

Vendor Termination Obligations Checklist

Ensure that all obligations on either side are met and vendor is offboarded without any pending liability

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Introduction

Terminating a vendor is equally or perhaps more tedious task than onboarding a vendor. Here comes a quick handy checklist that will help you ensure that all obligations on either side are met and vendor is offboarded without any pending liability that may result in risk of governance or compliance later on.

If done poorly, it can leave your company exposed to data breaches, compliance failures, unnecessary costs, loss of valuable equipment, and potential litigation.



	Responsible Party	Tentative Timeline
1. Review the Contract Terms:	Legal & Procurement	1 week
Determine the contract's termination clauses, including notice periods, termination for cause, and termination for convenience.	☐	☐
Applicable only if the vendor is being terminated against non-compliance with agreed contractual obligations.	☐	☐
(a). Document the Vendor's Shortcomings	☐	☐
(b). Give the Vendor Time to Remedy the Situation (If required)	☐	☐
(c). Prove a Breach by Vendor	☐	☐
(d). Negotiate exit /termination formalities	☐	☐
(e). Send a demand letter to escalate the situation (if required)	☐	☐
2. Notice Period:	Contract Manager	As specified in the cotract
Identify the required notice period for termination.	☐	☐
Confirm the method of providing notice (e.g., written notice, email, certified mail).	☐	☐

	Responsible Party	Tentative Timeline
3. Termination for Cause:	Contract Manager & Legal	As specified in the contract or legal terms
Determine the conditions that justify termination for cause (e.g., breach of contract, failure to meet performance standards).	☐	☐
Outline the steps and documentation required to initiate a termination for cause.	☐	☐
4. Termination for Convenience:	Contract Manager & Finance	As specified in the contract
Understand the conditions under which termination for convenience is allowed.	☐	☐
Review any associated costs, if applicable.	☐	☐
5. Data and Asset Retrieval:	IT & Assest Managment	As specified in the contract or based on IT/ data requirements
Ensure the contract specifies the return of any data, equipment, or assets upon termination.	☐	☐
Define the process for data migration or transfer.	☐	☐
6. Transition Planning:	Project Manager	Develop a plan as soon as termination is initiated
Create a transition plan that outlines the steps required for a smooth termination and transition to a new vendor or in-house services.	☐	☐
Identify key personnel responsible for the transition.	☐	☐

	Responsible Party	Tentative Timeline
7. Outstanding Payments:	Accounts Payable	As per Contract payment terms
Review any outstanding payments, invoices, or obligations that need to be settled upon termination.	☐	☐
8. Customer Communication:	Communications or Customer Relations	Immediately after termination decision
Develop a communication plan to inform stakeholders, including employees, customers, and relevant third parties, of the termination.	☐	☐
9. Compliance and Regulatory Obligations:	Compliance Officer	As per regulatory requirements
Ensure that all compliance and regulatory requirements are met during the termination process.	☐	☐
Identify any reporting or documentation obligations.	☐	☐
10. Termination Meeting:	Contract Manager or Vendor Relationship Manager	Schedule promptly upon termination decision
Schedule and conduct a termination meeting with the vendor to discuss the details of the termination process, expectations, and timelines.	☐	☐
11. Dispute Resolution:	Legal	As needed, based on disputes
Address dispute resolution mechanisms as outlined in the contract.	☐	☐
Consider mediation or arbitration if disputes arise.	☐	☐

	Responsible Party	Tentative Timeline
12. Review Contractual Obligations:	Contract Manager	Throughout the termination process
Ensure that all contractual obligations, including warranties, service levels, and confidentiality clauses, are addressed during termination.	☐	☐
13. Termination Letter:	Contract Manager or Legal	Draft and send promptly after decision
Draft a formal termination letter outlining the reason for termination and the effective date.	☐	☐
14. Post-Termination Evaluation:	Vendor Management Team	After the termination is complete
Conduct a post-termination evaluation to assess the effectiveness of the termination process and identify areas for improvement.	☐	☐
15. Legal Review:	Legal	As needed, based on legal requirements
If necessary, consult with legal counsel to ensure compliance with all legal requirements during the termination.	☐	☐
16. Document Everything:	All relevant parties	Throughout the termination process
Maintain thorough records of all communications, agreements, and actions related to the termination.	☐	☐

Disclaimer:

This checklist can serve as a starting point for managing vendor termination obligations. Be sure to tailor it to your specific contractual agreements and business requirements, and consider involving legal and procurement professionals when dealing with complex vendor terminations.

Sample Vendor Termination Clauses & Obligations

	Termination
1	Termination. (i) This Agreement may be terminated by Client for any reason, **with or without cause**, upon **thirty (30) days**' written notice. (ii) This Agreement may be terminated by either Party for a **material breach by the other Party**, provided that the non-breaching Party shall provide the breaching Party with written notice and an opportunity to cure such breach of not less than thirty (30) days. Upon any termination of this Agreement, Client shall pay to Avasant all undisputed amounts owed and payable as of the termination date within forty-five (45) days of the date of the invoice therefor. Further, upon any termination of this Agreement, Avasant shall provide to Client **all partial or completed Work Product** and shall, at the Client's instruction, return, delete or destroy any Confidential Information of Client then in Avasant's possession.
2	CDS Global may terminate this Agreement upon Client's failure to make any **payments due** and owing hereunder or under any related Exhibit in accordance with Section 4 within five Business Days of written notice from CDS Global regarding such failure to pay. Either party may immediately terminate this Agreement upon written notice to the other party if no Exhibit is then in effect or scheduled to come into effect. Either party may immediately terminate this Agreement and/or an affected Exhibit upon written notice to the other party if (i) the other party is in default hereunder and fails to either cure such default or begin implementation of a plan to cure such default within 30 days of written notice from the other party specifying the nature of such default and requiring its remedy; or (ii) **the other party files for bankruptcy, is insolvent, or ceases** to do business, however evidenced. Upon expiration or termination of this Agreement, **the terms of the Agreement will continue in effect for any Exhibit that has not expired or been terminated by its own terms.**

Effortlessly manage vendor contract termination, vendor offboarding and obligations with Aavenir's Connected Contract Management Solution on ServiceNow, ensuring thorough due diligence with AI and digital workflows

Download Product Brief

Book a Demo

Elevate Your End-to-end Vendor Management Experience on ServiceNow

Are you willing to enable end-to-end vendor management through collaboration portals and minimize the complexity of supplier onboarding and engagement across all sourcing and procurement processes?

Get a custom demo of the Aavenir software and find out how you can manage your vendor for better business results.



About Aavenir

Aavenir revolutionizes age-old procurement processes with AI-enabled Source-to-Pay solutions, including RFPflow, Onboardingflow, Contractflow, Obligationflow, and Invoiceflow. Built on ServiceNow, Aavenir solutions streamline procurement, legal, and accounts payable work processes using the latest technologies such as AI, ML, and NLP to eliminate manual work, accelerate cycle time, and reduce dependency by offering smart suggestions based on historical data.

For more information, please visit www.aavenir.com

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Onboardingflow



Onboarding & Supplier Information Management

Contractflow



Contract Lifecycle Management

Obligationflow



Contract Compliance Management

Invoiceflow



Accounts Payable Automation

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www.aavenir.com

contact@aavenir.com

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