



## Secure File Transfer: It DOES Have a Place in Your Firm

By Ken McCall, Senior Consultant, Boomer Consulting, Inc.

Think for a minute about how you communicate: with clients, staff, and alliance partners. I'll bet most of your day-to-day communication is by email and a lot of those emails carry attachments with them. Who hasn't clicked the little paperclip icon and attached a spreadsheet, document, or PDF file then immediately clicked send? Did you stop and think about how you just put yourself and your firm at a legal and financial risk?

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## State Privacy Laws

According to the National Conference of State Legislatures, as of December 2008 forty-four states, the District of Columbia, Puerto Rico and the Virgin Islands have enacted legislation requiring notification of security breaches involving personal information<sup>1</sup>. In addition to these “after-the-fact” requirements, two states, Massachusetts and Nevada, have enacted laws which proactively require the encryption of any electronic communication which includes sensitive personal information. The respected security publication SC Magazine calls the Massachusetts law “the strictest data law in the nation.”<sup>2</sup>

Even if your firm isn’t physically located in Massachusetts or Nevada, if you have clients there you may be subject to the provisions of these laws (check with your own legal counsel!) And, given the proliferation of the privacy breach notification laws, it seems likely that these more stringent regulations will increase over time as well.

The problem is: email is not secure. But, we have become accustomed to its ease of use and convenience. We have developed some bad security habits and now is the time to break them! Fortunately there are easy ways to do this and new habits won’t be hard to form.

## Email Management

In addition to the security considerations outlined above, there are good practical reasons for cutting down the number and size of attachments you send through your email system. Suppose you send a file to three of your associates with a 2MB attachment. A copy stays in your “sent items” box unless you delete it. Even then it sits in your “deleted items” folder unless you purge it periodically. Plus your three recipients now have it in their “inbox” or a storage folder they create. Now we’re up to 8MB of storage space for one file!

Suppose now they make their edits and send it back to you. Now each of them has the original, and a “sent items” copy of their response (now 4 MB for each of them, total of 12MB) and you get the three responses back, plus your original for a total of 8MB. Now we are up to 20 MB of mail storage to exchange one file with three people! Multiply this times the number of people on your staff and the number of emails they routinely send. Is it any wonder your IT mail administrator is tearing her hair out over mailbox sizes?

Ok, so now we agree that there are some inherent problems with sending email with unsecure attachments. What can we do about it? Fortunately there are several alternatives.

## Alternatives to Unsecure Attachments

In our own experience at Boomer Consulting, Inc. and in hearing stories from our Boomer Technology Circles (over 100 of the best firms in the nation!) we’ve learned that there are at least three alternatives to explore: encryption of email and attachments, the use of a document portal, or the use of a web-based file transfer application. Each of these has their own compelling merits and drawbacks.

## Email Encryption

Tools to encrypt email (and their attachments) have been around for years. The technology is well established and commonly understood. Essentially it requires the invocation of an encryption algorithm by the sender and the use of a decryption key at the receiving end. This works and is secure, but it has a few drawbacks. It requires an encryption program and a decryption key.

It takes a few extra steps to use it, and the recipient must be prepared in advance to receive it. In addition there is some training overhead to teach your staff what to do and your clients what to expect. Pretty Good Privacy (PGP) (<http://www.pgp.com>) is probably the best known encryption product, and one used by many accounting firms.

## Document Portals

Many firms have adopted secure web portals as a method of presenting (and in some cases receiving) files to (or from) their clients. Most of the major document management systems used within the accounting profession have a portal capability and posting a file from the DMS to the portal usually takes only a few mouse clicks. The portal itself uses SSL Security (the same kind that protects your credit card when you order something online) and requires pre-established authentication in the form of a user account and password to log in.

To use the portal, you place the document that otherwise would be the email attachment into the recipients private portal space and send an email notification that the document is ready for pickup. Because the email itself contains no sensitive information it does not pose any security risk and does not need encrypted.

The advantages of this system are the integration with the document management system and the relative ease of use. Also, because the portal is a web site it can be accessed from anywhere on any Internet connected computer. The biggest drawback is it requires the commitment to the underlying DMS which is a whole additional buying decision for the firm.

