

Cloud vs On-Premise Storage: What's Right for You?

Key Considerations Driving Document
Storage Decisions for Businesses



Introduction

Choosing how you store and manage documents is an integral operational decision for all businesses. The shadow cast by COVID-19 over the working environment has made the decision about how to handle important documents more critical than ever. Now that the ability to collaborate virtually, work remotely and protect your business (and your clients) from cybersecurity threats has become even more central to business continuity, the decision between on-premise storage and cloud storage for documents is one which needs to be resolved quickly.

On-Premise vs Cloud Document Storage – A Primer

To make the right document storage decision for your business, it is essential to have a solid understanding of how on-premise and cloud storage are the same and how they differ.

The biggest difference between the two options is where your documents are actually stored and along with that, who is responsible for the maintenance of the file servers and data back-ups. Proper maintenance of servers is extremely important because a lack of maintenance can cause serious security vulnerabilities, as well as slow down the system, making it difficult to access files.

With an on-premise solution, your files are stored on an in-house server that your business is responsible for purchasing and maintaining. You are also responsible for data back-ups, which means you'll need to find a way to have a back-up of all files in another server, not located in your office. Think of this scenario: A fire breaks out in your office building and your entire office (including your server room) is compromised by smoke damage as well as damage from fire sprinklers. Your servers are destroyed. If you don't have a backup of data outside your office, what will you do?

If you choose a cloud-based solution, your files are stored on a third-party server in the cloud, maintained by your solution provider. All costs related to server maintenance and data backups are included in your monthly subscription - your business incurs no additional fees for these services. Most cloud document management solutions will employ data redundancy in multiple locations, meaning that even in the event one of their server locations is compromised, your data is still accessible.

Many businesses are switching to cloud-based document management solutions due to the cost-savings and peace of mind they provide.

Let’s explore the true costs of on-premise and cloud-based document management.¹

On-Premise Document Management	WHO’S RESPONSIBLE?	
	Your Business	Document Management Solution
License fee for the DMS	●	
Costs to procure and maintain file servers	●	
Security of the servers and data	●	
Software updates and managing the integrity of the server environment	●	
Secure backups of data	●	

Cloud-Based Document Management	WHO’S RESPONSIBLE?	
	Your Business	Document Management Solution
Subscription fee for the DMS	●	
Costs to procure and maintain file servers		●
Security of the servers and data		●
Software updates and managing the integrity of the server environment		●
Secure backups of data		●

1 Estimated costs can be found at the end of this whitepaper

Isn't it time your document management started working for you?

As you can see, from an operational and financial perspective, the burden is much higher for when on-premise document management is chosen.

KEY POINT

Since the management of your business's documents has the potential to seriously impact your budget, data security, productivity and workflow, it is important to understand how the storage solution that you select will impact these issues.

Key functional considerations for document storage evaluation

Let's take a closer look at the key functional considerations your business should evaluate when choosing a document storage solution. The following capabilities are the basic functions that any document storage solution should deliver to a business:

- Customise the platform to your specific workflows
- Create an organised and flexible filing architecture
- Offer file sharing capabilities for clients and employees
- Provide eSignature access
- Meet GDPR requirements
- Have a streamlined process to onboard staff and clients

Once these basic functions have been satisfied, exploring the other differences between cloud and on-premise document storage solutions illustrates how this choice has the potential to completely reshape your business.

Implementation and maintenance costs

Designing, implementing, and maintaining an on-premise server environment for a document storage system generally requires outsourcing to a third-party IT vendor. In addition to the cost of these professional services, there are the ongoing maintenance costs and manual software updates to consider which incur monthly costs of well above £1,100.² With cloud-based solutions, the monthly costs are a fraction of this amount with none of the work!

KEY POINT

Aside from the initial set up and ongoing maintenance costs of the server, businesses must also back up and maintain a copy of client data and all data needed for compliance purposes which incurs additional expenses. Cloud document management providers take care of this for you, reducing your overall expenses.

System productivity and performance

The enormous bandwidth needed to upload or download documents from an on-premise document management system can severely impact the speed and functionality of your network performance.

When your team works in the cloud, there are no limitations in server bandwidth or lags in performance, just consistent, high-speed access to all your documents on a smooth, high-performance server.

KEY POINT

Given the considerable drawbacks of on-premise storage, cloud-based solutions have quickly gained ground for many businesses: they offer much higher levels of performance for much less cost.

² SherWeb calculates that a local server set up that costs £1,162 monthly would cost £246 on the cloud.
Source: Cloud vs Local Servers: Weighing up the Pros and Cons

Data storage and back ups

The amount of storage your on-premise document server provides is an important consideration, as is the cost of buying more storage, and how your data will be backed up. These issues are all the responsibility of your business.

Using a cloud document storage solution, you have more flexibility with the amount of storage you have, all data is hosted and backed up in a highly secure, controlled environment and there are no maintenance costs or requirements for your business.

KEY POINT

SmartVault offers unlimited cloud storage capabilities and regular, automatic back-ups of all data on multiple servers to ensure your data is always accessible when and where you need it.

Data security and permission-based access

Another important advantage of a cloud storage solution is the ability to manage user permissions for accessing data. If you don't look at this specifically, you could end up with a solution where managing permissions is a manual and involved process.

SmartVault enables businesses to easily invite clients into certain folders and provide them with customised access to different folders. All data stored in SmartVault can be securely accessed from any device and, when appropriate, two-factor authentication (2FA) can also be implemented.

