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What is SaaS ERP?

Enterprise resource planning (ERP) systems are the backbone of many organisations, helping them manage their business processes, from accounting, sales, projects, to procurement and manufacturing. Although ERP systems offer many benefits, it's not always feasible for companies to run them on-site. There are many alternatives to on-site hosting, in this article, we look at software-as-a-service as an option.

SaaS ERP is a type of cloud-based ERP software that runs entirely on a vendor or cloud provider's servers, is sold through subscription and delivered as a service over the internet.

- Subscription pricing
- Hosting and management by the ERP vendor
- Multi-tenancy

ERP systems have traditionally required large investments in hardware and infrastructure, making them costly and time-consuming to deploy. However, the rise of cloud computing and SaaS has brought about a change in the way businesses approach ERP. Moving ERP to the cloud can help businesses streamline their technology needs and quickly achieve a return on their investment.

It's important to note that while people often use the terms 'cloud ERP' and 'SaaS ERP' interchangeably, they are not the same. The complexity of cloud options can make it challenging to distinguish SaaS ERP from other cloud ERP.

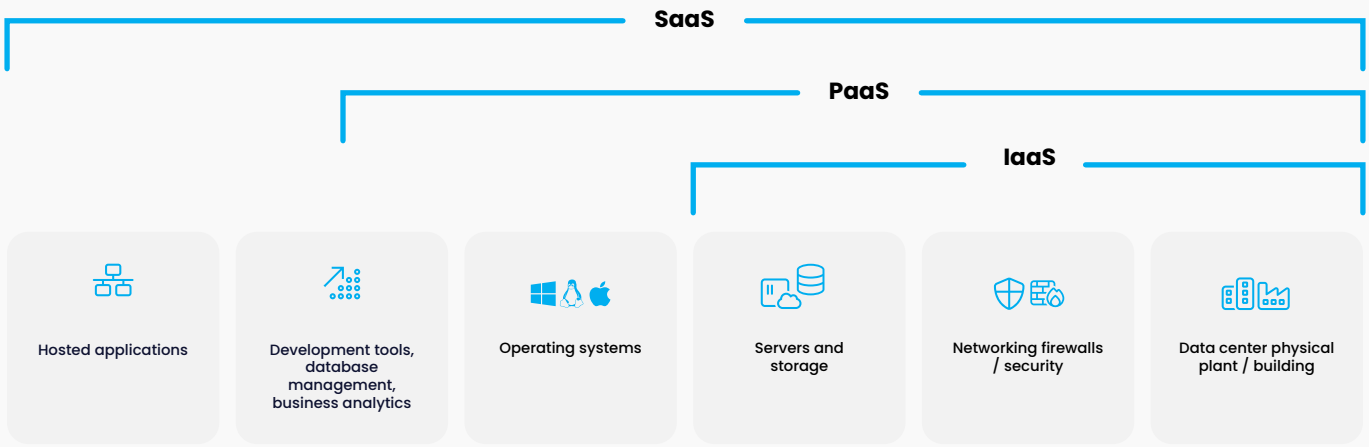
The differences between SaaS, Cloud and Hosted ERP

ERP, whether running on networked computers or remote servers in the cloud, helps organisations digitise and standardise business records and transactions. ERP improves communication across departments, speeds up business processes, integrates customers, suppliers and partners more closely, and improves data accuracy.

- **SaaS ERP** is a subset of cloud ERP, and the term cloud ERP is much more commonly used. Some vendors who only sell SaaS ERP may market it as cloud ERP, but it's important to note that not all cloud ERP is SaaS. Other types of cloud ERP differ from SaaS ERP in important ways, mainly by lacking multi-tenancy and regular updates initiated by the vendor.
- **Cloud ERP** systems have all the same features and functionality as their on-premises counterparts. In this scenario, the ERP vendor's software runs on the vendor's cloud, a public cloud provider's infrastructure such as AWS or Microsoft Azure. You choose when to upgrade, have some level of control and responsibility over the infrastructure. You can also run on your own private cloud infrastructure.
- **Hosted ERP** refers to on-premises ERP that is remotely accessed through an external provider's data centres. Although some vendors advertise it as a cloud solution, hosted ERP usually lacks the low cost, resource sharing, and ease of deployment that are the hallmark features of multi-tenant SaaS. Hosted ERP does offer the benefits of on-premises ERP, such as customisation and control over the timing of upgrades. It also provides some of the key advantages of cloud infrastructure, including subscription-based pricing and the ability to adjust computing resources to meet changing needs.