## 5 Reasons Why Email is Not Built For File Transfer

Excerpt from LeapFILE's white paper entitled "Top 5 Reasons Why You Shouldn't Use Email for File Transfer"

In today's global business environment, email may be the most critical communication tool for a company. Countless messages are fired off worldwide every day, and while the emails containing just text usually find their destination, things aren't so certain for emails carrying attachments. File-size caps, server hiccups, spam filters – all of these can derail an email as it tries to reach its destination.

For the casual home user, the occasional email problem might be acceptable. For business, however, the delivery of time-sensitive files is absolutely critical for both meeting deadlines and maintaining day-to-day operations.

Part of the problem is that it's so easy to attach a file to an email -- just point, click, and hit send. Most users don't understand the problems that can occur when sending files as attachments, but IT departments know it well: file-size problems, security issues, lack of tracking and reliability, etc. That's why email issues take up so much time for help desks in companies worldwide.

The need to transfer business files will never go away; in fact, it will only become more critical. What does that mean for the use of email attachments as a primary file-transfer method? If a company wants to ensure safe and timely delivery of critical files, then perhaps it's time to look for an alternative to email for transferring files. Here are the top five reasons why email shouldn't be used for file transfer.

- #1 – Email can't support large file attachments
- #2 – Updating email infrastructure can wreck IT budgets
- #3 – Large files mean slow systems
- #4 – Email systems aren't secure enough for today's business needs
- #5 – Email transfer is unreliable, untraceable and can't be guaranteed

The use of email for file transfer is the proverbial square peg in a round hole: it's forcing the platform to do something that it was not designed to do. What's needed is a platform designed specifically for file transfer – a solution that addresses the limitations of emailing attachments while improving the bottom line and streamlining budgets with minimal hardware upgrades or maintenance.

A dedicated file transfer solution is the logical answer to the aforementioned email-for-file-transfer issues. The next step, then, is to define what makes an ideal file transfer choice.

(To download the full version of this paper, please go to <http://www.leapfile.com/files/Resources/Top5ReasonsEmail.pdf>)

## FTP Is So 1.0

Blog entry by Tony Yang, Director of Marketing, LeapFILE, Inc.  
June 10, 2009

File Transfer Protocol (FTP), is a network protocol used for file transfer. For those who have experience in building websites or have worked with web technologies, FTP should be a familiar term. In the past, tech-savvy users would set up FTP servers to make large files accessible to others as a way to transfer these files. However, many are discovering that FTP has many flaws and shortcomings as a way to send files quickly and securely to people. Here are just three problems with FTP:

### #1 – Too Cumbersome to Administer, Manage & Use

FTP can seem like a foreign language to those who have never used it before. You need to have knowledge of FTP to be able to successfully set up and manage it, which is too complicated for everyday users. For example, FTP typically requires that you upload a large file to a public folder, and from there, your recipient has to filter through a list of past files in order to find the one needed. Additionally, FTP has no built-in mechanism for retrieval of forgotten passwords. In general, creation and management of multiple user FTP accounts is inefficient and cumbersome. And while some FTP solutions are advertised as “free,” a lot of resources are actually spent on IT training, upkeep, and support throughout the years.

### #2 – Lack of Security

FTP transfers are usually in plain text. Without security features, sensitive information can easily be compromised and exploited by strangers because FTP traffic travels over port 21, which is a commonly open port. Any data transferred through FTP can be intercepted, and because of this vulnerability, many firewalls actually close it to ensure systems integrity. While there are newer versions of FTP that includes security (such as SFTP or FTPS), the problem with ineffective management and usage still remains.

### #3 – No Delivery Guarantee or Tracking

There is no integrity check for recipients, meaning the files may be incompletely transferred if it was interrupted or stopped. Also, most people deal with FTP's user management problems by simply creating one user account that is shared, allowing everyone to view and download each other's data, with no administrative controls to determine who actually downloaded the files and if the intended recipient actually received them.

I still use FTP occasionally...to upload files to our web server for use on our website. That's pretty much all it's good for. For transferring and collaborating on files with other people, FTP is the 1.0 way of doing things.

