How On-Premise ERP Deployment Compares to a Cloud (SaaS) Deployment of Microsoft Dynamics NAV
Choosing between SaaS and on premise ERP is not a decision that companies should take lightly. Each alternative can have materially different implications for cash flow, customizability, IT resource requirements, and control over mission-critical data. If you’re considering an ERP system for your business, chances are you’re being bombarded with choices. As you consider your options, one of the most important decisions you’ll need to make is whether to select a cloud-based ERP solution or an on-premise solution; with Microsoft Dynamics NAV you get both.

The basic difference between on premise ERP and cloud ERP is clear: On-premise ERP solutions are installed locally on your company’s hardware and servers, and then managed by your IT staff while cloud ERP—also called SaaS, or software-as-a-service—is provided as a service. With this type of deployment, a company’s ERP software and its associated data are managed centrally (in the internet “cloud”) by the ERP vendor and are accessed by customers using a web browser.

Every business is unique, so taking the time to consider how different ERP deployment options will affect your company is critical. Let Apex Computer Systems, Inc., your trusted advisor, work with you and help you decide which is right for you.

How On-Premise ERP Deployment Compares to a Cloud (SaaS) Deployment of Microsoft Dynamics NAV

Choosing between SaaS and on premise ERP is not a decision that companies should take lightly. Each alternative can have materially different implications for cash flow, customizability, IT resource requirements, and control over mission-critical data. If you’re considering an ERP system for your business, chances are you’re being bombarded with choices. As you consider your options, one of the most important decisions you’ll need to make is whether to select a cloud-based ERP solution or an on-premise solution; with Microsoft Dynamics NAV you get both.

The basic difference between on premise ERP and cloud ERP is clear: On-premise ERP solutions are installed locally on your company’s hardware and servers, and then managed by your IT staff while cloud ERP—also called SaaS, or software-as-a-service—is provided as a service. With this type of deployment, a company’s ERP software and its associated data are managed centrally (in the internet “cloud”) by the ERP vendor and are accessed by customers using a web browser.

Every business is unique, so taking the time to consider how different ERP deployment options will affect your company is critical. Let Apex Computer Systems, Inc., your trusted advisor, work with you and help you decide which is right for you.

On-Premise ERP

On-premise ERP is not new, it’s not flashy and it’s a large upfront cost. It’s no wonder fewer companies want to stay with on-premise ERP. So why do it? Control. If you own it, you control it. In a nutshell this is a blanket for many other reasons to keep it in-house. You can control when and how quickly the equipment is depreciated, upgraded, and replaced. The pitfall to this is responsibility. You’re responsible for the upkeep, maintenance, and backups; what a pain.

On-premise ERP systems usually require large upfront and ongoing investments to purchase and manage the software and the related hardware, servers, and facilities necessary to run it. If your company doesn’t have a large or experienced IT staff, you may also have to also invest more time and money in additional personnel and train them. When it’s time for your ERP system to be upgraded, IT must then redeploy the system across the various users’ computers and re-implement various customizations and integrations that your business installed on your previous software. If your business requires total ownership and dominion over your data and systems, then on premise Microsoft Dynamics NAV is a good choice. With this on premise solution you purchase the software and install it on your own hardware. Businesses who have already invested in infrastructure often opt for this.

With on-premises deployment, you can:

- **Leverage Existing Investments** - Reduce costs by using the hardware and software you already own.
- **Easily Connect with Legacy Systems** - While most cloud solutions can connect with existing equipment, on-premises solutions can always do so.
- **Guarantee Predictable Performance** - On-premises solutions are not subject to fluctuations in performance or availability due to the Internet (although on-premises solutions are not necessarily faster than hosted ones).
Advantages of On-Premise

On-premise Microsoft Dynamics ERP deployment may be right for your company. Let’s explore some reasons why:

**Total Cost of Ownership (TCO)** - Paying a low monthly subscription for software certainly helps a company’s cash flow. However, over the long term, the software can become more expensive.

**Outside Risks** - When software is hosted on premise, everything resides within your company walls. When it is hosted in the cloud, the cloud provider has access to and control of the hardware and software. Before selecting a cloud-based service provider, evaluate and set the level of control in the service level agreement.

**Data Control** - Having an on-premise solution may make sense when you need to keep sensitive or regulated data local. On-premise enterprise resource planning software keeps your business data close to the source. You don’t need to worry about data leaks, security threats, and other data security problems, but you do need to assign IT staff to monitor these things. With in-house systems, the control is in your hands. If you have sensitive business data, this might make the most sense.

**Cloud Based ERP**

It’s new, it’s cool, why aren’t you “in the cloud” yet? We hear this constantly, but is it right for your company? Some ERP solutions are strictly cloud based, kept on hardware maintained by the ERP developer or Partner. Microsoft Dynamics NAV gives you both cloud or on-premise options. For cloud-based ERP, initial costs are typically much lower because you simply implement the software to your requirements and then access it through your computer’s internet connection. The cloud ERP provider hosts and maintains all of the IT infrastructure for you, ensures the system is always running, that the data is secure, and that product enhancements are rolled out painlessly to your solution without breaking your previously implemented customizations. We’ve all heard the horror stories about “losing your data forever”, but the key is to do your research to eliminate such worries. For startup companies, this is a great introduction into the ERP world. No huge upfront costs and often you get “bells & whistles” included. Many finance executives are having greater enthusiasm for the financial flexibility and freedom that comes from using the cloud’s modular, pay-as-you-go approach to accessing the latest technology innovations.

**When Cloud Computing Makes Sense**

The following are some of the most compelling reasons why cloud computing may make sense for your business:

**No Server Maintenance** - You no longer have to manage your own hardware and software. This opens up office space, eliminates maintenance costs, and reduces electricity use.

