

Moving to the cloud: A guide to cloud business management technology

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This guide is for companies considering moving to a cloud business management system or cloud ERP. Using researched evidence, this document will demonstrate why businesses are moving to the cloud and how they are benefiting from the move. Along the way we will inform you about different cloud models, security and finding the right fit for your business needs.

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The SMB Dilemma

In today's always-on, hyper-connected world, the right technology solutions are essential to improving customer engagement, increasing employee productivity, and creating innovation and differentiation, which are all vital to building and sustaining economic value.

This is particularly true when it comes to managing core business processes, including accounting, financial management, inventory management and human resources.

Having the right solution in place to automate core financial functions will save you time and money, and help support business growth objectives.

Many small and medium businesses (SMBs) recognize how critical the right enterprise resource planning (ERP) solution is to achieving successful business outcomes. They want to take advantage of modern ERP solutions to gain flexibility and visibility, improve controls and realize the full potential of the business.

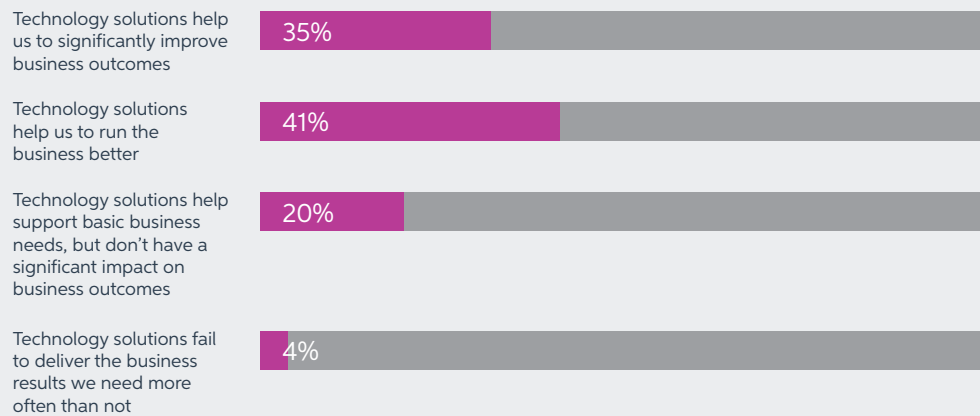
But for many SMBs, limited IT resources and budgets are the norm. This makes keeping pace with technology requirements an uphill battle.

This eBook will help you better understand different types of cloud ERP models, determine which model will best align to your company's strategy, workloads, performance and security needs, and how to



Importance of technology

PERCENTAGE OF RESPONDENTS



Source 2014 SMB Routes to Market Study, SMB Group



Charting a Course in the ERP Clouds

Cloud-based enterprise resource planning (ERP) promises to help SMBs take advantage of modern technology solutions with less cost and complexity, and more flexibility, than traditional on-premise deployments.

But adoption of cloud ERP has lagged in comparison to areas such as CRM, collaboration and marketing. Businesses have been more hesitant to trust cloud vendors with core transactional systems than with other applications.

As more SMBs see the benefit of cloud in other areas, however, they are increasingly considering “the cloud” for ERP as well.

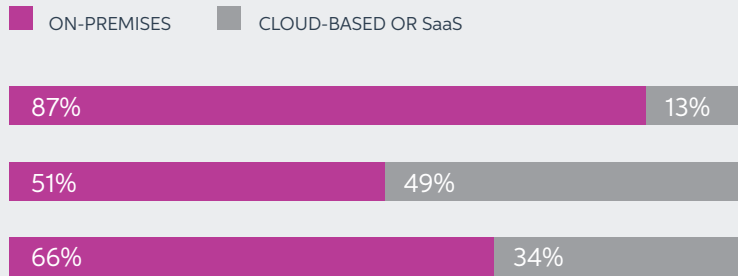
The evolution of private and hybrid clouds, in addition to public, software-as-a-service (SaaS), is spurring cloud ERP adoption.

Finally, the list of vendors that offer SMBs cloud ERP solutions keeps growing.

However, more choice can create more confusion. How can you determine which cloud ERP route is right for your business?



