



Selecting a Board Portal: Vendor Hosted vs. On-Premise

Jeffrey Powell
Executive Vice President,
The Americas

Charlie Horrell
Managing Director,
Europe, Middle East and Africa

Al Percival
Managing Director,
Australia and New Zealand

Some Board Portal vendors will often advise clients that an onsite hosting option will offer a higher level of security and control than a vendor-hosted solution (Software as a Service or SaaS) and Diligent is sometimes asked by prospects if they can offer an “onsite” or client-hosted solution.

Some clients are surprised to hear that Diligent does not, and has no plans to, offer such an option.

In fact, Diligent has looked extensively at this issue and examined whether our solution could be provided with an on-premise option without compromising security, service level and product delivery at a cost which could be justifiable to our clients. However, our analysis and research show that the on-premise option can actually result in a poorer experience for Directors, and the portal may well be less secure and offer less control than a SaaS option. In addition, the cost of an on-premise solution, in both actual and hidden costs, can be very high, and after extensive review, Diligent has concluded that an onsite model would not make sense for our clients from a security, control or cost perspective.

As the world’s most widely used Board Portal, Diligent Boards is exceptionally well suited to the SaaS model. In this brief paper, Diligent has outlined some of the key reasons why we believe the SaaS model is the right solution for clients looking for a Board Portal, and why over 90% of organisations using a Board Portal of any type have preferred to opt for the SaaS model, rather than selecting or developing an in-house hosted solution.

Note that Diligent does not use the term “cloud” when referring to its Hosted solution. Cloud computing often implies there is a lack of control or knowledge where the data actually resides, and with Diligent Boards, this is not the case.



Diligent

With clients who have signed a Confidentiality Agreement, Diligent is very specific about the precise location of the data, and we have had many clients visit the physical data centres where the data is hosted.

COST

The nature of a Board Portal means that the rigorous fault tolerant, high availability and secure architecture means that it is often cost-prohibitive to attempt to host this on-premise. Vendors offering high-quality on-premise solutions inevitably need to charge more for the solution (some come in around \$150,000 AUD for the base installation) and will normally charge consultancy and support fees at an hourly rate, on top of the licensing costs.

Diligent employs highly qualified experts whose sole responsibility is to manage the security of our systems.

Also, there will be significant internal IT costs which also need to be factored in. There are thus both capital outlay and significant ongoing operating costs for an onsite solution.

With Diligent Boards' subscription model, clients only pay for their actual usage and are committed to only one year's subscription with no hourly fees and close to zero internal IT costs. This model reduces both cost and risk, in the event the solution does not meet the client's needs.

While many organisations will employ Network Security specialists, these specialists may not have experience in the requirements for securing a Board Portal, which needs to be exposed externally to allow Non-Executive Directors access from public networks and web browsers without compromising security. Furthermore, the on-premise option offered by some vendors often excludes the critical security components required to ensure the information is truly secure, as the cost and complexity of managing these components makes them unsuitable for on-premise use. If there are security problems or weaknesses with the solution such as poor encryption key management infrastructure, then hosting the solution on-premise will not solve this problem and may even open up additional vulnerabilities.

In addition, continually developing security threats mean that the IT team needs to be continually monitoring for potential security problems, commissioning "penetration tests" and updating systems to maintain security. This is critically important for a Board Portal that is hosted internally and exposed over the public Internet.

Diligent employs highly qualified experts whose sole responsibility is to manage the security of our systems. This team is hooked into networks where they receive notifications of emerging threats and can take action to make sure our systems are always protected. Diligent also has industry-leading security firms running weekly penetration tests, and has a program of continual investment and improvement to protect our clients' data.

AVAILABILITY

With Directors being remote and frequently interstate or overseas, it is very important that the portal is available to them at all times. If the on-premise solution is only hosted in one location, there will be potential problems if an outage or maintenance issue occurs, leaving the system unavailable for directors when they need to access it. Even if an organisation is already running redundant data centres, these will likely be dedicated to the core business and setting up the board portal for high availability will use significant additional resources (hardware, bandwidth, monitoring, etc.). To offer a dual-hosted solution with complete fault tolerance can double the costs outlined above.

In contrast, Diligent Boards SaaS offers a full dual-hosted, highly redundant "out-of-the-box" solution and manages the infrastructure through our dedicated teams to ensure continual availability. There is close to zero internal IT cost and clients can be confident that the system will always be available for users.

