The business case for SMB adoption of ERP

Adopting an ERP solution—and deploying it in the cloud—was once considered a complex, expensive process meant only for large enterprises. Small and medium-sized businesses (SMBs) sometimes hesitated to make the leap to the cloud, worried about security, back-ups, risks of downtime, and whether they could adjust to out-of-the box functionality, forsaking their unique processes.

Those preconceptions are fading. Today, modern cloud solutions with built-in industry functionality and implementation accelerators make cloud adoption easier—and more realistic—for companies of all sizes. SMBs, just like large enterprises, recognize the value of up-to-date and highly flexible systems.

SMBs also find some features of cloud computing especially helpful. As they tend to have lean staff and limited expertise in IT security, SMBs often appreciate that cloud providers manage maintenance and security for them, including automatic back-ups. Cloud solutions also help growing companies scale, easily adding locations or branches as the company expands.

Growth also challenges organizations to enact best practices, automate, and reduce redundancies. Cloud-based solutions help start-ups and young companies establish foundations built on experience, standards, and operational efficiency. The SMB gets the benefit of proven systems and expertise that is built into the cloud solution's standard functionality.

As smaller firms are often innovative problem-solvers, more agile and flexible than large enterprises, they benefit from having cloud-based ERP solutions which can expand, contract, or branch out in new directions as needed to keep pace with changing demands of customers.

Weighing the costs and benefits of single-tenant vs. multi-tenant cloud

For SMBs that are looking to move to the cloud, one of the most important decisions involves whether to deploy a single-tenant or multi-tenant solution. Both have unique benefits.

Single-tenant architecture provides a single software instance for each client on the Software as a Service (SaaS) server, giving the business more control, but requiring more effort and investment. With single-tenant architecture, organizations can easily lift their legacy systems—with all their existing strengths and shortcomings—into the cloud. However, the organization often remains responsible for several functions, such as security and back-ups, which can add significantly to the cost of maintaining the solution. In addition, a single-tenant architecture is typically built on a static set of servers.

As business activities increase, system performance can suffer until the system is redeployed on new servers, requiring downtime and potential business disruption.

A multi-tenant environment lets several clients use the application within the same operating environment on the same hardware. This shared-cost model reduces investment and provides the benefits of standardized processes, maintenance, and security. In addition, well-engineered cloud applications enable personalization without compromising upgrades by using extensibility and platform tools rather than code modifications.

Single-tenant and multi-tenant architecture don't just differ in how many companies they can support in a specific cloud; they also demand different levels of responsibility from a given organization. This chart shows some key areas and the impact.

Single-tenant vs. multi-tenant

	SINGLE-TENANT	MULTI-TENANT	RESULTS
Full redundancy and disaster recovery	In ST, this kind of back-up could more than double your costs because you need duplicate resources. Disaster recovery requires another doubling of resources for remote standby capability.	MT solutions are built on auto-scaling technologies across multiple data centers providing full redundancy and disaster recovery.	Confidence comes with MT deployment.
Security	Baseline security is typically included, but vulnerabilities accumulate over time due to infrequent upgrades.	Economies of scale allow for more robust security and frequent updates keep solutions current on security patches for the OS and application technologies.	MT solutions are more secure than ST or even on-premises deployments.
Updating features and functionality	ST upgrades are as costly and time consuming as on-premises deployments, so there can be many years between upgrades to get new features and functionality.	Vendors provide frequent updates, ensuring you are always up to date on the latest features and functionality.	In MT, frequent updates are consumable and much less disruptive. New features can be turned on and business users can be trained on new features as they are rolled out.
Scanning for fluctuations of high traffic or when workloads are greater	Resources have to be individually managed with added investments in extra capacity to prepare for peak periods, whether you use it or not.	The elastic capacity of MT cloud means resources expand and contract automatically as needed and only pay for what you need.	MT offers more flexibility, economies, and savings.

Why multi-tenant deployment holds the edge over single-tenant

While single-tenant solutions can provide marginally improved levels of control and customization, many modern businesses— especially those in the SMB space—find that the costs of monitoring, servicing, and deploying ST solutions tend to greatly outweigh the benefits. For businesses with robust IT infrastructures, this may not be an issue. But for businesses that would rather allocate resources toward strategic efforts, agility, and ease of future growth, multi-tenant is often the preferred choice.

