Cloud Computing

Why ascend to the cloud

By Travis Melchior

A cautious approach to technology is understandable. You don't want to risk-sensitive customer information falling into the wrong hands simply because you jumped onto a new trend too soon. Security is a major concern for both small and large lessors alike. Before embracing new technology, it's understandable you want to make sure it's been tested and proven in the marketplace.

Just make sure you are not waiting too long. While new technology brings new challenges, taking the "sit and wait" approach can leave you too far behind your competitors.

One of the biggest technology trends in our industry is cloud-based computing and software services. Instead of purchasing expensive licencing packages to host a software platform on your own servers, cloud computing gives you access to world-class technology with a simple Internet connection. There are no installation costs, while maintenance and security are handled off-site by your vendor. Citing a recent survey done by LogicMonitor called *Cloud Vision 2020: The Future of the Cloud,* Forbes.com notes that 83 per cent of workloads by enterprise companies are predicted to be cloud-based by 2020[1].

You are certainly aware of cloud-based services for things like online shopping, watching TV shows and movies and even sharing documents. Standard software platforms like Microsoft Word, Excel and PowerPoint are also now being hosted in the cloud. More and more, this technology is growing well beyond consumer use and is actively sold to many business-to-business (B2B) companies. That's because cloud-hosting allows B2B service providers to gain significant operational efficiencies with a lower upfront cost, while giving them the agility to scale quickly without

further infrastructure costs. Utilizing a subscription-based pricing model, businesses only pay for what they need in terms of server space and functionality.

Cloud technology is growing rapidly here in Canada. *IT World Canada* reported recently the opening of a second Amazon CloudFront location in Toronto, Ont. This expands CloudFront's presence to 187 locations worldwide[2]. Microsoft launched its cloud service, Azure, to the Canadian market in 2016, the publication also reported. When asked about how many existing customers were moving to their new data centres, the (now former) president of Microsoft Canada, Janet Kennedy, didn't give specifics, but said, "The demand here in Canada is very high."[3]

Cloud benefits

Cloud technology allows you to meet these rapidly changing expectations better than ever. It allows you to access your system from anywhere you have access to the Internet. You no longer have to wait until you get back to the office. You can update contracts, review customer information and finalize new deals. Between mobile access and eSignature technology, you can do business with your customers wherever they are.

Cloud hosting also lightens your company's operational load. Instead of purchasing a full software package you essentially just plug-in and go. Server space and maintenance is handled by your software vendor, which means your software is being hosted and monitored by the people with the most expertise on that platform. Implementation is faster because you don't have to spend your resources building new infrastructure. Your IT department is freed up to innovate better customer solutions and internal growth strategies.

Additionally, having a hosted software platform gives you improved disaster recovery should a disaster strike. Your

business and your customers don't have to suffer. Their data is stored offsite, and your operations can be back up and running in just the time it takes to find a new Internet access point. It's literally like having your business in a cloud. Your business follows you wherever, and whenever, you need to be available to support your clients.

Industry adoption

Cloud technology is gradually being adopted in the equipment finance industry. One of the reasons we are seeing more cloud-based services integrate into it is because consumers are becoming increasingly better at the technology.

As LTi co-founder Randy Haug stated recently, "It's really kind of what's outside the industry that affects the industry." Randy pointed out how FedEx changed delivery expectations when they started promising next-day delivery. Meanwhile companies like Amazon continue to promise Christmas-day deliveries with shorter and shorter ordering windows.

"That sort of drives thoughts within the industry," Randy continued, "which is: how do we do things faster, more productively and get the customers what they want in a shorter period of time? That has an effect on equipment finance."

For many executives, security remains one of the biggest hurdles to overcome in trusting cloud technology. Even though LTi has been hosting cloud-based services for over 12 years now, it's still a fairly new technology in our industry. So, it's natural to question whether your company is ready to invest in making the move.

Yet security is one of cloud technology's strongest selling points. That's because software vendors like LTi, which offer cloud-based hosting solutions, typically have more resources available for ongoing security and up-to-date compliance requirements. You don't have

an SMS text message with a code, where they are presented with the document(s) to be signed. Upon satisfaction of review, the parties can "click" to sign, and although it is not necessary to do so, usually affixing a digital representation of their cursive handwritten signature to the document.

