SaaS Vs. On-Premise ERP

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Fact #1 - What SaaS Actually Means.

Journalists, analysts, and bloggers use the words “cloud” and “SaaS” to describe almost anything that’s accessible via a web-browser or smartphone. This cavalier approach to terminology usage creates confusion and does a huge disservice to the marketplace. The United States Department of Commerce’s National Institute of Standards and Technology (NIST) published a set of standards that must be met by software to qualify as SaaS. In NIST’s own words, a SaaS application is one in which:

"Software as a Service (SaaS). The capability provided to the consumer is to use the provider’s applications running on a cloud infrastructure2. The applications are accessible from various client devices through either a thin client interface, such as a web browser (e.g., web-based email), or a program interface. The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, storage, or even individual application capabilities, with the possible exception of limited user-specific application configuration settings.

"Platform as a Service (PaaS). The capability provided to the consumer is to deploy onto the cloud infrastructure consumer-created or acquired applications created using programming languages, libraries, services, and tools supported by the provider.3 The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, or storage, but has control over the deployed applications and possibly configuration settings for the application-hosting environment."

Source: National Institute of Standards and Technology (NIST) *[1]*

The key information here is that the application has to run on cloud infrastructure and the five characteristics identified:

1. It must provide on-demand self-service.

This means that a cloud user can access computer capabilities without human intervention from the service provider.

2. It must provide broad network access.

This means that a user can connect from anywhere, with any standard device, at any time (provided there is internet access).

3. It must provide resource pooling.

This means that a bunch of users share an underlying set of computing resources. This is what's meant by a "multi-tenant" model. A "single-tenant" model is where dedicated hardware is provided, not shared.

4. It must be rapidly elastic.

This means that computing resources can be provisioned to meet changes in demand. So, if demand for computing power increases then additional capacity can be rapidly allocated to meet that demand.

5. It must be a measured service.

This means that the cloud provider has to meter its service, much in the same way that utilities companies meter their services. In effect, they monitor and optimize usage according to the meter readings, and bill accordingly.

Fact #2 - Is Risk a Factor?

Detractors of ERP cloud computing have always pointed at ERP security as being questionable in that arrangement. Undoubtedly, it is comforting to know that all of your vital information is within your four walls. You can "keep your arms around it" so to speak. On the other hand, how sophisticated is your IT staff in securing your

system?

Let's say you have an impenetrable firewall and security net locking down your access security, but what controls are in place for physical security? Does that sales consultant that just gave his notice planning a kickstart at his new company with your entire customer list?

The point is, the term “security” is very broad. Some of these issues will be more important to you than other issues, and cloud vs. on-premise ERP have varying security considerations.

Typically over time, a quality SaaS ERP system will have more up-to-date hardware and software, they invest more on their security (as a percent of revenue) than most on-site IT departments, and their facilities are manned 24/7 being designed to control limited physical access.

Fact #3 - Accessibility.

SaaS uses the Internet to access systems once deployed and maintained off-premises. If the road construction crew down the street cuts the fiber main, you are incommunicado with your critical systems since SaaS is entirely accessed through the Web. Even with generators backing up power, the real juice is still down. Alternatively, if you don't maintain proper redundant mirror backups of your on-premise ERP system, you are a server crash away from that same darkness.

In summary, know the facts, know the variables, make an informed decision based on your unique situation.

How much is your company willing to invest in IT staff and hardware infrastructure? If you are strong there, on-premise is a formidable option.

Will your company commit to a maintenance contract and stay up to date with latest core releases and features? If not, consider SaaS, where the software is always representative of the latest release and feature set. Legacy systems that are not maintained and updated are preventing businesses from embracing enabling technologies.

Additional Note:

Keep in mind that ROI on SaaS will out perform a perpetual license for the first three years. After that point, a perpetual license will typically prove to be more cost effective.

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About Infor SyteLine ERP *[3]:*

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What's more, you can still extend SyteLine to meet your specific needs, such as tailoring screens for groups or users, building your own screens, and expanding intelligent data objects (IDOs). You can even add your own tables and publish them through your IDOs, with your own screens over them, thanks to the SyteLine framework's Internet-enabled development capability. And best of all, your extensions upgrade automatically.

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