What's Better for You: A Cloud ERP or an On-Premises ERP?

Not all ERPs are created equal. Some ERPs are in the cloud, while others are traditional on-premises solutions. Depending on what your institution needs, you may find that one type is better aligned with your objectives. To help you identify which works best for your campus, here is a side-by-side comparison between cloud and on-premises ERPs.

Why Choose a Cloud ERP?

PROS

✓ Low Capital Expenditures (CAPEX)

Unlike on-premises systems, cloud ERP migrations typically involve lower upfront costs, as they don't require purchasing hardware or hosting resources.

✓ Strong Security

A cloud-based ERP's data and system security is unparalleled and often far outmatches the capabilities of on-premises systems.

✓ Near-Limitless Scalability

Cloud-based ERPs are more scalable than on-premises systems, offering elastic scalability that adjusts storage and resources automatically to accommodate growth or activity spikes, without major infrastructure upgrades.

✓ Automatic Updates

Maintenance challenges are typically a concern of the past when you leverage a cloud-based ERP, which automatically applies system changes, security patches, and other updates.

✓ Enhanced Accessibility

Cloud ERPs are accessible from any device with an internet connection, allowing authorized users to access the system or work remotely.

✓ Strong Business Continuity Capabilities

Due to their hosted nature, cloud environments are inherently more resilient than on-premises ecosystems. As part of a strong disaster recovery plan, cloud ERPs can ensure business continuity in case of unforeseen disruptions.

Why Choose an On-Premises ERP?

PROS

✓ Low Operating Expenses (OPEX)

On-premises systems are considered fixed assets with low ongoing operating costs, as they don't rely on subscription fees like cloud solutions.

✓ More Data Control

With an on-premises ERP, institutions have much more control over their data and security protocols. This can be important for institutions handling highly sensitive personal and financial information.

✓ Enhanced Customizations

Because they're hosted on-site, on-premises ERPs can be customized, modified, or altered as decision-makers or IT staff see fit, ensuring the solution meets the precise needs of your institution.

✓ Restricted Access

Unlike a hosted environment, which can be subject to third-party access, an on-premises system can be more gated in terms of access —especially physical access. This can lead to stronger security capabilities in certain areas.

What's Better for You: A Cloud ERP or an On-Premises ERP?

Below, we highlight some of the drawbacks of both options, showcasing factors like increased IT requirements, scalability challenges, and additional business continuity requirements.

Why Consider Avoiding a Cloud ERP?

CONS

✕ High OPEX

While cloud ERPs often don't require substantial upfront costs, their day-to-day costs can add up over time, especially if there are licensing fees, contracted services, and other expenses.

✕ Internet Reliance

Cloud ERPs require a stable internet connection, which means that any internet connectivity issues will disrupt operations.

✕ Limited Customization

While this is not true of all providers, many providers of cloud ERPs often offer less flexibility for extensive customization compared to on-premises systems.

Why Consider Avoiding an On-Premises ERP?

CONS

✕ High CAPEX

On-premises ERPs require significant upfront investment in hardware, software, and implementation services—not to mention costs associated with cooling, power, etc.

✕ Increased IT Requirements

On-premises ERPs need a dedicated IT team with expertise to manage, maintain, and update the technology infrastructure. For institutions with lean IT teams, this can be a real problem.

✕ Scalability Challenges

Adding capacity can be expensive and complex within an on-premises system, as doing so may require additional hardware or software licenses.

✕ Additional Disaster Recovery Requirements

With an on-premises ERP, institutions need to find and leverage supplementary disaster recovery solutions to ensure their data is backed up (often off-site) in case of emergencies on campus.

Scan the QR code for more information.

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