Major accounting vendors providing DMS based portals include CCH (ProSystem fx Document), Thomson Reuters (GoFileRoom ES) and FileCabinet. Many other vendors provide this capability as well.

## Web-Based File Transfer Utilities

A third alternative is really a form of portal as well, but independent of any particular document management system. File transfer protocols have also been around for years (i.e. FTP) but these applications strip away some of the complexities that made earlier transfer utilities cumbersome to use. These are typically user-friendly and add a number of features such as multiple ways to upload files and a form of “audit trail” to track deliveries and receipts.

Examples of these web-based file transfer applications include LeapFILE, YouSendIt and a host of others. As a general rule the simplest form of secure transfer is available for free; additional features and services enter the realm of paid services.

## Selecting an Alternative

Hopefully by now you have decided that you do indeed need to use some form of secure file transfer instead of unsecure email attachments. The question now remains: which one? The answer will probably revolve around some combination of essential security, ease of use, and desired features.

Fortunately, all the products mentioned in this article should meet the basic security needs for an accounting firm. Ensure though, as you evaluate other possible candidates, that they will in fact meet your security requirements. After all, that is the whole point of this exercise! Remember that simple password protection probably does not meet the security level you are trying to achieve. You will be looking for products which actually encrypt the data while it is in transit. Ease of use is a bit more subjective, and probably exists in the eye of each user. Our experience has been that there are several indicators you might look for. Does the product integrate smoothly with your email? Remember that you are planning to change email habits; the less that people have to change their work habits the more likely they are to comply. Does the product offer alternative ways to do the same thing?

For example can you go to a web portal to upload a file or right click on the file in Windows Explorer to execute the transfer instead of using an email? These are desirable alternatives which give people options on how they work. Consider also whether your vendor provides training resources or whether you will have to create your own.

A third consideration is additional features offered. Typical considerations might include the ability to include more than one file in the same mailing or upload, the ability to craft a custom message to your recipient, or the ability to track deliveries, receipts, and reads of the files you send. This can be especially handy if you want to verify that your recipient actually received and read the file you sent.

### Your Next Action

The time is now to move beyond sending unsecure and bulky attachments through your email system. Fortunately a variety of good alternatives abound. At Boomer Consulting Inc. we have adopted the web-based file transfer system from LeapFILE. It meets all the criteria outlined above: secure, easy to use, and full of useful features.

If you are using a document management system from CCH, Thomson Reuters or another accounting industry vendor you probably already have access to their portal capability. If you aren't already using it, start doing so! And, if you prefer, it's still an option to keep sending email attachments but ensure that you apply a quality encryption product to safeguard the information you send.

The choice is yours. Just don't take the "no action" course of action and do nothing. Your obligation to your clients' privacy demands more than that! Good luck as you move forward with your privacy safeguards.

## File Transfer Solutions Are Not All Created Equal

Blog entry by Tony Yang, Director of Marketing, LeapFILE, Inc.  
May 15, 2009

If you've been following us, you'll know that email and FTP are not effective ways to securely exchange documents. That's why file transfer solutions exist today – google that phrase and you'll find a ton of them out there. In fact, there are articles and blog posts that lists and ranks popular services.

However, not all of these solutions are created equal. There is a vast difference between those that are suitable only for "consumers" and those that are business-grade. Here are just some of the key differences:

### Consumer File Transfer Sites

- Single user/individual accounts
- Little to no tracking capabilities
- Serves 3rd party advertisements
- Unreliable with no guarantee that the site will not go down
- No support for your customers or clients
- No centralized management controls
- Simple but feature-poor web interfaces
- Little to no security features

### Business File Transfer Solutions

- Multi-user accounts deployable with active directory integration
- Detailed tracking & reporting for auditing purposes
- Branded to your company
- Offers service level agreements (SLAs) to ensure uptime availability
- Dedicated account support
- Full control with IT admin panels for usage & policy enforcement
- Fully integrated with popular apps such as Outlook, Office & GroupWise
- Heavy security features such as encryption, SAS70 Type II certified data centers, automatic file expiration settings, etc.

