

# On-Demand **Vs** On-Premise Business System

Helping You Decide Your Business System



Small and Medium Growing Enterprises

The technology mix with business minimizes the hurdles and blockages due to which small business suffers. The manual handling of the business process may appear to be efficient but it still has its consequences. The manual work is more prone to errors which can be minimized by the use of technology. A decision on any technology is closely related to the attitude and financial health of a business and therefore the step should always be taken carefully. This includes whether to select an on-demand or the on-premise model of a system help tool to the business.

The following is a rundown on some of the merits and challenges of these two software delivery models, with a focus on the needs of small-to-midsize businesses.

## On-Demand choice over On-Premises Installation

This model offers several benefits for small businesses and is a perfect solution and a viable option for their business. It is considered a relatively low-risk investment and more profitable investment because entry cost is low, no IT related issues, easily implemented and global accessibility anytime, anywhere.

### 1. Cost of Entry

Many small companies are offered the “pay as you go” aspect of on-demand software, seeing on-demand as a way to avoid the huge investment required for software licenses and hardware. On-demand software providers typically charge on a subscription basis and do not require an investment in IT infrastructure. The software is managed at the vendor’s data center on the vendor’s hardware on behalf of the customer, reducing the hassles of ongoing IT maintenance.

The low investment and no maintenance cost makes On Demand system more attractive.

### 2. Technology Management

Generally speaking, the smaller the business, it possesses the less time, limited money or expertise to purchase, manage and maintain an IT infrastructure small or big. An on-demand application eliminates many of these IT issues by outsourcing the setup and administration of the hardware and software to the software provider. The on-demand software dramatically reduces the technical burden associated with the ongoing IT management of business software, enabling businesses to devote more of their time to core and higher-value activities.

No IT hassle and expertise requirement for using and affording a business system gives an edge over the On premise system.

### 3. Implementation Time

The competitive advantage for many small companies is their ability to be nimble in responding to opportunities. A deployment that takes months can be a liability on companies. Because on-demand deployments are typically preconfigured and pre-installed by the vendor's experienced IT staff, they are relatively speedier. The system is easily scalable.

The shorter period of implementation makes On Demand system availability quick which is not in the On premise system.

### 4. Global Accessibility

Whether employees are in the office, at home or in a hotel room in another time zone, another country, access to an on-demand application is identical and always available. This means that there are no inherent compromises in functionality or difficulties in interacting with the application. You have availability of the data always and accurate.

The data availability of data always, anytime and anywhere is the greatest advantage for having an On demand business system.

### 5. Multi Branches and Locations Support

The usage and availability of the on premise system is limited to the single location. The additional connectivity is required to locate the data from other locations external connection will be required which involves further investments. Some additional hardware and software are required to that location which further increases the investments.

The on demand system has no investment issues related to hard ware and software and connectivity. There are no hidden investments required in the on demand model.

### 6. Data Accessibility and Ownership

The advantage of on-premise software is that businesses have complete data locally. This data is physically located on a business's premises and does not require the transmission and storage of data off-site. But this increases the load of maintaining databases and taking backups which involves costs and manpower. As the data grows with time additional hard ware and software required which includes further investment and the system becomes a liability to the business.

The On demand system surpasses all these issues.

## 7. Transactional Volumes

The on premise system is said to have the benefit of having the capability of supporting huge transactions. But at this point question flashes- Due to advancement in the technology people are able to communicate well. The electronic mails have replaced the traditional posted mail. All round the globe hundreds of millions of people access their email per second. And no business in the world can have such a large business transaction per second. The email works on the on demand model. This proves that on demand model is more efficient in handling the quantity transactions.

The on demand system works on email theory and hence can support any level of concurrent transaction volumes.

## 8. Seamless hardware/software Integration

Typically, on-premise software applications support external hardware systems. One example of this type is offer point-of-sale hardware integration. This type of integration is fully supported by the on demand systems on request and this integrated facility can be automatically be available at any location of the business.

## 9. Business Practices Flow

There exist different practices for doing the same business all around the globe. These practices are always available with the on demand system. The on premise has this limitation as it is built around the practices of the time when it is implemented. The on demand system is always gets up dated with the latest industry practices and is available at no costs.

## 10. System Growth

The on premise system often has the functionalities which are never used in the business but they are still there as a result of implementation and you have to pay for something which you never use. The nature of business is very dynamic and it keeps on changing according to the time. In this case the on premise system cannot change unless it is updated. To update the system huge investment is involved and due to this business keeps on using the system without upgrading which hinders the business practices. The on demand system has no such limitation it grows according to the business and these upgrades involve no cost

## 11. Labour Skill

The human resources are the most valuable assets for a business. The on premise systems are not easy to use and require more skilled human labor than on demand system. The skilled personnel are required to maintain the infrastructure required for the on premise system. This involves cost as skills are directly related to the cost. In the on demand system there are no such requirements as it is maintained by the vendor providing the system.

