

Clouds Not in the Forecast for Some CFOs

Suddenly, it seems everyone is talking about cloud computing. Everywhere you look, companies are jumping on the cloud, or about to. The trend has actually been building for the past 10 years, but the tipping point has been reached and cloud computing has arrived.

That's why it is so intriguing that some CFO's at small and mid-sized firms are refusing to follow the herd to SaaS (Software as a Service) and instead are embracing on-premises software.

What about the cost-savings of the cloud? The reduced maintenance costs? The "pay as you go" efficiency?

Conversations with a cross-section of these CFOs reveal (in a totally unscientific sampling) what they are thinking, boiled down to the **Top Five Reasons Some CFOs Prefer On-Premises Software**. Granted, every company has unique concerns, but it's a good idea to consider all viewpoints when evaluating new technology solutions.

1. **TCO? Get Real.** Many CFOs analyzed the "real" cost of ownership and determined that over a long period of time, the cost is quite expensive. Some said their analysis assumed zero growth, because the percentage allocated to running a cloud system never went down. Quipped one: "SaaS is like having a silent partner who gets a piece of the profits, but who won't negotiate better terms."
2. **Integrate This!** The need to integrate key applications – especially CRM – came up a lot. The consensus seemed to be that the pain and cost of integration with many cloud environments was greater than integrating systems on an internal network.
3. **Control Issues.** Some CFOs balked at the amount of testing and maintenance that would be required to keep integrated systems working properly, especially with CRM upgrades. Their perception was that it is far easier to deploy upgrades and changes using internal applications, and they could control costs better.
4. **DIY Clouds.** Virtualization has become much more affordable to small and mid-sized companies, which can now have internal backups or failover capability (automatically switching over to a redundant or standby server or network) if a failure occurs. Some CFOs like the way running their own cloud would positively impact operating budgets.
5. **I Gotta Be ME!** One CFO put it this way: "If my company is using the exact same systems as my competitors, how can I possibly win? At least if I'm running my own systems on my own premises I have the flexibility to create a competitive advantage."

So, there you have it. While there are numerous benefits to cloud computing systems, each company must decide for itself if the cloud is right for them.