

MIGRATING YOUR BUSINESS TO THE CLOUD? CONSIDER YOUR OPTIONS FIRST

November 8th, 2016 • Business 2 Community • Kevin Beasley

Moving to the cloud can be intimidating, but it doesn't need to be. As more mid-market companies make plans to migrate their ERP systems to the cloud, it's important to weigh the risks and benefits of the various cloud models, which include Software-as-a-Service (SaaS), Infrastructure-as-a-Service (IaaS) and Platform-as-a-Service (PaaS). If you're considering a cloud shift for your business, it's critical to understand what each cloud model offers to determine which will work most effectively for your organization.

In this article, we'll examine the three cloud models and outline the key components of each, including technical support, level of integration and cost analysis.

Software as a Service (SaaS)

What it is: SaaS supports specific business applications ranging from email to payroll to enterprise services. With SaaS, the entire application is delivered over the web typically through a browser,

so users are not required to reconfigure anything. Applications are conveniently hosted in a cloud environment by a third-party, such as a cloud service provider (CSP), and employees can access hosted applications 24/7 through any desktop or mobile device. In a SaaS model, the customer pays by groups of users.

What it means for organizations:

While SaaS is a mature cloud model, it can be more expensive for an organization if there are a lot of users. For certain applications like email, SaaS can be less costly than traditional deployments, while complex applications such as enterprise applications are more costly than other computing models. In addition, organizations with a small headcount interested in using SaaS may need a longer lease, which significantly impacts the cost efficiency of this model.

Infrastructure as a Service (IaaS)

What it is: With IaaS, the CSP

provides the required hardware and networking delivered over the internet, while the customer provides the software. The customer retains full control of the computing environment and is responsible for configuring the environment to meet the specific needs of the organization. Because IaaS is customized based on the company's specific business needs, it's billed as a metered service, so organizations only pay for what they need.

What it means for organizations:

IaaS is a pay-per-use model, so it's important to note that adding or reducing services will result in cost fluctuations. While dynamic scaling is beneficial and a situational requirement over traditional computing models and sounds good on the surface, mid-market organizations need to be aware that additional hidden fees could lead to budgetary issues. It's important to point out that IaaS providers typically charge by time and resources, and charges



Vormittag Associates, Inc.
A Leader in Enterprise Management Software
www.vai.net

apply whether the resources are fully utilized or are laying idle, which could result in overages in estimated monthly costs.

Platform as a Service (PaaS)

What it is: The PaaS model takes the technical details out of the hands of the organization in a similar fashion to SaaS, requiring fewer resources for organizations than traditional on-premise models. The CSP delivers a robust software development platform where the user does not have access to hardware or infrastructure but can manage databases, operating system(s) and applications. PaaS allows developers and application managers to establish a common and consistent platform for development by delivering applications, databases and operating systems. When compared to SaaS, where you pay for software and infrastructure indefinitely, in a PaaS configuration, the end-user provides or purchases the software

at a fixed cost. The only customer fees in the PaaS model are for the infrastructure and software below the application, making PaaS a good option for both on-premise and in the cloud. Software costs are incurred only at purchase, and ongoing costs include the PaaS infrastructure and software maintenance, which makes it less expensive than SaaS.

What it means for organizations: Based on the benefits, PaaS is the best model for mid-market companies because it supports a large user base, the known cost is fixed, and it provides all the software up to middleware and the end-user just provides the application software. The PaaS model also enables customers to select the provider that best suits their needs or requirements. But, for large applications such as ERP, moving between PaaS providers needs to be done carefully, as this application typically touches every aspect of a business.

Conclusion

As mid-market organizations contemplate the risks and benefits of cloud migration, it's important to understand and recognize its specific business needs to make more informed, smarter business decisions. Companies should be willing to test drive the different models to attain a deeper understanding of the business requirements and application capabilities before selecting a cloud service model.

The cloud offers a myriad of business benefits, such as simplified integration, reduced costs and time, and improved accessibility. As you consider the pros and cons of each cloud model and decipher what is best for your business, work to develop a clear understanding of business objectives to help determine the right fit for your cloud shift.



Vormittag Associates, Inc.
A Leader in Enterprise Management Software
www.vai.net