TWELVE MONTH PERIOD PRIOR TO THE EVENTS THAT GAVE RISE TO THE APPLICABLE CLAIM. IN NO EVENT SHALL PTC, ITS SUBSIDIARIES OR AFFILIATES, OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF

PROFITS, BUSINESS INTERRUPTION, LOSS OF USE OF DATA AND ANY LOSS CAUSED BY THE INTERRUPTION, TERMINATION OR FAILED OPERATION OF THE INTERNET, THIRD PARTY TELECOMMUNICATION SERVICES OR THIRD PARTY SECURITY FEATURES OR SYSTEMS), EVEN IF PTC HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. CUSTOMER AGREES NOT TO BRING ANY SUIT OR ACTION AGAINST PTC AND/OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS FOR ANY REASON WHATSOEVER MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION ARISES. CUSTOMER RECOGNIZES THAT THE CHARGES AND FEES HEREUNDER ARE BASED IN PART ON THE DISCLAIMER OF WARRANTY AND LIMITATION OF LIABILITY PROVISIONS SET FORTH HEREIN AND THAT, IN THE ABSENCE OF CUSTOMER'S AGREEMENT TO SUCH TERMS, PTC'S CHARGES TO CUSTOMER HEREUNDER WOULD BE SIGNIFICANTLY HIGHER.

THE LIMITATIONS AND EXCLUSIONS SET FORTH IN THIS SECTION 13 SHALL NOT APPLY TO ANY CLAIM IN RESPECT OF DEATH OR PERSONAL INJURY IF CONTRARY TO ANY APPLICABLE LAW.

14. Force Majeure. PTC shall not be in default of its obligations to the extent its performance is delayed or prevented by causes beyond its control, including but not limited to acts of God, acts of Customer, acts of third parties not under PTC's control, acts of any governmental body, war, insurrection, sabotage, armed conflict, embargo, fire, flood, strike or other labor disturbance, interruption of or delay in transportation, unavailability of or interruption or delay in telecommunications or third party services, virus attacks or hackers, failure of third party software (including, without limitation, ecommerce software, payment gateways, chat, statistics or free scripts) or inability to obtain raw materials, supplies, or power used in or equipment needed for provision of Managed Services.

Exhibit A – Managed Services Support Targets

Case priority levels and associated estimated resolution times are as set forth below:

Priority Level	Initial Response	Target Resolution Time
Priority 1 Hosting Problem (Note, Priority 1 problems cannot be communicated to PTC by email)	As specified in the Quote	2 Business Days*
Priority 2 Hosting Problem	As specified in the Quote	Next Maintenance Release or Patch, in PTC’s discretion
Priority 3 Hosting Problem	As specified in the Quote	Next Version Release

* Reflects the target for PTC, working on a diligent efforts basis, to return Customer to production status, but does not include total administrative time required for a new code release to “general availability” status.

For purposes of these Managed Services Terms:

- (i) “Priority 1 Hosting Problem” means a problem in the hosted environment that causes substantial downtime of the system, or which causes substantial data corruption, or which otherwise renders the Hosted Software unusable. Hosting problems given this priority have no viable Workaround;
- (ii) “Priority 2 Hosting Problem” means a problem in the hosted environment that results in the loss of critical functionality of the Hosted Software, but for which a Workaround is available; or non-critical functionality or interface issues for which there is not a Workaround; and
- (iii) “Priority 3 Hosting Problem” means a problem in the hosted environment that can be avoided or detoured with reasonable effort, or general questions regarding the hosted environment.
- (iv) “Maintenance Release” means a New Release containing bug fixes and patches intended to correct errors, usually denoted by the letter “M” at the beginning of the release number (e.g., “M010” or the like).
- (v) “Version Release” means a New Release containing minor enhancements, usually denoted by a change to the number to the right of the decimal point (e.g. v1.1 to v1.2).