HyperOffice

Collaboration Made Simple

Presents

WHITE PAPER

TOTAL COST OF OWNERSHIP ANALYSIS
HyperOffice vs. MS Exchange

TCO Costs Include

- *Research*
- *Deployment*
- *Maintenance*
- *Support*

Benefits of HyperOffice's pay-as-you-go pricing

- Eliminate upfront investment
- Reduce Costs
- Quick Deployment
- Control Costs
- Predict IT expenses
- Lower Financial Risk
- Scale Operations

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Defining TCO (Total Cost of Ownership)

The Total Cost of Ownership Analysis, or TCO, seeks to measure all of the expenses, both human and technical, behind a given technology. This type of analysis shows that the costs to build and operate a successful online workplace for team members to collaborate, communicate and conduct business encompasses much more than just the cost of software and hardware. TCO includes all costs related to the technology lifecycle including research, procurement, deployment, maintenance and support.

Thinking in terms of TCO helps organizations improve their understanding and their management of the budgeted, unbudgeted, direct, and indirect costs incurred in acquiring, maintaining, and using a technology.

A thorough TCO analysis indicates that with HyperOffice's pay-as-you-grow pricing structure, organizations:

- ✓ Eliminate the need for upfront investment
- ✓ Reduce their costs
- ✓ Quickly deploy a turn-key solution
- ✓ Are better able to control costs
- ✓ Can more accurately predict IT expenses
- ✓ Can lower their financial risk and
- ✓ Can easily scale their operations

> "The SharePoint Services component in and of itself is free, but the overall total cost of implementation and ownership is high. Server licenses as well as management, backup, and restore software, and Groove licenses to enable offline usage for information workers, all drive costs up."
>
> *Ferris Research*

Two Basic Models

There are two basic approaches available for organizations to offer their team members collaboration, communication and intranet functionality:

- **THE IN-HOUSE MODEL**
- **THE OUTSOURCED MODEL**

With HyperOffice, all your business applications are supported by:

- Secure offsite facilities
- Redundant servers with 99.9% reliability
- Automatic and regular backups
- Automatic upgrades
- Virus protection
- Professional support

Equally as important are all the features you don't receive with HyperOffice:

- No hardware or software to purchase
- No software to download or install
- No IT staff to hire
- Zero IT investment

**COST
CONSIDERATIONS**

✓ *INITIAL COSTS*
✓ *ONGOING COSTS*

The In-House Model

With the in-house model approach, the organization uses a variety of vendor and internal resources to make up an entire solution set. Along with the operational complexities of coordinating various software vendors and the issues involved in resolving conflicts across several technology and service vendors, it is also more difficult in this model to compute the true TCO. Cost for the in-house approach can vary greatly from organization to organization, depending on how costs are allocated and which costs are assigned to the project. In order to present a typical in-house model, the following cost areas were analyzed:

Cost Considerations

Initial Costs:

- Operating System Software
- Communication, Collaboration and Intranet related software
- Email client(s)
- Spam and Virus control software and hardware
- Real time back up software and hardware
- Server hardware
- Software/Hardware required for redundancy, system uptime and data integrity
- Load balancing, security, monitoring and connectivity software/hardware
- Labor costs associated with researching various options, vendors and pricing
- Labor costs associated with system integration and configuration

Ongoing Costs:

- Software upgrades
- IT infrastructure, software and hardware maintenance costs
- Operating costs associated with system uptime, data backup and integrity
- User support and training costs
- Hardware upgrades

Assumptions

Assumed IT Setup
▪ Outlook & Exchange
▪ Windows Server Software
▪ Dell Servers
▪ Two servers

For the purpose of this model we are assuming that organizations choosing the in-house approach will use:

- Microsoft Outlook and Exchange software for communication and collaboration
- Microsoft Windows server software
- Dell servers configured for small business
- Two servers and the appropriate software & hardware to provide redundancy, realtime backup, virus & spam control and data integrity

Additionally we assumed that:

- Pricing for Microsoft software would be based on information available at the Microsoft web site-http://www.microsoft.com/exchange/howtobuy/enterprise.asp
- The price for Outlook and Server Software would be included in the price of systems
- All software and hardware are subject to a 36-month amortization schedule
- Organizations ranging in size from 10 – 750 would use an outside IT consultant instead of hiring a full-time IT person for installation, configuration, ongoing support and maintenance

SPECIFIC COST ASSUMPTIONS			
	# Hours/year	Hourly rate	$
MS Exchange Software			699*
Client access licenses cost per user			67
Virus/Spam checking Software			150**
Backup Software			150**
MS Outlook Express Software			0
MS Server Software to install Exchange on			0
Consulting costs for installation and configuration	10	$95	
Support consulting costs per user	5	$55	
Maintenance consulting costs	40	$75	

*This is the cost of the Standard Edition with limited functionality. The Enterprise Edition retails for $3,999.00
**The costs associated with ensuring data integrity –backup, virus and spam control- grows with the size of the organization. In order
to paint the most conservative picture we have used the lower end of the cost range.

The Outsourced Model

With the Outsourced Model, the organization uses a single vendor to offer the entire operational solution. HyperOffice offers a fully integrated collaboration, communication and intranet solution set aimed specifically at improving the operations of growing businesses. HyperOffice provides a single point of accountability across all of the components mentioned in the in-house model and covers all of the critical success drivers that support a successful initiative. The pricing for HyperOffice is all-inclusive and accounts for achieving a true TCO.

Cost Considerations

Initial Costs:

- One time upfront setup fee per organization $39.99
- One time upfront customization fee per organization - optional $60.00

Ongoing Costs:

- Monthly HyperOffice fees

Assumptions

For the purpose of this model we are assuming that organizations choosing the HyperOffice outsourced approach:

- Customize their intranet with their look and feel
- Use less than 100 MB of storage space per user – additional 100 MB units of storage space can be purchased for $3 per month

The Numbers

As a business grows, HyperOffice results in substantially lower costs than Exchange.

