Providers

Cloud server based hosting of applications which have historically run on desktop or laptop Windows computers is a hot trend with accounting professionals.

Brian Tankersley • Jul. 30, 2013

From the August 2013 digital issue.

Cloud server based hosting of applications which have historically run on desktop or laptop Windows computers is a hot trend with accounting professionals. *CPA*

Practice Advisor recently completed the 2013 Reader Survey, which will be featured

Accountants are not very tolerant of problems in the cloud, whether they are unwittingly self-created due to a lack of IT knowledge, or due to service provider failures. We believe that stability and support are at least as important to prospects as the breadth of products which the company is willing to host for customers.

We reviewed seven hosting providers for our 2013 review. These are:

- **Cloud 9 Real Time**
- **CloudVara**
- **InsynQ**
- **Qutera**
- **Right Networks**
- **Swizznet**
- **Xcentric**

Some of the major attributes we looked for included:

Quality, Reliability, and Redundancy of Hosting Facilities – We looked for features such as colocation in a Tier 2 or higher public data center, backup data centers (and an assertion about whether the backup location is a cold site, a warm site, or a hot site).

Types of Hosting Offered, as well as membership in software publisher certifications/programs for those commercially hosting their applications. The three types of hosting typically offered include:

- **Hosting of a single application**
- **Hosting of dedicated virtual server**
- **Other types of hosting**
- **Software Applications Supported**

- **Client Accounting Products** such as QuickBooks Pro, Premier, and Enterprise,

~~from other professional tax and accounting publishers such as Drake and Intuit.~~

- **Security and Regulatory Compliance** requirements were also considered. Key features to look for from a hosting provider include:
- **US-Based Servers** (commonly required of tax preparers by regulations under IRC §7216) – (Although *The CPA Practice Advisor* is not widely distributed in Canada, it is important to note that Canadian accounting professionals (including Chartered Accountants, Certified Management Accountants, Certified General Accountants, and Certified Professional Accountants) have regulatory requirements which make it preferable to host data for Canadian citizens and companies in Canada. Two providers, Cloud 9 Real Time and InsynQ, offer services with separate, Canadian-based data centers for use by accounting professionals in Canada.)
- **HIPAA and PCI compliance**, which are required of those handing healthcare patient data and those accepting credit cards. While not all organizations need HIPAA/PCI compliant systems, the requirements of these certifications place a greater emphasis on securing data, which is desirable by all users. (It is important to note that some accounting applications include a provision in their end user license agreements which put users on notice that they are neither "HIPAA-ready" nor "HIPAA-compliant". Such applications commonly require users to agree that the end user is solely responsible for compliance with all applicable state and federal privacy laws related to medical or health information.)
- **Third Party Security Reviews** in the recent past, including SOC 1 Type II and SOC 2 Type II evaluations (commonly referred to as SSAE 16 engagements). (While we would prefer a SOC 2, Type II examination (which uses Trust Services Criteria), some providers provided a SOC 1, Type II examinations (which focus primarily on Internal Control over Financial Reporting [ICFR]). A short article on SOC reports which provides some explanation of the two reports is at http://bit.ly/soc-1-2-3.)
- **Support and Self-Service Assistance**
- **Service Hours** and availability of off-hours emergency support
- **Service Delivery Options**, including web, chat, and telephone support.

- **Location of Call Centers** providing technical support (e.g. onshore or offshore).

hosting providers. Local backups under the control of the end user protect against unexpected catastrophic loss of data due to unforeseen circumstances such as hosting provider bankruptcy.

It is important to remember that third party hosting providers are not the only solution for hosting a suite of business applications. Some software publishers such as Thomson Reuters and Drake offer cloud-hosted versions of their traditional application suites, and others, including Intuit and Thomson Reuters, offer versions of traditional accounting firm applications which run in a web browser. These suites are run from in-house data centers operated by each company, and represent a software as a service alternative to the traditional, on-premises applications. Larger firms with an in-house IT department may find it more economical to run their own hosting platform to deliver applications to employees across the country.

Accounting • Firm Management • Small Business