



Canadian Web Hosting, Inc.

Service Organization Control (SOC) 3 Report

Description of the Information Technology, Data Hosting,
Software and Application Development System Relevant to
Security and Availability

February 1, 2016 – January 31, 2017



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I. Independent Service Auditor's Report

Independent Service Auditor's Report

Kings Wong
Vice President, Operations
Canadian Web Hosting, Inc.
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Vancouver, British Columbia V6C 1E1

Scope

We have examined management's assertion that Canadian Web Hosting, Inc. (CWH), during the period February 1, 2016 through January 31, 2017, maintained effective controls to provide reasonable assurance that:

- The Information Technology, Data Hosting, Software and Application Development System was protected against unauthorized access, use, or modification
- The Information Technology, Data Hosting, Software and Application Development System was available for operation and use, as committed or agreed

based on the criteria for security and availability in the American Institute of Certified Public Accountants' TSP Section 100, Trust Services Criteria, for Security, Availability, Processing Integrity, Confidentiality, and Privacy. This assertion is the responsibility of CWH management. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standard established by the American Institute of Certified Public Accountants and, accordingly, included (1) obtaining an understanding of CWH relevant security and availability controls, (2) testing and evaluating the operating effectiveness of the controls and (3) performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in controls, error or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that the validity of such conclusions may be altered because of changes made to the system or controls, the failure to make needed changes to the system or controls or a deterioration in the degree of effectiveness of the controls.

In our opinion, CWH's management's assertion referred to above is fairly stated, in all material respects, based on the aforementioned criteria for security and availability.

Ascend Audit & Advisory



April 19, 2017

II. Information Provided by Canadian Web Hosting, Inc.

MANAGEMENT ASSERTION LETTER

We have prepared the description of CWH's Information Technology, Data Hosting, Software and Application Development System ("system" or "the system") throughout the period February 1, 2016 to January 31, 2017, ("the description") based on the criteria in items (a)(i) – (ii) below, which are the criteria for a description of a service organization's system in Paragraphs 1.34-.35 of the AICPA Guide *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy* (the description criteria). The description is intended to provide users with information about the system, particularly system controls intended to meet the criteria for the security and availability principles set forth in TSP Section 100, *Trust Services Principles, Criteria, and Illustrations for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Technical Practice Aids*) (applicable trust services criteria). We confirm, to the best of our knowledge and belief, that:

- a. The description fairly presents the system throughout the period February 1, 2016 to January 31, 2017, based on the following description criteria:
 - i. The description contains the following information:
 - (1) The types of services provided.
 - (2) The components of the system used to provide the services, which are the following:
 - *Infrastructure* – The physical and hardware components of a system (facilities, equipment, and networks).
 - *Software* – The programs and operating software of a system (systems, applications, and utilities).
 - *People* – The personnel involved in the operation and use of a system (developers, operators, users, and managers).
 - *Procedures* – The automated and manual procedures involved in the operation of a system.
 - *Data* – The information used and supported by a system (transaction streams, files, databases, and tables).
 - (3) The boundaries or aspects of the system covered by the description.
 - (4) How the system captures and addresses significant events and conditions.
 - (5) The process used to prepare and deliver reports and other information to user entities and other parties.
 - (6) If information is provided to, or received from, subservice organizations or other parties, how such information is provided or received; the role of the subservice organization and other parties; and the procedures performed to determine that such information and its processing, maintenance, and storage are subject to appropriate controls.
 - (7) For each principle being reported on, the applicable trust services criteria and the related controls designed to meet those criteria, including, as applicable, complementary user-entity controls contemplated in the design of the Company's system.
 - (8) For subservice organizations presented using the carve-out method, the nature of the services provided by the subservice organization; each of the applicable trust services criteria that are intended to be met by controls at the subservice organization, alone or in combination with

controls at the Company, and the types of controls expected to be implemented at carved-out subservice organizations to meet those criteria; and for privacy, the types of activities that the subservice organization would need to perform to comply with privacy commitments.

