

10 Ways to Spot Cloudwashing and Why True Cloud ERP Is Your Best Choice



At a Glance:

- Many enterprise software vendors make claims that their applications are built for the cloud when they are not. Cloudwashing is a term used when enterprise vendors tout their limited cloud capabilities in the hopes of being considered a true cloud solution.
- Understanding the key characteristics of a true cloud application and platform will put you in a much better position to evaluate a cloud ERP.
- In addition, identifying a cloudwashing ERP vendor versus a SaaS cloud ERP vendor will also empower you to make the best choice in an ERP system for your organization.

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Falling Victim to Cloudwashing

Legacy ERP vendors offering some cloud capabilities or hosting their existing applications on the cloud often confuse prospective buyers into thinking that their application or system is a true cloud solution. This is cloudwashing: aligning an application or system to the cloud in any way with the hopes of instilling credibility with buyers. But when these solutions aren't built exclusively for the cloud, you may be getting a lesser solution than you actually need. This paper provides a definition of a true cloud ERP solution and identifies ten tell-tale warning signs that you are being cloudwashed.



Defining Cloud Computing and True Cloud Applications

There are as many definitions of cloud applications and platforms as there are enterprise software vendors. We rely on the National Institute of Standards (NIST) definition of cloud computing since it is an impartial organization responsible for technology standards.¹ The essential characteristics of cloud computing applications and platforms according to the NIST include:

Resource Pooling

Support for multi-tenancy and real-time scalability of resources to meet the unique computing workload requirements of each specific application and platform. True cloud platforms are built on a true multi-tenant model, with different physical and virtual resources dynamically assigned and reassigned according to consumer demand. Common resources that are pooled include storage, processing, memory, and network bandwidth.

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Rapid Elasticity

One of the most difficult aspects of a cloud computing architecture is the ability to elastically provision and release resources to support varying application requirements. Best-in-class cloud platforms have the ability to scale automatically, either upward or downward, based on application demand with application users not experiencing any degradation in performance. Cloudwashed applications will often crash when deployed in a hosted mode if the resource workloads become too great over time.

On-Demand Self-Service

The ability to unilaterally provide diverse, highly-scalable computing resources including network bandwidth, network storage, server time, network capabilities, and many other services all without human intervention is the essence of on-demand self-service. On-demand self-service is the ability of an application to scale in real time based on the resource needs of a given application instantly.

Broad Network Access

Client and platform independence that includes Application Programmer Interface (API) support for a very broad, heterogeneous base of thin, thick, and mobile clients. True cloud applications and platforms can scale across any mobile, handheld or desktop device with no degradation in functionality, user experience or performance. The greater the breadth and depth of mobile device support, the truer the cloud platform. Without support for mobile devices and little if any APIU support for intensive transaction web services down to the device level, nearly all ERP vendors practicing cloudwashing today are faking it where it matters most: delivering a truly excellent user experience regardless of device.

Measured Service

True cloud platforms can automatically control and optimize resources and services using a metering capability that is designed into the core areas of the platform. It is common to find dashboards that report back storage, processing,

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bandwidth, and active user accounts' performance and status in real time. Having measured services at the platform level provides a much greater level of accountability over cloud application and platform performance.

Ten Tell-Tale Signs of ERP Cloudwashing

Now that you know the characteristics of true cloud computing applications and platforms, you'll need to be able to identify when an ERP vendor is attempting to cloudwash their applications. Be on the lookout for these ten tell-tale signs:

1. Every cloud customer is running a different, highly customized application. This is a sure sign that an ERP application isn't cloud based and there is no scalability in the application architecture.
2. You have to buy a special cloud server or appliance to run their version of the cloud. Incredible but true, there are software vendors selling cloud-based applications that require their own servers. These servers can be \$1million+ and ironically lack the scale of more pervasive cloud platforms. When vendors sell hardware to run cloud applications it's a sure sign their software isn't designed for broad network access, resource pooling, and rapid elasticity. This isn't cloud—it's client/server in disguise.
3. Their sales teams think multitenancy is about complex apartment leases. A sure sign any enterprise software vendor is cloudwashing their applications is when their sales teams have no idea what multitenancy is and how it relates to your business strategies. Quiz them on what the cloud means to your business and the truth will come out fast. They frequently have no idea of how to apply their applications to your business strategies and needs.
4. Thinks a data center audit is what happens when Amazon counts its servers. A true cloud-based ERP and enterprise software vendor has extensive plans, processes and programs in place that audit data center performance in real time. This not only provides invaluable performance data but also fuels predictive analytics to determine reliability, security, and detailed preventative maintenance analysis to ensure consistently high levels of performance.
5. Takes up to two years or more to provide new application updates. A true cloud ERP application and for that matter, all enterprise software delivered over the cloud, is updated continuously. The best cloud ERP applications

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or systems provide a single, always current line of code that all customers use, releasing features that customers can choose to opt in and out of. It would be a financial disaster for any cloud ERP vendor to wait over a year to update their software as many of them have customers on one-year contracts who would go elsewhere.

6. Complex, confusing, and often costly pricing that blends the best of what on-premise license, subscription and monthly service charges have to offer. The more complex the pricing, the more likely there's serious cloudwashing going on. A true cloud ERP provider relies on subscription-based pricing alone, as do many other honest cloud-based enterprise software vendors. The greater the complexity of licensing, subscriptions and monthly service the more likely the applications are retrofitted on-premise software delivered on a hosted platform, not a true cloud platform.
7. Calling hosted applications cloud based and saying all that matters is that it runs in a browser. This is a favorite for many on-premise and enterprise software vendors who don't have actual cloud applications. There's shared, virtual private server (VPS), grid, and dedicated hosting approaches being used by ERP vendors to mask their applications as cloud-based. Cloud hosting is the most common and cheapest model, at least up front. But behind the veneer of the initial cost is the true cost of ownership that includes upgrade costs, software maintenance, and IT overhead. The application is shared from a specific system alone. VPS hosting is based on the concept of multiple servers acting as a single logical device to increase reliability. VPS hosting however pays a performance penalty since they are allocating a guaranteed amount of resources to each client that can't be rerouted to others. Grid hosting integrates together multiple servers to scale resources, yet applications hosted on this platform often pay a performance penalty. Dedicated hosting includes a specific server and disk storage capacity and resources. None of these approaches to delivering enterprise applications over hosting make them more scalable. When applications fail to scale as vendors promise they will, customers are charged even more for additional system resources.



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8. Taking months, not just minutes, to add users, groups, and entire divisions. A true cloud platform and applications are capable of scaling from a few users to thousands in seconds. All that's needed is to turn on individual user accounts. The same can't be said for cloud washed applications. It can take weeks and often months to get new accounts turned on across global locations. Any cloud-based applications can immediately scale to full performance regardless of its location anywhere in the world, at any time.
9. No unified security across all applications and platforms. A sure sign there's cloudwashing going on is when a different security exists for each application and platform. Real cloud applications share a common security model across all devices and user interfaces because it's embedded into the infrastructure and platform layers of the architecture. True cloud applications are based on platforms that are complaint with FISMA, SSAE 16 (formerly SAS 70), ISO 27001, PCI-DSS Level 1, Safe Harbor & TRUSTe standards.
10. Inconsistent and non-existent user interfaces across mobile, tablet, and PC platforms. A sure sign any ERP and enterprise application has been cloudwashed is that every device has a different interface or none at all. Ask to see the application running on every device your company uses to see how well it scales on this point. True cloud applications can scale across multiple devices with identical functionality and performance.

Don't be fooled by cloud pretenders. Use this ten-point guide to make sure that your enterprise application provider is providing true cloud, not a cloudwashed version of outdated on-premise software.

1. Mell, Peter. Grance, Timothy. The NIST Definition of Cloud Computing. National Institute of Science and Technology. September 2011.

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