



Mr. Keith Prabhu
Executive Director, Confidis
keith.prabhu@confidis.co

Making the Cloud Work for CA Firms

INTRODUCTION

The emergence of the Cloud has forever changed the IT deployment options available to businesses.

Earlier, businesses who wanted to leverage the power of IT would necessarily need to budget for hardware purchases, Operating System software, Databases, Application software and an IT team to manage the complexity! Businesses had to deal with the headache of managing IT as a necessary evil to derive benefits from technology.

The Cloud gives businesses an opportunity to use IT without the associated hassles. All businesses have to do is to identify the need, shop for the right type of application and then pay a monthly fee to use it. Just think about it... No hardware purchases, shorter time to implement, no need for in-house expertise to manage the IT backend.

This article delves into the phenomenon of the Cloud. It explores what the Cloud really means and how it can be used. It also explores the risks of use this nascent technology.

WHAT IS THE CLOUD?

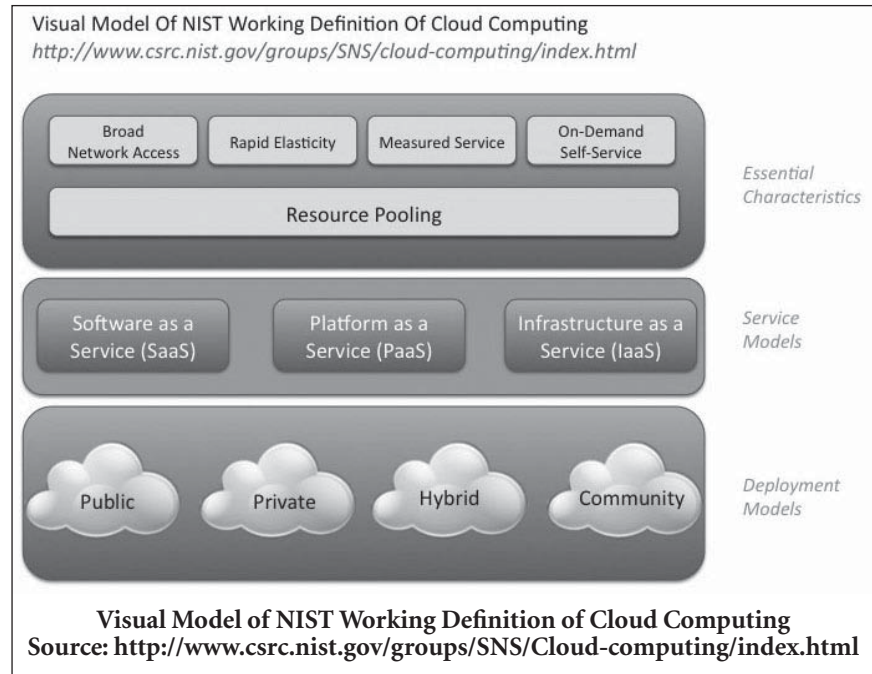
The most widely used definition of the Cloud as defined by NIST is:

“Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.”

In simple words, The Cloud refers to the process of sharing resources (such as hardware, development platforms and/or software) over the internet.

A PRIMER ON CLOUD MODELS

As depicted in Fig. 1, the Cloud has



two types of models that need to be understood when deciding which type of model to use.

1. **Service Models:** This describes what type of service will be delivered viz. Software, Platform or Infrastructure
2. **Deployment Models:** This describes how the Cloud will be actually implemented viz. Private, Public, Hybrid or Community

A description of each type of model is as below:

SERVICE MODELS

Software as a Service (SaaS) – Using this service means you can just use ready to run software that resides on infrastructure owned and managed by the service provider and pay a monthly subscription.

Platform as a Service (PaaS) - Using this service means that you can deploy your own custom developed software

onto the Cloud infrastructure using programming languages and tools supported by the provider.

Infrastructure as a Service (IaaS) - Using this service means that you can use fundamental computing resources like processing, storage, and networks, like you would, when you buy a computer and install within your own premises. However, in this case the computer will be at the premises of the service provider.

DEPLOYMENT MODELS

Private Cloud – The Cloud infrastructure is operated solely for a single organization. This is typically more secure but relatively costly model.

Public Cloud – The Cloud infrastructure is generally available to everyone to rent out and owned by an organization selling Cloud services.

Community Cloud – In this type of Cloud, organizations or persons with

similar interests e.g. groups of hospitals, share the Cloud infrastructure. **WHY USE THE CLOUD**

Hybrid Cloud - The Cloud infrastructure is a composition of two or more Clouds (private, community, or public) that remain unique entities but are bound together by standardized or proprietary technology that enables data and application to seamlessly flow.

