Reducing the cost of IT remains a powerful incentive for companies considering a move to the cloud. The up-front savings in capital expenditures and the attractive long-term Total Cost of Ownership alone often are enough for C-level executives to greenlight a cloud project.

But cloud’s greatest value arguably lies in its ability to transform how enterprises function on a daily basis. Aberdeen Group conducted a survey of more than 200 IT and business executives whose results underscore the value of the cloud for enterprise resource planning.

For respondents whose enterprises implemented cloud ERP, the time to make business decisions decreased 36 percent, versus an 18 percent decrease for enterprises with on-premise ERP.

Cloud also reduced the cycle time for key processes by 24 percent, versus 16 percent for on-premise tools, while improving on-time delivery by 25 percent, compared to 17 percent for on-prem ERP, the survey showed.

The real bottom line, though, is the bottom line: Aberdeen survey respondents reported an average 21 percent improvement in profit margin, three times the 7 percent improvement reported for ERP platforms deployed in-house.

A 21 percent increase in profit margin reflects the pervasive impact cloud implementations can have on an enterprise’s operational efficiency. Further, it hints at the strategic and competitive benefits that cloud presents to enterprises.

These benefits become obvious when you look at the areas in the business value chain that can be transformed by deploying cloud-based applications and accessing cloud-based data:

- Manufacturing companies can schedule production runs with great accuracy.
- Supply-chain management can be optimized by enabling collaborative forecasting and demand planning.
- Real-time data capture and analysis can improve productivity and marketing.
- Product development and lifecycle management can be streamlined, reducing time to market and development costs.
- Revenue can be increased by making it easier for sales people to capture orders in the field. Customer service can be upgraded by enabling easier communication with buyers. Financial management capabilities can be improved to ensure compliance and visibility.
- Travel and expense management processes can be simplified.

That’s a huge list of advantages spanning nearly every facet of a modern enterprise. And they’re just a well-planned cloud deployment away.