**Edge Principles of Operation**

***Philosophy***

Edge is an association of Professional Audio-Visual (Technology) Integrators. It is Edge’s objective to accomplish, maintain, and leverage the following:

1. A network of Technology Integrators with a physical presence in each US major market.

2. A team of Integrators who are the ***very best*** in terms of professionalism, technical

qualifications, and industry excellence.

3. Consistent sales and support of Technology Integrators solutions throughout this network of Integrators.

4. A team of Integrators who work together cohesively to present a unified entity that can, as a single point of contact, support customers on a nationwide basis.

This objective is multifaceted requiring cooperation among Integrators (individually and

collectively) and Edge (Corporate). In general, this cooperation must be characterized by

teamwork, courtesy, and a genuine effort to support the Edge team. Each Edge Integrator remains an independent business entity and we all recognize that individual business imperatives will, in general, dictate priorities and actions. However, by signing an agreement to join Edge, Integrators are also making commitments relative to Edge. These commitments are:

1. Commitments documented in the executed agreement between Edge (Corporate) and

each individual Integrator.

2. The *Principles of Operation* documented herein.

***Edge (Corporate) Commitments to Integrators***

Edge (Corporate) will provide the following benefits to member Integrators. While

other collective efforts and initiatives will be considered, these baseline commitments are the

core value proposition of Edge.

1. ***Buying programs***, with decentralized purchasing, that aggregate purchase volume for

Edge Preferred Manufacturer Partners (PMPs). Edge will strive to provide dealers

with PMP programs offering preferred relationships with manufacturers and distributors

who are market leaders in the Technology Integrators industry. These PMPs will provide Edge dealers with programs that embody the best possible pricing, rebates, and incentives consistent within the industry.

Edge Integrators industry best practices.

3. ***Infrastructure and collaboration tools*** that encourage Integrators to work together.

These may include rosters of key personnel, a framework for special interest groups, a

platform for communicating business initiatives, and others as creatively conceived.

***Edge Integrator Commitments to Edge***

1. Integrators will contribute and act in the best interest of the group. Integrators are

expected to support the organization and their fellow Integrators. Appendix B provides

a detailed description of Integrators’ organizational support commitments.

2. Integrators will scrupulously maintain their confidentiality commitments (as documented in the confidentiality agreement signed as a condition of admission) to Edge (Corporate), PMPs, and other dealers.

3. Integrators will strive to shift purchase volume to Edge PMPs/PSPs.

4. Edge Integrators will collectively support initiatives to brand the organization.

***Mission***

We will support you, our members, in becoming and sustaining your position as the leading technology solutions provider in the markets you serve. We’ll know we’re successful when you consider Edge/PSA to be the single most valued relationship in your partner network

***Vision***

**Buying Programs:** Working with you, we leverage the purchasing power of Edge members to negotiate exceptional and diverse buying programs that ideally beat what you can negotiate on your own, enable you to keep your margins competitive, and give you access to leading business service providers.

**International Network:** We are creating an international network of best-in-breed technology solutions providers so you can win and execute global business.

**Growth & Collaboration:** We proactively grow and foster collaboration across a diverse Edge member network with the belief that we’re better when we learn and grow together.

**Education:** We provide educational opportunities to Edge members and your teams, so you have the knowledge and expertise required as the leading technology solutions provider in your markets

***Goals***

In harmony with its stated Commitments, Mission, and Vision, Edge (Corporate) will:

1. Add Integrators throughout the Unites States and Internationally to ultimately provide global representation for service offerings in all major markets.

2. Shift purchase volume to Edge PMPs (where applicable).

3. Become the preferred channel Technology Integrators suppliers who desire to substantially increase sales volume within Edge.

4. Add PMPs/PSP’s to provide Edge Integrators with a broad range of products and services at competitive pricing.

5. Consistently support branding opportunities which include, but are not limited to (i)

trade shows, (ii) publications, (iii) website activities, (iv) marketing collateral, and (v)

regular press releases.

**INTEGRATOR MEMBERSHIP**

**SECTION 1. INTEGRATOR ELIGIBILITY**

Integrator membership candidates are Technology Integrator companies that are committed

to Edge’s quality and that are committed to supporting purchase volume shift to Edge PMPs/PSP’s.

