THE CERTUS GROUP
Experienced Consulting, Minimised Risk

8 Factors To Consider When Deciding Between Hosted and Cloud ERP

The question that most IT teams at mid-sized to larger enterprises have on the table as they consider an upgrade or change of their systems. While there are strong merits to both options depending on what factors are most important to the organization, often, a number of factors especially with hosting an ERP aren't considered or left out.

Early rounds of evaluating the hosted versus cloud options tend to focus on the pricing and cost models with few other factors. But it is only with the practical experience of hosting an ERP a lot of hidden factors as well as costs come to light.

The licensing costs for the actual ERP software and direct expense of purchasing software set aside, here is an insight into how deep the costs of hosted ERP can really run.

1   INVESTMENT NEEDED TO SETUP THE INFRASTRUCTURE

A considerable amount of investment is needed in developing a dedicated data centre putting in raised floor tiles, ventilation, cooling systems, air conditioning to maintain low temperatures, powder coated rack units to house the servers, cabling and equipment.

2   SPACE NEEDED TO SETUP THE INFRASTRUCTURE

The space occupied by all this equipment and the data centre takes up a significant part of their office real estate

3   INVESTMENT DURING IMPLEMENTATION

The servers, managed switches, firewall equipment, network storage devices, backup devices and hardware costs is a large one time investment during the implementation phase.

4   INVESTMENT DUE TO UPGRADES

Constant upgrades and replacement of the data storage network devices is necessary to avoid the bottleneck that the speed of the older devices can cause in the system. Replacement of the servers and hardware in the long run is a constant addition to the costs incurred.

5   OPERATING COSTS

A high speed dedicated leased line is required around the clock with very high service levels and uptime. Additional back up lines are also required for internet bandwidth in case a particular service provider's line went down so the ERP doesn't crash.

6   NEED TO BACK UP THE BACK UP

Very strong power infrastructure is required to ensure the infrastructure hosting the ERP doesn't fail and UPS backup for all the servers and equipment was essential. Even the UPS rooms and the backup generators require a backup UPS' and backup generators ensuring at least two levels of redundancy that takes up a lot more space and time along with being an ongoing costs.

7   MAN POWER AND RESOURCES

The data centre runs 24×7 so a team of dedicated staff of 4 at least is required to man the ERP and the hardware around the clock ensuring support as well as uptime and troubleshoot when necessary. This also means that the premises needs to be open all day and all night, which demands around the clock security adding to costs.

8 MAINTENANCE

Regular contractors are needed to come in and service the generators, top up the fuel, service the UPS backup systems, batteries, service the cooling systems and more.

While in many cases a hosted ERP is still a justified decision based on a specific organizations requirements, it helps to take a deeper look into everything involved with hosting an ERP while putting it up against the costs of a cloud ERP for a more accurate assessment.

Contact Us

USA

1221 Avenue of the Americas New York City, New York.

Phone: 646-787-9869

CANADA

250 Yonge Street Toronto, Ontario, Canada

Phone: 647-660-1660

CARIBBEAN

3 Mill Creek Road, Pembroke, Bermuda HM 05

Phone: 441-296-1473

UK

25 Sackville Street London, England, UK W1 3AX

Phone: 020-3356-4991

CARIBBEAN

3 Mill Creek Road, Pembroke, Bermuda HM 05

Phone: 441-296-1473