

## (5) SPECIFICATION

### 1. BACKGROUND

The City of Cape Town is a local government organisation responsible for provision of services to the three million residents of the City of Cape Town, South Africa. The City of Cape Town bills over one million legal entities with an average of three contract accounts per business partner

Bulk printing is separate from normal distributed desktop printing. What makes bulk printing special is the nature of the printed documents and the output volumes. Bulk printing is normally characterised by one or more of the following items:

Volumes of images to be printed (normally high)  
 User of the output (normally external to the organisation)  
 Packaging (and folding) requirements (including mailing)  
 Centralised printing area

In order to manage the number of invoices per month, the bills will be printed daily. In daily billing the total number of customers would be split into 20 portions of similar size and with a portion of billing being run every working day.

The daily batch number is estimated to be between 30,000 and 80,000. The discounts from the post office for bulk postage need to be retained for daily batch runs as the invoices are sorted in postal code order.

#### Printing volumes and other requirements:

Description	Billing ISU invoices	Billing Account statements	Billing Collective Invoice	Real Estate Invoices	Treasury Invoices	Ad Hoc Letters etc
Document Type	See example ISU1 to 3 As per Annexure I	See example AS 1 to 3 As per Annexure I	See example COL 1 to 3 As per Annexure I	See example RE 1 to 3 As per Annexure I	See example TR 1 to 3 As per Annexure I	Various
Volume	30 000 to 80 000 per day for 20 days	15 000 to 25 000 per month	1000 to 10 000 per annum	40 000 to 50 000 per month	25 000 to 35 000 per month	0 to 950 000
Images	A4 – 95% both sides & 5 % are multiple images	A4 – 95% both sides & 5 % are multiple images	A4 – multiple pages/ images	A4 – both sides	A4 – both sides	A4 - Mainly one side occasionally both sides
Language	English Afrikaans & Xhosa	English Afrikaans & Xhosa	English Afrikaans & Xhosa	English Afrikaans & Xhosa	English Afrikaans & Xhosa	English Afrikaans & Xhosa
sNumber of templates	2 Eng 2 Afr 2 Xhosa	2 Eng 2 Afr 2 Xhosa	1 Eng 1 Afr 1 Xhosa	1 Eng 1 Afr 1 Xhosa	1 Eng 1 Afr 1 Xhosa	1 Eng 1 Afr 1 Xhosa
Graphics	Yes	Yes	Yes	Yes	Yes	Yes
Security	Yes	Yes	Yes	Yes	Yes	Yes
Frequency	Daily	Monthly	Daily	Monthly	Monthly	Ad hoc
Nature of Printing	Batch	Batch	Batch	Batch	Batch	Batch



Description	Billing ISU invoices	Billing Account statements	Billing Collective Invoice	Real Estate Invoices	Treasury Invoices	Ad Hoc Letters etc
Critical	High	High	High	High	High	High
Turnaround Time	24 hrs	24 hrs	24hrs	24 hrs	24 hrs	24 hrs
Failure retry / notification	Notify	Notify	Notify	Notify	Notify	Notify
Contingency plan	Required	Required	Required	Required	Required	Required
Pre-printed stationery	None	None	None	None	None	None
Special Stationery	None	None	None	None	None	None
Packaging / Sorting requirements	Yes	Yes	Yes	Yes	Yes	Yes
Distribution requirements	Mail & return referrals to Billing	Mail & return to Billing	Mail & return to Billing	Mail & return to Billing	Mail & return to Billing	Mail
Delivery Service	Yes	Yes	Yes	Yes	Yes	Yes
Inserts required	Yes	Yes	Yes	Yes	Yes	Yes

## 2. SERVICE LEVEL AGREEMENT

It is envisaged that Revenue Technical Services Billing Section will manage the contract as well as the Service Level Agreement (SLA) and will be supported by Information Technology (IT) such as technical problems with data transfer. The business units will be responsible for their respective data sets and data integrity.

