



**eProcurement:
In the Cloud or Licensed?**
A Comparison of Software Platforms



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What's the Best Choice for My Business?

Your company has determined it needs an automated purchasing system. You are off to a great start. You have tasked the appropriate management personnel of all associated departments with submitting their requirements for the perfect solution. By working together, you have reviewed the requirements and clearly defined the goals for the project. A projected budget is in place and you should know what your internal resources are in terms of IT staff and hardware. Research begins and two words keep popping up... Cloud or Licensed.

How your solution will be installed and implemented, via Cloud or in a more traditional Licensed approach, can make a huge difference in budget, security, and the overall success of your project. Knowing the difference between the two approaches and being able to ask the right questions of the vendor is key to ensuring that you receive not only the best procurement solution for your company, but also the most efficient and secure implementation of that solution.

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Cloud or Licensed? What exactly does that mean?

Depending on who is defining the terms, Cloud or Licensed can mean many things. You should always make sure your vendor tells you exactly what is included or not included with a Cloud implementation or Licensed implementation. But, basically it boils down to the following explanations.

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In the Cloud

Cloud is pretty much what it sounds like. The tool and data are managed and accessible over the internet, but you do not need to purchase or maintain any hardware. You are not responsible for the hardware, maintenance, or even the security of the server. The hosting vendor manages your data and guarantees the reliability and security of its data center. Now this is where it can get a little tricky. There are two types of Clouds: multi-tenant Clouds and single tenant Clouds.

Multi-tenant Clouds can store data from multiple companies on one server, separating them from each other with a simple partition that prevents the data from migrating from one company to another. Multi-tenant Clouds most often run the same basic software for all of the companies, with the same basic functionality and limited configuration capabilities. These are often “off the shelf” solutions that fit many companies without much need for customization.

Single-tenant Clouds give each user its own database and its own instance of the software application on an individual Cloud server or segregate with extensive security controls to create its own virtual server. This provides increased benefits of functionality, configurability, and enhanced security. When talking with your vendor, be very clear about whether you are on a multi or single tenant Cloud.

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Licensed

A Licensed platform is the more traditional approach. You find the procurement solution you like, that has the features your company needs, and you purchase the product license to install the software on your server. The client is responsible for the hardware, maintenance and all security issues. This type of platform is recommended for companies that have administrative and IT resources in place and already have an investment in their on-site hardware. The upside to this type of implementation is that you have control of the software as long as the license is in effect.

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Now that you have some of the basic definitions down, let's look at some side-by-side comparisons for what you should be looking for when deciding on Cloud or Licensed platform.

Four Factors when considering Cloud vs. Licensed

Cost, Benefits, Flexibility, Risks

When making the Cloud vs. Licensed decision, four factors must be considered: cost, benefits, flexibility, and risk. The following table lays out each of these factors and compares them side by side. Always be sure to clarify each definition when talking to a vendor.

Cloud	Licensed
Costs	Costs
<p>Subscription-based (monthly or yearly): Extra services include upgrades, updates, hosting services, and technical support. Subscription service also implies an ongoing partnership with your vendor, ensuring vested interest in keeping you happy.</p> <p>Reduced ongoing overhead: Lower support and maintenance costs.</p> <p>Infrastructure freedom: No more resources spent on applying patches, upgrading security, performance tuning, business continuity and support.</p>	<p>Upfront costs: Initial implementation costs, license fees, hardware infrastructure acquisition, hardware maintenance costs, administrative and internal costs for support.</p> <p>No additional costs for minor updates: You are responsible for installing and managing all updates.</p> <p>Training and support costs are additional: When major upgrades are installed, often new implementation and training are required. Also training of new personnel.</p>
Benefits	Benefits
<p>Shorter implementation time: Infrastructure is already in place so you can go live quicker.</p> <p>Reliable infrastructure: Infrastructure is already in place and has been working for many other clients</p> <p>Real-time updates: Updates and upgrades are applied in real-time.</p> <p>Built-in upgrades: Upgrades available in real-times</p> <p>Always on-line: Available wherever there is a computer and internet access.</p> <p>Highly scalable up or down: The infrastructure is already in place, so you can use as much or as little as you choose without recurring consequences.</p>	<p>Control of software: Organizations maintain control of software as long as license is in effect.</p> <p>Knowledge of internal security</p> <p>Less integration challenges</p> <p>Control of upgrades: You can choose to purchase upgrade and install... or not at all.</p> <p>Need to be within your network to access system</p> <p>Scalability is up to the IT team and hardware/software in place</p>

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Four Factors when considering Cloud vs. Licensed

Continued

Cloud	Licensed
Flexibility	Flexibility
<p>Data only available via application: Due to security restrictions, your data is only accessible through the tool’s interface. If the web connection or hosted server is down, you cannot get to your data. However, this is a rare occurrence... but check guaranteed uptime</p> <p>Data security is the provider’s responsibility: make sure the provider has security certification and privacy compliance.</p> <p>Data integration: Can be perceived as a barrier. However, the APIs and metadata-driven service-oriented architectures are now often providing better integration than on-premise implementations.</p>	<p>Data is always accessible; you control it: You have the capability to access your data outside the tool and you control your internal network communication.</p> <p>Data is under your security measures: Security challenges are often the deciding factor between cloud and licensed.</p> <p>Less integration challenges: Your IT team knows your system better than anyone. Having all systems behind the same firewall may ease the exchange of data among your systems and provide you more control.</p>
Risks	Risks
<p>Reduced Risk: Cloud provider’s infrastructure already supports many customers, so it can easily sustain what is thrown at it.</p> <p>Loss of data: Data is under the provider’s control</p> <p>Loss of application control: Provider controls application</p> <p>Opportunity to put IT resources to better use</p>	<p>Increased risk: Installation is “new” each time with each on-site location – different hardware and practices.</p> <p>Possibility of compatibility issues</p> <p>Training & support issues: If additional support or training is needed, new fees may be incurred.</p> <p>IT resources may be overloaded: There is the possibility of stretching IT resources thin if they are responsible for many systems.</p>



Conclusion

Many organizations today are leaning towards the Cloud platform as it is a generally more cost efficient way to get the solution up and running with a faster ROI. In the Cloud scenario the software supplier is your strategic partner, and their main objective is your satisfaction and subscription renewal, making it a win-win for both parties. However, companies with large IT systems already in place will find the on-site licensing process a better fit. When making your decision, consider all of the factors and make the decision that will best suit your organization today and in the future.

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Visit www.puridiom.com for more information about eProcurement Cloud or Licensed solutions.

About Puridiom

Puridiom, a leading Procure-to-Pay solution provider, offers complete web-based purchasing solutions. Puridiom has been in the e-Procurement field since 1983 and has a proven success record for implementation and operation. Puridiom has enabled thousands of users in vertical markets worldwide, including insurance, financial, and service organizations. Puridiom's advanced solutions help support a wide variety and cross-section of global businesses. Combining feature-rich software, experienced professionals, proven implementation techniques, and unparalleled services, Puridiom delivers the highest quality e-Procurement solutions. For more information, call 800.388.1415, email info@puridiom.com, or visit www.puridiom.com.