



UNDERSTANDING STANDARD SAAS AGREEMENTS AND DEDICATED DEPLOYMENTS

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Choosing the right deployment model for your SaaS solution is a critical decision. Should you opt for a standard subscription agreement in a multi-tenant SaaS environment, or is a dedicated or self-hosted deployment better suited to your needs?

This guide provides a comprehensive overview of the benefits, challenges, and considerations of each approach, including their impact on liability insurance.

Some organizations thrive with a cost-effective, ready-to-go multi-tenant SaaS platform. Others need the flexibility and control of a dedicated or self-hosted environment.

To help you decide quickly, here's a side-by-side comparison of the two approaches, so you can see which one aligns with your priorities before diving into the details below.

Multi-Tenant SaaS vs Dedicated Deployments

Feature / Consideration	Multi-Tenant SaaS + Standard Agreement	Dedicated or Self-Hosted Deployment
Setup Speed	Multi-Tenant SaaS + Standard Agreement	Longer setup time due to custom terms and infrastructure.
Cost	Lower cost due to shared infrastructure.	Higher cost for dedicated resources and tailored services.
Contract Complexity	Single standardized subscription agreement.	Fully customized legal terms, SLAs, and compliance clauses.
Scalability	Immediate scalability for all customers at once.	Scales per customer environment; may require extra resources.
Compliance	Uniform compliance controls across all tenants.	Tailored compliance to meet specific regulations (e.g., CJIS).
Service Levels	Standard SLAs and maintenance schedules.	Custom SLAs with unique uptime guarantees and penalties.
Security	Shared security posture and integrations.	Custom authentication, encryption, and isolation possible.
Data Residency	Fixed hosting locations chosen by provider.	Full control over hosting region, data center, and provider.
Integration Flexibility	Limited to common integrations supported in shared environment.	Deep integrations and custom configurations supported.
Best For	Cost-effective, plug-and-play solution with predictable pricing.	Organizations with complex or regulated needs requiring control.

Multi-tenant SaaS is fast, simple, and cost-effective for most customers. Dedicated or self-hosted deployments deliver flexibility and control for organizations with specialized requirements.

Explore the details below to find the best fit for your needs.

Why Standard SaaS Agreements Are Common

Multi-tenant SaaS environments rely on standardized subscription agreements to deliver consistent, scalable, and cost-efficient services. These agreements ensure that all customers use the same terms, features, and infrastructure, enabling providers to optimize operations and maintain reliability across diverse user bases.

Below are the key reasons why standard agreements are the foundation of multi-tenant SaaS, along with their benefits for customers and providers alike.

Operational Efficiency and Scalability

Standardization, using a single codebase, feature set, and contract terms, enables rapid onboarding and seamless support for thousands of customers. This approach supports:

- Contract Management
- Billing Processes
- Compliance Monitoring
- Customer Support Workflows
- Scalability Benefits

Simplified Legal and Administrative Processes

A single, standardized agreement minimizes the need for repeated legal reviews or negotiations, keeping sales cycles short and administrative costs low.

When policies change, such as updates to privacy terms, pricing structures, or service level agreements (SLAs), providers can apply revisions across all customers through a single update to the terms of service, avoiding individual renegotiations.

This streamlined approach:

- Reduces legal expenses by limiting lawyer involvement to one set of terms.
- Shortens contract approval times, often enabling agreements to be signed within days.
- Simplifies version control, as providers maintain one active contract version rather than multiple customer-specific documents.

Consistent Compliance Across Jurisdictions

Standardized contracts are designed to align with global regulations, such as GDPR, CCPA, SOC 2, and ISO 27001. A single compliance framework ensures that all customers benefit from the same data protection, security, and audit standards, reducing the risk of regulatory violations. For instance:

- Data Protection: Standard agreements include uniform data processing addendums (DPAs) that comply with GDPR and CCPA, ensuring consistent handling of personal data.

- **Audit Compliance:** SOC 2 and ISO 27001 certifications are applied universally, simplifying annual audits and reducing compliance costs.
- **Risk Mitigation:** A single framework prevents conflicting customer-specific obligations, such as differing data retention periods, which could lead to legal disputes or penalties.

This consistency is critical for SaaS providers operating in multiple jurisdictions, as it ensures compliance without the need for region-specific contracts.

Predictable Pricing and Revenue Models

Standardized agreements support clear, tiered pricing structures that enable accurate revenue forecasting, such as monthly recurring revenue (MRR) and annual recurring revenue (ARR).

These models rely on consistent pricing and subscription terms, which:

- **Facilitate Automation:** Billing platforms can automatically calculate charges based on predefined tiers, reducing errors and administrative overhead.
- **Support Upsell and Cross Sell:** Standardized features and pricing tiers make it easier to offer additional services or upgrades, as customers understand the value of each tier.

