

REDUCE YOUR



EMAIL COSTS



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# INTRODUCTION

Email is the most critical tool in the daily operation of every modern organization. It is used for communication, collaboration, file sharing, business development, and more. It has also become a primary identifier for individuals, and a storage mechanism for invoices, receipts, and other sensitive data.

While consumer email accounts comprise the majority of inboxes worldwide, most of the world's email traffic actually comes from the corporate world<sup>1</sup>. In fact, employees spend on average 28% of their working day using email, more than any other communication tool available<sup>2</sup>.

There have been advancements in alternative collaboration and communication tools, many claiming to replace email. While some do complement day-to-day email usage within an effective operation, email remains the primary form of communication for the business world, and will do so for years to come. For communication both internally and externally, there is no more efficient or pervasive tool. Business accounts for 108.7 billion emails sent and received around the world each day, with business users averaging 121 emails per day<sup>3</sup>.

As a result, business users and Service Provider subscribers have a natural expectation that they will be given an email address and inbox. It is vital that email is highly available, accessible on a wide range of devices, and done so at the lowest possible cost for the provider.

Calculating the cost of ownership of email must take into account both the direct and indirect costs of system ownership over the lifetime of the solution, which usually lasts several years. Various stages of implementation must be considered when costing the solution, from the initial research, through to ongoing support and maintenance for years to come.

The best place to start is to determine the preferred deployment method for your email provision. Deploying on-premises or subscribing to a cloud service can each have wildly different costs associated with them.

Several key factors influence the deployment choice:

- The required level of control over the custody of data
- Your region, such as the Health Insurance Portability and Accountability Act (HIPAA) of the United States
- Existing investment in infrastructure that is yet to be realized
- Existing in-house resources to administer and support the environment
- A need for the most predictable cost of ownership
- The most cost effective deployment option in regard to your volume of users and the licensing model of your chosen solution

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1 <http://www.radicati.com/wp/wp-content/uploads/2012/04/Email-Statistics-Report-2012-2016-Executive-Summary.pdf>

2 [http://www.mckinsey.com/insights/high\\_tech\\_telecoms\\_internet/the\\_social\\_economy](http://www.mckinsey.com/insights/high_tech_telecoms_internet/the_social_economy)

3 <http://www.radicati.com/wp/wp-content/uploads/2014/01/Email-Statistics-Report-2014-2018-Executive-Summary.pdf>

# ON-PREMISES DEPLOYMENT

In considering an on-premises deployment, you must evaluate:

- Software licensing fees
- Hardware
- Supporting software operating systems
- Installation and configuration expenses (whether in-house or outsourced)
- Migration
- Testing
- Training
- Documentation
- IT Personnel (System Administrators, Service Desk)
- Operational expenses (pipe, backup, storage, disaster recovery, system maintenance updates and upgrades, spam/virus management and mitigation)
- Insurance
- Security
- Mobility
- Risk mitigation

## HARDWARE

Hardware costs are typically amortized over a three to five year period. The hardware used in your production environment will require some level of redundancy to cater for system failure. It is advisable that the hardware used in your test environment replicates your production environment to ensure the highest possible level of confidence in test results. Production hardware that reaches end-of-life can be repurposed for use in a development environment. There are also costs associated with running your own hardware, such as the power consumption of both running a server farm and keeping the environment's temperature cool.

## OPERATING SYSTEM

Several unix distributions are available under an open source license and, as such, have a deep community of developers and administrators to provide support. However, you may require enterprise level support for your environment depending on the importance of your email system, particularly with regards to security and uptime. The costs associated with licensing an enterprise solution and support can be easily overlooked in initial pricing.

## STAFFING COSTS

The daily administration and management of your email environment can be substantial. These costs include your IT staff (administrators and support staff), their workstations, software licenses, professional development and training, associated "on costs" (such as salaries, superannuation, leave loading, payroll tax) and general amenities from power consumption, desks, chairs, the kitchen fridge even through to the soap at the sink. This is before even considering the cost and inefficiency associated with staff turnover, such as potential knowledge loss, recruitment overheads and the loss of efficiency during the initial period when new staff are still becoming familiarized with the environment.

