

Ten Ways to Catch ERP Software Companies Faking It with Cloudwashing



At a Glance:

This white paper demonstrates how many enterprise software vendors claim to have cloud-based applications when in fact they have none. You will learn how to:

- Define the term cloudwashing.
- Understand the definition and benefits of true cloud computing.
- Identify ten ways to spot vendors who are cloudwashing.

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Many enterprise software companies are deliberately misleading prospects and customers, using cloudwashing to make quick sales without doing the hard work of cloud application development. It's time to look beyond the veneer of what many software companies claim are cloud-based applications and reveal the truth. That's the goal of this white paper, to provide ten ways to spot software companies who are practicing cloudwashing.

Legacy ERP vendors with stalled sales cycles for their existing applications, often decades old, are turning to cloudwashing with an intensity that rivals an Olympic sport. The performance paradox of claiming to have cloud-based enterprise applications now, yet lacking the discipline, process and focus to create new applications isn't lost on anyone.



Defining Cloudwashing

Cloudwashing is claiming that applications and platforms are cloud-enabled and fully cloud-compliant when they are not. There are vendors claiming their entire server architectures are cloud compliant, which is an oxymoron. True cloud-based applications are hardware agnostic and elastically scale to application resource needs.

The tell-tale signs of a cloud-washed application include long lists of server prerequisites, extensive use of remote application software to replicate what a true cloud platform does, and incredibly complex configuration requirements for enabling networked applications. Enterprise applications delivered in multiple terminal emulation windows is another sure sign of cloudwashing. One of the best examples of cloudwashing is selling a large, complex server for over \$1M, telling customers they need it to run their own cloud. Vendors looking to capitalize on the confusion buyers have about what cloud-based applications and platforms are and aren't use these selling strategies to sell outmoded applications. Having a very clear definition of just what cloud computing is needs to anchor any discussion of cloudwashing.

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Defining Cloud Computing and True Cloud Applications

Gartner defines cloud computing as a style of computing in which scalable and elastic IT-enabled capabilities are delivered as a service using Internet technologies. There are as many definitions of cloud applications and platforms as there are on-premise enterprise software vendors. Fortunately the National Institute of Standards (NIST) has defined cloud computing in the paper National Institute of Standards and Technology Definition of Cloud Computing.

The NIST's definition is the most unbiased and pervasively used. The five essential characteristics of cloud computing applications and platforms according to this standard's organization include:

- 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. Inherent in this definition of on-demand self-service is the innate 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 is. 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.
- 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. Cloud washed applications will often crash when deployed in a hosted mode if the resource workloads become too great over time.
- **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, 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.

While there many more definitions of what cloud computing is, the NIST framework provides the most impartial, clear set of benchmarks. With these benchmarks in mind, here are the ten ways enterprise software vendors cloud wash their applications.

Ten Ways to Spot ERP Vendors Who Are Cloudwashing

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. One of the greatest benefits to cloud ERP customers is standardization of new applications and a rapid release cycle that delivers new features quickly. These two factors drastically reduce the need for customization and reduce Total Cost of Ownership (TCO) very quickly.
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 \$1M+ 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.

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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 at least three to four times a year. There are multiple releases a year that many cloud ERP vendors give their customer the opportunity to opt in or 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 very 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 being sold are on-premise and delivered only 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



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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. Shared hosting is by far the most common as it is the cheapest. 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.

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 compliant 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 cloud washed 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.

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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.

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