**SECTION 2. INTEGRATOR ADMITTANCE**

Integrators will be admitted to Edge Membership under the following process:

1. Edge (Corporate) will consider dealers for membership based on direct recruitment or recommendations from any knowledgeable source.

2. Potential dealers will be screened based on their ability and commitment to meeting the Integrator criteria as documented in Appendix B. Candidates will be eliminated, invited to join the Edge Buying Group or invited to become an Edge Integrator.

3. Dealers may be admitted to the Edge Buying Group without restriction.

All parties recognize Edge is not a mechanism for limiting competition, even among members. However, Edge (Corporate) will strive to minimize direct competitive conflicts among Integrators.

4. Prospective Integrators must execute the Edge mutual confidentiality and nondisclosure agreement.

5. Integrator candidates will also be required to complete Edge’s Integrator

application.

6. If a prospective Edge Integrator appears serious about becoming an Edge Integrator,

Edge (Corporate) will work collaboratively with the Edge Dealer Advisory Council

(DAC) to ensure proper qualifications and motivations of the prospective integrator. During this time Edge (Corporate) will also work out any competitor conflicts that may

exist relative to admittance of a new Integrator. It is explicitly recognized that, based on

the Edge Philosophy (as expressed above), there may be situations where Edge

replaces an existing Integrator with a new Integrator in a given market. Such

replacements will be done in collaboration with the DAC and based on honest

communication among all parties involved.

7. Integrators will be admitted into membership after submitting completed application

documents and based on the Edge’s determination. To aid this determination, Edge will forward the applicant’s company name and physical address to the membership and relevant membership application documents to the Dealer Advisory Council (DAC).

8. Edge will collect member input on prospective Integrators. If, after five business days from notification, there are no responses indicating reservations, the DAC will complete deliberations and make a recommendation for acceptance or rejection to Edge, generally within five additional business days.

9. If, during this initial period, one or more Edge Integrators have expressed reservations, the review period will extend an additional five business days to provide adequate time for Integrator input. If an Edge Integrator has comments relevant to consideration of the prospective Integrator’s admittance, the Integrator must submit comments in writing and/or request a conference call with the DAC by the end of this combined ten business day period. If a conference call is requested, the call will take place within five days of the request.

10. The DAC Chairman will provide Edge with a written recommendation (for, against,

or undecided) within five days after all written comments having been received and/or

conference calls have been completed.

11. Edge will review the recommendation and make the final determination for

membership admittance.

12. Upon acceptance or rejection of an application, Edge will notify the membership via

email.

**SECTION 3. REQUIREMENTS OF MEMBERSHIP FOR INTEGRATORS**

Edge Integrators must meet the following requirements to maintain “good standing”

membership in Edge:

1. Integrators will have active participation in all Edge sanctioned meetings and events.

2. Integrators will establish internal company goals to purchase from Edge PMPs/PSP’s in those categories where Edge has one or more PMPs/PSP’s. These goals include both individual categories and overall purchases for categories where Edge has PMPs.

3. Integrators will support all Edge PMPs by giving them the opportunity to present their products/solutions to the Integrator’s staff within thirty (30) days of a request to meet by a PMP after the execution of a PMP agreement.

4. Integrators will report monthly Integrators purchases to Edge by manufacturer and product category. Edge will provide a tool for such reporting.

5. Integrators will participate in any initiative that the membership has ratified that requires an Integrator action.

6. Integrators will actively collaborate and share best practices based on their core

competencies (intellectual capital).

7. Integrators will conduct themselves in a professional, ethical and courteous manner. See Appendix A for the Edge Code of Conduct.

8. Integrators will maintain certification standards as listed in Appendix B. A new

Integrator who does not meet these standards may be admitted, based on an action plan to

achieve the minimum certification standards.

**SECTION 4. FAILURE TO MAINTAIN REQUIREMENTS – ACTIONS**

Edge recognizes that there are many ways Integrators can contribute to the overall

advancement of the Group. Some contributions are intangible or qualitative. Edge management will ultimately determine actions to be taken relative to Integrators who are not in good standing. Such actions will be taken in accordance with that Integrator’s executed membership agreement and in collaboration with the Edge Dealer Advisory Council. Any action taken relative to failure to maintain good standing will be openly communicated to the subject Integrator honestly and with integrity.