## DOWNTIME COSTS

Often overlooked, the impact of system downtime can be substantial to your organizational productivity, your brand, and may also result in a loss of revenue. 59% of Fortune 500 companies experience more than 1.6 hours of downtime per week. For a company with 10,000 employees who are paid an average of \$56 per hour, this would mean \$896,000 of losses per week, or more than \$46 million per year<sup>1</sup>.

## MIGRATION & SYSTEM UPGRADES

Migrating to a new email solution can be a challenge. The obvious need to preserve data integrity and execute a migration with absolutely minimal system downtime can be a significant strain on resources and productivity. Similarly, with system upgrades that add new functionality to the system, a migration to a new provider requires staff training and new end-user documentation. There will be an increase in overhead on your support desk as users are confronted by the change. No matter how well documented or intuitive a system is to operate, there will be users that require some level of assistance in navigating the new interface.

## CLOUD DEPLOYMENT

In considering a cloud deployment, you must evaluate:

- Subscription fees
- Migration
- Testing
- Training
- IT Personnel (maybe)
- Operational expenses (pipe)

## SUBSCRIPTION FEES

A cloud service will typically have more expensive subscription fees than the per-user licence pricing of an on-premises deployment, in order to cover the costs the service provider manages associated with the hardware, software, security, and risk mitigation.

Regardless of the deployment method, licensing costs typically reduce on a per-user basis with a bulk volume purchase. At one point in any email deployment, there will be a point at which the total costs of ownership for an on-premises deployment is cheaper than subscribing to a cloud service.

## STAFFING COSTS

Small-to-medium business will often maintain a skeleton roster of IT staff, even if the company uses many cloud solutions. They assist with common network issues, device and printer faults, and act a centralized contact point for incident reporting, information dissemination, and the facilitation of training. Small and micro businesses can avoid this overhead by using the support services of the cloud provider.

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<sup>1</sup> <http://www.businesscomputingworld.co.uk/assessing-the-financial-impact-of-downtime/>

## HYBRID DEPLOYMENTS

Hybrid deployments allow an organization to either stage a migration from on-premises to the cloud in increments, or to leverage the benefits of a cloud subscription in a limited capacity. For example, when a satellite office does not have the infrastructure or IT staff to support an on-premises deployment.

Hybrid deployments have the inherent cost considerations of both on-premises and cloud, and must undergo careful cost analysis to minimize unnecessary spending.

## ENTERPRISE OR OPEN SOURCE... WHICH SHOULD YOU CHOOSE?

There are many different tiers of software and support from multiple providers, ranging from open source to enterprise solutions. It is important to remember that even a “free” open source solution may end up costing more in the long run, compared with a managed environment provided by an established vendor.

Raj Sabhlok aptly describes the dilemma faced by those making this decision:

*“Think of commercial software as a house and open source software as everything you need to build a house — raw lumber, nails, sheet rock, windows, plumbing fixtures and the rest. You can spend your money and buy the house, or you can spend your time and build the house. Either way, you pay for your house.*

*Like a do-it-yourself house, you are on your own if something goes wrong with your homegrown, open source application. Yes, you’ll find plenty of free help online. Too much help, perhaps, and that may lead to one or more wild goose chases as you hunt down and fix the problem yourself (think many, many trips to the Home Depot). But that’s a key dividing line between buying commercial software and building your open source solution.*

*Free, open source software may be a cost-effective alternative on the front end of an application development project, but you’ve got to factor in the costs of the ongoing maintenance and support as well as the up-front development to get the project’s true cost — not to mention business risk<sup>1</sup>.”*

Is there an option that gives you the best of both worlds?

System administrators, CTOs, CIOs, and business owners, can now choose commercial software that is built upon trusted open source technology. This ensures a high quality solution, the community intelligence that ties the technology together, with all the benefits and assurances of enterprise level support.

Email is a complex environment to manage, but a vital one. Making the wrong decision can have huge repercussions across an organization. The deployment option should be determined by specific business requirements and the available budget. There are many considerations to take into account when evaluating the total cost of ownership for email systems, not least of which is what your organization expects from your email infrastructure. This process is critical and must be handled with care to minimize unexpected costs, limit inefficiency, and plan for success.

