



## Legal 101: Everything you should know about the law and managed services

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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 data 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

- ▣ Increasing regulations require protection of data processed, 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

# Questions?

# Contact Information

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