

A DOSE OF CLARITY WHEN YOUR CLOUD ERP DECISION IS NOT OBVIOUS

Are you ready for a change in business management software but unsure of ERP systems in the cloud? Some companies appear to enjoy great success in the cloud while others don't quite realize the benefits they hoped for. ERP planned and implemented poorly typically leads to dissatisfaction with solutions and their providers – the cloud is no exception. But when vendors make hyperbolic and conflicting claims, analysts tout trends you already know are all hype, and the technology itself is evolving quickly, it will help to get some of the basics of cloud ERP straight. In this overview, we summarize important benefits of ERP in the cloud, dust off some misconceptions, and share some best-practice recommendations for successful implementations. We also provide guidance in our Cloud ERP Clarity Center if you want to learn more.



WHY BUSINESS IS BETTER WITH CLOUD ERP

9 Benefits of Cloud ERP

Are you sure you know what the potential advantages of cloud ERP are? Many of us think about the costs benefits first and foremost, but there's a lot more cloud ERP can help you accomplish and improve. Here are nine important benefits areas worth considering in your planning.

1 of 9 CLOUD ERP BENEFIT

Cloud ERP overcomes many risks and challenges of conventional systems

Compared to traditional, on-premise ERP, the complexities of cloud ERP are minor and far more easily managed. In on-premise ERP, implementation times are often long. It can take many months or even years to generate an ROI on the substantial investments of acquiring and deploying ERP software. Implementation costs can amount to as much as five times the ERP purchase

amounts. Typically, cloud ERP solutions are ready to go into production after a fraction of the time it takes to implement and fine-tune an on-premise system. Even large, complex cloud ERP implementations can be completed in three to six months.

On-premise ERP systems lack the flexibility of cloud ERP. When goals and processes change, recalibrating your cloud ERP system is far more efficient than adjusting your on-premise solution.

User adoption of cloud ERP usually happens sooner than you find on-premise. Traditional ERP deployments are often disruptive to users, whose training may take them away from their jobs. Browser-based, cloud ERP systems tend to be more intuitive, easier to learn, and closely tailored to people's roles.

System customizations can greatly increase the cost and length of traditional ERP deployments. In the cloud, you can introduce customizations without increasing the cost of ownership or adding complication to future upgrades. Also, cloud ERP systems make greater use of configuration options, which are easier to realize and optimize than customizations.

2 of 9 CLOUD ERP BENEFIT

Cloud economies can be highly advantageous

Many times, cloud hype has exaggerated the cost benefits of moving your computing to the cloud. The standard argument is that you don't need to acquire and manage software licenses, servers, networking equipment, data storage, data center facilities, and physical and digital security measures, because the cloud provider handles these things. You get their benefit as part of your cloud subscription. While this is generally accurate, remember that the cloud providers need to cover their own, enormous costs and turn a profit. Your subscription helps them recoup their investment. However, the financial model is different, and predictable, recurring costs are for most companies far more manageable than a hefty upfront investment. Also, you pay for the computing capabilities and data center resources you actually use, so your costs are closer to your real consumption than if you had to acquire all the technologies and resources upfront.

If your requirements change, you can disconnect items from your service and no longer pay for them.

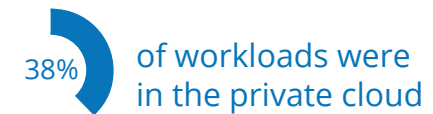
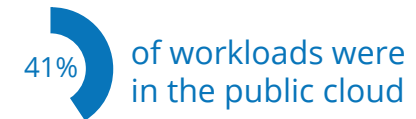
Bear in mind that some cloud-related cost benefits are not direct. For instance, you may get a better ROI from your investment in IT skills if your IT team does more strategic and less purely administrative work. Many hours typically spent maintaining and updating software and networks are no longer needed.

3 of 9 CLOUD ERP BENEFIT

Scalability never stops

For most practical purposes, computing resources in the cloud are endless. The leading cloud service providers have created global networks of data centers that can accommodate vast amounts of transactions, data, and storage. Cloud ERP systems can accommodate sudden or seasonal spikes in activity without any lag in performance or availability. In addition, the cloud can scale to support your business as it is today and its growth throughout its entire lifecycle, at the performance levels you agree on with your service provider. When your requirements change, it can also scale down. Your cloud expenses will reflect the adjustment. In addition to offering endless scalability, the

Cloud ERP in 2017¹



cloud is also **elastic**, so it can automatically provision and de-provision computing resources for different types of workloads.