Once all the parties have signed, they are each provided a copy for their records. eSignature solutions also offer a methodology to securely store the document, thereby electronically vaulting them for future reference and to ensure that any applicable statutory retention requirements are easily met.

The Canadian legal landscape

Both the federal and provincial governments have passed laws that recognize the legal effect of most types of eSignatures, subject to certain requirements in respect of authenticity and integrity. The laws at both levels of government in Canada have general characteristics that can be summarized as follows:

◉ eSignatures are functionally equivalent to handwritten ones and cannot be denied legal effect or enforceability solely due to their electronic form;

◉ The usage of eSignatures in Canada applies broadly to most contracts. However, not all documents may qualify for the use of eSignatures. Some exceptions include wills, trusts created by wills, certain powers of attorney (generally related to natural persons/individuals), negotiable instruments, conveyances of real property and certain court-related documents;

◉ The laws are generally not prescriptive about technical methodology in respect of the use of eSignatures and allow their implementation in a technologically agnostic way; and

◉ The same laws that govern eSignatures also generally provide that where a legal requirement provides for the provision or delivery of an original (or one or more copies) of a signed document, then the provision or delivery of an electronic equivalent would satisfy the legal requirement. It should be noted that the validity of

a contract is generally determined by the proper law of contract, which is a matter of provincial law. If an electronic agreement states that it is governed by the laws of a particular province, then that province's eCommerce laws would apply.

Generally, Canadian federal law has limited application in determining whether a contract is enforceable. While eSignatures are widely used and generally accepted under Canadian law, prior to implementation, equipment finance industry participants should consult with their legal representatives concerning their specific collateral types and the province in which they intend to use the technology.

How to implement

The move towards eSignatures has already begun, and in many cases pioneering lenders have been using this technology for some time or are actively in the process of adopting it. If your lending business is beginning to take a look at this important initiative, some key factors for successful implementation are as follows:

◉ *Seek legal counsel.* It is vitally important to consult with legal counsel prior to deciding to implement eSignatures. Key considerations include collateral types, the provinces in which lending occurs and the adaptability of existing legal documents to this new process;

◉ *Select a leading provider.* There are many providers in the marketplace for eSignature technology, but only a few have a long track record and proven success within financial services. One can either work with these providers directly or with a lending system provider that has implemented out-of-the-box integrations; and

◉ *Embed within core systems.* If the end goal of eSignature implementation is to obtain greater efficiency in the origination process, then integration into existing or new systems is vital. Embedded eSignature technology will allow for documents to be automatically populated, correctly identify signatories, initiate the signing ceremony and archive and store

fully executed documents for future electronic recall, without ever leaving the core lending system.

eSignatures are becoming a critical component of the digital transformation of the asset-based financing industry. Lenders using traditional wet signature processes will gradually be less favoured as the technology becomes more widespread. By taking the right steps in adopting it your business will help your customers become your customers swiftly, efficiently and securely.

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to worry about whether your IT resources are keeping up with the latest security patches and software updates. The software vendor takes care of those things as part of their subscription service, so your IT team can focus on internal innovations.

When you have the capital, resources and bandwidth to stay customer-focused, you are free to respond to their evolving needs. Being agile enough to observe and predict new financing options and best practices keeps your company relevant and ahead of the curve. When you lighten your operational load, you can focus on the kinds of innovations that increase your profits.

Cloud computing allows you to do all these things and more. It may be a newer technology for equipment finance, but it's a technology that is taking over business in almost every industry.

Now is one of the best times to look at how cloud technology can help your business, and your customers, thrive in the new decade. The longer you wait, the more you risk.

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1   Louis Columbus, "83% Of Enterprise Workloads Will Be In The Cloud By 2020", Forbes, January 7, 2018.
2   Buckley Smith, "AWS opens second CloudFront edge location in Toronto", IT World Canada, July 2, 2019.
3   Brian Jackson, "Microsoft begins rollout of Azure cloud services hosted in Canada", IT World Canada, March 14, 2016.