INTERNAL IT RESOURCING AND UTILISATION

Installing and managing an enterprise-level Board Portal internally and ensuring 24/7 availability will inevitably take significant IT resources. Given that the IT departments' central focus is on managing the IT infrastructure required to support the business, additional "non-core" systems such as the Board Portal not only adds further demands on stretched resources, but may mean that the Board Portal may take a lower priority when problems arise – and also requires 24/7 IT support.

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to ensure availability and trouble-free operation for non-executive or travelling Directors, who are time crunched and may need access at inconvenient times.

Furthermore, when upgrades or updates are made by the Vendor, there is a requirement for testing to be applied by the Internal IT team. These upgrades or updates can be complex to apply and risk downtime for the system – and the team may not have the time or expertise to test them properly.

The result of all these issues is that the end users (i.e., the Directors) may find the portal is not available when they need it, and may be the ones who find problems and bugs when they need to use the portal to prepare for meetings.

In contrast, with Diligent Boards, our IT Teams and Software Development Teams work extremely close to the system to ensure updates are rigorously tested. We have a very well-managed and audited process to ensure updates have an absolute minimal impact on our clients. We handle all communications with our clients and provide all required documentation, training and support.

SUPPORT

To be able to provide the exceptionally high levels of support for which Diligent is renowned, Diligent's fully staffed global 24/7 Support needs to be able to track and trace all problems and issues, and Diligent Boards has sophisticated built-in tools where any user errors are monitored and reported to our Support Desk. This means that Diligent Support is able to remotely diagnose and resolve a wide range of problems very quickly and can even receive notifications of problems before the clients themselves may even be aware of them. This technology is only possible through a SaaS solution. With an on-premise solution, these technologies are not available through the vendor's support desk, and diagnosing any problem would likely involve interaction with the client's IT team or the vendor's IT/Software team, where both may not be available

24/7 and may also be in different time zones. This can make issue resolution very slow and will significantly reduce the level of support available to Directors.

FUNCTIONALITY

One item to always confirm with vendors is what functionality may be unavailable for clients who choose to self-host. For example, certain solutions provide the option to convert all documents to the native format (usually PDF) automatically, ensuring all directors can access the papers. Some clients have complained that they were not advised that this functionality is not available if self-hosting, because of the complexity and cost of licensing the third-party software that performs the actual document conversions.

Other features and capabilities may also be restricted when self-hosting, such as the option for directors to have a single log-in to access their board papers across boards.

ACCESS BY UNAUTHORISED PERSONNEL

One of the arguments used against a Board Portal as a SaaS model is that the client would not know if vendor staff are accessing the materials or if access had been granted to an external agency, such as a foreign government agency or other law enforcement personnel.

In fact, Diligent embeds very strong controls to make unauthorised access virtually impossible to execute or conceal. For example, no user can ever alter their permissions to grant themselves access to the portal and all changes to any user permissions are logged (and these logs can be copied to the client IT/Security team). Uniquely, we believe, Diligent stores the Client-specific encryption keys in a hardware module (HSM) and it is impossible for any single Diligent IT staff member to access or use the encryption keys, as a quorum of three staff members from different departments are required to access the keys. It is also worth considering that Diligent's core business is the provision and hosting of our Board Portal to our clients and we have a very strong vested interest in ensuring the absolute confidentiality of our clients' data. A suggestion of unauthorised access would be incalculably damaging to our business and reputation as a vendor.

With regard to access to the data from government or law enforcement agencies, Diligent's policy is very clear – we do not have any ownership or access rights to any data hosted and any request for information would be directed to the client organisation. Thus, the position for access to the data is actually the same as with internally hosted systems.

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If an agency demanded access to information owned by the organisation, they would need to approach the owner of the data to demand copies of the data. In contrast, on-premise hosted solutions have their own challenges with regard to information leakage.

When systems are hosted internally, unless significant additional monitoring and security controls are added, preventing access to the database/files by internal staff is virtually impossible. As the portal may include sensitive data such as M&A information as well as Director/Exec compensation, the risk of leakage through internal channels also needs to be considered.

SUMMARY

For all the reasons noted above, Diligent has opted not to offer an on-premise option, and considers that the SaaS solution remains by far the best choice for our clients - this testimony can be supported by our status as the world's largest provider of Board Portals. With a client base of over 3,400 boards and over 100,000 individual directors, executives and board teams worldwide rely on Diligent Boards.

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For more information or to request a demo,
contact us today:

Call: +1 877 434 5443
Email: info@diligent.com
Visit: www.diligent.com