Unless you expect your business to remain at the current status quo for a long time, the cloud's scalability will be of value. If you expect to increase your use of data, for instance, from the internet of things (IoT) or expect greater storage and processing needs for other reasons, its scalability and elasticity will be business-critical.

4 of 9 CLOUD ERP BENEFIT

You don't get better security anywhere

Today's leading cloud providers have done more than invested in the security and integrity of the data centers, infrastructures, networks, data, and applications that enable their clients to take advantage of the cloud – they are betting the viability and future of their businesses on the cloud and its security. Any real or perceived compromise to the security of cloud data and systems would be hugely damaging and will be avoided at all costs. A large share of innovation and research performed by cloud providers is dedicated to strengthening security and data protection and staying ahead of emerging threats. Those efforts include collaborations with competitors and partners to create security standards and protocols that can be adopted by the industry.

There are only a handful of companies that have the resources to create a cloud platform whose security could compare to the best of the existing options. While some business leaders still voice concerns about security in the cloud, many others see that the integrity and security of their information and software systems in the cloud is at par or above of what they can achieve for their on-premise computing, and is continuously improving.

A look at cloud and cloud ERP trends²

22% Growth in the global cloud market

\$87 billion Market size in 2015

\$146 billion Market size in 2017





5 of 9 CLOUD ERP BENEFIT

You can find more valuable assignments for IT

When your ERP is in the cloud, many of your daily IT administrative tasks are no longer necessary. Delivered as part of your subscription, cloud ERP and other systems upgrades are often automatic and effortless. If they need any involvement from IT at all, it tends to be minimal. Integrations with other cloud solutions and many on-premise systems are frequently standardized and can easily be configured and activated. Workspaces with securely shared data and resources for collaborations with customers and business partners can be provisioned and decommissioned at short notice and with little effort. User training and support may be handled as part of your cloud service contract and, given the ease-of-use of most cloud solutions, may not be as large a task as it used to be. With the transition to the cloud, your IT department no longer needs to be absorbed by chores, but can take on more business-critical planning, programming, and innovative assignments.

6 of 9 CLOUD ERP BENEFIT

The cloud eases change management

Companies re-create their business models to compete in a globalized economy, launch digitized products and services, engage in joint ventures, and manage organizational change following mergers and acquisitions. Prompted by these events, process flows and business groups may have to change many times over. On-premise systems don't match the cloud's ability to accommodate these requirements with speed and ease. The flexibility of the cloud eases the process of providing data and applications to the people who need them.

State of ERP overall³

- 26% Implementations considered failures
- 70% of companies dissatisfied or very dissatisfied with ERP vendors
- 74% of companies went above budget in implementing ERP

7 of 9 CLOUD ERP BENEFIT

Mobility and anytime, anywhere ERP

In on-premise ERP, you often needed a specialized software tool to connect the system with mobile devices. You can do without that added complication in the cloud. When you give your users access to ERP capabilities and information in the cloud, they can reach them from almost any device that is equipped with a browser – a standard desktop or laptop computer, a tablet, a smartphone, or another mobile device. Many cloud-based ERP systems come with their own native mobile apps, making remote access even easier. Employees can be productive whenever they wish to be, and they can also engage with their colleagues, customers, and trading partners at any time, anywhere. They can run your business in the same efficient way they run their own lives, using apps and smart mobile devices. That eliminates some frustrations people might experience in the workplace and encourages greater creativity and sustained collaboration.

As some companies find that the cloud enables dramatic increases in productivity, they also can save costs on dedicated office spaces, conference rooms, and associated networking hardware. In many organizations, the cloud and enterprise mobility have reduced facilities and infrastructure requirements while boosting employees' motivation and satisfaction with their work.

