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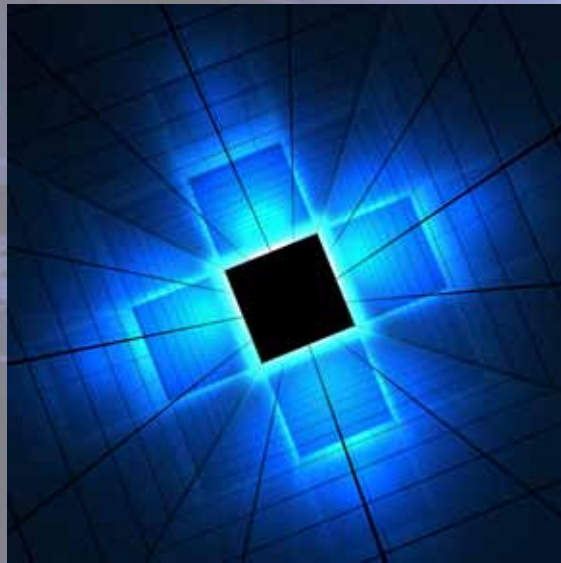
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ARE CLIENT PORTALS THE WAVE OF THE FUTURE?

by Richard Bingaman, CPA

Internet portal solutions have evolved quite rapidly over the past decade in their functionality, appearance and security safeguards. Today these portal solutions offer tremendous ease with implementation in our public accounting practices due to subscription based licensing and instant Internet access to the platform by the firm and the client. Use of an Internet portal significantly increases the efficiency and security of interactions with clients in exchanging information and documents while providing the firm with a competitive advantage to other firms.

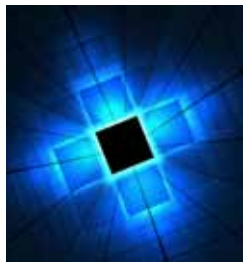
The traditional definition of “portal” is a doorway, gate or other entrance. The definition in the context of computing is an Internet site allowing access or links to other sites. To define a portal in the context of our accounting and advisory practices would be defined as “an electronic gateway used to exchange information with others in a convenient and secure Internet environment.” Two terms in this definition are very important, convenient and secure. Clients demand convenience so they can keep up with their fast-paced lifestyles. They also demand security to avoid their sensitive information falling into the wrong hands.

First, in evaluating whether we are using a client portal for the right reasons, we must ask ourselves the right questions. Consider the following: Do we desire to exchange information and documents with our clients in a more secure manner than we are currently (e.g. email, fax, mail)? Will our clients embrace this new technology? How will we educate clients to

use the portal properly and securely? How will use of a portal enhance the value proposition to the client? What operational procedures will we need in our practice to support an efficient and secure use of the portal?

I currently utilize a client portal in my practice. When evaluating the implementation of a portal solution, I needed to answer the questions above, in addition to others. I needed a solid understanding of how my team and the client would interact with the portal in order to select the most appropriate solution for my practice. I've recently transitioned to a new portal solution to improve the experience for the clients and the firm. The majority of the portal users are business clients which the firm interacts with frequently, although some individual clients have expressed interest and have used it on an intermittent basis. Business client portal users consistently express that they love the convenience of the portal. Regular, recurring use of the portal helps the user become proficient more quickly.

How secure is a client portal compared to other methods of communication? The IRS and many new state laws require us to have proper security measures in place in our practices to protect client information. Clients expect this of us as they've always entrusted us with their most sensitive and confidential information. We, therefore, must seek to find the most secure method(s) to exchange information with the client. The level of security inherent in our exchange with the client is predicated upon ensuring we obtain a proper "handshake" with the client. This handshake is defined as obtaining a verification that we are communicating directly with the client and not another party. Examples of communication methods that do not always include a handshake include postal mail, email and fax. These methods are very susceptible to interception and do not ensure proper encryption of the information. With a client portal solution, once you complete the initial handshake with the client (completing the process of providing a username and password that they have accepted), every



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interaction with the portal ensures the client and the firm are the only parties in the exchange. The client and the firm interact directly with the portal server and the files are encrypted in transit and at rest on the server. This ensures that the client portal is more secure than the other methods mentioned. The only method that is more secure than a client portal is an actual in-person delivery of the documents by the client or the firm.

Clients are already using portals in their everyday life. Examples include Internet access to bank accounts, credit card accounts, mortgage accounts, investment accounts, insurance policies and countless others. These institutions provide a secure login to customer accounts via the Internet so the institution can provide information and documents to their customers. The use of this technology is so prevalent today that institutions are making great strides in their efforts to eliminate postal mail delivery of documents with sensitive information and only providing these documents via portal access (e.g. bank statements, tax statements). My business client portal users have expressed that the client portal experience is the same as their other portals although there is one major difference. Navigating a portal with the bank and others is done through use of a menu structure. Navigating a client portal is normally done through a folder hierarchy and use of a "search" bar. There is a bit of a learning curve but not a significant one.

Security experts argue that the chance of a data breach via a direct attack against the portal provider's server is minimal. The real risk originates from data breaches from a portal user's account access being divulged. Therefore, an important aspect of educating the client on proper use of the portal is

in making them aware of proper login information security practices. This education can take many forms, but it will not be foreign to clients. Clients are currently bombarded from many companies attempting to find the best ways to inform clients as to the importance of login information security.

What is the best use of a client portal in your practice? Some technology experts argue that the client portal functions as a secure online storage solution. As a matter of practice management, will the client expect all of their documents to be available in the portal requiring us to use it as a storage location? Or is it best used only as a secure method of exchanging documents with clients without long-term storage? From a data security perspective, limiting the documents available in the portal limits the information potentially exposed to a data breach. Clients may not need to access the portal frequently to get what they need, so our security practices would only require placing documents there when needed. The ease of placing documents in a client portal with today's solutions allow this important security measure to easily be an integral part of portal security procedures.

Client Portals are here to stay! Interacting with clients in the cloud has now become mainstream for public accounting firms, and clients expect us to keep up with technology while safeguarding their information. As trusted advisors, we will need to find the best portal solutions that allow us to meet these client expectations while improving the value we provide to the client relationship.

Rich Bingaman, CPA, is principal of Richard E. Bingaman, CPA, PLLC and an ASCPA member. He can be reached at rich@rebingamancpa.com.