



## Everyone's Talking About Cloud

*Choose the right hosting solution for  
your nonprofit accounting needs*

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## Introduction

**In today's market, every business, organization, and individual relies on the cloud. From online self-service applications to complex enterprise solutions, the world runs online. It only makes sense that nonprofit accounting groups are looking at cloud-based programs to solve their budgeting and efficiency challenges.**

Cloud computing offers many advantages, including flexibility for workers, economical pricing, and a guarantee that you'll always have the latest updates. However, there are still concerns about data security, system availability, and more. Then there's the computer lingo that comes with cloud adoption and there are so many options. There are cloud service, cloud hosted, and installed accounting packages. Each come with benefits and limitations.

How do you know what's the right answer for your nonprofit when it comes to your accounting practices?

By learning a few basics about your cloud options, you can find the right accounting solution for your organization.



### In today's business world<sup>1</sup>:

**36** The average employee uses 36 cloud-based services every single day.

**81%** of all enterprises have a multi-cloud strategy already laid out or in the works.

**80%** of companies report operational improvements within the first few months of adopting cloud solutions.

1 TechJury, "Cloud Computing Statistics 2020," 28 Mar, 2019, <https://techjury.net/stats-about/cloud-computing/#gref>



## The Three Distribution Models of Nonprofit Accounting Software

**When it comes to nonprofit accounting packages, you have options as to where your software is deployed and how it is accessed by your team.**

There are locally installed packages that your IT team manages on-site, cloud services that are accessed through any standard web browser, and

cloud hosted systems that straddle those two distribution models, offering many of the benefits of each.

While all three distribution models provide benefits, each comes with known risks and inherent requirements. To determine which solution best fits your organization's needs, you first need to understand

a bit about how each works, what will be expected of your team, and what benefits and drawbacks you can expect.



### 1 Installed Software Packages

An installed nonprofit accounting package is what you would think of as “traditional” software distribution.

Your IT team or computer support staff would receive a download or disks, which they

would then install onto your local servers, desktops, and laptops. The system is hosted on-site, on your owned infrastructure.

Typically, these packages include a server component that centralizes your data and

client programs that access that data through a user interface. The client interface for installed software runs outside of a browser as a stand-alone application in most cases.

## What You Get



**Security** — An installed solution is often regarded as secure and controllable because you own the infrastructure. Your data stays on-site and you can limit connectivity through your own, internal access management.

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**Compliance** — Regulatory guidelines require some software packages to run on-site to maintain compliance. Depending on how databases are structured and the nature of the data contained within, applications that run in the cloud or hosted could pose a high risk of data exposure or loss. In those cases, you will be required to run the solution on-premises in an installed fashion.

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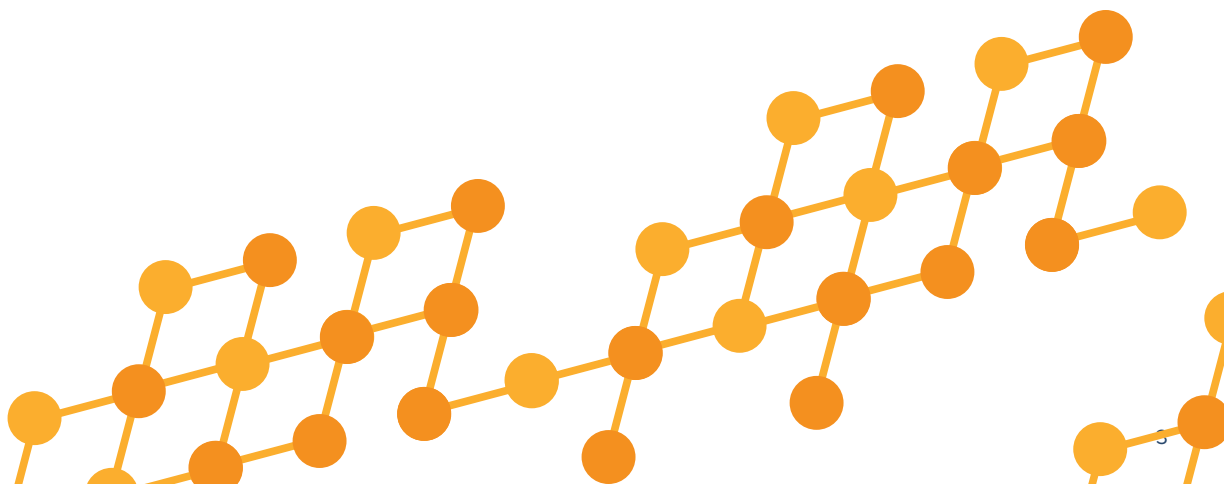


**Speed** — Systems installed on-site benefit from low-latency application processing. Users rarely deal with latency issues and when they do, the fix is internal. Your IT team has the ability and authority to fix problems with networking, processors, memory, and storage.

