



ERP and the Cloud: What You Need to Know

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ERP and the Cloud: What You Need to Know

Executive Summary

Organizations have long installed enterprise resource planning (ERP) solutions on site or not at all. But today, small to medium-sized organizations are seriously considering Cloud-based ERP implementations as they come to recognize that Cloud computing functionality is comparable to on-premise solutions—and more cost effective. Cloud computing requires companies to pay only a monthly fee for just the application services they use rather than requiring them to install costly hardware and software and hire an experienced IT staff. And, if the organization eventually chooses to move to an on-premise solution, many vendors today provide the flexibility of a seamless migration path.

This whitepaper details why some SMB organizations are adopting Cloud-based ERP implementations and the benefits these solutions provide. Advantages include lower overall costs, better alignment between technology and specific business needs, scalability, ease of deployment and management, easier upgrades, anytime anywhere access, and high reliability.

Increased Interest in Cloud-Based ERP and SaaS Implementations

Small to mid-sized organizations have shown a marked increase in interest in Cloud applications in general and Cloud-based ERP in particular over the past year. IDC predicts that the software Cloud market will reach \$40.5 billion by 2014, representing a compound annual growth rate of 25.5 percent. By 2014, about 34 percent of all new business software purchases will be consumed via Software as a Service (SaaS), and SaaS delivery will constitute about 14.5 percent of worldwide software spending across all primary markets. Forrester Research found that Cloud-based ERP currently comprises around 2 percent of the market, but is set to grow by about 21 percent annually through 2015.

What is Cloud/SaaS ERP?

Cloud computing delivers a new way for organizations to gain access to software applications. Typically, organizations buy and install servers in house, install software on the servers, and purchase a license for each employee. With Cloud computing, organizations access application technologies and computing power on-demand from internet "clouds" that furnish the server, software, and data center. The Cloud is enabled by virtualization technology that consolidates hardware to improve efficiency and makes it easier and less expensive to deliver on-demand computing resources. SaaS is a delivery model that allows a business to access applications on a Cloud infrastructure.

Key aspects of Cloud/SaaS computing include the following:

- The software is not licensed or owned by the user, it's provided as a service over the Internet
- Users subscribe to a complete turnkey package that includes software and the entire delivery mechanism
- Users can access the system over the Internet regardless of their location

Why Interest in the Cloud is Growing

Companies today are more interested than ever in using ERP applications and solutions to address an economy that continues to be uncertain. ERP solutions provide automated processes that improve business efficiency and visibility across the organization. These solutions help organizations address business challenges that include revenue shortfalls and uncertainty, increasing competition, higher customer expectations and changing market dynamics. While Cloud/SaaS computing has been available for several years, small-to medium-sized organizations have been increasingly accessing ERP solutions via the cloud over the past year.

Because of tight budgets, IT managers are looking for more affordable ways to access NGR's sophisticated ERP software solutions. Cloud computing applications reduce capital costs. They are also easier to use and deploy, reducing the time it takes for organizations to use them to meet specific business needs and lowering the total cost of ownership (TCO).

Organizations also realize that previous objections to Cloud/SaaS no longer ring true. For example, one common misperception has been that on-premise solutions offer greater functionality. But today, many ERP solutions offer identical functionality in both Cloud and on-premise solutions. Users of Cloud solutions even have the option to tailor systems, configure screens to user roles and preferences, and use only the modules that are needed.

Security of data and applications hosted by a third party has also long been a critical concern. Cloud solutions have responded by delivering high levels of security and reliability. Cloud solutions offer password protection. Data is stored in central, off-site locations to reduce vulnerability to theft and natural disasters. The vendor takes care of daily and monthly backups and restores. Service level agreements (SLAs) guarantee reliability, availability and performance.

Hybrid Solutions

Even as organizations are more amenable to Cloud deployments, many also expect flexibility. At one point in the organization's development, it might prefer a Cloud implementation for its unique benefits; at other times it may prefer an on-premise solution. Alternatively, different subsidiaries or departments might require a different delivery solution. For example, Forrester finds that there is an increase in interest in running different ERP deployment models across an organization to take advantage of the merits of SaaS in one area and on-premises in another.

An organization may prefer a Cloud implementation if it:

- Does not want to invest or support an IT infrastructure
- Prefers to make one monthly payment

- Wants to match internal costs against fluctuating business conditions
- Wants to be up and running quickly and without building remote access to an existing network

Reasons to prefer an on-premise solution include:

- The need for a high degree of customization
- The ability to confidently make a 5 year commitment to an ERP software investment
- The existence of a network infrastructure that can support multiple geographic sites

Leading ERP vendors are meeting this demand for flexibility by offering multiple deployment options of the same ERP solution. Customers can choose traditional, licensed based on-premise solutions or SaaS solutions. With some vendor's solutions, they can even seamlessly migrate data from one implementation to the other. And since the products for the two implementations are identical, no additional end user training is necessary.

