

Practice Guide for Procuring Cloud Services

Cloud Computing is the delivery of computing resources by the service provider over the Internet to the customer. It provides shared computing resources to achieve economies of scale similar to a public utility. It also offers many potential benefits to small and medium enterprise (SME) users, but may incur potential risk as well.

This Practice Guide is intended for local companies, in particular SMEs, to assist them in building their understanding of cloud computing and how it may bring benefit to them, but also how to evaluate and consider some of the risks associated with incorporating cloud computing into their operations.

There are 9 key areas to consider when procuring cloud services:

1. Service Cost
2. Service Level
3. On Boarding & Off Boarding
4. Service Operation
5. Security and Privacy Protections
6. Service Commitments/Warranties
7. Data Ownership & Location and IP Ownership
8. Service Default
9. Contracting (Terms of Service)

InfoCloud website is established by the Expert Group on Cloud Computing Services and Standards (EGCCSS). It serves as a one-stop portal for the general public and enterprises (especially SMEs) to effectively access information and resources on cloud computing technologies. The website provides sample use cases, guidelines and best practices for achieving the desired benefits in adopting the cloud computing model.

This document is one of its series of best practices and guidelines prepared by the Working Group on Provision and Use of Cloud Services established under the EGCCSS regarding the use of cloud computing and services. With the collaborative efforts from members of the Working Group, deliverables are developed with a view to facilitating and promoting wider adoption of cloud computing and use of cloud services in local industry.

We welcome hyperlink establishment to the InfoCloud Portal in order to share the information on our Portal with more cloud services users. Details of establishing such hyperlink are provided under the "Important Notice" page of the InfoCloud Portal.



www.infocloud.gov.hk

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What to consider when procuring cloud services ?



Service Cost

- Compare charging rates;
- Understand charging details (e.g. unit of measurements, per allocation vs per usage, etc.); and
- Consider exit arrangement (e.g. committed period / usage, cost of bringing out data & software licences, etc.)

Service Level

- Relevance and sufficiency of selected service level objectives;
- Appropriate target value for the selected metric;
- Measuring and monitoring defined service level objectively; and
- Consequence when service provider fails to meet service level.

Service Operation

- Understand the policies, procedures, and technical controls used;
- Compare with the industry best practices, e.g. quality management, IT services management, security management, etc.;
- Maintain service catalogue for cloud; and
- Support level of the service desk.

Security and Privacy Protections

- Understand the changes in approach being applied to the processing of data;
- Ensure adequacy of the security controls adopted by service provider; and
- Make reference to security checklists published under the InfoCloud portal.

On Boarding & Off Boarding

- Well defined cost and time for data migration;
- Clearly understand data protection measures;
- Establish process that reviews and approves billing and metering; and
- Data migration to another provider, data archiving and data deletion upon service termination.

Contracting [Terms of Service]

Steps for Contracting :

- User requirements : data, applications and business needs;
- Available contract terms (and options);
- Assess alignment of user requirements and available contract terms;
- Special risk consideration – variable terms; and
- Traditional service provider due diligence.

Service Default

Before deciding to use a particular cloud solution, user should understand :

- what commitments service provider is making;
- the risks brought by specific provisions that excused non-performance; and
- the rights user has if there is a service default, e.g. Termination, Damages and Limitation of Liability, Specific Performance through obtaining a court order.

Data Ownership & Location and IP Ownership

- Ownership and rights to use data / applications stored / created in cloud;
- Use of sub-contractors & their locations, provision to designate data location, how data is erased upon resources re-provisioning; and
- IP rights of both applications and data developed through the cloud services.

Service Commitments / Warranties

- Match provider's representations with user's requirements;
- Take note of limitations of provider's liability;
- Make sure pre-contractual statements are recorded in the contract; and
- Read the fine print - disclaimers, limitations, exclusions.