If you are just looking for a way to send some hi-res photos of your dog to your sister and don't really care for all the extensive features nor the possibility of the service going down periodically, then the many consumer sites will suit you just fine. However, if you are a business and have a need to transfer sensitive files with clients and partners, you cannot afford to settle for anything less than business-grade solutions.

(For more posts related to this topic, please go to <http://blog.leapfile.com/2009/06/dont-get-a-file-transfer-solution-lemon.html>)

## About the Author – Kenneth M. McCall

Kenneth M. McCall is a Senior Consultant at Boomer Consulting, Inc., an organization devoted to the application of computer technology and management consulting.

Ken assists CPA firms in The Performance3™ process by working with firms of all sizes in strategic planning and technology planning. He has worked extensively in the area of training management for CPA firms. Ken is a lead facilitator and the program coordinator for The Boomer Technology Circles™, the industry's premier peer networking group for technology management in accounting firms.

Ken is a contributing author to the Boomer Bulletin™, a technology newsletter with an international circulation of over 7,000 and is published regularly in many state society newsletters. He has been a featured speaker on several nationally broadcast web events as well as numerous live presentations. Ken has also contributed to the authorship team for The Boomer Advantage Guides™, a series of industry guidebooks published by Boomer Consulting, Inc. focusing on topics of current interest to the CPA profession.

Ken has been with Boomer Consulting, Inc. since its formation in 1996. Prior to that, he served as the Firm Administrator for Varney & Associates, PA, Consultants and Certified Public Accountants. He has over 30 years of leadership experience in private industry and government covering training, financial management, and computer system integration.

Ken holds a Bachelor of Arts in Economics from Lafayette College in Easton, Pennsylvania and a Master of Business Administration from Creighton University in Omaha, Nebraska.

<sup>1</sup><http://www.ncsl.org/programs/lis/cip/priv/breachlaws.htm>

<sup>2</sup><http://www.scmagazineus.com/Strictest-data-law-in-nation/article/123432/>

## How LeapFILE Can Solve Your File Transfer Problem

As a service provider, we have continued to improve our product and services based on our customers' needs and feedback over the years. Our secure file transfer and collaboration solutions provide easy to use features to help making the process easy and convenient for you:

- End to end SSL encryption for all transfers
- Audit trail tracking for all your files
- Detailed logging reports for all activities on your account
- User authentication options and access permission control
- Centralized IT administration settings
- Branded file exchange site and portals
- MS Office and Outlook Plug-in
- SAS 70 Type II certified data centers

Contact us for a free demo and consultation; learn more about our products and how to get a customized solution that would meet your firm's needs.

## About LeapFILE

LeapFILE is the industry-leading provider of on demand secure file transfer and collaboration solutions for businesses. Founded in 2003 with the mission to facilitate secure file transfer for businesses and to make the process as easy as possible, we have been constantly improving our products and services to bring you the best-in-class file exchange solution platform. Our goal is to make exchanging business-critical files easy for end-users and to make the management of the file exchange solution easy for IT administrators.

With LeapFILE, there are no email size limits, FTP hassles, or overnight delivery fees to deal with. LeapFILE is a web-hosted service so the solution can be implemented within minutes. Our core product is as easy to use as email for end users, and easy to deploy and manage by IT administrators. The success of LeapFILE lies in our product's enterprise-grade yet user-friendly features including bullet-proof security and tracking capabilities, our uncompromising reliability and client support, and our web-based on demand model. Over 2,000 businesses worldwide depend on LeapFILE to manage their secure file transfer and file sharing needs.

For more information about LeapFILE, please visit <http://www.leapfile.com> or call us at (888) 716-9380.

### Protect Your Client-Confidential Documents Contact us for a Live Demo or Consultation today!

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Essential Compliance Solutions  
Secure File Transfer & Collaboration

phone: 1-888-716-9380  
email: [sales@leapfile.com](mailto:sales@leapfile.com)  
web: [www.leapfile.com](http://www.leapfile.com)  
blog: [blog.leapfile.com](http://blog.leapfile.com)  
twitter: [twitter.com/leapfile](http://twitter.com/leapfile)