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1 <http://www.forbes.com/sites/rajsabhlok/2013/07/18/open-source-software-the-hidden-cost-of-free/>

# CLOUD VS ON-PREMISES

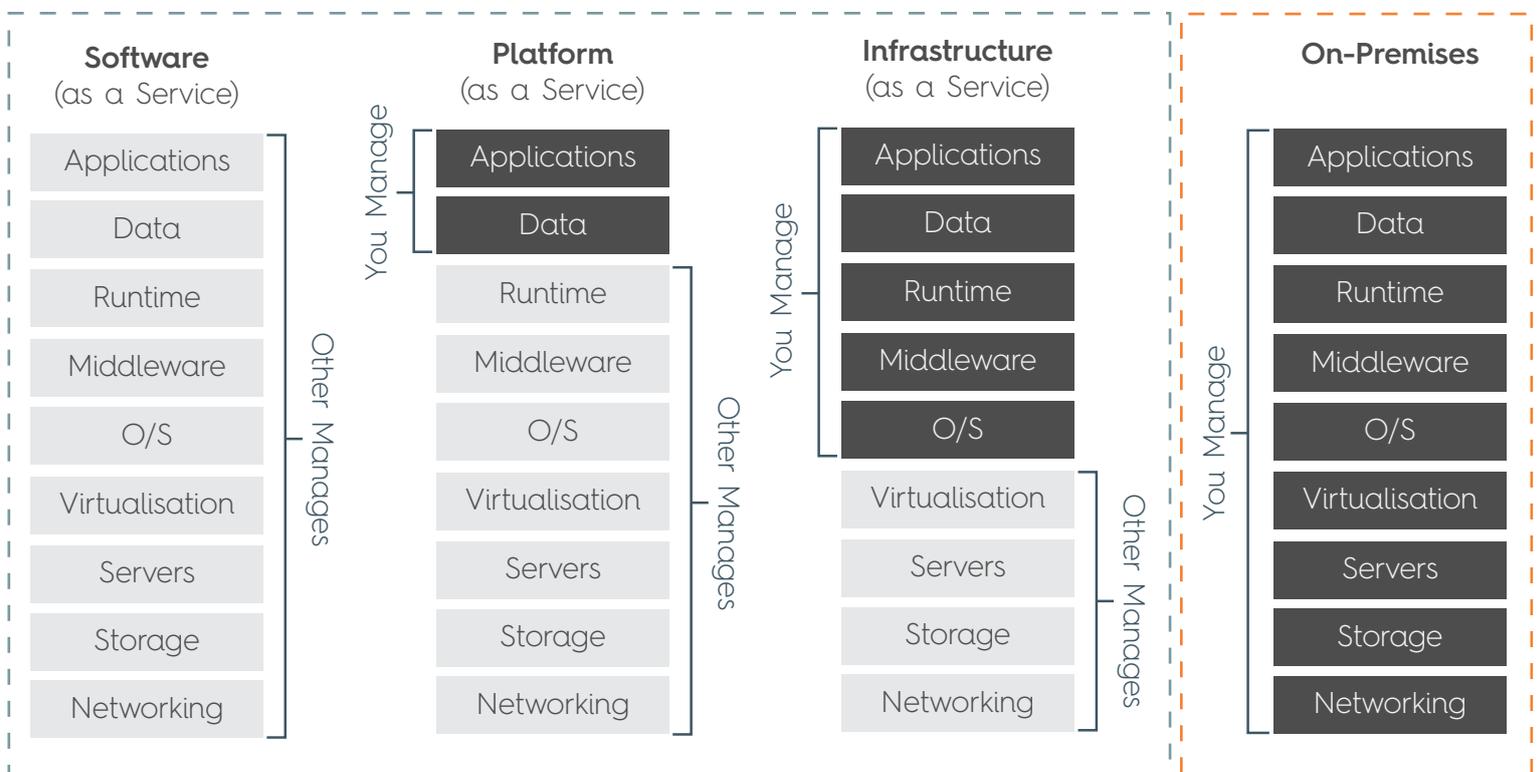
## WHAT IS CLOUD?

Cloud is the practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer.

