K-Notes: Master Sales Agreement

from TeleCommunication Systems

The Value of Using an MSA

Ironically, having a detailed and even lengthy MSA can speed up your business. When your customers want deliverables quickly, an MSA allows you to move forward rapidly with numerous one or two-page work orders.

"The whole idea is to have one agreement to govern all future relationships until you terminate the business relationship."



Rebecca Ndung'u

In-house Counsel, Frontier Optical Networks Ltd

KEY TAKEAWAYS

Consider 1-3 Year Terms

Having a 1 year term with automatic renewals can seem friendlier to the customer. However, in certain situations, if you have a 3 year term, you should consider adding an early termination penalty.

No Title Rights is Common

Because leasing dark fiber cable, or software services, can be a bit ephemeral, title rights are usually not passed to the customer. "I like the way it was drafted because the service provider was very clear that even if you don't sign the acceptance certificate within 30 days from the time it was delivered to you, it will be deemed that you have accepted, and they'll start billing from that date."

No Rejection = Acceptance

By setting up a system where, if the party does not outright reject the agreement within 30 days it's considered acceptance, it can prevent the client from stalling payments by simply not sending in the completion criteria certificate.

The Service Order Takes Precedent

If there is a conflict between a service order and the MSA, the service order takes precedence. The MSA should include terms and conditions for all transactions, and is thus the master authority when two documents conflict.