Following is a comparison of the total monthly cost of ownership for HyperOffice VS MS Outlook/Exchange.

The HyperOffice cost does not reflect a one time upfront setup cost of $39.99 and an optional one time customization and branding cost of $60.00. This cost may be avoided if the organization does not choose to have a custom domain name but it is prudent to assume that most organizations would incur this cost.

Number of Users	10	25	50	100	250	500
HyperOffice Cost (monthly)	$79.99	$184.99	$359.99	$649.99	$1,499.99	$3,999.99
Exchange Cost (monthly)	$854.67	$1,570.08	$2,762.44	$6,681.89	$6,961.06	$7,426.33
Average Savings Using HO	$774.68	$1,385.09	$2,402.45	$6,031.90	$5,461.07	$3,426.34
Percentage savings using HO	90.64%	88.22%	86.97%	90.27%	78.45%	46.14%

Total Cost Of Ownership
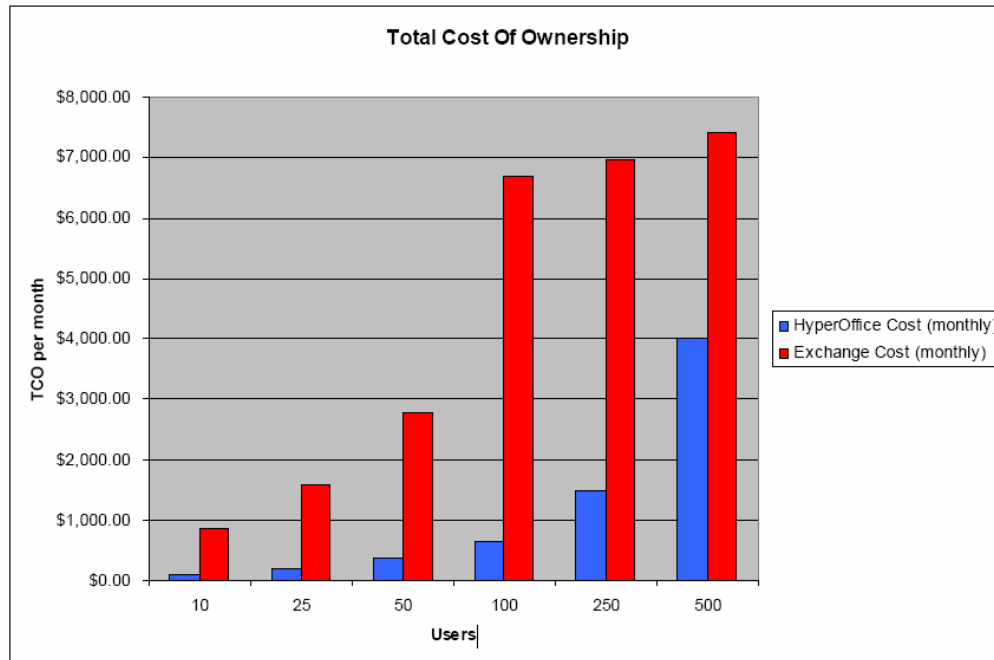
HyperOffice
Key Benefits

Pay As You Go

Avoid overspending AND underspending

Ideal for Growing Businesses

- Optimal allocation of capital
- Manage cash flow

Key Financial Benefits of HyperOffice:

Pay-As-You-Grow Pricing Structure

HyperOffice's integrated solution covers all of the components required to launch and maintain a successful collaboration, communication and intranet solution. HyperOffice also provides the added benefit of being priced in a way that makes all associated cost visible and ties them directly to the number of team members using the system to improve their productivity. There is no risk of overspending and not realizing a reasonable rate of return or running the risk of underspending and hindering the growth and productivity of the organization.

Meeting the Needs of Growing Businesses

All businesses share two major financial concerns:

1) Smart allocation of limited capital
2) Proper management of cash flow

With HyperOffice, predictable costs are only incurred as team members use the system and can be scaled back if necessary to reduce financial risk. The transparent nature of HyperOffice's pay-as-you-grow model allows organizations to avoid high start-up costs and high ongoing-use-costs while eliminating unforeseen surprises that are so often the ruin of sound financial management strategies.

HyperOffice
Key Benefits

Operational Efficiency & Stability

- *Focus on strengths*
- *Reap economies of scale*
- *Smooth transitioning*

Low Risk Growth

- *Predict future costs*
- *Quick payback*

More HyperOffice White Paper

- **HyperOffice's Security Infrastructure**

- **The New vs. The Old - HyperOffice compared with MS Exchange**

- **SharePoint or HyperOffice? A Small Business' Perspective**

- **Selecting Software**

Operational Efficiency and Stability

HyperOffice not only make sense from a financial perspective but also from an operational perspective. HyperOffice allows the organization to focus on what it does best, grow its business, while HyperOffice does what it does best, build and support online collaboration, communication and intranet solutions. HyperOffice utilizes economies of scale to offer operational efficiencies that keep costs down for member organizations. Further, HyperOffice helps avoid potential disruptions from normal organizational changes and dynamics while providing smooth transitions through the continuing evolution of the business and it's technology needs.

Quicker, Less Risky Path to Growth

In the TCO analysis, the in-house model starts with a relatively large upfront investment and continues to incur unpredictable ongoing maintenance and support costs. Some of these can be easily identified and managed and some of them are unexpected and unforeseen. With no upfront investment and low, predictable per user costs, the HyperOffice outsourced solution typically provides a much shorter payback period, a less risky path to growth and faster positive return on investment.

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