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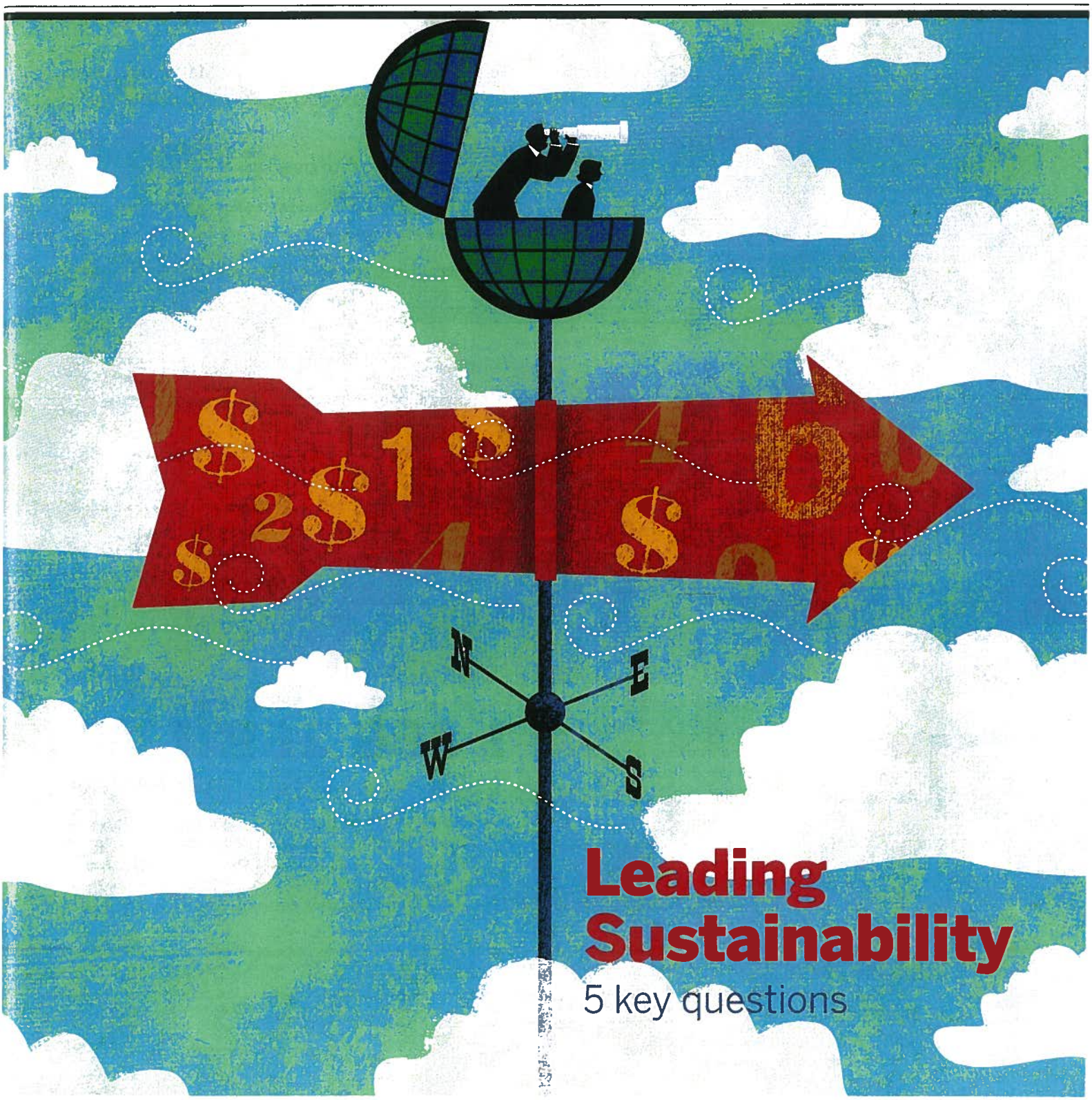

Leading Sustainability

5 key questions

Risk management:
Cloud computing considerations

By **Sri Prakash**

IN A TROUBLED ECONOMY, CLOUD computing is a great cost saving alternative. Google, Microsoft, IBM provide today's CIO with an array of cloud services as a major cost saving alternative to the traditional data centre and IT department. The temptation to "put it on the cloud" and sit back can be extremely compelling. But like everything that's "too good to be true," cloud computing comes with its own set of risks that today's CIO or CTO needs to understand before taking the plunge.

Information Systems Audit and Control Association's (ISACA) 2010 survey on cloud computing adoption presents some interesting findings. Forty-five per cent of IT professionals think the risks far outweigh the benefits and only ten per cent said they'd consider moving mission critical applications to the cloud. Published statistics around cloud adoption indicate that cloud computing is a mainstream choice, but definitely not the primary choice. While some organizations have successfully moved part or all of their information assets into some form of cloud computing infrastructure, the large majority still haven't done much. Is it premature for organizations to have a cloud computing strategy?

In most organizations, there are definitely some areas that could be safely and profitably moved to the cloud. The extent to which an organization should move its information assets to the cloud and take advantage of the benefits is determined by the application of a risk assessment framework to all candidate information assets. It's essential to understand the risks and have a mitigation strategy for each.

A/ Sensitive data: The physical, logical and personnel controls that you put in place when your data was inside your organization's data centre are no longer under your control when you move your organization's information on the cloud. The cloud provider maintains his own hiring practices, rotation of individuals, and access control procedures. It's important you ask and understand the data management and hiring practices in place with your cloud provider.

B/ Regulatory compliance: You, the client, are not off the hook just because your data is now residing on your provider's cloud; you are still answerable to your customers for any security and integrity issues that may affect your data. The ability of the cloud provider to mitigate your risk is typically done through a process of regular external audits, PEN tests, compliance with PCI standards, ensuring SAS 70 Type II standards, etc.

C/ Geographical spread: Your data may not reside in the same city, state or country as your organization. While the service provider may be contractually obliged to ensure the privacy of your data, it may be even more obliged to abide by the laws of the state, and or country in which your data resides. Your organization's rights may get marginalized. Ask the question and weigh the risk.

D/ Data loss/recovery: Data on the cloud is almost always encrypted; this is to ensure security of the data. However, this comes with a price: corrupted encrypted data is always harder to recover than unencrypted data. It's important to know how your provider plans to recover your data in a disaster scenario.

E/ Merger/acquisition: A seamless merger/acquisition on the part of your cloud provider is not always business as usual for client. The provider should address this in their contract with you.

F/ Data availability: The cloud provider relies on a combination of network, equipment, application, and storage components to provide the cloud service. If one of these components goes down, you won't be able to access your information. Given such a scenario, it is important to understand how much you can do without a certain kind of information before you make a decision to put it on the cloud.

Although cloud computing is relatively new in its current form, it can be applied to specific low- to medium-risk business areas. Picking a cloud provider requires more due diligence than routine IT procurement. There is no clear cut template for success. You can only minimize your risk. ■

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