



Hosted, On-Premise & Hybrid CRM Compared

Before implementing any CRM solution a decision should be made on where your contact data will be stored.

Essentially there are three main options:

- 1 On-Premise CRM:** purchase a CRM software application like ACT! outright and have the contact database installed on your server.
- 2 Hosted CRM:** subscribe to a hosted CRM service often referred to as 'CRM in the Cloud', 'On-Demand CRM' or 'CRM Software-as-a-Service'.
- 3 Hybrid CRM:** take the best of both options with a hybrid solution by purchasing a CRM application and paying a third party to host it for you.

In this guide we outline the merits and drawbacks of each option but it's important to stress there is no right and wrong solution. Rather it's a case of choosing a CRM deployment option that fits your business and a system that will adapt to changing requirements.

To find out more about our CRM solutions and receive vendor-neutral advice please call us on 0800 381 1000.





On-Premise CRM






For organisations that want to purchase a CRM application in a one-off payment or fully control the system from their servers on-premise CRM consistently represents the best value. Applications like Sage ACT! and the on-premise edition of Microsoft Dynamics CRM can be purchased for a one-off amount to fully control the management and maintenance of your database in house.

Benefits of On-Premise CRM

Retaining direct control of contact data is one of the main reasons that businesses choose an on-premise CRM solution over hosted CRM. This is especially important to organisations with sensitive client data including legal and financial businesses.

Subject to the capability of each software application, on-premise systems typically provide more freedom to develop and integrate CRM making them more customizable than hosted options.

In many cases businesses judge that an on-premise package provides a lower cost of ownership when measured over the longer term compared with the ongoing cost of hosted CRM.

-  Greater internal control of CRM configuration
-  Wider integration with back office databases and external data sources
-  No recurring monthly fees - on-premise CRM software is purchased outright. Licence prices can start from as little as £120
-  May provide a lower total cost of ownership compared with hosted CRM measured over 2+ years
-  Unlimited development potential







Drawbacks of On-Premise CRM

In comparison with a hosted CRM platform the main drawback of an on-premise CRM application are the up front costs to purchase and implement the software.

On-premise CRM installations tend to absorb greater up-front costs. The additional cost of hardware, support and maintenance may also need to be taken into account on top of license fees whereas these are all included in the subscription cost of most hosted CRM packages.

However, this doesn't necessarily mean that hosted CRM will automatically create better long term value in every instance. Entry level applications like ACT! can typically be implemented for as little as around £500 per user so represent a significant saving when measured over several years versus the ongoing cost of a hosted CRM solution over the same period.

6 reasons to use On-Premise CRM

-  Utilise existing hardware and IT infrastructure that will support an internal CRM system
-  Retain complete ownership of customer data and have full autonomy with CRM
-  Avoid rising monthly costs if CRM users increase
-  Purchase CRM software with a one-off payment without recurring subscription charges
-  Greater CRM integration with other data sources including accounting, product management and ERP systems
-  Utilise in house personnel or outsourced IT resources who will manage CRM



Hosted / Cloud CRM

Unlike on-premise solutions, a Hosted or Cloud CRM package, isn't yours and will never will be owned by you. Rather like renting a property you don't pay an upfront purchase cost but continue to pay each month for the right to use the service but you'll never have to spend money on upgrades. Finally, with a hosted CRM deployment it's not necessary to have internal IT resource to support it.

Benefits of Hosted CRM

Hosted systems are characterised by the speed with which they can be deployed and the ease of their accessibility with an emphasis on mobile access.

Packages like hosted Microsoft Dynamics CRM Online are available through a web browser so deployment only takes a matter of hours. Because there's no upfront cost, hosted and cloud based packages have a very low cost of entry and are extremely popular with businesses that want to pilot CRM with minimal outlay.

- ✓ Extremely fast to set-up & deploy
- ✓ Lower up front costs with no licence purchase required
- ✓ Requires minimal IT footprint & avoids additional hardware costs
- ✓ Fully managed service including technical support & automatic version updates
- ✓ Removes the cost of database maintenance & administration
- ✓ Low risk, option to pilot CRM with minimum contract periods starting from from just 1 month.

