Which Software Platform to Choose?

On-Premise or Hosted-Owned or Hosted-SaaS or Cloud-SaaS

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YOU MAY BE ASKING YOURSELF WHICH SOFTWARE APPLICATION PLATFORM IS BEST FOR YOUR ORGANIZATION: ON-PREMISE, HOSTED-OWNED, HOSTED-SAAS, OR CLOUD-SAAS (SAAS: SOFTWARE AS A SERVICE). THIS IS A VALID QUESTION FOR EVERY ORGANIZATION. THIS ARTICLE PROVIDES AN OVERVIEW OF THE PLATFORM ENVIRONMENTS INCLUDING SOME OF THEIR ADVANTAGES AND DISADVANTAGES. IT DOES NOT COVER SETTING UP A SPECIFIC SOFTWARE APPLICATION.

The same basic components for all the platforms are the hardware and software. The primary differences occur when determining ownership, the locations of both hardware and data, accessibility, and the software application's functionality.

The architecture of an On-Premise software application, whether it is Hosted-Owned or Hosted-SaaS, has the same database framework. Each organization, therefore, has its software application installed and upgraded on an individual basis; this is the reason different organizations can be on different versions of the same software application at the same time. Accessing the data for the On-Premise platform will be determined by the organization. The host provider will determine the accessing method for both Hosted-Owned and Hosted-SaaS platforms.

The architecture of a true cloud software application is built on the multi-tenant concept where all the data for everyone resides in the same database framework and can be accessed the same way via Internet browsers. Everyone using the same cloud software application, therefore, receives the vendor's upgrades at the same time.
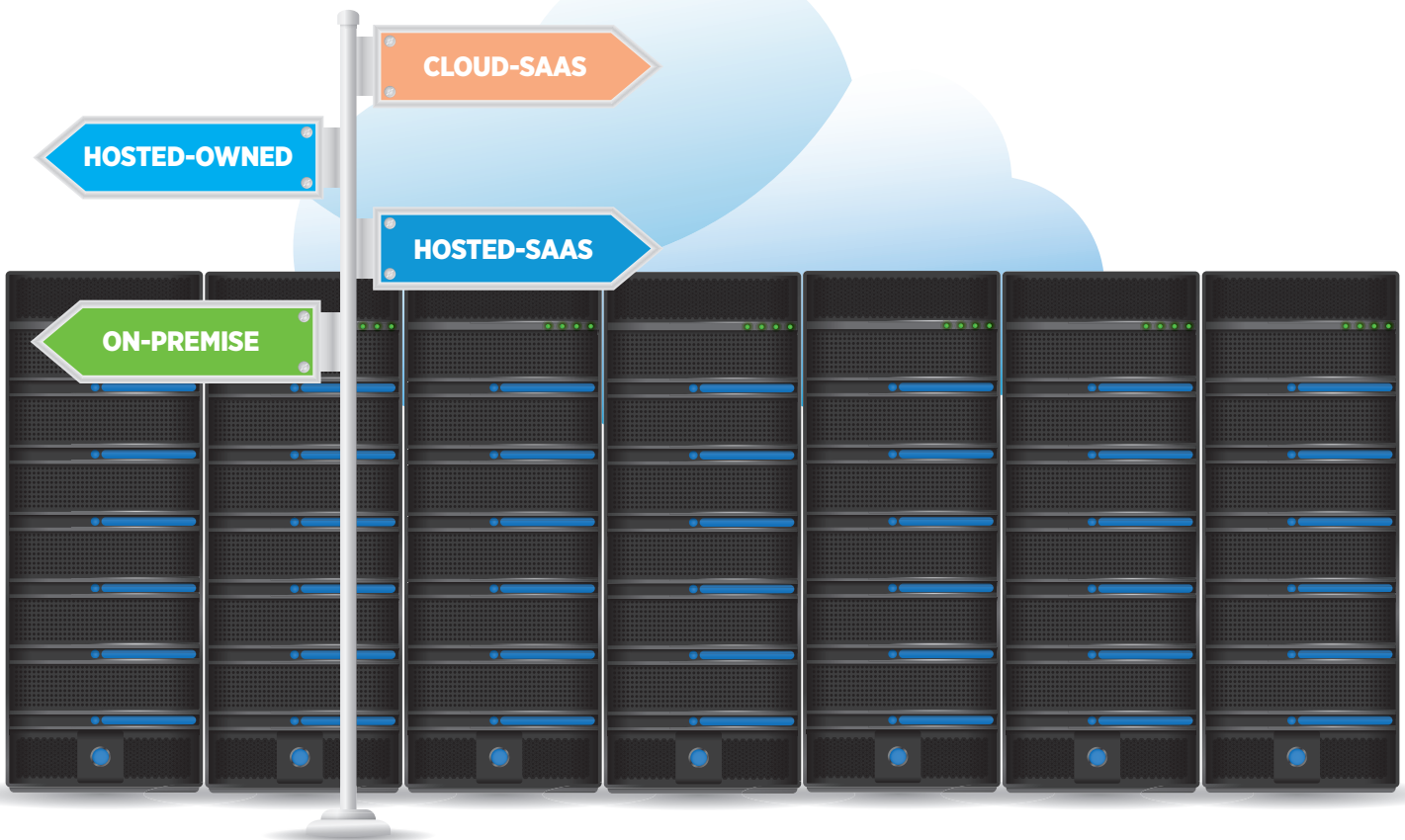
ON-PREMISE PLATFORM

The organization owns the software application and the supporting hardware and software.

