



IS HOSTED EXCHANGE RIGHT FOR YOUR BUSINESS?

An insider's guide to weighing the pros and cons of moving Exchange to the cloud



SherWeb

A worldwide hosted services leader

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a commodity!

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Email is not a commodity!





Worldwide email users are expected to grow in the next four years to more than 2.7 billion users.

Email is part of the day-to-day of most corporations; it is nearly inseparable from the act of running business itself. According to a recent email statistics report published by [The Radicati Group, Inc.](#), “Worldwide email users are expected to grow over the next four years to over 2.7 billion users. Total worldwide revenues for the Email Market will reach nearly \$10 billion by year-end 2013, growing to over \$20 billion by year-end 2017, representing an average annual growth rate of 20%.” With such ingrained usage, email tends to suffer from the familiarity that breeds contempt. We all use email and many of us take it for granted. Email commoditization may be fine for the average user, but if you are an IT specialist or a decision-maker, your relationship with email solutions should take on a completely different spin. Email is the core of business communication, a gateway to collaboration and the center from which business relationships are nurtured.

Worldwide Email Market Forecast	2013	2014	2015	2016	2017
Worldwide Email Users (M)	2,424	2,504	2,586	2,672	2,760
% Change		3%	3%	3%	3%
Worldwide Email Market Revenues (\$M)	9,897	11,956	14,584	17,525	20,460
% Change		21%	22%	20%	17%

Table 1: Worldwide Email Market Forecast, 2013-2017

The Radicati Group, Inc., [Email Market 2013-2017,2013](#)



