CRM: On-premise or Cloud?

Everyone's talking about the cloud as the place for storing data and running applications. Recently the direction of travel has certainly been in its favour, but is it the right choice when it comes to customer relationship management software? Some are staunch cloud advocates, while others will take some persuading that on-premise solutions aren't still the best option. But what's the reality? Where does the balance lie? And is it a case of picking one or the other, or is there another way forward?

On-premise vs cloud

The most obvious difference between cloud and on-premise solutions is where information and software is kept. While on-premise software deployment involves on-site servers, with the cloud your data and CRM software are stored on remote servers, accessed through an internet connection.

So one of the major benefits of cloud CRM is that there is no hardware to install or software maintenance issues to worry about, compared to taking things in-house.

And without the often significant upfront capital expenditure on computers and IT infrastructure or data center costs, the cloud's 'pay as you go' approach is very appealing to many smaller businesses.

Cloud cost comparison

The ability to scale cloud services as required also means that changes in your business environment can be accommodated much more easily, as increasing (or decreasing) cloud storage capacity is just a matter of altering your subscription. No more having to invest in expensive additional servers.

With cloud computing processes can also be more streamlined, as collaboration between departments becomes faster and simpler. Stored at a central point that can be accessed by those who need it, wherever they are, information becomes a living thing, constantly revised, in real time, so that everyone has the most up-to-date version. That avoids the risk of version conflict, which can happen with on-premise software if data is altered and different versions cross in transit between colleagues.

The strong benefits of cloud solutions for smaller businesses

If, as a smaller business, you have already bought into the cloud, then it makes perfect sense to choose a cloud-based CRM software, like Act! Premium Cloud, which uses secure cloud hosting, with all the technical elements and updates being taken care of by us.

With Act!, information is stored on a central CRM database that's updated in real-time, so you always know you are looking at the most current 'global' picture of a customer's account. Additionally, with our cloud-based CRM solutions, your 'on the road' sales force, or remote teams, even those working in multiple countries, are able to access the customer relationship management information they need, when they need it. This is essential for flexible working, but isn't possible if you are constrained by on-premise software. Similarly, if

you want access via your smartphone or tablet, you need a solution that has its own mobile app, or which can easily be viewed using your mobile web browser.

So, what's not to like?

Security worries hamper

With security concerns – both real and imagined – top of the worry list for many 'cloud critics', there are some who will never be truly comfortable with cloud computing, even though it is often more secure than many private data centers.

And while outages of major cloud computing services are rare, they do happen, making the fear of potential disruption to service a not unjustified worry for companies for whom such an event would be disastrous.

Of course, on-premise solutions suffer from this too, though with the cloud trying to retrieve the situation does leave you at the mercy of a third party. The degree to which you ought to be concerned will in part depend on the level of trust you place in your cloud provider.

And no matter what their reputation or your service level agreements, it is issues over trust that are often the most difficult to overcome for IT executives considering whether a move to cloud-based operations is right for their business.

There is also the question of how easy it is to retrieve data and applications from the cloud. Since data is often stored in proprietary formats, recovery involves service requests, at additional cost, which can be considerable.

Then again, there are the regulatory requirements of your industry as well as national laws to think about, which may limit what data can be stored outside a country. Healthcare and financial services are obvious examples of sensitive sectors where taking the decision to store sensitive information on-premise rather than using a cloud computing solution is the 'better safe than sorry' approach.

And 'where's my data' is the one question that continues to haunt public clouds, because it can be very difficult to know exactly where your data resides. Generally speaking, that question will be readily answered, but for now it clouds the cloud.

The best of both worlds

Difficulties with integrating your company's existing processes with the cloud may be another factor in not migrating. Custom databases of customer information, for instance, don't always sit easily in the cloud.

But with pros and cons on both sides, is there a way to square the circle so that you get the best of both worlds? Well, yes there is, which is why many businesses that might be hesitant to embrace the cloud wholeheartedly are willing to adopt a hybrid approach that uses a mix of on-premise software and hardware, alongside public or private cloud services.

Effectively this 'pick and mix' approach enables you to choose the technology that works best for you, in whatever form it takes. It allows you to stick with on-premise solutions when security may be an issue, and to use a cloud-based CRM system for greater cost-

effectiveness or when you need to give your off-premise team access to customer information.

Putting in place a hybrid system can be a good option if there is an embedded organizational hesitancy over using the cloud, as then it isn't being presented as an all or nothing solution. Using legacy applications on up and running accounts while using cloud-based tools for new business could be a cost-effective way to move forward with minimal risk, giving you the best of both.

And because there are no major long-term commitments with cloud-based solutions, you won't incur large or unnecessary expenses as you test the waters.

CRM: move to cloud or not?

So perhaps the most pragmatic view is not to think in terms of hosted vs on-premise, but rather in terms of whatever works best based on performance and convenience, and that means not necessarily an all-cloud or all on-premise solution.

According to Gartner, corporate policy about the cloud is likely to shift from cloud-first to cloud-only, where using it becomes the default position. In their review of the cloud, in 2015 nearly 90% of major organizations were already employing a cloud-first strategy.

Whether you are looking for on-premise software or a cloud-based CRM tool, our range of Act! products provides the answer. Which you choose will depend on the type of data you need to store and your approach as an organization to the benefits of cloud computing in general.