8 of 9 CLOUD ERP BENEFIT

You can draw on mature ecosystem resources

Similar to on-premise ERP, cloud-based ERP solutions may meet most of your business requirements without any additions or customizations, but functionality gaps may remain. Partners and ISVs supporting the leading cloud ERP solutions are creating and evolving their own products to help you close these gaps, following the standards for interoperability established by the cloud ERP leaders. However, because the most advanced cloud ERP environments support robust integrations with cloud as well as on-premise software, you have a greater choice of solutions or can continue to rely on preferred software products you already own.



You have a greater choice of solutions. Attend one of our ERP Comparison events to speak to experts and shortlist potential ERP solutions.



9 of 9 CLOUD ERP BENEFIT

Innovation is at home and affordable in the cloud

As more and more companies move their computing to the cloud, the breadth, depth, and speed of innovation in the cloud far surpasses on-premise technology. Today's state-of-the-art cloud ERP solutions in terms of functionality, flexibility, performance, scalability, reliability, and security are the best ERP ever. The cloud ERP leaders are committed to advancing their solutions to enable companies' digital transformations and support an increasing range of industry- and business-specific requirements. In the cloud, this ongoing innovation becomes available through your subscription. In on-premise ERP, its equivalent would likely require sizeable upfront expenses and cast a shadow in form of IT administrative challenges and process complexities.

CLEANING OUT CLOUD COBWEBS

8 Common Cloud Myths

Like many fast-evolving technologies, our understanding of the cloud may suffer from a few common misunderstandings and dated notions. Let's address a few of these which we hear from time to time.

1 of 8 CLOUD ERP COBWEB

Important differences between true cloud and hosted ERP

Cloud-native solutions take advantage of the flexible, scalable architectures and ongoing innovations that the cloud makes possible. Cloud ERP becomes more powerful and reliable as a result. Once you deploy a cloud ERP solution, your users access it through the browsers on their computers and devices, often reaching through a mobile ERP app. There is no need for installing client software on your users' computers. In hosted ERP, the software resides on a server in a data center maintained by your provider. You need to install client software on the computers of those users who need to access the system. Unless you enable mobile access through a third-party technology, users will not have ERP access on mobile devices.

In addition, hosted ERP cannot provide the scalability, agility, and economy of cloud ERP – think of it as traditional, on-premise ERP with remote access. Implementation can be risky, lengthy, and challenging, and the ROI onramp can stretch over many months or several years. Ongoing maintenance of hosted ERP can be labor-intensive, although the service contract with your hosting partner may help rein in the costs. Given that your hosting provider is responsible for the ERP system and any solutions that integrate with it, software upgrades take place whenever the publisher releases them, and may incur their own administrative complexities and productivity lags. In the cloud, these updates are usually nondisruptive and implemented automatically. Unless you have a very specific reason to choose hosted ERP, you're better off in the cloud.



“Our understanding of the cloud may suffer from a few common misunderstandings and dated notions”
decipher facts from the myths at The Cloud ERP Clarity Center



2 of 8 CLOUD ERP COBWEB

Don't over prioritize cost benefits

The perceived cost benefits and savings of cloud ERP should not be your main priority in choosing a solution. Instead, find the cloud ERP system that comes closest to your business requirements for functionality, usability, and fit with your processes and business model. If you compromise on the side of needed capabilities, you will end up spending more for customizations or add-on solutions to bridge functionality gaps.

3 of 8 CLOUD ERP COBWEB

Avoid hidden-cost traps

Speaking of costs, many companies do not properly calculate the indirect and hidden costs and savings associated with cloud ERP. In consequence, their financial planning related to the ERP system and their projections for ROI and cost benefits generation can lose touch with reality. In many instances, operating costs of cloud and on-premise ERP systems themselves will after some years come close to a draw, but there will still be differences in the cost impacts of the increased usability, nondisruptive systems updates, advanced scalability, and enhanced flexibility that are possible in the cloud.



Find the cloud ERP system that comes closest to your business requirements.

Visit The Cloud ERP Clarity Center. 

CLOUD ERP TOP-OF-MIND ISSUES IN 2017⁴



Cloud security



Lack of resources
and expertise



Managing costs



Optimizing cloud costs

Cost savings from cloud ERP⁵

44% 0 to 20 percent savings

27% 21 to 40 percent savings

13% 61 to 80 percent savings

11% 41 to 60 percent savings

Percentages of companies surveyed and ranges of costs savings with cloud ERP in 2016



4 of 8 CLOUD ERP COBWEB

The cloud doesn't fix current problems

Existing organizational, role-related, and process inefficiencies will still be the same after you go live on your cloud ERP system – unless you address them before you begin the implementation. That may require optimizing roles and processes before you even decide on your cloud ERP solution and certainly before you deploy it, or you risk simply continuing current efficiency and productivity traps.

