



# Getting tangled on the web still a worry

By Justin Lim

ONE in four financial planners still prefer to store their client data locally rather than having it externally hosted by software providers, according to research from Investment Trends.

Former *Money Management* Financial Planner of the Year and principal of N.C. Bruining & Associates Nick Bruining said there remained a significant number of planners who refused to make the leap to online data storage – and for good reason.

“Many planners are still conscious of the security and privacy issues with data stored offsite at a central server with the software vendor, as distinct from being stored locally on your own systems,” he said.

Bruining said ensuring he can store client data locally is part of his firm’s risk management practice and determines which software

package he uses.

“In the case of the software vendor having problems, it means I’ve lost access to all my data, and for how long? And if you were to have a dispute over billing, theoretically they can lock you out,” Bruining said.

“Much of it has to do with peace of mind and, while it may not have happened as yet, the potential is certainly there.”

Despite these concerns, the research conducted by Investment Trends found there is a growing number of planners favouring Internet-accessible storage of client data.

Investment Trends principal Mark Johnston said: “The survey details that the number of planners who would prefer client data to be stored locally has declined every year since 2004.

“The number of planners who would prefer to use planning software installed on their own computer has also declined from 42 per

cent in 2005 to 27 per cent in 2007,” Johnston said.

Iress managing director Peter Dunai said the benefits of offsite data storage have now been accepted as the industry standard.

“A professional facility will have much higher levels of security, not to mention internal power back up supplies,” he said.

Dunai said most larger organisations with a high reliance on their data have already accepted the value in storing data with an external facility.

“Even for a smaller financial planning firm, the chances that the data is not backed up properly or an accident occurs is greater than with us,” he said.

“Whether they feel more comfortable storing data locally is ultimately a decision for our clients. But there’s a compelling case that it’s much more secure in a centralised data centre operating with scale.”