

# Legal Considerations for MSP M&A:

## A Strategic Guide for Buyers and Sellers

### Bronston Legal

TRUSTED TECHNOLOGY COUNSEL

Mergers and acquisitions are transforming the managed services landscape. With rising client expectations, rapid tech shifts and margin pressure, many MSPs are looking to consolidate, exit or grow through acquisition. But while the upside is promising, the process is legally complex, and missteps can turn a high-potential deal into a costly setback.

At Bronston Legal, we've been guiding MSPs, IT providers and telecom businesses through high-stakes transactions for over 30 years. We don't just understand M&A – we understand your business model, your regulatory environment and your customers. This article outlines key legal considerations in the M&A process and describes how the right legal partner can protect your interests.

#### The Real-World Risks: Common Pain Points in MSP M&A

Even the most experienced buyers and sellers can encounter serious pitfalls:

- Customer attrition due to poorly handled contract transfers
- Unexpected tax liabilities from incorrect deal structuring
- Cyber incidents discovered after closing
- IP disputes from improperly assigned custom code or scripts
- Regulatory delays from FCC or state PSC/PUC filings

Most generalist attorneys aren't equipped to spot these risks in MSP and IT transactions. At Bronston Legal, we've seen firsthand how overlooked details can work against you during negotiations or even derail your deal entirely.

#### Due Diligence: What You Need to Know

For MSP acquisitions, due diligence must go beyond the financials. There should also be robust legal review, including:

- **Customer contracts:** Are they assignable? Do they contain auto-renewals, unrealistic SLAs or early termination penalties?
- **Regulatory compliance:** Are services HIPAA, SOC 2 or GDPR compliant? Are telecom services registered appropriately?
- **Licensing and subscriptions:** Are licenses transferable or bundled in a way that complicates integration?
- **Employment agreements:** Are key staff covered by enforceable non-competes or non-solicits?
- **Cybersecurity posture:** Has the MSP suffered a breach? Is there existing cyber security insurance?

Bronston Legal's team conducts deep-dive diligence

tailored to IT and cloud-focused service models, not generic checklists.

## Data Privacy and Security Are Deal Breakers

MSPs often manage mission-critical systems, sensitive data and third-party integrations. This can create substantial hidden legal risk. We help clients:

- Evaluate incident response documentation
- Review cyber insurance coverage and exclusions
- Draft indemnification clauses to protect against inherited data breaches
- Navigate cross-border privacy regulations that may apply to remote clients or data centers

With data regulations tightening globally, ignoring these factors is no longer an option.

## Intellectual Property: Own It or Risk Losing Value

MSPs frequently create proprietary scripts, automation tools or internal platforms. But without clear IP ownership:

- Custom code might legally belong to a contractor or employee
- Open-source code use might violate licensing terms
- IP rights could be challenged post-acquisition

Bronston Legal ensures that IP is clearly identified, accurately documented and transferred properly, thereby preserving deal value and preventing future disputes.

## Telecom & IT Regulation: The Hidden Hurdle

If your MSP offers VoIP, UCaaS or other types of telecom services, M&A could trigger:

- FCC transfer filings
- State PSC/PUC approvals
- USF audits
- Stir/Shaken issues
- CALEA problems

With deep roots in both telecom and IT law, we've helped countless clients navigate regulatory reviews and avoid compliance-related delays.

## Deal Structure and Earnouts: Protecting Both Sides

Whether you're buying or selling, the right legal structure can dramatically impact:

- Tax obligations
- Liability exposure
- Customer retention
- Future payouts tied to performance (earnouts)

We help craft deal structures that align incentives, clarify expectations and reduce post-close friction.

People Problems: Integration and Retention

Acquiring an MSP isn't just about assets – it's about people. Bronston Legal supports clients by:

- Drafting retention agreements and incentive plans

- Reviewing employee handbooks and benefits obligations
- Ensuring WARN Act compliance where applicable

The smoother the employee transition, the stronger your customer continuity.

## Post-Close Support: The Work Isn't Over

Once the ink is dry, you still need to:

- Finalize transition service agreements
- Handle client contract re-papering
- Enforce non-compete and non-solicit clauses
- Support ongoing regulatory and tax compliance

Bronston Legal continues to support clients through every phase of the transition – closing the loop with confidence.

## Why Bronston Legal?

Unlike general business law firms, Bronston Legal brings over three decades of hands-on experience in IT, managed services and telecom.

- We speak your language – whether it's Citrix, HIPAA or UCaaS.
- We've helped hundreds of MSPs, SaaS providers, cloud consultants, trusted advisors and channel partners structure and close successful exits and acquisitions.
- We act not just as legal counsel but as a strategic advisor aligned with your long-term vision.

When the stakes are high, experience matters. And no one understands the intersection of MSP operations, regulation and M&A like we do.

## Ready to start your M&A journey?

Let Bronston Legal be your legal partner from term sheet to transition.

### CONTACT US

Bronston Legal is the trusted counsel of choice for MSPs, service providers, channel partners, and their customers nationwide.

Reach out today to learn more about how we can represent you.

[info@techlawyers.com](mailto:info@techlawyers.com)  
[techlawyers.com](http://techlawyers.com)  
888-469-0579