Drawbacks of Hosted CRM

There are several restrictions to using hosted CRM. Firstly, you should consider how you'll access hosted CRM online if you lose a web connection. A back-up ISP or a hosted CRM package that offers offline access like Dynamics CRM will provide an effective contingency.

As well as the obvious consideration about potential outages, CRM project leaders should seek assurances from prospective hosting partners about their data security and disaster recovery policies in light of some well publicised lapses.

Hosted packages tend to offer a lower risk solution with short notice contract periods but some hosting providers do enforce 12 month agreements with stringent cancellation periods that make it difficult and costly to break.

Specific concerns with all hosted CRM packages are often viewed as loss of data control, restrictive CRM integration capability and less database development capability compared to an on-premise solution. These points should be carefully considered because it can prove difficult to move from one hosted CRM platform to another or to switch to an on-premise solution and of course there's the issue of actually getting your data back.

Because business change is so hard to predict it can prove difficult to assess if hosted CRM will be better value over the long term and it's always beneficial to have the flexibility to easily switch if requirements change. For this reason hosted packages like Microsoft Dynamics CRM both have the option to move to an on-premise installation to bring CRM in-house in the future without the penalties of cancellation clauses and restrictive data transfer.

6 reasons to use Hosted CRM

- ◆ Implement CRM quickly without additional IT expense or the need for a server
- ◆ Outsourced CRM management removes time consuming database administration
- ◆ No upfront software licence cost
- ◆ Low risk option with short notice cancellation terms
- ◆ Simplicity of on-demand access to CRM by mobile, laptop & PC
- ◆ Many packages include the flexibility to switch to on-premise CRM when requirements change



Hybrid CRM

The third and often overlooked alternative is a hybrid CRM deployment that provides the best of on-premise and hosted CRM packages. With a hybrid set-up businesses will purchase a traditional on-premise CRM solution but have this installed on a managed hosting partner's server.

Benefits of Hosted CRM

By enabling business to purchase a CRM package yet still enjoy the benefits of a hosted deployment a hybrid CRM implementation offers the best of both worlds.

In common with regular hosted CRM packages hybrid CRM solutions are attractive to businesses that don't want to incur the IT cost and overhead of managing CRM in house.

However, compared with a purely hosted system, hybrid CRM offers greater flexibility so businesses can choose a specialist partner that will manage all hosting requirements in addition to CRM which may also include hosting applications like Microsoft Exchange, Sharepoint and more.

As well as benefiting from economies of scale by sourcing all hosting requirements through a single provider, a hybrid CRM arrangement creates greater flexibility in terms of data storage and CRM integration.

Regular hosting agreements have data storage limits and may charge a heavy premium if you have large volumes of CRM data but with a hybrid solution you can choose a managed hosting company that will give you increased capacity to grow your database without additional charges.

As we've outlined, a purely hosted CRM package has little capacity to integrate with external databases including accounts and other back-office systems. By working with a managed hosting specialist there's greater freedom to fully utilise web services integration to fully embed CRM with external data sources and allow feeds to data to be exchanged with CRM.

Finally, because the CRM software has been purchased a hybrid package offers far greater portability so there's no technical barrier if you subsequently want to switch to an on-premise CRM installation.

Hybrid CRM at a glance

- ◆ Retain full control of CRM data & software without the need for a expensive supporting IT infrastructure
- ◆ Enables CRM and other critical applications to be managed by a single hosting provider
- ◆ Maximum flexibility to easily switch to on-premise CRM if requirements change
- ◆ Extended options for CRM integration and data storage compared to hosted CRM

Drawbacks of Hybrid CRM

The main downside of a hybrid CRM solution is the total cost. Unlike a regular hosted CRM arrangement, hybrid CRM involves an upfront cost to purchase the software in addition to ongoing hosting costs.

The headline costs of hybrid CRM may initially appear more expensive but after considering its flexibility and convenience many businesses identify this option as delivering the best overall value.



Call Preact on 0800 381 1000 to learn more about our CRM solutions and receive vendor-neutral advice on the best CRM system and deployment option for your business.