**Reduced Costs** - When you have your application running in the cloud, the IT staff doesn’t have to worry about servers, networking and operating system software support. Those things are being taken care of by the cloud provider.
Improved Cash Flow - When deploying a large system on premise that requires multiple servers and software, a large, up-front cash outlay is also required. When using a cloud, normal charges are billed on a monthly basis as an operating expense rather than a capital expense. This improves a company’s cash flow.

Mobile Computing Made Easier - Most companies have complicated security protocols but with the cloud access, authorizations are taken care of effortlessly. Superior Integration With Other Systems – The cloud was purposefully designed for easy interoperability, which adds the option for current or future usage of additional products.

Faster Implementation – Cloud ERP solutions are managed and hosted by the vendor therefore you do not need to set up or install any hardware or software.

Data Back-Ups – As opposed to the horrible risk of crashing your in-house server(s) and losing data, third-party hosted ERP clouds have redundancy. That means that your data is copied to at least two locations, so if one fails you still haven’t lost anything.

Deciding Which Cloud Hosting You Need

The first step will be to understand the types of cloud hosting available for Microsoft Dynamics NAV. For most companies, the ideal solution will lie in a hybrid of these options, but understanding them will allow you to make the right decision for your business.

Private Cloud - A private cloud is a virtual server farm built by a service provider who wishes to offer their customers on-demand computing. These are most often utilized by businesses, and they generally require a service contract, signed by both parties, detailing the amount of service to be provided and the length of time it will be used.

Public Cloud – A public cloud is built and hosted by a third party, but unlike a private cloud the arrangement between provider and user is more casual. There is an agreement to accept and payments to be made, but some services are often available for free. For information that is not proprietary and does not contain any personally identifiable information, this may be a perfectly safe and effective option. However, if your industry has to meet compliance standards, or if you need hosting for more sensitive or confidential data, a private or dedicated cloud will be more secure and more likely to meet the necessary standards.

Dedicated Cloud – A dedicated cloud is built and run exclusively for one customer by the service provider. This is the most secure and customizable option for businesses, since the cloud provider offers the customer a private, virtual server farm, which serves only that customer. The provider can also build or feed in additional capacity for their customer from another private server farm.

Making the Transition to the Cloud Smoothly

Regardless of whether or not you decide to keep hosting some or all of your Microsoft Dynamics applications in-house, or move all of the into the cloud, security and disaster recovery must be top priority for these systems. By their very nature, the loss of one or more of these systems and the data they contain could be crippling to daily operations, and the exposure of confidential or proprietary information can result in even more serious consequences. High quality third party hosting provides expert support from experienced professionals in their field, and can be significantly more secure than in-house hosting.
Businesses today need flexibility when deploying new technologies; your business is no exception. With Microsoft Dynamics NAV, you can choose the model that makes the most sense for your business, whether on-premises or in the cloud, even hosted, or a combination. Plus, you’ll have the elasticity to adjust as your needs change. With the ability to choose your deployment model, you can realize rapid time-to-value. If you do choose a cloud-based implementation, you will see that the cloud has a lot more to offer than just a deployment preference. It gives you a unique combination of business intelligence, collaboration, and communication tools offered by Microsoft, together in one solution. You can implement a complete cloud offering that includes Microsoft Dynamics NAV, Microsoft Office 365, and Windows Azure to take advantage of the power and productivity the cloud has to offer your business. NAV Cloud provides a simple solution that makes sense. You receive continually up-to-date quality software, and let the professionals deal with upgrades, monitoring and the rest of it all with safe and secure storage with the tap of a keyboard. You can reduce infrastructure, hardware, and IT management costs. Easily scale infrastructure up or down as needed.

Refocus IT from managing infrastructure to working on strategic projects. Get up and running in hours instead of weeks. Securely access your data in the cloud from virtually anywhere, on any device. NAV Cloud provides a simple solution that makes sense. You receive continually up-to-date quality software, and let the professionals deal with upgrades, monitoring and the rest of it all with safe and secure storage with the tap of a keyboard.

About Apex Computer Systems, Inc. (ACSI)

A Trusted Advisor

For the past 18 years ACSI has been a Microsoft Certified Gold Partner reseller providing full-range implementation services for Microsoft Dynamics NAV. Our organization serves a broad spectrum of clients ranging from emerging small and medium-sized businesses to Fortune 500 enterprise corporations across the nation. Combining the right people, processes, and technology, we offer a complete range of solutions to help our clients be more efficient and cost-effective. Our reputation for quality and excellence has been earned through proven commitment and delivery of solutions to our clients, business partners, and community.

Our Consulting Services include:

Pre-Sales Evaluation Assistance Services

Proof of Concept – Ensures feasibility of successful ERP system implementation.

Customized Demo - Allows the customer to gain insight into ERP features and benefits within a familiar environment.

Licensing Requirements – Determine the most cost-effective number of Microsoft Dynamics NAV licenses.

Deployment and Configuration Planning

Deployment Plan - Cost-effective plan to ease the burden on valuable internal resources.

On-premises Hosting - For customers that require on-site deployment.

Cloud Hosting – For customers that have limited on site IT resources and require rapid deployment.
Operational Assistance Services

Operational Planning - Enables best practices of ERP solution for proper use.

ERP Customization - No two businesses are the same, so ACSI provides software customization to meet the customer's exacting needs.

Training Services - Deep understanding of the use of installed software to deliver core competency to users.

On-going Software Support Services

Production Environment Review - Maximizes the efficiency and productivity of the ERP system.

Software Upgrades - Manage and implement new versions of Microsoft Dynamics NAV and maintain data integrity.

New Functionality Implementation - Added as your organization grows to meet your new business requirements.

Support - World-class support with decades of ERP software experience for maximum uptime and minimal downtime.