

Case Study

Consolidating Software Escrow Agreements for Savings & Superior IP Protection: How PRAXIS Transformed a Software Holding Company's Approach

Background

A rapidly growing, multinational software holding company manages a diverse portfolio of software and SaaS businesses across multiple industries. With a primary focus on intellectual property (IP) as their most valuable asset, the company had been using disparate escrow providers and processes for each of their subsidiaries, resulting in inefficiencies, increased risk, and higher costs. Recognizing the need for a more streamlined approach, the company sought a comprehensive solution to consolidate their escrow requirements.

What is Software and SaaS Escrow?

Software and SaaS escrow is a service that ensures critical technology assets, such as source code, build instructions and more, are securely stored and can be accessed under specific conditions, such as vendor bankruptcy, failure to maintain the software, or breach of contract. This protection provides assurance to clients that their business-critical software will remain functional and accessible even if unforeseen issues arise with the vendor.

Software holding companies often acquire emerging software businesses that have existing and future escrow commitments to their clients. These commitments are essential to maintaining trust and compliance with contractual obligations, making effective escrow management a critical aspect of the acquisition process.

The Challenge

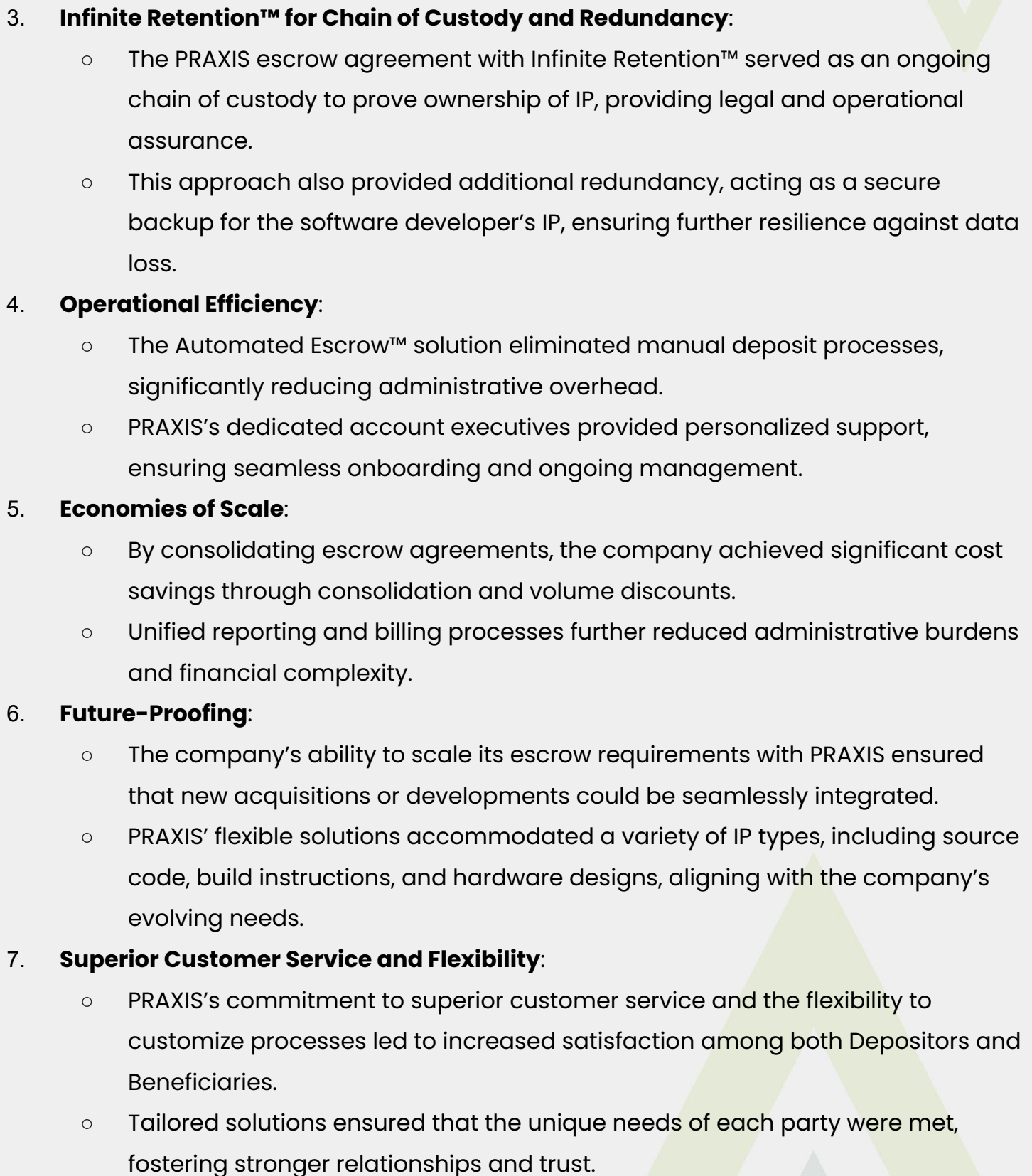
The company faced several challenges:

