

# SQUARE PEGS: IS CLOUD ERP RIGHT FOR MANUFACTURERS?

Should your business be looking towards ERP on the cloud or are there limits for manufacturers?

## ERP ON THE CLOUD

- it's gaining ground, most notably in small and micro businesses, but the majority of organisations retain their ERP systems on-premise.

### ERP USERS OPERATING ON-PREMISES ERP IN 2012:



77% of mid-size users



59% of small users

(Source: Aberdeen Group)

### CHOOSING AN ERP SYSTEM - THE TOP 4 CRITERIA (AND NOT A CLOUD IN SIGHT):



Functionality



Ease of use



Total cost of ownership

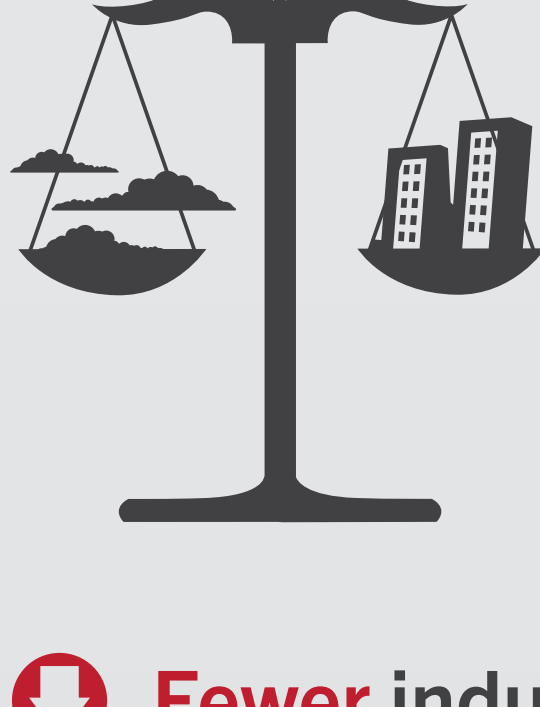


Ease of customisation without programming

(Source: Aberdeen Group)

## ERP ON THE CLOUD V ERP ON THE PREMISES

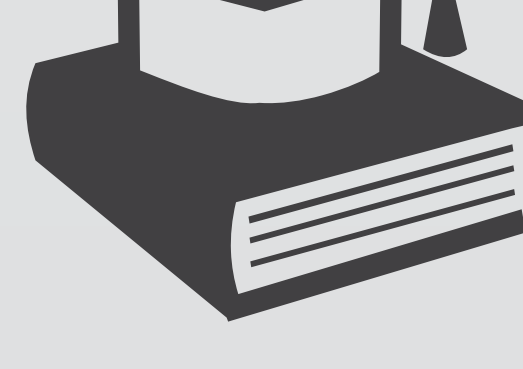
### FUNCTIONALITY



The cloud offers no clear functionality benefits over on-premises solutions. As 'cloud-only' SaaS (Software-as-a-Service) ERP systems tend to be broadly generic rather than industry-specific solutions, manufacturers may require customisation to achieve sector best practice. Cloud vendors can also require systems to be kept in greater version alignment, so upgrades and functionality changes may be enforced.

- ⬇️ Fewer industry-specific functions.
- ⬇️ Potentially less customisation and integration scope.
- ⬇️ Less control over upgrades and functionality changes.

### EASE OF USE



ERP on the cloud can be more intuitive, as the on-premises versions may offer more functionality via the desktop which requires more training. Some cloud-only ERP vendors may expect training and support to be more 'self service' from online resources.



Training costs are usually lower for cloud ERP with more 'self teaching' expected.



Deployment times are lower as systems tend to be simpler.

### TOTAL COST OF OWNERSHIP



Compared to a traditional on-premises approach, ERP on the cloud offers cheaper upfront costs and a 'pay monthly' rental model is the norm.



Costs can be balanced by higher annual fees over the life of the system or money spent on customisation to add sector requirements to industry-generic cloud systems.

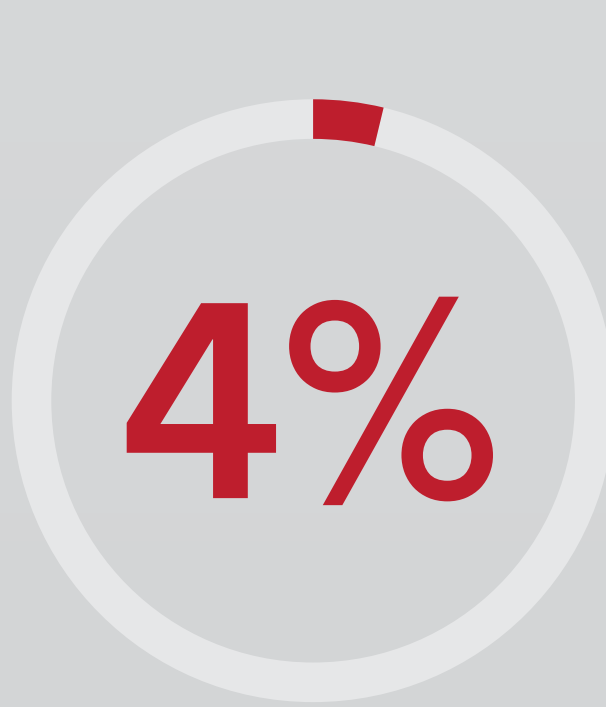
Buyers should always compile a 7 year cost comparison to get a true picture.



### EASE OF CUSTOMISATION WITHOUT PROGRAMMING



The remote nature of ERP on the cloud makes customisation harder, though not impossible.



Only 4% of ERP users have made no or only minor changes to their installation.

## WIPING AWAY THE MIST

The truth about cloud v on-premises ERP:

- No two businesses have identical ERP needs.
- A wide variety of factors will determine the overall cost.
- Functionality remains the main driver of ERP system choice.
- Always do a 7 year cost comparison to determine true long-term value.

The ideal ERP solution must first provide the functionality you need now and into the future. Don't let technology drive your decision.

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