IoT – From Product to Service

Juni 2019
Traditional production / sale scheme (product centric)
- from a legal and customer perspective

Rights with supplier

Responsibilities with supplier (warranty period)

Rights with customer

Sub-supplier

Supplier

Customer

Sub-supplier

Sub-supplier

Development, production, semi-manufacture, and assembly

Delivery of product

Use / consumption

Responsibilities with supplier (warranty period)
Product as a service scheme (service centric) - from a legal and customer perspective
Impact of IoT - from a legal perspective

IoT enables

New service based business models

New decentralised forms of cooperation

which challenges traditional legal concepts and compliance with law

Liability

Intellectual property rights

Regulatory compliance

Trade secrets

Ownership rights

Product liability

GDPR
## Use of services
- services assessment chart

### Aspects to be included in assessment of services

<table>
<thead>
<tr>
<th>Supplier characteristics</th>
<th>Technology and services</th>
<th>Operational</th>
<th>Legal</th>
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<tr>
<td><strong>MATURITY</strong></td>
<td><strong>CUSTOMIZATION</strong> Performance requirements and related sanctions in relation to (i) customer’s business requirements and (ii) performance requirements of third party solutions.</td>
<td><strong>SERVICE LEVEL AGREEMENT (SLA)</strong> Performance requirements and related sanctions in relation to (i) customer’s business requirements and (ii) performance requirements of third party solutions.</td>
<td><strong>REGULATORY COMPLIANCE</strong> The services’ compliance with regulatory requirements for use of the services, including sector specific regulatory requirements.</td>
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<td><strong>SOLIDITY</strong></td>
<td><strong>SCALABILITY</strong> The customer’s right to adjust the quantity and/or quality of the service to ensure compliance with current and future business requirements.</td>
<td><strong>AUDIT</strong> The customer’s right to initiate compliance audit with respect to the services, including regulatory requirements (general and sector specific), customer internal policies, and audit standards.</td>
<td><strong>PERSONAL DATA (GDPR)</strong> Collection and processing of personal data, data flows, risk assessment, documentation and transfers of data between customer, provider and sub-providers, including transfer to or data access from third countries.</td>
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<td><strong>SUPPLIER SETUP</strong></td>
<td><strong>INTEGRATION</strong> The service ability to integrate with customer’s existing IT-solutions and IT-environment.</td>
<td><strong>EXIT SERVICES</strong> The provider’s obligations to ensure continuation of customer’s business in the event of termination of the services OR the customer’s ability to obtain alternative service.</td>
<td><strong>LIABILITY AND RESPONSIBILITIES</strong> The distribution of rights and obligations with respect to the delivered services.</td>
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<td>The overall organisation and business model of the service provider, including use of sub-suppliers, network, geographical location of data centres, and etc.</td>
<td><strong>SECURITY</strong> The service compliance with security requirements under applicable law and the customer’s IT-security policies.</td>
<td><strong>BACK-UP, RETRIEVAL AND DELETION</strong> The applicability of back-up and data retrieval processes to secure customer’s business data and of data deletion processes.</td>
<td><strong>PROTECTION OF RIGHTS</strong> Identification of rights and protection measures, including rights in data and trade secrets.</td>
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<td><strong>DATA INTEGRITY</strong> The implementation and use of sufficient physical and logical safeguards to secure integrity of customer’s data, i.e. hinder unauthorized access.</td>
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Summary

TRANSITION FROM PRODUCT TO SERVICE DELIVERY REQUIRES SPECIFIC TECHNICAL, OPERATIONAL, COMMERCIAL, AND LEGAL REVIEW AND ASSESSMENT