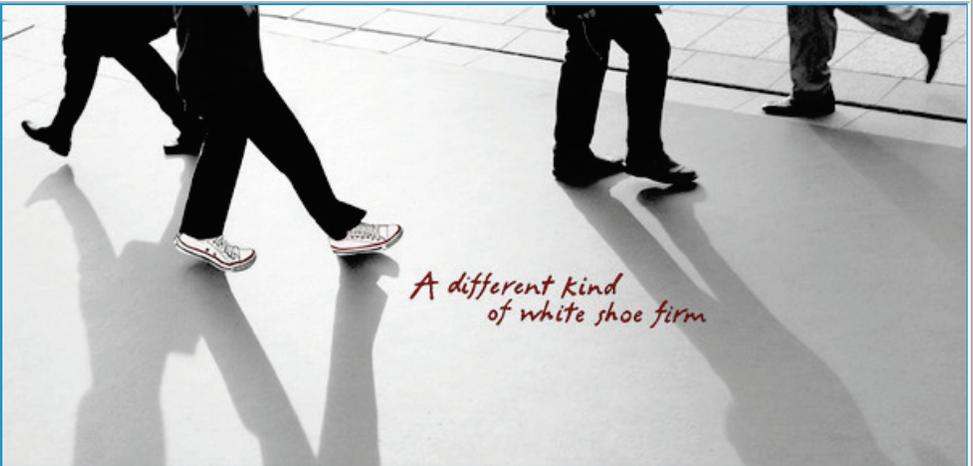


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Cloud Computing: Looking Beyond the Silver Lining

By [Douglas Pulitzer, Esq.](#)

Cloud computing (Internet based computing) is the new hot term in business technology. The silver lining of cloud computing is clear: companies can significantly cut costs while increasing technical efficiencies. Companies that engage in cloud computing agreements with a cloud provider are well advised to look beyond this silver lining and consider the security of a company's proprietary data (personal information, trade secrets, intellectual property, and more) and take appropriate steps to protect their interests and assets.

It is therefore essential for cloud provider customers to understand the limitations and assess the risks of such arrangements. Some common issues to consider when outsourcing data, applications, and infrastructure to a cloud environment include:

- Where and how is your company's data stored, processed and transmitted?
- What are the standards of service to which the cloud provider will be held (usually included in the Service Level Agreement)?
- How are the service fee provisions structured?
- What rights does the cloud provider have to your company's data?
- Does the cloud provider have the ability to segregate information it receives from each of its customers?
- What are the search, retention, back-up, destruction and preservation capabilities of a cloud provider?

- Are you able to properly manage and access your company's data?
- Who is actually providing cloud services to your company and for what purposes?
- Are cloud "sub-providers" properly vetted and contractually obligated?
- What rights does your company have against cloud sub-providers?
- Are the applications and format utilized by the cloud provider compatible with software available through other providers?
- Does the cloud provider conduct regular training of its employees regarding maintaining the security, confidentiality, and integrity of information it receives from its customers?
- What type(s) of data encryption is provided by the cloud provider?
- What security protocols does the cloud provider employ to keep your company's sensitive and proprietary data safe?
- What is the cloud provider's responsibility and your company's rights if a data breach occurs?
- What happens if litigation arises or a subpoena issued?
- What happens if the cloud provider goes bankrupt?
- Is the cloud provider certified by a recognized trade association or similar authority?
- What is the vendor's objective reputation for handling personal and proprietary information?
- What are the limitations of liability and indemnification obligations of the cloud provider?
- What happens when the agreement terminates?

Needless to say, every cloud computing deal involves fact-specific considerations, and all companies should consult with experienced counsel in performing the Request for Proposal, due diligence, negotiating and drafting of contracts with cloud service providers.

For more information, contact [Douglas Pulitzer](#) whose practice specializes in technology related transactions, outsourcing, cloud computing, intellectual property, complex licensing, privacy and information management matters. He may be reached at: dpulitzer@ingramllp.com and [212 907 9690](tel:2129079690).



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