



3/31/2015

Aaron Schulenburg
SCRS Executive Director

Mr. Schulenburg,

In response to your letter dated February 13, 2015 regarding our standard terms and conditions in our company's license agreements, I'd like to share the results of our review subsequent to your inquiry.

Upon analyzing our standard contract terms relative to other typical contracts in the industry, we believe that we provide some of the most flexible and shop-friendly contract terms available. We provide our repair clients with a variety of contract options including: one-year, two-year, three-year and month-to-month.

We understand that a long-term commitment with a new provider is a major decision for some clients and for that reason we allow repairers to join us on a month-to-month contract which is convertible to a longer term commitment. Once the determination is made to go to a longer term commitment, we'll even credit them the difference between their month-to-month payment and the typically less expensive longer term pricing. With regards to "evergreen" clauses in our contracts, we have found that they simplify paperwork and reduce administrative hassle for both parties.

Until now, our collision repair contracts have included an evergreen clause with subsequent renewal terms equal in length to the initial term (e.g., three-year initial contract term automatically renews for another three years). We've reviewed inbound customer calls regarding cancellation requests during auto-renew terms and have found some concerns consistent with the views expressed in your letter. As a result of your letter and our review of client calls, we are making changes to our contract renewal policies.

Beginning June 1st 2015, all new contracts for repairers will continue to have an evergreen clause. However, subsequent renewal terms will only be for one year, regardless of the initial term length. We will also apply this policy retroactively to existing client contracts on a case-by-case basis. We have already begun testing these policies over the course of the past several weeks and have received a very favorable response during the pilot period.



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15030 Avenue of Science, Suite 100
San Diego, CA 92128

With regards to an automated notification of an upcoming renewal, we have also investigated this option and found that our present ERP system does not support this capability. We are, however, researching a potential future solution.

Our goal is to be the leading partner to collision repairers, which means that we're the solution provider that repairers want to work with given the choice. We'll achieve that goal not only with the best features, functions and benefits to our solutions, but also through the manner in which we transact business with our repair partners.

I believe that the changes that we've outlined here will move us forward and provide additional benefit to repairers and the industry.

Best regards,

A handwritten signature in black ink, appearing to read "Gordon Henderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gordon Henderson
Vice-President Collision Repair Solutions
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