

# Understanding Cloud Services Deployment Models & Licensing Options When Selecting ERP



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When companies think about selecting an ERP solution, their decision making doesn't end when they pick the software that best fits their business. Companies also need to think about how they are going to deploy the new software.

The traditional model that has been around since companies migrated from paper is referred to as "on premise". In this model, you purchase the software, pay annual maintenance on it, and purchase the required hardware, database(s) and any other additional infrastructure you will need to run the software or protect your environment – such as back-up, disaster recovery, and redundancy. You put it all together, manage it, and support it. For many companies this works well, especially those that have large IT departments, or companies that have homegrown software systems that require specialized resources for support and maintenance.

But today companies have more choices than ever to reduce the headache and cost that sometimes comes along with the on premise model. Today, companies don't have to install the software solutions they use on a server or many servers inside their four walls – they can install and support them using several different models using Cloud Services.

There are three different cloud services deployment modules companies should understand so that they can opt for the best deployment that suits their particular needs. One size doesn't fit all, so it's great to have choices. Determining On-Demand or On-Premise doesn't have to be struggle, especially once you understand the difference and benefits of each model. Determining which is best for you is a matter of where you want to focus your own resources, and where you want to displace cost.

# So when is the right model the right choice?

We've become comfortable with cloud models in our everyday lives. Using cloud applications like Amazon, mobile apps, or the Apple Store has become commonplace for us. Many of the same benefits you receive from cloud environments in your personal life, apply to our business lives as well.

#### When Cloud Deployments Are a Good Choice

- Limited IT Staff deploying an on premise environment takes commitment, resources and several skillsets if you're short on resources, or time, or bandwidth, cloud deployments can alleviate this burden and shorten implementation timelines (which could ultimately reduce cost).
- New ERP solutions are, well, new! If your IT staff is not familiar or doesn't have core competency in managing and supporting the ERP system or underlying required technologies (like a SQL, Oracle or Linux database), then cloud deployments can remove this challenge so your team can focus on revenue production or other projects that are more important in your business.
- You'd rather your staff spend time on innovation-driving projects versus buying hardware. It takes time
  to purchase new servers required for your new ERP system which demands resources and the know
  how required to make the server compliant; such as gathering requirements, comparison shopping,
  negotiating with vendors, etc. Cloud deployments remove this obstacle the work has been done for
  you.



- You may require third- party applications that must be integrated into your new ERP system which demand a different set of hardware requirements. Cloud Services deployments are run by companies that can get these set up quickly and efficiency saving you time and money.
- Business climates change like the wind. One year business is booming, and the next, it could come
  to a standstill. When you need the ultimate in flexibility, cloud services can be a great choice. If you
  expect to drastically grow your business or need to shrink it cloud services can give you the ability to
  quickly ramp-up users, or needed hardware space or quickly reduce them without having to commit to
  purchasing hardware and associated costs up front.
- Cloud services are an excellent choice for companies that must deal with Audits. Audits take time and
  resources away from your core business. Your cloud services provider removes this burden for you –
  handling and supplying all the needed audit documents requested by third parties whenever you need
  it.

# The Three Types of Cloud Service Deployments

There are three types of cloud service deployments; Public Cloud, Private Cloud and Hybrid Cloud. One way to think of each is based on how you or your staff might access the cloud deployment.

In a Public Cloud environment, you are required to log in with a set of credentials, much like you log in today when you want to purchase from Amazon, access CRM online, or purchase music from iTunes.

A Private Cloud environment is like taking the server that is running your software in your back office and putting it in another building. You need a set of login credentials to find the server's location, and then you need another set of credentials to actually get onto the server to use the applications on it.

A Hybrid Model enables you to combine both environments. For some applications, you'll just log in via a web address, while others will require another login so you can access your software that is on a server located 100 miles away. Let's see if we can simplify this even further.



#### Public Cloud – The Apartment Complex

In an apartment complex, you rent the space. You can't paint the wall, you share laundry facilities, everyone has the same carpet, and you can't switch out the appliances. It's a very cost effective option because you get everything you need with no additional costs that an owner would have to absorb. As a renter, you don't need to worry about replacing the roof, fixing a leak or a faulty appliance, or replacing worn out cabinets.

Public cloud service deployments are very similar. Examples of public cloud include Microsoft CRM Online, ADP, online banking, ancestry.com, gmail, Google Docs or Office 365.

In a Public Cloud environment there are:

• Limited customizations – you use the software the way it was intended. You might be able to customize a field, or the look of a screen, but it works the way it works and you have no control over that.



- Limited to NO 3rd party products you can't own or integrate your own add-ons. Add-ons have to be sanctioned by the applications or apart of the app.
- Everyone upgrades together you're sharing resources. You get notifications of changes and additional functionality but you don't control when you upgrade.
- Easy access you can access software from multiple mobile devices and from any browser. The disadvantage is that when the site is down, you're down. You don't have the application loaded onto a server under your desk to locally to access because there is no software!



#### Private Cloud – The Condo

When you own a condo – you own a portion of the infrastructure. You can change the color of your walls, change the lighting fixtures – change anything you want - within your four walls. The elevator, fire escapes, roof, lobby, parking garage and grounds – are shared by others.

