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# K-Notes: SaaS Escrow Agreement

from Escrow London LTD

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## Know the difference between industry-specific terms

Words that mean one thing to a contract drafter can mean something different in the software world, such as Source Code and Build.



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“If [the software vendor] goes bankrupt and the materials are released to you, the bills [for hosting] are not going to be paid. You want access to be able to pay those bills so you can keep the software operating.”

“This agreement is written by somebody who doesn’t know a lot about software... it sounds like software is something produced in a tin can factory.”

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## KEY TAKEAWAYS

- **Be specific in how safe the software will be**

Delivering software free of viruses is just a small part of making sure it’s safe. There are many other things that could be wrong with it, such as malware and encryption.

- **Explicit agreement of how to pay hosting bills**

The software may rely on a third party providing hosting fees to be viable. These fees will need to be paid ongoing. Draft into the agreement how and what will need to be paid.

- **Include date requirement for depositing new releases**

Requiring new releases to be deposited will ensure that the most recent version of the software is available, not an outdated version that does no one any good.

- **Find an expert in software**

Because SaaS Escrow agreements can be so tricky and require a lot of specificity, it’s best to find an expert in the software field to include in the process of drafting.