



On-Premise Vs. Cloud Document Management Pros and Cons

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As you move through the process of implementing a document management system you will at some point come across the question, “Would you like your software hosted on-premise or in the cloud?” Many document management systems now offer both on-premise and

cloud solutions, but what do those terms actually mean? Is one better than the other? And most importantly — which one is right for *my* business? These are the questions we hear clients ask everyday. There are pros and cons for both solutions, but what's most important is answering that big question: which one is right for me?

In this blog we will walk you through exactly what on-premise and cloud mean in relation to a document management system, as well as show you the pros and cons of each. This will allow you to get a better understanding of both on-premise and cloud solutions so you can make an informed decision on which one best serves your business needs.

What is On-Premise?

An on-premise document management system means that the software housing your data is installed locally on your business' private server. Throughout the years, many industries have moved away from on-premise solutions due to the increased popularity of the cloud. However, there are still many highly regulated industries that choose to stay on-premise for different reasons such as control, safety, and more, which are discussed below.

What is the Cloud?

When people think of cloud-based document management they usually think of “the cloud.” According to Amazon Web Services (AWS) “Cloud computing is the on-demand availability of IT resources over the Internet with pay-as-you-go pricing.” It uses virtual technology for hosting a company's documents, data, etc as opposed to a physical server on site at your company. Cloud solutions have become

increasingly popular over the years, however there are still some drawbacks to cloud-based solutions when it comes to a document management system.

Cost Comparison

When it comes to cost, there are pros and cons for both on-premise and cloud-based document management solutions. For an on-premise solution, a lot of your cost will be going towards set up and IT maintenance. You will also have to continue to purchase the hardware, software, and licences in order to maintain and update the system. Upgrades are usually done annually and you will also want a support contract with your provider just in case anything breaks or malfunctions. All these costs are usually up-front, meaning there is no “monthly payment” needed which, depending on your budget, could be a benefit in the long run. It is also typically a [capital expenditure](#) for your business.

With cloud-based solutions — it’s the opposite; there isn’t as large of a cost up-front however there is a monthly fee you would have to pay. Since the solution doesn’t need to be set-up physically in your office there is no physical upkeep needed, so the price is based on the space and resources consumed in the cloud. Now this doesn’t necessarily mean cloud-based solutions are cheaper, some cloud solutions have extremely high maintenance and hosting fees. Since cloud solutions are [consumption models](#), the more documents you need hosted in the cloud, the more expensive it can be. Overall both on-premise and cloud solutions have their benefits and drawbacks, you just have to look at your budget and how much your business is willing to pay up-front vs. over time.

Security Comparison

Once again, there are pros and cons for both on-premise and cloud-based solutions when it comes to security. For on-premise solutions, since the entire system lives in-house, the company has entire control over their security needs. Since everything is stored within the physical server and not online, it makes it much harder for unauthorized personnel to hack or get into your document management instance. Many businesses that deal with extremely sensitive information, like the banking industry, have certain security protocols to follow that only an on-premise solution can provide. A drawback is that if there is any sort of malfunction within your system or a natural disaster where your server is located, you could lose all your documents permanently. However, many providers offer off-site backup services to be safe.

Cloud-based solutions are very different. Despite security protocols, since the cloud is hosted virtually on a server, there is no guarantee that someone unauthorized would not be able to hack in to illegally access it. There have been many [documented cloud breaches](#) throughout the years that have many people worried about cloud-based solutions. In June of 2020, a [research study](#) was done that showed nearly 80% of companies experienced a cloud data breach within an 18-month time period. However, some cloud-providers have [stepped up their data security](#) and have added multiple layers of security, real-time monitoring, and more, to improve security and confidence with their customers.

Ownership and Control

On-premise is the solution you want when it comes to ownership and control. As we talked about earlier, on-premise solutions may be more tailored or customized to your business processes and systems. It allows for overall control and ownership of your system from start to finish, which is key for some businesses.

With that said, cloud-based solutions do offer some flexibility when it comes to ownership and control. Many providers allow you to control things like how much is stored or how many users you need added. However overall, your server is not at your disposal and there will be instances where there are limitations to what you can do. Depending on the importance of customization within your system, you could go either way.

IT Responsibility

IT support is very important for on-premise document management solutions, which means more money and help are needed. Since your business has full ownership and control, you also have the responsibility of paying for the appropriate maintenance and support needed for the system. For everything from the licenses to IT support, your business will be responsible for the cost, upkeep, and anything that goes wrong. The extra support and resources needed will add to the overall cost of an on-premise document management system.

Cloud storage is usually managed by another company. That way your IT team doesn't have to worry about installations of new updates and

can use their time more efficiently. Not having to worry about installing updates or version control could be a major pro for some companies.

Which is Better?

Overall, one is not “better” than the other. It really depends on your business requirements, budget, and processes. If you are a small business that doesn’t need to follow very specific security guidelines, a cloud-based document management system could be your best choice. However if you are a bank or healthcare system that has many security protocols to follow, on-premise could be the right one for you.

If you are still having trouble figuring out how to pick the best solution for your company, [contact us](#) today and we’d be happy to discuss the right option for you. Optix now offers both on-premise and cloud-based solutions, giving you the best document management system on whichever storage plan works best for your business.