Cloud ERP solutions support various delivery models (not just SaaS but IaaS, PaaS, etc.) and can be deployed in various types of cloud environments (i.e., private cloud, hybrid cloud, etc.). Definition of some cloud delivery models, other than SaaS:

- **Infrastructure as a Service (IaaS)**: On-demand access to virtualised computing resources like servers, storage, and networking.
- **Platform as a Service (PaaS)**: Cloud platform for building, deploying, and managing applications without managing infrastructure.
- **Serverless Computing**: Event-driven, pay-per-use model for building and running applications without managing servers.



When delivered as SaaS, ERP usually becomes easier to use, less expensive to own and maintain, and more easily connected to other systems and users.

Lower upfront costs

- Eliminate the need for additional hardware and middleware
- Reduce installation and implementation costs
- Minimise internal IT support costs

SaaS ERP requires a much lower initial investment than on-premise software largely because the cost of infrastructure acquisition, installation, and maintenance is shifted to the software vendor. You won't need to purchase any hardware or middleware to make the solution operable.

Another factor that leads to lower costs is the minimal internal IT support needed for SaaS software. The vendor is responsible for performing many of the maintenance and support tasks that would otherwise be delegated to your team. This means that your team can focus on other important tasks that can help grow your business.

Serverless computing is another cloud model with relatively low upfront costs. However, other cloud models, such as IaaS and PaaS, may cost slightly more.

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solutions@clouderp.co.uk

Predictable, ongoing costs

- Eliminate unpredictable costs of managing, patching, and updating software and hardware
- Turn capital expenses into pay-as-you-go operational expenses
- Focus on functional costs instead of technical costs

In addition to the upfront savings, another benefit of SaaS ERP is that your monthly or annual cost will stay the same until you change your pricing tier so you always know how much you're spending, and can budget accurately.

Subscription options vary widely, from pricing per user to tiered pricing that packages SaaS ERP and cloud services and resources according to company size etc. While you'll perpetually be paying for access to the ERP product, you'll likely still pay less over the long run than you would with an on-premise solution.

Other subscription models, like IaaS, are pay-as-you-go models. The cost will increase based on usage of memory, storage, CPU, and network bandwidth.

On-demand scalability

- Scale instantly to meet growing data or transactional demands
- Reduce disruptions while maintaining service levels
- Implement new functionality immediately

SaaS ERP is more scalable than on-premise ERP to accommodate growth, acquisitions, additional offices or expansion overseas for example, or respond to seasonal uptakes or downturns in demand making it much more preferable for rapidly growing companies.

With SaaS ERP you to adjust your subscription based on your current and projected needs - scale up to accommodate more data and transactions, without any unnecessary business disruptions. SaaS solutions also make it easy to add new software features and scale your access up or down.

If scalability is a priority for your organisation, you might also consider PaaS or Serverless computing, which also allows seamless scaling up or down.

Accelerated go-Live

- Faster, easier implementation
- Faster return on investment

An ERP implementation can take up to 6-12 months or more to complete on-site whereas with SaaS you can be up and running much quicker. Without the need to purchase new equipment, hire new employees, or install software on local machines, it's much easier to implement. This means teams can take advantage of advanced functionality sooner, allowing you to maximise your ROI.

Cybersecurity and compliance

- World class robust security technology and expertise
- Security fixes, critical patches, and updates included

SaaS vendors apply top-tier technologies to protect client data (and in turn, their reputations). Your data backups and disaster recovery are handled by full-time, professional security experts.

Intelligent technologies

While not unique to SaaS, new and emerging technologies are becoming more mainstream, such as:

- Artificial intelligence (AI)
- Machine Learning
- Robotic process automation (RPA)
- Digital Assistants
- Internet of Things (IoT)
- Blockchain

Intelligent technologies are being built into modern SaaS ERP solutions to improve productivity. As the SaaS ERP market matures, you can expect to see even more affordable and accessible solutions that allow businesses of all sizes to make data-driven decisions.

We can help guide you through the process. Set up a call to discuss your needs.

Book a consultation