

Should I Care About the Cloud?



Cloud computing has been a popular headline topic in recent years and businesses may feel that they are missing something if they haven't moved all of their IT operations to the cloud. It's hard to understand what is really going on, however, as "buzz" often does not convey all the important information.

Here are some facts about cloud computing that should help you make informed decisions about IT deployment and infrastructure:

The Definition of Cloud Computing

"Cloud" is a general term referring to computing resources provided from a remote location and typically accessed via the internet. The term covers everything from storing emails and photos on a Google server to the entire computing infrastructure of a major international corporation hosted and supported in a remote data center.

At its most basic, cloud computing is all about renting IT storage and/or processing resources rather than buying and maintaining them in-house (on-premise).

Software as a Service (SaaS)

A more important term to focus on is Software-as-a-Service (SaaS), as this applies to major applications like ERP and CRM. SaaS is a licensing model usually applied to cloud-hosted applications and involves a monthly fee that includes the majority of the IT and software costs. There is no up-front software license fee and no server hardware, operating system or software to buy and install on-premise. SaaS is a pay-for-use subscription model.

The two most common ways customers purchase SaaS are as a single-tenant or the multi-tenant approach.

Single-tenant SaaS hosts the very same applications that you would get in a traditional on-premise purchase. Your applications and data are separately installed and managed in the cloud and accessed through the Internet or leased lines.

In multi-tenant SaaS, there is one instance (one copy) of the software. Each customer has its own separate (and secured) database that includes application tailoring for the way they want to use the software. On the plus side, all users are always up to date with the

ERP FACT

To justly compare the full financial impact of SaaS and on-premise deployment options, you must perform your own cost of ownership and return on investment analysis over a time period of at least 5-7 years.

latest enhancements and fixes since they are all operating with the same software. The down side is that user companies have limited control over the software they depend upon. Modifications and interfaces to outside systems can also be problematic.

Implementing a SaaS ERP Solution

With on-premise ERP software deployment, you control the implementation, configuration and support. You can modify and interface as appropriate. You control the upgrade cycle. With single-tenant SaaS, you have less control over these variables. With multi-tenant SaaS, you have almost no control.

Some advocates say that implementation is much faster with a cloud/SaaS ERP solution. While there is some benefit in not having to install the hardware and software, all remaining implementation tasks (about 95% of the time and effort) apply equally to both on-premise and cloud/SaaS implementations.

Is SaaS a Good Choice for My Company?

The cloud/SaaS offers an attractive alternative for many companies, but it is simply another factor you must consider when selecting the best ERP solution for your business. It is not the ideal approach in all situations. You should consider all available deployment options, but only after selecting the right software and service provider(s) based on system functionality and fit, supplier reputation and financial strength, the support team, and other "due diligence" investigations to determine that you have chosen the right solution.

For more information about ERP implementation, see:

- [5 Tips for Choosing the Right ERP System \(for Your Unique Needs\)](#)
- [Three Implementation Strategies for ERP](#)
- [Should You Move Your ERP to the Cloud?](#)

QUICK TIP

It is advisable to leave the deployment decision to IT and finance, after making a careful system selection based on functionality, since the choice of deployment method (cloud or on-premise) should be invisible to the users.



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