Fairness and Industry Alignment

Standard agreements ensure all customers receive equal treatment in terms of features, SLAs, and pricing, fostering trust and transparency. This uniformity aligns with industry expectations, where:

- **Customer Trust:** Consistent terms prevent perceptions of favoritism, ensuring all users benefit from the same service quality and support.
- **Market Standards:** SaaS providers use standardized contracts to maintain operational simplicity, a practice widely recognized as best in class.

Streamlined Software Updates and Feature Rollouts

Standardization enables SaaS providers to deploy software updates, security patches, and new features to all customers simultaneously. This ensures:

- **Consistency:** All users access the latest version of the software, avoiding fragmentation from customer specific customizations.
- **Efficiency:** Updates are tested and rolled out once, rather than tailored for individual environments, reducing development costs.
- **Security:** Uniform security patches (e.g., addressing vulnerabilities like Log4j) are applied across all tenants, ensuring consistent protection.

Enhanced Customer Onboarding Experience

Standard agreements simplify the onboarding process by providing clear, pre defined terms and expectations. Customers can:

- Start using the service quickly, often within hours or days, without waiting for legal negotiations.
- Access standardized documentation and training resources, reducing the learning curve.

Adaptability to Regulatory Changes

Standardized contracts allow providers to adapt quickly to new regulations or industry standards. For example, if a new privacy law emerges (e.g., an update to CCPA in 2025), providers can update their terms of service once and notify all customers, ensuring compliance without renegotiating individual contracts. This agility is critical in fast-evolving regulatory landscapes.

When Exceptions Happen

While standard agreements work for the vast majority of our customers, there are rare cases where a custom subscription agreement makes sense. These typically involve high-value or high-regulation scenarios, such as:

- Large enterprise deals where the contract value justifies additional legal and administrative work.
- Government or highly regulated industries where specific compliance or security requirements must be met.
- Strategic, high-value partnerships where both parties agree to mutual commitments beyond standard terms.

In these cases, we recommend delivering the solution via a dedicated SaaS instance or self-hosted deployment to meet your specific requirements without impacting other customers in the multi-tenant environment.

The Risks of Custom Agreements in a Shared SaaS Environment

Custom subscription licensing agreements can sometimes create operational, compliance, and financial challenges, especially in a shared, multi-tenant SaaS environment.

Operational Complexity

- Unique SLAs, support processes, or billing terms often require manual handling, increasing the risk of errors and delays.
- Software updates, patches, and integrations may need to be tailored for specific customers, slowing release cycles and reducing overall efficiency.

Compliance Challenges

- Custom data retention rules or security controls may conflict with the standardized compliance framework that protects all tenants.

- Meeting one customer's unique legal requirements could inadvertently cause non-compliance for other customers or the platform as a whole.

Liability and Insurance Impact

Custom agreements can directly affect your SaaS provider's liability insurance, sometimes increasing premiums or creating uncovered risks.

Common issues include:

- **Increased Underwriting Complexity:** Non-standard liability caps or performance guarantees make it harder for insurers to assess and price risk.
- **Coverage Gaps:** Promising to cover losses excluded from the provider's policy (e.g., lost profits, fines) means the provider is effectively self-insuring those risks.
- **Higher Premiums or Exclusions:** Insurers may raise rates or exclude specific commitments from coverage.
- **Claim Disputes:** Obligations outside the "normal course of business" can lead to denied claims.
- **Renewal Risks:** Multiple claims linked to custom contracts can result in reduced coverage limits or even non-renewal.

Key Considerations for Custom Agreements

- Use Master Service Agreements (MSAs) with addendums to maintain core protections while allowing flexibility.
- Review custom terms with legal and insurance advisors to ensure coverage alignment.
- Update insurance policies when introducing new contractual obligations.

Key Insight: Insurance impacts are critical when considering custom terms. See the table for how dedicated deployments can mitigate these risks.

When a Dedicated or Self-Hosted Deployment Makes Sense

If your requirements extend beyond what is possible under a standard multi-tenant SaaS agreement, a dedicated SaaS instance or a self-hosted installation within your own cloud infrastructure is often the more suitable choice.

A dedicated or self-hosted deployment is most appropriate for organizations that require:

- Custom legal terms and service level agreements, such as specific liability clauses, service guarantees, or jurisdiction-specific provisions.
- Tailored compliance controls to meet regulations including HIPAA, GDPR, or CJIS without compromise.
- Exclusive security configurations and complete environment isolation, including custom authentication, encryption, and network segmentation.