- (9) Any applicable trust services criteria that are not addressed by a control at the Company or a subservice organization and the reasons therefore.
 - (10) Other aspects of the Company's control environment, risk assessment process, information and communication systems, and monitoring of controls that are relevant to the services provided and the applicable trust services criteria.
 - (11) Relevant details of changes to the Company's system during the period covered by the description.
 - ii. The description does not omit or distort information relevant to the Company's system while acknowledging that the description is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the system that each individual user may consider important to his or her own particular needs.
- b. The controls stated in the description were suitably designed throughout the specified period to meet the applicable trust services criteria.
 - c. The controls stated in the description operated effectively throughout the specified period to meet the applicable trust services criteria.

By: /S/ Kings Wong

Kings Wong
Vice President, Operations

April 19, 2017

DESCRIPTION OF CWH'S INFORMATION TECHNOLOGY, DATA HOSTING, SOFTWARE AND APPLICATION DEVELOPMENT SYSTEM

Company Overview

Founded in 1998, Canadian Web Hosting Inc. ("CWH" or the "Company") has become a global hosting service provider. CWH is a Web Hosting and Infrastructure as a Service (IaaS) provider delivering a full range of solutions including managed hosting, dedicated server hosting, cloud hosting, colocation, and network services through its Canadian data centre locations in Toronto, Ontario, and Vancouver, British Columbia. These are connected together by CWH's own Internet Protocol (IP) Network. Established in 1998, CWH has become a true global hosting service provider supporting clients worldwide that include Fortune 500 companies, government entities, small businesses, Web developers, Software as a Service (SaaS) providers, financials, health care organizations and other companies looking to benefit from Canada's regulatory environment. With primary operations headquartered in Vancouver, British Columbia, CWH continues to build services that are designed to enable customers to focus their businesses rather than the challenges associated with maintaining and expanding their server and IT infrastructure.

As a business, CWH's target market is small to enterprise size Canadian and non-Canadian businesses that are looking to benefit from Canada's strict privacy and security requirements. CWH's services are focused on delivering Internet-based infrastructure to support a wide range of IT needs including Web site hosting, SaaS, application development and hosting, as well as cloud hosting including compute, storage, and networking capabilities. Because many companies have limited resources to direct towards infrastructure, companies partner with CWH to build-out and support their required infrastructures while working with a partner who can facilitate and meet corporate governance requirements.

System Description

The CWH's system includes the information technology infrastructure, data hosting, software and application development and client-facing systems including: data center operations, database administration, storage management, server administration, support, system backup and disaster recovery processes, as well as network operations, system monitoring tools and processes, system security (both logical and physical), and common support processes applicable to all lines of business and customers of the Company.

The System is comprised of the following components:

- Departments/People (functional areas, operators, users, and managers)
- Infrastructure (facilities, equipment, and networks)
- Systems/Software (overview, key components, applications, and utilities)
- Procedures (automated, manual procedures involved in the operation of the system)
- Data (transaction streams, files, databases, and tables)

The following sections of this description define each of these five components above that comprise the entire System.

People

The company is led by a team of senior executives that assign authority and responsibility to key management personnel with the skills and experience necessary to carry out their assignments and job responsibilities. The company is broken up into several unique departments to support existing and future company objectives, as well as supporting their wide range of customer requirements. These departments include:

- *Customer support agents* assist external clients on a daily basis using ticketing systems and CRM to communicate with clients and retrieve their account information.
- *Support technicians* use all systems to assist clients with their issues. External ticketing systems are used to communicate with clients. They use CRMs to retrieve client account information. They access the specific system they need to work on through (Hypervisors, Control Panels, etc.) through the Central Authentication Tool. Once issues are resolved, issues are logged internally in CRM and internal ticketing system.
- *External users* have the option of using ticketing systems to report an issue. Clients can also access billing information through the CRM. External Users will also have a control panel to manage their web hosting service (cPanel or Plesk).
- *Executive Management* is responsible for developing and establishing organizational goals, strategic vision, organizational direction, client strategy, client acquisition, market positioning, and Company growth.
- *Information Technology* is responsible for systems implementation, management, and support. Information Technology is also responsible for implementation and support of all client-managed service offerings.
- *Operations* is responsible for the day-to-day maintenance and management of internal and client-facing network infrastructure. Operations is also charged with network management systems.
- *Sales and Marketing* is responsible for customer interaction throughout the sales cycle, including implementation. Sales and Marketing is also responsible for attending trade shows, Webinars, online marketing campaigns, and corporate Web presence.

