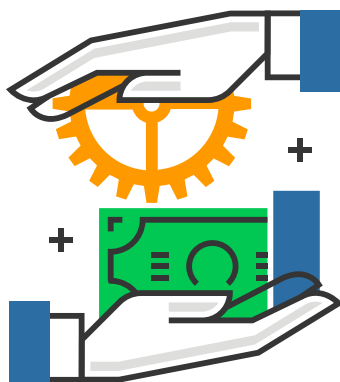# Right Networks®

The Five Risks of Not Going to the Cloud

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If you're running an accounting firm you're likely faced with a significant issue: do you host your (and your clients') data internally or move it to the cloud? A few years ago, the decision was harder because cloud technology was less mature. But today the answer is much more clear. Yes, you should be leveraging the cloud for all of your firm's data – including your clients' data. In fact, not doing so creates more risk than rewards.

Here are five significant risks.

The risk of data loss.

Regardless of where they're located, businesses are often exposed to events that could cause data loss. Hurricanes, earthquakes, fires, floods and other natural disasters not only cause loss of power and potential water and wind damage but oftentimes - depending on the severity of the event - entirely wipe out buildings and offices. If you're maintaining data in your office - particularly if the data is essential to you and your clients - then you're exposing yourself to the risk that this data might also be lost.

Storing this data in the cloud mitigates this risk. Good cloud providers have very secure facilities that are built to withstand potential natural and other disasters. More importantly, these providers will have regular backup and loss prevention procedures to ensure that your data is stored in multiple locations and is safe from these potential problems. Telling your clients that their data is fully protected in the case of a natural disaster will ease their concerns - and lower your exposure to any liability.

The risk of your internal infrastructure.

You already know that the accounting industry is extremely competitive. Raising fees is not easy and the smartest partners I meet are hawkish when it comes to controlling costs. To do this they look to operate with the least amount of square footage and employee overhead as possible. One of the most popular cost containment practices I've seen over the past few years has been the outsourcing of their internal information technology hardware and software to the cloud.

Moving your internal infrastructure to the cloud cuts overhead, plain and simple. You do not have to worry about buying new servers and updating operating systems. You can forget about upgrading your networks, installing the latest wiring or maintaining software that allows your people to access data remotely. You're no longer the victim of failed hard drives, over-heated processors, bad memory chips or fried motherboards. All of these problems are now owned by your cloud service provider and their job is to take care of these problems behind the scenes, without you knowing it, and for a fee that is likely much lower than the costs you would incur for replacement, services and downtime.

The risk of your IT staff.

Depending on the size of your firm you may have to employ a staff of information technology people - or maybe none at all. Smaller firms usually outsource this service to local IT companies. But the status quo has significantly changed over the past decade. Nowadays, many accounting firms have moved all of their applications to a cloud based provider. Oftentimes, their IT staff or outside firm works with the provider to provide a value-added level of onsite service when needed.

Regardless, the move of data to the cloud has reduced a significant exposure: your IT staff's expertise. Of course, there are plenty of excellent and experienced technology service people and firms. But the world of networking, hardware and software support has become vastly more complicated over the past few years.

Today's servers are machines that need continuous maintenance and upgrades to work effectively. Devices are now used that run different operating systems and software applications. Backing up data has become more challenging in today's mobile environment. Like estate taxes, personal financial planning and audit sampling the world of IT - like the accounting profession - has become much more complex and specialized. Leaving all of this knowledge in the hands of one IT person exposes your firm to problems. The better solution is to employ a managed provider that has the resources in-house to address all of these issues.

The risk of security.

Among all the specialized knowledge mentioned above, one type of expertise is most in demand - and the most complicated of all. That's security. Hackers, trolls and disreputable programmers are creating malware, viruses, bots and harmful software that's attacking businesses around the world on an almost hourly basis. This is not something that a single IT person can fight. It takes a team of experts using the best software available and a continuous system of monitoring to ensure that data is safe and protected - and even with that team sometimes problems still happen!

Your clients will always ask you what you're doing to secure their data. Telling them that you've got it stored on your internal server, in your office, or protected by security software that you've installed and an IT person that you've hired overseeing it is - unfortunately - not going to be a satisfactory answer. Companies - particularly those that already store their data in the cloud - know that most small and medium sized organizations can neither afford or have the expertise needed to sufficiently combat the threat of data loss and damage that can be caused by rogue application developers. They know that - while not a perfect solution - the best approach to security is to let a company with more resources, more knowledge and more experience take responsibility.

The client expectation risk.

When the cloud was still in its infancy many wondered if companies would recognize its benefits and trust their data to be maintained by outside companies. That question has been answered. The professional world has embraced the cloud, to the extent that some reports are saying that a whopping 83 percent of companies will be cloud based within the next two years. It used to be that being in the cloud was for outliers. Today, the opposite is true.

Your clients expect you to be in the cloud. They expect your data to be out of your office and in the hands of professionals that know how to maintain, deliver and secure it. They expect that you are recognizing the cost benefits of cloud computing and are reflecting those savings in their fees. They expect that you are current with technology and you are not operating your business the same way you did a decade ago. Cloud applications, hosted systems, managed servers and providers are the norm nowadays. To remain competitive you've got to make sure your technology infrastructure is up to date.

In the end, there's only one thing that your clients want from you and that's great service. You are an accounting firm. Your expertise is with financial statements, tax returns, professional advice and financial management. You are not an IT firm. You are not expected to be current in the latest technologies, backup software, security applications, server management and remote access tools. Doing this only takes away resources that could be better applied to client service activities, research training and personnel. Moving your firm to a cloud-based environment has become a necessity, not a choice.