PRAXIS
TECHNOLOGY ESCROW
POWERED BY INNOVATION. GROUNDED IN SECURITY

SERVICES GUIDE

VERIFICATION SERVICES GUIDE

AUDIT & TESTING

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WHAT
IS VERIFICATION?

PRAXIS defines Technical Verification as services designed to evaluate and report on the quality of the escrow deposit materials and / or prove the completeness, accuracy and functionality of any given escrow deposit.

A COMPLETE ESCROW SOLUTION

PRAXIS provides escrow solutions to support a wide range of technology related transactions and situations including software license agreements, SaaS subscription agreements, embedded technology agreements, technology investments and many other types of transactions. Complete software and SaaS escrow solutions consist of many possible protections across three categories as detailed on the graphic to the right:

WHY VERIFICATION IS VITAL

An escrow agreement provides the protections necessary for the end-user/beneficiary to receive and legally continue to use the deposit materials upon a release event. But how do you know that the escrow deposit materials are sufficient to reproduce your business critical application?

REASONS FOR VERIFICATION

1. Identification of deficiencies in escrow deposit materials.
2. Independent verification that the escrow deposit materials can be rebuilt into the working application.
3. Once deficiencies are remedied by Depositor, independent verification that all necessary source code files, build scripts and utilities have been included with the escrow deposit materials.

4. Verification that all documentation of the build process is stored with the source code and available for immediate use in a release event.
5. Potential to verify that the business continuity plan for business critical applications is in place and ready when / if needed.

1. LEGAL PROTECTION

The escrow agreement

01	ESCROW AGREEMENT
	Legal Protection

2. TECHNOLOGY VERIFICATION

The actual technology, associated documentation and proof of functionality.

TECH VERIFICATION	02
Proof of Functionality	

3. CONTINUANCE PLANNING

An actionable plan for protecting data and application functionality post vendor demise.

03	RECOVERY ENVIRONMENT
	Business Continuity

VERIFICATION OPTIONS

LEVEL 1 AUDIT: DEPOSIT INDEX & ACCESSIBILITY

PRAXIS will conduct one Level 1 audit to confirm accessibility of a sampling of files, ensure readability, determine the presence of passwords or encryption mechanisms, and the inclusion of such keys to unlock protected files. PRAXIS will provide a report with its findings upon completion of the deposit material audit. The audit produces a file classification table and file listing that summarizes content details of the deposit materials and scans for known viruses. While it does not prove the completeness, accuracy, or functionality of the deposit materials, it does provide a deeper qualitative insight into the escrow deposit.

LEVEL 2 AUDIT: INVENTORY AND ANALYSIS

PRAXIS will conduct one Level 2 audit that is preceded by the previous level, in order to inspect and analyze the deposit material for the presence or absence of: source code, build instructions, third party tools and any other information such as libraries, operating systems, development and production environments or hardware, when applicable to confirm a software engineer's ability to independently build the product. PRAXIS will provide a report with its findings upon completion of the deposit material audit. However, it does not prove the completeness, accuracy, or functionality of the deposit materials, although it does provide a deeper qualitative insight into the escrow deposit.

LEVEL 3 TEST: REMOTE COMPILE EVALUATION

PRAXIS will conduct one Level 3 test per application that is preceded by the previous levels, in order to witness, evaluate and produce a video capture of the depositor building the software from source code while identifying the necessary steps, resources and artifacts for the build process. The video file is placed alongside the source code, credentials, documentation, and other information as part of the deposit materials. PRAXIS will provide a comprehenisve report with its findings upon completion of the deposit material audit. However, it does not prove the completeness, accuracy, or functionality of the deposit materials but it does provide a deeper qualitative insight into the escrow deposit.

LEVEL 4 TEST: SIMULATED RELEASE

PRAXIS will conduct one Level 4 test per application, preceded by the previous levels, to perform a series of short- term tests on the Deposit Materials. The goal is to determine whether a "reasonably skilled" software engineer can utilize the Deposit Materials and associated documentation to compile and deploy the application independently, without the support of the Depositor. At this testing level, it is common for the constitution of build steps and instructions, along with other pertinent information, to be incomplete. This test exposes deficiencies in the Deposit Materials, build instructions, or other documentation. When necessary, PRAXIS will interface with technical contacts at the Depositor to rectify problems and receive updated Deposit Materials and/or documentation. Upon completion of the deposit material test, PRAXIS will provide a comprehensive report of its findings. The Level 4 test represents the pinnacle of independent testing in the escrow industry and is intended to mimic the beneficiary experience at the time of

REMOTE CREDENTIAL TESTING

Once per quarter, PRAXIS shall conduct a remote test of credentials provided by the Depositor. PRAXIS shall attempt to access the URL for the software utilizing the credentials provided by the Depositor and report succes or failure to the Beneficiary with a copy to Depositor. Should any Credential test result in failure, the Depositor may provide functional credentials, which PRAXIS shall then retest and report findings.

DIRECTED ESCROW DEPOSIT REVIEW

PRAXIS will conduct a remote review session of the Deposit Materials in which a designated reviewer(s) may conduct a visual review of Deposit Materials to confirm the required documentation and information is present. Reviewers are prohibited from note-taking, screenshots or recording of this session. There will be no report provided by PRAXIS.

