

Managing the Risks of Cloud Computing

For businesses looking to share resources quickly and effectively, cloud computing can be an attractive answer. However, while moving operations to the cloud is an effective way to reduce hardware and software costs while keeping data readily available, it can also expose your company to certain risks that need to be taken into consideration when deciding if it is right for you.

Picking the right cloud service provider can mean the difference between a lasting success and a costly failure. Either way, you need to ask the right questions and set the right requirements to ensure that your potential cloud provider increases your productivity, not your risks.

Contracts

The most important part of moving some or all of your operations to a cloud provider is establishing a contract that will lay out, in advance, the way your data will be managed. Ultimately, your company is responsible for any data that it is entrusted with, even when that data is being stored by a third party. Without the cloud, your company has full control over its data security and Internet policy. If you make the move to a cloud computing platform, the provider you choose may not have the same high standards currently held by your company. With a contract, you can make sure your provider enforces the same level of protection that your company would on its own system.

Questions for Potential Providers

One of the biggest mistakes a company can make is to not investigate and/or negotiate the terms of its contract with potential providers before beginning service. The less you know about your provider and what services

they are willing to guarantee, the larger the room for error. When comparing cloud computing services, there are some factors that you need to consider:

- **Data recovery:** What happens if a disaster destroys one of your provider's servers? Are they obligated to replace the data stored on it? Do they even have the capability? Temporary data loss can be extremely inconvenient and costly to a company. If it is permanent and the provider has given you no guarantee to restore data, the loss can be devastating. Make sure the provider has the resources in place to back up your data to ensure that there cannot be any permanent loss. Also, make sure they can restore your data in a reasonable timeframe to avoid an extended disruption to your operations.

To reap the advantages of cloud computing you must work with your provider to manage potential risks.

- **Data location:** Data put into the cloud can be stored anywhere, from across town to a server on the other side of the world. Unfortunately, not all countries are as strict as the United States when it comes to data security. While your provider may be headquartered in the United States., it could utilize server space in multiple countries. Depending on the location, this could mean reduced security standards. Ask providers to guarantee your data will

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be stored on servers within the United States and that they will conform to all local regulations regarding data security.

- Ending a partnership: Before you begin the partnership, it is important to consider how things will work out if it ends. Whether by your own decision or because of an unfortunate event, such as your provider going out of business or being taken over by another company, there may come a time when you will part ways with your cloud provider. To avoid loss, ask potential providers to describe the system for transferring data from their servers back into your control should your business relationship end.

New Territory

Cloud computing is a relatively new concept, meaning there may be a number of risks that are not yet apparent. This also means that most cloud providers have a limited history in the industry. Cloud computing comes with many advantages, but you need to strongly consider the types of sensitive data you are willing to risk moving to the cloud.