HOW CAN CAs IN INDIA USE THE CLOUD

CA firms typically use two types of applications:

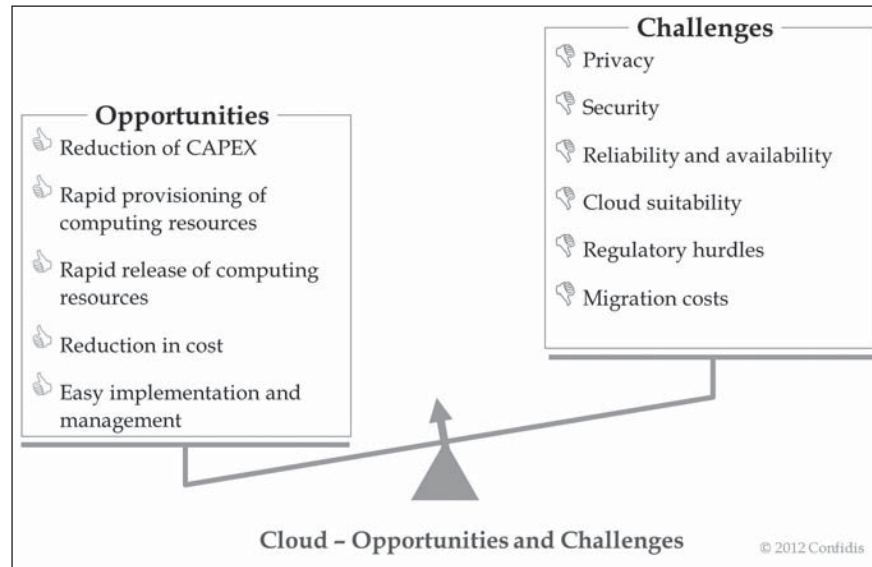
1. **Internal Applications:** These application help boost internal efficiencies. E.g. Customer Relationship Management, Risk Management, Document Management, Knowledge Management etc.
2. **Client Facing Applications:** These applications directly interface with clients and help boost image and interaction. Websites, Accounting Package

Barring the large multinational audit firms, many CA firms in India are smaller in size with limited access to latest applications like Customer Relationship Management, Document Management, Risk Management. The reason for this is the prohibitive cost and complexity in implementing and managing such applications which put them out of reach of most CA firms.

Cloud Computing makes that limitation history. CA firms in India can now implement applications that were hitherto the sole domain of larger companies.

Cloud applications are available today that can be implemented quickly both for internal and client facing use. The best bet for CA firms in India is to use the SaaS applications available in the marketplace. These are easy to implement and are also mature.

As with most technologies, the organizations that move fast on adoption stand to gain the most. However, at the same time, they also run the risk of getting on the bleeding edge of technology. In order to maximize the benefits of the Cloud, organizations while moving fast should perform a due diligence by taking into account risk factors prior to migration.



The Cloud offers several opportunities for organizations as enumerated below:

- **Reduction of CAPEX:** The Cloud reduces the significant upfront capital expenditure which is needed to purchase and maintain IT infrastructure like hardware and software systems. Pricing in the Cloud is done on a usage based or subscription-based model which converts CAPEX into OPEX.
- **Rapid provisioning and release of computing resources:** Cloud services are available "On-Demand" which allows customers to upscale/downscale capacity without incurring any capital expenditure. Furthermore, Cloud services largely work on the self-service model wherein customers can add or reduce services with relative ease using intuitive dashboards.
- **Reduction in cost:** Multiple users share the infrastructure in the Cloud model which allows Cloud Service Providers to enjoy significant cost advantages, benefits of which are passed-on to the Cloud users making the Cloud solution a cost effective option.
- **Easy implementation and management:** Cloud resources in terms of hardware and the supporting software are managed by the Cloud Service Providers which enables customers to concentrate of their most important task i.e. business, instead of doing the routine and thankless job of maintenance.

RISKS OF USING THE CLOUD

As with any technology, risks to the business must be considered before embarking on the Cloud journey.

Privacy and Security: By far the biggest inhibitor of Cloud adoption is customer concern of the security and privacy of their data. The multi-tenant environment of the Cloud is causing concerns amongst enterprises. As the same underlying hardware may be used by other companies and competitors, it may lead to a breach of privacy. Moreover, any data leakage or virus attack would have a cascading effect on multiple organizations.

Cloud Service Providers have tried to address these concerns by deploying strong security controls using the formidable security skills that they have their disposal.

Reliability and Availability: There have been instances of outages at the facilities of the Cloud Service Providers which have raised concerns over the reliability of the Cloud solutions. What would be the repercussions to a business if their applications and data are not available for an extended period of time or worse, lost?

Cloud Service Providers have tried to allay these fears by making significant investments into redundancies that are unaffordable to most individual organizations..

Cloud suitability: The Cloud may not be suitable to run all types of

applications. For example mission-critical applications, needing 24x7 processing may be better off in an organization's datacentre, behind a corporate firewall, using dedicated computing resources.

Organizations need to perform a detailed feasibility and risk analysis before moving existing applications to the Cloud.