**SECTION 5. TERMINATION OF Edge MEMBERSHIP**

Termination of a Membership will occur in accordance with the executed agreement

between the Integrator and Edge. The termination of a Dealer contract will result in the following:

1. Integrator will be allowed to participate and receive all benefits under the buying group

function of the organization until the end of the quarter in which the Membership

termination occurred.

2. Integrator will immediately be excluded from Dealer Meetings, conference calls, or any other group activities scheduled during the quarter in which the termination period

occurs.

**DEALER ADVISORY COUNCIL**

**SECTION 1: DEFINITION AND PURPOSE**

The Dealer Advisory Council represents the general membership and provides direction for

Edge including, but not limited to, (i) setting priorities for activities of the Edge; (ii)

developing and approving meeting agendas; and (iii) providing guidance relative to overall

Edge initiatives and activities.

**SECTION 2: NUMBER AND TERM OF COUNCIL**

The number of Edge DAC members shall be up to six council members consisting of elected integrators. DAC membership shall be for two-year terms, staggered with up to three members elected in even years and up to three members in odd years. Elections will be held at the first Integrators’ meeting of each year. DAC Members may be elected to a maximum of two consecutive full terms. (A “full term” shall be defined as any term of more than one year.) DAC Members shall hold office until such council member’s term expires or until such member’s resignation, or removal. The DAC will elect a chairman of the council, by majority vote, annually after the DAC elections. It is desirable that the DAC Chairman has at least one year’s experience as a DAC member.

**SECTION 3: QUALIFICATIONS**

Dealer Advisory Council Members must be Integrators in good standing with Edge and must be a principle in the Integrator organization or a delegate by the majority of the principles in an Integrator organization. Integrators may not substitute representation at the Dealer Advisory; the position is held by the individual elected to the DAC not the Integrator Company.

**SECTION 4: VACANCIES**

Any vacancy in the Dealer Advisory Council will be filled by appointment by the remaining

Dealer Advisory Council Members. A Dealer Advisory Council Member will be appointed for

the unexpired term of the council member’s predecessor in office. Any Dealer Advisory

Council Member who fails to attend three consecutive meetings of the Dealer Advisory Council

shall be considered for all purposes as having resigned the position and the vacancy thus created

shall be filled as herein provided.

**SECTION 5: MISSION OF DEALER ADVISORY COUNCIL**

The following statements express the mission of the Dealer Advisory Council:

1. Set and approve meeting agendas for (i) Integrator meetings, (ii) scheduled video/audio

conference calls, and (iii) ad-hoc meetings as necessary.

2. Function as an “Advisory Board” to Edge executives.

3. Help determine the direction of the group and be a conduit for Integrators to discuss issues related to Edge.

**SECTION 6: MEETINGS**

The Dealer Advisory Council shall meet on a regular basis. DAC meeting dates and times will

be published in advance on the official Edge calendar. The Dealer Advisory Council will also

have an annual face-to-face strategic planning meeting that will take place at a mutually

determined site, for a time period (not more than three days) as deemed necessary by agreement

of the Council. The Chairman of the Council shall call meetings and may call special meetings,

as he/she feels necessary. The DAC Chairman will communicate any pertinent information

from DAC meetings back to the Integrators as the Council deems necessary.

**SECTION 7: QUORUM AND VOTING**

Four Members of the Dealer Advisory Council shall constitute a quorum for the transaction of

business at any meeting of the Council, and the vote of the majority of the council members

present via audio/video conference at a meeting at which a quorum is present shall be the act of

the Council. No Council Member may vote or act by proxy at any meeting.

**SECTION 8: REMOVAL FROM COUNCIL**

Any Council Member may be removed from office with or without cause by the affirmative vote of no less than sixty percent of the Dealer Advisory Council.

**SECTION 9: EXPENSES**

Dealer Advisory Council Members will be reimbursed by the membership for their actual

(reasonable) expenses associated with the attendance of the Council’s annual strategic planning

meeting. Expenses will be divided equally among Integrators who are not members of the DAC

and are in Edge at the time of the spring meeting preceding the annual DAC strategic planning

meeting.

**PREFERRED MANUFACTURER PARTNERS (PMPs)**

**SECTION 1: PREFERRED MANUFACTUER PARTNERS**

A PMP is any supplier that Edge has an agreement with that provides the group any or

all of the following: (i) preferred product pricing (best available pricing for a majority of

group), (ii) group volume incentive rebate programs, (iii) group co-op programs, (iv) general

marketing development funds, and (v) any other economic incentives to the group’s Integrators.