Unless the context otherwise requires, the under-mentioned expressions shall have the meanings respectively assigned to them hereunder, namely:-

"Service Level Agreement (SLA)" the agreement concluded between the parties as evidenced in this written document and the related tender;

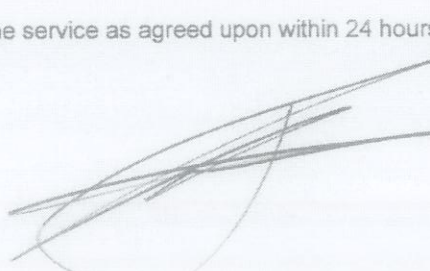
"City" the City of Cape Town of 4<sup>th</sup> Floor, Civic Centre, 12 Hertzog Boulevard, Cape Town, a Metropolitan Municipality established in terms of the Local Government: Municipal Structures Act, 1998 read with the Province of the Western Cape: Provincial Notice 479/2000 dated 22 September 2000;

"Commencement date" date of signature of last party hereto or date as agreed by both parties in this agreement;

"Contract Management" Weekly and monthly reporting on service to operate within the 24 hour turn-around-time;

"Data Delivery" successful, on -time delivery of the data from the City to the software team;

"Disaster Recovery" to supply the service as agreed upon within 24 hours from the time the disaster occurred;

  
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2012-03-20



"Mailing"	successful folding, inserting and delivery of mail to Cape Mail of each daily volume of accounts within the agreed upon 24 hour turn-around-time;
"PAMSS Certification"	the obtaining of a PAMSS certificate to qualify for Post Office discount and the possible cleaning of the Database of the City;
"Parties"	the City and the Supplier collectively;
"Quality Control"	Quality check on in-house printing
"Reporting"	timely periodic reporting on weekly and monthly meetings in the format as agreed upon between City of Cape Town and the successful service provider;
"Service Delivery"	successful printing of the daily volumes as agreed upon and supplied by City of Cape Town within 24 hours from time of receipt of the data by the print vendor;
"Service Level"	the required quantitative level or degree of performance of the Services by the Supplier as set out by Service Level Measure, see the Service Level Measurements Section;
"Service Level Measure"	the method specified in this Service Level Agreement for quantitatively calculating the Supplier's actual performance. The results of these calculations are compared with Service Levels to evaluate the Supplier's compliance with Service Levels;
"Service Level Termination Event"	an event wherein the City shall have the option, but not the obligation, to terminate this agreement without further obligations;
"Service Penalty"	the amount calculated which the City shall have the option, but not the obligation, to recover as a reduction in the fee payable for the Services, each time the Supplier fails to meet the Service Levels, see the Service Penalty Calculation Section;
"Software Management Production Controls"	successfully received data, formatted and made print ready to comply with the 24 hour turn-around-time agreed upon. Total account value of invoices to be reconciled with the SAP system as a means of quality control;

### 3. SERVICE LEVELS

These Service Levels are the minimally acceptable level of service as detailed hereunder for the Services and failure to comply may give rise to the calculation of Service Penalties and they may give rise to a Service Level Termination Event.

Any failure to meet a Service Level is unacceptable and may constitute a material breach of the Supplier's obligations.

Reconciliation: Post Office Pink Receipt to reconcile volumes received and volumes mailed.

The Supplier will process, sort, print, fold, insert and deliver mail to Cape Mail of each daily volume of accounts within 99% delivery of the data received from the City according to the following Schedule for Turn-Around-Times:

Data Received	22:00 to 06:00	06:00 to 12:00	After 12:00
Delivery to Cape Mail	Before 10:00 next day	Before 12:00 next day	24 hours later

The successful service provider guarantees a 24-hour turn-around-time (from the time data was made available up to the time the sealed envelopes containing the accounts plus any inserts are being delivered to Cape Mail) on the daily batch (account printing). This guarantee is based on the following estimated volumes/requirements:-

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DESCRIPTION	FREQUENCY	ESTIMATED VOLUME
ISU Invoices	Daily (for 20 days each month)	900 000 to 1 100 000 pages per month
Account Statements	Monthly	15 000 to 25 000 pages per month
Real Estate Invoices	Monthly	40 000 to 56 000 pages per month
Treasury Invoices	Monthly	25 000 to 35 000 pages per month.
Final Demands and Notices	Monthly	5 000 to 10 000 double sided printing
Adhoc Letters	Per Annum	Up to 5 000 000

Service	Availability
Software Management	24 x 7
Digital / Laser Printing	24 x 7
Mailing	24 x 7

#### Roles and Responsibilities

Service	Responsible	Penalties
Data Delivery	City	No
Software Management	Vendor	Yes
Stock Management	Vendor	Yes
Digital / Laser Printing	Vendor	Yes
Mailing	Vendor	Yes
PAMSS Certification	Vendor	Yes
Contract Management	Vendor	Yes
Disaster Recovery	Vendor	Yes
Reporting	Vendor	Yes


