

Anglia Business Solutions

David
Hurley



CLOUD ERP – IS A HYBRID SOLUTION THE ANSWER?

While the scramble gathers pace for the IT industry to climb on the Cloud bandwagon, opinions are divided on how suitable this delivery model is for the ERP marketplace. Within the IT industry, there is a growing recognition that not all applications are appropriate for Cloud deployment.

One of the top concerns, unsurprisingly, is security. While security on the internet has improved, many companies may be reluctant to trust their business information to something that is faceless. In addition, many countries have legal requirements in place to keep data from leaving their shores. Cloud-based data can be moved around various global data centres to optimise server capacity. This could lead to possible non-compliance scenarios.

The second issue is the apparent “one size fits all” approach with many generic ERP Cloud offerings. The belief seems to be that an engineering manufacturing company can operate in the same way as a food processing organisation. However, even within the food sector, companies with similar business models operate differently. The reality is that trying to shoehorn a general marketplace system to meet a specific industry requirement usually ends in tears.

One driver for Cloud technology adoption is the perception that it reduces costs. An in-depth study recently carried out by the ERP-focused independent Panorama Consulting Group seems to dispel this myth. Their investigation revealed that while there was a difference in the charging method used, there were little differences in the overall costs of ownership.

It may well be that a hybrid model becomes the solution of choice as technology evolves. This would mean retaining the “on premise” model for ERP deployment while making use of the public Cloud when needed to disseminate business information. Modern ERP systems can make extensive use of web services as a means of exposing customer and product information to their mobile workforce.

In such a scenario, it is easy to envisage a “horses for courses” pragmatic approach being adopted by organisations wishing to leverage value from the new technology advances. It is easy to see the ERP systems being retained on premise while applications such as email, office and CRM being migrated to the Cloud. The soon to be launched Microsoft Office 365 is a good example of a Cloud application that would typically have been run on premise in action.

However, in future, the migration of more ERP applications to the Cloud is inevitable. The likely enabling model will lean towards industry specific packages rather than generic applications. Having industry best practice built in will shorten the learning curve, thus reducing the implementation timescale. Nevertheless, the jury will be out for some time on whether industry best practice will be sufficient reason to change unique internal processes perceived to have served the company well in the past. ■

David Hurley is managing director of Anglia Business Solutions