How to approach the decision

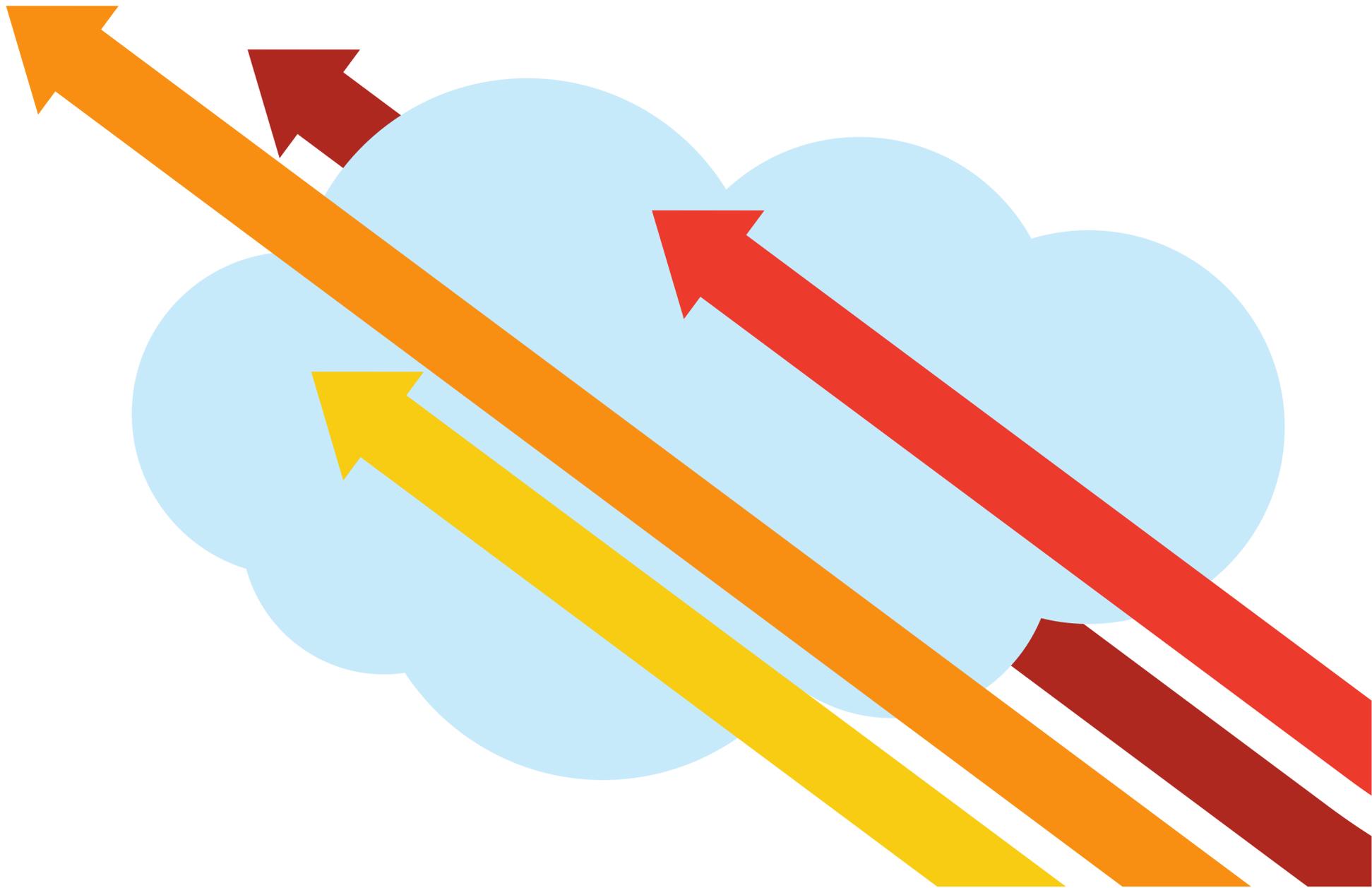


“It’s easy to dismiss the importance of email and office productivity tools when you think of them in isolation, but feedback gathered during a recent online survey of 348 IT and business professionals confirms that these facilities are ingrained in most core business processes, and critical to their operation.”

Andrew Buss, Freeform Dynamics Ltd,
[SaaS based Email and Office Productivity Tools. A critical look at the promise and practicality for SMBs, 2012](#)

Understanding the distinct and far-reaching nature of email is essential to any discussion about the type of hosting that is best suited for an organization. Failing to fully grasp the critical business function email plays in today’s world can be detrimental to the decision making process. [One shoe does not fit all, because architecture, add-on services, and business benefits differ greatly from one email solution to the other.](#) Organizations must therefore look for a specific set of capabilities to match their particular needs. According to Matthew Cain, Research VP at Gartner, a leading information technology research and advisory company, “The faulty assumption that email is a commodity can lead to a lack of due diligence when assessing cloud-based email services. Cain also explains that “understanding the complex nature of email systems will lead to more informed decisions about email provisioning models”. Electronic mail may have become unexciting and mundane, but beware of the over-commoditization that leads to a lack of thoughtfulness in approaching the process. An investigation that examines both the advantages and common inhibitors of hosted Exchange will offer a solid base for determining if hosted email is the right model for your organization. This eBook walks IT specialists and decision-makers through the yeas and nays of the decision process.