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**Control** — On an installed solution, scheduled updates and upgrades can coincide with your organization's schedule so that your teams aren't left waiting during a push toward a deadline. You can choose which updates or upgrades your company needs, which can reduce complexity for your users and provide cost savings to your company.



## What to Watch For



**Security Burden** — While an installed system is assumed to be the “more secure” solution, that security doesn’t come without risk. Your organization will need a team—whether on-site or contracted—that owns full responsibility for intrusion detection, data loss prevention, regulatory compliance, and more.

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**Maintenance Responsibility** — The “other side” to the benefit of control is the risk of putting full responsibility onto your IT team. Software updates, upgrade rollouts, and license enforcement all fall on your team. Additionally, your team is responsible for hardware monitoring and maintenance, upgrades, and periodic refresh. If a system goes down, your team has to be the one to get in there and get you back up and running.

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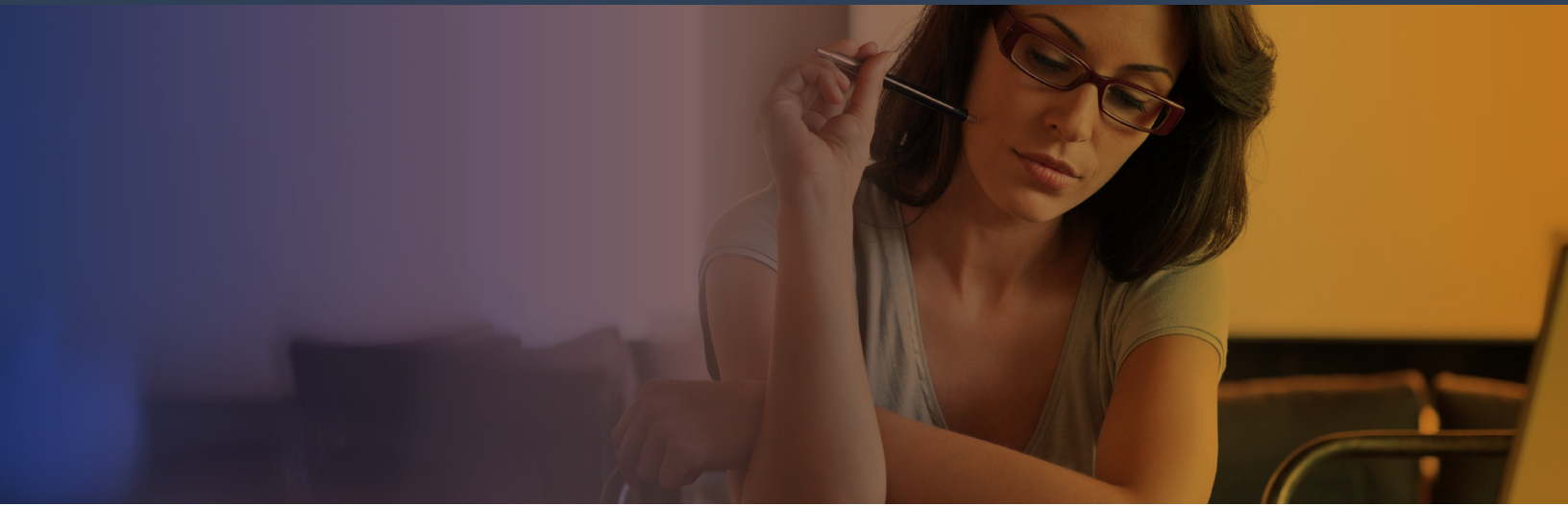


**Cost and Resources** — Often, small to medium nonprofit organizations lack the resources to staff a comprehensive IT department. Instead, they rely on managed service providers (MSPs) or internal resources who straddle multiple job functions. While both of those options are cost-effective during the normal course of business, MSPs can become costly through unplanned outages. Internal workers who wear many hats end up stretched thin and often sacrifice one priority for another, especially during IT emergencies.

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**Lack of Flexibility** — What you gain in speed using an installed solution, you lose in flexibility. Today’s professional world is one of remote and at-home workers. Nonprofit accounting groups often provide direct access to their software to accountants, regulatory boards, and other stakeholders or contractors. However, with an installed system, your users need to be on-site or have access to a virtual private network (VPN). VPNs offer some amount of remote work capabilities, but often at the cost of speed and at higher security risks.



