IS CLOUD ERP REALLY CHEAPER?

YES,

Cloud ERP is really cheaper than traditional, on-premise ERP, but it's important for you to know

WHY.

If you've ever tried to get a quote for ERP software, you may have found it difficult to arrive at an apples-to-apples comparison between products and deployment methods.

We hope this brief guide will help you understand the components that drive ERP pricing, so you can ask the right questions and decide on the best solution for

YOU.

IS CLOUD ERP REALLY CHEAPER?

Comparing Apples to Apples

Cloud ERP software has many advantages to SMBs, one of which is cost. The biggest mistake businesses make when evaluating the pros and cons of moving their ERP software to the Cloud is not factoring in all costs associated with buying, hosting, and maintaining their software and hardware.

To begin, let's define the four major costs of ERP systems so we can make an apples-to-apples comparison.

Define: Software Cost

- the cost to license your software (This is usually expressed on a per-user basis for a perpetual license in on-premise models, or on a per-user-per-month (PUPM) basis in SaaS models.)

Define: Software Maintenance Cost

- the cost to maintain and often, update your software

Accolent ERP®

Key Take-Away Points

✓ Most businesses don't consider all hidden costs when comparing the cost of Cloud vs. On-Premise software

✓ There are clear economic efficiencies gained with Cloud-hosted software

✓ Aside from the cost, there are safety, security, access, maintenance, and backup advantages to Cloud ERP software

Define: Server Cost

- the cost to purchase or rent the hardware that runs your software

Define: Server Maintenance Cost

- the cost to maintain your server including its operating system

Comparing Cloud ERP Costs with On-Premise Costs

1.) Software Cost

In most cases, the cost of the ERP software itself *will be the same* regardless where it is hosted (on-premise or in the Cloud).

2.) Software Maintenance Cost

In most cases, the software will be less expensive to maintain in the Cloud, and most ERP vendors will pass that cost-savings onto their Cloud customers. With web-architected software like Accolent ERP, your software vendor is able to update your software more efficiently, with fewer conflicts and problems.

3.) Server Cost

It is *generally cheaper* to rely on the bulk buying power of large-scale Cloud providers like AWS or Azure. Additionally, Cloud providers typically purchase very high quality hardware because it more durable. In short, *the server prices and quality you get from a Cloud provider are difficult to beat.*

4.) Server Maintenance Cost

It is *far cheaper* and usually better to use the highly-trained technical staff at a Cloud provider like AWS than to use 3rd party or internal IT personnel to maintain an on-premise server.

Cost Conclusion

Cloud ERP is significantly cheaper.

Cost savings stem from:

- Efficiencies gained in having your server maintained by highly trained experts
- Efficiencies gained in maintaining software
- Hardware bulk buying power
- Reduction of IT costs