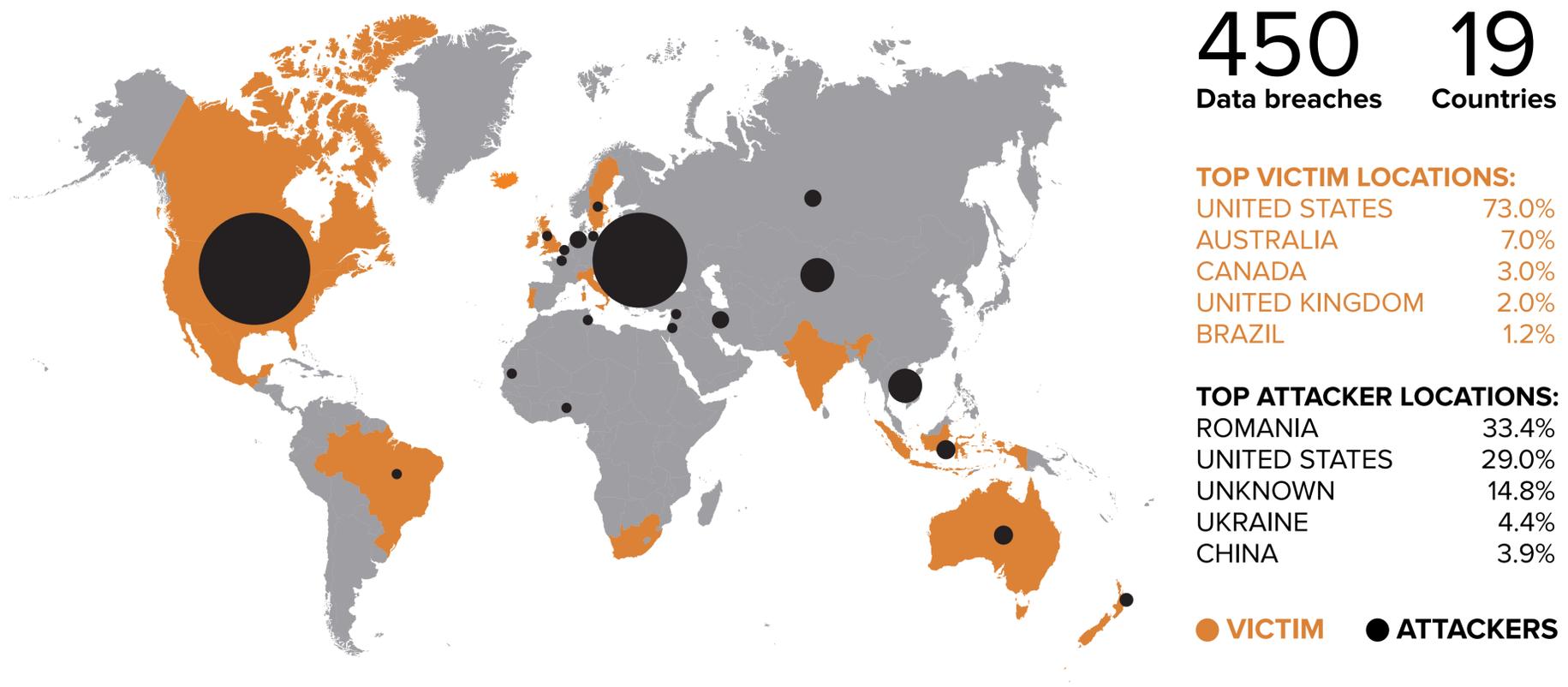




Aligning diverging interests

With cloud computing now in the mainstream, organizations everywhere are re-assessing whether they should keep their Microsoft Exchange environment in-house or migrate it to a multi-tenant cloud environment with a third-party service provider. While Gartner says “cloud computing will become the bulk of new IT spend by 2016”, enough myths and misgivings prevail today to prevent the acceptance of this model for many stakeholders and higher ups in the IT decision-making chain.

The not-so-small matter of security



To further complicate matters, in today's electronic world, email security is a prevalent and growing concern that is only heightened by the thought of outsourcing the service. Security, along with software control and agility, are all factors that play a critical role in a company's fundamental ability to compete, and therefore must be addressed in the final decision.

The choice to move from an in-house to a hosted environment can put key decision makers at odds. IT managers responsible for ensuring a reliable and secure email environment may be reluctant to delegate this service to a third-party provider—despite the cloud's clear advantage of not having to fight for budgets every time software and equipment upgrades are required. On the other hand, business managers focusing on assigning IT resources in an economic way may be swayed by the cloud's promise to liberate resources from the time and effort required for software upgrades and maintenance.

Trustware, [2013-Global-Security-Report](#), 2013

Why are some reluctant to take Exchange to the cloud?

Does outsourcing mean losing control?

Should I expect downtime during migration?

Is it worth abandoning previous investments in my legacy systems?

Will I have connectivity and compatibility issues with my other software and communication tools?

Will my data be secure in the cloud?

Will I get support when I need it?



The cloud's biggest advantages

Pricing flexibility

Cloud service providers offer payment models directly related to usage. Organizations incur only the cost differentials to their monthly billing.

Scalability

Scale down services that are no longer needed; scale up when workload increases. No software licences to buy; no large upfront investments or effort needed from IT resources. Short-term and contract staff can be added and removed without any long-term commitment.

Reduced IT skills requirements

Businesses are not required to possess the IT skills needed for any and all circumstance. Service providers worry about the hardware and software integration and maintenance.

Vendor selection flexibility

The cloud model makes vendor switches much easier. Data housed on the cloud can always be migrated to a new vendor whereas on-premise purchases are more likely final.

Cost predictability

Per-usage pricing models make it easy to predict costs and run effective budgets based on the number of users and expected workload.

Resource flexibility

Organizations no longer have to dedicate scarce time and resources to maintenance, upgrades, add-on installations, and patching because all these activities are handled by the service provider. This makes IT staff more available to work on projects that are integral to business success.

Access to the latest technology

The cloud provides access to enterprise-level equipment that is always on the cusp of new technology, whether for business efficiency or data security. This includes access to an email solution that always meets the latest compliance standards.



