

WMS In the Cloud

Real-World
Business Option,
or Just Fluff?



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So the world probably doesn't need another whitepaper detailing the benefits of a warehouse management system (WMS) – which, by the way, are increased productivity, real-time access to information, up to 99+ percent inventory accuracy, faster shipping, better collaboration with partners and improved customer service, to name a few. But perhaps you've been putting off installing a new WMS because you're not sure you could articulate how those benefits outweigh the potential risks to your business. You're not sure you're quite convinced yourself. "Do I have enough staff to install and support such a sophisticated system? Our IT department is pretty overwhelmed already. And all the infrastructure costs..." You wonder if a WMS will deliver a return that makes the time and financial investment worthwhile. Are we getting warm?

Warehouse Management in the Cloud: Four Reasons to Consider it for Your Business

Have you heard all the talk about cloud computing lately? WMS technology is now available in a cloud delivery model from some providers, offering a lower cost, reduced risk option. Not entirely sure what cloud computing is? Wondering if it is a real possibility for your business, or just a fancy new buzzword? Cloud computing for WMS means that your WMS vendor will host the software application and hardware infrastructure for you as an on-demand, scalable and elastic service. It shifts the burden of WMS technology administration to the WMS technology experts. There is no hardware to purchase or maintain, patches and upgrades are done automatically, implementation is dramatically simplified, no capital expenditure is required and there is less risk for you. You access the WMS via a Web browser and gain the functional benefits of a new WMS without the up-front costs and IT drain.

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Let's look at cloud computing in supply chain terms – it is basically the IT equivalent of a third party logistics provider that manages physical distribution for you. Just like a 3PL supplier provides you with warehouse space, your cloud WMS provider will host your hardware and software and maintain it on your behalf. There is no capital expenditure because you are essentially renting the system. There is also less risk – implementation time is much shorter and demands on your IT staff are lessened. Plus, you can try the solution for a time and if it doesn't turn out to be the best option for your business, you can simply walk away. That's a fresh option that you don't normally get with high-end software systems.

Read on to learn four solid reasons why putting your warehouse management system in the cloud may make the most sense for your business – and how it can affect your bottom line with a faster return on investment.

1. WMS in the cloud is elastic and scalable to match your business needs

WMS in the cloud provides WMS solutions that are affordable and efficient for a variety of company sizes. Gone are the days when tier-one warehouse management systems were attainable only by the Fortune 500. With WMS in the cloud you have a subscription-based pricing model, so you only pay for what you use. The outcome is a more affordable solution with less risk for you. The cloud is elastic and scalable so you can access more power when you need it for seasonal business changes or spikes in demand.

The cloud provides "self-service" access to your WMS application, giving you increased agility to match the changing pace of your business. Research shows that the typical box for an IT server has an average CPU utilization of less than 50 percent. With traditional self-hosted systems, you have to buy the hardware based on your highest demand. With WMS in the cloud, you can seamlessly scale and accommodate spikes in demand.

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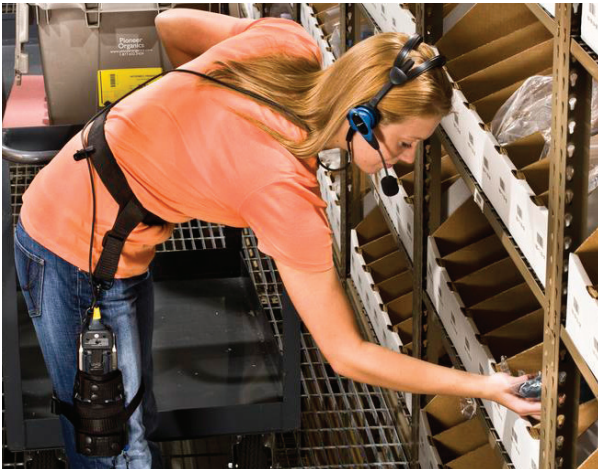
2. WMS delivered via cloud can help lighten the IT load

“The rise of the cloud is more than just another platform shift that gets geeks excited. It will undoubtedly transform the IT industry, but it will also profoundly change the way people work and companies operate.”

