

CLOUD VS. ON-PREMISE

Costs & Benefits

Why Should You Consider SMB Suite Over an On-Premise Solution?

Business has traditionally been in a 'Build' mode when it comes to technology. Businesses acquire computing hardware and software, spend money on upgrades and maintenance, and have technology people on staff. In short, the business 'builds' the technology it needs to conduct business. This results in businesses accidentally becoming 'technology driven' in their budgeting and resource allocation, often distracting away from focus and investment in critical business areas.

Cloud Computing and SaaS change this. Instead of 'build' Cloud Computing and SaaS move the business to 'consume.' This means that the business only uses what it needs, when it needs it, by subscribing to computing power and software functionality - getting more value and advantage without having to spend scarce budget on things that aren't needed.

This results in numerous advantages that across an entire small and medium business (SMB), such as:

- 1.) Low to no up-front capital expenditures or implementation costs
- 2.) Easy to budget, Pay as you Go, operational subscription expense cost
- 3.) Single to multi-year subscription agreements to fit virtually any budget
- 4.) Easy provisioning and upgrade of applications and business functionality
- 5.) Simple, easy to implement scalability - upward for agreements to fit virtually any budget
- 6.) Vigilant 24/7 information protection, backup/recovery, and management for optimum performance
- 7.) Fast, responsive systems technical and application support
- 8.) Access to the best, most capable technology and software without having to purchase, or 'own'

Without question, the greatest advantage is simply reflected in hard dollars. Studies have shown that for SMBs, the cost savings can be substantial. For example:

- Applications are installed, configured, and customized in up to 76% less time than conventional, on premise systems.

This means that you're up and running faster and at a lower cost.

- Over a three-year period, depending upon the application, the Total Cost of Ownership (TCO) for Cloud Computing and SaaS applications was between 54-62% less than traditional, on premise systems.
- Resource sharing is more efficient, leading to higher levels of collaboration and a lowered operational cost.
- Management of the systems is moved out into the Cloud, eliminating costs associated with the technology within the organization.
- Dynamic resource capabilities allow one to quickly adjust resources and capabilities to 'crunch times' without having to make additional technology investments and their associated costs.
- Encourages standardization of business systems, thereby reducing cost to the business.

It is easy to see the Cloud Computing & SaaS have great cost savings over traditional, on-premise solutions. The savings start at the beginning and continue over the lifetime of the solution.

What is Cloud Computing and SaaS?

The cloud is all around us. We use the cloud on a daily basis whether accessing Google, email, Facebook, doing online banking, purchasing goods and services online - even when using iTunes or Xbox Live! We are neither responsible for it, as it is managed and maintained on our behalf, or do most of us understand the power and freedom cloud computing brings your small and medium business (SMB).

In the simplest of terms, cloud computing refers to end-users connecting to software applications and information that runs in a shared environment rather than a dedicated environment. In contrast to traditional computing environments, from the last thirty years, where each application was assigned to a specific piece of hardware residing in a data center, cloud computing enables end-users to connect to applications of their choice at any day, any time, and on any Internet- connected device.

To some, however, Cloud Computing or SaaS can be confusing. There are so many

terms coined and used interchangeably by technologists: grid computing, peer-to-peer, distributed, on-demand, cluster, utility, and virtualization to name just a few.

Businesspeople needn't be concerned with these details in any way. Instead, businesspeople should focus on what Cloud Computing and SaaS can do for their business. By this, accounting and finance, collaboration and productivity, customer service and management, disaster recovery, and information security, intrusion detection, and virus protection - those things that help or hurt the business.

Also, in today's 'hyperconnected' business world, Cloud Computing and SaaS can deliver SMBs the ability to conduct business virtually anywhere. No longer is the business 'tied' to the physical business location, but can now be conducted at your customer's site, on the road, at the office, or from home. This is fundamentally different from traditional 'build' technology environments that, by and large, require business to be conducted at the place of the business. Cloud Computing and SaaS eliminate the need for SMBs to invest in unnecessary 'back office' technology by

providing everything from computing power to high-powered applications in an 'on demand', all in a subscription based environment.

Now, SMBs have the ability to gain all the benefits of the most powerful technology without having to purchase equipment and licenses or needing to manage the technology. SMBs can easily and quickly adapt to changes in customer, market, product, or technology without having to 'reinvest' in their business systems. Through Cloud Computing and SaaS, SMBs get back to running their businesses instead of accidentally becoming 'technology companies.'

“ *We went from Signature to implementation in six weeks including creating and testing the deferred revenue recognition capability.* ”

Since implementing the solution we have realized significant savings and gained the flexibility we needed. ”

- Jim Taylor CFO Aeroexchange

What Benefits do I Get from SMB Suite over On-Premise

Many studies have been done on the benefits of Cloud Computing and SaaS. The top five are:

- 1.) Low Initial Cost:** No requirement to purchase expensive servers, networking, software licenses, and implementation services.
- 2.) Suitability for Small Businesses:** Easy implementation of business processes, transaction processing, reporting, and integration with other business applications.
- 3.) Simplicity and Flexibility:** Easy to use software interfaces, easy to understand subscription plans, and ability to change the environment or subscription plan at any time.
- 4.) Security and Recovery:** The business is protected from man-made or natural disaster; and critical business information and processes are protected from viruses, Trojans, and the like.
- 5.) Accessibility:** Critical SMB information,

processes, and reports can be obtained and reviewed from any device, anywhere, at anytime. No longer is it a requirement that one be 'at the business' to conduct business.

