



# Cloud Computing

## **Background**

With the increasing trend for companies to outsource (such as certain accounting or IT functions), cloud computing has increasingly become a solution for organizations. It's an innovative and increasingly popular model of software deployment that offers enterprise-class software function without traditional up-front infrastructure costs or the unpredictable support and maintenance costs of on-site software and hardware.

Cloud computing removes the need for in-house IT infrastructure because cloud software and applications can be distributed over the internet. It provides faster implementation for new software and allows all employees, even those in different locations, to access the same applications simultaneously.

From infrastructure to security to personal productivity to workflow, CRM, accounting and ERP, there are today mature, cloud-based applications available in nearly every segment of the software marketplace.

## **Importance to CPAs**

Cloud computing allows companies to innovate with new software deployment without traditional up-front infrastructure costs. According to a National Management of an Accounting Practice survey, 56 percent of CPA firms indicated they use cloud-based software. While cloud computing provides reduced support costs, disaster recovery capabilities, and more regular upgrades, it also poses security concerns.

## **State Activity**

Besides all the business applications for the cloud, there are also several business concerns. Storing confidential client data on the cloud brings security and privacy considerations for CPA firms. This data storage is often impacted by cybersecurity laws and regulations. Over 40 states introduced cyber legislation in 2017.