

Vetting Cloud Vendors

What to look for in a cloud software provider

When you move finance to the cloud, your vendor—not your IT department—will operate the financial system for you. This fundamental difference should have a major impact on your evaluation process. It's not like the old days when you licensed software from the vendor, and then were on your own. In the cloud computing world, the vendor has to form a long-term partnership with you and continue to earn your business every month. So you need to ensure your vendor can do a better job at running your system than you can—and that it will keep up the good work, month after month.

Seven attributes to look for in a cloud vendor

- **Implementation success.** The ideal cloud financial solution is designed from the ground up as a cloud application and is backed by a vendor and partners with extensive experience in the nonprofit industry. Make sure your vendor can point to a proven track record of successful implementations with nonprofit organizations.
- **Operational track record.** Your chosen vendor isn't merely developing and licensing software. They're managing the financial systems that run your nonprofit's finances—which makes the partnership strategic for you. Find out how your vendor conducts business. What's the cultural fit with your organization? What standards do they pursue? Where are the applications physically being run? What kind of care and support can you expect?
- **Data ownership.** Ensure that it is unambiguous that you own your own data and can obtain a copy of your data (for an appropriate fee) if your relationship ends. You'll also want an agreement for appropriate assistance in migrating away from the vendor should you ever decide to leave.
- **Infrastructure and security.** Most cloud-computing vendors partner with elite data center providers that provide the backbone to their offerings. Find out who those partners are. Where are the data centers located? What are the business-continuity contingencies?

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What security standards have they adopted? Can they deliver guaranteed and appropriate levels of uptime? How do they prevent, detect, and remediate physical and network security breaches? Thoroughly evaluate each vendor's network operations center and technology infrastructure.

- **ROI/TCO.** Although the financial models can vary significantly, the total cost of ownership is typically far lower for cloud computing systems than it is for on-premises and hosted systems. Take the time to carefully structure proper ROI scenarios and timelines to determine the investments and payback periods. The only ongoing costs should be monthly fees for the software subscription, training, and configuration. If you are comparing cloud to on-premises, remember that software licensing for an on-premises solution actually makes up a very small percentage of its total cost. Additional ongoing costs may include customization, hardware, IT personnel, maintenance, training, tuning, network maintenance, and much more. And that translates into a far more difficult investment hurdle. What's more, cloud computing costs are taken entirely from OPEX, whereas on-premises deployments typically include even larger OPEX plus significant CAPEX investments. (See Figure 1.)

Cloud Computing Turns CAPEX into OPEX

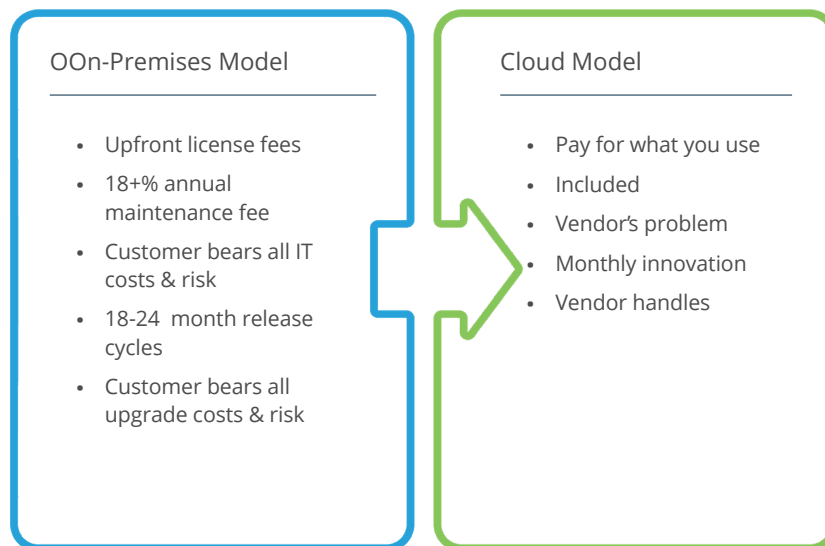


Figure 1: Cloud Computing Turns into CAPEX into OPEX

- **Support agreement.** A good support agreement will specify what level of support is free with subscription and will offer several levels of additional support. If it is important to you to have access to U.S. based experts, find out where your vendor's support team is located. It's also a good idea to inquire about the people on your support team. Will there be accounting experts and seasoned representatives available to you, if needed? Beyond technical support, how else will your vendor support you? (e.g., will you have a dedicated customer account manager?)

- **Service level agreements.** Given the stakes, a world-class service level agreement (SLA) is a non-negotiable requirement when dealing with a cloud-computing vendor. With cloud computing, you rely more heavily on your vendor for support. You can't simply walk down the hall to ask your IT department for assistance if you encounter a system problem. Make sure your vendor has the appropriate infrastructure to offer the best expertise and responsiveness, and be sure to get an ironclad, comprehensive SLA. As the basis of your relationship, this document can be enforced for many years and is essential to setting expectations and insulating your organization from risks. Look for SLA transparency from vendors who are unafraid to publish 12-month histories and current system status on their public websites. If a vendor does not have a public system-status website, it should be a major red flag that they may not have a complete handle on their operations.

Seven SLA must-haves

Your vendor's Service Level Agreement should specify incentives and penalties for these performance metrics—and more. Make sure you've got the following areas covered, in writing:

- **System availability.** Look for a vendor that can commit to 99% availability or higher.
- **Disaster recovery.** If there's a data center disaster, make sure that you'll be back up in 24 hours, and that you'll lose no more than 2 hours of data.
- **Data integrity and ownership.** If you decide to leave your cloud vendor in the future, you should be able to get your data out of the vendor's system—period.
- **Support response.** As a general rule, your vendor should be transparent about what constitutes a high priority, medium priority, and lower priority issue—and should be able to respond to high priority requests within one to two hours.
- **Escalation procedures.** If you have a support case that you feel needs to be escalated, be provided with a clear escalation path and the contact information of at least three people to contact.
- **Maintenance communication.** Your vendor should let you know when regular recurring maintenance activities take place, and should post a special notification if any maintenance activity is expected to take longer than normal.
- **Product communication.** Your vendor should commit to providing regular updates on new product features and product release notes.

About Us

Equation Technologies provides business management solutions for mid-sized companies in the USA and Canada. We make carefully crafted recommendations from among the industry's best-performing ERP software, including Sage Intacct and Sage 300. We help you **reduce the risk in choosing and implementing solutions** by:

- Listening closely to your challenges and exactly how your business works.
- Developing processes that match your business, not requiring you to conform to a software system.
- Mapping out efficiencies using technology to improve operations without adding staff.

Our main goal is simple: have a clear understanding of our clients' goals. We believe the only way to sufficiently grasp that information is by listening first, and offering valuable advice later. We also know that one single approach is not right for all businesses. We leverage our team's vast education and business experiences across industries to focus on our clients' unique needs. We understand the importance of your business. We know when you call on us, time is of the essence and we value & respect your time.

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