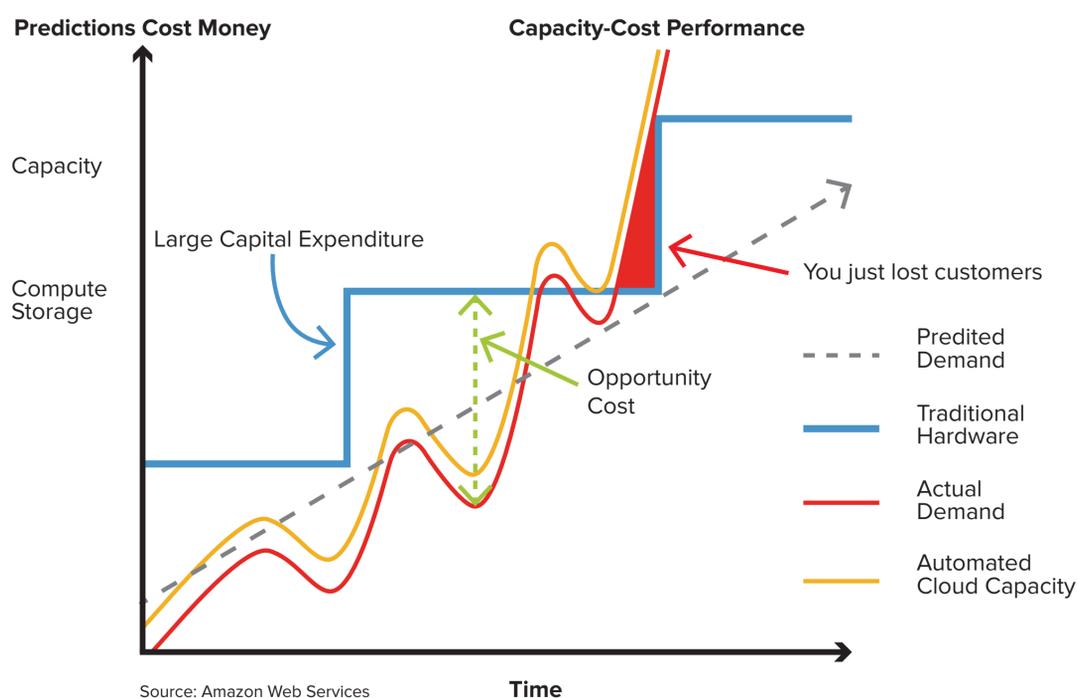
The financial appeal of the cloud

By delivering computing as a service or utility, the cloud has revolutionized IT like no other technology. The cloud's most obvious appeal is financial, since it allows organizations to eliminate some of their expensive IT infrastructure and shift costs to more manageable operational expenses.

The cloud also eases the burden on IT systems and teams in terms of support and maintenance. Rather than dedicating resources to the underlying systems and software, organizations can instead use their business workloads more productively.

The ideal of tying capacity to ever-changing utilization

In reviewing the key factors to consider before moving to the cloud, utilization vs. capacity appear in the background as important elements linking the entire analysis. This now-iconic graph by Amazon Web Services illustrates the capacity vs. utilization curve of cloud computing, and how on-demand business provisioning always meets actual usage.



Why this graph matters

“One of the core precepts of Cloud Computing is to avoid the cost impact of over-provisioning and under-provisioning. This is in addition to the opportunity for cost, revenue, and margin advantages of business services enabled by rapid deployment of Cloud services with low entry cost, and the potential to enter and exploit new markets.”

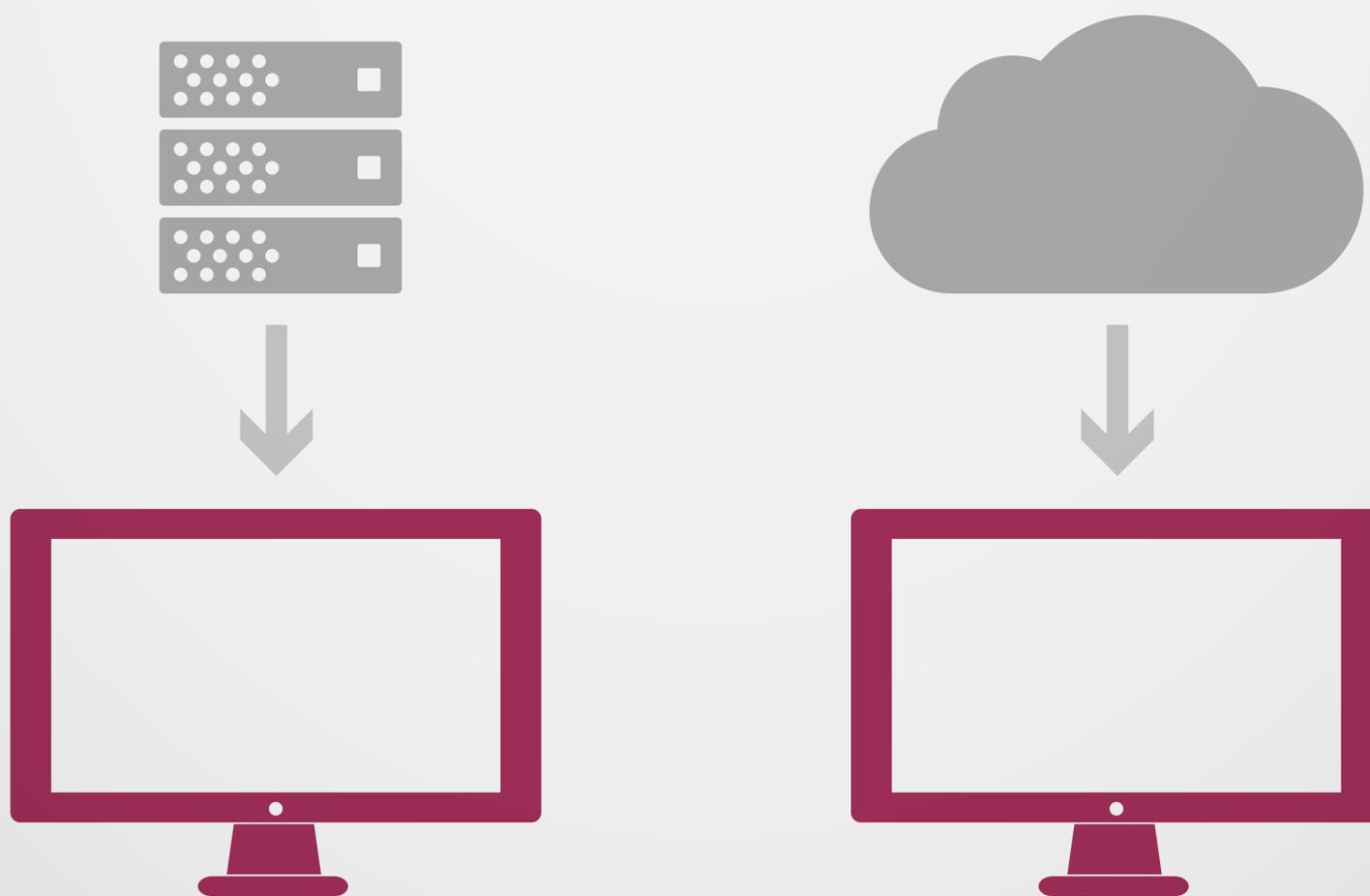
The Open Group, [“Building Return on Investment from Cloud Computing”](#), 2013