Purchases planned for next 12 months

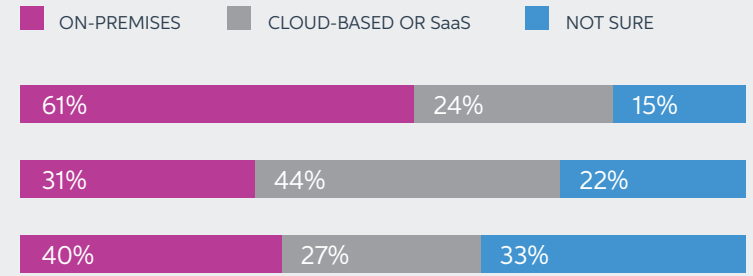


Upgrades planned for next 12 months

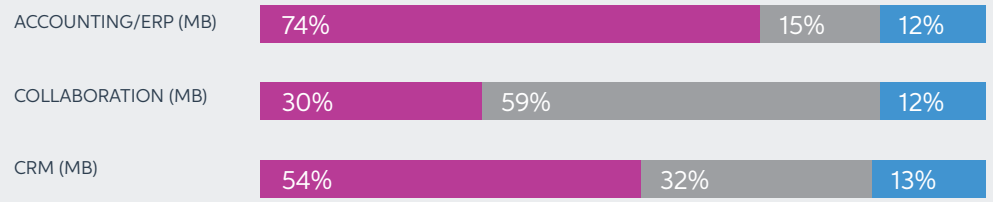


Q
Do you currently use on-premises software or a cloud -based/Software-as-a-Service (SaaS) solution for the following?

Purchases planned for next 24 months



Upgrades planned for next 24 months



Q
At this time, do you think your company will chose to purchase and use an on-premises software application or a cloud based/Software-as-a-Service solution for the following?



What Exactly Are Cloud Computing & Cloud ERP?

The term “cloud computing” still confuses many people. This isn’t surprising as different vendors define it in different ways.

However, there is general agreement in the industry about the basics:

- + Cloud environments are built with virtualization and load-balancing technology that allow applications to be deployed and managed across multiple servers and database resources. This enables businesses to easily scale resources up or down as needs change.
- + Cloud computing provides access to software, server, storage and other computing resources that businesses provision-and users access-over the Internet or a private network via a browser.

- + Cloud data resources reside in the cloud, instead of on individual devices, easing management and security concerns.
- + Most cloud vendors take a layered security approach, which includes encryption, key management, strong access controls, and security intelligence to further increase data security.

ERP software that is deployed and run in a cloud environment is classified as cloud ERP.



The Cloud ERP Value Proposition

The technology underlying the architecture of cloud ERP solutions provides SMBs with many benefits over traditional client-server models, including agility, efficiency and financial advantages.¹

For instance, in a world where 59% of SMBs view mobile solutions as critical to their business, one of cloud ERP's biggest benefits is to make it easy for people to use the solution any time, anywhere and on any device.

Users can easily self-provision and use cloud ERP from a web browser, on Apple and Android mobile devices, or on Windows, Mac or Linux desktop platforms-without expensive, complex VPN and remote access software.

This flexibility makes it easier for businesses to manage bring your own device (BYOD) programs, which 59% of SMBs now support, while protecting business and customer data.

As the Internet of Things (IoT) takes shape, cloud ERP technology will provide the same ease of access for sensors, beacons and other devices with which your ERP system may need to interact.



¹ 2014 SMB Mobile Solutions Study, SMB Group



Benefits of Cloud ERP

- + Improved user access: Users have anytime, anywhere, any device access around the globe via an internet connection
- + Real-time, consistent visibility: All users access and input data into a centralized data store, which puts consistent, updated information at everyone's fingertips
- + Flexibility: You can easily scale resources up or down as needed without making a major investment decision
- + Stay current: Updates are part of the cloud ERP service contract, which makes it easier to take advantage of new capabilities
- + More responsive service and support: Cloud vendors provide more detailed information about service levels and they are more motivated to provide better support so you'll renew
- + Faster time-to-solution value: When using public cloud models, you don't have to buy and deploy infrastructure, so you can be up and running with cloud ERP more quickly
- + Minimized financial risks: You can reduce upfront capital spending on technology infrastructure, so you can be up and running with cloud ERP more quickly
- + Economies of skill: Vendors can deploy, manage and run the cloud ERP solution, so you don't have to. You can focus more of your employees on growth and profit initiatives.



Security: The Elephant in the Cloud

Security is the number-one concern for SMBs considering using the public cloud for ERP, so the topic deserves some attention.

It's only natural to wonder how safe your corporate jewels-financial, supplier and customer data-will be in the hands of a third-party provider. People also worry-and rightly so-about how they will get their data back from that third party if and when they terminate a contract.

Concerns about security spur some SMBs to turn to private cloud or on-premises ERP deployment instead of a public cloud option, figuring their data will be safer.