Advantages for the organization:
- Access to data and database tables onsite
- Ability to migrate archived database to another software application easily when the organization is ready

Disadvantages for the organization:
- Cost and stress of purchasing the software application, supporting hardware and software, and paying for experts' time to setup, maintain, and upgrade them, including the software application itself
- Responsiblity for keeping the data secure, making backups, and recovering after a disaster

HOSTED-OWNED PLATFORM

The organization owns the software application but not the supporting hardware or software which are accessed through a user-license subscription from a host provider that may charge an initial setup fee. Depending on the contract, either the organization or the host provider will install and perform the on-going upgrades for the software application.

Advantages for the organization:
- No requirement to purchase the software application's supporting hardware and software and pay for experts' time to setup, maintain, and upgrade them
- Possible option to bring the software application back On-Premise if the host provider sets up the organization's hosted environment to enable this future option
- Possible access to the software application's database tables if the host provider sets up the organization's hosted environment to enable that access

Disadvantages for the organization:
- Monthly or annual costs established by the host provider and increased over time
- Setup for each workstation required for remote access to the software application. Some vendors have a web-browser user interface to the software application, but this usually requires more setup and web services that may increase the monthly or annual hosting fee with the host provider.

HOSTED-SAAS PLATFORM

The organization does not own the software application or its supporting hardware and software. It will purchase user-license and module subscriptions from a host provider that may charge an initial setup fee and will be responsible for on-going upgrades.

SOFTWARE PLATFORM COMPARISON CHART

Factors	Software Platforms			
	On-Premise	**Hosted-Owned**	**Hosted-SaaS**	**Cloud-SaaS**
Install Location	Your Servers	Provider's Servers	Provider's Servers	Vendor's Servers
Hardware	You Purchase & Setup	Provider's Responsibility	Provider's Responsibility	Vendor's Responsibility
Hardware Upgrades	You Maintain & Upgrade	Provider's Responsibility	Provider's Responsibility	Vendor's Responsibility
Software License	Capitalized with Annual Maintenance Expense	Capitalized with Annual Maintenance Expense	Monthly or Annual License Fee	Monthly or Annual License Fee
Software Upgrades	Your Responsibility	Depends on Contract with Provider	Provider's Responsibility	Vendor's Responsibility
User License	Initial Purchase with with Annual Enhancement Fee	Initial Purchase with Annual Enhancement Fee	Monthly or Annual License	Monthly or Annual License
Hosting Fee	None	Monthly or Annual User-License Fee	Included in Monthly or Annual Fee	Included in Monthly or Annual Fee
Owner of Data	You	Depends on Host Provider	Depends on Host Provider	Depends on Vendor
Data Table Access	Yes	Yes	No	No
Data Security	Your Responsibility	Provider's Responsibility	Provider's Responsibility	Vendor's Responsibility
Backup & Disaster Recovery	Your Responsibility	Provider's Responsibility	Provider's Responsibility	Vendor's Responsibility
Scalability	Your Responsibility	Provider's Responsibility	Provider's Responsibility	Vendor's Responsibility
Retain Legacy Data	Keep Hardware & Software Working	Archival Fee or Download Data	Archival Fee or Download Data	Archival Fee or Download Data
Software Architecture	Individual Database	Individual Database	Individual Database	Multi-Tenant

*For all the platforms, it is important to have an **"Exit Strategy"** that includes both transactional data and scanned documents for when the organization chooses to migrate from its current software application to another software application opportunity.*

Advantages for the organization:

- No requirement to purchase the software application, its supporting hardware and software (example: operating system), and pay for experts' time to setup, maintain, and upgrade them
- Upgrades performed by the host provider

Disadvantages for the organization are the same as the Hosted-Owned, and in addition:

- No access to database tables by the organization
- Difficulty of moving database tables to an On-Premise platform depending on database install configuration

CLOUD-SAAS PLATFORM

The organization does not own the software application or its supporting hardware and software. It will purchase user-license and module subscriptions from a vendor that will be responsible for on-going upgrades.

Advantages for the organization:

- No requirement to purchase the software application, its supporting hardware and software, or pay for experts' time to setup, maintain, and upgrade them
- Accessibility via Internet browsers, making it mobile, and very convenient
- Upgrades provided by vendor (The organization will always be on the latest version.)

Disadvantages for the organization:

- Monthly or annual costs established by the vendor and increased over time.
- No access to database for the organization.
- Option to move database tables to an On-Premise platform.

IN CONCLUSION

The organization will want to verify that it owns the data in all situations with either a Hosted or a SaaS platform. Also verify the provider or vendor is responsible for backups and disaster recovery services, provides 24/7 technical support, has close to 100% accessibility to the software application, and is SSAE 16 Type II audited and PCI DSS certified where applicable.

NOTE THE FOLLOWING

If the organization stops making the monthly or annual fee payments, the host or SaaS provider will stop the organization's access to its accounting data.

When host providers or vendors offer discounts, they may also require a commitment from the organization for multiple years.

The first year's cost outlay for a software application is usually less for SaaS platforms (Hosted-SaaS and Cloud-SaaS) than for ownership platforms (On-Premise and Hosted-Owned).

For all the platforms, it is important to have an "Exit Strategy" that includes both transactional data and scanned documents for when the organization chooses to migrate from its current software application to another software application opportunity. Planning upfront for the end helps reduce unexpected surprises at the back end.

Author

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