On-premise vs. Exchange in the cloud

Key factors to consider

Each new release of Microsoft Exchange comes with improved capabilities to enhance business communications and productivity. But it also requires having increased specialization in managing the platform. When considering any on-premise email solution, the following areas must be optimized to ensure that the system is robust, secure, and able to offer users the functionalities and end-to-end availability they need to work productively.



Expertise

How much Exchange expertise does your in-house IT team possess? Does your staff have the appropriate skill set to administer Exchange and Active Directory? Strategically speaking, how important is it for your organization to acquire and retain the talent needed to efficiently manage your email environment as Exchange becomes increasingly sophisticated? Is it cost-effective to do so?

Control

How comfortable are you with not controlling your maintenance schedule? How much customization do you need? What about the psychological control you get from being able to go and see your physical in-house servers?

Security

To what degree are you able to protect your servers and data from theft, loss, and disaster? How robust are your infrastructure and security policies? How often do you review and test your systems to prevent failure? Do you perform vulnerability assessment scans and is your critical information encrypted when transferred through email?

Reliability

What level of performance and uptime are you able to consistently achieve in-house? When experiencing system failure, how quickly can you bring your servers back up? What resource drain is associated with ensuring a highly available messaging service? Have you taken into account the cost of having a fully redundant platform?

Agility

Is being able to scale up or down in rapid response to market changes important? How about the ability to rapidly deploy new services or make modifications, change configurations, add/delete users, and update security settings? Does your organization need to consider integration with new collaboration and communication tools? Adding emails may require project implementation time and resources. If you have to create many new users rapidly for a new branch or a new acquisition, do you have all the accesses required to do this quickly?



Migration

Moving to a new version of Exchange is a migration, not an upgrade. Do you have the in-house resources needed to rapidly migrate users to minimize downtime and costs? How much impact would a poorly planned migration have on your day-to-day activities and on other organization-critical technologies? Are there legal risks to the potential loss of data during migration?

Mobility

How mobile is your workforce? Do users need anywhere, anytime access to email with various mobile devices? How important is the real-time syncing of emails, contacts, and calendars with mobile devices?

Support

Is providing users with round-the-clock support for all their devices, both in and out of the office essential? Is rapid response time critical?

Compliance

Ensuring that your organization is fully compliant may require a complete project layout that can drastically affect

your email infrastructure. Are you legally obligated to comply with HIPAA, SOX or other government regulations? How important is organization-wide data leak prevention, end-to-end encryption, and unlimited, secure archiving?

