



CASE STUDY

STRUCTURING A HIGH-STAKES FRANCHISE AGREEMENT

Client: A Global IT Services Company

Service Provided: Franchise Agreement
Drafting

Overview

A leading global IT services provider was preparing to expand operations through franchising and required a comprehensive, watertight franchise agreement. The challenge was to create a single agreement that safeguarded significant financial interests, clearly defined technology usage rights, and addressed cross-border compliance—all while aligning with the client's strategic growth objectives.

Challenge

The client required a franchise agreement that would establish an Egypt based entity as its franchisee while safeguarding core intellectual property, brand standards, and revenue streams. The agreement needed to support entry into new international markets and balance

- Multi-million-dollar franchise fees payable in structured installments
- Scalable royalty mechanisms linked to revenue growth
- Protection and controlled use of proprietary technology platforms
- Cross-border operational, renewal, termination, and dispute resolution considerations

Key Complexities

The drafting exercise involved addressing several interrelated legal and commercial complexities:

- **High Initial Franchise Fee:** Structuring a franchisee fee payable in installments while ensuring clarity and enforceability.
- **Scalable Royalty Model:** Designing a royalty structure tied to gross revenues, adaptable to future growth.
- **Operational Support:** Allocating training and service hours proportionately to revenue tiers to ensure sustainable franchise support.
- **Technology Rights:** Covering licensing, use, and support obligations for the proprietary XYZ Marketplace Platform, a critical system for managing projects, clients, and employees.
- **Cross-Border Legal Issues:** Defining renewal, termination, and dispute resolution mechanisms while accounting for multi-jurisdictional compliance requirements.

Our Approach

AEREN LPO worked closely with the client's legal, commercial, and operational stakeholders to gain a deep understanding of their franchising model and growth strategy. Drawing on over a decade of experience in contract lifecycle management and complex commercial agreements, our team adopted a business-first yet risk-mitigated drafting approach—ensuring the agreement was both legally robust and commercially practical.

The Solution

We delivered a customized franchise agreement that comprehensively addressed the identified complexities. The agreement:

- ✓ Established a clear and enforceable financial framework for franchise fees and royalties
- ✓ Aligned service obligations and operational support with revenue performance
- ✓ Precisely articulated technology licensing and protection provisions to safeguard the client's proprietary platform
- ✓ Incorporated well structured renewal, termination, and dispute resolution mechanisms suitable for cross-border execution.

The Result

The client received a legally sound and commercially strategic franchise agreement tailored to its international expansion goals. The agreement enabled the client to confidently launch its franchise operations with a scalable financial model, clear operational accountability, and strong protection of intellectual property.

Client Feedback

The client provided positive feedback on the clarity, structure, and commercial alignment of the agreement, noting that it effectively balanced risk protection with business flexibility and served as a strong foundation for future franchising in additional jurisdictions.