1. **Fragmented IP Management:** With multiple escrow agreements across various providers, tracking the location of critical IP was cumbersome and time-consuming.
2. **Inconsistent Risk Management:** Differing standards and processes among providers created gaps in IP protection, exposing the company to potential legal and operational risks.
3. **Inefficiencies:** Manual processes for depositing and verifying source code were prone to errors and delays, slowing down operations.
4. **Escalating Costs:** Maintaining multiple agreements across providers resulted in a lack of economies of scale and higher overall expenses.

The Solution

The software holding company partnered with PRAXIS Technology Escrow to consolidate all existing and future software and SaaS escrow agreements into a single, cohesive framework. PRAXIS provided the following key benefits:

1. **IP Protection with Centralized Management:**
 - PRAXIS enabled the company to store all IP assets in a single, secure location, ensuring ease of access and oversight.
 - The Automated Escrow™ solution integrated with source code management platforms like GitHub and Bitbucket, ensuring real-time updates and reducing the risk of outdated deposits.
2. **Limiting IP Risk:**
 - PRAXIS's SOC2-compliant processes and "never delete" Infinite Retention™ policy provided robust assurance against accidental or unauthorized deletions.
 - Regular deposit verification ensured the escrow materials were complete, functional, and readily deployable if required.

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3. **Infinite Retention™ for Chain of Custody and Redundancy:**
 - The PRAXIS escrow agreement with Infinite Retention™ served as an ongoing chain of custody to prove ownership of IP, providing legal and operational assurance.
 - This approach also provided additional redundancy, acting as a secure backup for the software developer's IP, ensuring further resilience against data loss.
 4. **Operational Efficiency:**
 - The Automated Escrow™ solution eliminated manual deposit processes, significantly reducing administrative overhead.
 - PRAXIS's dedicated account executives provided personalized support, ensuring seamless onboarding and ongoing management.
 5. **Economies of Scale:**
 - By consolidating escrow agreements, the company achieved significant cost savings through consolidation and volume discounts.
 - Unified reporting and billing processes further reduced administrative burdens and financial complexity.
 6. **Future-Proofing:**
 - The company's ability to scale its escrow requirements with PRAXIS ensured that new acquisitions or developments could be seamlessly integrated.
 - PRAXIS' flexible solutions accommodated a variety of IP types, including source code, build instructions, and hardware designs, aligning with the company's evolving needs.
 7. **Superior Customer Service and Flexibility:**
 - PRAXIS's commitment to superior customer service and the flexibility to customize processes led to increased satisfaction among both Depositors and Beneficiaries.
 - Tailored solutions ensured that the unique needs of each party were met, fostering stronger relationships and trust.

The Results

After implementing the PRAXIS solution, the software holding company experienced the following outcomes:

- **Enhanced Security and Oversight:** Consolidating IP assets under PRAXIS provided clear visibility into all escrow agreements, improving IP governance.
- **Reduced Risk Exposure:** SOC2 compliance and rigorous verification processes minimized the potential for disputes or operational disruptions.
- **Cost Savings:** The company saved an estimated 25% annually on escrow-related expenses due to volume discounts and reduced administrative costs.
- **Increased Efficiency:** Automation reduced the average time spent on deposit and verification processes by 50%, allowing teams to focus on core business activities.
- **Streamlined Scaling:** New subsidiaries and projects were integrated into the escrow framework in record time, ensuring consistent protection without additional administrative burden.
- **Improved Stakeholder Relationships:** Depositors and Beneficiaries reported higher satisfaction due to PRAXIS's customer-focused approach and flexibility.

Conclusion

By partnering with PRAXIS Technology Escrow, the software holding company transformed its approach to IP protection and escrow management. The consolidation of escrow agreements delivered enhanced security, operational efficiencies, and significant cost savings, positioning the company to scale confidently while safeguarding its most valuable assets. For companies managing extensive IP portfolios, PRAXIS provides a proven solution to streamline processes, mitigate risks, and maximize value.



About PRAXIS

At PRAXIS Technology Escrow, we combine innovation with security to protect your most critical software and technology assets. As innovators in the field, PRAXIS offers the most advanced solutions in the industry, ensuring your deposits are always up to date and never lost, thanks to our Automated Escrow™ solution and Infinite Retention Policy™. Providing services worldwide from our U.S. headquarters, we pride ourselves on delivering flexible, tailored escrow agreements that meet each client's unique needs, backed by PRAXIS' unmatched personal service. Our team of experts provides trustworthy and responsive support, ensuring your business continuity is always protected.