Data recovery & backup

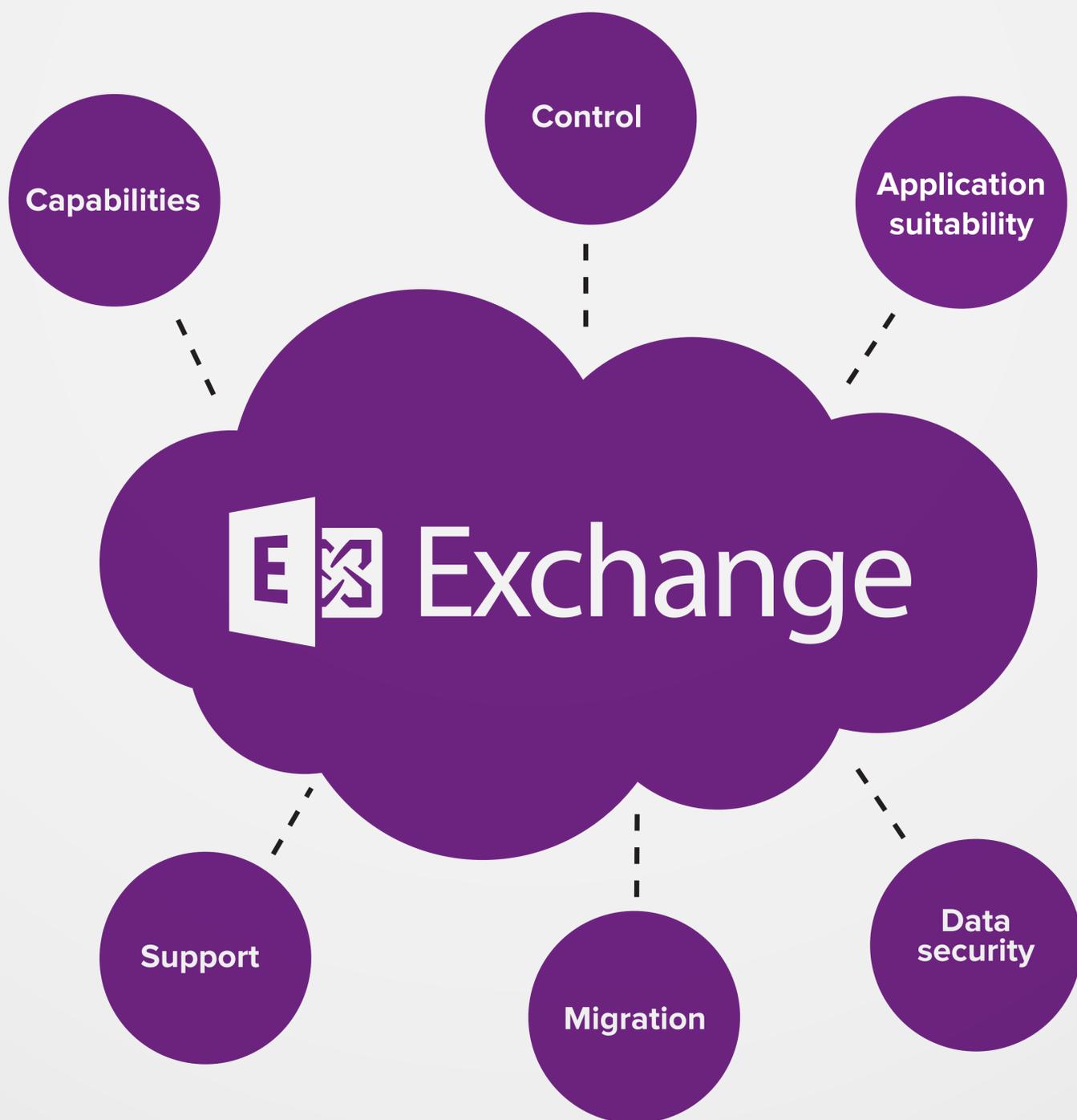
Do you have a solid data recovery and backup policy along with the in-house IT skills needed to confront a major outage? Is your IT infrastructure heavily based on consolidation to minimize costs, or do you use several backup, redundancy, or failover clusters for more resilience? How important is it for employees to be able to access their Exchange account from other locations should your physical offices be unavailable for any length of time?

Opportunity costs

What is the opportunity cost of optimizing all of the above factors to ensure a robust and secure on-premise email environment? Will optimizing these factors draw focus away from more strategic business initiatives?



6 common inhibitors to moving Exchange to the cloud



Existing email capabilities are sufficient

Businesses that are able to provide a reliable Exchange environment in-house with high availability may be less motivated by the potential for cost/resource savings. However, being able to access more advanced features such as collaboration, voice, and video, is increasingly of interest.

Application suitability

Application suitability can be a problem, forcing administrators to rewrite or convert a workload codebase for the specific cloud provider to which the enterprise subscribes.

Data security

Although reputable hosting providers are able to ensure a level of security that far exceeds what most organizations are able to deliver with consistency, in most cases, [businesses still worry that the hosting supplier's security practices may not be sufficient](#). Being able to trust the provider to apply the appropriate security procedures is therefore a major hurdle for many organizations.

Control

Running Microsoft Exchange in a multi-tenant cloud environment typically means less room for customization. Although good providers will configure Exchange to meet the needs of most organizations, some may have special requirements that make multi-tenant hosting an unviable option. Private Cloud services can often bridge this gap.

Migration

Providers typically focus on the “subscribe and go” of hosted Exchange, but IT teams know that moving core services such as email from on-premise to SaaS is [a significant undertaking that should not be embarked upon without proper evaluation, planning, and execution](#).

They also worry that migration challenges and possible data loss during this process may outweigh the benefits of running Exchange in the cloud.

Support

Businesses rightly worry that providers will not offer prompt, expert support when and how they need it, leaving them to their own devices.



Top three concerns about running Exchange in the cloud

Availability

Data Sovereignty

Cost





Availability

“Managed Cloud Services customers experience significant reductions in downtime for upgrades, far fewer average SRs and much faster service request resolution time.”