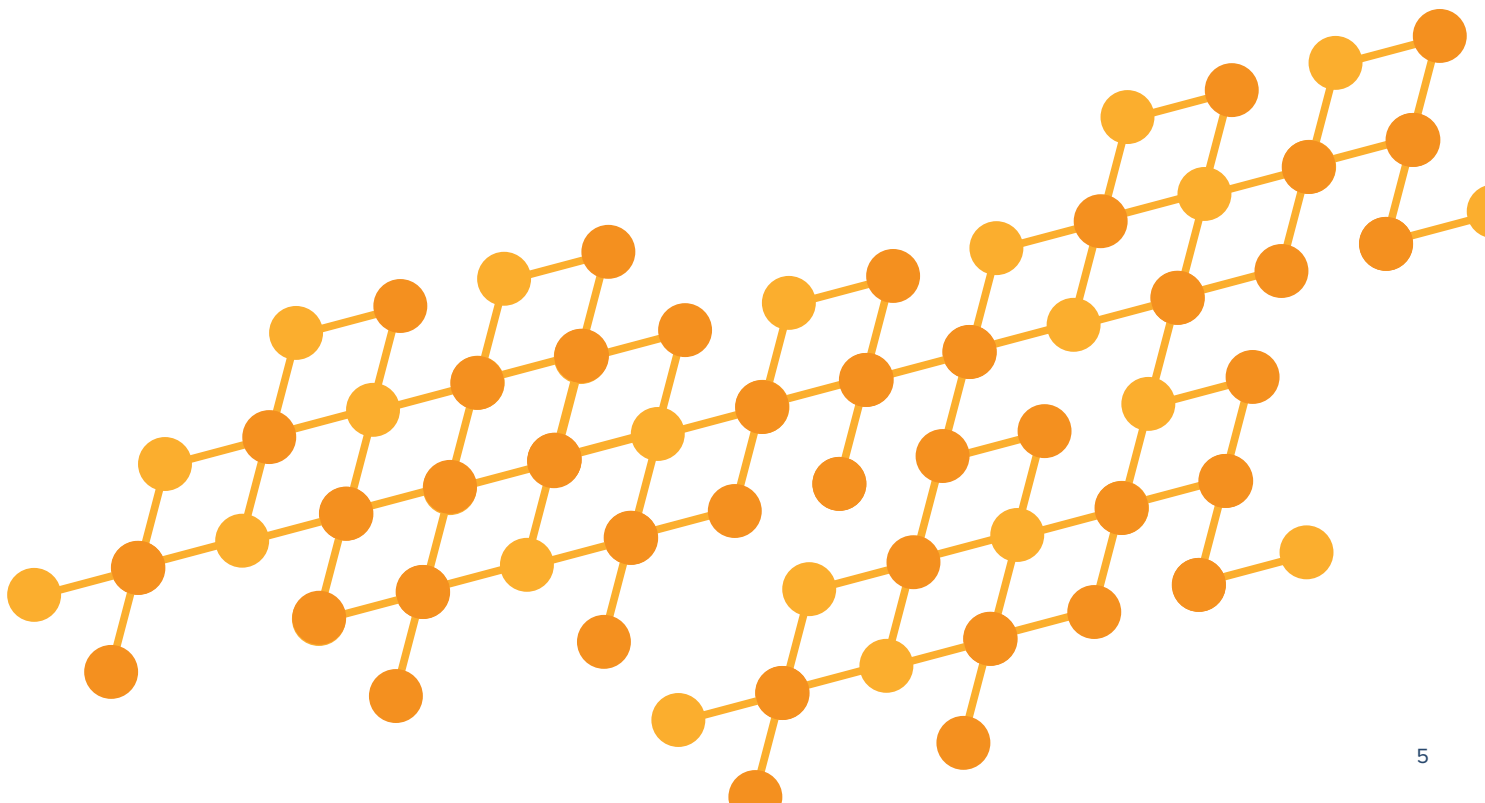
## 2 Cloud Services

Cloud services are software solutions that run in a public cloud. Software solutions that run in the cloud typically provide browser and phone app interfaces for users who connect via the internet. This “Software-as-a-Service” (SaaS) concept has revolutionized software delivery

and consumption practices in nearly every industry, including nonprofit accounting.

