Total Cost of Ownership Smack Down: Exchange Online vs. Exchange On-Premises

Right On the Money with Exchange Online

According to the results of a recent usage survey, in 2012 alone 89 billion business emails per day were sent and received worldwide. Clearly email is far from dead in the business world. However, if your organization is still relying on Exchange On-Premises technology today, it may be time to rethink that strategy. Depending on your organization’s size, when compared to Exchange On-Premises, Microsoft Exchange Online (part of the Office 365 suite) can save you as much as:

- 100% in hardware costs (applies to organizations of all sizes)
- 46% in operations costs
- 11% in total costs per year

Here’s how Forrester summed up the true impact of Microsoft Exchange Online vs. operating via an on-premises Exchange environment in its 2011 study of the Total Economic Impact of Microsoft Exchange Online:

“Forrester found that organizations can realize benefits in the form of cost avoidance of storage, IT labor savings, cost avoidance of licensing Microsoft Exchange and Windows Server, enhanced message filtering, savings in back up systems and staff, and cost-effective scalability.”

In this same survey, Forrester identified a few key takeaways when migrating to Exchange Online:

- **Decreased capital expenditures and operating costs.** Reducing the operational costs of an on-premises email environment while upgrading to Exchange Online without incurring additional costs allows your organization to put more capital towards innovative measures vs. strict overhead.

  **WHY EXCHANGE ONLINE IS A BIG DEAL**

  With Exchange Online organizations of all sizes invest in:
  - Innovation not Infrastructure
  - Productivity not Process
  - Collaboration not Complexity

- **Increased IT productivity.** Decreasing the hours your IT staff spends on routine activities means they have more time to focus on value-added activities.

- **Enhanced cost-effective scalability.** Email system agility is business critical in today’s organizations. Exchange Online quickly and affordably overcomes the headcount and geographic limitations inherent in an On-Premises solution.

Savings Snapshots*

So the benefits are clear but what does this really mean to you in terms of cost? Here’s a quick view of the savings that can be realized by both a typical enterprise (2,000 users) and mid-sized business (450 users) with product upgrades occurring for the on-premises solution every 3 years. Additionally, a more in-depth, year-by-year look at the details follows.
Total Cost of Ownership (TCO): Exchange On-Premises vs. Exchange Online

At-a-Glance: Exchange On-Premises vs. Exchange Online

One Size Does Not Fit All
No two organizations or Exchange Online deployments are exactly the same. To discuss your unique environment and the receive a cost savings assessment based on your organizational needs, contact Catapult Systems today.

Catapult Systems
How can we help you?
1-800-528-6248   info@CatapultSystems.com
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*Note, these calculations have been made with the following assumptions:

<table>
<thead>
<tr>
<th>Cost Information</th>
<th>Value for Calculations</th>
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<tbody>
<tr>
<td>Typical payment for hardware maintenance annually as a percent of hardware cost</td>
<td>12%</td>
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<tr>
<td>Number of years you typically refresh software</td>
<td>3</td>
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<tr>
<td>Typical payment for datacenter costs annually for each server</td>
<td>US $1,000</td>
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<tr>
<td>Average fully burdened salary of IT administrator</td>
<td>US $94,080</td>
</tr>
<tr>
<td>Hourly professional services cost (Mid-sized, Enterprise)</td>
<td>US $160.00, $260.00</td>
</tr>
</tbody>
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References:
1 “Email Statistics Report, 2012-2016”, Principal Analyst: Quoc Hoang, Radicati Group