Edge and its Integrators will continue to develop its PMP relationships and increase the

number of PMPs to provide broader product availability to Edge dealers.

**SECTION 2: PMP STRATEGY**

Edge shall continue to add PMPs to increase the available products and preferred economic

arrangements to its Integrators.

The overall Edge strategy for PMPs is:

1. Edge will strive to have the industry’s best supplier(s) in each product category.

2. Edge may provide certain PMPs with reasonable exclusivity in each product category. The objective is to have enough suppliers in a category to effectively provide a top-tier supplier for all products in that category. Where possible, this will be limited to one supplier in a category to concentrate purchase volume. However, it may be necessary to have more than one source of supply in some categories.

3. Edge may have one or more PMPs that are distributors to cover product brands that

Integrators require on an occasional basis, to fill niche requirements, or to gain access to

manufacturers who deliver solely through distribution channels.

**SECTION 3: PMPS PROGRAMS**

Edge will work with the DAC to attract and maintain the best possible PMP

programs. Edge and the DAC will work collaboratively to add programs, terminate programs,

or change existing programs. Potential new programs, program changes, or program

terminations will be communicated to Integrators in advance if practical. If possible, Integrators

will be given five business days to comment on program modifications. In some cases, Edge may hold a vote to determine the sense of its members relative to a PMP program.

Ultimately, Edge will, in collaboration with the DAC, determine and communicate Edge PMP programs to Integrators.

**SECTION 4: PMP AND INTEGRATOR REQUIREMENTS**

The following are requirements of the Integrators and PMPs:

1. PMPs will admit all Edge Integrators, where significant conflict is not present for the

PMP, subject to the credit policies of the PMP.

2. The PMP will provide each Edge Integrator a sales representative or a rep firm to support the Integrator.

3. PMP will provide Edge a monthly sales report, by Integrator, within the ten business days following the month end. (On an exception basis, Edge may accept quarterly purchase reporting by a PMP.)

4. PMPs will make a good faith effort to support and develop a relationship with all Edge Integrators.

5. PMP will, in good faith, consider establishing a Dealer referral program on its website

promoting Edge Integrators.

6. Integrators will support PMPs, giving them adequate opportunity to present their product to the Integrator sales staff within thirty days from a PMP request to meet after the execution of a PMP agreement.

7. Integrators will lead with the PMP products to the maximum extent possible.

8. Integrators will act in “good faith” to make each PMP one of its top product lines.

**SECTION 5: INTEGRATOR RELATIONSHIPS WITH PMPS**

An Integrator is not guaranteed a Dealer/Reseller agreement with every Edge PMP. The

Edge agreement does not give Integrators an entitlement to purchase product from all Edge

PMPs. Edge makes best efforts to recruit and maintain PMPs that broadly support all

Edge Integrators. However, there may be situations where accepting a new PMP program will

broadly support most Edge Integrators but will not benefit some individual Integrators. In

addition, if an Integrator is not actively trying to promote the relationship with a PMP, that PMP

may choose not to extend a purchasing agreement to that Integrator. Edge will strive to require/encourage PMPs to maintain the following process if an Integrator is cut by a PMP. However, PMPs are independent entities, and it may be beyond the ability of Edge to require/enforce such a process:

1. PMP will notify Edge with thirty (30) day written notice of intent to terminate an

Integrator purchasing agreement.

2. Integrator shall notify Edge and the DAC immediately that it is being cut by a PMP.

3. Edge and the DAC will obtain facts regarding the relationship from both the Integrator and the PMP.

4. If the DAC recommends to Edge that the termination is not warranted, Edge shall make a “best efforts” attempt to reestablish the relationship between the Integrator and the PMP.

**Edge REPORTING**

**SECTION 1: QUARTERLY STATEMENT OF VOLUME INCENTIVE REBATE**

**(VIR) EARNED UNDER Edge PMP PROGRAMS**

Edge will issue a quarterly statement, including a summary of amounts owed to/by each

Integrator, net of any fees owed to Edge as follows:

1. The quarterly statement will be issued to each individual Integrator within ninety days of the end of a quarter. Edge will, however, strive to provide VIR statements as soon as

possible.

