



Kofax Power PDF Licensing Policies

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KOFAX

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Document Purpose

This document was created and approved to provide guidelines and structure to price and entitlement issues that arise in the normal course of commerce for the Kofax Power PDF family of products. These guidelines should be considered the standard and are the default policies in the absence of clear articulation to the contrary in our customer and partner agreements. As with any policy, exceptions can be made. Requests for exceptions should be made to the regional managers, who will know the level of exception within their authority. Regional management will escalate exceptions requiring approval by the Kofax Document Imaging Executive Team.

Definition of Terms

Licensee is defined as an entity who has acquired one or more licensed copies of Power PDF. The Licensee may be an individual, Organization or Affiliate, governmental body, educational institution or charitable organization.

Affiliate means any entity that controls, is under common control with, or is controlled by an Organization where “control” means the ownership, direct or indirect, of a majority of an entity’s stock or other interest entitled allowing the owner to direct the affairs of such entity.

Named User is the personal designation of a Licensee. As changing roles or turnover occurs, Licensee can re-assign the end user license rights to new end users. The right to re-assign is tied to a change in employment role of the individual.

The terms **Seat or Seats** are synonymous with Licensee and Named Users, and is the term most commonly used in quantifying the number of licenses purchased under a Volume License Agreement.

Contractors of the covered entity and subsidiaries are workers not directly employed by Licensee, but who are working with Licensee assigned technology assets, of which Kofax Power PDF may be included. If Licensee assigns a license to a Contractor, the Contractor has the same rights to install and use the software as any Licensee and will count against the number of available seats that the entity is licensed for. There is no conflict with contractors temporarily using seats as long as the total number of seats is equal or less than the total purchased.

The **Volume License Agreement (VLA)** referenced herein is the legal instrument executed for the purchase 5 or more licenses of Kofax Power PDF, whether purchased all at once or over a period of time.

The **Volume License Agreement Program** referenced herein is a program administered by the Kofax sales team to provide volume discounts and an enhanced support structure to Licensees of 5 or more.

A **Local Machine** is a computing device, regardless of operating system, with which an end user

interacts directly, and where the computing processes (e.g. running Power PDF) are facilitated by the technology with the machine. A desktop machine, laptop, phone or tablet device are all considered local machines.

A **Virtual Machine** is a computing facility that is usually remote, with shared resources that can be dynamically allocated to many users or applications. Some Virtual Machines are used to perform ephemeral or test function with many computing configurations. A virtual machine can be configured and used as a local machine, with all the computing done on the virtual machine, but the User interface and output devices are facilitated by a remote machine co-located with an end user. This is called Published Desktop. A virtual machine can also be set up to deliver a single application to a local desktop. This is called a Published Application. For Power PDF Licensees, any of these configurations may count as a computing device.

Single license count: A license is associated with a Named User. A named user is limited to using that license on three devices. The basis for calculating the number of licenses required is the number of users who are authorized to access the Software.

Concurrent licensing: Kofax does not support concurrent licensing where multiple users can share a single license. Users may install on up to three (3) devices as long as they are used in conjunction with the requirements of the Licensee. Public systems, such as those located in libraries or self-service kiosks, are considered single user use cases as long as they are in the service of the Licensee and not for business use or for profit. Any other exception to this restriction must be agreed to in writing by Kofax and Licensee. Kofax does not support concurrent licensing in any computing environment including a “bot” environment. For the avoidance of doubt, if the Licensee has purchased 100 Licenses and installs the software on a server, then Licensee can only allow up to 100 Named Users to access the software irrespective of how many concurrent users the Licensee may have. A count of all Named Users who have access to download and install the Power PDF product is the license count.

Perpetual licensing: The Kofax Power PDF license is granted perpetually and is therefore effective until terminated by operation of contract or law. Any breach of the terms of a purchase order, End User License Agreement or broader corporate license agreement may be grounds for termination if not cured within a specified cure period, if any. Expiry of or failure to renew a Maintenance and Support agreement does not affect the perpetual license, but it will terminate any support, patches, or upgrade entitlements.

Kofax Network is a customer portal that provides information about the product, access to support and electronic delivery of hotfixes and upgrades. Users can also download prior supported releases of a product they have purchased as long as Maintenance and Support is active. Kofax Network is provided in English only, however most modern browsers have the ability to view web pages in many other languages. The governing language and source of truth for any representations and entitlements is the original English language version.