Regulatory hurdles: Cloud Service Providers choose datacentres which are cost-effective and can support their operations (availability of bandwidth, power, etc.) However, these locations may not be suitable from a customer's point of view due to security and regulatory compliance restrictions. Several Indian businesses are wary

of storing data on US-based hosting environments because US could have access to all such data under its Patriot Act which could lead to a breach of privacy. Business leaders should seek legal and risk inputs before moving such applications to the Cloud .

Migration Costs: Existing investments in infrastructure and high cost of migration may make it unfeasible for organizations to migrate to the Cloud. Legacy architecture may not be compatible with virtualized Cloud environments and may involve time and cost consuming upgrades.

However, organizations should not totally rule out Cloud adoption due to these existing investments. Efficiencies can be achieved by moving certain

applications to the Cloud and exploring Cloud options for new business requirements.

CONCLUSION

Organizations across sectors have learned that they can ignore disruptive technologies at their own peril. In the IT space a storm is brewing with the emergence of the Cloud. It is a disruptive technology which organizations can ill afford to ignore.

The Cloud has various benefits including cost savings, speed to market etc. that can be derived by organizations who adopt it. Being a new technology paradigm, challenges do exist but those who are ready to adopt the Cloud while addressing risks in a pragmatic manner, would be adequately rewarded. ■

SIRC OF ICAI - COACHING CLASSES FOR CA STUDENTS

1. Coaching Classes for IPCC and Final Courses

The next batch of the regular coaching classes for IPCC and FINAL courses for May, 2013 Examinations will commence on 26th November, 2012.

Course Fee

Final : For Both Groups – Rs.5,000/- For One Group Rs.2,500/-
 IPCC : For Both Groups – Rs.4,000/ For One Group Rs.2,000/-

Class Timings

Final & IPCC : Group-I : 6.30 am to 9.30 am
 Group-II : 5.30 pm to 8.30 pm

Course Fee : Rs.1,500/-

Class Timings

Fundamentals of Accounting : 06.30 am to 9.30 am & 05.30 pm to 8.30 pm
 Mercantile Laws }
 General Economics } : 10.00 am to 1.00 pm & 2.00 pm to 4.00 pm
 Quantitative Aptitude }

Limited Seats only. Registration is on "first come first served basis".

Venue : SIRC of ICAI, "ICAI Bhawan", 122, M.G. Road, Nungambakkam, Chennai 600034.

2. 10-Day CPT Rapid Revision Classes for December, 2012 Exam

The 10-Day CPT Rapid Revision Classes will commence on 19th November, 2012. Students who have already appeared CPT Examination and yet to qualify and students who already attended CPT coaching classes in other institutions may join this CPT Rapid Revision Classes.

Senior Faculty Members will discuss the Model Test Papers (Questions) in detail. Fully Examination oriented. One CPT Model Examination will also be conducted on 01/12/2012.

The coaching class fee should be remitted through Syndicate Bank, Nungambakkam branch, Chennai-34. The application form and bank challan can be had from the SIRC office. The outstation students may remit the fee by demand draft drawn in favour of **SIRC of ICAI** payable at Chennai. The demand draft along with the details, viz. course and group to be attended should be sent to SIRC of ICAI, "ICAI Bhawan", 122 Mahatma Gandhi Road, Chennai 600034.

For assistance :

Ph: 044-30210322, Email: sirclasses@icai.in Website: www.sircoficai.org

GMCS COURSE ANNOUNCEMENT

The next batch of GMCS Course will commence on 21st November, 2012 and 10th December 2012. The duration of the course is 15 days. Preference will be given to the final passed students. The course fee is Rs.4,000/-

The fee should be remitted through Indian Bank, Uthamar Gandhi Salai Branch, Nungambakkam, Chennai-600034. The application and bank challan are available at SIRC office. Outstation students may send demand draft drawn in favour of "SIRC of ICAI" payable at Chennai. Seats are limited to 50 Numbers. Registration will be on first come first served basis.

For registration and further information please contact SIRC of ICAI, "ICAI Bhawan", 122 Mahatma Gandhi Road, Chennai 600034. Ph:044-30210322//320/321/323.

Email ID : sirclasses@icai.in Website : sircoficai.org

GMCS – 1 PROGRAMME REGISTRATION

As per the Board of Studies decision [Refer Announcement given in SIRC newsletter September - 2012 in page 19] SIRC is proposing to start organizing the GMCS-1 Course. Students who have registered for Articled Training on or after **1st May, 2012** are required to undergo GMCS-1 Course during the 1st year of Articled Training.

Eligible students are requested to register for the GMCS-1 Course as early as possible to avoid last minute rush. The Application form and challan for payment of fees may be obtained from SIRC office at "ICAI Bhawan, 122, Mahatma Gandhi Road, Nungambakkam, Chennai-600034. Details of the GMCS-1 Course are also posted in the SIRC website www.sircoficai.org under 'Students' section, the Application form can also be downloaded.

Date of commencement of the GMCS – 1 Programme (which will be decided based on the registrations as aforesaid) will be intimated to the registered candidates in due course.

Students Helpline for GMCS-1 : 044 30210321 Email ID : kirubakartl@icai.in