

# Privacy in the Cloud: Office 365

November 2011

## Background

Cloud computing — meaning Internet-based data storage, processing, and services — is now a viable alternative or a compliment to the traditional model of running software and storing data on premises or on personal devices. Microsoft offers a number of cloud-based products, including Microsoft Office 365, which brings together e-mail and collaboration software.

Although cloud computing provides convenient, on-demand, shared access to a “cloud” of such resources as applications, servers, networks, storage and online services, the adoption of this data model raises important policy considerations.

Data segregation is one such cloud computing issue. For those instances when data from multiple customers exists at a shared physical location, organizations must take appropriate steps to segregate that data to protect it from inappropriate use or loss. Additional safeguards include providing strong, appropriate levels of encryption and proper administrative access controls.

Another important policy consideration is the geographic location of cloud data. As cloud computing evolves, traditional geographical limits on data storage and movement also shift. Subsequently, regulators and cloud computing customers want to know where cloud-based data is geographically located. For instance, data created in France using software hosted in Ireland could be stored in the Netherlands and accessed in the United States.

Transparency is another issue to consider regarding cloud computing. Cloud providers can address data protection concerns by implementing more transparent policies. These providers can also build trust by clearly communicating with customers and regulators about the way data is used and reused — and by providing information about their approaches to data access, sharing and storage.

## Microsoft Approach

- Privacy.** Microsoft understands strong privacy protections are essential for building trust in cloud computing. The company invests in building secure, privacy-sensitive systems and data centers that help protect individual data. To address privacy and security concerns, the company develops and maintains clear policies that cover software development as well as service delivery, operations and support.
- Data Use.** With Office 365, Microsoft provides customers with information that clearly defines the ways it manages and uses customer data. The company takes the simple position of using core customer data only for the maintenance, provision and security of its Office 365 services — the service for which customers pay.
- Data Segregation.** To provide customers with cost savings and efficiencies, Microsoft offers a “multi-tenant” format of Office 365 that stores data from multiple customers on the same equipment. The company goes to great lengths to help ensure multi-tenant deployments of Office 365 not only support privacy and security but also logically separate data storage and processing between accounts.
- Transparency.** Through the Office 365 Trust Center, Microsoft provides customers with resources to help them understand the service’s data protection policies and practices. For those interested in where data is stored, details on our global data storage strategy and the process for assigning each customer’s primary data storage location are also available. Through the Office 365 Trust Center, Microsoft also identifies subcontractors who can access customer data and the circumstances through which they can access it.
- Access.** Microsoft gives customers access to their data. For key data, Microsoft logs that access and reports that to the customer. Additionally, the company, along with third parties, conducts sample audits to ensure data is only accessed for appropriate business purposes.

- **Security.** Customers rely upon Microsoft and other online service providers to not only securely store their data but also to keep it safe from loss, theft or misuse by third parties, other customers or even a cloud provider's employees. Microsoft protects Office 365 with a comprehensive security regimen that it monitors on a 24-7 basis and updates regularly.

## Policy Considerations

- Conflicting legal obligations and competing claims of governmental jurisdiction over data usage continue to limit cloud computing services and their adoption. Divergent rules on privacy, data retention and other issues cause ambiguity and create significant legal challenges.
- Microsoft supports baseline privacy legislation initiatives that facilitate the free flow of information, build trust and encourage innovation. As data flows are global, we strive to create greater harmonization of privacy regulations, policies and standards on a worldwide basis.
- As governments develop policies that address the privacy and security concerns associated with such emerging technologies as cloud computing, they should also maintain support for technological innovation and adoption. By working together, government and industry can establish appropriate privacy principles that protect data within the cloud.

## Helpful Resources

[www.microsoft.com/privacy](http://www.microsoft.com/privacy)  
Microsoft privacy information website

[office365.microsoft.com](http://office365.microsoft.com)  
Microsoft Office 365 website

[www.microsoft.com/privacy/cloudcomputing.aspx](http://www.microsoft.com/privacy/cloudcomputing.aspx)  
Microsoft Privacy in the Cloud web page that provides white papers and other privacy resources

<http://www.microsoft.com/online/legal/v2?docid=23>  
The Office 365 Trust Center

## Key Points

- The advances and increased adoption of cloud computing raise important policy considerations. Considerations include data security, transparency, segregation and geo-location, as well as administrative access.
- Microsoft understands that strong privacy protections are essential for building trust in the cloud and helping cloud computing reach its full potential. To support this notion, Microsoft invests in building secure, privacy-sensitive systems and data centers that protect online data. Further, the company maintains clear, responsible cloud computing policies within the software development process and throughout service delivery, operations and support processes as well.
- Microsoft built its Office 365 online productivity service from the ground up with a "privacy by design" emphasis on strong data protection. Consequently, Office 365 offers customers clear policies for customer data use, segregation, security and transparency.