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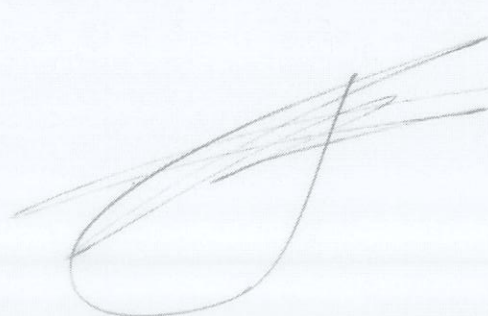



#### 4. SERVICE LEVEL MEASUREMENTS

The provision of each service will be measured by comparing the level at which the actual services are provided against the level at which the parties agreed that the services will be provided as set out below;

The method that the parties will use to make this comparison is set out below:

The Service	The Service Level	The Service Level Measure	The Grief Points
Ordering & Stock-holding of Stationery: Stock Management	The supplier will ensure adequate and correct stationery stock holding	Date and time stamp of delivery & quality acceptance	<ul style="list-style-type: none"> <li>1 point for stock shortages</li> <li>1 point for each job not printed on correct stationery</li> <li>the supplier will accept all liabilities including costs associated with reprinting and the reprocessing of jobs where the incorrect stationery was used</li> </ul>
Backup of Print Job Files	The supplier will accommodate all requests for reprints within 4 (four) weeks of data delivery during first three months of SLA and weekly thereafter backup of PDF file	Unable to reproduce reprints within a four week period during first three months of SLA and weekly thereafter	<ul style="list-style-type: none"> <li>1 point per request not met and</li> <li>the supplier will accept all liabilities including costs associated with reprocessing and the reprinting of jobs where backups are incorrectly performed or the unsatisfactorily storing of the backup media or are not available</li> </ul>
Daily Scheduled Job Runs	data received from the City shall be sorted and printed, meeting all print job specific requirements	date and time stamp of delivery & quality acceptance	<ul style="list-style-type: none"> <li>1 point per job that is delayed</li> <li>1 point for every print job specification not met up to a max of 3 points and</li> <li>the supplier will accept all liabilities including costs associated with reprinting and the reprocessing of jobs that do not meet specified requirements</li> </ul>
Batch Testing of data subset of selected records	data received shall be formatted for printing and sent back to the City that meets all print job specific requirements as per scheduled test	date and time stamp of delivery & quality acceptance	<ul style="list-style-type: none"> <li>1 point for every print job specification not met up to a max of 3 points</li> <li>1 point per job that is delayed and</li> <li>the supplier will accept all liabilities including costs associated with reprinting and the reprocessing of jobs that do not meet specified requirements</li> </ul>
Monthly Runs (e.g. Treasury, Real Estate and Account Statements)	data received shall be printed, folded and mailed meeting all print job specific requirements	date and time stamp of delivery & quality acceptance	<ul style="list-style-type: none"> <li>2 points for every print job specification not met</li> <li>2 points per job that is delayed and</li> <li>the supplier will accept all liabilities including costs associated with reprinting and the reprocessing of jobs that do not meet specified requirements</li> </ul>



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The Service	The Service Level	The Service Level Measure	The Grief Points
Data Communications: 1 - Network Link / FTP Line, 2 - CD/flash reader or 3 - Internet link / or latest available technology	<ol style="list-style-type: none"> <li>100% availability of communication links including router, data lines etc. at all times or ability to read CD or use Internet link</li> <li>Access Link Security - no unauthorised access to the City's network.</li> </ol>	<p>The Supplier's Management Report and Network problem log</p> <p>Network Management Report provided by Technology Services</p>	<ul style="list-style-type: none"> <li>1 points per downtime for each incident per month</li> <li>2 points for each occurrence</li> </ul>
Disaster Recovery	The supplier must be able to continuously produce Production Digital Printing in Black & White during the DRP Exercise within agreed service levels after initial 24-hour start-up delay. Full production to be based upon a 24-hour turn-around for folding, inserting and mailing; any additional costs incurred as a result of, will be borne by the vendor.	DRP Audit Report (must be able to test capability)	<ul style="list-style-type: none"> <li>Possible Termination Event</li> </ul>
Change Control	<ol style="list-style-type: none"> <li>Change requests are to be logged and approved as defined in the Change Control Procedure</li> <li>Routine Change requests are to be implemented within <u>(Supply period)</u> from the time it is first logged.</li> <li>Urgent Change requests are to be implemented within <u>(Supply period)</u> from the time it is first logged.</li> </ol>	<ol style="list-style-type: none"> <li>Change Request List and Problem Report</li> <li>2 &amp; 3) Log and sign off of test samples.</li> </ol>	<ul style="list-style-type: none"> <li>3 points for each change implemented without the City's knowledge or approval or not in accordance with the Change Control Procedure.</li> <li>2 points for failing to implement Routine changes within agreed time</li> <li>3 points for failing to implement Urgent changes within agreed time.</li> </ul>
SLA Management	<ol style="list-style-type: none"> <li>Service Level Report</li> <li>Performance Statistics</li> </ol>	Service Level Report	1 point per late delivery
Contracts Review	Trend Analysis and Minimum Volumes Report will be 100% accurate	Trend Analysis and Volume Report	1 point per late delivery or incomplete or inaccurate figures