5 of 8 CLOUD ERP COBWEB

If you want desirable outcomes, you need to plan for them

While cloud ERP is much easier and faster to deploy and configure than an on-premise system, any hoped-for improvements require your strategic direction. If you want to achieve any improvements in the nimbleness, productivity, and efficiency of your employees and workflows, you need to plan with the appropriate metrics and milestones, and track how well you do.



“Plan with the appropriate metrics and milestones.”

Assess if your company is ready to move to the cloud at The Cloud ERP Clarity Center.



6 of 8 CLOUD ERP COBWEB

Security objections are worth questioning

Many incidents of data theft and compromised security are inside jobs by unhappy, current or recently departed employees and contractors. They will try to do damage to whichever systems they can reach, in the cloud or on-premise. The cloud does not make your data and applications less secure than they would be on-premise. If anything, information and systems in the cloud benefit from stronger safeguards and security protocols than many on-premise technologies because of the enormous investments the leading cloud providers make in creating and propagating powerful cloud security.

7 of 8 CLOUD ERP COBWEB

All-or-nothing is never a good approach

You don't compromise the potential benefits of your cloud ERP if you don't move all of your workloads and processes to the cloud from the very beginning. Value generation in the cloud is not all or nothing. In your unique business, there may be teams and processes that will be more effective on-premise and should remain there. Also, modern cloud ERP makes it easy to seamlessly connect cloud and on-premise systems.

8 of 8 CLOUD ERP COBWEB

Cloud ERP and enterprise are a good match

Some people still think cloud ERP is a low-threshold entry to advanced technology for smaller companies with more limited budgets. That's not the case. Modern cloud ERP is enterprise-ready. It has the robustness and scalability to accommodate extremely large masses of data, vast amounts of concurrent transactions, extremely complex processes and products, and global enterprise operations. Cloud-based analytics and



Satisfaction of cloud ERP users⁶

73% Better than on-premise ERP
75% Increased customer satisfaction



Microsoft Dynamics customers and the cloud⁷

100% Cost savings in the cloud
60% Deployed ER in the cloud

business intelligence solutions are the most advanced available today, partly because of ongoing cloud technology innovation and partly because they need to be able to support growing big-data volumes without softening performance.

REALIZING THE VALUE PROMISE OF CLOUD ERP

9 Best Practices to Realize ERP Benefits

When you decide to find a cloud ERP system for your business, you can greatly simplify your selection, planning, and implementation if you apply some common-sense best practices. Here are a few best-practice tips to help you streamline your process and get to ERP benefits sooner.

1 of 9 CLOUD ERP BEST PRACTICE

Get the business to take ownership

When you decide to move business-critical computing to the cloud and consider cloud ERP, don't overwhelm the IT team with determining the best vendors and products. Because ERP and the cloud will impact everybody in the company, representatives and execs from all business groups need to be involved in setting goals and success criteria and in reviewing solutions and providers.

2 of 9 CLOUD ERP BEST PRACTICE

Find a viable vendor with a thriving network

You can assume that the vendors you talk to have a strong foothold in cloud innovation and developing powerful cloud ERP solutions. Choose a stable provider who can share a well-defined roadmap for evolving ERP in the cloud and whose team members and implementing partners understand your business and its strategy along with its unique value proposition and transformative opportunities. If the vendor can mesh with your business culture, even better.





3 of 9 CLOUD ERP BEST PRACTICE

Be realistic about costs and benefits

Does the proposed cloud ERP pencil out? You need to perform a cost and benefits analysis just like you would with the acquisition of a traditional on-premise system. Your subscription fees may be reasonable, but they still amount to a significant investment over time. How much training and user support will you be expected to perform, and what will your cloud vendor contribute? Speaking of support, how will your vendor help you handle any issues? What kind of support comes with your contract and what would you need to purchase in addition? How will you be able to handle data migrations and integrations with your other business systems? Will the cloud provider help you provision resources appropriately, given your expected demand, and how will they help you make a correction if you over-provision, as many companies do?

