



**WHY CLOUD COMPUTING
MAKES SENSE FOR NONPROFITS**



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Why Cloud Computing Makes Sense for Nonprofits

Nonprofits are experiencing increased pressure, oversight, and demand for transparency from all sides. Whether the focus is government compliance, competition for funding, or accountability for outcomes, it is critical that nonprofit organizations have the edge in technology tools that improve their efficiency, reduce costs, and increase their visibility. Significant enhancements and adoption of cloud computing has opened the door for nonprofits to greatly benefit from the latest innovations in technology. At the same time, many nonprofits have questions and concerns about cloud computing. This paper looks at the key benefits and concerns around the cloud, examines the current state of cloud computing, and helps nonprofits understand why cloud computing offers tremendous opportunity with limited risk.

The Promise of Cloud Computing

According to the most recent Nonprofit Technology Network¹ survey, over 90% of respondents are using some kind of cloud-based software solution. Once an organization is successfully utilizing a cloud solution, it is likely to use more. In fact, of the nonprofits reporting, 80% were using more than one cloud solution for non-critical applications like email, project management, and video conferencing. While this percentage is a pretty dramatic shift, there are still questions and uncertainties about moving critical applications (e.g., accounting and financial management) to the cloud that we address from the perspective of nonprofit organizations in this white paper. When asked why they were using cloud solutions, the nonprofits surveyed listed primary drivers as mobility and cost.



Mobility and Remote Access

Mobility and remote access are especially important for nonprofits. Whether program managers work offsite, grant writers work remotely, or board members are on the road, mobility and remote access are a requirement for efficiency and productivity. Sharing data and 24/7 Internet access greatly improve an organization's efficiency and provide real-time management insight and action. With the mobility capabilities of cloud computing, internal and external stakeholders gain full access to metrics, approvals, and financial reports—regardless of location.

¹ Nonprofit Technology Network (NTEN), 2012 State of the Nonprofit Cloud, 3/2012

Cost Savings

The second driver of adoption for cloud computing in nonprofits is reducing IT costs. With the cloud, organizations can dramatically reduce the Total Cost of Ownership (TCO) by eliminating hardware costs and reducing software and IT costs. The cloud eliminates the burden of installing, maintaining and upgrading software solutions, reducing dependence on scarce IT resources, and freeing up employees' time to focus on the organization's mission. With cloud computing, nonprofits also get the benefit of reducing their technology risk with enterprise-class security, backups, and disaster recovery—at a much lower cost than doing it themselves.

Concerns Around Cloud Computing

It's easy to see why these key features are the motivators for moving to the cloud, but what about the questions and concerns surrounding the other critical aspects of cloud computing? The NTEN survey revealed that 59% of respondents cited security, privacy, control, and access as concerns about the cloud. Let's look at these key issues and examine how the latest advances in cloud computing technology have addressed those concerns for nonprofit organizations.

Privacy & Security

With increased compliance requirements surrounding privacy and the need to protect sensitive donor information, privacy and security should be at the top of the list for computing requirements. Many nonprofits believe that on-premises systems offer more privacy and security because the hardware is physically located at the organization. Yet, IT and data security are certainly not the primary focus and expertise of nonprofits. In fact, by utilizing the investment of major cloud providers in accumulating the greatest collection of computer science and data security expertise in the world, nonprofits can benefit from levels of privacy and security that far exceed what their on-premises solutions can offer.

Unlike on-premises solutions that may be located in a closet or in an unsecured part of a local facility and managed by a few resources, cloud providers can scale for millions of users via a few major providers to create a more secure environments for servers by incorporating the latest standards and controls for physical access. This capability results in a level of security that individual organizations cannot match.

Data Control & Access

The specific concerns of nonprofit organizations around data control and access include the fear of outages, ensuring they maintain ownership of their data, and guaranteeing that no data is lost in disasters or emergencies. Hurricane Sandy brought a reality check for nonprofits that previously felt their data and systems were secure. Trying to restore data from thumb drives and personal computers caused some nonprofits to realize how unsecured their data was in an on-premises environment.

In order to be adequately prepared, nonprofits need to keep data concerns front and center as they evaluate cloud applications. Nonprofits need to:

- Verify the historical performance level of the prospective provider.
- Make sure that they receive 24/7/365 real-time information on performance levels.
- Expect guaranteed performance at 99.8% or better.

While nonprofits may not be managing the servers directly, they still have responsibility for their data. When evaluating cloud providers, nonprofits should review a service's audit or certification of security, backups, and maintenance practices, and then keep reviewing these things regularly while utilizing that service. Nonprofits also should make sure they still own their information and can take it from the cloud when they want it. Due diligence in the selection process is critical to maintain the data control nonprofits want. Typically, many organizations find when they compare their internal on-premises processes against cloud offerings, cloud offerings offer more benefits.

Best-in-class providers should guarantee:

- In case of major disasters, applications are backed up and running within an agreed upon timeframe.
- Continuous local backups plus streaming backups go to a remote disaster recovery center.
- They maintain SSAE 16 SOC1 Type II audited processes and controls plus PCI DSS certification.
- Constant monitoring of application performance and responsiveness from locations around the world.
- Monitoring and management of system operations 24x7x365.

Conclusion

With increased governance, focus on compliance and competition for funding, it's more important than ever for nonprofits to take advantage of the right technologies that can support their missions. They should:

- Compare and document standards, guarantees and performance levels to ensure that prospective vendors are truly best-in-class cloud solution providers.
- Ask for nonprofit customer references and connect with these references to get a true feel for the providers' service, product and support.

It's also imperative that nonprofit organizations increase efficiency, transparency, and funding—while maintaining successful missions. Cloud computing is a great way to get there quickly. The cloud just makes sense for nonprofits—don't get left behind.

About Intacct

Intacct is the cloud financial management company. Bringing cloud computing to finance and accounting, award-winning Intacct applications are the preferred financial applications for AICPA business solutions. Intacct applications are used by thousands of organizations from startups to public companies, and are designed to improve company performance and make finance more productive. Hundreds of leading CPA firms and value added resellers offer Intacct to their clients. The Intacct system includes accounting, contract management, revenue management, project and fund accounting, inventory, purchasing, vendor management, financial consolidation, and financial reporting applications, all delivered over the Internet with cloud computing.



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