Divestment of Covered Subsidiaries

Kofax's policy maintains that licenses are non-transferable. In the event a Licensee or a subsidiary of a Licensee has a transfer of a majority (more than 50%) of ownership, the Licensee or subsidiary will no longer be covered by the original license agreement without written approval by Kofax confirming the transfer of the licenses to the new majority owners of the entity. Kofax will not unreasonably withhold such approval. The number of licenses transferred to the divested subsidiary shall be deducted from the number of licenses held by the original licensee.

License Deliverables

Under normal circumstances, a fulfillment message, serial number, and license certificate are emailed to the primary contact of the Licensee. Such email is generally sent within 2 days of receiving a clean order. The serial number is used to register on the Kofax Network to access and download the latest revision of the licensed software. Note that for Volume License purchasers who acquired a Power PDF version that is free of any digital rights management or license assurance functionality, this only needs to be done once by an IT department, who can then distribute the program using their enterprise administrative tools. Delivery may be an electronic download, or by shipment of physical media containing the program and related files, as mutually agreed at time of purchase.

For add-on licenses to an existing installation, the customer can use the software binary downloaded for their existing installations and the volume license key provided in the initial order's fulfillment message so long as they have purchased sufficient licenses to cover the total number of users. Alternatively, if a customer desires a new license key, they can request one on their purchase order.

Volume License Pricing

Under Kofax's Volume Licensing Agreement Program ("VLA Program"), pricing for initial and additional licenses is based on the volume of licenses owned by the Licensee. Kofax's policy is to honour as many previous purchases within a product family as possible.

The price band applicable to a purchase is determined by the cumulative total of:

- a) The number of seats being purchased under the new agreement and
- b) The number of full seats of qualifying products previously purchased by Licensee ("Installed Base")

Qualifying products for calculation of Installed Base include all full version licenses purchased within a product family within the current version, excluding any of the standalone utilities sold with any Primary PDF product licenses, like PDF Reader, PDF Converter, and PDF Create. Licenses which are validly upgraded still count as a single license. In the past, some of these utilities were sold standalone. On a case by case basis, the regional sales leader will determine whether those purchases, which may have been made several years earlier, qualify for an Upgrade discount.

If the Kofax Power PDF Upgrade Program is used to convert qualified seats into Power PDF licenses, those seats will be included in the Installed Base.

Kofax Power PDF Loyalty / Upgrade Program

For customers with qualifying seats of existing software who are not under a Maintenance and Support contract, Kofax offers a Loyalty/ Upgrade Discount Program. The Program communication will contain the governing guidelines, but in the absence of clear definition in the program materials, the policy herein will govern. All programs must be approved by Kofax Sales Directors before being offered to customers or new purchasers.

Loyalty / Upgrade Discount Program Policy Guidelines

In the absence of clear definition of the terms of purchase in any promotional materials, the following guidelines will govern any Upgrade program.

- Loyalty /Upgrade discounts are available through Kofax authorized channels only, regardless of the source of the original purchase.
- Prior customers who meet program criteria can purchase under any Loyalty / Upgrade program they qualify for directly through Kofax authorized channels provided such purchase does not violate any exclusivity clauses of their previous purchases.
- Electronic commerce customers who previously purchased a PDF product can purchase at an Upgrade discount for thirty (30) days after the product is generally available.

- For low volume retail purchasers (less than 5 licenses), the program period is thirty (30) days from the generally available product through the original purchase channel, unless otherwise specified.
- New purchases will be under the terms and price of the latest release and are not subject to this Loyalty / Upgrade program.
- The program is administered by trading in one qualifying seat of Kofax PDF software in exchange for one seat of Kofax Power PDF.
- Loyalty / Upgrade pricing is only available for the replacement of existing seats of a qualifying PDF product and may no longer be used following receipt of Kofax Power PDF.
- Licensees who purchased an older version of the same PDF product under the VLA Program who have allowed their Maintenance and Support contracts to lapse less than 6 months and not during the 120 days following a major version release may be able to reinstate their M&S by paying the lapsed amount due, and acquire the newest release under their upgrade rights.
- Licensees who purchased an older version of the same PDF product under the VLA Program and who have allowed their Maintenance and Support contracts to lapse for less than twelve months, may take advantage of Loyalty / Upgrade discounts.
- Licensees who purchased an older version of the same PDF product under the VLA Program and who have allowed their Maintenance and Support contracts to lapse for more than twelve months have no automatic Loyalty / Upgrade entitlement and will be directed to work with the VLA Program account team to work through purchase options.
- Kofax employees are not allowed to back date any contracts by policy. Agreeing to terms that true up M&S or licenses, with retroactive coverage to the date of lapse, is fully supported under current Kofax policies.
- Upgrade pricing is only available for the replacement of existing seats of the primary Kofax PDF products, and not the freestanding utilities that may be bundled with the primary product from time to time.
- Terms of contracts in force with distributors and partners which contradict any price, promotion or discount policy herein will take precedence over this policy.
- If more seats are required than are exchanged, the additional seats would be priced using standard Power PDF volume pricing.
- Unless otherwise stated, all programs will end after thirty days of the announcement.
- Any purchase of Power PDF within thirty days of the release of its related upgrade entitles the purchaser to a free upgrade. Purchaser must request the upgrade within 180 days after the upgrade release.
- Licensees who purchase through the Loyalty / Upgrade program are allowed to purchase their corresponding Maintenance and Support depending on their industry segment.

