

Cloud drives innovation

By [Johani Marais](#)

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Among the characteristics of a mature market is the difficulty that vendors have in differentiating their offerings from those of other market players. That's a reality for ERP solution providers - standard modules, such as those that support financial, logistics, warehousing and other business functions, are almost universally good: you can't really buy a "bad" ERP today, in much the same way that you can't really buy a "bad" car.

In such environments, software vendors are often compelled to start competing on price and value-add instead of features - and that gives rise to a whole new phase of innovation. The chief innovation is the ability to deliver ERP as a cloud-based service.

This is evidenced in, for example, new and more efficient ways of delivering ERP functionality; implementing business management software today can hardly be considered innovative. Rather, it is a necessity for any company that reaches a certain size at which managing it with basic tools contributes to inefficiency and a loss of control.

However, South African companies are coming around to the possibilities offered by hosted ERP solutions and even those delivered as cloud services.

The cost factor

What's innovative about that? While cost should never be the sole determinant of value, it nevertheless remains a crucial factor for any savvy business person. If your business can get what it needs at high quality at a lower cost, it means more for the bottom line. And that's what remotely hosted ERP does.

Hosting is nothing new, but with improved connectivity it is growing in popularity. But what is perhaps even more exciting, and also directly linked to improving connectivity, is cloud ERP, in which businesses are able to access the services that they need and pay only for consumption.

It's the promise of the cloud that has, by now, become familiar: pay per use, accurate alignment of technology spend with business performance, and the ability to scale services to match demand.

There's also nothing new about the advantages offered by cloud application delivery, nor even about ERP delivered in such a way. What is new, though, is that a growing number of South African businesses are running their companies with cloud-based HansaWorld Enterprise.

Competitive advantage

Right now, the profile of the typical cloud ERP user tends to be a small or mid-sized organisation, often one with growth ambitions. Companies that fall into this category tend to have a lower risk profile than bigger corporations; they also tend to be unrestricted in terms of legacy systems and willing to seek advantage through innovative sourcing of their technology needs.

These businesses are reaping the benefits of cloud systems, contributing to their own competitive advantage. The benefits that they are enjoying include the ability to open new branches quickly, to access information regardless of location and to pay far less for systems capable of delivering every function and feature associated with modern business software. As a result, these businesses are more agile, more responsive and spend less on systems - so they are more profitable.

As these companies grow - and as a new generation of people enters the workforce - cloud ERP will move higher up the value chain. It is the way of the future - and early adopters are proving that the future is here today.

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