What Obstacles Do I Face in Considering an On-Premise Alternative?

A. I'm Comfortable Operating My Business As I Currently Do!

Perpetuation of the 'status quo.' By this, continuing to acquire, install, manage, and support business technology 'in house.' Or remaining comfortable with where the business is and what they're doing; not paying attention to changing business environments, customer need/requirement, market and competitive pressures, and technologies that increase business velocity or reduce cost.

Cloud Computing and SaaS put your business on a solid foundation that allows you to do business as you wish, without any 'lock-in', and change as external conditions demand.

B. I Don't Want My Business Information Kept Elsewhere!

A perception of the loss of control. When all company information, processes, reports, and communication is kept 'in house' it is generally deemed safe and secure. Safe from the competition and secure from theft. Unfortunately, neither of these are true. Studies overwhelmingly show that a decision to keep business information and processes in house doesn't increase safety and security but, in fact, often compromises critical business information and processes.

Cloud Computing and SaaS actually give you more control over your information while substantially increasing the safety and security of your business.

C. I Have a Certain, Unique Way of Doing Business.

Assuming that your business is different than every other business. Over decades of working with businesses of all types and sizes, it is clear that businesses are more similar than different. Sure, there are subtle nuances in some discrete processes, products, or services that provide differentiation or benefit. But these represent a small part of the business and

not the 'core' or mainstream transactions and processes. The bulk of transactions and processes that your business conducts are very common to businesses in general.

D. SaaS Sounds Expensive. I'm Already Spending Too Much on Technology.

Not true at all! As you know, the cost of any business tool cannot be overlooked. After all, if you cannot make more through what you spend, it's not a good choice. Technology, when adopted and deployed properly has a rich history of returning much more to the business than its initial and ongoing costs. Cloud Computing and SaaS help you in two dimensions - they save you money and return more on dollars spent.

E. I Don't Have a Lot to Spend on Technology for My Business.

Assuming that you need a large capital budget to adopt Cloud Computing and SaaS. In fact, the opposite is true. Generally speaking, all you need is the ability to pay a monthly subscription payment - just like your mobile telephone or automobile lease payment. With Cloud Computing and SaaS you don't need any 'capex' (capital expenditure) investments.

F. I Have Already Invested in Technology and People Within My Business.

Thinking that current investments can't be repurposed to other, more strategic uses. It is great that you already use technology in your business. And, that you are forward thinking to have your own technology support resources. Businesses that consider and transition to Cloud Computing and SaaS report that they were able to re-use their computing resources, 'in-house', for more strategic purposes and the personnel reassigned to more customer-focused, revenue-generating activities.

Cloud Computing and SaaS free up key resources to accelerate and grow the business, not just maintain it.

G. OK, I'm Warming Up to Cloud Computing and SaaS. What Do I Need to Look For?

First, take a look inside your organization and ask yourself these questions:

- 1.) Are your current systems very much out of date as compared to the current state of technology?**
- 2.) Are your customers asking for information, order handling, invoicing, etc. that your current systems can't handle?**

3.) Do you lack sufficient resources to build and monitor a technology infrastructure?

4.) Are the hardware and software licensing costs too much to continue to pay, especially every time there is an upgrade to the newest version?

5.) Does your company have the human resources to configure, monitor, manage, upgrade, and repair/replace your hardware and software?

6.) Do you have access to the special expertise you need to take full advantage of your systems?

Depending upon your answers, you'll get a good picture of where your business is with respect to your current technology, while also seeing areas where your business may be challenged. Be honest with yourself - if you answer the questions 'softly', you'll only hurt your business future.

Second, evaluate these specific areas within your business and technology:

- 1.) How fast and inexpensively can your business recover from any man-made or natural disaster that may occur?**
- 2.) What processes, software, and monitors do you have in place to protect your critical**

company information from internal theft, external threat, or simple hardware/software failure?

3.) How easy can your existing systems grow or shrink with your business? Or, add new functionality to accommodate a change in your business?

4.) How much productivity do you lose, and what does it cost, when an employee can't get an answer to an important technology question or if their system fails?

5.) How much does it cost your business if you can't process orders, create invoices, pay bills and payroll, or meet a specific customer requirement because your current systems are holding you back or are unable to meet the requirement?

Third, answer these additional questions:

1.) Size of your organization and number of employees

2.) Complexity of your business

3.) Stability of your business model and processes

4.) Business growth levels and goals

5.) Need for flexibility in underlying

technology systems to accommodate new requirements

6.) The type and amount of integration you require for your business (with other partners, employees, communication, and applications)

7.) Your need or want to control your systems and information, in-house

8.) Sensitivity to initial capital outlays and ongoing operational costs

As before, how you answer these will start to shape a picture of whether you're a great candidate for Cloud Computing and SaaS.

Lastly, take a look at the costs of technology within your company and compare them to what you get with a Cloud Computing and SaaS solution. Make sure you take into account all the details, at every turn. You may be surprised to find out how expensive technology is for your business and how much less time and money you can spend on technology - reaping far superior benefits - through the adoption and use of Cloud Computing and SaaS. **For more information on our solutions, visit www.smbsuite.com.**

