

Fact Sheet – Escrow Verification

ip protection

escrow services

software verification



The importance of escrow management cannot be underestimated.

However, organisations that implement escrow agreements must consider verification as a key component of their risk mitigation

Including verification in your escrow arrangement:

- Reduces the risk to your business by ensuring that the correct components are present in the deposit materials, and in working order
- Strengthens the value of your escrow arrangements by improving the successful deployment of deposit materials
- Meets corporate compliance regulations such as Sarbanes-Oxley
- Helps ensure that deposits are legitimate, complete and will work as expected
- Prevents time and money may be wasted attempting to recreate the software

By establishing an escrow arrangement, you have recognised how important access to certain software is to your organisation. However an escrow arrangement alone does not ensure that all of the correct components and instructions are included in your escrow deposit. Including verification as part of your arrangement will help to reduce that risk.

Why should I verify my escrow deposits?

Up to 80% of all escrow deposits are missing critical files, documentation and code.

74% of escrow deposits require additional input from the vendor in order to be compiled.

Deposits that contain only source code are often difficult to construct.

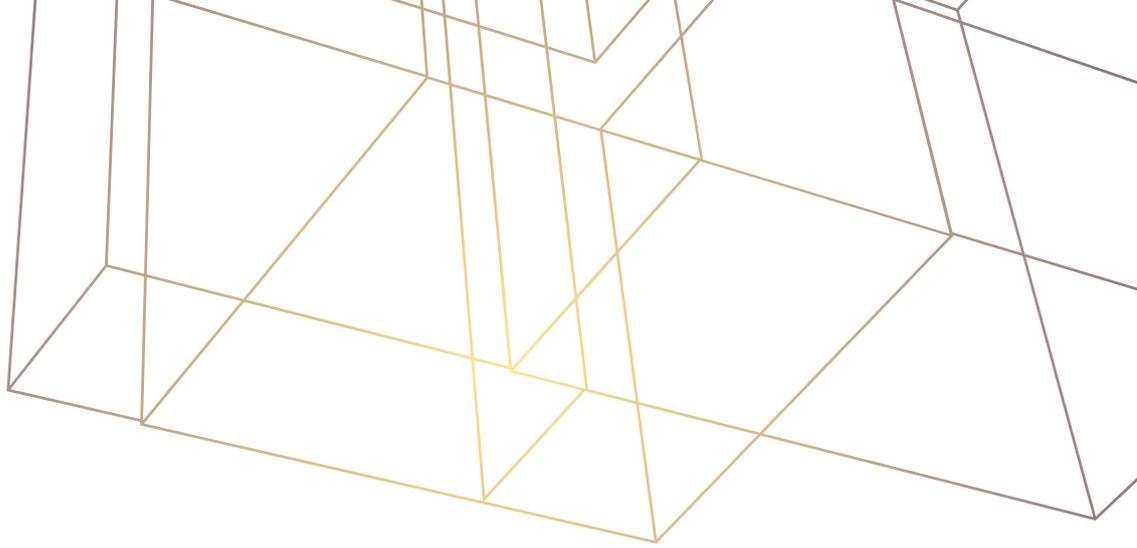
A complete escrow deposit consists of source code and other material that is needed to ensure the source code can be used like; instructions, third-party tools, utilities, and operating systems. Verifying your escrow deposit ensures that all the required components are present and will function as expected.

Verification helps provide surety that in the event that you need the escrowed material, you would be able to use the escrow deposit without specialist knowledge or input from your vendor.

An incomplete escrow deposit can expose your company to the following risks:

- Costs associated with replacing licensed software
- Lost profits and revenue
- Lost time
- Customer dissatisfaction
- Breach of contract
- The costs of consultant's advice, court costs, lawyers and arbitration

Best practice is to verify the escrow arrangement each time the escrow deposit is updated.



Verification Services

Harbinger offers three types of verification. Our staff will advise you as to which one best suits your business. Our recommendation will consider the specific business risk associated with the software and will provide for optimal protection against inadequate escrow deposits.

Each type of verification includes a full report. Harbinger presents verification testing information in an easy-to-read report, which you and your software developer may use to improve the completeness of your escrowed material.

Level 1: Lodgment Review

This level of verification is designed to test the files that your software developer has lodged for you are virus free, and that they are readable and complete.

Level 1 includes:

- Readable files are received
- Encryption / Protection is in place
- Encryption keys function as required
- All files are virus free
- All files stipulated in the escrow services agreement are present



Level 2: Lodgment Analysis

This level confirms that the source code will convert into a useful application. It will also make an early determination of any reason that the materials do not contain all of the items that your escrow agreement is designed to protect.

Level 2 includes

- All Level 1 tests, plus
- A review of the deposit materials for all required components
- Comparison of the materials lodged into escrow with your escrow agreement requirements
- A test compilation of the source code
- Review of build / supporting documentation for accuracy

Level 3: Lodgment Compilation

This level simulates the occurrence of a release of the source code to you. It confirms that the material in escrow will behave in the manner that you expect. Our simulation verifies the processes necessary to convert the source code into a form that is usable to you.

Level 3 includes

- All Level 1 and 2 tests plus
- Construction of a build platform
- Validation of the build instructions by following the steps through the compilation process
- Troubleshooting any problems encountered and, if appropriate, review errors with the Vendor

To discuss your verification requirements
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