

# Sage ERP

## The top five reasons to deploy your ERP Solution in the cloud



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## Executive summary

Many small- to medium-sized businesses (SMBs) recognize the need to upgrade to an integrated enterprise resource planning (ERP) solution to better manage their growth and make data-based strategic decisions in real time. Unfortunately, high initial costs, insufficient IT resources, and a host of other barriers often put these solutions out of reach for many of these companies. Today, however, the cloud deployment model offers an easy and cost-effective way for SMBs to move to a robust ERP system. Cloud deployment allows them to easily add users and functionality when needed so they can grow efficiently and profitably.

This white paper describes five of the most important benefits SMBs achieve from moving to the cloud:

- Improved cash flow due to minimal start-up fees and a low monthly subscription
- Anytime, anywhere access for finance, operations, and other stakeholders
- Continuously updated systems that enable 100% compliance
- Ease and speed of getting started
- Peace of mind through built-in data backups and disaster recovery plans

## Are you outgrowing your business solution?

Like larger companies, SMBs need business solutions to help manage day-to-day operations, understand their financial data, and give customers a consistently positive experience. Nonetheless, many SMBs are using spreadsheets or QuickBooks to try to perform these functions, despite the growing complexities of their companies. Research indicates that over 40 percent of SMBs have outgrown their current business management solutions, and 79% of SMBs still rely on manual Excel file uploads or custom code for integration, instead of using modern integration solutions or preintegrated solutions<sup>1</sup>.

The use of outdated business solutions leads to numerous challenges. For example, legacy solutions may be unable to handle expanding numbers of users. With data volumes growing by 56 percent year over year, companies are challenged to manage and use this data effectively. Financial systems may not support the latest tax laws. And legacy systems may not permit growth into other countries because they're unable to handle additional languages or currencies. As a result, many companies find themselves at increased risk for huge inefficiencies, noncompliance, and missed opportunities.

## SMBs want ERP

Many SMBs are looking to upgrade to an ERP system that delivers a full business management solution. These solutions include all the functionality SMBs need to effectively manage their growth and make better decisions. Today's ERP solutions help

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40 percent of SMBs  
have outgrown their  
current business  
management solution.

keep financial, distribution, payroll and other processes running smoothly. They seamlessly track business resources, such as cash, orders, and inventory. They provide insight and intelligence to help companies successfully adapt to fluid business environments. Importantly, they ensure compliance with regulatory requirements.

Thus, it's not surprising that a recent Aberdeen Group survey found that SMBs are increasingly adopting ERP software. 43 percent are doing so to save money, 38 percent to manage growth, and 30 percent to improve decision making.<sup>2</sup>

43 percent of SMBs are adopting ERP software to save money; 38 percent are trying to manage growth.



### Budget and IT resource constraints

Still, many SMBs are hampered from adopting a full-fledged integrated ERP solution due to budget and staff limitations. Many SMBs can't afford to upgrade to the latest ERP systems due to high initial costs for the data center, software licenses, equipment, and IT staff. SMBs also have fewer IT staff than larger companies. SMBs of 50 to 100 employees may have only one full-time or part-time person—typically an IT generalist—to support complex IT resources and multiple users.

### SMBs turn to the cloud

For the reasons outlined above, SMBs that previously ran their business on a smaller accounting or business solution that was limiting their ability to grow efficiently and profitably are increasingly moving to cloud-based ERP solutions. These solutions allow SMBs to move to a flexible ERP system at an accessible price and add users and functionality as needed without worrying about installation, configuration, and the need to support additional hardware and software. Some ERP vendors also give SMBs the capability to move to an on-premises system seamlessly if and when business requirements change. Indeed, 61 percent of SMBs who responded to a recent survey are using cloud-based solutions today while 5 percent more plan to add cloud services in the next six months. SMB spending on cloud solutions is expected to grow by almost 20 percent over the next five years, with three in ten medium-sized firms adopting public cloud solutions.<sup>3</sup>

<sup>2</sup> "ERP and the Small Business", Nick Castellina, The Aberdeen Group, January 2013  
<sup>3</sup> <http://www.forbes.com/sites/louiscolombus/2013/07/30/roundup-of-small-medium-business-cloud-computing-forecasts-and-market-estimates-2013/>



### What is cloud computing?

The cloud is a method of delivering software to end users over the Internet. In the case of ERP solutions, the cloud holds the underlying technologies and operations for the user, giving them easy and secure access to ERP resources as a service rather than as a product.

Cloud services are multitenant, which means that cloud providers connect different companies on the same software and servers—with security solutions keeping each company’s information separate and private. Cloud services can run thousands of customers on a single instance of the database and application software. By optimizing their solutions in this shared environment, cloud service providers can achieve efficiencies throughout the solution lifecycle. Resources can also be easily scaled up and down according to customer demand.

### Top five benefits of ERP in the Cloud

By leveraging cloud solutions, SMBs can access technologies that they would otherwise need sophisticated IT support to obtain. SMBs no longer have to worry about the details of installing and running infrastructures or sophisticated software packages and can simply contract for these offerings as services. The following are the key benefits SMBs can achieve by employing a cloud solution to migrate to a full featured, integrated ERP solution.