Oracle White Paper, [Choosing a deployment strategy that fits](#), 2012

Advances in architecture robustness are making it possible to virtually eliminate system downtime or at least reduce the inconvenience to negligible periods. While this is technologically possible, most SMBs operating Exchange in-house do not have the budget or infrastructure needed to ensure such a high level of performance. According to Infonetics Research, “Applications are the biggest source of downtime, accounting for roughly one-quarter, or \$213,000 annually, split 65/35 between outages and degradations.” Hosted Exchange providers are on a perpetual race to offer the latest technology at competitive rates, making it more affordable for SMBs to avoid the pain of unplanned downtime. Today, the industry standard is 99.999% uptime. This figure significantly exceeds the service levels that most SMBs can expect from their in-house infrastructure and IT staff.





Data Sovereignty

“Despite common perceptions, cloud computing has the potential to enhance privacy safeguards.”

Australian Department of Finance,
[Privacy and Cloud Computing for Australian Government Agencies](#), 2012

Unsecure servers invariably lead to unsecure emails. To adequately protect sensitive data, SMBs need to follow strict guidelines that include the proper installation of Microsoft Windows servers, security accesses, roles, and permissions, as well as the constant and proactive monitoring of servers against virus attacks and intrusion attempts. Tracking and installing monthly the security patches released by Microsoft can require a dedicated full-time IT specialist. Most SMBs either do not have the IT resources or cannot dedicate the time required to guarantee that all security measures are in place and being properly followed. Cloud hosting providers not only ensure all patches are installed in a timely manner, but they also provide organizations with access to the knowledge and expertise of trained and certified engineers.





Cost

“Organizations fully utilizing cloud computing save on average more than 15 percent in IT spending, whether measured as a percentage of revenue or on a per-user basis. As a result of these economic efficiencies, cloud users are able to devote a higher percentage of their IT spending to new initiatives and less to ongoing support. The cost savings, combined with strategic benefits in speed, scalability, and agility, argue in favor of organizations moving aggressively to the cloud.”

Source: [“Cloud Users Spend Less, Spend Smarter on IT”, 2014](#)

For some organizations, a move from an in-house service to a pay-as-you-use cloud model also means leaving behind some legacy infrastructure that was acquired at a high cost. This is obviously a cause for concern, especially for organizations with newer equipment. However, it also reveals the extent to which organizations can be held back by the value of their investment. It’s important to consider the cost of previous IT expenditures in context with the need for modernization. Legacy applications brittle with multiple patches may represent a serious financial risk, especially when key development staff retires with legacy IT knowledge. The pay-as-you-use model allows organizations to pay by user instead of provisioning for peak usage. For SMBs, it is an opportunity to do away with financially burdening up-front investments while repurposing IT modernization budgets towards core business activities.



When is the right time to switch?



Business risks related to aging servers are among the prime elements to consider when determining if the time has come to switch from an in-house to a hosted Exchange solution. Since older servers are more likely to cause system failures and productivity losses, the equipment's ability to meet organizational needs should be at the heart of the decision process. IT specialists often choose to review their hardware capacity when servers have reached the end of the usual three to four year refresh cycle, or when experiencing changes in their organizational structure. The following are some of the elements to consider when gauging how apt aging servers are to meet organizational needs.

Server risks factors

- Are your servers out of warranty support?
- Are your servers handling an increase in workloads?
- Do you get sufficient flexibility and scalability from your in-house hardware?
- Is cooling down and maintaining a non-energy efficient server room a costly issue?
- Do you have space limitations that prevent you from adding new servers?

Organizational capacity

- Is your organization facing more stringent SLA requirements?
- Is your IT staff needed on high-value projects that are likely to occupy their time away from server maintenance and routine duties?
- Do you have the internal IT skill set to manage aging hardware and faulty parts that require more frequent changing?
- If you need to expand your infrastructure, does your organization have the budget or space needed?
- Is your organization looking for ways to reduce capital expenditure costs?



“Moore observed that the number of working transistors that could be placed in a single integrated circuit (more commonly known as a computer chip) doubled about every 18 months. This pace of integrated circuit development has proven to be remarkably consistent over the past 30 years.”

Source: Larssen Allen EFFECT,
[The Future in Five Minutes or Less.pdf](#)

Moore's Law at work

In addition to considering increases in business requirements and hardware deterioration, organizations are also keenly aware of the potential effects of Moore's Law on the effectiveness of their server platform. In 1965, Intel's co-founder, Gordon Moore, predicted that computer processing power would double every two years. Because server effectiveness can be quantified in processor muscle power, Moore's prediction is a determining factor in the timing of server refreshment. While the end of Moore's Law is predicted between 2015 and 2022, the American theoretical physicist [Michio Kaku](#), believes that “in the next ten years as Moore's Law slows down, we will tweak it. We will tweak it with three-dimensional chips, maybe optical chips, tweak it with known technology pushing the limits, squeezing what we can”. The impending end of Moore's Law is likely to usher in new ways of increasing computer performance including improved parallelization and quantum computing.

