Are we heading towards a massive cloud ERP crisis in the 2030s?

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The ERP industry has been aggressively moving towards cloud deployments for about a decade. Nearly all major software vendors are pursuing a clear "cloud-first" strategy. Providers like NetSuite, Salesforce, and Workday have impressively demonstrated scalability and, above all, profitability through recurring subscription revenue. According to recent analyses by Gartner, the share of cloud-based ERP deployments will rise to over 65 percent by 2028.

Despite this momentum, many companies – especially SMEs – are overlooking significant blind spots in this development. At Dreher Consulting, we want to shed light on these critical risks. Because if we continue on the current course without reflection, we risk a full-blown cloud ERP crisis in the 2030s, which will severely restrict companies' ability to act.


Key thesis: The cloud-first strategy of ERP providers primarily serves their business model – not necessarily the long-term interests of user companies. Those who don't take countermeasures today will lose control of their business-critical processes tomorrow.

1. The illusion of limitless flexibility: Why you lose control

A major reason for the looming crisis is the gradual loss of control. Companies are handing over the management of their essential business processes to cloud providers and their technologists, who alone decide how the software will function in the future, which modules will be further developed – and which will not.

While cloud providers currently entice customers with standardized "best practices" and processes that promise rapid scaling, a different picture emerges when considering a time horizon of five to fifteen years: Your company will evolve, tap into new markets, and adapt business models. From our experience in over 500 ERP projects, we know that standard technology won't necessarily grow at the same pace as your organization's individual needs.
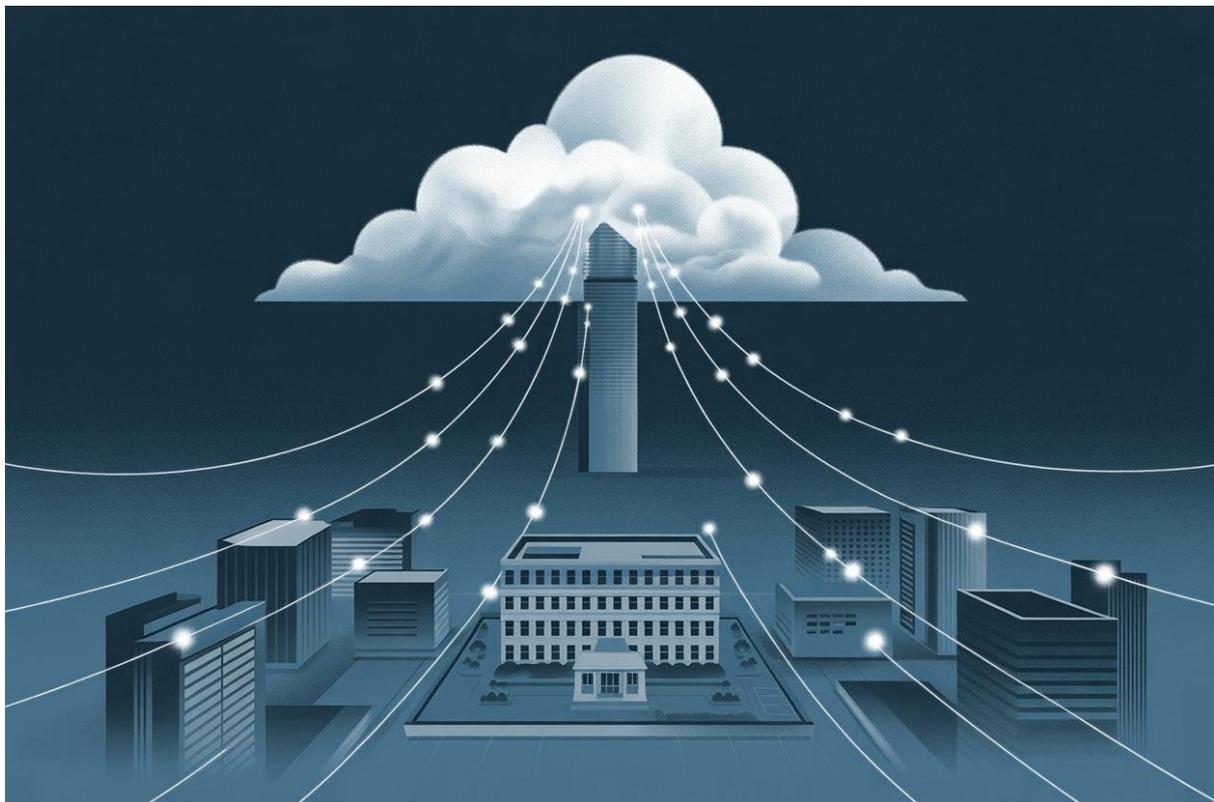
Practical example: When the provider decides against your interests

Software vendors make strategic decisions that benefit the majority of their customer base – but not every single company. This can lead to essential modules, on which a large portion of your revenue depends, being discontinued, fundamentally changed, or moved to a paid add-on package by the vendor. In the cloud world, you are far more at the mercy of these long-term vendor decisions than was the case with traditional on-premises solutions.

This loss of control contradicts a fundamental principle of sound corporate governance: control over business-critical infrastructure. Frameworks such as ITIL and COBIT explicitly emphasize the need to embed control over IT services within the organization itself – not with third parties.

2. The cost trap: Why cloud ERP is more expensive in the long run

A widespread myth that we regularly challenge in our strategic consulting work is the assumption that cloud systems are cheaper than operating on-premises software when considering the total cost of ownership (TCO). This statement rarely withstands critical scrutiny in any customer environment.