#### Improved cash flow, minimal start-up fees and a low monthly subscription

A cloud-based ERP system does not require an up-front investment. All aspects of cloud ERP implementation, maintenance, and software updating are the responsibility of the vendor, which eliminates cost and effort. As noted, this makes ERP cloud services especially advantageous to smaller businesses, those on tight budgets, and companies with limited IT resources.

Since cloud-based ERP systems are offered on a monthly subscription basis, there are no unexpected costs. Customers know exactly what their fee will be each month.

Also, many vendors of cloud-based ERP solutions charge for consumption on a variable pay-as-you-go basis. This means customers pay for just the services they need. Previously, companies often didn’t know or couldn’t predict what type of volume they might see in a given business cycle. As a result, they purchased either inadequate solutions or solutions that were too powerful for their needs. With cloud services, customers can purchase just the services they need now and then easily add new services or add new users when necessary. For instance, with Sage 300 Online, Sage allows SMBs to make an initial purchasing decision with the added confidence that the initial choices they make are not locked in place. Instead, when their businesses or market circumstances change, SMBs can add users and specialized features to Sage 300 Online almost instantly.

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**Finance and operations have anytime, anywhere access**

Moving a business system to the cloud immediately makes it available to employees and users who need it. Any authenticated users who can get onto the Internet can take advantage of the system. Cloud systems allow mobile employees, customers, vendors, and trusted partners to view critical business information using only a browser.

A fully integrated ERP suite gathers data from different warehouses, sales orders, web stores, and retail outlets to give SMBs a single up-to-date view of their business. The cloud gives users access to all of this data and reports in real time and from anywhere.

Significantly, the cloud encourages instant and comprehensive collaboration among employees and teams working on specific projects. Users stay in sync in real time with all members of a team by looking at the most current and recently updated versions. Whether they're working on a project, document, or file, everyone is always on the same page. Team members can be scattered around the globe and still collaborate effectively. Multicurrency and multilanguage capabilities even enable them to work in their own language using their own currency.

**Systems are always up to date so you can be 100% compliant**

With cloud-based ERP systems, vendors upgrade customers automatically with every new product release. The customers thus always have access to the latest technological improvements that will help them do their best work.

Additionally, the cloud deployment option allows ERP vendors to upgrade their products faster. To understand what that means, consumers can consider the cloud applications they use now in their everyday lives. Those consumer applications are revised frequently in response to customer feedback—that's why it's not unusual to get monthly updates to iPhone apps. Organizations expect the same responsiveness for their business applications and the nature of the cloud allows vendors to follow through rapidly.

And, because cloud-based systems are upgraded continually, ERP vendors can keep their solutions up to date with the latest financial and accounting regulations. For example, SMBs are always in regulatory compliance using the latest version of Sage 300 Online because Sage takes care of the updates for them as soon as new rules go into effect. In contrast, when customers use spreadsheets, the responsibility for keeping up with changing regulations and entering them into their systems is entirely on their shoulders.

**Get started quickly and easily**

With cloud-based ERP solutions, customers no longer need to install, maintain, and manage their own hardware and software. The cloud services provider does all that for them. This opens up office space, eliminates maintenance costs, and reduces electricity use.

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Data from a fully integrated ERP suite gives SMBs a single up-to-date view of their business.

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SMBs are always in regulatory compliance using the latest version of Sage 300 Online.

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For companies new to cloud-based ERP deployment models, the solution can be implemented with remarkable speed. Because the vendor performs the management and setup, the customer does not have to install the solution. The vendor or its business partners will also configure the solution for the customer. This results in a faster and much simpler setup process that ultimately leads to faster ROI. For example, SMBs can get started running Sage 300 Online, a business management system that includes very strong financial, business intelligence, and operational functionality in just a few hours or days, rather than months.

### **Peace of mind through built-in data backups and disaster recovery plans**

When the ERP vendor incorporates data backups and disaster recovery plans into its services, it takes on the entire infrastructure and IT staff needed to implement and maintain it. Thus, having disaster recovery performed by the ERP provider reduces the need for data center space, IT infrastructure, and IT resources, which leads to significant cost reductions. This gives smaller companies disaster recovery options that were previously available only to larger enterprises.

Furthermore, cloud-based ERP vendors can provide service level agreements that guarantee high levels of availability (as much as 99.5% availability). They can perform daily backups so that customers can restore data in case of a disaster and roll back their systems to the moment right before the system outage occurred, preserving data continuity. Also, they can maintain backed-up data for up to seven years to ensure compliance with the most stringent regulations regarding backup. Obviously, the presence and proper implementation of data backups and disaster recovery plans provide cloud-based ERP customers with a valuable sense of confidence.

### **Conclusion**

Turning to cloud-based ERP solutions is a simple and cost-effective way for SMBs to migrate from the antiquated business solutions that are holding them back and gain access to modern ERP capabilities that will help their businesses continue growing. Minimal start-up fees and low monthly subscriptions remove impediments to initial deployment and improve cash flow. Systems can update centrally, enabling 100 percent compliance with tax and financial requirements and the almost immediate implementation of system improvements. SMBs can get up and running on their new system quickly, easily, and inexpensively—without the need to manage complex servers. Stakeholders both within and outside the organization gain anytime, anywhere access. And the organization has peace of mind knowing that data backup and recovery capabilities once available only to large companies are in place.

Based upon all of the advantages discussed above, the trend toward SMB's adopting ERP business management solutions through the cloud will undoubtedly accelerate.

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Sage

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