Four Big Misconceptions about Cloud Computing and Its Application in Credit

Cloud computing, or the "Cloud," is a web-based alternative for the need of in-house hardware and software to support business processes and data storage. It basically outsources these to a provider (e.g., Cforia, Credit & Management Systems, Inc., Forseva and High Radius). Data, including customer information, is held on servers physically outside a business' offices. It plays off the concept of shared resources, in essence, and offers flexibility.

For credit departments pleased with the performance since switching to the Cloud for certain functions, it's been described as a game-changer. Granted, provider definitions of what Cloud services constitute can be very different, so doing the research before signing on with a service provider is of extreme importance. However, many worry still about the Cloud, and it's often because of incorrect perceptions or fear of change.

Misconception 1: It Will Take Away Credit Jobs
Change that is sold on words like "streamlining" often makes people nervous about job security. But the Cloud, when applied successfully by a credit department, isn't about cutting staff down per say. It's more often about enabling employees to focus on the types of credit decisions required due to the Cloud automating easier, lower level functions. In essence, the projects or accounts that truly need the eyes and attention of trained credit people are getting them, and with fewer unneeded distractions.

Misconception 2: It's Not Secure
Most Cloud experts agree that such services, if offered by a reputable company, are just as secure as an internal firewall. Part of this has to do with the hardware used, especially if the customer's own security and technology isn't the business' main product or service. A company could easily remain on the same product version for several years while it becomes outdated, while competitors use something far more advanced, if not safer. Frequent product upgrades are, in theory, easier within the Cloud, and provide significant value immediately without jeopardizing operational continuity.

Misconception 3: It's Too Costly
Replacement of hardware is not just time consuming, but expensive. New servers and related items are not cheap. In addition, climate-controlled server rooms, which also pull on resources, not to mention the additional cost of utilities for running such a room at all times, may be needed. Besides, using the Cloud is based, again, off of the concept of shared services. "Pay as you use" formats are popular and may make a lot more sense than having to buy 100% of a server for hosting in-house, especially if the business only needs one-fifth of said server's capacities.

Misconception 4: Your Business is Actually Good at Information Technology Security
As many learn, if security is not the business' specialty or particular area of knowledge, being totally responsible for it can become a greater risk than outsourcing to Cloud specialists. Improperly managing a strong firewall makes it weak, creating a false veil of security. Hiring the "right" IT person can also be difficult for management that doesn't understand the type of work these professionals do on a day-to-day basis. Many Cloud-based companies have staked their entire existence on being secure knowing that if it became known that they were compromised and information stolen, they're company is going to be out of the game rather quickly. In short, information security is what they do, every day —this is their business.