Your cloud ERP vendor should be able to share generalized ROI calculation guidance that you can apply to your operation. They also should be able to forecast realistically how long it will take to generate the ERP benefits you want to accomplish. Make sure you understand what exactly you get, how easy it is to change or add capabilities and cloud resources, how updates are handled, what the available uptime and service-level agreements are, and how and at what cost you can leave your contract if your technology strategy changes.

When it comes to cloud storage, find out what differences in cost and performance are for storage tiers that reflect your varying access needs. If your vendor offers preconfigured servers and cloud appliances, it's worth your while to scrutinize the details of what you can expect, how you best match it to your needs, and the precise costs.



4 of 9 CLOUD ERP BEST PRACTICE

Understand the security options

Modern cloud security is rapidly evolving to stay ahead of the quicksilver nature of emerging threats and risks. The leading cloud vendors stake their business on the security of your data and applications. Before you commit to a cloud ERP solution, verify what kind of data protection and application security you can expect from your vendor, and how specific, potentially disruptive events are handled – from earthquakes, to hacker attacks and data theft.

You also want to be clear on your responsibilities for keeping data and systems secure, because cloud vendors use very different terms and standards. If you are planning to give customers or partners secure access to part of your intellectual property or resources in the cloud, you want to find out how well your vendor supports this, whether it potentially compromises the integrity of your cloud ERP, and whether there are any financial consequences.

5 of 9 CLOUD ERP BEST PRACTICE

No need to race – take a walk

When you are ready to go live on your cloud ERP system, take a gradual, controlled approach instead of shifting all tasks and processes to the new solution at the same time. Begin with a proof-of-concept that rolls out cloud ERP to a small number of users in one area of the business. Track the results and apply any learnings as you move forward. Then, prioritize your workloads and move them to cloud ERP one by one. The modular architecture of modern cloud ERP makes it easy to perform nondisruptive implementations in discrete steps. This practice makes it easier to fine-tune the ERP solution to your processes and minimizes user distraction.



HYBRID CLOUD⁸
INCREASED BY 22%

OVER PREVIOUS YEAR

6 of 9 CLOUD ERP BEST PRACTICE

Keep your options open in the hybrid cloud

Explore the opportunities of the hybrid cloud, which provides a connected environment of cloud applications and on-premise systems, and may also combine public cloud services with private cloud resources. In the hybrid cloud, you can benefit from all the advantages of cloud ERP but continue to benefit from on-premise business systems that can integrate with it. Depending on your business model, it may be easier to automate services or develop new apps in a hybrid environment. If some of your workflows or data assets for whatever reasons should not be in the cloud, you are not forced into an either / or choice, because the hybrid cloud gives you optimal flexibility.

7 of 9 CLOUD ERP BEST PRACTICE

Empower your people

Plan cloud ERP with the preferences of your workforce in mind. The right technology can make a vast difference in your ability to compete for talent, recruit people who are a great fit with your company, and retain them through a significant stage in their careers. Especially millennials and younger people will expect powerful technology tools without the hurdles and inefficiencies of older software. Your employees are highly motivated to achieve their personal and professional goals by working in your organization. They will welcome modern mobile, collaborative, and productivity tools to help them advance. For them, the design of interfaces and workflows makes a big difference in their every-day success and satisfaction at work. If you complement your cloud ERP with mobile capabilities and apps that bring data and functionality to employees' mobile devices, you can empower them even better and maintain the momentum of your business round the clock.

8 of 9 CLOUD ERP BEST PRACTICE

If IoT is part of your operation, make sure ERP can support it

If your cloud ERP system will need to support such tasks as the company's asset maintenance and management; production, installation, and servicing of complex products; operating and managing fleets or specialized vehicles; tracking of shipping containers; enforcing environmental conditions in your warehouse and production facilities – then you're probably getting close to adopting the internet of things (IoT) or may already be using it. Those typical scenarios can greatly benefit from your increased control and insight based on live data from the IoT. But that also means your ERP system needs to be able to interface with IoT analytics and data storage resources, or the value of the IoT for your company will remain confined to a small group of users.

