



Cloud 101: How Safe is My Customer Data?

An introduction to cloud computing for the
independent insurance channel

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How safe is my customer data?

The concept of cloud computing isn't as nebulous as it sounds. On the contrary, cloud computing offers businesses solid advantages that could be more beneficial and ultimately cheaper than more traditional computing methods. But before you can appreciate the wonders of the cloud, you first need to trust that it's safe. Specifically, you have to believe that your precious customer data is safer in the cloud than locked away in your office hardware.

How easy is that to believe? After all, security breaches happen. Sophisticated thieves as well as amateurish hackers make headlines and wreak havoc. In the insurance industry as much as any other, an ever-changing selection of devices is used to access, move and store data. How can you believe security prevails at every checkpoint in the cloud? The word 'cloud' itself suggests that data is floating untethered in space.

That perception is fair, but it couldn't be more inaccurate. In fact, the cloud is the safest place to be.

As Microsoft, Amazon and a host of other companies offer cloud computing services, more businesses trust their data and software applications in this new environment. The insurance industry, too, has embraced the cloud. In an October 2010 study, global management consulting company Accenture concluded that the market for cloud computing will grow significantly over the next few years, and that the insurance industry will be at the forefront of that growth.

What does it mean?

"The cloud" is the collective term for the secure data centers that control computing operations. These remotely-accessed centers are home to the servers that host software and perform computing, as well as process, store and protect data. Users access their data and applications through a wired or wireless Internet connection.

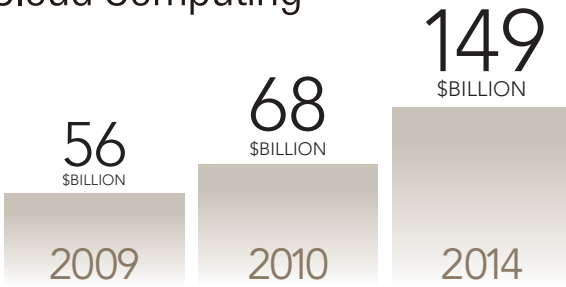
Cloud computing frees individual users from the constraints of typical hard-drive, wired-in computing. For instance, insurance professionals who use an online management system can access everything associated with that management systems via an Internet connection to servers in off-site data centers instead of servers in their office.

In this online environment, desktop computers don't compute in a traditional way. They become virtual desktops. Based on what users see on their monitors, they appear to be doing business on their own computers. But the servers in the data centers are really doing all of the computing and storing. Users watch the processes on their desktops as though they're looking through a window.

"When we purchased our first additional office, there was no management system. I knew the cloud was available, so we decided to go the TAMOnline route. And it has worked wonderfully, because several of us float wherever we're needed. We can just be at any office."

Karla Cooper, **TAMOnline user since 2005**
Burch-Hodges-Stone, Inc. | Martinsville, Virginia

Investment in Cloud Computing



Why the cloud?

What are the benefits of moving the actual computing from desktop machines and office servers to an off-site data center? Moving data to a location outside the agency means relinquishing control, doesn't it? Actually, it's just the opposite. Not only do users gain more control over their data and have more options for delivery, the data is more secure.

Operating in a virtual atmosphere means data and applications remain centralized in the data facility. Information is available, however, in more places than just your desktop computer. It can be accessed on a laptop, tablet computer or smartphone—wherever an Internet connection is available. You have more access through more devices in more locations. That kind of on-demand service is a central component and significant advantage of cloud computing.

Though data and software are available on smart devices, the information isn't stored on them. Like desktop computers working in an online environment, the smart devices display the information virtually. Since all the actual computing and data storage are being done on off-site servers, nothing on desktops, tablets or laptops is vulnerable to viruses and spyware. Data delivered to devices remains encrypted at all times. So there is no longer a need to store or back up data to removable media such as flash drives or CDs that previously could have walked out of your office or otherwise found their way into the wrong hands.

Most insurance agents don't have the resources, expertise, time or money to match what data centers provide. Neil MacDonald, a Gartner vice president, last year told chief information officers at

Midsize Enterprise Summit West that up to 80 percent of security failures are due to administration failures or poor configuration.

Besides providing data security, data centers themselves are physically secure sites, staffed 24/7 with additional monitoring through video surveillance. Strict security standards require levels of redundancy and other measures that cannot be duplicated in typical offices, according to numerous independent studies.

Do cloud security standards exist?

So once the benefits of cloud computing are clear, how do professionals with an expertise in insurance—or any other profession that is not specifically information technology—come to feel secure about cloud security?

A number of organizations have introduced some form of cloud auditing standards. The go-to organization is the Cloud Security Alliance (CSA), an emerging standards body formed to promote the use of best practices for providing security assurance within cloud computing. A body that provides guidance and not the actual auditing services, the CSA also offers relevant education. The CSA includes dozens of cloud service providers, including Google, Microsoft, VMware, Cisco, VeriSign, American Institute of CPAs and the biggest accounting firms.

Security Failures:



Among its supporting materials, the CSA features a document titled, "Security Guidance for Critical Areas of Focus," which lists these 13 domains of cloud security:

- Governance and enterprise risk management
- Legal and electronic discovery
- Information lifecycle management
- Portability and interoperability
- Business continuity and disaster recovery
- Data center operations
- Incident response
- Application security
- Encryption and key management
- Identity and access management
- Virtualization

For anyone seeking knowledge and guidance on entering the cloud, the CSA is a solid place to map any proposed cloud service to a reliable set of controls and supporting information.

"The down time convinced me to move online. There was a time I had 11 people not working because the server was being replaced. We were down for four days. That made it really easy to justify going to the Cloud. **We're never down. My additional costs for TAMOnline more than offset the hard costs and soft costs of keeping a server in-house."**

Mike Saunders, **TAMOnline user since 2005**
Saunders Insurance | Taber, Alberta

Online system: Your key to being prepared for disasters

The automated office needs protection from technological calamities so that sensitive data doesn't just disappear. Insurance professionals know all too well how important risk management is. But they are just as susceptible to natural disasters as their customers are. So in the event of a fire, flood, tornado or hurricane, having an online solution is already a significant step toward recovering from a disaster, even before one strikes. By having an online solution, you have:

- Access to your agency management system wherever you have an Internet connection.
- Automatic back up for your data. No more fussing with back-up tapes, which have been shown to fail up to 26% of the time anyway.
- Your data stored in secure data centers that have their own backup procedures and extra power generation in place; so in the event of a power outage, your data, programs and applications are all safe and operational.
- No more having to develop contingency plans to have a new server delivered, should a natural disaster ruin your current server. With an online solution, as long as you have an Internet connection, you can get back to work.

Thinking of moving to the cloud? Talk with an expert. Call 1-866-351-9860 to discuss if the cloud is right for you.

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