## Emerging Trends of Business Systems

A business management system integrates all facets of the business, including planning, manufacturing, sales, and marketing. A software application has emerged to help business managers implement system in business activities such as inventory control, order tracking, customer service, finance and human resources. As per the NASSCOM estimate, there are 20,000 business houses which are yet to see good level of automation through business applications.

The domestic software development companies serve the SME segment well and cost factor is a plus point. The local players clearly understand the business process and the working environment prevailing illiteracy among the workers, etc. The presence of generic modules in all the business system does not make a big impact in the minds of SME owners and the requirements for industry specific and process specific questions cannot be answered by the off-the-shelf products. In the melee, specific positive factors such as Process-oriented software, reference of more installed base for the vertical affordability, Savings, Rapid implementation, User Friendliness etc., score over the advantages like Multiple Platform support Multiple Database support, Scalability, Excellent Architecture and more.

Some of the emerging trends can be pointed are:

### Need based applications

The On demand business system offer need based applications. The firms need not be worried even if these Software Programs were not available. They were given the liberty to purchase and install Software Programs pertaining to that particular function. This advantage has helped to increase the scope of business system not only among large firms but also small and medium business as well.

### Expenditures minimization

On premises system is a very costly affair. Thanks to the intrusion of internet and open source applications. This has helped S.M.E.'S to enter the market of prospective buyers. This has not only widened the horizon of S.M.E.'s but also increased the usage among large firms. These large firms were not able to invest huge money in spite of adequate funds. Now that the spending on business system gets reduced there are no hesitations to show the green signal for fear of heavy monetary outlay. It is encouraging to notice the improving IT trends.

### No wastage of business time

The firms to day don't want to loose man-hours and divert from the focus. The On demand business systems are not complex to install and train. This has reduces the amount of time spent. Companies are thereby assured of spending lesser time for ERP.

### Open Source, Web enabled and wireless technologies

These are three important elements that have rejuvenated the functioning of a business system. On demand business system has done away with the hassles of paying license fees not only during installation but also whenever a modification is made. The company is relieved from depending even for mince matters.

### Openness to stake holders

On demand business system helps in making the enterprise operations go online. Any stakeholder or third party can access the required information very easily and that too by sitting anywhere in the world. This proves to be of great help especially during emergencies when the details are to be sourced with immediate effect.

### Communication channel improvement

On demand business system has helped organizations to make use of the communication channels effectively and efficiently. It has made it possible for many elements to operate in the system which were otherwise not possible. On demand is nothing but sharing enterprise information through devices like internet and other devices making it possible for outsiders to access the same.

## Which model is right for your business?

Once you know the respective benefits of on-demand and on-premise software, the key is to understand which issues are most important for your business and weigh the pros and cons. There will always be trade-offs. When choosing between the two options, you should consider the following:

1. **Cost:** Does your company have access to the funds necessary to invest in on-premise software? Or is it wise to invest heavily when the technology and solution is available at an affordable price.
2. **Feature-set and customization capabilities:** Do your company's changing business processes require more configuration and customization? Do you want to pay for your requirements each time? Is this wise to pay when you have a system which stays updated all the time according to your business without additional cost?
3. **Scalability:** How prepared are you to change your business management software as your company grows over time? Would you prefer to grow and replace your software, or let your software grow with your needs? Is this wise to have a system which cannot grow according to your business but you change your business process according to the system?
4. **Availability:** What level of uptime will the system provider guarantee and how quickly will it respond to a problem? Is this wise to wait for support when the support is available 24X7?
5. **Control issues and data security:** Are you comfortable with your business data which is physically accessible to others? Is this wise to keep your data at a known place and accessible to others when you can store data at unknown place and unreachable to others?
6. **Other practices:** Are you willing to use industries best practices to maximize efficiency of the business? Is this wise to use same old practices when you can gain profit from latest trends?
7. **Innovation:** Do you think to innovate and achieve superiority over others in the line? Is this wise to do nothing when you have ability to innovate?



For more information about how novosales can help your organization choose the best option for your business future journey, please contact us at [info@novosales.com](mailto:info@novosales.com)

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Our fully integrated and configurable, on-demand business system can help you optimize your business by enabling better collaboration, coordination, productivity, and efficiency across your operations. It's no

wonder that we are adding more and more customers on daily basis in small and midsize companies and helping them to get the best out of their business.

To find out how Novosales solution can help your company be part of new revolution, contact your local Novosales representative or visit us at [www.novosales.com](http://www.novosales.com)