KEY POINT

The data security and permissions available in SmartVault enables your business to provide each user of your account (clients, employees, vendors, etc.) with access to shared files on a case by case basis. This makes collaborative working and remote working arrangements easy to set up and maintain without the use of third-party applications or cybersecurity concerns.

Compliance capabilities

The ability for your business to meet all compliance requirements for handling data is essential. Unless your business custom builds (and continually updates) a costly IT infrastructure to meet all current compliance and security requirements, you will need to rely on the features of your document storage solution.

While GDPR compliance basics are covered by most document storage solutions, SmartVault provides comprehensive compliance and security features that are not available through most on-premise document storage options.

SmartVault takes compliance further with features that businesses need, such as bank-level security and encryption of all documents when stored on our servers or whilst in transit over the internet.

KEY POINT

An on-premise out-of-the-box solution cannot compare to the comprehensive compliance features SmartVault offers.

Cloud document storage elevates the client experience

The client experience is a key driver of success for many businesses. Cloud-based access to data and documents through client portals is a proven method of elevating your business's client experience.

Research has shown that clients are increasingly receptive to utilising portals. They also expect the ability to exchange secure files conveniently and easily with businesses they work with. At the same time, clients are concerned about the security of exchanging sensitive information, such as invoices or financial documents, electronically.

This makes the way client portals are facilitated another essential element when you are evaluating document management solutions. Ensure the solution you choose has a customisable client portal, allowing you to personalise it in accordance with your company branding. This will give a seamless client experience when uploading or downloading documents.

While using a cloud-based platform like SmartVault for client portals provides peace of mind for clients in regard to document accessibility and data security, using client portals via an on-premise system can create some surprising, yet serious, challenges that you should be aware of.

Increased inefficiencies and potential for errors

When documents are stored on-premise the workflow is less efficient and more error prone. For example, when using most on-premise solutions, additional steps are required to 'publish' a document to the portal. In addition, clients access a separate list of 'shared documents' (not an organised folder system) which are essentially a copy of the originals online. This creates document version issues between clients and the business because changes are asynchronous.

Lack of client customisation capabilities

To deliver a more efficient and valuable client experience, it is important to be able to customise client notifications. Some solutions offer only standardised, not unique, notifications across clients. Alongside this, they may not allow clients to have unique permissions - such as being able to upload to the folder or have edit rights in one area but not in others.

Limited storage and additional fees

When utilising client portals on an on-premise document storage system, users should understand any storage space limitations of the client portal (for example, some solutions offer maximum storage of 1 to 2GB which is extremely low, thus creating the need to expire documents periodically). In addition, users should also verify whether there is a separate fee for publishers of documents to the system, which is common in on-premise solutions.



A smarter solution for client portals

SmartVault's client portals provide an electronic gateway for clients to log in to upload, download, or edit their documents via a webpage. The space you have available for client portal storage in the SmartVault cloud is limitless. In addition, there are no errors or inefficiencies created because you and your client are simultaneously accessing the same files in the same environment. The client view can be structured by years, jobs, or in any way you choose.

Another important benefit of SmartVault's client portal is that you can customise the document management environment to meet the needs of your business and your clients. Documents can be precisely organised in separate folders with access levels determined by each individual user or shared across the entire user base. Client notifications can also be customised by job, documents, and other variables.

In addition, SmartVault users have all their data backed-up regularly (to multiple locations), free of charge. Any updates to your business's data run automatically and reflect instantly so you always have access to the latest version of your files and documents, making a seamless and efficient experience for you and your clients using portals.

Closing thoughts

The ability to work and serve clients remotely has never been more central to the success of your business. The ability for your team to collaborate virtually, work remotely and deliver a seamless client experience all depends on having secure, customisable, and cost-efficient access to your documents and data. Now, more than ever, is the time for businesses to make an informed decision when choosing their preferred method of document storage.

On-premise document storage poses many issues for businesses from higher costs and less security to the inability to customise client access and employee permissions. A cloud document storage solution offers significantly lower costs, higher levels of security, advanced customisation, and unlimited data storage capabilities.

Given the advantages that cloud document storage offers over on-premise storage solutions, it is clear to see why the majority of businesses are choosing a cloud document storage solution like SmartVault to optimise their business operations and elevate the client experience they deliver.

[Schedule Now »](#)

**Want to know how SmartVault can
improve your current document storage?**
[Schedule a 15-minute chat with our team today.](#)

Estimated cost comparison

To give you an idea of the cost difference between cloud and on-premise document management, we've compared the outgoings for an average sized business below.

Cost Comparison per month

	Cloud*	On-Premise**
Subscription fee for the DMS	£32 per user	£24 per user
Costs to procure and maintain file servers	—	£375
Security of the servers and data	—	£95
Software updates and managing the integrity of the server environment	—	£864 based on outsourcing IT at 4 hours per week
Secure backups of data	—	£2.46 (per GB)
Total	£32	£1,360.46

*based on a SmartVault professional plan. Other cloud provider costs could be higher.

**based on the average cost for an SME to maintain on-premise document management, costs may vary depending on set up

Reference links

- [How much does a document management software cost?](#)
- [How much does data backup cost for small business?](#)
- [How much does network security cost?](#)
- [Cost of server ownership: on-premise vs. IaaS](#)