TCO comparison: Cloud vs. On-Premise over 10 years

Cost factor	Cloud ERP	On-premise ERP
License/subscription costs (10 years)	Continuously increasing (ø 5–8 % pa)	One-time license + maintenance (ø 18–22 % pA)
Infrastructure costs	Included in the subscription, but not controllable	Self-control, depreciation possible
Adjustment costs	Limited, often with additional costs	Flexible, internally controllable
Exit costs	Very high (data migration, reconfiguration)	Moderate
Negotiation leeway	Shortly after the contract was signed	Higher through property rights

The net costs you pay to the software provider are typically higher than ever before with on-premises solutions. The model is similar to leasing a vehicle: the payments never end. Even worse, in the long run, operating expenses increase dramatically due to escalating contract terms and new pricing models from providers. Industry analysts are observing average annual price increases of between 5 and 8 percent for leading cloud ERP providers.

Dreher Consulting recommends: Before making any cloud ERP decision, conduct an independent TCO analysis covering at least 7–10 years. Consider not only direct subscription costs but also indirect factors such as training, data portability, and potential exit costs. Use a first-principles approach to separate the actual cost drivers from vendor promises.

3. The Loss of the "Secret Sauce": Why Standardization Threatens Your Competitive Advantage

Perhaps the most critical aspect of cloud ERP migration concerns a company's intellectual property and differentiating business processes. With traditional on-premises models, organizations had maximum flexibility to tailor the software precisely to their needs through custom code. Today, this practice is often dismissively labeled as "old school."

Many leaders overlook a crucial point: These very adaptations often contain the so-called "secret sauce"—the unique workflows and intellectual property that give you a real competitive advantage. It's the reason why customers choose you and not the competition.

Standardization means average – not best practice

Standardized, off-the-shelf cloud software doesn't offer true best practices that are a perfect fit for every individual company. What vendors market as "best practice" are actually average processes—the lowest common denominator across thousands of customers. Michael Porter clearly articulated this in his competitive strategy: Sustainable competitive advantages arise from differentiation, not conformity.

If you abandon this customization when migrating to the cloud, you sacrifice a part of your company's DNA. Furthermore, future upgrades will be forced upon you by the providers – regardless of whether the timing or the new features make sense for your business. And when you eventually have to switch systems, you'll face a massively complex and costly migration process.

"If all competitors use the same standardized processes, there is no longer any process advantage. Differentiation only arises where companies consciously deviate from the norm." – Strategic principle of Dreher Consulting's consulting philosophy

4. Strategic recommendations: How to secure your ERP future

We don't advise completely ignoring the inevitable trend toward the cloud – a large proportion of future-proof solutions will be cloud-based. However, how you manage the transition is crucial. At Dreher Consulting, we recommend the following strategic measures to maintain control over your business-critical systems.

Recommendation 1: Avoid single-vendor lock-in

Don't put all your eggs in one basket. Deliberate diversification through the use of multiple ERP systems or complementary best-of-breed solutions is a sensible safeguard. While this leads to greater integration complexity from a purely technological perspective, this risk is acceptable in order to minimize the far greater business risk of total dependence.

A concrete approach: Define your core processes using the first principles approach. Identify which processes can be standardized and which ones differentiate you – and choose the technology accordingly.

Recommendation 2: Focus on cloud platforms instead of rigid applications.

Explore the use of cloud platforms that not only provide you with a single, pre-built application, but also offer the ability to develop your own customized applications within the platform. This allows you to combine the advantages of standardized cloud solutions with the necessary flexibility for your unique core processes.

Specific approach: Evaluate platforms according to the "extensibility" criterion of ISO 25010 (Software Quality Model). Pay attention to open APIs, low-code/no-code development options, and the ability to deploy your own code in a protected environment.

Recommendation 3: Anchor ERP as a strategic top priority

Choosing and designing an ERP strategy is not purely an IT decision. It is a fundamental leadership and strategic question that must be addressed at the highest management level – taking into account long-term risks, costs, and strategic corporate values.

Specific approach: Establish an ERP steering committee at the C-level (CEO, CFO, CIO). Define ERP governance guidelines analogous to proven frameworks such as COBIT or ITIL. Have the ERP strategy regularly validated by independent consultants.

Recommendation 4: Secure your data sovereignty contractually.

Before signing a cloud ERP contract, negotiate clear agreements regarding data portability, exit strategies, and data sovereignty. Ensure that your data can be exported in a standardized format at any time and that contractual SLA guarantees safeguard the availability and integrity of your business-critical data.

Specific approach: Align yourself with the requirements of ISO 27001 (information security) and the GDPR. Define exit clauses that stipulate maximum transition periods and the provider's data provision obligations.

Conclusion: Cloud computing, yes – but with strategic consideration.

The cloud transformation of ERP landscapes is not a passing trend, but a structural shift. Precisely for this reason, it deserves strategically sound support that goes beyond the marketing promises of vendors. Companies that do not actively counteract this trend today risk significantly limiting their operational capability in the 2030s – through dependencies, rising costs, and the loss of differentiating business processes.

At Dreher Consulting, we support medium-sized companies in successfully navigating the delicate balance between cloud innovation and strategic control. Our approach is based on independent, vendor-neutral consulting that does not follow the interests of software providers, but focuses exclusively on your business objectives.

Your ERP strategy under scrutiny

Is your current cloud ERP strategy heading in the right direction? In a free, no-obligation strategy consultation, we will analyze your situation together and identify specific areas for action.

[Schedule a strategy meeting now →](#)

About the author

Harald Dreher is the founder and managing director of Dreher Consulting. For over 25 years, he has been supporting medium-sized companies in the DACH region with the strategic selection, implementation, and optimization of ERP systems. His consulting approach combines in-depth business knowledge with technological understanding – always vendor-neutral and solely in the interest of his clients.

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