In a Private Cloud deployment scenario you get to configure an enterprise level environment, servers, redundancy, backup, management, and maintenance without having to purchase it, install it, support it and worry about it.

Azure is an example of a private cloud model. There are many companies that have their own staff and infrastructure to support their own private cloud environment. Companies that have the IT resources to do this usually deploy this model when they need many people in many different locations across the state, country or globe that have to access applications.

In a Private Cloud environment:

- You work with a provider to determine when you upgrade on your own timetable
- Your provider helps you customize your environment to meet the requirements of your business and business applications
- Your provider installs and assists with 3rd party products and or integrations
- You get to add or remove resources as needed which provides flexibility as well as the ability to grow or shrink needed resources where your cost or reduction is known up front and can be planned for
- Managing security compliance is easier because the controls and infrastructure are already in place.
- Your team doesn't need to worry about administrative duties for server maintenance. Licensing is a known expense that doesn't require a fire drill every year, and tasks for maintenance can be scheduled during off hours.
- You get immediate provisioning whenever you need it. Your busy season may require you to ramp server space, yet you can easily throttle down during off peak season to reduce cost. The same can be said for scalability. You may require more resources during peak times each week, and require much less at 9pm each evening further reducing cost.



#### Hybrid Cloud – The Second Home or Cabin

The Hybrid Cloud Service deployment model enables companies to combine any combination of on premise, public and private cloud environments. You own your own home (on premise model) yet you go to your vacation home whenever you want. You may own the cabin or just rent it when you want to use it.

The Hybrid Cloud is the most common option today and a good choice when companies want to make use of what they own but want to reduce cost for purchases they need to acquire. For example, a company that wants to use their existing hardware until it is time to upgrade.

Additional Considerations:

- Gives clients options for how they want to manage different components of their environment
- Enables companies to work with multiple different vendors based on location or comfort level
- Enables companies to utilize the cloud provider as an extension of your own IT team while at the same time providing companies with cloud expertise that they don't have.



### About Platform As A Service (PaaS) - The Hotel

Windows Azure and Amazon Web Services are examples of Private Cloud Platform as a Service (PaaS) – but these two models take the private cloud deployment to the extreme. At a resort, there are lots of great amenities such as an ocean view suite, swim up pool, gated security, and may be all inclusive. You can stay as long as you want – but when you leave, you bring your stuff with you.

Azure is an open and flexible cloud platform that enables companies to quickly build, deploy and manage their own cloud services environment and applications across a global network of Microsoft-managed data centers. You get to define what you want: terminal server, SQL server – you assign it but you need to have the knowledge to know what you need or you must choose to have a partner help you.

# **Common Licensing Models for Private and Hybrid Cloud Deployments**

Besides Platform as a Service (Paas) there are two more licensing models that you should be familiar with. These licensing models are only applicable to Private and Hybrid Cloud Deployments.

#### Infrastructure as a Service (laaS)

laaS is often referred to as "hosted" or "hosting". In Infrastructure as a Service, you are purchasing your own licenses for your ERP software as well as any other software licenses, but your cloud services provider is providing licensing for your server needs. In this model companies generally have lower out of pocket costs for hardware and associated infrastructure and also have shorter implementation timeframes as the cloud provider is extremely proficient at knowing what is required because they have an already proven methodology associated with installing your entire environment. Clients are required to pay annual software maintenance fees in this model as well as optional software support plans if they wish.



#### Software as a Service (SaaS)

In the Software as a Service license model, you are leasing all software as well as your infrastructure needs such as servers, back up, disaster recovery and the like. Commonly, this model is priced per user per month. Should you decide to move to an on-premise model you must purchase the software – or if you change cloud providers, or move the lease of the license and service agreement.

## Take the Next Step Toward a Cloud ERP Solution

With all of these options, it can be helpful to get an outside perspective on the best choice for your business. If you would like some assistance in determining which deployment option is the right fit for your organization, request a Cloud Impact Assessment from Socius. We will give you a jump start on understanding the complexity of the Cloud Computing ecosystem while providing you with a process-centric analysis of how moving to the Cloud will impact your organization.

Request a Cloud Impact Assessment today at www.cloudtechnology.com/cia.

#### About Socius Cloud Services

Socius Cloud Services provides the power of choice in your ERP deployment. We can deploy the enter portfolio of Microsoft Dynamics ERP solutions in a private cloud or hybrid cloud environment through our laaS and SaaS offerings. Additionally, we offer the ongoing flexibility of being able to change your deployment to a different cloud option, or even to on premise, as your business needs change.

#### **About Socius**

Socius is a strategic business consulting partner that provides comprehensive business management solutions to help companies leverage technology to accelerate their growth and profitability and compete more successfully in today's economy. As a Gold Certified member of the Microsoft Partner Network, a Sage Authorized Partner, and a SYSPRO partner, Socius represents the most trusted accounting, enterprise resource planning (ERP), customer relationship management (CRM), and business intelligence and analytics technologies on the market. Backed by more than 25 years of award-winning experience, Socius proudly serves clients throughout the country from its multiple locations.

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