With a cloud accounting solution, your team is only responsible for providing login accounts to your internal and external teams. The software provider handles

the rest, including software upgrades and updates, hardware maintenance, and server-side security. Anyone on your team who has an internet-connected laptop, desktop, or smartphone can gain access to your accounting tools and data with a simple login.



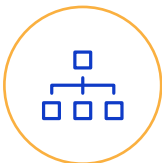


## Benefits of Cloud Services



**Flexibility and Scalability** — With cloud services, you can start with a few users and scale up as your organization grows. Most cloud-hosted accounting software providers offer tiered feature levels, ranging from entry-level, minimal feature sets to get smaller groups started, to full-featured, enterprise-level packages for large or established organizations. Additionally, some packages provide specialty solutions for niche accounting needs. After you choose the feature and license package that works for your nonprofit, you have the flexibility to scale up or down or move to a new feature tier as needed to support your changing organization.

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**Operational Cost Structures** — Cloud accounting services require little to no upfront costs or capital investments for IT infrastructure or software packages. Instead, these services are offered at a structured, monthly rate based on your needs and consumption. While some systems require minimum contracts or offer discounts for full-year payments, most allow organizations the option to pay a manageable monthly fee.

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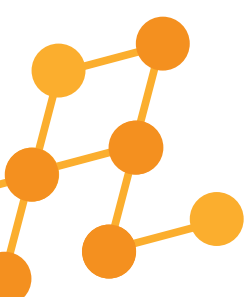


**Portability** — The cloud has enabled on-the-go computing for businesses, nonprofits, and every-day users. As a society, we've become accustomed to having instant access to our work and personal data. Cloud accounting software service gives your nonprofit's work-from-home employees, offsite contractors, and other stakeholders high levels of portability so that they can do their work wherever they can find an internet connection.

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**Simplified IT Management** — With a cloud accounting service, you require fewer IT staff. The underlying hardware and software configuration and management are handled entirely by the cloud service vendor. Your team is only responsible for the management and security of your on-premises systems, connectivity to the cloud service itself, and any desktops, laptops or other devices your staff and stakeholders use to connect from remote locations.





## Possible Risks



**Lack of Control** — With a cloud service, you have no say over when features change or updates get installed. Major software updates, while rare, can disrupt your team's ability to meet deadlines if user interfaces change drastically. With a cloud service, you also lack control over where your data resides. Though cloud providers offer multitenant solutions that isolate one organization's data from another, you are placing your trust and control into the hands of the provider.

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**Latency and Availability Issues** — Any cloud service your nonprofit uses is subject to network latency and internet outages. Depending on how far your offices are from your service provider, latency can be anywhere from microseconds to seconds. Over time, low-latency access adds up to frustration and possible delays in task completion. While your software solution provider may offer uptime and availability guarantees, their service ends at their firewall. Everything between their network and your internal systems is yours to troubleshoot and fix in the event of slow connectivity or outages.

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**Possible Compliance Issues** — Certain regulatory boards, including HIPAA, have strict requirements over what accounting practices can and cannot happen in cloud service. If your nonprofit deals with regulatory compliance requirements, you will want to look closely at the fine print of your desired cloud-hosted accounting solution. Be sure that their solution meets your needs for your compliance-sensitive accounts.

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**Shared Security Model** — In cloud delivery, the provider is responsible for data security across its hosting architecture and communication network. As soon as your data arrives on your system, you take responsibility for the security of that information. Software providers include some level of application security, but your organization's IT leadership needs to understand where that security ends. Most systems require a shared security model where the customer assumes responsibility for data saved to on-site or remote laptops, workstations, servers, or cellular devices.



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### Cloud Hosted Solutions

A cloud hosted software installation is an installed solution that is maintained by the software provider on a cloud architecture. Using your owned desktops, laptops, and devices, you access the software via the software provider's public cloud, releasing your team of

the responsibility of software installation, management, and maintenance.

Cloud hosted solutions are similar to true cloud SaaS solutions, but with a twist. While some are accessed through a web browser like

a typical cloud distribution, most are accessible through an emulation connection, such as Citrix or virtual machine (VM) services. The user can access the software from their laptop or desktop, no matter where they are sitting, but the software runs at the hosted location.