The Service	The Service Level	The Service Level Measure	The Grief Points
PAMSS Certification	Not meeting standard set by the Post Office for discounting due to the Supplier's fault or failing to ensure that the PAMSS certificate is supplied prior to the expiry date of the last certificate.	Any notification by Post Office of decreased discount	Supplier to cover costs of decreased discount
Confidentiality	No City data may be disclosed to any third party	Security breaches, leaked information, information sold	Possible Termination Event

## FREQUENCY FOR REPORTING COMPLIANCE OF THE SERVICE LEVEL

The Measurement Period will be daily and the Reporting Period will be weekly for first three months of SLA and monthly thereafter. Information, such as grief points, termination events and performance statistics against service levels, will be consolidated in the form of a Report and presented at the scheduled meetings.

Communication to be done by the City's Billing Manager or delegated City official, an Information Technology Manager and authorised representatives from the vendor.

### 5.1 SERVICE PENALTY

In each case of a failure to satisfy a Service Level, the Supplier will satisfy the applicable Service Level at the earliest date.

In addition, in each case that a Service Level is not complied with, the City shall be entitled (but not obliged) to recover a Service Penalty, calculated in the manner described in the Service Penalty Calculation Section.

### 5.2 SERVICE PENALTY CALCULATION

Each Service Penalty is made up of an accumulation of Grief Points.

Grief Points are accumulated automatically by the City due to failures by the Supplier to meet Service Levels.

Grief points shall be allocated for each failure to meet any Service Levels in each calendar month.

Each block of 30 (thirty) Grief Points that is accumulated by the City in each month will constitute a Service Penalty, which will be claimed by the City. Consistently high monthly Grief Points over several months will be reviewed and consideration given to this constituting a Service Level Terminal Event.

Before every monthly SLA meeting the Supplier will generate a report with all the details of the non-compliance of the service levels and the grief points that the City is entitled.

The City will claim a Service Penalty by informing the Supplier at the SLA meeting or in writing that it is claiming the Service Penalty.

On the first accumulation of a Service Penalty, the penalty which may be claimed will be 5% (five percent) of the Job or Service fee affected that the City must pay the Supplier in terms of this agreement for the month in which the Grief Points were incurred.

The penalty will be claimed as a discount in following month's account.

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A 12-month rolling period will commence on the first (1<sup>st</sup>) day of each month. A 12-month rolling period is defined as the current month and the previous 11 months.

At the second accumulation of a Service Penalty in any 12-month rolling period, the penalty which will be claimed will be 10% (ten percent) of the Job or Service fee affected for the month in which the Grief Points were incurred.

On the third and subsequent occurrence of a Service Penalty in any rolling 12-month period, the penalty which will be claimed will be 15% (fifteen percent) of the Job or Service fee affected for the month in which the Grief Points were incurred and may constitute a Service Level Termination Event.


### 5.3 SERVICE LEVEL TERMINATION EVENT

A Service Level termination event occurs on the 3<sup>rd</sup> (third) claiming by the City of a Service Penalty in any rolling 12-month period or in the event of the supplier not being able to render a service or part thereof for a period of three (3) days (continuous).

The occurrence of a Service Level Termination Event constitutes a material breach of the Supplier's performance obligations under this Agreement and gives the City the right to terminate this Schedule or the Agreement for a Supplier event of default.

Once a Service Level Termination Event has occurred, the City shall be entitled to cancel the Agreement without having to pay any of the Supplier's stranded or other costs.

Any decision to waive this obligation shall be at the sole discretion of the City after consultation with the successful Service Provider.

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