

Five benefits of subscription-based ERP for your business

By [Viesturs Zalaiskalns](#)

18 Nov 2015

With the emergence of a 'subscription-based economy', a variety of goods and services can be purchased 'as a service' rather than outright. Those services could be almost anything, for example, trucking companies in America that can purchase tyres 'as a service'. It should come as no surprise that Enterprise Resource Planning software can also be purchased on a subscription-based model.



stevepb via [pixabay](#)

While requiring something of a mindset change, subscription-based ERP makes a great deal of sense in terms of delivering more value, reduced costs and providing greater flexibility. **Here are the top five ways that subscription-based ERP can benefit your business:**

1. Unlimited flexibility

In the old days of ERP, what you bought was what you got, right up until the end of the contract. But business changes, sometimes quite quickly. The number of people (and therefore the number of licenses) isn't likely to be precisely the same on day 1 of the contract as it is on the final day. Subscription-based ERP means you can match your software requirements to your business' performance on a monthly basis - right down to accessing more server power and faster disks in busy periods, and less when things are more quiet.

2. Try new features with low or no risk

It's not just volumes of licenses which are an indicator of flexibility. Modern ERP systems offer a huge array of features, options and services. Buying all of them generally isn't a good idea, for two reasons: one is the cost, the other is that not every feature is useful to every business. Wouldn't it be nice to try out new services without any cost? With the subscription model, that can be done, either on a 'freemium' model, or a limited time 'no cost' option. If it works, pay for it. If not, ditch it. All it has to cost is a little time to sandbox it.

3. Access ERP now

Startups tend to have a few things in common: they are short on capital, long on 'making a plan' to solve problems and tend to take a laissez-faire approach to business systems and processes. Implementing ERP over three or four years means

those loose processes which have become habit will have to be changed. The project is therefore difficult, complex and painful. With the subscription model, any business can access ERP from day one, leaving precious capital untouched while ensuring rigour, best practice and quality business systems grow along with the company.

4. The onus to deliver value is on the vendor. Constantly

With your ERP vendor getting paid on a monthly basis, it has to constantly demonstrate value or face the reality of being replaced. While any ERP implementation, whether cloud-based or not, isn't something taken lightly, the demonstration of value is not so much based on 'does the system work or not' but rather on 'how can the vendor innovate and offer new and attractive services'. Vendors step up their innovations to offer new services that will benefit your business (and you can typically try them for free as well).

5. Say goodbye to capital expenditure

In the old days, vendors enjoyed collecting big lump sums once a year whereas ERP customers were less enthusiastic about making those payments. Already mentioned for startups, controlling CAPEX for any business is a worthwhile and advantageous exercise. Subscription models mean monthly payments, rather than hefty cheques.

Switching to a subscription-based ERP requires a change, not only from customers, but also from the providers of these solutions. It isn't necessarily easy for either side of the equation, but there is a groundswell of demand from customers who are increasingly expecting software to be provided on a 'pay per use' model. That's driven the necessary investment from vendors to establish the infrastructure, systems and processes to deliver subscription-based models. Customers want it because it is a better way of paying for the services necessary to run a successful business.

ABOUT THE AUTHOR

Viesturs Zalaskalns, Channel Manager at HansaWorld South Africa

For more, visit: <https://www.bizcommunity.com>