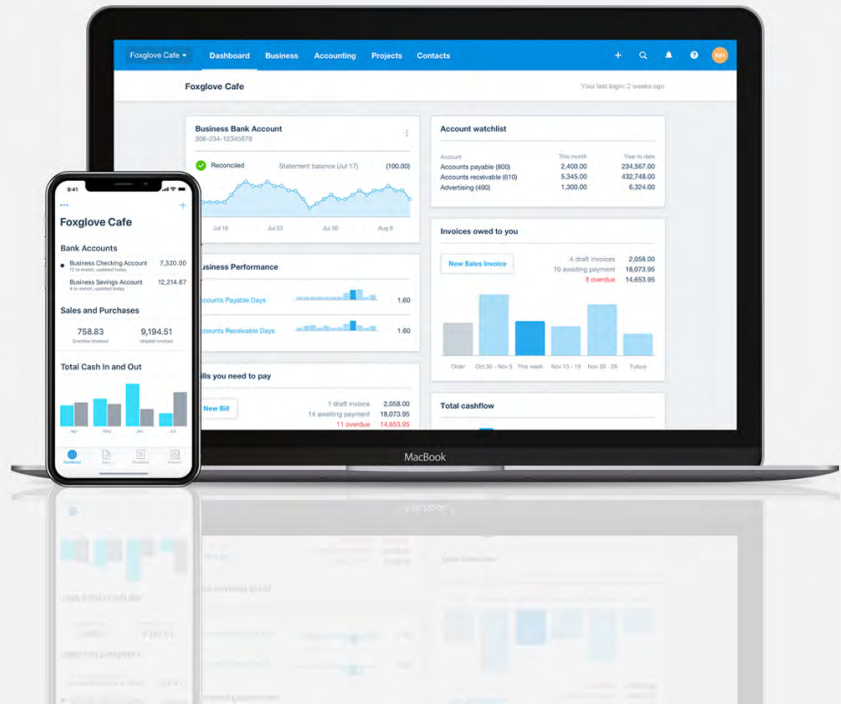


The Benefits of Cloud Computing



Making the move to the cloud makes sense for your business, as many of our clients have found. It's important to understand that not all cloud organisations have the same standards. The need to consider ten factors is required to ensure you pick the best cloud accounting provider.

What is a cloud provider?

The cloud is part of the internet. For example, cloud storage simply means storing your files on a company's server, with a secure connection over the internet to your computer, smartphone or similar device.

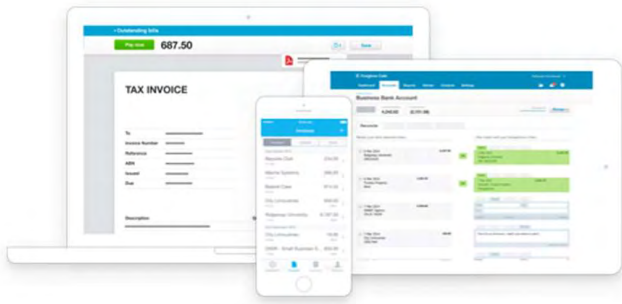
Cloud providers are similar, but they let you run applications instead of just storing files. The advantage with cloud providers is that you don't need to keep everything on your own machine. You can log in from any device (with internet) using a browser or an app, and have instant access to your software and business data.

The industry of cloud services is a relatively new business. Most of the smaller cloud service companies, and the cloud departments of larger organisations, are just a few years old. This can make it hard to judge which cloud service provider is right for you.

So, to help you make that decision we've come up with 10 factors that your cloud service provider should be willing to share with you.

We're concentrating on cloud-based accounting providers in this guide, but the points covered can be applied to other types of cloud service providers too.





Xero is a beautiful accounting software. Use Xero to manage invoicing, bank reconciliation, bookkeeping & more.

1. Show that their systems are stable and robust

If you're going to trust your financial data to someone else's software and servers, you need to know they're going to look after it. They will need to have the following systems in place:

- Data encryption - your data should be encrypted so that if it should fall into the hands of hackers, they won't be able to make any use of it.
- Solid security - access to the service should only be possible through password authentication or other secure means.
- Backup strategy - hardware inevitably fails from time to time, and so does software. With a sensible backup strategy that doesn't have to be a big problem.
- Disaster recovery planning - disaster recovery (DR) is a vital part of running

a cloud business. If the unforeseen happens, such as an earthquake, tornado or other disaster, whether natural or otherwise, the business should be able to continue with minimal interruption as servers in another location take over.

These are the basics of good cloud service delivery. If you find yourself talking to an organisation who doesn't have all these systems in place, walk away immediately.

2. Demonstrate that their company is financially healthy

It's a commitment to decide to work with a cloud provider because you will rely on their service to always keep your business data accessible and up to date.