Other areas where multi-tenant deployment excels include:

Security expertise

Most companies can't afford to hire an entire team of highly experienced IT security specialists. In some regions, those skills may be hard to find in the available talent pool. Multi-tenant cloud deployment helps businesses leverage the continuous scrutiny of experts who are vigilant to new attack approaches.

Continuous upgrades

Cloud solutions help businesses stay modern without having to schedule big bang events every two to three years to pause and upgrade. Instead, bite-size updates are rolled out as they are released, making it easier to avoid changes that can break future upgrades. In addition, it's easy to stay on top of changing regulations, even across multiple regions.

Control costs

Businesses can save on the costs that go towards staff, security, and paying for excess capacity for peak periods and space for full redundancy/back-up.

Agility

Because the solution is always modern, it will have the localizations needed to support growth and change for new regions. In addition, capacity for mergers or new branches can easily be adjusted.

Innovation

By freeing IT teams from maintenance tasks, they can focus on more strategic issues. With the elastic storage capacity provided by MT deployment, it becomes easier to capitalize on advanced technologies relying on large amounts of data, like the Internet of Things (IoT), artificial intelligence, and machine learning. Meanwhile, it becomes easier to test concepts without significant commitment or risk.

Platform as a Service (PaaS)

MT architecture offers no code/low code tools so business users can create reports, personalize interfaces, and more without altering the code. Modern MT solutions provide tools to support extensibility and offer the ability to personalize without the backlash of cumbersome modifications.

Top-quality, sophisticated solution

For software to be viable in an MT environment, it must have met rigorous testing and quality control standards. Businesses can be confident that the solution has been and continues to be highly scrutinized.

Opportunity to streamline

An upgrade to an MT environment provides the ideal opportunity to adopt proven best practices and get away from processes that have prevailed simply because they have always been around. This is the chance to change attitudes, workflows, and priorities, whether they involve putting the customer at the center of the business or focusing on product innovation. Eliminating modifications helps keep teams focused on new accomplishments rather than preserving familiar methodology. It also provides discipline for the future, providing a barrier to add-on projects that could impact the ERP code.

Taking a first step toward digitalization

Many of the benefits brought by MT cloud deployment provide the basis for a long-term digital strategy and operational action plan. It's the last major ERP implementation many businesses will ever need because it will continue to adapt as technology changes.

WORK SHARP® SHARPENERS

A customer story

Work Sharp is a fourth-generation family-owned business in Ashland, Oregon with 100 workers. Designing and supplying knife and drill-bit sharpening equipment to 50+ countries, the company's leadership identified that its potential was limited by the use of legacy applications.

Moving to Infor CloudSuite Industrial empowered Work Sharp employees with:

- Real-time data access, anywhere, anytime, and on virtually any device. "The ability for users to access the information they need without technical expertise in report writing has made a significant impact on our business," says Beth Hoffmann, Senior Financial Manager & System Administrator for Work Sharp.
- Transitioning from manual, spreadsheet-based reporting to the intuitive dashboards in CloudSuite Industrial has substantially increased the productivity and efficiency of Work Sharp's operations.
- Employees can now rapidly analyze real-time data and have confidence in the decisions they're making.

The wrap up

While industry analysts sometimes squabble over the pros and cons of single-tenant versus multi-tenant and many try to sit on the fence, ultimately there is a clear best choice for organizations that want to modernize their operations: multi-tenant deployment. MT is the true cloud, the one that brings the benefits typically associated with cloud computing, such as vast storage, speed of implementation, and advanced security, whatever the size of your business.

About Infor

Infor is a global leader in business cloud software products for companies in industry specific markets. Infor builds complete industry suites in the cloud and efficiently deploys technology that puts the user experience first, leverages data science, and integrates easily into existing systems. Over 67,000 organizations worldwide rely on Infor to help overcome market disruptions and achieve business-wide digital transformation.

infor.com

Optimize your operations with Infor's multi-tenant cloud ERP

LEARN MORE

INFDTP3011063-en-US-0324-1