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The SMAC Revolution

Businesses are rapidly trying to understand and integrate Social media, Mobility, Analytics and Cloud computing (“SMAC”) into their organizations in order to improve customer service and improve their competitiveness in the marketplace. This alert provides insight into the four components of SMAC and identifies some key issues that must be addressed when companies enter into contracts to utilize the technologies associated with these components.

The four components in play in the SMAC revolution include:

- **Social Media:** With the explosion of social media, customers in the marketplace often know more about products and competition than the companies selling them. The most popular social media firms among the one billion subscribers include Facebook, LinkedIn and Twitter. Regardless of location, companies are utilizing social media to exchange ideas, identify expertise among participants and pursue ways to increase efficiency and productivity. Privacy is always an issue of concern.
- **Mobility:** Devices such as smart-phones and tablets allow customers to access company information over the internet independent of location. Accordingly, companies must ensure that their applications are available and user-friendly for customers to use. In addition, companies must manage an architectural environment that is secure, agile and expandable as necessary.
- **Analytics:** The explosion of data (“big data”) and the ability to access it not only provides companies the opportunity to ascertain consumer buying preferences, but also the ability to analyze transactions for accuracy. Additionally, it indirectly imposes the duty to restrict the use and distribution of the data in order to protect company secrets and individuals’ personally identifiable information.
- **Cloud Computing:** Whether a public, private or hybrid environment, cloud computing provides companies the ability to efficiently conduct data processing without capital or personnel investments. It also offers companies the ability to rapidly scale up or down its operations to satisfy its customers’ needs. Again, companies should structure transactions to protect the privacy and security of the data—to the maximum extent possible.

The challenge for companies is not only to understand the four components of SMAC, but also to devise and implement a strategy for addressing the impact the convergence of these four components is having on businesses. Moreover, it is incumbent on companies to mitigate the risks associated with SMAC to not only protect their own data and trade secrets, but also to secure the data access rights and licenses from others that they need. Accordingly, a review of existing contracts and a strategy for getting certain clauses in future contracts dealing with SMAC is warranted.

For more information about SMAC and how to properly structure contracts to address relevant issues, please contact Milton Whitfield, a Shareholder in Butzel Long, whose practice focuses on technology transactions including outsourcing.

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