- Full control over the hosting location, enabling the selection of the preferred region, data center, or cloud provider to satisfy data residency requirements.
- Deep or highly specialized integrations that connect the platform to proprietary or industry-specific systems.

The benefits of this approach include:

- Complete alignment between the platform and the organization's contractual terms.
- The ability to implement compliance measures that are unique to the organization's operational and regulatory needs.
- Operational processes designed exclusively for the organization's environment, without any impact on other customers.

Customer-Managed Deployments (On-Premises or Private Cloud)

For organizations that require maximum control over their infrastructure due to strict privacy, compliance, or security requirements, VIDIZMO.AI also supports customer-managed deployments, whether on-premises or in a private cloud environment such as Azure, AWS, or GCP.

Customer-managed deployments are best suited for organizations that need:

- Complete infrastructure control over hardware, operating systems, and network configurations.
- On-premises deployment for industries with mandates requiring solutions to run on in-house servers.
- Private cloud deployment to leverage existing cloud investments while maintaining full ownership of infrastructure, scaling, and compliance.
- Custom compliance and security measures, such as FedRAMP, ITAR, or air-gapped networks, that go beyond provider-managed options.
- Regulatory or policy-driven isolation where data sovereignty and strict segregation of systems are required.

This option is ideal for government agencies, defense, finance, or other highly regulated sectors where direct ownership of hosting and operations is non-negotiable.

Making the Right Deployment Choice

Selecting the most suitable deployment model depends on your organization's priorities, compliance obligations, and infrastructure requirements.

A multi-tenant SaaS with a standard agreement is generally the optimal choice when:

- You require a rapid onboarding process and minimal legal negotiation.
- Cost efficiency is a primary consideration, with predictable subscription pricing.

- You can operate effectively within standard service levels, compliance controls, and security measures.
- You value continuous updates, feature rollouts, and a shared infrastructure that scales effortlessly.

A dedicated or self-hosted deployment is typically the better option when:

- Your contractual terms must include unique legal provisions, service guarantees, or jurisdiction-specific requirements.
- You must comply with strict regulatory frameworks such as HIPAA, GDPR, or CJIS that demand tailored controls.
- You require exclusive security measures, advanced isolation, or deep integrations with proprietary systems.
- You need full authority over the hosting location and data residency.

For organizations that require maximum infrastructure control, customer-managed deployments are also supported. These can run:

- On-premises, installed on your own physical hardware and managed by your IT team.
- In your private cloud environment, such as AWS, Azure, or GCP, where you retain ownership of infrastructure and compliance controls.

This option is ideal for government, defense, finance, and other highly regulated sectors with strict data sovereignty or infrastructure mandates.

Ultimately, the right model ensures that your SaaS solution not only meets today's business requirements but also scales effectively with your long-term goals.

Frequently Asked Questions

Can I start on multi-tenant SaaS and move to a dedicated or self-hosted deployment later?

Yes. Many customers begin with our multi-tenant SaaS for speed and cost-efficiency, and later transition to a dedicated or self-hosted model when their requirements evolve.

Will a dedicated or self-hosted deployment cost more than multi-tenant SaaS?

Generally, yes. Dedicated deployments require separate infrastructure, tailored configurations, and additional management resources, which result in higher costs compared to shared SaaS environments.

If I choose multi-tenant SaaS, can I still request minor contractual changes?

Our standard SaaS agreement is designed to be uniform to maintain efficiency and fairness. Minor adjustments are rare and typically limited to specific, non-disruptive provisions.

What happens to updates and new features in a dedicated deployment?

Confidential. Please do not share outside your organization without prior written consent from VIDIZMO.

You still receive updates, but they may be scheduled and tested separately to accommodate your customizations and integrations. This ensures compatibility without disrupting your environment.

How does data residency work in each model?

In multi-tenant SaaS, hosting locations are fixed and determined by our infrastructure. In a dedicated or self-hosted deployment, you have full control over where your data is stored, including region, data center, and cloud provider.

Will my compliance requirements always require a dedicated deployment?

Not necessarily. Our multi-tenant SaaS already meets many industry standards, including GDPR and SOC 2. However, if your compliance requirements include highly specific controls or certifications, a dedicated environment may be necessary.

Can I integrate with my existing systems in both models?

Yes, but integration flexibility differs. Multi-tenant SaaS supports a range of standard integrations, while dedicated and self-hosted deployments can accommodate deeper, more customized integrations.

How do SLAs differ between the two models?

In multi-tenant SaaS, SLAs are standardized and applied to all customers. In a dedicated or self-hosted deployment, SLAs can be customized to meet your operational needs and may include different uptime guarantees, maintenance windows, or penalties.