

Magento Open Source Vs. Magento Commerce Vs. Magento Commerce Cloud



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If your company is looking into different eCommerce solutions to build an online presence, you have probably run across Magento. That would stand to reason, as it is one of the largest eCommerce platforms available on the internet — powering 12% of [all online stores](#).

You also probably noticed a few different versions of Magento to choose from, making the decision process a lot more confusing than it needs to be.

The three Magento builds are:

- Open Source
- Commerce
- Commerce Cloud

Open Source is the free version. Don't be fooled, though. Just because it's free doesn't mean it lacks power.

On the contrary, due to it being an Open Source platform, the customizability, scalability, and development potential are endless.

Magento Commerce, which is delivered on-premise, is the licensed version of the eCommerce service. It boasts a laundry list of integrated features, from B2B functionalities like Company Accounts, B2B Quotes, and quick requisition lists to advanced marketing tools like customer segments, customer attributes, and product recommendations.

Magento Commerce Cloud is the PaaS (platform as a service) version. It is delivered over the internet and hosted by AWS.

In this article, we will expand on each of these very brief introductions so you have a clear idea of how each service is unique and which one is the right choice for your company.

How Magento Open Source compares to Magento Commerce

These two builds have a few striking similarities. One being they are both open source.

Another is that users with either version can access the Magento Marketplace, where extensions and features are available for purchase and integration into the merchant's site.

The differences are far more extensive, however. Let's go over what each version has to offer.

Open Source



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The Open Source build of Magento is free. Usually, small to medium-sized businesses see the word free and think it's the obvious choice because, well, it's free!

Unfortunately, in the case of Open Source, free is not so free.

What "free" refers to in this case is the use of Magento's software. Merchants can create an account and access a blank canvas to build a website on.

What the word "free" leaves out is the steep cost of

- Hosting
- Development
- Security
- Management

With hosting and development costs reaching well into the tens of thousands per year, building a store on Magento Open Source is anything but cheap, even if it's free.

That being said, Open Source can be a great option for businesses with the budget to back their project. Because with a talented dev team, the platform's open-source nature gives users unlimited control in making their ideal website.

Magento Commerce

As we've mentioned a few times already, Magento Commerce sets itself apart from Open Source due to the many features and functionalities that users can employ right off the bat.

Here's a list of some of the most enticing features that come standard with Magento Commerce.

Business to business functions

- Company accounts
- Quick order and requisition lists
- My purchase orders
- Shared Catalogs

Marketing and customer loyalty tools

Customer segments

This is a very useful feature available to Commerce users. It makes it possible for merchants to create customer groups based on age, sex, order history, and interests.

Then, the user can determine what products and pages each group sees when they enter the site. It is a very effective tool for connecting customers with the products they are most likely to be interested in.

Product recommendation

If you've ever noticed the text that says "Customers who bought this also bought these" or something similar to that effect, then you know what product recommendation is.

It's an invaluable AI-powered tool for upselling your products to customers.

More marketing features

- Gift cards



- Wish lists
- Related product rules
- Visual merchandiser
- Reward and loyalty system
- Email reminders

Sales tools

- Returns
- Cart thumbnails
- Address Search
- Manage a shopping cart

As you can tell, Magento Commerce sets you up with a big headstart when compared to Open Source. The ease of use and instant feature availability come at a price, though.

Here's the price breakdown of Magento Commerce.

Annual gross revenue	Annual Magento Commerce Pricing	Annual Magento Commerce Cloud Pricing
Less than \$1,000,000	\$22,000	\$40,000
\$1,000,000–\$5,000,000	\$32,000	\$55,000
\$5,000,000–\$10,000,000	\$49,000	\$80,000
\$10,000,000–\$25,000,000	\$75,000	\$120,000
More than \$25,000,000	\$125,000	\$190,000

Magento Commerce Vs. Magento Commerce Cloud



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If you decide that the licensed version of Magento is right for your business, you will be presented with a choice: Commerce or Commerce Cloud?

Commerce Cloud is more expensive (see price breakdown above), but the price is well worth it for many merchants.

What is included in the dramatic price hike that the Commerce version lacks?

Simple: a robust hosting package.

It utilizes Amazon Web Services (AWS) to provide web hosting for your site. There are a few things that make this inclusion so valuable:

- Self-hosting is difficult; when problems arise, it is the merchant's responsibility to solve them
- When your site experiences a spike in traffic, AWS automatically adapts to the increase
- Server management is included in the annual fee, so that's one more headache you can avoid

To sum it up, Commerce and Commerce Cloud offer virtually the same thing; except with Commerce Cloud, you also get a high-end and trustworthy hosting platform.

Within Commerce Cloud, there are even more options for you to choose from. You have The Starter Plan and the ProPlan.

Both of the plans provide all the same features and functionalities available on the On-Premise version of Commerce and then some.

With the ProPlan, however, you get some extra stuff tacked on.

- Hardware setup
- B2B Module: Starter Plan users can also get this feature for an added price
- A personal technical representative to assist you during the launch period
- Starter Plan users get four environments to develop, test, and launch their store; ProPlan users get unlimited environments

Final Word

If you want a website that is completely your own, with custom features, functions, hosting, and security acquired and managed by your business, then Open Source might be an appealing option – particularly if you already have a talent dev team who you trust building out the vision you have for your store.

If you would rather start off with access to numerous features and access to round-the-clock support, then Commerce could be for you.

If you want to minimize headaches and have hosting taken care of on top of all the features of On-Premise Commerce, then you probably want to go with Commerce Cloud.

By now, you should have more than enough information to make an informed decision between the three Magento builds. Now comes the fun part – assembling your successful website.

Good luck!