But in reality, this is often not the case. In many situations, public cloud providers can deliver better security and data protection than the typical SMB IT shop could muster for a private cloud. Although this is not always the case, it's often true because reputable cloud ERP providers:

- + “Bet their business” on providing secure cloud ERP solutions to hundreds or thousands of customers; a major outage or breach can put them out of business
- + Have intentionally built redundancy, security and data protection into their cloud ERP solution
- + Typically have stronger virtual and physical security measures in place than the average SMB and participate in SAS 70 Type II audits to validate these measures
- + Can hire specialized IT staff with in-depth security expertise because they can spread their skills over many paying customers



Finding the Best-Fit Cloud ERP for Your Business

As with any business decision, a thorough self-assessment of key business goals, resources, requirements and other considerations important to your company is critical when you evaluate cloud ERP alternatives. Every organization is unique, but here are some key factors to consider:

What business goals are driving your cloud ERP search?

Better cost management, improved productivity and operational flexibility, more control and better decision-making are common goals. Be clear about top priorities and how you will measure success.

What internal and external resources are available?

Assess budget, internal IT expertise and business management expertise available in the company as well as what external resources you'll need.

What solution capabilities are must-haves?

These capabilities range from core areas (such as financial management, distribution management, customer management and project accounting) to

discrete functionality (such as multi-currency or multi-country support, reporting and analytics, mobile access and integration with other applications).

What external factors should be considered?

These factors include external regulatory requirements as well as customer, supplier and/or partner requirements.

What are your customization requirements?

Shared, multi-tenant applications are a good fit when customization requirements are low. Dedicated, private cloud ERP offers more flexibility to tailor the solution for unique needs.

What levels of performance and uptime does your business require?

How about problem resolution response times? If you choose a private or hybrid cloud ERP, how much responsibility do you want your internal IT staff to assume?



Evaluating Cloud ERP Providers as Partners

With almost all cloud ERP vendors vying for SMB customers, you have a growing number of choices when it comes to selecting a cloud ERP vendor and solution.

Although having more choices can make the selection process more time consuming, it also puts you in the driver's seat as you evaluate options.

Vendor websites, reviews, articles and analyst reports can help you narrow the playing field early on, and trusted local advisors and consultants can help you create a solid short list.

When you start interacting with cloud ERP providers and their partners one-on-one, remember that those who take the time to really understand your needs before they start pushing their solution are more likely to become true partners to your business, not just vendors. Strong pre-sales support also helps speed and smooth deployment.

Vendors that are easy to do business with will be much easier to work with once you are a customer.

Does the vendor:

- + Offer easy access to clear product information?
- + Have live representatives available to answer your questions?
- + Supply transparent pricing information?
- + Offer realistic demos and/or trials?
- + Provide comprehensive and comprehensible contracts that clearly spell out details such as contract length, terms, service levels, data protection and security, who owns the business data, and what happens to the data should you terminate the contract?
- + Provide you with references for customers that have similar requirements and can speak with you about their experiences?



Assessing Cloud ERP Partner Competencies

Overall, how important are the following capabilities to you when selecting a channel from which to buy a cloud solution?

Scrutinize the competencies that vendors bring to the table. Technical competence tops the list for many customers. But in our survey, top priorities varied significantly. Map your own internal assessment priorities with vendor strengths in the areas that are most critical to your business.

Select a provider that can validate that it has undergone a successful SAS 70 Type II audit, as this ensures the provider has security, data encryption, regular backups and disaster recovery measures in place to protect its customers.

Have an in-depth conversation with the vendors on your short list so that you thoroughly understand their capabilities and what your options are. For instance, most vendors offer configuration and tailoring options for public cloud ERP deployments but also require customers that need heavy customization to deploy their solution in a private cloud.

