

# Run ERP on Cloud for Increased Business Efficiency and Growth

Nowadays there is a buzz of terms like 'Digital Transformation' and Cloud Hosting' in all spheres. What is this hype all about?

To start with, we need to understand these terms and its need in today's market. These terms are not entirely new and in reality, the world had already started working on it about a decade ago. But the impact of COVID-19 pandemic has forced all of us to expedite the Digital Transformation in all Industry verticals. I believe, for all Organizations to Survive and Grow in today's fast paced and ever-changing world, it is a must to transform their business models using digital transformation.

So, the important Question is - What is Digital Transformation?

Digital Transformation is where the Organization can use Technology, People, and Processes to achieve the long-term business objectives. For example, to Improve Top line, Bottom Line, improve Customer or Consumer satisfaction.

Enterprise Resource planning (ERP) is collaborative business-critical system, which helps to run core business processes on a single unified system across functions such as Sales, Supply Chain, Procurement, Manufacturing, Finance, HR, Services, and others.

ERP also helps to eliminate data duplication and provide data integrity with a single source of truth.

Today ERP is used in many industries including:

- Manufacturing
- Oil and Gas
- Engineering
- Healthcare
- Hospitality
- Waste Management
- Construction

## **ERP Hosting option**

There are two main ways of hosting the ERP:

- On-Premises
- On-Cloud

**On-premises** option is where ERP runs on Inhouse infrastructure setup at organization location, or at locations which is in their control. On-premises setup offers the security and control of using organization own IT infrastructure to connect people, processes, and applications.

#### **On-premises ERP is right option for organization who can**

- House the Data and keep it safe and secured
- Organizations that need integration of data with other business applications
- Have dedicated IT staff (Inhouse /Partner) to manage and maintain the data 24\*7

#### **On Premise Key Challenges**

- Lack of flexibility and scalability
- High capital expenses and operating costs
- Delay in ERP upgrades as it is manual.
- Unsatisfactory downtime
- Requires dedicated in-house IT team available 24/7 to support operations
- Security and compliance concerns
- Not cost effective
- Slow speed of deployment

#### **Following are different ways of hosting the ERP on cloud**

- On Private Cloud
- On Public Cloud
- On Hybrid Cloud

#### **Private Cloud option**

In Private Cloud option ERP infrastructure is dedicated to a single organization and resources are not shared with other organizations and can reside in provider's data centre.

#### **Public Cloud**

Public cloud is managed by third party vendors that offer on-demand cloud services to multiple organizations.

#### **Hybrid Cloud**

Hybrid cloud brings together private and public cloud environments from multiple cloud providers and provides business with a flexible and scalable cloud environment.

## Features of ERP on Cloud



### Features of ERP on Cloud

#### Scalability

ERP on cloud provides On-demand scalability and agility that reduces the time to deliver. Business can increase or decrease infrastructure resources as needed. With cloud option, scaling becomes very easy as you can adjust the entire infrastructure to the required size and add the other cloud services at any time. For new and smaller businesses (SME's), ERP on the cloud gives lower capital investments to implement ERP, access innovation, better and faster scalability, and automatic ERP upgrade options.

#### Improves Productivity

Cloud-based ERP allows team member to access the ERP from any location and any time. If a team member has an idea while traveling, can access the ERP from a digital assets like laptop, mobile device, and key in the information. Cloud based ERP allows authorized members to work and collaborate at any hour of the day.

#### Provides best in class Security, Compliance, and Business Continuity

Cloud providers offers better security and compliance than organizations can otherwise afford. On-premises ERP solutions come with the risk of data loss in the case of application or hardware failure or any natural disaster like flood, earthquake, fire or break in. In case any organizations don't have a proper disaster, recovery, and business continuity plan this helps.

On cloud Business can remain assure that its data is always backed up, and the cloud provider is well equipped with planned and practiced disaster recovery procedures and its drills.

Today, most of the top cloud providers are System and Organization Controls (SOC) complied where SOC compliance enables organizations to feel secure that their cloud providers, are operating in an ethical and compliant manner.

### **Accessibility at real time**

Business users can access business information in real time, from anywhere and on any digital device. This ensures employees across the organization are working with the same data, no matter the business unit or location, and can make decisions faster and more confidently.

### **Speed of Implementation**

One of the biggest hurdles of any new ERP solution is the implementation time, which can directly affect business and time to value. In ERP on cloud, ERP implementation time get reduced drastically compared to on-premises implementation as it does not require selecting and setting up infrastructure or hiring and training IT team members.

### **Low cost of operating**

With cloud option, organization won't need to make huge investments in procuring and maintaining the hardware or software in comparison with on-premises ERP. Cloud option is a relatively low-cost affair, with a minimal startup fee, you could have an ERP cloud system fully implemented for your business in relatively short time.

### **Service Support 24/7**

Cloud based services are run by providers and, support is available 24/7 for any kind of service issues. On-premises hosting, by contrast, typically requires the dedicated inhouse or vendor team.

### **Reliability**

Cloud has the advantage over on-premises because cloud services are run by vendors who has the specialization in ERP. This is the main reason why cloud-based ERP operates virtually free of downtime. Customers whose ERP is on cloud enjoys more than 99.98 percent uptime.

### **Other advantages**

- Faster ROI
- Speed of Innovation
- Agility to prepare for the future
- Subscription based Licensing Model
- Pay as Use
- Predictable performance

- Long term savings
- Predictable costs
- Regulatory governance

## Conclusion

ERP on Cloud offers a more efficient approach than On-premises, allowing organizations to take advantage of massive computing power and cloud services. Migrating from on-premises to cloud, generally offers lower upfront costs, faster implementation and reduced resource usage and its associated cost.

Top Industry leaders' Hyper scalars are best in class and are a leader in security and data compliance too which is very critical in today's world.

Most of the top cloud providers not only can host the ERP but also offers their other cloud services in area of Analytics, Single Sign on (SSO), Blockchain, Security, Compliance, Integration, Big data, Data Lake, Data warehouse and can also assist easily to integrate with organization's existing applications including ERP and collaboration tools.

Indian organisations too are veering forward with cloud automation in all spheres. Digital Transformation is seen throughout India with rural sectors participating at par with urban sector.

## ABOUT THE AUTHOR



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Gary is a Chief Information Officer and Digital Transformation Leader with 25+ years of experience in Information Technology and Business Consulting.

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