



Compare Cost of On-Premise versus Cloud Based Solutions

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Overview

The objective of this paper is to compare the cost of implementing a simple IT based solution typically required by small to mid size firms. We compare the costs associated with implementing a typical On Premise solution with a corresponding Cloud Based solution.

For this particular analysis we will look at a firm with 25 employees who require basic IT services such as:

- 1) Exchange Email – fully functional enterprise email with Contacts, Calendar, and Blackberry and iPhone support.
- 2) Document Repository and Collaboration – SharePoint Portal with secure private web sites for individuals and departments.
- 3) Office Communicator – Instant Messaging capabilities along with presence awareness.
- 4) LiveMeeting – Ability to have desktop video conferencing and desktop sharing with anyone with access to the internet.

All of the above services will be fully integrated with standard Microsoft Outlook and Office 2007.

Conclusion

The Cloud Based solution is significantly more cost effective in terms of both the implementation costs and the on-going fees. It also provides full redundancy and disaster recovery capabilities.

	Cloud Based Solution	On Premise Solution
One-time implementation costs	\$15,000	\$68,547
Monthly re-occurring Cost/User	\$10	\$71

This analysis takes a very conservative approach to pricing the on premise solution. The on premise costs do not include items such as the cost of implementing redundant fail-over systems or the space costs associated with having to store the physical servers. These costs would not be required for a Cloud based solution.

Note: If the client has an issue with the \$15,000 One-time implementation costs associated with a Cloud based solution, we may consider amortizing this payment out into 12, 24, or 36 month payments.

Analysis

As a Microsoft partner, Cloud9 can provide the above IT services for only \$10/month/user. A total monthly re-occurring cost of \$250 (for 25 users). By implementing this fully Cloud based solution, clients require no additional hardware on their premise. They simply need access to the internet.

On top of the monthly charge there is a one-time consulting/migration fee. This one-time fee is required to plan and implement the migration of all your data to the Cloud based solution. The cost of this one-time fee depends on a few parameters such as the number of employees, average mailbox size of employees, number of files in your document repository, etc.... Generally this one-time fee for migrating 25 employees is about \$15,000.

The minimum configuration of hardware and software to get the same IT services as discussed above from an on premise solution would require four servers and the following software

- 1) Microsoft Exchange
- 2) Microsoft SharePoint Portal
- 3) Office Communication server
- 4) Small Business Server

Note: This minimal configuration does not support any fault tolerance, redundancy or disaster recovery features that are available for free in the Cloud Based solution.

For a breakdown of the costs associated with implementing an on premise please solution please see the table below:

Number of Users: 25	Server			
On-premise solution	Licensing costs	Set up YR1	YR2	YR3
Software	Client access license (each)			
Windows Server 2008 STD Edition	\$420 x 4	\$1,680	\$1,680	\$1,680
Microsoft Exchange 2007 Standard Edition	\$807	\$807	\$807	\$807
Microsoft Sharepoint Services 3.0	\$2,567	\$2,567	\$2,567	\$2,567
Office Comm Server Std Edition	\$810	\$810	\$810	\$810
Enterprise Client Access License	\$239.70	\$5,993	\$5,993	\$5,993
Microsoft Forefront E-mail Security		\$850	\$850	\$850
Software Total		\$12,707	\$12,707	\$12,707
Hardware				
Small Business Server (and Domain controller)		\$3,500		
Exchange server (+ Global catalogue server)		\$4,500		
Sharepoint Portal server		\$4,500		
Office Communicator Server 2007 (min)		\$4,500		
UPS Power for above		\$2,000		
Backup tape Device		\$2,000		
Tape Media (30 LTO tapes)		\$840		
Iron Mountain Service		\$2,400	\$2,400	\$2,400
Hardware Total		\$24,240	\$2,400	\$2,400
Implementation Fees (assume \$100/hr)				
Plan & Design and prepare to deploy		\$5,400		
Domain and server build (assume 4 hours/server)		\$1,600		
Deploy server roles		\$2,000		
Build and set up Microsoft Exchange Server		\$2,400		
Implement mobile access		\$1,000		
Deploy new tape backup system		\$2,400		
Setup and Migrate mailboxes		\$2,000		
Setup Sharepoint Sites and permissions		\$1,500		
Migrate data to Sharepoint		\$1,500		
Outlook Communication server set up		\$1,500		
Set up and migration OCS		\$2,000		
Deploy LiveMeeting		\$2,000		
		\$25,300		
Annual Server maintenance contract (@\$1,200/server)		\$4,800	\$4,800	\$4,800
Estimated power usage for servers (assume 550W/server)		\$1,500	\$1,500	\$1,500
Overall Total		\$68,547	\$21,407	\$21,407
Total monthly cost per user/month		\$228	\$71	\$71