ERP DEPLOYMENTS SHIFT CLOUDWARD

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Applications of all sorts are moving to the cloud, including the critical ERP systems that businesses rely on to automate processes. That's been the trend for some time in the industry as a whole, but it's also having an impact on the IBM i community, which is becoming cloudier by the month.

While on-prem deployments of IBM i still dominate, the cloud portion is growing. Nearly one-quarter of IBM i shops have IBM i resources running in the cloud, according to HelpSystems' 2020 IBM i Marketplace Study, including 6 percent who are cloud-only and 17 percent who run IBM i in a hybrid cloud configuration. Those numbers were up from 2019, when just 11 percent ran IBM i in a hybrid mode (the cloud-only portion remained fixed at 6 percent).

These IBM i-centric figures jibe with recent IDC numbers. According to the analyst group's 2018 estimates, 70 percent of companies were running core applications on-premise or in co-location facilities, while 23 percent run in private clouds and just 8 percent are in public clouds.

The introduction of public cloud options for IBM i deployments promises to accelerate this shift skyward. In the past couple of years, we've seen public cloud options emerge from IBM, Google, and Microsoft, via its partner Skytap. For IBM i shops that already have cloud applications running on the IBM Cloud, Microsoft Azure, or Google Cloud – or are thinking of adopting them in the future – the introduction of a public cloud option for IBM i gives them greater flexibility.

While IBM i cloud deployments are up, anecdotal evidence suggests the percentage of IBM i cloud deployments that involve production business applications or ERP systems is still relatively small.

The majority of IBM i cloud deployments historically have involved development, test, and backup systems, including high availability set-ups. When business-critical systems are in the cloud, they're much more likely to run in private clouds – or better yet, in a co-lo setup where the customer's Power Systems server is moved into the private cloud provider's data center.

However, this trend also is changing. As IBM i shops become more familiar with clouds (and as cloud platforms mature), customers are likely to feel more comfortable critical business applications in the cloud.

One IBM i ERP software vendor that's finding success in the cloud is VAI. The Ronkonkoma, New York, company has a long history of providing IBM i software for companies in the retail, manufacturing, and distribution industries, and lately, nearly all of its new clients are opting for cloud

deployments.

"We seem to be doing virtually 100 percent cloud" for new customer deployments, says VAI chief executive officer Bob Vormittag. "On-prem has really taken a backseat."

Cloud deployments have been increasing for years at VAI, which runs its own private cloud and also has a partnership with managed service provider (MSP) for private cloud hosting. But the COVID-19 pandemic seemed to accelerate the shift to the cloud in 2020, Vormittag says.

"I do think that part of it is from COVID-19, but I think it was also a direction we were seeing every year: more cloud, less on prem," he tells IT Jungle. "There's been an acceptance and adoption to the cloud now for ERP. I think that will continue, especially now with all the new events. COVID-19 has taken its effect and we have managed to leverage our solutions to help our customers through this pandemic."

The company is well-prepared to weather the viral event, thanks to 9/11 and Superstorm Sandy, which tested the company's resilience. But if there's a silver lining to the pandemic, it's the renewed focus on delivering value and return on investment (ROI) for ERP deployments, which favors VAI in competitive situations, Vormittag says.

VAI is currently working with a company from Canada that will deploy its S2K Enterprise application suite into the IBM Cloud. According to VAI's chief information officer Kevin Beasley, this will be among the first IBM Cloud deployments of S2K, which includes native RPG-based IBM i programs in addition to a number of Linux components for e-commerce, business intelligence, and serving the Rocket-powered GUI screens (formerly Seagull Software).

"The IBM Cloud has been around for quite a long time, but when it comes to Power, that's relatively new. It supported AIX first, then Linux, and now IBM i," Beasley says. "We're looking at it in addition [to other VAI cloud options], especially from the hybrid aspect. We'll have our customer in the IBM Cloud with IBM i and various Linux applications."

There's an important distinction to be made when it comes to cloud offerings. Public clouds typically offer infrastructure as a service (IaaS), which gives customers more control over their hosted environments, whereas private cloud offerings typically run a platform as a service (PaaS) model.

The IaaS approach benefits customers that foresee the need to rapidly scale their infrastructure up or down to meet increasing or decreasing workload demands. IBM i shops may find the utility pricing that accompanies the public clouds useful for development and test environments, but that flexible pricing mechanism is not as useful for running regular, everyday production ERP systems that do not vary a lot over time, according to Beasley.

"You're seeing a lot of people using IBM Cloud for project development, things like that," he says. "Obviously if you wanted to do something like ERP, you'd work out a deal where you could get a fixed price with them."

Most IBM i shops moving to the cloud prefer the PaaS approach, especially when it comes to for business-critical workloads, says Patrick Schutz, the chief sales officer of Abacus Solutions, which runs hundreds of IBM i environments in its private cloud.

"What I've seen from the other providers is they're trying to do more of an IaaS offering and trying to do it from a quantity" perspective, he says. "We provide platform as a service. You're getting high level of operation. We take care of the infrastructure. We take care of the backup. We take care of the running of the operations. We understand what's going on with the applications as it relates to the infrastructure, and allow the customer to focus at a business application level and the high levels of operation."

The cloud is no longer a novelty in the IBM i marketplace, and the introduction of public cloud services with IaaS billing options shows a certain level of maturation has taken hold. For now, second-tier workloads like dev, test, and HA are the most prevalent, as are private cloud environments. But as the overall space matures, it seems likely that production ERP environments will increase in private clouds, with some early adopters testing the public cloud waters over time.