While not directly in the heart of one’s supply chain planning and execution processes, cloud-based leaders such as Salesforce.com, the banking industry and Google blazed the trail in the cloud while solving and dispelling many of the myths that were holding back CIOs and businesses from moving from traditional processes and systems to operating key aspects of their business in the cloud. In fact, today it is estimated that about 80 percent of Fortune 1000 enterprises use some level of cloud computing services.

So why have companies lagged in their adoption of cloud-based supply chain solutions? In part, because one’s supply chain is now recognized as the heart and
soul of the business—hence, the “if it ain’t broke, don’t fix it” mentality applies—coupled with the fact that businesses and people hate change. Change normally comes with a degree of risk and traditionally change also came with significant costs in both time, effort and dollars. But the rate of cloud adoption has also been hampered by industry myths and misconceptions—the lack of education and the vendor-caused confusion—in the market about cloud-based supply chain solutions. Some simple and straight-talking clarity is necessary so that businesses can chart the best course forward in today’s cloud-driven world.

The old adage “what goes around comes around” could not be more true. Compare today’s cloud-based computing environment to how leading companies operated their businesses 30 years ago. Business and facilities were often run off mainframe computers via dial up or other telecommunication lines. The fundamental difference today is everything is actually better, faster, cheaper and more reliable. Many of the same or comparable myths existed in those days, too. Leading companies were those that embraced and leveraged the available technology and capabilities, putting them to best use for business advantage.

**Dispel the myths**

It is important to vet the technical myths surrounding data security and data ownership, network and system performance, reliability and outages, peak volume handling, disaster recovery and service level agreements with any solution provider and their respective data center team. True cloud-based solutions offer current system and application infrastructure services as part of their solutions. Beware: Many older vendors are simply trying to leverage the cloud into their sales and marketing messages, utilizing past-generation solutions and techniques. Key benefits reside in true multi-tenant cloud-based solutions, architectured from the ground-up, leveraging the latest techniques and technology—

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**Glossary**

**Cloud:** “where you run solutions”

**Multi-tenant cloud:** a secured, shared solution, sometimes also referred to as a public cloud.

**Private cloud:** any hosted solution, run in a third-party data center.

**Software as a Service (SaaS):** “how you buy,” normally a monthly usage charge, instead of upfront licensing cost and annual maintenance fees.

**Business Process Outsourcing (BPO):** “who runs it.”

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LogFire’s Warehouse Management, Productivity Tracking and Supply Chain Visibility Dashboard solutions improve operational efficiency in warehouses and distribution centers and provide total visibility into your supply chain.
proven by those trail-blazing leaders mentioned earlier. Also, solutions managed in world-class data centers will often highlight IT infrastructure advantages over current environment capabilities, and provide these enhanced capabilities with reduced IT burden and cost. It is no wonder why the move to the cloud is on the top priority of most CIO’s agenda based on these vetted misconceptions; the significant capital cost savings opportunities; and IT support benefits available through the use of true multi-tenant cloud-based solutions.

Some of the false supply chain solution myths today include:

Myth: Tier 1 companies will not utilize cloud-based supply chain solutions.
False: It really comes down to whether the solution provider has the understanding, domain expertise and is focused on providing the necessary industry-specific Tier 1 business processes and functionality.

In fact, most of the same business complexities and functional requirements today are the needs of smaller Tier 2 and Tier 3 companies in the same industry. The only differences are the company’s volumes and possibly the degree of their geographic or global reach.

Companies of all sizes need to look to cloud-based supply chain solutions. Tier 1 and Tier 2 companies have the opportunity with multi-tenant cloud-based solutions to operate more cost effectively. Another advantage of multi-tenant cloud solutions—over installed or private-hosted solutions—are free upgrades and the constant opportunity to leverage current functionality without the time or cost impact of reinstalling new system versions or patches. Tier 3 companies have the opportunity to finally afford the same business solutions as their Tier 1 and Tier 2 peers. Software as a Service (SaaS) means monthly usage pricing without capital outlay for hardware, no up-front licensing costs and no annual maintenance fees. Tier 4 and below companies can afford to get off spreadsheet and manual processes to better control their business, too.

Myth: Companies cannot run automated facilities using cloud-based supply chain solutions (that integrate and control data collection, voice technology, automated material handling equipment, etc.).
False. Vendors of licensed, customer-installed solutions would like you to believe this. As cloud-based vendors dispel this myth with their proven automation successes, there will be an accelerated migration away from licensed and/or hosted solutions to the more cost-effective multi-tenant cloud-based environment.

Myth: The Internet and cloud-based supply chain solutions eliminates the need for Electronic Data Interchange (EDI).

Not completely true. While much of the data traffic may be communicated in secure packets using the Internet as the communication vehicle, industry-standard EDI transactions are and will continue to be an excellent way to communicate standard data between systems and trading partners throughout the supply chain. Cloud-based supply chain solutions should come with standard integration architecture and fully support EDI mapping and bi-directional communication.

Myth: All cloud hosted solutions are basically the same.

False. “Cloud” is perhaps the most misused word in the industry today. A secured-public multi-tenant cloud solution has a very different value proposition over a private “hosted” solution in the cloud. Unless the solution was built from the ground up supporting a secured multi-company, multi-tenancy structure, at best you will only get the benefits of shifting where your system is located—possibly in someone else’s data center—and who runs it for you. Multi-tenant solutions provide for faster more cost-effective implementations; lowest total cost of ownership; automatic free upgrades to new capabilities; and low monthly subscription pricing.

Myth: Paying monthly for cloud systems will be more expensive over time than buying traditional licensed systems.

False. Multi-tenant cloud-based solutions have a near immediate return on investment (ROI) and lower total cost of ownership.

Overall value points

Multi-tenant cloud-based solutions provide a great opportunity for companies now and in the future. The value and benefits, beyond the total cost of ownership value proposition include greater flexibility and agility for business change; and leveraged expertise and innovation and reduced complexity—all the while allowing you to focus more on your business. If your company hasn’t made the move to the cloud with your supply chain solutions, you need to put a plan of action in motion today.

Diego Pantoja-Navajas is Chief Executive Officer of LogFire, an innovative cloud-based extended warehouse management solution and services provider for retailers, manufacturers and 3PLs worldwide.

About LogFire

LogFire is the leading provider of innovative cloud-based supply chain and extended warehouse management solutions for omni-channel and e-commerce retailers, consumer goods manufacturers, as well as logistics service providers and 3PLs. Leveraging its deep domain expertise, LogFire offers cloud-based solutions and SaaS pricing models that are flexible and cost-effective. LogFire warehouse management and logistics experts deliver solutions and perform managed services for companies around the globe.

For more information visit www.LogFire.com.

80 percent of Fortune 1000 enterprises use some level of cloud computing services