All human resource records including employee personal information are secured and locked to ensure safekeeping. Only authorized members of HR and authorized executive management members are allowed access to these files.

Infrastructure

Each of the facilities are serviced with dedicated transit links from the respective providers for Tier 1 bandwidth that in turn connects to dedicated network Routers. The Routers act as the network edge that connects to security devices consisting of IPS/IDS mitigation devices. Below the security devices are the Network aggregation switches, which then connects to access layer switches. This is where shared and dedicated servers are connected which can include dedicated hardware servers from SuperMicro and Dell. These servers will utilize either Windows or Linux operating systems which is based entirely on client requirements.

All aspects of the Data Centre, which include environmental, network, and server health, are monitored by the in house IT operations team. This team is responsible for monitoring, provisioning, troubleshooting and capacity planning all aspect of CWH facilities.

Software

A wide range of software applications are used to support Canadian Web Hosting customers including, but not limited to, the following applications:

- External Ticketing System for communications with customers
- Internal Ticketing System for job and work order tracking
- Customer Relationship Management (CRM) Software
- Monitoring Software (Servers and Network)
- Backups (Client Data, Corporate Data)
- Virtualization Hypervisors
- Version Control
- Central Authentication Tools
- Control Panels for Web Hosting Management

- Security Event Management
- Project Management

Procedures

Security Policy Administration

Each of CWH's personnel is made aware of the security implications that revolve around their functions and actions. Approaching security as an organization has a more profound effect than relying solely on a single group. This process begins with providing individuals with the understanding and knowledge needed to help secure them and their data within established policies. Security awareness programs have a significant impact on the overall security of an organization.

The Company maintains security policies and communicates them to staff to ensure that all individuals utilizing Company resources understand their responsibility in reducing the risk of compromise and exercise appropriate security measures to protect systems and data.

Data

All data stored within CWH's infrastructure is considered "confidential information" and falls under four unique classifications with additional classifications added on a per customer basis. The four primary data classifications are:

- Client data: Data hosted on CWH servers and uploaded by clients.
- Personal information: Information gathered from clients to create a client portfolio.
- Internal data: Data regarding internal systems and sites.
- Confidential data: Includes employee information, background checks, etc.

Subservice Organizations

CWH uses Cogeco Peer 1, a third-party data center, to host its infrastructure. The data center environment provides security and redundancy in all critical systems with onsite and remote monitoring. They maintain a current SOC 1 Type 2 report.

User Control Considerations

The Company's applications are designed with the assumption that certain controls would be implemented by user organizations. In certain situations, the application of specific controls at the user organization is necessary to achieve control objectives included in this report.

This section describes additional controls that should be in operation at user organizations to complement the controls at the Company. User auditors should consider whether or not the following controls are implemented at user organizations:

- Customers are required to notify CWH of all additions, removals, or changes to contracts and/or other agreements.
- Customers are responsible for the selection, use, and compatibility of hardware and software not provided by CWH.
- Customers are responsible for the installation, operation, and maintenance of hardware and software installed to use CWH software in an appropriate manner.

- Customers utilizing an authorized caller list for problem management are required to ensure that the authorized caller list remains up-to-date.
- Customers are responsible for developing, maintaining, and testing their own business continuity plan (BCP) or for contracting with CWH for its BCP services.
- Customers are responsible for the security and integrity of their transmission facilities, operating facilities, and equipment that are used to access CWH secured software.
- Customers are responsible for the transmission and reception of all data and transactions initiated through their Web sites.
- Customers are responsible for discharging all duties to remain in compliance with their agreements with CWH.