To effectively determine the right time to migrate from in-house to hosted Exchange, server adequacy should be reviewed in light of cost, operational effectiveness, hardware life cycle as well as predicted obsolescence.



Choosing a hosting provider: key questions to ask



Services

- What versions of Microsoft Exchange do you offer?
- What other services are included?
- How much storage per user and is this a fixed amount per user?
- Are there any user minimums?

Systems maintenance

- How often and when do you perform planned maintenance?
- What happens during emergency maintenance?
- How do you advise customers?
- How frequent are status updates?

Security

- What security services are offered?
- Does this include anti-virus, anti-spyware, web filtering, data leak prevention?
- Is there an extra charge for these services?

Compliance

- Do you offer services for meeting HIPAA, SOX, GLBA, and other mandatory government regulations?
- Is there an extra charge?

Mobility

- Do you offer full mobility services? For which platforms?
- Does this service allow for wireless/real time synchronization?
- Is there an extra charge?

Provisioning/administration

- What provisioning tools are included?
- How easy is it to sign up for new services?
- Can I manage my own configurations and settings?

Backups & disaster recovery

- Do you offer data backups? How often are backups done?
- Do you perform full tests and restores? How often?
- What disaster recovery services are included?

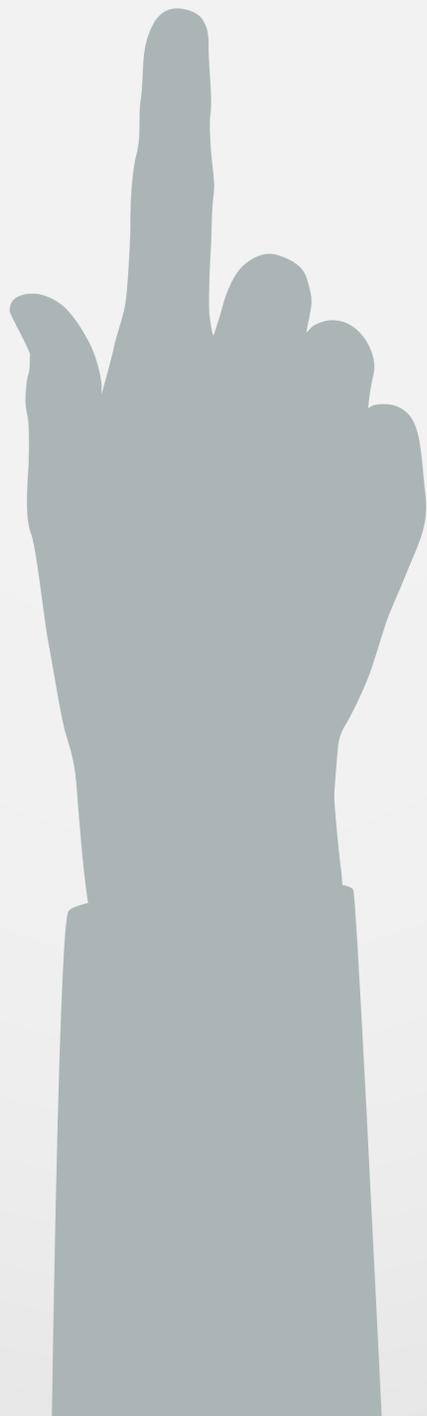
Customer satisfaction

- What is your customer satisfaction rating?
- What is your Net Promoter score?
- Can you provide any customer references?



Is hosted Exchange right for you?

A final word





“Companies with highly effective IT are more likely to use SaaS for sourcing email and document collaboration applications. Not only that, but they are also much more likely to be running not only email services, but document collaboration functionality too.”

The world in which organizations evolve is not static. Staff changes, structural growth, relapses, and the ever-pressing need to keep up with technological advances are an undeniable part of doing business today. An email solution that was right for your organization yesterday may no longer fit the bill today. Ultimately, the decision to keep your Exchange environment in-house or migrate it to a cloud platform should rest on whether your present solution provides the functionality, security, reliability, and flexibility you need, at a cost that allows you to improve your productivity and bottom line.

Source: Freeform Dynamics, [“SaaS based Email and Office Productivity Tools, A critical look at the promise and practicality for SMBs”, 2012](#)



About SherWeb

Since 1998, SherWeb has been helping businesses increase agility and trim IT overhead with our best-in-class cloud services. Today, more than 25,000 customers in over 100 countries are working more productively thanks to the added value we build into our wide range of SaaS, IaaS and PaaS solutions. SherWeb also has a growing network of 4,000 partners who successfully resell our affordable and customizable cloud services in over 50 countries.

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