9 of 9 CLOUD ERP BEST PRACTICE

Learn from other companies

You don't want to imitate what other companies in your industry are doing. Maybe your best course is the exact opposite. In any case, it's worth your while to gather intelligence regarding other companies' cloud ERP strategies and their successes and shortcomings. Because cloud ERP can help companies advance their digital transformation and become more competitive, you want to know to what extent your competitors are already taking advantage of it or whether you have the benefit of early adoption. Your vendor should be able to share case studies and, less formally, anecdotal evidence. If you have the opportunity to talk to your counterparts in other organizations and hear about their cloud ERP or general cloud experiences, by all means – connect with them.



“gather intelligence regarding other companies' cloud ERP strategies and their successes and shortcomings”

Visit The Cloud ERP Clarity Center





CLLOUD ERP GUIDANCE FROM THE EXPERTS

For many years, Sikich has assisted clients in many industries to implement ERP and cloud technologies to reach their business objectives and ensure their viability.

We have completed many hundreds of on-premise, cloud-based, or hybrid ERP implementations. The Sikich cloud practice incorporates a number of leading ERP solutions, architectural approaches, and deployment methodologies. We maintain partner relationships with the providers of leading, widely adopted cloud ERP and platform solutions and can make impartial recommendations. When it's time to choose a solution, plan your implementation, decide whether hybrid, on-premise, or cloud-only ERP is best, or whether you should combine multiple cloud products or stay with one – you can trust us to make sound, practical recommendations.

3 top reasons for getting ERP⁹

17% of companies improved business performance

14% employees' lives made easier

14% of regulatory compliance ensured

A MORE BALANCED VIEW OF CLOUD ERP

If you want to further research the potential of cloud ERP for your business and take a non-committal next step, navigate to the Sikich Cloud ERP Clarity Center. This portal is designed to facilitate your learning and planning with a number of practical resources:



Access a growing library of articles on cloud trends, solutions, and planning, commented and reality-checked by Sikich experts.



Use readiness resources to determine whether it's time to move to the cloud and how best to prepare for this step.



Narrow down your choices to the cloud ERP solutions that will most likely meet your business requirements. Generate a report that summarizes solution recommendations based on capabilities and cost.



Meet Sikich teams at events where you can learn about some of the leading cloud ERP solutions and their strengths.



See what experiences other companies made with ERP in the cloud and what recommendations they have for you.



You can also connect with Sikich on [LinkedIn](#), [Twitter](#), and [YouTube](#), and send us an [email](#) with your questions or comments.



Sikich is a leading professional-services firm that is among the top 1 percent of all enterprise resource planning solution partners in the world and ranks as one of the United States' Top 30 CPA Firms. Sikich is also ranked as number 9 in the country's top 100 technology providers. To every project, Sikich ERP and CRM experts contribute more than 30 years of team experience and an outstanding track record with a success rate of 97 percent. Sikich partners with the industry leaders, including Microsoft, NetSuite, and SonicWALL. Sikich is a Microsoft Gold and Microsoft Dynamics Inner Circle Partner focused on delivering technology solutions for tangible business improvement and organizational excellence.

To learn more about Sikich, go to www.sikichtech.com/ or contact info@sikich.com.

¹ <http://www.rightscale.com/blog/cloud-industry-insights/cloud-computing-trends-2017-state-cloud-survey>

² <http://www.cio.com/article/3137946/cloud-computing/6-trends-that-will-shape-cloud-computing-in-2017.html>

³ <http://go.panorama-consulting.com/rs/603-UJX-107/images/2017-ERP-Report.pdf>

⁴ <http://www.rightscale.com/blog/cloud-industry-insights/cloud-computing-trends-2017-state-cloud-survey>

⁵ <http://diginomica.com/2017/01/25/cloud-erp-adoption-eric-kimberling-reveals-surprising-data-and-misconceptions/>

⁶ <https://www.automationmag.com/technology/software/3417-cloud-erp-users-extremely-satisfied-survey-finds>

⁷⁻⁸ <http://www.rightscale.com/blog/cloud-industry-insights/cloud-computing-trends-2016-state-cloud-survey>

⁹ <http://go.panorama-consulting.com/rs/603-UJX-107/images/2017-ERP-Report.pdf>