Benefits of Cloud-Based ERP Implementations like NGRERP / NGRbON

Using a Cloud/SaaS-based ERP implementation, organizations can lower TCO, more easily align their IT infrastructure with specific business requirements, gain a highly scalable solution, simplify ERP deployment and management, simplify upgrades, as well as access their applications anytime, anywhere with a high degree of reliability.

Lower upfront costs and TCO

The Forrester "State of ERP in 2012" report found that 79 percent of respondents were looking to SaaS ERP to reduce TCO while 54 percent wanted to reduce up-front costs. SaaS lowers costs by providing:

- **Economies of scale** - Many Cloud applications and services

share resources and NGR's ERP solution costs among a large pool of users. Infrastructure can also be centralized in areas of lower costs. Service providers can pass along these lower costs to their customers.

- **Virtualization** - Cloud systems take advantage of virtualized infrastructure. By enabling consolidation of infrastructure resources, such as servers and storage, virtualization allows systems to be utilized more efficiently thus reducing costs.
- **Pay as you go** - Customers pay for SaaS based ERP solutions on a monthly basis with charges based on actual usage—typically without an initiation or setup/ installation free. Such a pay-as-you-go model reduces capital costs.
- **Reduce hardware and maintenance costs** - Often the difference in TCO is not in the cost of software and services but in the cost of hardware and IT staff. SaaS reduces the costs of the infrastructure, professional services, and on going support requirements to install, configure, deploy and maintain an ERP system.
- **Thin client** - Most SaaS systems use a thin client model in which the software is accessed over the internet. Eliminating thick PC clients that require software to be installed on the PC provides a huge initial savings because organizations don't need to purchase and install the software on each PC. Ongoing maintenance costs are also lower because the vendor performs ongoing maintenance centrally rather than having to upgrade individual machines.

Align IT Infrastructure with Business Requirements

Because organizations subscribe to only the services they need, Cloud based ERP provides a high level of deployment flexibility to allow organizations to tightly align their business strategy with the technology needed to achieve it and match their solution to fluctuating business conditions. At the same time, Cloud/SaaS-based imple-

mentations allow smaller companies with limited budgets to access incredibly robust technologies in an affordable manner.

Scalability

Instead of spending considerable time and money building an infrastructure, organizations can get started right away by hooking into a SaaS application. Some vendors allow organizations to start with no minimum number of users. If they grow rapidly, they can easily buy access to more capacity instead of having to upgrade internal infrastructure.

Ease of Deployment and Management

Fifty percent of respondents to the Forrester survey had limited IT resources and no interest in building IT staff. Cloud-based ERP, which provides browser-based access to the ERP application, eliminates the need to install and maintain client software or to deal with servers, network connections, application software and so on. As a result, organizations don't need to hire full time IT staff with expertise in the software and hardware. When something goes wrong, they can simply call the vendor to fix the problem. By outsourcing IT headaches to a third party, organizations can focus on what they do best.

Reduce Cost and Effort of Upgrades

Sixty eight percent of respondents to the Forrester survey selected a SaaS implementation because they wanted to reduce cost and effort of upgrades. By taking on some of the burden of the upgrade process, SaaS ERP solution providers reduce the cost and effort of the upgrade. This means organizations using SaaS deployments are often in a better position to take advantage of innovations delivered by ERP solution providers.

The thin client and centralized code also makes Cloud-based ERP easier to upgrade than distributed servers with multiple clients. Modern programming techniques allow organizations to separate customizations from core code so vendor updates do not interfere with most customizations.

Accessibility

When a SaaS ERP system works with web based software, users can access their applications from anywhere at any time without the need for the organization to install a virtual private network (VPN).

High Reliability

Because cloud computing uses multiple redundant sites, it provides business continuity and disaster recovery.

Conclusion

By using a Cloud-based ERP implementation, organizations can benefit from lower overall costs, better alignment between technology and specific business needs, scalability, ease of deployment and management, easier upgrades, anytime anywhere access, and high reliability. And for organizations that require an on-premise solution for some subsidiaries or departments, or who may need to migrate over time, leading vendors are also allowing organizations to seamlessly migrate from SaaS to on-premise versions of their product, providing even greater flexibility while reducing training costs.

About NGR

NGR Technosys is a global supplier of business management and revenue performance management solutions. At NGR, we live and breath business every day. We are passionate about helping our customers achieve their ambitions. Our range of business management and revenue performance management solutions are continually evolving as we innovate to answer our customer's needs.

Our Business Management solutions support accounting, operations, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, healthcare, manufacturing, nonprofit and real estate industries.

Our Revenue Performance management solutions transform marketing and sales teams of all sizes to accelerate predictable revenue. Our Revenue Performance Management solutions are both powerful and easy to use, providing explosive revenue growth throughout the revenue cycle from the earliest stages of demand generation and lead management to deal close and continued customer loyalty.

To find out more about NGR's Business Management solutions or Revenue Performance Management solutions and how they can benefit your company, please visit us at www.NGRTechnosys.com or call us at +91 8985 11 2309 or email us at info@ngrtechnosys.net.

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