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Your Email Server Has Left the Building – Reducing the Cost of Information Technology and Increasing Efficiency Through Hosted Solutions

by **Karn Griffen**
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Your servers are leaving the building, and with good reason. The cost of maintaining internal servers is becoming too much to bear for many community financial institutions. With increased regulatory pressures on maintaining proper Business Continuity safeguards, rising hardware and software requirements, and increasing user demand for mobile business solutions, the cost of maintaining an internal email and message collaboration system is skyrocketing.

The purpose of this month's Compass editorial is to demonstrate how a hosted messaging solution can reduce cost, increase operational efficiency and provide rock solid disaster recovery options. We will look at 6 primary costs areas in which a hosted email solution can help you reduce cost or increase efficiency.

Keeping in line with the Compass article I authored in December of 2008, **Picking Your Investments – Building a Business Case for Your Strategic Technology Investments**, it is important to understand true costs before we can calculate the Return on Investment (ROI) required to justify any investment. In the case of email, this has been traditionally hard to do. Email as we used to know it – a simple messaging solution – has morphed into a complete communications platform, often incorporating mobile access, live conferencing, group calendaring, and task management. In addition, the cost of properly securing email and reducing employee error, or malfeasance, has increased. Lastly, in most organizations, reliance on the email platform has muscled its way into the "mission critical" category without us even knowing it. This is especially true in organizations that employ call centers, customer service departments, or generally communicate with their customers or staff by email. In this day and age of shaky consumer confidence, it would be a hit to your service reputation to have your email bounce back to one of your clients or prospects.

In short, the primary costs of owning and maintaining an email system can be broken down into these 6 areas:

- Hardware Costs
- Software and Licensing Costs
- Management and Monitoring
- Service and Support
- Backup and Recovery
- Additional Features and Functionality

Hardware Costs

Microsoft Exchange 2007 gives rise to extraordinary new costs, primary from the requirement of using a 64-bit operating system, and a 64-bit hardware platform with significantly expanded resource requirements. Secondly, Exchange 2007 introduces a new concept and set of requirements to Exchange organizations – the concept of server roles.

With current Exchange servers, you can either make a Front-End server or a Back-End server and that is about the extent of it. Exchange 2007 introduces five server roles to the Exchange organization.

- Edge Transport
- Hub Transport
- Client Access
- Mailbox
- Unified Messaging

Technically, although all five could run on one server, it is of course not recommended. So at a very minimum, you will need two Exchange servers, even in a small environment. And don't forget, you'll need two duplicates at your Disaster Recovery site.

Software Costs

You will need to calculate costs for new Windows Server Licenses, Exchange Server Licenses, Exchange Client Licenses, Windows Access Licenses, and Outlook 2007 Licenses. Don't forget your DR site also needs licensing as well. Also, if you are running Blackberry Enterprise Server or Goodlink, you will have additional costs to factor in.

Management and Monitoring

For management and monitoring, it is important to remember this is a mission critical application. You will have costs associated with 24/7 monitoring, patch management, virus protection, spyware protection, and outbound content filtering.

Service and Support

For service and support, you will have to calculate the cost of ongoing support to cover network administration, server administration, user administration, technical support, security administration, backup administration, and training. This number can be difficult to calculate and very hard to get a hold of. It is generally estimated that the cost for just supporting an Exchange 2007 system runs from \$250 to \$500 per user, per year. So, for a financial institution of 50 full time employees, you would be looking at budgeting around \$12,500 to \$25,000 for internal staff costs or outsourcing services. In essence, two to four hours of service and support per user should be allocated each year.

If on-site staff is employed, you will need to calculate the cost of training. Exchange 2007 is an entirely new beast compared to 2003. On average, you will spend approximately \$5,000 in new training for the first year of ownership, and an estimated \$1,500 a year after that.

Lastly, costs must be factored in for initial setup, administration and end-user training of a new Exchange system.

Backup and Recovery

As email has become mission critical and the Recovery Time Objective (RTO) has become shorter and shorter, the cost of providing an actual recoverable messaging system has increased. To estimate costs, you can take all the aforementioned, and double it. Add to that disaster recovery testing, the cost of the DR site itself, and data replication, vaulting, backup and recovery costs.

Additional Features and Functionality

Depending on the needs of your institution, you may have costs here for mobile messaging, email archiving, eDiscovery, and other collaborative services such as Sharepoint.

How Hosted Email Can Help

Having a hosted email solution can greatly eliminate or reduce almost all of these costs. Many of our clients have found that the reduction in cost for disaster recovery and data vaulting alone are enough to pay for the entire hosted solution.

Hosted solutions are already treated like mission critical applications. The enterprise can be hosted in a SAS70 compliant, Tier IV, fully-redundant data center, with 99.9% uptime guaranteed. Redundant power, networking, servers and data provide a rock-solid disaster recovery scenario with minimal effort.

Hardware, software and licensing costs are completely eliminated. And when end-of-life is reached on your Microsoft product, you can obtain an upgrade to the next version seamlessly, and for free.

Management and monitoring is also included. Your email enterprise is monitored 24 hours a day, 7 days a week, 365 days a year. Patch management and general maintenance are performed behind the scenes with no effort required on your part. For new user set up, all that is required from the institution is a simple email sent to the Command Center or a quick call placed to the toll-free support number.

Service and support costs are reduced to the initial installation costs. Here is another line item that usually can cover the entire cost of a hosted solution.

Backup and recovery is an area where a hosted solution really shines. With your servers and data already treated like a mission critical application and hosted off-site, your DR picture gets crystal clear. Where to house your staff in the case of disaster remains as your biggest issue, but your mission critical email application is available anywhere you can obtain an internet connection, including wirelessly.

Need to add features and functionality? Did the President or Chairman purchase a Blackberry this weekend? Is the examiner demanding a fully archived solution? Does your Marketing VP want to install an Intranet? No sweat. With a quick email notification to your support team, you can have that new feature turned on in minutes, with no hardware, software or licensing to install.

Most of all, a hosted email solution can give you clear visibility on your actual messaging costs over the next three years and on. Budgeting is easy with a flat per user, per month price based on the features and functionality you actually use.

For our clients, I have created a simple ROI calculator that can help to determine the true Total Cost of Ownership for your messaging and collaboration solution outlining the exact costs mentioned above. I would be happy to share this with you and teach you how to use it. For more information or to discuss a hosted Exchange solution that fits your messaging needs and cost requirements, please contact me at kgriffen@compushare.com.

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Compushare delivers viable and proven solutions exclusively for community financial institutions including areas of information security, risk management, business continuity, business resumption, data assurance, hosted email and critical systems and desktops management. Learn more about our approach toward **Strategy, Safety, Soundness** and **Support**.

To learn more on how your institution can benefit from a hosted message collaboration and email solution, contact your Client Solutions Executive or education@compushare.com.