2. Quarterly statements will be issued based on data provided by Edge PMPs.

3. Payments owed to Integrators based on quarterly statements will be made on the earlier

of (i) ninety days or after the end of each quarter (or next business day if this day falls on

a weekend) or (ii) when Edge has received substantially all VIR payments from Edge

PMPs.

4. Payments owed to Edge by Integrators based on quarterly statements will be remitted

to Edge within thirty days of receiving the statement, but will not be required sooner

than seventy-five days after the end of a quarter.

5. Year-end reconciliations require detailed PMP data and calculation of numerous

adjustments and “true ups”. While Edge will make every effort to achieve this

quarterly timeline at the end of a year, it is possible year-end reports will be delayed by

and additional fifteen days. If it appears such a delay will occur, Edge will notify

Integrators of the delay prior to the standard deadlines.

**SECTION 4: Edge INTEGRATOR CONTRACTS AND ADMINISTRATION**

In the spirit of teamwork and to minimize administration, Edge has implemented the following

changes to Edge Integrator contractual obligations. (It should be noted that Edge

 strives to negotiate PMP contracts that provide rebates, as opposed to price discounts. To

the extent rebates are negotiated, Integrators receive payment, not invoices. Edge has

been largely successful in this effort, in aggregate. Thus, most Edge Integrators receive

quarterly rebate payments rather than invoices for price discounts achieved, (***rendering the***

***paragraphs below irrelevant***.)

1. Most contracts between Edge and Integrators specify that Integrators pay fees owed to

Edge on a monthly basis; however, Edge has agreed (where necessary) to invoice

Integrators on a quarterly basis.

1. Fees will be invoiced when CO-OP and VIR statements are complete – Sections 2 and sections 3 above. Fees are due net 30.

2. For mutual convenience, Edge may deduct fees from future rebate credits where

applicable.

B. Edge reserves the right to revert to contractually specified monthly billings at any

time. If Edge makes such a change, Edge will notify all Integrators with thirty

days written notice of the change.

C. Edge and the DAC agree that it is in everyone’s best interest that reporting is clear, concise

and informative. Edge welcomes and encourages any suggestions on improving the clarity

of its reporting to Integrators. Such recommendations may be made directly to Edge

(Corporate) or the DAC.

**ADMENDMENTS TO THESE PRINCIPLES**

Edge (Corporate) communicates these Operating Principles for clarity and to promote clear

expectations and teamwork. Over time business conditions will necessitate modifications to

these Principles. Edge will work collaboratively with the USA Dealer Advisory council

(DAC) to evolve these Principles to recognize business conditions and to improve the enhance

the quality of our team. Edge (Corporate) will communicate significant proposed changes to

Integrators in advance and allow a time for comment prior to finalizing changes.

**Appendix A – Edge Code of Conduct**

(Included by Attachment)

**Appendix B – Edge Integrator Criteria**

Edge (Corporate) strives to reflect the highest standards of professionalism and competence. While each Edge dealer is faced with a variety of competitive and technical challenges, it remains of utmost importance that we clearly establish what it means to be an Edge Integrator. Meeting these criteria reflect dedication to both education and excellence.

**Edge Integrator Criteria**

1. Attain and maintain AVIXA’s APEX certification, or other leading industry equivalent.
2. As certified by AVIXA, maintain at least one CTS-I and one CTS-D on staff. This can be one and the same person.
3. While not a requirement, project management certification is highly desirable. All Edge Integrators will be aware of and consider maintaining at least one project management professional (PMP) on staff. This certification is maintained by the Project Management Institute ([www.PMI.org](http://www.PMI.org)).
4. Adopt, train to, and install according to AVIXA’s AV Installation Handbook, current edition. This will be established by a simple statement of compliance by the dealer.

**Alternate Integrator Criteria**

Edge recognizes that adjacent industries and professions have professional certifications. It may become advantageous and reasonable for Edge to recognize certifications from NSCA, BICSI, CEDIA, CoompTia, Cisco, Microsoft, or other organizations as “essentially equivalent” to these criteria for Integrator designation. Such alternate certification will be submitted to the Edge Dealer Advisory Council (DAC) prior to acceptance. Only by unanimous agreement of the DAC will Edge (Corporate) accept alternate criteria.