Maintenance & Support (M&S) Software Updates

Licensees with current M&S agreements are entitled to software updates, including major and minor version releases and hotfixes. All new releases can be accessed through Kofax Network. Additionally, hotfixes may also be delivered electronically in the Kofax Installer Tool as updates become available or as needed in the case of a support escalation.

By policy, Kofax supports the current major release and the latest prior point release. For example, when Power PDF 3.0 is made generally available, Kofax will support 3.0 and 2.1. Either version can be used by valid licensees of the latest version. No prior version will be available through Kofax for install, but some partners and distributors that have inventory of prior releases may continue to deliver the prior releases until the inventory is exhausted or the end-of-support date, which ever is earlier.

The policy for end of sale and end of support is as follows:

- At each major release, a date for end of new sales for the previous release will be announced, and that date will normally be at least 6 months from the announcement. That date may be different for different regions and channels.
- The end of add-on sales date will be twelve months after the end of new sales, unless otherwise specified.
- A company may choose to purchase the latest version but downgrade if needed.
- The end of support date will be 36 months after the end of add-on sales, unless otherwise specified.
- Some products may have accelerated end dates for reasons of inability to distribute the product due to component availability or legal restriction. It is not the policy of Kofax to accelerate any end of life stage for purely economic reasons.
- Accelerated dates may be announced out of normal announcement cycles so that Kofax can work with customers and users to mitigate any hardship the acceleration may cause.

Maintenance & Support (M&S) and Renewals

Licensees may renew M&S on an annual basis and for contracts expiring after September 30, 2019 such renewal will be subject to an annual increase. M&S Renewal is offered for all licenses purchased and in use by Licensee, partial M&S coverage of licenses for a given Licensee is not offered.

M&S renewal is offered in advance for customers with active M&S agreements. For customers whose M&S agreements have lapsed less than 6 months a M&S reinstatement may be offered by Kofax except in the 120 days following a major version release. The M&S renewal coverage start date is always based on the prior M&S agreement end date, or the original license purchase date if M&S was not included. Effective October 1, 2019 a Reinstatement Fee will apply to all late renewals where such Reinstatement Fee will be equal to and in addition to the value of the M&S reinstatement for the lapsed period through the date of the renewal order.

As an accommodation to our customers, co-termination dates of M&S agreements can be specified at the time of M&S renewal. Kofax will perform a review of all licenses for a given Licensee and determine an appropriate common M&S agreement end-date. Based on the review results, Kofax may provide an M&S quotation with a coterminous agreement. Kofax can accommodate customer requests for a specific co-termination date that helps them manage their software renewals or aligns with their fiscal year or other important date.

Licensees whose M&S has lapsed for more than six months or during 120 days following a major version release are not eligible to reinstate M&S by renewal. In these cases, customers may be eligible to use the Upgrade Program to re-start M&S at the date of the Upgrade Program purchase and get access to M&S updates and services.

Licensing True-up

Kofax may not automatically and periodically exercise license audit rights, but may reserve any rights agreed to under our contracts and terms of service. If any party believes a license “true-up” is required, the Kofax VLA program will accommodate the activity with the customer. The customer is expected to ensure that they remain compliant to the quantities defined by the License Agreement on a quarterly basis unless otherwise specified.

In the event that the customer has a requirement to increase the number of users, they may purchase additional licenses in order to permit all required usage. The price tier of a new or true-up purchase will be determined per the VLA Program by the sum of the installed base plus the new licenses required.

Maintenance & Support fees on additional licenses will be applicable from the date that the additional licenses were issued. Maintenance and Support periods may be co-terminated at the time of renewal if required (see above).