## The Best of Both Worlds

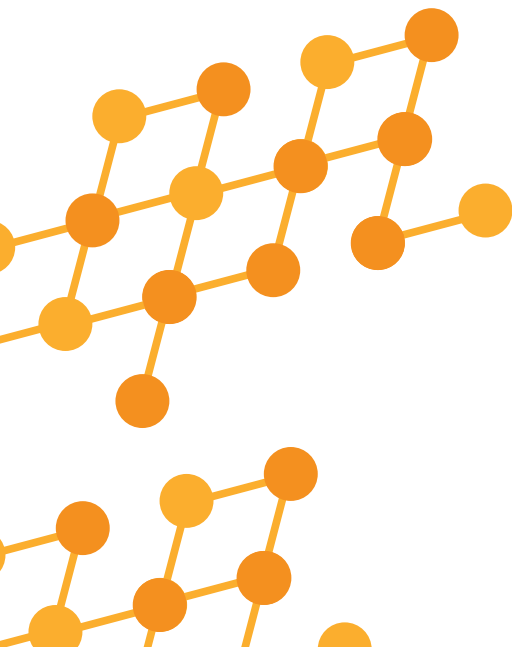
In a cloud hosted solution, services are provided for each customer in a tiered fashion, similar to a cloud service. Customers can move up or down in their tiers as needed and benefit from the operational cost structure of cloud. However, hosted environments offer additional security benefits by running user interfaces in secure emulation or virtualized environments. While browser-based front ends do provide application security, a virtualized environment can provide a secured, direct connection between the user and their data.

**High Levels of Service** — Cloud hosted solutions provide service level agreements that provide peace of mind. With regular backup and restore capabilities, your solution is there when you need it without the need for a large, dedicated IT team. Hosted environments also include regular maintenance of both hardware and software updates. Patches, bug fixes, and feature updates happen automatically, so you're always on the latest version of the software.

**Enhanced Shared Security** — The security of a cloud hosted solution follows a shared model that's similar to cloud. However, emulation tools and VMs can offer enhanced protection in terms of access control and data download capabilities. Additionally, virtualized environments can run their own antivirus and anti-malware solutions in the background, providing an additional layer of security.

**Economical Operational Expense Model** — Much like a cloud distribution, cloud hosted accounting packages provide tiered pricing models and per-month or per-year payment structures. With your subscription, you gain access to the accounting package you need without purchasing and maintaining expensive data center solutions. The fixed cost allows for simplified budgeting and predictable expenses over time.

**Flexibility and Scalability** — Many cloud accounting services limit the number of transactions you can complete per month. In order to scale with growth, you're required to purchase larger packages. A cloud hosted solution typically offers the same features you would get with an installed package, without the transactional limitations. You can then generate as many entries and reports as you need per month and the solution scales with you.



## Benefits Comparison: Installed vs. Cloud vs. Cloud Hosted

Feature	Installed	Cloud Service	Cloud Hosted	Benefits
Flexible		✕	✕	In cloud hosted and cloud service environments, you can choose from flexible pricing and feature tiers.
Managed		✕	✕	Cloud hosted and cloud service application providers manage all software updates and upgrades, including ongoing hardware maintenance and upgrades.
Low Latency	✕		✕	If speed is a concern, an installed solution is the lowest-latency option. While there is some network latency that can be expected with a hosted solution, emulation, or VM systems are often faster and more reliable than true cloud solutions.
Compliant	✕	*	*	Running an installed solution in your data center puts regulatory control into your hands. *Cloud services and cloud hosted accounting packages may meet the regulatory compliance standards required by your nonprofit. Be sure to check the fine print.
Secure	✕	✕	✕	While both cloud services and cloud hosted solutions run with a shared security model, VMs, or emulators used to access cloud hosted environments can make it easier to restrict the data that can be stored locally, which can decrease the security burden for your team.
Cost-effective		✕	✕	Cloud hosted and cloud service solutions require little-to-no upfront capital investment and provide economical, operational expense pricing models.







## Increase Your Accounting Team's Flexibility with Fund EZ Hosted

**Fund EZ has been a trusted name in nonprofit accounting for over 30 years. As an installed software solution, we've helped countless nonprofits reduce the complexity of their accounting procedures and produce game-changing reports quickly and efficiently.**

Now you can also get Fund EZ as a cloud hosted solution. Running on the secure and trusted Microsoft® Azure platform, Fund EZ Hosted offers the same features available in our installed Fund EZ solution to help you save budget and time, reduce risk, and generate beautiful reports. With Fund EZ Hosted, you can provide your accounting staff and contractors with full-featured at-home, remote team, or on-the-road access.

Fund EZ Hosted is ready for your team. With insightful training opportunities and a simplified quick start process, we can help you get your teams up to speed quickly. You'll have all the benefits of an Azure-based hosted solution, including regular backups, all running on a secure infrastructure that's always kept up to date.



Sign up for a free demo, and see how easy fund accounting can be. [Learn more and sign up for a demo today.](#)