

# 7 key clauses commonly found in SaaS contracts

## 1. Scope of permitted use

What does it cover?

Defines and limits the rights transferred to the subscribers.

SaaS contracts often also include a “prohibited uses” clause in the SaaS services section or a separate acceptable use policy, outlining actions that would cause the user to forfeit their access.

## 2. Limitation of liability

What does it cover?

Outlines under what circumstances the SaaS provider is liable to pay damages to the customer(s) and the maximum amount of damages owed.

SaaS contract risk models		
<p><b>Model 1: standard</b></p> <ul style="list-style-type: none"><li>• Direct damages: capped at X</li><li>• Consequential damages: no liability for indirect damages or damages beyond the cap</li></ul>	<p><b>Model 2: modified</b></p> <ul style="list-style-type: none"><li>• Direct damages: capped at 3X</li><li>• Exemptions: (i) breach of contract, (ii) infringement indemnity, and (iii) gross negligence or willful misconduct</li><li>• Consequential damages: no liability for indirect damages or damages beyond the cap</li></ul>	<p><b>Model 3: advanced</b></p> <ul style="list-style-type: none"><li>• Direct damages: capped at X</li><li>• Specified claims: capped at 3X</li><li>• Exemptions: (i) breach of contract, (ii) infringement indemnity, and (iii) gross negligence or willful misconduct</li><li>• Consequential damages: no liability for indirect damages or damages beyond the cap</li></ul>

## 3. Data ownership and security

What does it cover?

Establishes who owns the data uploaded to the platform and each party’s data security responsibilities.

SaaS vendors must also create a privacy policy compliant with privacy laws in the regions where their software is used.

## 4. Customer service and support

What does it cover?

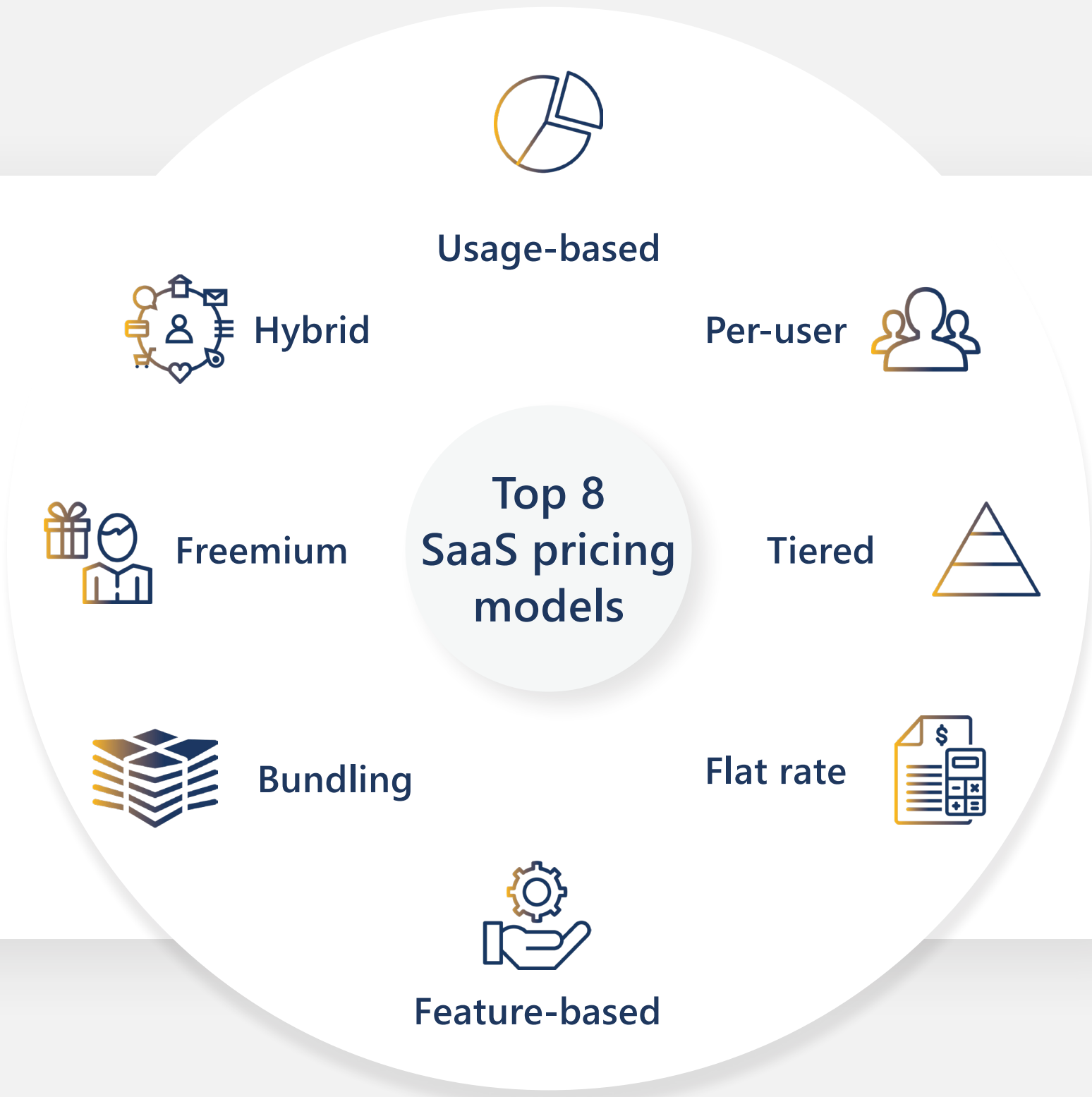
States how the SaaS vendor will offer support for their services and any additional guarantees related to expected service.

Common examples of support requirements include a 24/7 help desk, a dedicated customer success manager, priority phone support, omnichannel support, email support, or live chat support.

## 5. Subscription plan, model, and pricing

What does it cover?

Documents the exact subscription plan, model, and pricing that have been negotiated.



## 6. Term, termination, and renewal

What does it cover?

Establishes the term of the agreement and the processes to terminate or renew the account.

Many SaaS vendors have evergreen renewals in place that require the subscriber to terminate their contract before a specified date, or else the agreement will automatically renew.

## 7. Service Level Agreement (SLA)

What does it cover?

Designates minimum performance standards, usually with a focus on service availability.

An SLA can be a stand-alone document or a section of a comprehensive SaaS contract.