

March 21-22, 2013 • Orlando World Center Marriott • Orlando, Florida

 MSP Alliance  
**MSPWorld**<sup>®</sup>

***Managing Risk, Compliance, and  
Legal Hurdles in Your MSP & Cloud  
Practice***



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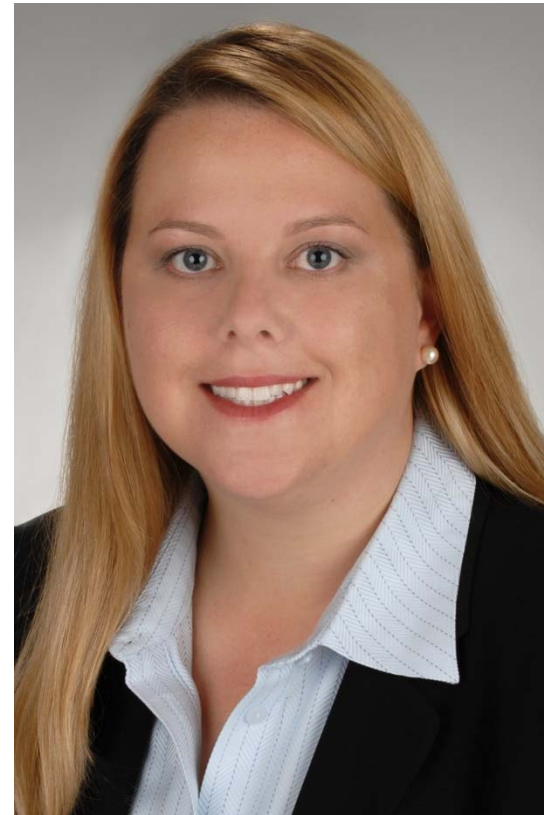
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“Risk comes from not knowing what you’re doing.” – Warren Buffet



# What Struggles Are MSPs Facing?

- How to protect data covered by regulations governing financial institutions and privacy protection laws
- How to sell services competitively and make a profit without running afoul of licensing requirements
- How to respond to audit and compliance requests from publishers and customers



# Data Privacy and Protection Pitfalls

- Verticals like health care and financial services require protection of data stored or managed by an MSP
- MSPs often struggle with regulatory requirements like:
  - When is a BAA required?
  - What safeguards must be in place on managed servers
  - How to ensure customers do not provide unnecessary access to protected data
  - Who is responsible for collecting data and paying when a customer experiences a data breach



# Audits

- Software publishers are focusing on hosting providers
- Microsoft and other publishers have special licensing models for MSPs
- These licensing terms are often unclear
- Third-party auditors interpret the data in the light most favorable to the publisher
- The look-back period is usually 2-3 years



# Audit Demands

- In some instances, the required license fees consume the revenue generated from the hosting activities
- Demands from Microsoft and other publishers can reach millions of dollars
- Traditional business negotiations are often not effective





# Lowering The Risks

- Research requirements for your clients and help educate them, if necessary
- Fully understand the license requirements affecting you
- Make sure that aggressive pricing models still allow for unforeseen risks
- Secure insurance to cover as many risks as possible



# Avoiding Costly Mistakes

- Train employees not to respond to any legal or compliance request without escalating to management
- Involve insurance carrier for all claims that may be covered by insurance
- Analyze potential financial exposure before responding to an audit request