Just as if you were buying off-the-shelf accounting software to use in-house, you'll need to know the supplier is financially healthy and able to provide ongoing support. You'll want to make sure your hard work won't be wasted, and that the cloud provider will be around for the foreseeable future.

So, check out the company's balance sheets, annual reports and other financial information.

3. Make your information available across devices

A cloud service provider should be able to allow access to their application through a variety of devices and operating systems.

The more types of devices that are supported, the easier it will be for you



and your team to access. Look for a cloud provider or service who can ensure your information is available on:

- Apple iOS devices for iPhone and iPad users,
- Android OS devices for a wide variety of tablets and smartphones,
- Windows PCs for desktop and laptop machines running Microsoft's operating systems.
- Apple Macs for desktop and laptop machines running Apple's operating systems.

4. Value their users and provide good support

These are difficult points to measure. However, most cloud accounting providers will have online community forums where people meet and exchange thoughts and ideas about the company.

They will also ask questions and, sometimes, make complaints.

You can get an idea of how the company treats its users by reading through these forums and seeing how it responds to suggestions. Also, look at how those suggestions are handled or resolved. You'll also be able to tell a lot about customer loyalty from these forums.

If the forum support staff are friendly, helpful and knowledgeable, the company is likely to value its customers.

5. Maintain good uptime

A broad range of features is of no use if the system keeps going offline or crashing. The amount of time a cloud service stays running and accessible is called its uptime.

The uptime percentage should be over 99.95% in the best cases: that's less than an hour of downtime per year.

Achieving good uptime depends on various factors - these include having the right staff with the right skills, providing investment for new servers and infrastructure, and understanding your clients need for reliability.

6. Have scalable infrastructure

As your business grows, you need your accounting software to be able to grow with you. Your chosen accounting product should:

- Be able to scale - when it comes to processing power and data storage, the infrastructure needs to scale to meet your growing needs.
- Preferably have their own data centre - otherwise you'll be dependent on another company that you don't directly interact with.
- Be open about updates and upgrades - an upgrade and update timetable can be useful, especially if it involves down time. You won't want to lose a connection during an important client meeting.



7. Seamlessly integrate with third-party applications

You will want to be able to compare one cloud accounting provider with another, which means you'll need to know exactly what services each one offers. Most of these providers will include that information on their website, but if not, they should be able to supply it in document form for you.

But the big advantage of cloud services is that the list of features doesn't have to stop there. Most providers will have deals with partner companies and some will also allow third-party providers to create third-party applications or 'apps.'

This works a bit like the apps stores for smartphones, or plug-ins for web browsers. It means you can get much more out of your software. Ask for a list of third-party suppliers, partners and add-ons.

In some cases, there may be hundreds to choose from.

8. Provide detailed billing plans

Each provider will have a different pricing structure. Find out what they will charge as you grow your business, because your requirements will grow too.

- Look at your existing requirements - determine where you are today. Then you can work with your provider to forecast how things might change in the future.
- Ask about their existing clients - see if they're willing to share information about the growth of their clients who

are comparable, in terms of size, to your company.

- Make sure you receive a clear written schedule of costs - low up-front initial costs might not be so appealing if the costs rise exponentially as your business grows.
- Make sure any additional costs are included - for example, access to cloud accounting services should ideally be through your own internet connection. If you have to use a dedicated data connection instead, that may lead to unexpected costs.

9. Confirm that you can have your own data at any time

You might not want to be tied into one cloud provider forever. Circumstances change and businesses evolve, so you may want to switch providers later.

Make sure you will be able to export your business data from their system whenever you want to, and in a file format that can be used by other software.

Don't get tied into one organisation's product. If your deal with them comes to an end, you need to know your business data will still be safe and accessible.

10. Get everything in writing

Once you've made your decision about which provider to use, make sure you get everything in writing. Good cloud organisations should have a detailed customer data check-list, indicating that they are customer-focused. The list should



include items like the location and number of the data centres; the requirements each centre must comply with; emergency procedures; frequency of backups and SLAs (service level agreements).

Some of these documents will contain legal language, so get them checked with a lawyer if you have any concerns.

Now you can start working on your accounts in the cloud.

Being Financially Sorted.

There are many advantages to working with a cloud accounting service, such as having access to the service anytime and anywhere.

There is no right accounting software - it's all about what suits you and your business!

But it's important to take your time and pick the right one.

When you've made your choice, use the ten factors we've listed in this guide, so you can start working on your financial data right away – day or night, from wherever you happen to be.

We hope that this summary gives you guidance on choosing the correct cloud provider that will be most advantageous to you.

Footnote

Please note that the information here is a general overview. Taxation is a complicated matter and you should seek specific advice from a qualified and experienced professional suited to your circumstances.



Chan & Naylor Pymble

P: 02 9391 5000

E: receptionp@chan-naylor.com.au

W: www.pymbleaccountants.chan-naylor.com.au