## WHAT IS ON-PREMISES?

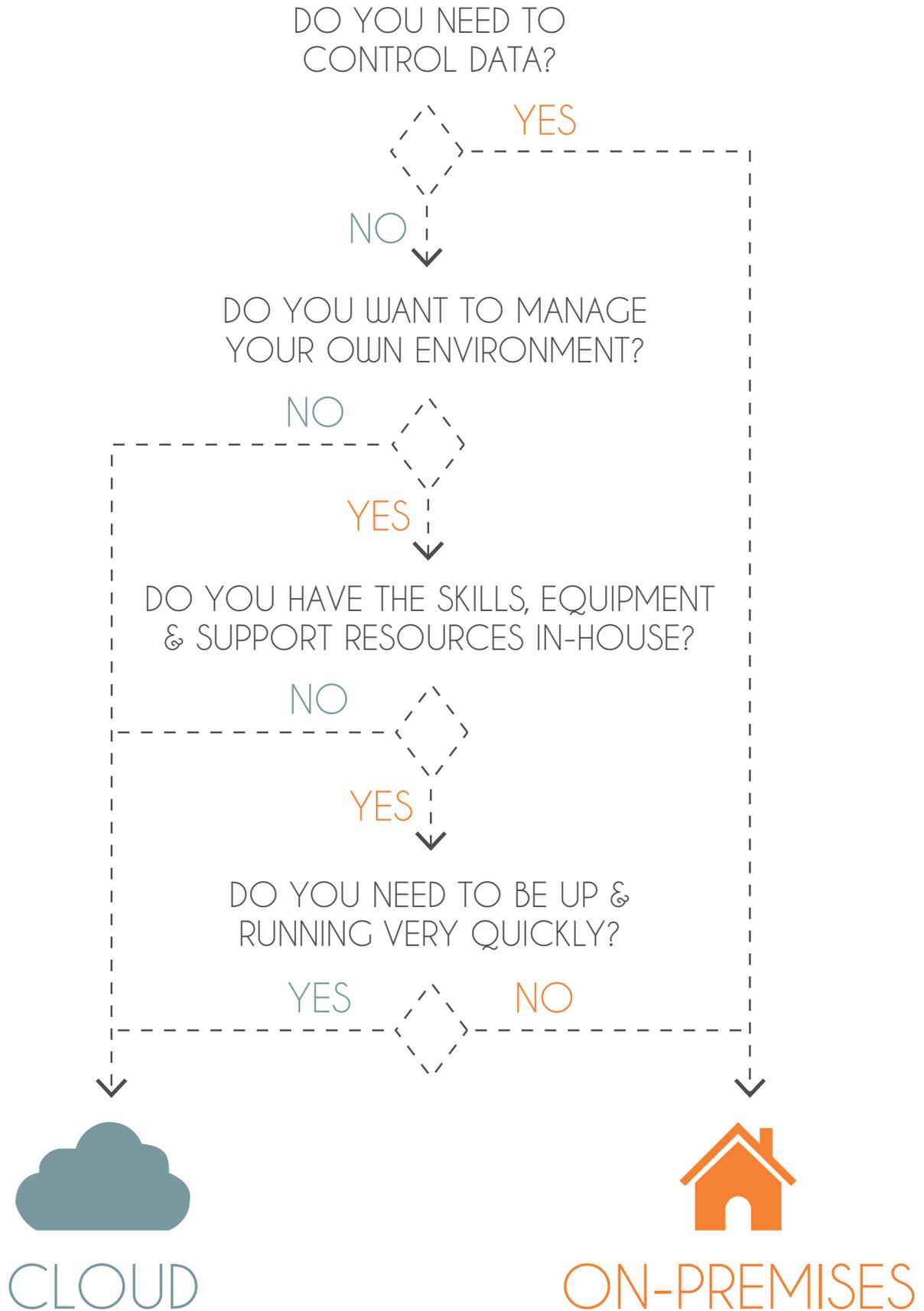
On-premises software (sometimes abbreviated as "on-prem" software) is installed and run on computers on the premises (in the building) of the person or organisation using the software, rather than at a remote facility, such as at a server farm or cloud somewhere on the Internet.

## SEPARATION OF RESPONSIBILITIES



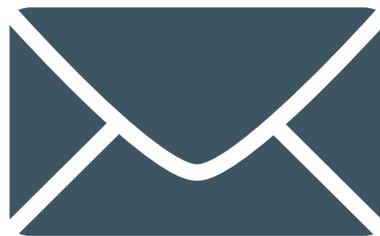
# HOW TO CHOOSE

Use the following key questions to help choose the best solution for you and your business.





IF YOU HAVE ANY QUESTIONS  
OUR INBOX IS **ALWAYS OPEN.**



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