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TECHNOLOGY PROTECTION
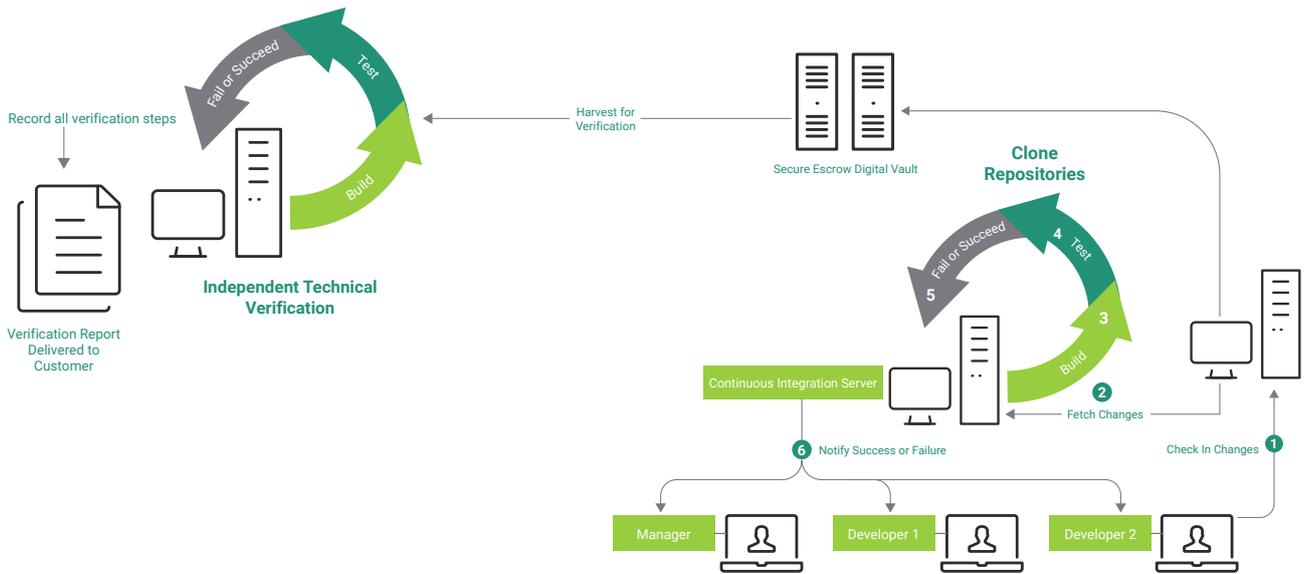
PRAXIS' standard escrow agreements provide the Beneficiary with the right to have PRAXIS conduct Technical Verification services to determine the completeness, accuracy and functionality of the escrow deposit. PRAXIS has deep software and SaaS expertise and can provide testing services within this area.

USE CASES FOR TECHNICALVERIFICATION SERVICES

Business Critical Technology
Any time an organization is reliant upon technology from a third party to deliver business critical functions Technical Verification services may be prudent to ensure that business partners or vendors have lived up to their commitments and ensure that your organization has a solid plan in place for the continuation of services in the event of vendor failure.

Litigation
Disputes over IP often require some type of audit, inspection or validation of the IP in question. PRAXIS can provide Technical Verification services to evaluate and test escrow deposit materials.

Merger & Acquisition
M&A activity often benefits from an escrow agreement for warranty purposes. Technical Verification can be useful in proving that the escrow deposit materials are completed prior to completing an acquisition and / or for proving the functionality at the time of acquisition for warranty purposes.

Embedded Technology
Today more than ever, companies incorporate technology from other providers into their web based, IoT, mobile and other products creating significant reliance and vulnerability should their partner fail to support the embedded technology. A Technical Verification can ensure that your organization has all the IP and documentation necessary to continue to support your products long term.

CHOOSING THE RIGHT VERIFICATION LEVEL

It may be helpful for organizations to consider the following questions when trying to determine which method of verification would be most valuable in their situation:

- What does the technology do for your organization?
- What prompted you to want to escrow the technology in the first place? (common reasons include: business critical technology, vendor financial trouble, poor support, your competitor acquires the software, etc.) If what you fear happens, then what?
- How important is this to the mission of the organization?
- What would be the cost of downtime to find an alternative? (One day? One week? One month or longer?) What about lost profits and/or lost customers? Goodwill / reputation of your company?
- What are the costs of implementing an alternative? Licensing? Implementation? Training users? How long would it take?
- If your vendor should fail, who will be responsible for the responding to the emergency within your organization?
- Have you identified the replacement vendor? Have you tested the migration path?
- Would you sleep better at night knowing that your escrow deposit was complete, accurate and functional?

NEXT STEPS

DEFINE SUCCESS

The Beneficiary defines what they want to learn from the Verification by completing the Verification Questionnaire. Common examples include making sure the application can be compiled from the escrow deposit and that certain functions can be performed with the compiled application.

DEFINE THE ENVIRONMENT / SCOPE

Have the software vendor complete the Technical Verification Questionnaire (TVQ) to provide insight into the hardware and software, third party applications and expertise needed for the test so that PRAXIS can provide a proposal.

ENGAGE

The parties execute a Work Authorization that includes the deliverables for the testing. Following the completion of the test, PRAXIS will publish a report of our findings.

TESTING

PRAXIS will try to compile the application using the escrow deposit materials and associated documentation provided by the software vendor . To the greatest extent possible , PRAXIS will do so independent of the software vendor. Where necessary, PRAXIS will communicate with the software vendor to troubleshoot any insurmountable errors. Most often errors are the result of outdated documentation or insufficient escrow deposit materials.

SUMMARY REPORT

Following the completion of the test, PRAXIS will issue a report of our findings.

WOULD YOU LIKE TO DISCUSS TECHNICAL VERIFICATION SERVICES?

Contact your PRAXIS Account Executive to arrange a conversation.