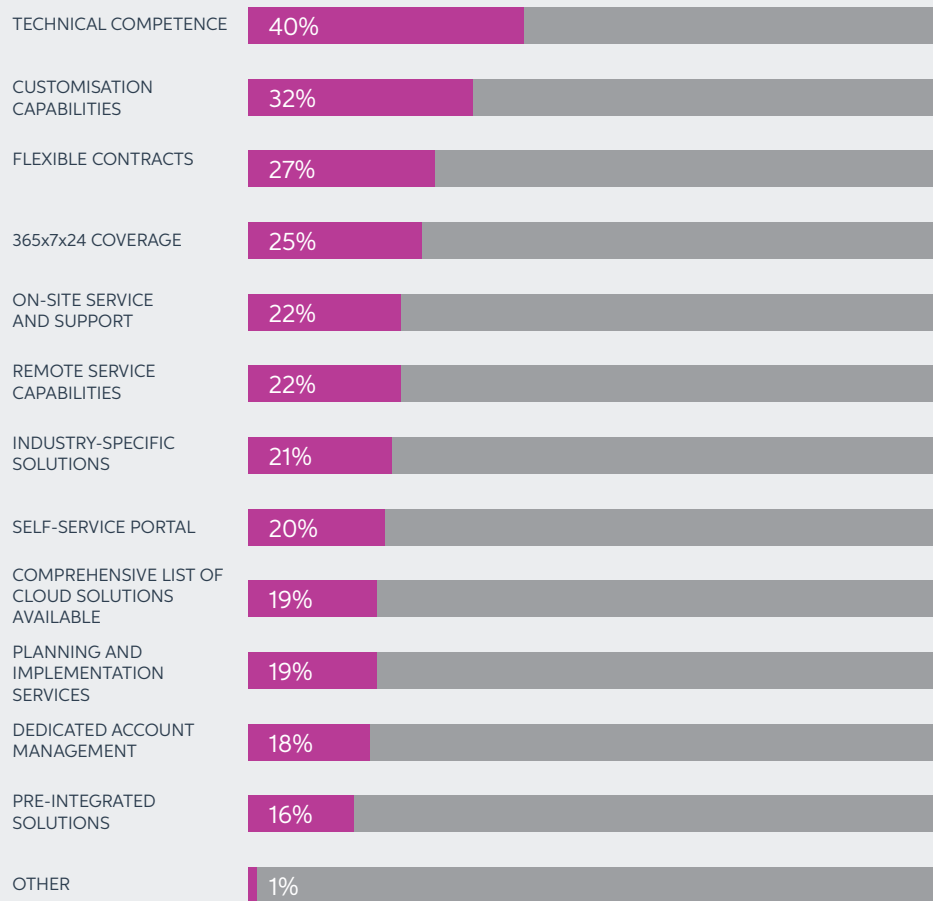
Meanwhile, contract length, terms and payment options vary tremendously among cloud ERP vendors. If a vendor doesn't provide the flexibility you want in a standard contract, there is often room to negotiate.

Finally, vendor partners often play a pivotal role in SMB cloud ERP deployment, management and support, so be sure to vet their credentials in any key areas as well.



Importance of cloud solution capabilities

PERCENTAGE OF RESPONDANTS



Source 2014 SMB Routes to Market Study, SMB Group



Evaluating Cloud ERP Solution Capabilities

Like Goldilocks, most of us want something that's just right. If you overbuy cloud ERP, the solution will quickly fall short of your needs. If you overbuy, you will end up paying for things you don't need.

Therefore, we favour solutions that you can deploy in an incremental, yet integrated, approach. You should be able to buy the core functionality you need today, and then seamlessly integrate additional modules as needed.

For instance, if you're moving up from a small business accounting solution, you may want to start with financial management and then add customer management functionality over time. Look for solutions that facilitate adoption at the pace your business needs-not the pace of the vendor.

Regardless of where you start, make sure the solution's reporting capabilities are adequate. After all, getting better insights from your ERP system is critical to improving business outcomes.

And, because no one vendor can ever provide everything your company will need, look at each vendor's third-party solution providers and integration solutions. How easy is it to add on the type of applications your business needs?

Finally, ease of use is key to user adoption. Even if a solution technically has everything you need, it won't do the job if people don't want to or can't use it. Make sure all relevant user types can take it for a test drive.

- + Incremental yet integrated modular approach
- + Reporting and analytics capabilities
- + Third-party integration
- + Easy to use



Summary and Perspectives

The business landscape is evolving rapidly. To stay ahead of the curve and capitalize on these shifts, SMBs need a new, more flexible approach to manage core business processes.

Cloud ERP solutions offer SMBs the means to streamline operations while gaining the flexibility and visibility needed to adapt, sustain and grow the business.

However, SMBs have very diverse business models, goals and requirements, and there is no “one size fits all” cloud ERP choice that’s right for all SMBs.

To select the solution best suited to your business, start with a thorough internal assessment of your company’s strategy, workloads, performance and security needs. From there, evaluate vendor/partner competencies, solution capabilities and deployment options to determine which alternative will align best with your business.



MYOB offers a range of ERP solutions that deliver enterprise grade capabilities including our 100% cloud based ERP solution MYOB Advanced.

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