



myerson

# Myerson **Business**

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**Software as a Service (SaaS)**

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# Welcome

We understand the complexities of modern life and the importance of taking care of your business interests. So, it's a deep source of satisfaction that so many businesses choose Myerson as their trusted adviser, from assisting with day-to-day business issues, to advising on growth strategies and investment.

## Why Myerson?

At Myerson, putting our clients and their business at the heart of everything we do means we establish long-term relationships acting as trusted advisers.

The firm are proud to be ranked as '**Top Tier**' in the prestigious international directory **The Legal 500**, and commended by The Times '**Best Law Firms 2024**'. This means you can be certain that you will be receiving the highest quality legal advice and that we can advise you on complex disputes.

Our clients include those with local, national and international business interests across a range of sectors including technology, creative and media, private healthcare, education, charities, manufacturing, retail and leisure, fashion and textiles, agriculture and professional services.



# A Guide to SaaS

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Here at Myerson, we work with clients that range from tech start-ups to established software houses, including SME's and OMB's. In today's market, software solutions need to be agile for both service providers and their customers, but not at the expense of being fit for purpose. We understand the concept of SaaS as well as the pros and cons of why you may want to deploy your software via a SaaS solution, or subscribe your business to SaaS solutions.

## What is SaaS?

Software as a service (or SaaS) is a way of delivering software applications over the internet as a service, under which multiple customers can gain access to the same software application.

Instead of installing and maintaining software, SaaS customers simply access the software application via the internet, with the software typically deployed on servers owned or controlled by the SaaS supplier/provider or a third party such as AWS.

SaaS differs from more traditional (and arguably outdated) 'on-premise' or 'deployed' software, where software applications are installed on a customer's own computer, server or internal IT infrastructure.



# Market trends

There has been an upward trend in European companies selling software which is accessed online, predominantly via SaaS subscription models, which is powering the tech start up ecosystem, attracting investment and making profitable returns for investors. Accordingly, there are an increasing number of opportunities for investment and equity funding in the tech sector.

## Pros of SaaS models

SaaS providers may supply direct to their customer, using their own servers and infrastructure or use a third-party environment (a cloud provider) to deploy their service, offering flexibility to both the SaaS provider and its customers. Opting for SaaS solutions:

- frees customers from internal complex software and hardware management. SaaS solutions can therefore save costs for SaaS customers (as they no longer have the expense of maintaining their own infrastructure or managing software updates or upgrades);
- often provides scalability to customers -businesses can quickly scale up and/or scale down its use of the SaaS resources as and when required which links in with the cost saving benefits often cited in relation to SaaS models;
- can lead to fast paced adoption of new software, often without the time delay and costs associated that may otherwise be incurred with upgrading IT infrastructure to support such new software. This is a huge benefit in a rapidly advancing technological and digital age offering businesses agility to react to market or sector demands;
- typically permits a limited amount of customisation as part of the in-built functionality of the service whilst offering customers an element of a tailored product at a fraction of the price a bespoke project requiring source code modification to achieve similar end goals;
- means the provision of the software can be on a one-to-many basis (usually via a cloud platform provider) or single tenant (supporting infrastructure serving a single customer) basis;



# Cons of SaaS models

Often SaaS solutions are provided to customers on the standard terms of the SaaS provider which are typically drafted in the SaaS provider's favour. For a customer, this can mean there is minimal (or no) room for negotiation of the terms on which the SaaS is offered. It is important for businesses from a customer perspective to be aware of the risks or limitations that SaaS provider terms can impose.

Providing SaaS via a cloud platform can also raise the following concerns:

- updates or modifications to the SaaS offering are at the SaaS providers discretion, however cumulative customer requirements may in fact fast track certain updates/upgrades (if the majority of customers are asking for the same improvements/functionality etc);
- the need to comply (and for customers to comply) with the terms of the cloud platform provider;
- who will be responsible if there is a problem arising from or with the third-party hosting provider?
- added complexities in relation to data processing and compliance with the GDPR and the Data Protection Act 2018.

## Key considerations of a SaaS Provider

A SaaS provider's key concerns will include ensuring that:

- its intellectual property rights in the software offered by the service are protected;
- the permitted use of the software services is clearly defined;
- the charging structure and payment terms are clear;
- the scope of its obligations (e.g. relating to support, hosting and availability of the solution) are clearly defined;
- its liability is capped at an appropriate level.





# You're in safe hands!

If you would like further information about how we can help you, or if you have any questions, please don't hesitate to contact a member of our **Commercial Team** today.

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