– The Economist, “Let It Rise,” Oct 23, 2008.

As technological needs continue to increase, many companies are running out of IT space and power. On-premise software requires rack space, electricity, cooling, bandwidth, hardware and trained IT staff to install the systems and perform upgrades and routine maintenance. Not to mention the manpower required to become an “expert” on every technology stack and all the applications needed to run the company.

Cloud computing removes the maintenance headache of cost and labor, freeing up time for your IT staff to focus on more important issues. There is no hardware to purchase or maintain, and you are no longer required to manage hardware vendors, hardware support contracts and carry insurance on your hardware. The shared infrastructure provided by the cloud takes advantage of economies of scale, giving you better hardware utilization and resulting in more computing capacity for your infrastructure dollar.



3. Cloud WMS can be implemented faster – so you can start reaping the benefits more quickly

With cloud computing, you can have your WMS up and running much faster than with a traditional, on-premise solution. There is no lengthy and confusing installation slowing your business and taxing your resources. Rather than hard-coding customizations to your WMS, the software is configured to your needs and the software image is ready to be turned on in a fraction of the time it takes to implement a traditional on-premise WMS. Plus, there is no need to worry about applying the latest patches, since ongoing updates are applied automatically and seamlessly.

With cloud computing, you start attaining your return on investment much more rapidly. Because of the simplified implementation, and the “pay as you go” service, you can test drive the software without a major capital investment that you are tied to for five years or more. Perhaps you are intrigued by some new WMS capabilities and wonder if the new functions will bring the necessary level of return on investment for your business to make the system purchase worthwhile. Now you can try the software for a year, and then walk away if the solution isn’t the best option for you.

4. WMS in the cloud is just as secure as traditionally installed systems – maybe more so

The thought of having someone else manage their data and applications can cause a ripple of fear in some people. “What about data security – will my information be more vulnerable to attackers? And system availability – am I at the mercy of the WMS provider when I need to access the system?”

Questioning the security, reliability and availability of your data makes sense with any application you run. With cloud computing, the risk and liability are managed by the service provider, and most cloud providers have security policies that are far superior to a company’s internal IT departments. The hardware and applications are hosted in a secure, state of the art data center that is designed to ensure the privacy, integrity and availability of customer’s systems and data. Availability to your system and data are guaranteed and instantaneous as long as you have Internet access.

Data security and privacy are managed by secure data transfer protocols, which provides encryption and secure identification of the server. The protocols ensure confidentiality and integrity of data over the Internet. You can even have secure collaboration with supply chain partners via interface touchpoints within the WMS.

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How do I determine if WMS in the cloud is right for my business?

Determining if a WMS with a cloud delivery model is right for you depends on your specific functional needs and staffing priorities. The key benefits a cloud option provides over a traditional on-site hosted solution are that you gain the new WMS capabilities you want for your business, and the solution is implemented more quickly and with less strain on your IT staff – all without the large up-front capital expense.



To analyze whether the cloud is the best option for your business, you need to calculate the cloud costs versus do-it-yourself costs by taking a good, in-depth look at your operations.

- Do you have the expertise and the extra IT staff to dedicate to implementing and maintaining a new application?
- Is your current infrastructure over-taxed and in need of an overhaul?
- Do you have a pressing need for the new WMS capabilities, necessitating a faster implementation?
- Have you included operational costs such as energy, personnel and capital costs, including servers, storage and software when comparing cloud costs to hosting the same service internally?
- Have you considered the added benefit of the subscription-based pricing of the cloud option? If you are on the fence in determining the long-term payback potential, the cloud might be the way to go since you won't have a large capital expense tying you down long-term to a specific application.

Talk over the differences and the benefits with your operations and IT folks to see what option is right for your business. At least it's good to know you've got choices for your WMS project – especially now that you can see for yourself that cloud computing is a whole lot more down to earth than it sounds.