

## Is Cloud Computing Practical for Advisors?

by David J. Drucker | 03-25-10

Greg Friedman and Ken Golding love the cloud. The problem is that it doesn't always love them.

As the producers of Junxure CRM software (Disclosure: Junxure was a sponsor of the Technology Tools for Today conference, of which I am a co-organizer), Friedman and Golding have watched certain competitors move to the Web or offer cloud-computing versions of their desktop products and, because this move seems almost inevitable, they've considered carefully how it might work for Junxure.

"Everyone knows the cloud confers certain benefits," Friedman said. "It's widely believed your data is safer on the Web, that you get all--or most--of the functionality of a desktop system, and the cloud frees you up to work from anywhere." But these benefits don't come without a cost, Friedman added. In the case of Junxure, a highly robust CRM, the cost is the impossibility to giving users access to all of its many features in a browser-based version.

Of course, Junxure does have a Web presence, users may be quick to say, in the form of Junxure Web and Junxure Mobile. But these are designed to help remote users of the desktop product gain some additional functionality--not replacements for the desktop system.

I asked Friedman and Golding why they're content--for now at least--to stick to desktop software.

Friedman: First of all, don't get the impression I'm against the benefits of cloud computing. That would be a mischaracterization. I'm all for them. It's just that the practical issues surrounding the move of a system like Junxure to the Web are daunting. In considering how it might work, Ken and I have uncovered various considerations that argue against moving too quickly on that front.

### **Drucker: For example?**

Friedman: One issue is speed. Within our wealth-management office, we decided we wanted to outsource Microsoft Exchange to a hosted solution. We made the decision to use CRM Software (Friedman's other company, which produces Junxure) to see how this would go. So we got rid of our server and went to e-mail hosting from the cloud. About four to five months into it, we found speed was a major issue. When we send e-mail with attachments, the problem is even worse. We have not done this with Private Ocean because I know our staff would complain.

### **Drucker: So this suggested to you that speed would also be an issue for Junxure users if Junxure were in the cloud?**

Friedman: Yes, and understand that Junxure can already be run from the cloud for those who want it. We don't host it, but there are hosting companies that will. We still sell it as a desktop product. But even Junxure Mobile and Junxure Web--means of accessing one's Junxure installation by smartphone or browser, respectively--just give users a subset of the functionality present in the full desktop system.

Golding: The speed problem can perhaps be best explained this way. Within Junxure, a commonly used function is our action form. For a 10-year client, we might have taken as many as 1,800-2,000 actions over the course of their engagement. There are times when the user needs to see a chronological listing of all these actions, and users already complain that this function should be faster. Why isn't it? Because we've given them the ability to see a lot of data on one screen. Now imagine if users were trying to access the same data from the Web. You might think the answer is to increase the bandwidth, but that gets very expensive very quickly for the average user. I did a spreadsheet once that showed that if a user looks at actions for 25 clients a day and six screens per client, and if it takes 10 seconds each time a page is opened--as it certainly would if the user

accessed the data from the Web--that would be 25 minutes a day that that user would sit around just waiting for his browser to deliver the requested information. The only way to speed things up is to increase the pipeline (expensive) or deliver less data (not an option for Junxure users).

Friedman: Junxure's claim to fame is in helping advisors deliver a higher level of service to their clients. For example, Junxure allows its users to answer most client questions on the phone rather than having to call a client back. But if I'm running a Web-based version of Junxure and I have to wait 10-15 seconds while on the phone to get an answer to a query, that's a problem for me and represents a lower level of service to the client.

**Drucker: Ok, so speed is an issue. What is another roadblock to taking Junxure to the Web?**

Friedman: There's the ownership of data issue. Just about three weeks ago, CRM Software was served with a subpoena. A firm that was using Junxure broke away from a larger company that was suing it over ownership of clients and their data. The institution was subpoenaing anyone who'd done business with the breakaway firm. If we'd been hosting Junxure for the breakaway, we would have had to turn over all his data to the larger firm--something I'd be very hesitant to do. But we don't have any client data since Junxure is a desktop solution.

**Drucker: You do data conversions, though, right?**

Friedman: Yes, but we destroy the data immediately after the job is completed. The point is that the user's data may actually be less secure and ownership is questionable when the data are kept in a Web-based product. The fact that Junxure is a desktop solution helps protect the user's client data.

**Drucker: Speaking of security of data, what do you say to the common assertion that a hosting firm will take a lot more effort in backing up and securing data than a smaller advisory firm is capable of? That's often cited as a benefit of cloud computing.**

Friedman: Everything has two sides. Yes, a larger company might have more sophisticated backup procedures than a smaller firm, but they're also larger targets for hackers vs. some small advisory firm in Podunk, Wisconsin. If you've got good firewalls and other common security measures, that's pretty secure. Just because a company is larger, it's not necessarily safer. Look at the FBI and Pentagon computers that get hacked all the time. They're huge targets. Another aspect of this problem is that when users decided they want to move from one to another Web-based solution, they're often charged exorbitant fees to get their data back.

**Drucker: Where else does the cloud fail to measure up, in your opinions?**

Golding: Documents is another area. If a user wants to write letter to a client in Junxure, Junxure talks to Word--where the advisor usually keeps his letter templates--and, once written, the Word document can be saved within Junxure and/or sent to the advisor's document management system for archiving. That's not as easy to achieve with a Web-based system. The advisor can still create documents with Word and upload them to a cloud-based CRM, but that gets cumbersome. And users don't want to give up Word, which holds all their letter templates. In other words, Junxure has a high level of integration with Microsoft Office that can't easily be duplicated in a browser-based system.

**Drucker: Are your users asking for cloud-based solutions or are they happy to continue operating Junxure as a desktop solution?**

Golding: Having data in the cloud is preferable for a lot of people, but we have to look carefully at who our users are. The kinds of advisors who generally want their data in the cloud are typically small one- to three-person shops. But these aren't Junxure's typical clients. Junxure is for growing companies. The more employees and layers of management you have, the more value you can get from Junxure. These kinds of users generally see the benefits of operating Junxure from the desktop so, although we get some requests from smaller users to go more into the cloud, these are not really representative of our market. I suggest these users look closer at existing cloud-based solutions, like Redtail, for example.

Friedman: For me, I'm not at all dismissing the amazing benefits of the cloud, in theory and for many applications, but there are practical considerations you have to weigh. If the cloud still wins for you, that's great. But it should not be assumed that the cloud is always superior to the desktop.

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