



# Total Cost of Ownership When Considering a Move to the Cloud

## The Cost Savings of Moving to the Cloud

Evaluating the ROI of cloud-based solutions versus on-premise software can sometimes feel a bit like comparing apples to oranges. This white paper provides an overview of the costs and savings associated with a migration to a cloud-based model, including:

- Access differences
- Hardware costs
- Ongoing maintenance, security and support
- IT staffing levels

In the last few years, the cloud has been steadily revolutionizing software delivery to corporate end-users

across multiple industries, ranging from banking to Customer Relationship Management (CRM). The accounting profession is no exception. Today, more firms are evaluating the new robust cloud-based tax, audit and accounting solutions, and in the process, they're comparing functionality, efficiency and overall cost with that of traditional on-premise software programs.

At its most basic, the cloud is a new model for hosting and delivering on-demand software to a mobile workforce. To fully appreciate the total cost of ownership when moving to a cloud-based model, it's important to account for both hard and soft costs.

## Shifting Hardware Costs to the Cloud Provider

One cost savings associated with cloud-based systems is that hardware and related resources are no longer required to keep the software up-and-running. Most firms have multiple servers dedicated to housing software and client data. Servers require space, network lines, additional security measures and a skilled IT staff to maintain them in working order. In addition, many firms hire third party consultants to help them customize on-premise software to their firm's standard practices, representing a significant additional cost.

In the cloud, the software vendor/host bears all costs associated with hardware, security and maintenance. As a result, firms no longer need to purchase servers to house the software and data on-site. Without the need for servers, firms using cloud-based solutions can free up costly real estate and convert server space to office space for other uses. In addition, since cloud applications are accessible from anywhere, preparers can access the software from home or from the road, decreasing the overall need for physical office space.

## Enhanced Security Included

One of the most immediate benefits of cloud computing is that it creates an instant off-site back up, protecting firms against natural disasters and loss of data. Given the significant investment in security and backup, a trusted cloud accounting solutions provider — such as CCH — often has more stringent security standards than even the largest of firms. Cloud software providers quickly become an important part of an organization's data security and business continuity plans.

## Easier End-User Updates, No Interruptions

One area often overlooked when comparing on-premise software with cloud-based solutions is the staff and time required to update on-premise software. When

an IT team updates on-premise software (typically an average of 8-10 times during a normal tax season), they have to take the servers offline for a period of time to install the update. Once that's complete, they need to modify every staff desktop and laptop computer in the firm, all of which takes time and reduces staff productivity during the time that their systems are being upgraded.

When a firm uses CCH Axxess™, CCH manages the update process, saving the firm's IT staff valuable time and resources. As a result, there is no waiting to get the most recent software updates. All staff will find the updated functionality waiting for them from the moment CCH makes the upgrade live online.

## Reducing or Redeploying IT Resources

IT staff are an important part of any firm, but finding people with the right combination of skills is a continual challenge for most organizations. In addition, skilled IT staff can be expensive. Today, most IT staff spend the majority of their time managing systems and keeping software up-and-running.

While some IT staff might have been initially threatened by the cloud when the technology first began gaining traction in the marketplace, many are now recognizing that cloud-based software can be a means for IT to operate more efficiently and strategically. The cloud model requires fewer servers and significantly less direct IT involvement than on-premise software. In addition, providers like CCH have integrated with Microsoft® Active Directory, allowing firms to create a single sign-on across all products instead of credentialing staff within each program. This represents huge time savings for IT staff.

When making the move to the cloud, some firms are able to reduce their IT staffing costs, while others choose to redeploy the IT staff to other projects to support the firm's key business initiatives.

## Not Just Short-term Savings

When moving to the cloud, firms should understand that short-term cost savings should not be the primary goal. In fact, some firms have found that the switch to cloud-based software is most effective when paired with a holistic redesign of the workflows within the firm. By developing new processes to maximize the new software, firms can transform incremental short-term savings into long-term growth and prosperity.

While reduced IT costs and improved security are certainly benefits of cloud-based software, some benefits are less obvious. The ability to communicate more effectively with clients, enable a more mobile workforce and improve collaboration among staff are additional capabilities that firms can realize with cloud software. However, capitalizing on these changes is a more long-term endeavor, which will require careful planning and implementation. The time spent up-front will reap generous rewards later on.

## The Next Wave

There is no question that for the accounting profession — the cloud represents a significant step forward. It frees firms from the business of software maintenance and support and gives them the opportunity to truly focus on what they do best. Clearly, there are efficiencies to be gained and, in the current economic environment, all decisions must be made with a critical eye toward ROI. It's only when firms take a broad view and evaluate all of the areas affected by a migration to the cloud that they can make fully-informed decisions to best serve the needs of their clients and staff.