



TRADE LOGISTICS

YOUR KEY TO INTERNATIONAL TRADE



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Terms, Conditions & Service Level Agreements

Terms and Conditions vs Service Level Agreements:

The seller invented T's & C's or Terms and Conditions in 1855. These sellers in 1855 were shipping companies that sold a service to move cargo around the world. It was a great idea as the shipping companies no longer need to insure the cargo which was always worth more than the ship itself, with T's & C's, they now only needed to pay out a limited amount per package, say \$10 per package. T's & C's today have spread into every kind of industry in the world (good idea).

The main purpose of T's & C's is to limit liability. If the seller makes a big mistake that causes the buyer a huge loss, then the seller may not want to be held liable for the full amount that they caused their client to lose. The seller may not be able to cover this loss and it may cause them to go out of business. The insurance to cover negligence is just too expensive for most sellers to pay.

This then forced the buyer to the drawing board and they came up with SLA, which means Service Level Agreements. The purpose with a SLA is that the buyer sets the agreed performance for the seller and also the agreed punishment if that is not done, to counteract the T's & C's.

Only someone who sells something will design and hold onto T's & C's and only someone that pays for something will design and hold onto a SLA in order to protect their business interests.



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