

VMware Cloud Provider Program

Service Provider - Compliance Review Process

SERVICE PROVIDER - COMPLIANCE REVIEW PROCESS

VMware performs routine compliance reviews of Service Provider’s monthly usage reporting (“Compliance Review”) in the VMware Cloud Provider Program (“Program”). The goal is to assist Partners with meeting the Program product usage reporting requirements. Failure to participate in a Compliance Review may result in VMware exercising its right to conduct a formal audit of the Service Provider’s records. These reviews typically gather information regarding Usage Meter installation and configuration, as well as information used for monthly usage reporting related to the use of VMware’s software. Compliance Reviews are generally administered on a quarterly basis and typically review usage periods from 12 to 24 months, however, VMware may request any number of months for review. VMware may request that your Aggregator assist with the Compliance Review. You must furnish requested information in a timely manner to VMware and your Aggregator. Notification of a Compliance Review may come from either VMware or your Aggregator.

Steps that you should take to ensure that you are prepared for a Compliance Review include:

1. Using the most current version of Usage Meter;
2. Validating Usage Meter is configured properly;
3. Logging in to the VMware Cloud Provider Business Portal and report usage no later than the 5th day of every month;
4. Resolving any delinquent or overdue monthly usage reports;
5. Reporting all non-metered products in addition to the amounts captured by Usage Meter;
6. Retaining a minimum of three (3) years monthly usage reports.

The table below outlines the roles and responsibilities for this Compliance Review Program:

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Role	Responsibility
Service Provider	<ul style="list-style-type: none"> • Substantiate product usage reports with (a) proof of installation and use of the most current version of Usage Meter, and (b) historical Usage Meter reports in .tsv format and/or other supporting documents (e.g., customer billing records). • Respond to a short questionnaire. • Respond to VMWare requests for information. • Pay to Aggregator any sums that may be due as a result of inaccurate usage reporting, including any penalties.
Aggregator	<ul style="list-style-type: none"> • Educate and support Service Provider at onboarding ensuring they understand the Program requirements. Update Service Provider as changes are introduced to the Program. • Support VMware in administering Compliance Reviews. • Work with Service Providers to drive timely responses to VMware inquiries. • Assist Service Provider with proper installation and use of the current version of Usage Meter, as well as calculating Service Provider product usage. • Assist VMware in collection of amounts due as a result of inaccurate usage reporting, including any penalties.

VMware	<ul style="list-style-type: none"> • Implement and execute Compliance Review Program. • Issue Compliance Review communications, and enforce compliance with policies, goals and deadlines. • Select accounts for Compliance Review. • Administer Compliance Reviews. • Engage in discussions with Service Provider and Aggregator to resolve Usage Meter installation, reporting and support, including: program education; reporting validation; collection of recovery items identified and other escalated items.
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The table below identifies closure categories for Compliance Reviews. When a Compliance Review is closed it will be given a Reason Code:

Reason Code Table

Closed Reason Code	Definition
Pass	Usage Meter installed, reporting validated, satisfactory responses to inquiries
Fail	Usage Meter not installed previously or within the period under review, failure to respond to inquiries or provide records as requested
Recovery	Differences noted in reporting amounts or practices; additional items are requested for review and conclusion. Service Provider to make repayment, plus applicable penalties, for un(der)-reported usage.
Carryover	Usage Meter not installed or reports were not available, however Service Provider installed or fixed the Usage Meter during the review period and provided evidence of such to VMWare.
Other	Other status is used for items which do not fit into the above. Commonly these are records which are pending termination or have an unforeseen circumstance. This will be detailed in the “Reason” on the Compliance tab within the Service Provider record.
Expired	Service Provider did not provide a response to be reviewed by Aggregator and submitted to Pending Vendor status in advance of the Expire Date outlined in the Compliance Check activity.

Recovery Points Due for Inaccurate Reporting

In the event the Compliance Review shows that Service Provider’s usage is greater than the amount originally reported by Service Provider, Service Provider will be responsible for payment of the difference between what Service Provider paid to Aggregator and the actual usage identified during the Compliance Review period (“Recovery Points”), plus a point penalty of up to twenty-five (25%) of the identified shortfall (“Penalty Points”) as more fully described below. Recovery Points will be calculated at the rate of the contract applicable to the related usage month in which the inaccurate reporting occurred. For example, if Service Provider had differences identified while on a 360 point plan and the Service Provider then upgraded the contract to an 1800 point plan, the points will be repaid at the 360 point plan price per point.

Where historical Usage Meter data is unavailable, VMware will analyze the growth trend from the time in which Usage Meter was installed and consider other relevant data specific to the account to establish the approximate usage that should have been reported.

Penalty Points

For any Compliance Review period, VMware may assess Penalty Points in addition to the Recovery Points due pursuant to a Compliance Review. Penalties will apply to all differences of 1,000 points or more. For example, if there is a difference of 1,000 points between usage reported by Service Provider and the actual usage identified during the Compliance Review, Service Provider will owe a total of 1,250 points, which is the total of 1,000 Recovery Points and 250 Penalty Points. In the event that the difference is less than 1,000 points, Service Provider will be liable for payment of Recovery Points only. There is a maximum of 50,000 Penalty Points per Compliance Review.

Recovery Point and Penalty Point Repayment

Once calculated, Recovery Points and Penalty Points will be applied as an overage to the Service Provider's future Monthly Usage reports. The period for repayment of Recovery Points and Penalty Points will not exceed three (3) Monthly Usage reports unless otherwise agreed between VMware, Service Provider and Aggregator. All Recovery Points and Penalty Points must be remitted in full in the event of termination, cancellation or expiration of Service Provider's contract.

Usage Meter Reports

Service Providers must retain Usage Meter reports as outlined in the Program Agreement and rental contract in case of audit or VMware's request for Compliance Review.

If you are not able to provide support for the historical reporting requirement, you may be given a Carryover Reason Code if you can provide evidence for current Usage Meter install and configuration. See below for Carryover Procedures.

In certain cases, if you are unable to provide the requested files, the case may be escalated to VMware Global License and Compliance for further review or onsite (3rd party) audit. In these cases, the teams will look at alternate documentation, including, but not limited to, financial records and programmatic history to determine usage. You may be liable for 3rd party audit costs in accordance with the terms in the Program Agreement.

Carryover Procedures

When you have met the Carryover requirements noted in the Reason Code Table above, the review may be deferred for a period of approximately six (6) months ("Deferral Period"). After the Deferral Period, VMware will recheck the record and verify the accuracy of reporting during the Deferral Period.

If the amounts metered during the Deferral Period are greater than previously reported usage metering or monthly minimum requirements, the review will move to a Recovery discussion and analysis. Various inputs will be considered, including, but not limited to, the growth trend established during the Carryover, known changes in the environment or offerings, ability to provide other form of documentation for previously reported usage, support services cases and other relevant data provide

